

Lewis A. Meinzer to be postmaster at Falls City, Nebr., in place of L. A. Meinzer. Incumbent's commission expired May 7, 1925.

Laurence B. Clark to be postmaster at Firth, Nebr., in place of L. B. Clark. Incumbent's commission expired August 20, 1925.

Charles A. Shoff to be postmaster at Grafton, Nebr., in place of C. A. Shoff. Incumbent's commission expired August 24, 1925.

Catherine M. Coleman to be postmaster at Greenwood, Nebr., in place of C. M. Coleman. Incumbent's commission expired November 2, 1925.

Loren W. Eneyart to be postmaster at Hayes Center, Nebr., in place of L. W. Eneyart. Incumbent's commission expired November 21, 1925.

Ernest W. Clift to be postmaster at Humboldt, Nebr., in place of E. W. Clift. Incumbent's commission expired May 7, 1925.

Mary J. Flynn to be postmaster at Jackson, Nebr., in place of M. J. Flynn. Incumbent's commission expired November 21, 1925.

Elias E. Rodysill to be postmaster at Johnson, Nebr., in place of E. E. Rodysill. Incumbent's commission expired August 20, 1925.

Henry C. Hooker to be postmaster at Leigh, Nebr., in place of H. C. Hooker. Incumbent's commission expired July 28, 1925.

Charles M. Houston to be postmaster at Miller, Nebr., in place of C. M. Houston. Incumbent's commission expired November 21, 1925.

Archie B. Jones to be postmaster at Mitchell, Nebr., in place of A. B. Jones. Incumbent's commission expired July 28, 1925.

Lester C. Kelley to be postmaster at Monroe, Nebr., in place of L. C. Kelley. Incumbent's commission expired August 24, 1925.

Edwin A. Baugh to be postmaster at Oakland, Nebr., in place of B. L. Neumann. Incumbent's commission expired August 20, 1925.

Isaac B. Lamborn to be postmaster at Palmyra, Nebr., in place of I. B. Lamborn. Incumbent's commission expired November 9, 1925.

Amos W. Shafer to be postmaster at Polk, Nebr., in place of A. W. Shafer. Incumbent's commission expired November 21, 1925.

Luther J. Saylor to be postmaster at Rising City, Nebr., in place of L. J. Saylor. Incumbent's commission expired May 7, 1925.

Faith L. Kemper to be postmaster at Alma, Nebr., in place of J. W. Egelston, deceased.

William L. Hallman to be postmaster at Bruning, Nebr., in place of G. C. Bruckert, deceased.

Charles E. Cram to be postmaster at Craig, Nebr., in place of F. O. Carlson, resigned.

Ruby H. Gable to be postmaster at Crookston, Nebr., in place of H. D. Bartley, resigned.

Ernest T. Long to be postmaster at Haigler, Nebr., in place of E. L. Taylor, resigned.

Lucile A. Lewis to be postmaster at Humphrey, Nebr., in place of E. R. Lewis, deceased.

Tillie Valentine to be postmaster at Johnstown, Nebr., in place of F. L. Valentine, resigned.

Charles E. Putnam to be postmaster at Naper, Nebr., in place of P. H. Anderson, removed.

Donald K. Warner to be postmaster at Oakdale, Nebr., in place of E. R. Frady, resigned.

Esther R. Beers to be postmaster at Petersburg, Nebr., in place of C. B. Beers, resigned.

Katie Heiliger to be postmaster at Plymouth, Nebr., in place of R. N. Overgard, removed.

Daniel W. Roderick to be postmaster at Hubbell, Nebr. Office became presidential July 1, 1925.

Elizabeth Hempel to be postmaster at Kilgore, Nebr. Office became presidential July 1, 1925.

Hattie M. Stone to be postmaster at McCool, Nebr. Office became presidential July 1, 1925.

Leroy B. Gorthey to be postmaster at Murdock, Nebr. Office became presidential July 1, 1925.

Frank H. Bottom to be postmaster at Ong, Nebr. Office became presidential July 1, 1925.

Katherine Honey to be postmaster at Uehling, Nebr. Office became presidential July 1, 1925.

NEVADA

Guy L. Eckley to be postmaster at Mina, Nev., in place of G. L. Eckley. Incumbent's commission expired September 5, 1922.

Albert R. Cave to be postmaster at Montello, Nev., in place of A. R. Cave. Incumbent's commission expired November 23, 1925.

Raymond G. Jessen to be postmaster at McGill, Nev., in place of C. J. Barnes, removed.

Anna S. Michal to be postmaster at Round Mountain, Nev. Office became presidential July 1, 1925.

HOUSE OF REPRESENTATIVES

THURSDAY, December 10, 1925

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, the author of all good, we can not tell the fullness of Thy name nor understand the resources of Thy bounty, but we are deeply grateful to be counted in the train of Thy servants. With this spirit may we accept the yoke of service and perform the errands of duty. Let love of human praise, hope of personal gain and elusive happiness be far from us. We pray that all laws may be just and their administration equal and right. Bless all forces which are helping men to strive against the wrong. O inspire us that the Lord of all the earth will do right. May God's good angels brood above our hearthstones and fold all hearts in the sweet and calm embrace of His love. Amen.

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

SWEARING IN OF A MEMBER

Mr. BANKHEAD appeared at the bar of the House and took the oath of office prescribed by law.

REPORT OF THE COMMISSION IN CONTROL OF THE HOUSE OFFICE BUILDING

The SPEAKER. The Chair lays before the House the report of the Architect of the Capitol concerning the action of the commission in control of the House Office Building, which the Clerk will report.

The Clerk read as follows:

ARCHITECT OF THE CAPITOL,
Washington, D. C., December 5, 1925.

To the SPEAKER OF THE HOUSE OF REPRESENTATIVES:

In the legislative bill approved March 4, 1925, making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1926, the following enactment is found:

"To enable the Architect of the Capitol, subject to the direction and supervision of the commission in control of the House Office Building, to prepare and submit to Congress, on the first day of the first regular session of the Sixty-ninth Congress, plans, specifications, and estimates for the erection of an addition or extension to the House Office Building, sufficient to provide two rooms for each Member, including any recommendations as to the acquisition of an additional site for the erection of an additional office building for Members, \$2,500."

Acting under the authority conferred by the section quoted, the Architect of the Capitol after due conference with members of the House Office Building Commission, did on the 30th day of April, 1925, enter into an agreement with an organization known as "The Allied Architects of Washington, D. C. (Inc.)," for the preparation of the schemes which when submitted to Congress, should contain the information desired under the portion of the law heretofore quoted.

From time to time conferences have been held between the Architect of the Capitol and The Allied Architects of Washington, and all necessary explanations and information have been afforded to the allied architects for the preparation of such plans and information as would enable the Congress to determine the question as to which, if either, of the plans submitted would be acceptable to that body.

It should be understood that this information prepared, and which constitutes this report, is submitted for the purpose of a full examination and discussion by the Congress, and that the plans submitted and the drawings or illustrations accompanying the plans are carried only to such an extent as would permit the further development of the plans if considered expedient.

It will be noted that the legislation previously referred to provides not only for suggestions concerning an additional site but also for information concerning an addition or extension to the present House Office Building, and in answer to so much of the legislation as relates to an addition to the present House Office Building, I beg leave to submit herewith a report from Carrere & Hastings, under date of November 28, 1924, in which a possible addition to the present House Office Building, providing for sufficient rooms to enable each Member of Congress to have two rooms, has been outlined and described.

This report of Carrere & Hastings, with the accompanying drawings, will give such information as may be required by those who would

prefer confining the changes to be made to be contained within the walls of the present House Office Building, and without any recommendation upon either of the schemes as submitted, this matter is respectfully referred for such action as the Congress may consider proper under the circumstances.

Respectfully,

DAVID LYNN,
Architect of the Capitol.

THE ALLIED ARCHITECTS OF WASHINGTON, D. C.,
December 3, 1925.

Mr. DAVID LYNN,
Architect of the Capitol, Washington, D. C.

SIR: In accordance with the agreement entered into on the 30th day of April, 1925, signed by you as representative of the House Office Building Commission and by representatives of the Allied Architects of Washington, D. C. (Inc.), there are transmitted to you herewith preliminary plans and elevations for the extension of the House of Representatives Office Building.

It will be noted that two distinct and carefully studied schemes are presented for the consideration of the commission, one scheme involving the use of the entire block lying immediately to the west of the present House Office Building, the other occupying the northerly portion of the two blocks lying immediately to the west of the present office building fronting on the south side of the Capitol. The possibility of using other sites is discussed in this report.

It should be stated at this point that the schemes submitted are based upon a general agreement reached between your office and the Allied Architects as to the number of additional offices required, the general character of these offices, the accessory elements of the building, and the essential requirement that it should be a serviceable, economic building, not "monumental." These requirements have been recognized in plan, story height, interior finish, and fenestration, and an effort has been made to produce a simple, dignified building not out of harmony with its surroundings.

The program recognizes the existing or probable House membership as estimated by the members of your commission.

PRELIMINARY STUDY OF REQUIREMENTS AND POSSIBILITIES

It may be of interest to your commission to know that the program as thus originally outlined was submitted to the membership of the Allied Architects, by 17 of whom schemes were submitted for each of three different sites held out as worthy of consideration, namely, the two indicated above and a third possibility of utilizing the entire two blocks lying south of the Capitol. These preliminary studies were explained in detail by the designers, each one of whom had made a careful analysis of the relative advantages and disadvantages of the sites as they presented themselves to him. Following the explanation occurred a discussion of these preliminary plans in which all the architects present participated. As the result of this discussion, at which you were present, a second program was prepared maintaining the same requirements but making available the desirable elements developed by different designers and eliminating various elements which were considered undesirable.

A second series of studies was then developed, in which each designer focused his attention upon one scheme which seemed to him to have the best possibilities, and again there was a careful review of the submitted plans, in which the selection and elimination were repeated. The plans were then developed in detail, as herewith submitted. The detail of this process of development is given to show that the schemes submitted are the result of a very careful analysis of the situation from many different angles.

SCHEME A

PROJECT FOR A BUILDING OCCUPYING THE SQUARE BOUNDED BY NEW JERSEY AVENUE, B STREET, SOUTH CAPITOL STREET, C STREET

Considering first the scheme for the occupancy of the square lying immediately to the west of the present office building, the advantages and disadvantages appear as follows:

ADVANTAGES

1. Proximity to the present House Office Building, with main entrance from New Jersey Avenue and B Street at the upper level.
2. The occupancy of an entire square, avoiding cotenancy with private buildings, the necessity of setbacks, and possible future complications.
3. A building which in itself would cost less than the alternative scheme, which saving, however, would be offset to a considerable extent by the cost of acquiring the Congress Hall Hotel property.
4. The preservation of South Capitol Street, both for traffic and for view, thus leaving open the possible change in character of the district lying to the south of the Capitol, and recognizing the importance of an unobstructed vista from that section.

DISADVANTAGES

1. The financial disadvantage: Necessity of acquiring Congress Hall Hotel property, which might be offset by the fact that it will undoubtedly have to be acquired some day for Government purposes, and any subsequent purchase price would unquestionably be much higher than at the present time.
2. Disadvantage of limitations: The difficulty of obtaining any additional expansion of this scheme, beyond a possible 15 suites in a roof setback—the plans provide suites for about 50 additional Members over the present House membership, with an allowance for the conversion of 50 private offices in the present building to committee rooms.
3. Disadvantage of appearances: The unbalanced effect of this building, occupying only one of the two squares immediately south of the Capitol, with no certainty that a corresponding building will eventually be built upon the other square; also the certainty that if a building is erected upon the western square it will present great difficulties in design to harmonize it with the building on the eastern square, owing to the fact that the northern corner of the latter is some 50 feet higher than the southwestern corner of the former; also a narrow B Street frontage, accentuated by having no similar balancing frontage on the other square.

DETAILS OF ARRANGEMENT

This scheme makes provision for the following accommodations:

Two hundred and sixty-six suites of offices for Representatives, with all necessary features in the way of desk space, coat and lavatory space, office storage, etc.

Eighty thousand cubic feet of additional storage space for Representatives.

A gymnasium 45 by 70 feet.

A swimming pool 28 by 124 feet.

Ample locker and shower facilities in connection therewith.

Space for lounge on roof.

Superintendent's room.

Clerk's room.

Folding room and storage space for same; totalling 250,000 cubic feet.

The exact location and arrangement of these accommodations are shown in detail on the drawings and need not be described here. The arrangement of the individual suite is the same for both buildings and will be described in detail hereinafter.

Estimate of cost

The building	\$6,500,000
The land	1,070,000
Total	7,570,000

These figures are approximations only, on a cubic-foot basis for similar work. The cost of the land to be acquired is an assumed condemnation value.

SCHEME B

PROJECT FOR A BUILDING OCCUPYING THE SOUTH FRONTAGE OF B STREET LYING BETWEEN NEW JERSEY AND DELAWARE AVENUES

Considering next the scheme for the occupancy of the northern portion of the squares fronting on B Street, lying east and west of South Capitol Street, the advantages and disadvantages appear as follows:

ADVANTAGES

1. Next to the first scheme this site is the most advantageous location with reference to the present House Office Building and the Capitol, its lesser desirability being in that it lies partly down the hill.
2. The minimum acquisition of ground is required, as the only important property involved is that occupied by the four-story annex to the Congress Hall Hotel.
3. There is ample room to meet present needs adequately and to leave sufficient room for future expansion. Also, there is ample storage room for documents, and other space in the basement for the parking of automobiles.
4. Appearances: In connection with completing the setting of the Capitol Building the scheme makes for symmetrical, balanced treatment of these two squares as seen from the Capitol, and does not leave the fate of the western square to the uncertainties of the future.
5. The court offers better light and ventilation than the preceding scheme and more pleasing possibilities for court gardens.

DISADVANTAGES

1. There is a considerable increase in the cost of this scheme over Scheme 1.
2. The blocking of a main street, a procedure which, no matter how well justified in the past by expediency, has in every case where followed in the Washington plan brought subsequent criticism for interference with traffic or view.
3. The splitting of the building into two distinct parts in an effort to ameliorate the obstruction of the Capitol view from South Capitol Street (it will be noted, however, that there is intercommunication between these two sections on the first and ground floors, with addi-

tional second-floor communication by means of an open terrace passage). The break in circulation on the upper floors is not considered as serious as it might be, in view of the fact that all committee rooms remain in the present House Office Building, with little necessity for intercommunication between offices on the same floor.

DETAILS OF ARRANGEMENT

This scheme makes provision for the following accommodations: Two hundred and seventy suites of offices for Representatives (266 in alternative scheme), with details of arrangement the same as in the previous scheme.

Eighty-five thousand cubic feet of additional storage space (80,000 cubic feet in alternative scheme).

Gymnasium 45 by 70 feet (same as in alternative scheme).

Swimming pool 36 by 140 feet (28 by 124 feet in alternative scheme).

Locker space the same.

Folding room, clerk's room, superintendent's room, the same.

Space for congressional lounge.

Garage space for 100 cars in subbasement (not provided in alternative scheme).

The details of arrangement are as shown on the plans.

Cost

The building.....	\$7,800,000
The land.....	364,360

Total (alternative scheme, \$7,570,000)..... 8,164,360

These figures are also approximate, on a cubic-foot basis, with the cost of the land, not at present owned by the Government, on an assumed condemnation basis.

DISCUSSION OF A TYPICAL OFFICE SUITE

The typical office suite is the same in both schemes submitted. It has been the subject of considerable detailed study, to the end that not only should the needs of the Representatives be met in every respect, but at the same time that the element of cost should have primary consideration. Various alternative arrangements were devised, but it is believed that the scheme submitted will meet all requirements as indicated, while at the same time the simplicity of arrangement and regularity of span will involve the minimum of construction cost.

For the purposes of furnishing a basis of comparison with the offices in the present House Office Building, the typical two-room suites in both the present and the proposed buildings have been shown at the same scale on one of the drawings submitted. The accommodations compare favorably, while the new arrangement effects considerable economy in construction. It will be noted that the floor area involved, which represents one office unit plus one-half of the adjacent corridor space, is 13½ per cent greater in the present building than in the proposed, while the cubical contents of this same unit are 72 per cent greater in the present building than in the proposed structure.

GENERAL CONSIDERATIONS OF COST

The extreme difference in typical units indicated above shows one of the means by which a great saving has been made in the elements which materially affect the total cost, while at the same time, by having due regard for simplicity of detail, it has been possible to obtain a stone-faced building in keeping with its surroundings and of quality befitting its purpose. The ceiling heights in the new building are 6 feet lower than those in the present building, but still 2 or 3 feet higher than those in the strictly commercial office buildings. A further economy has been effected by the elimination of elaborate plaster cornices, pretentious corridors, and other similar expensive elements which repeated throughout the building materially advance its cost. It is felt that the building meets the requirement of simple, straightforward planning, while still recognizing its obligations as an important member of the Capitol group.

RECOMMENDATIONS AS TO SITE

No effort has been spared on the part of the Allied Architects thoroughly to canvass the various other possibilities of this problem, but limitations of time allowed have made it impossible to extend the study, as was desired, beyond the two sites for which drawings are submitted. At the same time it should be made clear that these two sites by no means represent all the possibilities involved. Variations of the alternative scheme have been studied and two other sites considered—one lying south of the Library of Congress and east of the present House Office Building, and the other west of Delaware Avenue. The former site was considered as too remote from the Capitol. The latter is the same distance from the Capitol as the present building and could be connected to both by subways practically on grade. The elevators could be lowered to meet these subways, and they could be provided with mono-rail cars. There would be no congestion between the two buildings in the movement from offices to committee meetings comparable to that from the offices to House roll calls.

Having in mind the various possibilities for development which have been indicated from time to time in the plans for the extension of the Capitol grounds, it would appear that the least desirable

solution of this problem is the first scheme considered, namely, that occupying the single square. Against the advantage of economy, which is subject to debate, stands its great disadvantage of reducing all requirements to a minimum, leaving no room for expansion when the demand for expansion occurs, as it undoubtedly will. Next in order is the alternative solution submitted, certain merits and demerits of which have already been outlined.

The third solution in inverse order of desirability would appear to be the acquisition of the entire two squares lying south of the Capitol, restricting the building to the northern half of these squares, as indicated along the lines of the alternative scheme. This would allow room for expansion to the south of future Government buildings. A modification of this scheme has been considered, namely, of building on the entire two squares at this time, but leaving a large central court or garden and preserving the open treatment of South Capitol Street. This would give more space than would be required, but the additional space might be well utilized for storage or other purposes, relieving congestion in some of the adjacent Government buildings.

Attention should be called at this point to the fact that both these schemes block all future possibilities of any development along the line of the project prepared for the Architect of the Capitol, for beautiful Capitol gardens lying to the south of the Capitol, corresponding to the open treatment to the north. Whether or not any such scheme shall ever be carried out, it would seem unfortunate to take any steps at this time which would make practically impossible of realization the development of the scheme in case it should subsequently prove desirable. There is already one such problem existing in the area surrounding the Capitol, namely, the difficulty of developing any structure north of the Congressional Library, which will harmonize with it in completing the enframing of the Capitol grounds.

From every point of view it would appear that the most generally desirable site for any such building as is required by this project is the square indicated to the west of Delaware Avenue. The grades are not enough pronounced to occasion serious difficulties in design or construction, and it is believed that the additional cost of acquiring the land in this square, in addition to that in the squares lying immediately to the south of the Capitol, which would in that event be acquired for the proposed Capitol gardens, would largely be offset by the saving in the construction of building. There would be no necessity for making two semidetached units, as indicated under the alternative scheme, and this, in addition to restoring the practical advantage of easy communications, would allow a great saving in the construction costs. Furthermore, the necessity for elaborate terracing, with high walls to overcome differences in grade, would be eliminated, making further cost reductions possible. There would be ample room for future office expansion or to meet new conditions which may arise in future. Ample parking space is easily obtainable, and the completion of the Capitol enframing would be one step nearer. Furthermore, while all property in the two intervening squares should be acquired under this scheme, it would not necessitate the immediate condemnation of Congress Hall Hotel, the preservation of which seems to be considered desirable by many Members of the House. Although it would seem that the recommendation involves somewhat extensive condemnation of property to consummate the scheme, it is submitted that it may in reality tend toward economy, in that there can be little question but that the land fronting on the National Capitol should be owned and occupied by the Federal Government, and that the value of this land is appreciating each year.

The Allied Architects of Washington express their appreciation of the opportunity which has been afforded them to study this project in collaboration with your office, and they further wish to express appreciation of your personal attitude, which has greatly facilitated and encouraged the collaborative effort. If further explanations or alternative studies are desired, they will be glad to have you call upon them. Respectfully submitted.

ALLIED ARCHITECTS OF WASHINGTON, D. C. (INC.),
Per HORACE W. PEASLEE, Secretary.

NOVEMBER 28, 1924.

DEAR SIR: In compliance with your request for a report as to a possible method of providing an additional number of rooms in the office building to meet the present requirements of Congressmen, we submit herewith a typical floor plan and a section which indicate extensions to the present building erected within the central court, together with additional rooms built on the B Street and C Street sides at what is now the roof level.

The exterior of the building, as shown in the court, is intended to be built to correspond with the present court finish, except that we have shown the stories only 12 feet 6 inches in height, as we believe that height, which is even higher than is commonly adopted in office buildings, amply sufficient for the purposes of this building. The additional rooms on the roof are so placed that they will be practi-

cally not noticeable from the street and will therefore not detract from the appearance of the building. These suggestions give a total of 375 additional rooms, with the stairs, elevators, and toilet accommodations necessary to provide for the enlarged building.

We have conferred with reliable builders of large experience as to the probable cost of the proposed changes and have calculated such cost on the basis of an allowance of 80 cents per cubic foot, which we believe to be a conservative figure.

The unusually large area of the building, which does not appear at first glance, calls for a very large cubage, and the approximate cost, on the above basis, would be \$3,000,000 for a steel frame construction, as usually adopted for buildings of this height, with general plumbing, heating, ventilation, electric, and elevator work.

Respectfully submitted.

CARRERE & HASTINGS,
THEODORE I. COE.

DAVID LYNN, Esq.,

Architect of the Capitol, Washington, D. C.

The SPEAKER. Referred to the Committee on Public Buildings and Grounds and ordered printed.

Mr. GARRETT of Tennessee. Mr. Speaker, will the report of the Allied Architects accompanying the report of the Architect of the Capitol be printed as a part of the communication just read?

The SPEAKER. Yes; it will accompany the report of the Architect of the Capitol.

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES

Sundry messages from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries.

THE REVENUE BILL

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 1. The motion was agreed to.

The SPEAKER. The gentleman from Illinois [Mr. MADDEN] will kindly take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes, with Mr. MADDEN 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. 1, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 1) to reduce and equalize taxation, provide revenue, and for other purposes.

Mr. GREEN of Iowa. Mr. Speaker, I yield 20 minutes to the gentleman from Pennsylvania [Mr. WATSON].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 20 minutes.

Mr. WATSON. Mr. Chairman and gentlemen of the committee, I will not speak in detail upon the various sections of the bill, since our distinguished chairman of the committee has so plainly explained them, and the minority leader in his usual way has given his opinion relative to the measure. Scidom a revenue tax bill has been unanimously reported and at the same time received the applause of the American people as this bill which is now under consideration. There are no two Members probably in the House that have the same opinion upon the various sections; we differ in accordance with our temperaments and environments.

I am going to support the bill because of the good that is in it, but I can not give my full approval to that title called the "Estate title," the third title of the bill, because I do not believe in a Federal inheritance tax when our country is at peace, as it is to-day, not only within ourselves but with all the world. I believe that an inheritance tax should be levied only as a tax when our country is burdened with grave emergencies.

One of the reasons I oppose an inheritance tax, it is confiscatory when there is not enough income in an estate to meet the assessed tax. A government to take the principal of an estate is contrary to the true ethics of taxation. We must remember that this Government is merely a great corporation and we are its directors; and no government can afford to take principal to pay its debts any more than a corporation can. We must develop trade, and if we take capital by taxation we absorb the money that should be in trade and thereby to a degree we increase the number of unemployed, for we all know that we must depend upon trade for rev-

enues. A government that discourages trade is adopting a wrong principle. It is the sentiment of the American people to wipe out the Federal inheritance tax. I want to quote from the hearings. There was a meeting of the governors in Savannah, Ga., only recently. There were 32 governors present, and this was a resolution passed by that convention:

Be it resolved, That the inheritance provision of the Federal tax measure be repealed, leaving this sort of revenue to the States for individual action as they may see fit.

I might mention 8 or 10 governors each of whom give the same testimony, but I shall not take the time.

President Coolidge on Tuesday praised the Committee on Ways and Means because of the bill. I do not think he is in favor of a Federal inheritance tax, but he accepted what the committee reported.

Let us recall that in his speech before the National Conference on Inheritance and Estate Taxation; he said, alluding to the tax bill of 1924:

I pointed out then that when the inheritance taxes levied by the States be added to this, a substantial confiscation of capital may result; and I suggested the danger of having the States and the Federal Government thus combining to get the utmost possible revenue from inheritance taxes.

This we should seek to avoid. Therefore I suggested that it might be better if the field of inheritance taxation could be left to the States.

And when he said in his message that "the power over the purse was the power over liberty," we might conceive that he was alluding to his address before the National Conference on Inheritance and Estate Taxation.

There are many States which have very few resources and not enough wealth within to develop their industries, therefore they must call upon other States for financial assistance. But men hesitate to invest money in other States when they know that upon their death their estates will probably be confiscated.

The State of Pennsylvania, realizing this fact, passed a bill as follows:

Personal property of a nonresident decedent made taxable under this section shall not be subject to the tax so imposed if a like exemption is made by the laws of the State or country of the decedent's residence in favor of residence of this Commonwealth.

Some of the States have cooperated with the State of Pennsylvania and availed themselves of this reciprocity law—the States of Tennessee, Alabama, Florida, Georgia, Vermont, Rhode Island, District of Columbia, New York, Nevada, and Connecticut, and on December 1, Massachusetts.

The unparalleled growth of our country from 1865 to the beginning of the World War has no parallel in history. After the war of 1865 our wealth was something like \$20,000,000,000, and commencing with the World War it was near \$300,000,000,000. This wonderful development of our resources and the gain of this great wealth was due to our liberal laws.

One object of an inheritance tax is to break up large estates and to make a distribution. There is no trouble in breaking up large estates. We all know that the heirs do that very quickly and trusts are not lasting. This idea of breaking up estates is a socialistic one. I do not criticize a man because he is a socialist, but I do criticize and condemn the principles of socialism. No country can live long, as has been exemplified in the past, when socialism becomes part of the laws of that country.

Last winter I introduced a bill to repeal the publicity clause. I did not ask the committee to report it, because the question was before the Supreme Court of the United States, and Justice Sutherland, on May 25, 1925, in his opinion, stated:

Information, which everybody is at liberty to acquire, and the acquisition of which Congress seemed especially desirous of facilitating, in the absence of some clear and positive provision to the contrary, can not be regarded otherwise as public property, to be passed on to others as freely as the possessors of it may choose. The contrary view requires a very dry and literal reading of the statute, quite inconsistent with its legislative history and the known and declared objects of its framers.

Therefore the committee very wisely repealed that clause of section 257.

If I may be permitted to go back into history for just a moment, let me say that in the Thirty-ninth Congress a tax bill was being considered by this House, and the question of publicity was raised. Mr. Garfield, then a Member of Congress and afterwards President of the United States, said:

One feature of the internal revenue law which has made it very odious, indeed, in many parts of the country, and perhaps justly so, is that provision under which the business of every man has been dragged into public view through the newspapers.

The standard of living to-day is the highest of our country and the highest of any country in the world. It was stated by the gentleman from Illinois [Mr. RAINEY] that no country in the world gave the credit as we do to taxpayers in the lower brackets and opposed them. They do not give it because they can not. At no time in the history of all the world has a country been at war and then reduced the taxes as America has within seven years; and the gentleman from Illinois should be thankful and congratulate our country that we are able to thus give credit to the taxpayers in the lower brackets.

I am surprised that in this House there should be so much comment against the Secretary of the Treasury. I remember that when Senator Knox, at the call of President Harding, went to Ohio he said:

The appointment of Mr. Mellon means very little to him but it means much to the American people.

And when we realize what has been accomplished by our Government under the administration of Mr. Mellon we can not but say he is one of the greatest financiers we ever had to control the Treasury Department of our Government; and when we further realize that since the war we have paid nearly \$5,000,000,000 of our indebtedness, when we realize on top of that to-day we can reduce our indebtedness for the benefit of the taxpayers over \$300,000,000, we can truthfully say much of it is due to Mr. Mellon's sagacity and financial acumen; and, further, by his administration we have been able to make agreements with foreign countries to reduce the amount of money we loaned to them, some \$6,000,000,000.

I am quite sure that when the great Democratic Party comes into power—I do not look for that very soon, but my friends on the other side are encouraged day by day and are looking forward to that great period in their political history—if they place in the United States Treasury a man who has the ability equal to Mr. Mellon's, I certainly will applaud him and stand by that Democrat as to-day I stand by Mr. Mellon.

I am not going to speak more upon the bill. I have received a great many letters asking the repeal of the Federal inheritance tax. I recall receiving a letter the other day from a woman I do not know. It was a very simple letter and it presented the Federal inheritance tax in a very clear way, so that I will present it to you as she did to me. She said:

We have worked hard—my husband, myself, and my children—and we have amassed a very large fortune. My husband dies and the inheritance tax takes a large amount of our estate; I die a few weeks afterward and the Government comes along and takes another big slice and we have but very little left for our children for whom we have worked.

[Applause.]

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

Mr. COLLIER. Mr. Chairman, I yield myself 30 minutes.

The CHAIRMAN. The gentleman from Mississippi is recognized for 30 minutes.

Mr. COLLIER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. COLLIER. Mr. Chairman and gentlemen of the House, it is with the greatest diffidence that I rise to discuss this measure. There are two impelling reasons for this diffidence, one is the fact of its being a nonpartisan measure which deprives me of one of my greatest pleasures, which has heretofore and I hope in the future will continue to be, to criticize my friends on the other side of the Chamber for their various and many high crimes and misdemeanors. But on this occasion, while I am not in perfect accord and harmony with every section of the bill, yet in its essentials I am in favor of it and intend to support it.

I believe the bill did not go far enough, and that the reductions did not go far enough, and I hope to show why I have arrived at that conclusion.

The other reason I approach this matter with some diffidence is because the bill has been fully and amply explained, first by the chairman of the committee, then by other Members on the majority side, and then by that splendid "Garneresque" speech of our own leader. This bill adopts no new policies to

any great extent, but simply changes a number of rates, and therefore I take it that the House, after listening to those explanations and reading the bill, is so familiar with it that I will not go into the details as I would if I were making one of the opening talks to this body.

At the very outset, Mr. Chairman and gentlemen, I want to make this observation: It seems to me the fact that this has been a nonpartisan measure has met with approval from the highest down to the lowest. It seems to have met with the universal approval of the press and business men generally that we can present upon tax matters here a nonpartisan report. Without disparaging in the least the work of any member of this committee in bringing that about and without even remotely disparaging in the slightest degree the splendid feeling of cooperation in which the majority members met the minority members on that proposition, yet I wish to state to the Members of this House that this nonpartisan measure, which seems to have so universally received the indorsement of the American people, could never have been brought about had it not been for the tact and perseverance of the gentleman from Texas [Mr. GARNER]. [Applause.]

The subject of taxation has always been more or less paramount. From remotest antiquity it has vexed legislators and has harassed taxpayers.

In ancient Greece, at a time when its culture and refinement justified the assertion that it contained the most civilized portion of the globe in its possessions, taxes were called contributions. It is interesting to the student of economics in connection with both the increasing value of money and the decreasing purchasing power of the dollar to note that nearly five centuries before the Christian era, when the Greek confederacy was at the height of its grandeur, its splendor, and its power, when its possessions extended from "the shores of the Ægean to the banks of the Indus, and from the Caspian and the great Hyrcanian Plain to the Cataracts of the Nile," these annual contributions or taxes never exceeded in our money \$600,000, a sum which we expend in governmental expenses every two hours.

The Government of Greece, extending over nearly all of the then civilized world, the building and preservation of the greatest navy of its day, the maintenance of its large standing army, the erection of numerous public buildings, temples, and palaces of marble, and the exercise of all the legislative, judicial, and executive functions of the greatest world power of its time, could have been supported for over a quarter of a century on a less amount than was authorized by the Congress only a few months ago, pursuant to the much-advertised and oft-reiterated plan of economy and with enthusiastic Executive approval, to build another bridge across the Potomac River at Washington.

To ancient Rome belongs the doubtful honor of being the first as well as the last country to adopt a systematic collection of taxes which produced ample revenue without cost to its own citizens.

Aside from the brutal joy of conquest, the acquisition of new territory excited a lively interest in the minds of the ancient Romans, for additional territory meant additional tribute. The conquered territory alone paid the taxes and Roman citizens themselves were exempt from any and all kinds of taxation.

This policy was pursued by Rome with inexorable severity. Worshipping many gods, Rome was true to none. Offense against the gods was a trivial matter; failure to pay tribute was visited with the heaviest penalties. As long as the conquered territory acknowledged the Roman eagles and paid their annual tribute or taxes, for aught Rome cared they might worship any god of their choosing and even maintain a semblance of their former government, always subject to Roman supervision and Roman control.

In this connection it is also interesting to the student of economics to note that during the time of Rome's greatest power, when her territory extended from Britain through France and Spain to the Mediterranean, including all of Southern Europe, Judea, Asia Minor, and a great part of Africa—in fact all of the civilized portions of the globe—the annual cost of its governmental expenditures, according to Gibbon, was less than \$80,000,000 in our money.

In this day and time it seems almost incredible to believe that with less than \$80,000,000, a standing army of over 480,000 men, three large seagoing fleets, together with numberless smaller craft in the Rhine and the Danube and a Praetorian Guard of 30,000 men, could have been maintained. In addition to this innumerable public buildings of marble were erected, roads still in existence, some of them 2,500 miles in length were built, large bands of trained gladiators were maintained, wild beasts from the uttermost corners of the Empire were brought to Rome, and the luxury of the imperial

court was surfeited with the gratification of every desire that money could purchase.

I repeat that, notwithstanding the use of slave labor, it seems almost incredible to believe that all of this could have been done annually by the expenditure of an amount barely sufficient to build and equip two of our modern battleships.

The question of taxation to-day is paramount in the minds of the American people. Prior to our entrance into the Great War the people of the United States for the most part gave the matter of Federal taxes only the most perfunctory concern. There was nothing strange nor unusual that they should have done this.

For instance, in 1912 the total expenditures of the Federal Government, irrespective of postal expenditures, aggregated in round numbers \$700,000,000. Of this sum \$310,000,000, or nearly half the amount needed, was in the nature of indirect taxes collected at the customhouse in tariff duties. A tax which, however vicious it might or might not have been, was so indirect and little understood as to cause little or no concern save to those directly interested and to the student of economics. The balance of this \$700,000,000 for the most part came from the internal revenue tax on liquors and tobacco, together with a small amount from the sale of public lands and miscellaneous receipts, such as fines and penalties, from the Department of Justice, and fees from the State Department and the Patent Office, which sums in the aggregate were inconsiderable.

Thus we see that in the collection of this \$700,000,000 the Federal tax collector rarely if ever came into actual touch with the average citizen, and for this reason Federal taxes were regarded with indifference by the masses of the people whose personal interest had not been aroused and because of the difficulty in determining how much or how little each individual paid.

Note the changes that occurred in less than seven years. In 1919, just seven years later, the total Government expenditures were about twenty-seven times as much as they were in 1912. Of these expenditures less than \$200,000,000 came from the tariff, while over \$2,500,000,000 were received directly from the people in income and excess-profits taxes alone. During the years 1919, 1920, and 1921 nearly \$10,000,000,000 were received from the same sources—that is, the income tax and the excess-profits tax.

The collection of these tremendous sums, together with the various special taxes levied in so many ways and upon so many different articles, all of which in a more or less degree affected practically every citizen in the United States, had the inevitable result of creating in the minds of the American people a lively interest in the subject of taxation.

During the war it was necessary, as all of us know, to resort to practically every known method of taxation in order to finance the tremendous operations incident to that struggle. To this unprecedented drain upon the material resources of the United States the American people cheerfully and patriotically responded. As long as the tax was believed to fall with equal force upon all, there was little or no complaint and the general disposition was to leave the fixing of the rate of taxation to the committee.

The paramount thought was what tax will bring in the greatest amount of revenue to meet the expenses of the war. The question before us to-day is not what tax or what rate will bring in the largest returns to the Federal Treasury but what tax and what rate will fall equitably upon all and at the same time so reduce the tax burdens that they will interfere as little as possible with industry and commerce.

To this thought the committee without partisanship directed its labors, and while the bill is not what I would have liked to have seen, because I believe much larger reductions could have been made without any danger of creating a deficit, yet the bill as presented by the chairman of the Ways and Means Committee is a real reduction downward and will, in my opinion, result in much benefit to the American people.

In view of the fact that the provisions of the bill have been so fully explained by several members of the committee who have preceded me, I will content myself with a brief analysis of its various provisions.

I will first take up the income-tax exemptions. The exemptions have been raised from \$1,000 for a single person to \$1,500, and from \$2,500 in the case of the head of a family to \$3,500. The \$400 exemption for children under 18 years of age, and for those dependent upon the taxpayer because they are mentally or physically defective, remains unchanged.

The normal tax has been reduced to 1½ per cent on the first \$4,000, 3 per cent on the next \$4,000, and 5 per cent on the remainder.

The surtax rates have been reduced from 40 per cent to 20 per cent, the maximum, 20 per cent, becoming applicable to all incomes over \$100,000, the minimum beginning at \$10,000 and being 1 per cent upon net incomes in excess of that amount up to \$14,000, and the tax is then adjusted in increasing rates in the higher brackets so as to give as well balanced a schedule as possible.

The earned-income section remains the same, except that the amount of the 25 per cent exemption applies in this bill to \$20,000 instead of \$10,000, as in the act of 1924.

The corporation tax has not been changed, and no relief in this bill has been afforded corporations either by lowering the rate or permitting the stockholders of small corporations to make returns similar to those of partnerships.

The capital-stock tax remains unchanged. There has been, however, adopted an amendment to the act of 1924 making the determination by the commissioner as to the fair average value of the capital stock of a corporation only prima facie evidence of the facts on which such determination was based.

The estate tax provides for an exemption of \$50,000, and the maximum rate has been reduced from 40 per cent to 20 per cent.

The deduction of 25 per cent as a credit to be deducted by the Federal taxpayer for all inheritance taxes paid to a State has been increased to 80 per cent. We have repealed or reduced many of the special taxes, most of which are direct inheritances of the war.

I will, with the permission of the House, insert in the Appendix tables showing rates of estate taxes and repeals and reductions of various taxes as provided in the bill.

Now, it has been intimated here by several that they will vote for certain amendments, though the amendments were not specified. I will tell you what amendments I hope will be adopted. I want to see all the automobile taxes taken off. I think the tax on admissions can be repealed, and I want to see the tax on capital stock repealed.

Then there is another amendment to which I intend to address myself under the five-minute rule, a proposition which I believe is un-American—the life tenure of appointees that will come under this bill. [Applause.]

Mr. HILL of Maryland. Will the gentleman yield?

Mr. COLLIER. I will yield to the gentleman.

Mr. HILL of Maryland. Has the gentleman taken up the question of estate tax, and will he state whether he favors that?

Mr. COLLIER. I have not taken it up in the limited time at my disposal. I intended to refer to it in passing. If the gentleman has any question, I should be glad to answer it.

Mr. HILL of Maryland. A great many are interested in the estate tax, and I wondered if the gentleman would care to state whether he felt that there should be an attempt to strike out the estate tax entirely.

Mr. COLLIER. I thank the gentleman for his question, and I will dispose of my views now. I am heartily in favor of an inheritance tax. I believe it is a fair, equitable, legitimate way of raising taxes for both the State and the Federal Government. I never believed that the estate tax was an emergency tax. From the very nature of it, it is not an emergency tax. It should be a permanent tax. An emergency tax is one where quick returns may be had, and from the very nature of an estate tax, where you may have to wait until the estate is settled before the tax is paid—I can conceive of numberless instances where an estate tax, if quick returns were required, might result in almost confiscation of the property. Ample time should be given for the payment of estate taxes, but it should be a permanent tax. The 80 per cent proposition in this bill receives my unqualified approval. I will say to the gentleman from Maryland, speaking for myself, that when the motion is made to repeal the estate tax or to materially change it in any form, as far as my feeble efforts are concerned, I shall resist the motion to the utmost of my power. That is all I have to say on the estate tax.

Now, why do I make the statement that I am willing to vote for the repeal of special taxes which will cost nearly \$150,000,000 when we have heard from the chairman of the committee that the advice from the Treasury is that \$325,000,000 is as far as we could go without danger. I make it for two reasons—one may be political and the other a common-sense mathematical one. One is because I have no confidence in these estimates. We all recall two years ago when the question came up the brilliant and able gentleman from New York [Mr. MILLS] made a statement in reference to the so-called Garner plan that if we adopted that plan in its substantial provisions as was done by the House there would be a deficit of \$320,000,000. When the bill was passed making the surtax 40 per cent I was surprised to find in the campaign in Kentucky and

Ohio and other States to which I had the privilege of going last fall that the Garner plan was being "orated" as one of the greatest achievements in the Coolidge administration. [Laughter.]

We all remember that the 1924 bill was in the hands of the President some time before it was finally signed, and there were many vague rumors that it might meet with a veto because the Treasury experts, headed by Mr. McCoy, their chief expert and statistician, had told us that the bill would not only give no substantial relief, but the repeal of certain special taxes together with the unscientific lowering of the surtax rates would result in an annual deficit of nearly \$300,000,000. But the Congress had heard the prophecies of these experts before and insisted on the 40 per cent rate.

I do not wish to make a reflection on Mr. McCoy. I believe he is an able and conscientious statistician, but he made an awful poor guess in 1924. He made an even poorer guess in 1922.

In January, 1922, the Treasury Department through its actuaries came before the Committee on Ways and Means and told us that there would be a deficit of \$279,000,000 for the year 1923. Instead of a deficit there was a surplus of over \$300,000,000. These actuaries' opinions were estimated only on the current year, when they had full information of the condition of business before them.

When prophets make prophecies and I find they turn out so differently from what they said, then I lose confidence. Did the 1924 bill give relief? Under the heavy surtaxes of 1924, paid under the 1921 act, we presented to the American people—and it was just before election, by the way—a rebate of 25 per cent. That was some relief. At the same time, instead of that deficit of over \$200,000,000 as stated by Mr. McCoy and \$320,000,000 as stated by Mr. MILLS, there was a surplus of \$290,000,000. When we are confronted with a mistake of \$400,000,000, when less than \$2,000,000,000 were intended to be collected, I think we can safely say that we may regard with some doubt future statements coming from the same source. Again, that is not all. I do not believe I am divulging any of the executive sessions of the committee when I say that it is the belief of all of us on the committee—and if I misstate that belief in the mind of any Member, I hope he will correct me—that practically every estimate of expenditures from the department was an overestimate and every estimate for collection of taxes was an underestimate. I do not criticize the Treasury Department for being careful, but they are overcautions. Nor is that all. The estimates made for collection of taxes were mathematical calculations. If there is anything in what the Secretary of the Treasury says, if there is anything in what the President has said, if there is anything in what we have said, that the lowering of these great surtaxes and the general reduction in taxation, taking the tax off automobiles and other special articles, is going to result in a great increase of business, then, of course, that increase of business will be reflected in increased returns to the Public Treasury. I make the statement here, without fear of successful contradiction, that without interfering with the Treasury arrangement of the proposed payment of the war debt we can go further, in tax reduction to the extent of \$150,000,000.

Another place where we can give taxpayers more relief is on the payment of the war debt. I do not go as far as some of my colleagues do. I am not opposed to the Treasury Department and the administration retiring all of the money that we borrowed to pay our part during the conduct of the war.

We owe a national debt of practically \$20,000,000,000, \$10,000,000,000 of which we spent on ourselves and \$10,000,000,000 of which we loaned to our allies. Aside from the tremendous drain upon the resources of the American people, to attempt to retire \$20,000,000,000 of debt in 20 years, there is also an element of our having broken faith with the American people.

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

Mr. COLLIER. Yes.

Mr. HUDSPETH. The gentleman is a member of the Committee on Ways and Means?

Mr. COLLIER. Yes.

Mr. HUDSPETH. The gentleman is also in the livestock business, like myself?

Mr. COLLIER. No; I sold out at a loss during the Coolidge administration.

Mr. HUDSPETH. The gentleman has discussed the livestock business with me a number of times, and I took it for granted that he was in the business. The statement was made by the gentleman from New York [Mr. MILLS] that the higher you placed the surtax on incomes over \$100,000, the less taxes you would get. Does the gentleman agree with that statement?

Mr. COLLIER. It is very hard to agree to that.

Mr. HUDSPETH. In other words, if I sell, the higher the price that I would charge my friend, who stated that he was in the livestock business at one time, for a bunch of steers, the less profit I would make. Is that the gentleman's contention?

Mr. COLLIER. Of course, there is a point where taxes may be placed so high that they will defeat their own purpose. The cold record shows that we received more revenue under the 50 per cent rate than we did under the 65 per cent rate, but as a general proposition I can not agree with the gentleman from New York [Mr. MILLS]. But if it be true, then all the more reason why we would have more money to make the reduction, because we will get in greater returns on that theory.

I do believe, however, that when you so reduce taxes that money which formerly has gone into taxes will go into legitimate business and expansion, that that will result in increased returns to the Treasury. If we did not believe that, then why the reduction in 1924 and the reduction in the present bill?

Mr. HUDSPETH. As I understand it, the reduction is made in the present bill because we have a surplus of revenue in the Treasury.

Mr. COLLIER. The gentleman is absolutely correct. We can reduce it still further if we want to, and I think we ought to take off the admission taxes and the rest of the automobile taxes and the other special taxes which are a distasteful inheritance of the war before we go into a regular peace-time system of taxation.

Let us get back to the national debt. When we borrowed the \$10,000,000,000 to lend to our allies, the administration, the Congress, and everyone of us told the American people that they would not lose any money by it, that we would take from our allies the same kind of security that we gave the American people, that we would parallel our bonds which we gave to our citizens with bonds which we took from our allies. We found that we could not do that, we found that economic conditions abroad were such that the full spirit of that promise could not be kept. I did not vote for the English settlement, yet I have little or no criticism to make of it. I did not complain then and I do not complain now for extending the time to 62 years. I do not complain now in view of the economic condition because we reduced the rate of interest from 4½ per cent which we have to pay to the holders of our bonds to 3½ per cent which the foreign nations pay us. Along the line of the English settlement as a model, we are funding our foreign obligations. We could not keep our promise in the matter of interest, but we can do it in the matter of extension of payments, and I say that the way to keep faith with the American people is to do what we told them we would do when we asked them to lend us the money we loaned to foreign nations. Let us pay off our \$10,000,000,000 in 20 years, and then give the American citizen the same right and the same privilege and the same consideration that we give the English citizen and the Italian citizen and the Rumanian citizen on the other \$10,000,000,000. It is only fair and just and proper to do this. I say further to gentlemen on both sides of this House, that although I have talked with hundreds of business men in my own State, and elsewhere, I have yet to find less than half a dozen who do not agree that the American citizens should have, if necessary, 62 years in which to pay off the debt we incurred in lending this money to our allies.

I know that some political economists tell us that it is rather a good thing for a nation to be in debt because it keeps down extravagance. I know that these political economists know more about such matters than I do, yet I do not accept that theory. I think the best thing for a man or a nation is to get out of debt as quickly as they can. But I want you to take this into consideration, that at the end of 20 years if we have paid off the entire national debt and there is still seven or eight billion dollars—of which we will perhaps collect the major portion—owing us from foreign nations, it is going to lead to an era of the wildest extravagance here on the floor of this House and in another body and in the Government generally, no matter what party is in power. The seven or eight billion dollars owing us will be used as an excuse for spending ten times that amount. Now may I recall to you a piece of ancient history, which will illustrate the truth of my assertion: About 12 years ago there was a fight as to whether we should build one battleship or two battleships, and in those days a battleship only cost about \$18,000,000. One Member in favor of one battleship only was earnestly advocating an additional appropriation of \$50,000,000, and when asked where we would get the money to take care of this appropriation he said, "We will take off one of these battleships." Out of the \$18,000,000, the cost of a battleship then, the sum of nearly a quarter of a billion dollars addi-

tional was offered by way of amendments to various appropriations, most of which was justified on the theory that the Government would be relieved of the building of an \$18,000,000 battleship. Now that is all I have to say upon that question except that I think we should keep faith with the American people in the promise we made; if not in the letter of that promise, then at least the spirit of the same, as far as we can.

I am sorry the capital-stock tax was not repealed. That is a tax which, if not double taxation, is at least a duplication of taxation. It falls with equal hand upon the corporation which has made money and one that has lost money. Furthermore, the administration by the collectors of internal revenue, in passing upon the assets and good will of the corporation, is so vague, so uncertain, so indeterminate, and leads to so many avenues of disagreement and opens so many doors of discontent and controversy, that I think that that tax could well have been repealed, both to the profit of the taxpayer and the Government.

Mr. O'CONNELL of New York. Will the gentleman yield for a question?

Mr. COLLIER. I will.
Mr. O'CONNELL of New York. Can the gentleman estimate how much that tax would be?

Mr. COLLIER. Ninety-one million dollars. Now, just briefly I want to say something about the tax board. The tax board as a judicial board is functioning far better than it was even hoped it would. I give it my hearty, my unqualified approval. It is the one independent body that stands between the taxpayer and the Government, and the one independent body outside the courts where he can go to have his rights determined. Out of the thousands of cases that have been considered by the tax board I understand only 13 of them have been appealed by the Commissioner of Internal Revenue. This is, indeed, a marvelous and extraordinary record. So I give that board my hearty, unqualified approval. But at the same time, my friends—

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLIER. I yield myself five minutes additional. I do not believe, my friends, that it is the policy of this Government, I do not believe it ought to be the policy of this Government, that we should create any more life-tenure offices.

I am willing to extend their term of service much beyond that which we give to ourselves. I am willing to extend their terms, if necessary, much beyond that which is given to another and favored body at the other end of the Capitol, but I do not believe it is good policy to permit any man in this country of ours to hold an office as long as he lives, and I am opposed to that feature of the proposed tax law. [Applause.]

Now, this bill is going to give the American people some relief, but I want to say, especially to my friends on this side of the aisle, that full, genuine relief in taxation can not be given to the American people as long as not millions but billions of dollars are every year wrung from the pockets of the American people by the plundering hand of a protective tariff, which in some instances exceeds 100 per cent. They can talk about the restoration of business to normal, and they can talk about giving to the taxpayer full and free relief, but I want to say to you on that side of the aisle as well as to those on this side of the aisle that full relief will never be given to the American people until there is some reduction in that outrageous tariff tax under which we are now laboring. But if I were to talk longer on that point the gentleman from Iowa [Mr. GREEN] would call me down, as he so often has done whenever I mentioned that subject when it was not actually up for discussion.

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

Mr. COLLIER. Yes; I will yield to the gentleman if my time will permit.

Mr. ALMON. Does the existing law creating this Board of Appeals that you spoke of a while ago create a life tenure?

Mr. COLLIER. Yes; the proposed law creates a life tenure.

Mr. ALMON. But the old law did not?

Mr. COLLIER. It did not. The tax board was an experiment, but it has amply justified its existence. We have all felt considerably gratified at the splendid way in which this board has functioned, and it should be continued.

In conclusion, my friends, I want to thank the chairman and the Republican members of the committee for the courtesies extended to me personally, and for the splendid good feeling that was shown during the hearings. I do not think any of us got mad more than three or four times, and then we soon patched up our differences.

I shall want to present some amendments for adoption, but even if they are not adopted I will still be in favor of the bill.

The amendments I have suggested will not affect any material features of the bill. I simply want, in some instances, to add to and take from what the committee has done. A remarkable thing has happened, and, of course, as my colleague from Texas [Mr. GARNER] said the other day, it could not have happened unless they had had the Democrats to help them. But at last something good, with the aid of the Democrats, has come from the Republican Party. I hope that the bill will soon become a law. [Applause.]

Income tax

	H. R. 1	Act of 1924
Personal credit:		
Single persons.....	\$1,500.....	\$1,000.
Married persons and heads of families.....	\$3,500.....	\$2,500.
Rates:		
First \$4,000 taxable.....	1½ per cent.....	2 per cent.
Second \$4,000 taxable.....	3 per cent.....	4 per cent.
Balance taxable.....	5 per cent.....	6 per cent.
Surtaxes:		
On net incomes in excess of—		
\$10,000 and not of \$14,000.....	1 per cent.....	1 per cent.
\$14,000 and not of \$16,000.....	2 per cent.....	2 per cent.
\$16,000 and not of \$18,000.....	3 per cent.....	3 per cent.
\$18,000 and not of \$20,000.....	4 per cent.....	4 per cent.
\$20,000 and not of \$22,000.....	5 per cent.....	5 per cent.
\$22,000 and not of \$24,000.....	6 per cent.....	6 per cent.
\$24,000 and not of \$26,000.....	7 per cent.....	7 per cent.
\$26,000 and not of \$28,000.....	8 per cent.....	8 per cent.
\$28,000 and not of \$30,000.....	9 per cent.....	9 per cent.
\$30,000 and not of \$34,000.....	10 per cent.....	10 per cent.
\$34,000 and not of \$36,000.....	11 per cent.....	11 per cent.
\$36,000 and not of \$38,000.....	12 per cent.....	12 per cent.
\$38,000 and not of \$42,000.....	13 per cent.....	13 per cent.
\$42,000 and not of \$44,000.....	14 per cent.....	14 per cent.
\$44,000 and not of \$46,000.....	do.....	15 per cent.
\$46,000 and not of \$48,000.....	15 per cent.....	16 per cent.
\$48,000 and not of \$50,000.....	do.....	17 per cent.
\$50,000 and not of \$52,000.....	16 per cent.....	18 per cent.
\$52,000 and not of \$56,000.....	do.....	19 per cent.
\$56,000 and not of \$58,000.....	do.....	20 per cent.
\$58,000 and not of \$60,000.....	do.....	21 per cent.
\$60,000 and not of \$62,000.....	17 per cent.....	Do.
\$62,000 and not of \$64,000.....	do.....	22 per cent.
\$64,000 and not of \$66,000.....	do.....	23 per cent.
\$66,000 and not of \$68,000.....	do.....	24 per cent.
\$68,000 and not of \$70,000.....	do.....	25 per cent.
\$70,000 and not of \$74,000.....	18 per cent.....	26 per cent.
\$74,000 and not of \$76,000.....	do.....	27 per cent.
\$76,000 and not of \$80,000.....	do.....	28 per cent.
\$80,000 and not of \$82,000.....	19 per cent.....	29 per cent.
\$82,000 and not of \$84,000.....	do.....	30 per cent.
\$84,000 and not of \$88,000.....	do.....	31 per cent.
\$88,000 and not of \$90,000.....	do.....	32 per cent.
\$90,000 and not of \$92,000.....	do.....	33 per cent.
\$92,000 and not of \$94,000.....	do.....	34 per cent.
\$94,000 and not of \$96,000.....	do.....	35 per cent.
\$96,000 and not of \$100,000.....	do.....	36 per cent.
\$100,000 and not of \$200,000.....	20 per cent.....	37 per cent.
\$200,000 and not of \$300,000.....	do.....	38 per cent.
\$300,000 and not of \$500,000.....	do.....	39 per cent.
Over \$500,000.....	do.....	40 per cent.
Earned income:		
Credit of 25 per cent, not in excess of.....	\$20,000.....	\$10,000.
(First \$5,000 deemed to be earned).....	Same.....	Same.

Estate tax

	H. R. 1	Act of 1924
Exemption.....	\$50,000.....	\$50,000.
Rates:		
Amount not in excess of \$30,000.....	1 per cent.....	1 per cent.
Amount in excess of—		
\$50,000 and not of \$100,000.....	2 per cent.....	2 per cent.
\$100,000 and not of \$150,000.....	3 per cent.....	3 per cent.
\$150,000 and not of \$200,000.....	do.....	4 per cent.
\$200,000 and not of \$250,000.....	4 per cent.....	Do.
\$250,000 and not of \$400,000.....	do.....	6 per cent.
\$400,000 and not of \$450,000.....	5 per cent.....	Do.
\$450,000 and not of \$600,000.....	5 per cent.....	9 per cent.
\$600,000 and not of \$750,000.....	6 per cent.....	Do.
\$750,000 and not of \$900,000.....	do.....	12 per cent.
\$900,000 and not of \$1,000,000.....	7 per cent.....	Do.
\$1,000,000 and not of \$1,500,000.....	8 per cent.....	15 per cent.
\$1,500,000 and not of \$2,000,000.....	9 per cent.....	18 per cent.
\$2,000,000 and not of \$2,500,000.....	10 per cent.....	21 per cent.
\$2,500,000 and not of \$3,000,000.....	11 per cent.....	Do.
\$3,000,000 and not of \$3,500,000.....	12 per cent.....	24 per cent.
\$3,500,000 and not of \$4,000,000.....	13 per cent.....	Do.
\$4,000,000 and not of \$5,000,000.....	14 per cent.....	27 per cent.
\$5,000,000 and not of \$6,000,000.....	15 per cent.....	30 per cent.
\$6,000,000 and not of \$7,000,000.....	16 per cent.....	Do.
\$7,000,000 and not of \$8,000,000.....	17 per cent.....	Do.
\$8,000,000 and not of \$9,000,000.....	18 per cent.....	35 per cent.
\$9,000,000 and not of \$10,000,000.....	19 per cent.....	Do.
In excess of \$10,000,000.....	20 per cent.....	40 per cent.
Credit:		
Amount of any estate, inheritance, legacy, or succession taxes actually paid to any State or Territory or the District of Columbia, not in excess of.....	80 per cent.....	25 per cent.

Rates, amount of tax, and percentage of total tax to net estate under proposed bill

Estate	Exemption	Net estate	Taxable amount in each bracket	Rate (per cent)	Tax in each bracket	Total tax	Total tax (per cent)
\$50,000	\$50,000		\$0	0	\$0	\$0	0
100,000	50,000	\$50,000	50,000	1	500	500	1
150,000	50,000	100,000	50,000	2	1,000	1,500	1.5
250,000	50,000	200,000	100,000	3	3,000	4,500	2.25
450,000	50,000	400,000	200,000	4	8,000	12,500	3.125
650,000	50,000	600,000	200,000	5	10,000	22,500	3.75
850,000	50,000	800,000	200,000	6	12,000	34,500	4.312
1,050,000	50,000	1,000,000	200,000	7	14,000	48,500	4.85
1,550,000	50,000	1,500,000	500,000	8	40,000	88,500	5.9
2,050,000	50,000	2,000,000	500,000	9	45,000	133,500	6.675
2,550,000	50,000	2,500,000	500,000	10	50,000	183,500	7.34
3,050,000	50,000	3,000,000	500,000	11	55,000	238,500	7.95
3,550,000	50,000	3,500,000	500,000	12	60,000	298,500	8.53
4,050,000	50,000	4,000,000	500,000	13	65,000	363,500	9.0875
5,050,000	50,000	5,000,000	1,000,000	14	140,000	503,500	10.70
6,050,000	50,000	6,000,000	1,000,000	15	150,000	653,500	10.89
7,050,000	50,000	7,000,000	1,000,000	16	160,000	813,500	11.62
8,050,000	50,000	8,000,000	1,000,000	17	170,000	983,500	12.3
9,050,000	50,000	9,000,000	1,000,000	18	180,000	1,163,500	12.93
10,050,000	50,000	10,000,000	1,000,000	19	190,000	1,353,500	13.535
15,050,000	50,000	15,000,000	5,000,000	20	1,000,000	2,353,500	15.69
20,050,000	50,000	20,000,000	5,000,000	20	1,000,000	3,353,500	16.75

GIFT TAX

The various rates of the revenue act of 1924 (the brackets were similar to the brackets of the estate tax) are repealed by H. R. 1, but it is provided that transfers of property without consideration in excess of \$5,000 made within two years of the death of the testator shall be included in the estate for taxable purposes.

Cigars

(Sec. 400, revenue act of 1924)

Class	Description	Rate per thousand	
		H. R. 1	Act of 1924
	Cigars weighing not more than 3 pounds per thousand.	\$0.75	\$1.50
	Cigars weighing more than 3 pounds per thousand, if manufactured or imported to retail at—		
A	Not more than 5 cents each.	2.50	4.00
B	More than 5 cents and not more than 8 cents each.	4.50	6.00
C	More than 8 cents and not more than 15 cents each.	7.00	9.00
D	More than 15 cents and not more than 20 cents each.	10.50	12.00
E	More than 20 cents each.	13.50	15.00

DISTILLED SPIRITS

(Sec. 900, H. R. 1)

The tax of \$2.20 per proof-gallon, imposed by the revenue act of 1918, is reduced as follows:

Fifty-five cents per proof-gallon on January 1, 1927.

Fifty-five cents per proof-gallon additional on January 1, 1928.

Cercal beverages

(Sec. 903, H. R. 1)

	H. R. 1	Act of 1924
•Beverages derived wholly or in part from cereals, or substitutes therefor, containing less than one-half of 1 per cent of alcohol.	One-tenth of 1 cent per gallon.	No tax.

Admissions

(Sec. 500, revenue act of 1924)

	H. R. 1	Act of 1924
Legitimate spoken drama: Admissions in excess of 50 cents.	Exempt.	1 cent for each 10 cents or fraction thereof.

Excise taxes

Section of Revenue Act of 1924		H. R. 1	Act of 1924
600(1)	Automobile trucks and automobile wagons	Repealed.	3 per cent.
600(2)	Other automobiles and motor cycles	Repealed.	5 per cent.
600(3)	Tires, inner tubes, parts, or accessories	Repealed.	2½ per cent.
600(4)	Cameras, weighing not more than 100 pounds, and lenses for same.	do.	10 per cent.

Excise taxes—Continued

Section of revenue act of 1924		H. R. 1	Act of 1924
600(5)	Photographic films and plates (other than moving-picture films and other than X-ray films and plates).	Repealed.	5 per cent.
600(6)	Pistols	10 per cent.	10 per cent.
	Other firearms and shells and cartridges	Repealed.	Do.
600(7)	Cigar or cigarette holders and pipes, composed wholly or in part of meerschaum or amber, and humidors.	do.	Do.
600(8)	Coin-operated devices	do.	5 per cent.
600(9)	Mah-jongg, pung chow, and similar tile sets	do.	10 per cent.
602	Works of art, sculpture, etc.	do.	5 per cent.
604	Jewelry, etc., sold for amounts in excess of \$30 and watches sold in excess of \$60.	do.	Do.

Special taxes

(Sections of revenue act of 1924)

	H. R. 1	Act of 1924
Miscellaneous occupational taxes (sec. 701):		
Annual tax on—		
(1) Brokers, stock, etc.	Repealed.	\$50.
Exchanges, value of seat or membership, if—		
\$2,000 to \$5,000	do.	\$100.
\$5,000 to \$10,000	do.	\$150.
Over \$10,000	do.	\$250.
(2) Pawnbrokers	do.	\$100.
(3) Ship brokers	do.	\$50.
(4) Customhouse brokers	do.	\$50.
(5) Bowling alleys and billiard rooms, proprietors of, for each alley or table	do.	\$10.
(6) Shooting galleries, proprietors of	do.	\$20.
(7) Riding academies, proprietors of	do.	\$100.
(8) Automobiles for hire—		
Seating capacity over 2 and not more than 7	do.	\$10.
Seating capacity over 7	do.	\$20.
Tobacco manufacturers' tax (sec. 702):		
Tobacco manufacturers, annual sales—		
Not in excess of 50,000 pounds	do.	\$6.
In excess of 50,000 and not in excess of 100,000 pounds	do.	\$12.
In excess of 100,000 and not of 200,000 pounds	do.	\$24.
In excess of 200,000 pounds	do.	\$24 plus 16c. per M lbs. over 200,000 lbs.
Cigar manufacturers, annual sales—		
Not in excess of 50,000 cigars	do.	\$4.
In excess of 50,000 and not in excess of 100,000 cigars	do.	\$6.
In excess of 100,000 and not of 200,000 cigars	do.	\$12.
In excess of 200,000 and not of 400,000 cigars	do.	\$24.
In excess of 400,000 cigars	do.	\$24 plus 10 cents per M over 400,000 6 cents.
Cigarette manufacturers, including small cigars, per 10,000.	do.	do.
Boats, tax on use of (sec. 703):		
Annual tax on yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons—		
Length over 32 and not over 50 feet, if—		
Foreign built, per foot	\$1	\$1.
Domestic built, per foot	Repealed.	\$1.
Length over 50 and not over 100 feet, if—		
Foreign built, per foot	\$2	\$2.
Domestic built, per foot	Repealed.	\$2.
Length over 100 feet, if—		
Foreign built, per foot	\$4	\$4.
Domestic built, per foot	Repealed.	\$4.
Narcotics, tax on (sec. 705):		
Physicians, dentists, veterinary surgeons, and other practitioners lawfully entitled to distribute, dispense, give away, or administer to patients, in the course of their professional practice, shall pay, per annum.	\$1	\$3.

Stamp taxes

(Sec. 800, revenue act of 1924)

	H. R. 1	Act of 1924
Schedule A (5). Conveyances: Deed, instrument, or writing whereby land, tenements, or other realty is granted, assigned, transferred, or conveyed, etc., in excess of \$100—		
Per \$500 or fractional part thereof	Repealed.	50 cents.
Schedule A (9). Proxies for voting	do.	10 cents.
Schedule A (10). Power of attorney	do.	25 cents.

Mr. GREEN of Iowa. Mr. Chairman, I yield 25 minutes to the gentleman from New York [Mr. LaGUARDIA].
The CHAIRMAN. The gentleman from New York is recognized for 25 minutes.

Mr. LAGUARDIA. Mr. Chairman, speaking on this bill, I feel very much like the recruit who was marching with his regiment on parade. The lieutenant said, "Pat, you are out of step." Pat said, "No, Lieutenant; I am in step; the regiment is out of step." [Laughter.]

I am sorry I can not join in this feast of mutual admiration. I can not say that I approve the bill, because I do not. A great deal has been said about the harmony that prevailed in the committee, the agreement between the Republicans and the Democrats on this bill; but I say that whenever the United States Congress gets to functioning with complete unanimity of opinion, God help the American people!

I was quite surprised to hear the argument of the gentleman from Texas [Mr. GARNER] the other day, especially coming from the gentleman from Texas, who did so much work toward establishing the policy of an income-tax system in this country. I confess I could not follow him. Why, he took the floor and scolded the Republican Members. He criticized them; he lectured the Republican Members; and yet he is willing to share in the fruit of their sin. It reminded me of the Reverend Davidson trying to convert poor Sadie Thompson. Why, it was not so very long ago—it is not necessary to be a Member here of long standing to be enabled to remember the able fight put up by the gentleman from Texas against the Mellon plan. The present bill is infinitely worse than the Mellon bill we had before us in 1924. Why, the gentleman from Texas [Mr. GARNER] says:

What could I do? I had to vote with the committee. It was the best I could get.

That was not the attitude he assumed in 1924. Now Mr. GARNER said:

If we do not pass this bill, the President will veto the bill we pass.

We had exactly the same situation in 1924. The President of the United States went to New York a few days before we took up the tax bill and openly stated that he would veto the bill if we changed the income-tax schedule. Listen to what Mr. GARNER said on January 14, 1924:

And the President now says he will not sign the bill if you cut it down. Gentlemen, I venture the assertion even at this moment that that is not so.

Then he goes on to say:

If I could wish for my party's interest against my country's interest, I would wish for my party's interest that he would not sign it. I tell you he can not keep from signing it when you send it to him.

That was in 1924. Now he talks and favors a 20 per cent maximum rate in the income-tax schedule. But in 1924 he says, on page 1405 of the RECORD of January 14:

I want to say to you that if I believed 25 per cent was a just tax I would vote for it. I say that as an honest man. But I would rather vote for 50 if necessary and continue prosperity.

That was only a little over a year ago. There is no question of prosperity now. Secretary Mellon says we are prosperous. The President of the United States opened his message to this Congress three days ago with the words—

In meeting the constitutional requirement of informing the Congress upon the state of the Union, it is exceedingly gratifying to report that the general condition is one of progress and prosperity.

So it is not the economic condition of the country that demands this change in the rates; it is not the business or industrial condition of the country that requires a change. We are just as prosperous now, or more so, as we were in 1924. My opposition to this bill is not that it reduces taxes. If you want a tax reduction bill, you can have it. It is difficult for a Member of Congress to vote against a reduction in taxes, but this is not only a reduction in taxes. This is a reform in the taxation policy of the country, and you can not escape it. The Secretary of the Treasury, Mr. Mellon, in testifying before the committee, admitted that it was a reform of the taxation system. He says, on page 5 of the hearing:

In determining what taxes should first be reduced, it is important to bear in mind the distinction between a reduction of taxes which reforms the tax system and reduction in taxes which simply reduces revenue.

A reduction of the lower brackets in itself means no increase in taxable income. A man with a \$5,000 salary does not carry funds in nonproductive investment, and a reduction of his taxes does not, therefore, create additional taxable incomes.

A reduction in the surtax, however, increases the amount of capital which is put into productive enterprises, stimulates business, and makes more certain that there will be more \$5,000 jobs to go around.

It seems to me quite clear that a man with a \$3,000 job, who, if married and without dependents, pays a tax of but \$7.50 under the present law, or a man with a \$5,000 job, who, under the same conditions, pays a tax of \$37.50, is more interested in having the job than in having his taxes further reduced. What we mean by tax reform is to make more of these jobs.

This very bill, gentlemen, changes our system of taxation. Revenue or reduction of revenue is not its purpose, because you could have brought in a bill to reduce revenue and to reduce taxes without changing, and fundamentally changing, the basis of an income-tax law. And yet there is harmony on the Republican side and on the Democratic side. The Democrats stood for the principle of income taxes, but this is not income tax law. This is simply a revenue law. My objection to changing the system is that the present economic condition of the country requires a rigid income-tax system, because if you do not have it, it will not be two generations before the bulk of the wealth of this land will be concentrated in the hands of a dozen families.

Hear what Secretary Mellon says, and I am willing to make Secretary Mellon my star witness. I will stand on the record as it is contained in the hearings of the committee and on the testimony of Mr. Mellon. Mr. Mellon says that if you reduce your income-tax rate you will have a greater revenue. Why? Because these men will put their money in business, in productive investments, and the lower rate of surtaxes, says Mr. Mellon, will bring in more revenue. And he is absolutely correct, because these men with great fortunes can invest their money so that it will multiply at a rate of progression out of all proportion to small investments. Take Mr. Mellon's own calculations, that a 20 per cent maximum income tax law will bring in more than a 40 or 50 per cent tax law and apply it to the savings of millions allowed to a few favored taxpayers, and you will readily see the fortunes will soon multiply. The gentleman from New York [Mr. MILLS] was telling about the beneficial effects of this bill on all taxpayers. Let us examine a bit and see who really gets the benefits.

According to last year's returns, under the 1924 act, three taxpayers made returns on incomes over \$5,000,000. Their combined income was \$27,955,319, and they paid under the 1924 act \$11,000,000. Under the old act incomes over \$5,000,000 paid about 45.35 per cent of the income, while under the proposed rate in the bill before us the rate would be about 24.83 per cent of the net income. We are giving a reduction to these three taxpayers of \$5,344,464.32. This is more than the reduction given to the 2,000,000 taxpayers commencing at the \$4,000 bracket down. During the same period three other taxpayers reported incomes over \$4,000,000 and less than \$5,000,000. Their total income was \$13,310,057, and their combined taxes were \$4,274,317. We are reducing the taxes of these three persons \$2,616,701.12. So that the six highest taxpayers under this act will receive reduction of \$7,961,165—over a million* dollars apiece.

There were 74 taxpayers who made returns on incomes over \$1,000,000. Of these, 36 reported incomes of \$1,000,000 and over, 13 from \$1,500,000 to \$2,000,000, 15 from \$2,000,000 to \$3,000,000, 4 from \$3,000,000 to \$4,000,000, 3 from \$4,000,000 to \$5,000,000, and 3, \$5,000,000 and over. Gentlemen, bear in mind we are talking of incomes of millions of dollars, not thousands of dollars. There was a time not very long ago in this country within my memory that a person with \$1,000,000 was considered an enormously wealthy man, and the country then was prosperous, was rich, and was the leading industrial country of the world—before we had these multimillionaires. Now we are talking of incomes of millions of dollars. Applying Mr. Mellon's own formula—and he certainly can speak with authority when he talks on the possibilities of making money with millions invested, we are not only giving these six taxpayers a reduction of over \$7,000,000 a year but on Mellon's own formula that saving will represent a capital of over \$50,000,000 within a very few years.

Now, the purpose of an income tax law is to prevent the accumulation of enormous fortunes, and the control of industry and commerce that goes with such large fortunes, yet here you destroy that system by stopping at a 20 per cent tax rate on an income of \$100,000. Gentlemen, this bill is not an income tax law in any sense of the word. It is repealing an income-tax system and seeking to avoid the responsibility for doing so.

Then we go on and we reduce the inheritance tax. The inheritance-tax method is as scientific as is possible under our dual system of government. Unless there is a system whereby the Government can become the collecting agency

for the States you will have unjust and unfair competition among the States.

We had an inheritance tax that was sufficient to break up these big fortunes continuing in a family. We had a gift tax which prevented evasion of the inheritance tax law, but you abolish the gift tax. You reduce your inheritance tax and you destroy the very purpose of an inheritance tax. The purpose of that law was not to get revenue; the purpose of that law was to go along with the income-tax system in order to prevent the wealth of the land from being concentrated in a few hands. Yet we hear the chairman of the committee, the gentleman from Iowa [Mr. GREEN], saying that he approves of this bill; that he is glad the gift tax was abolished. The gift tax is the child of the gentleman from Iowa. He brought it into life, with the able assistance of Doctor GARNER, who gave his tender help, because he assisted in the delivery of the child. Now, we find the gentleman from Iowa [Mr. GREEN] in full accord with his former antagonist, the gentleman from New York [Mr. MILLS].

What has happened? What has caused this unholy alliance between the gentleman from Iowa and the distinguished chairman of the great Ways and Means Committee? If the gentleman from Iowa [Mr. GREEN] would have his say and could present a tax bill of his own making, I am confident that it would be in keeping with the times, equitable and just, with sufficient vision to safeguard the future generations of America. And for the first time I believe he and the gentleman from New York [Mr. MILLS] are in complete accord. Let me remind the gentleman of the situation a little over a year ago, on page 3172 of the RECORD of February 26, 1924. Permit me to read.

Referring to Mr. MILLS he said:

If this amendment either as presented last night or as presented now was a useful and proper amendment, then the gentleman from New York ought to be using his powers to support it, if it is a good amendment. If it is not a good amendment, he ought to be able to give us some reason why it should not be adopted. The gentleman from New York, with all his brilliancy, and he has brilliancy, has been found in this House here on every occasion when we sought to introduce anything that would prevent evasion of a tax and its payment on a basis of fairness, equality, and justice, opposing those amendments or at least voting against them.

[Applause.]

The amendment was offered on the floor of the House on February 25, 1924, by the gentleman from Iowa [Mr. GREEN] himself. By unanimous consent it went over to the next morning. Mr. GREEN withdrew the original amendment and submitted another amendment, which was passed by the committee, approved by the House, and is on the statute books to-day.

The first gift law. Now let me read just what Mr. GREEN, the distinguished chairman of the committee, stated at that time:

Now, gentlemen can take their choice. So far as I am concerned I do not care whether a matter is approved by the gentleman from Texas [Mr. GARNER] or whether it is approved by the gentleman from New York [Mr. MILLS]. I will support it if it tends to prevent evasion under this law, and I will use my best endeavors to put it in the bill. [Applause.] Ever since I was connected with revenue matters, ever since I have been on the Ways and Means Committee, I have been endeavoring to get a gift tax inserted in the law. I proposed it at the first session when I was a member of that committee some 10 years ago. Ever since that time I have been laboring to get it inserted in the law, because I knew just exactly what would happen, namely, that these big estates would be gradually split up into different parts, thereby defeating both the income tax and the inheritance tax, and that is the reason our revenues are so rapidly decreasing from the big estates.

Yet after 10 years of fighting for a measure that was constructive, which was necessary and which was in keeping with our taxation policy, he abandons the child and smothers the infant in its first year of life. I am glad the doctor has entered the Chamber. I will say to the gentleman from Texas [Mr. GARNER] that I was talking about the gift tax. The people of my district like the gentleman from Texas; they admire the fight he put up against the Mellon tax plan. The tenement dwellers of East Harlem say:

If you follow Mr. GARNER on taxation matters you can not go wrong.

Mr. GARNER, what am I going to tell these people now? How can I explain it? Tell them we abandon the whole policy of income tax law that you have been fighting for ever since you have been in Congress?

I do not want to destroy wealth, but I do want to abolish poverty, and something is wrong with the economic system of a government when the President, the Chief Executive, in his message to Congress pleads for charity for suffering widows and starving orphans and the Secretary of the Treasury comes in and asks for a reduction in taxes on incomes over \$5,000,000.

Some gentleman said to-day that the income tax was socialistic. I do not know whether it is or not. I know that it is American and in keeping with American traditions, and I do know it is necessary, and I know that they have been fighting to change the system, as the gentleman from New York [Mr. MILLS] admitted yesterday, ever since it was put on the statute books. I do not forget the fight we had last year. Now, gentlemen of the minority party, may I make this suggestion. The Speaker of the House the other day deprecated the bloc system. He said that we must govern under the party system of two parties. Now, we have one party. You have not only broken up the bloc but you have broken up the entire minority, and you gentlemen of the minority have fused with the majority. It is the duty of a minority to check the greed and the ruthlessness of a majority.

If you permit this bill to go through as it was written in committee without fighting it, the Republicans will be entitled to all the good that is in the bill and you will have to take responsibility for all the viciousness of the bill, and you can not escape that. What chance has a lone Member of the Republican side to offer an amendment if the big minority is going to stand still and go along with Mr. Mellon.

This is the original Mellon plan with a vengeance. It makes up accrued interest for time lost. This is worse than the original Mellon plan, for there at least they stopped at 25 per cent. Here they stop at 20 per cent on a \$100,000 income and give all to the million-dollar income man. You can not go along with this plan. There are many Members on the Republican side who will vote for an amendment that will change the income-tax schedule and retain the tax policy of the country.

The gentleman from Texas [Mr. GARNER] read from the platform of the Madison Square convention. Are you going to stand by it? I tried to get a copy of that platform during the campaign, but I could not get it, Mr. GARNER. I do not know why you did not publish it. [Laughter.]

You are not now going to abandon the American people as a minority party, are you? What do you suppose the Republicans would do to you if you brought in a bill like this and you were the majority party? Do you suppose they would sit idly by? Of course not; and of course they come now and say, "There is no partisanship in this; there is no politics in this." When is there ever any politics in this country when it benefits the millionaires? That is what this bill does, because the bulk of the reduction is on incomes of a million dollars and over. I will go along with 20 per cent on \$100,000; I will go along with 20 per cent on two or three or four hundred thousand dollars of income; but when you come to the 44 taxpayers that are going to receive a benefit of \$20,000,000, then I think it is time to call a halt. Let us stand together and equalize the burdens of taxation.

I do not believe we should abandon a policy that has been adopted after one generation of legislative fighting and let it go by default. I do not know what happened to the minority. It is beyond understanding; but I do make an appeal, gentlemen, to the Democratic side, because there is no Member on this side who can afford to offer an amendment. Have they not the terrible example of what happened to some of us for being independent? You do not expect any new Member to try it, do you? Do not ask these men to do that. You have a duty to render to the American people, and you have got to show up this bill, and some prominent member of the committee—and I believe it should be the gentleman from Texas, who led us in the fight last year—should introduce an amendment changing the schedule, making it 20 per cent on \$100,000, and then graduated up to \$500,000, and fixing at least 30 or 35 per cent tax on incomes of \$500,000, \$1,000,000, and over. We can pass such an amendment.

There are gentlemen here coming from the Middle West who would not dare vote against such an amendment. There is going to be an election this year, you know. The papers are not talking about this tax bill now. You can not expect the papers in my town to talk about a reduction of taxes on incomes over \$1,000,000; of course not.

The gentlemen from many States, and particularly the Southern States, have been getting up and upholding this bill. Wait until your people understand it. Wait until there is discussion of it on the stump. You gentlemen may not have elections

down South, but you have primaries, and they tell me they are pretty lively, too.

The bill repeals the publicity clause. They say the provision produced no income; nobody wanted it; and now it goes out without a murmur and without a protest. The gentleman from my own city, Mr. MILLS, said the only people who wanted this clause were the curiosity seekers, the demagogues, and the soap-box orators. I will tell you something about that. I do not know just how useful the publicity clause is, but it is necessary.

Why, last year on income taxes we collected \$33,000,000 more than we did under the previous act, and I have just as much right to say that we collected that because of the publicity clause as Mr. Mellon has to say we collected it because the rates were lower. Of my own personal knowledge I know one case where the publicity clause was very useful, and that was a case in New York, where a large manufacturing plant sought to reduce wages, and the workers got hold of their tax returns and showed that this concern was making excess profits and was not justified in reducing wages. If the publicity clause did not do anything else but serve that purpose, it is a necessary feature of the law. [Applause.] I am glad somebody agrees with something I say, and yet you are going to throw out that provision.

I am not going to ask for any more time, and my time is nearly up. I hope the gentleman from Texas [Mr. GARNER] will offer the amendment I have suggested. I hope that some other floor leader will do it if the gentleman does not. We ought to have the opportunity of expressing our views without having to swallow the whole bill; and I will say frankly now, if the bill comes to a final vote as it is now, I am going to vote against it if I am the only Member of the House voting against it. [Applause.] I am not afraid of it.

The people of my district have not big incomes, but they understand taxation. Now, I repeat in closing that this is not a tax-reduction bill; it is a change of the income-tax system of this country. It is a bill which will make possible the amassing of greater fortunes in this country than exist to-day. If 10 men who pay the higher rate of taxes were to take all their property and leave the country, the country would go on just the same, but if the 7,000,000 other taxpayers were to leave the country with their property, business, science, commerce, and education would stop. If the future welfare of this country depends on 14 or 15 men, it is time that we should stand up and take notice. I do not believe it does. This country is wealthy; it became a great industrial nation before we had these big fortunes. It will continue after these particular men are gone. If you want to keep the Republic, if you believe in democracy, you better start thinking on this bill now. It is vicious; it is inequitable; it is unjust; and because of these reasons it comes out now with an unanimous report, containing all the vicious features of the previous bill, which we defeated on the floor of the House. The country appeals to the Democratic Party to do its duty as a minority party and to lead in this fight. We can change the schedules and not leave all of this work for the Senate to do, because, gentlemen, it may go through here, but, thank God, the Senate is still functioning. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 30 minutes to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I have been very much interested in the debate on this bill, and I know I shall be as much or more interested in the present tariff law, because we realize that tariff taxes are many Members not only on the Ways and Means Committee but in the membership of the House on both sides who will try to have the bill amended. I want to have it amended in some particulars myself, but what does the bill in its present form do? It relieves the smaller taxpayers by increasing the exemptions and by earned income provisions and reduction of the normal tax of \$95,000,000. It also relieves the people of America of \$132,000,000 in sales taxes. That amounts to more than \$200,000,000 tax reduction on the average man, woman, and child in America.

Now Democrats feel and have always felt that all taxes are evils. We would like as Democrats to run the Government without taxation if it could possibly be done. We feel that sales taxes are one of the most vicious kind of taxes on the people because we know and realize that a sales tax bears more heavily on the masses of the citizenship than any other kind of a tax. We would also be glad to reduce the tariff taxes in the present tariff law, because we realize that tariff taxes are more burdensome to the masses of the people of America than any other tax on the statute book. However, we are prohibited and prevented from doing that.

Now, I think the gentleman from Iowa [Mr. DICKINSON] is the chairman of the farm bloc in this House. That farm bloc is estopped from doing anything in regard to farm-relief legislation during the Sixty-ninth Congress. I was very much surprised and chagrined to see my friends from Iowa, Mr. DICKINSON, Mr. HAUGEN, Mr. BOIES, and Mr. GREEN, my Republican friends from the Middle Western States, the great wheat and farm belt of our country, voting to emasculate the rule on the first day of this session to prevent consideration of farm legislation which they think is necessary. But they voted that way; and when they voted that way, they knew what they were voting for.

I think it will come with poor grace for these gentlemen from Iowa, Mr. DICKINSON, Mr. HAUGEN, and other gentlemen from the Middle West on the Republican side, to make very many speeches in this Congress advocating farm-relief legislation approximating the McNary-Haugen bill, because they knew when they voted last Monday for the emasculation of the rule that they could not possibly have the Agricultural Committee of this House report a bill along the lines of the McNary-Haugen bill, which the President and Mr. Mellon and Mr. Jardine oppose. They knew that they could never get the Agriculture Committee in this House to report that kind of a bill which they have been talking about all this summer over the Western States.

You tell me that the people of America are prosperous. I admit that the people in the industrial sections are prosperous, but in the wheat and corn sections of the country they are not prosperous, and I do not believe you could get a single Republican from Illinois, Iowa, or Nebraska to go on the floor and say that the farmers of those sections are prosperous. And yet you know, my friends, that you have estopped yourselves from trying to do anything for your farmer constituents except to make speeches on the floor of the House for home consumption. So much for that.

The people of the country ought to know, and I think the newspapers of Iowa and the newspapers of the Middle West ought to take it up and tell the people. Of course you may fool your people about it, but you can not fool a single Member on this floor, because every man knows that when you voted for that rule that you voted to hog tie yourselves. So we have \$200,000,000 saved for the various taxpayers of America, and yet they say we ought not to support this bill.

I believe that the capital-stock tax ought to be repealed—and every business man who appeared before us in the hearings said that he wanted the capital-stock tax repealed—in order to do away with one of the returns. It is annoying to have to make these returns. They went so far as to say that if we took the capital-stock tax off, to place it on the income end of the business of corporations, but the Republicans would not do that, and do you know why? I will tell you why. They would not do it because they were afraid somebody would say, truthfully, that they had increased somebody's taxes.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. GREEN of Iowa. Does my friend think, when the small corporations are taxed as heavily as they are now, so that the stockholders are charged heavier taxes than they would if they were conducting the same business in the manner of a co-partnership, that their taxes ought to be raised in order to relieve these great companies from paying the capital-stock tax?

Mr. OLDFIELD. No. But out of the four or five hundred thousand corporations in America more than 100,000 of them lose money every year instead of making money. Why should a corporation that loses money be compelled to pay a capital-stock tax? Why not put it on the corporations that make money? If the corporation does not make money, then it does not pay the corporation tax.

Mr. GREEN of Iowa. Has the gentleman ever made any computation as to how much tax those companies pay? The capital-stock tax is based upon the fair value of the assets, and if a company is not making any money, as a rule its assets are not worth much, and, besides, it is only \$1 a thousand.

Mr. OLDFIELD. I know it is only \$1 a thousand, but it compels them to make an additional return, and thousands of them have to pay it. Secretary Mellon opposed this proposition, but every business man who was questioned about it said yes, to put it on the other end of this proposition, to add a little more on the flat tax of 12½ per cent and get rid of this return. Secretary Mellon opposed it vigorously, so that we did not get that reform in this bill.

Mr. GREEN of Iowa. The gentleman is aware that this is really the only tax paid on the special privilege, and it is quite

a privilege, of doing business as a corporation. It is a little tax, and about the only people to whom it amounts to very much are these extremely large companies that are holding great timber tracts for speculative purposes. They do not pay any other taxes because they are not actively engaged in business, but are simply holding for a rise in value.

Mr. OLDFIELD. I know that the only argument that can be made for it is that it is a tax on that privilege, but I made the experts before the committee admit that there were very large corporations, holdings companies, that got out of paying any capital-stock tax at all. I wanted to amend that, and I shall offer an amendment when the time comes, because if you are going to tax the capital stock of corporations that do not make any money it seems to me an outrage to permit one to escape which does make money.

The surtaxes were reduced to 20 per cent, thereby relieving the rich taxpayers of \$98,000,000. Personally, I would have preferred to make the surtax higher than 20 per cent, but we did not have the chance. There was not a single Republican on the committee—and I dare say there is not a single Republican in the House, especially those who voted for the emasculating of the rule the other day—who would vote for more than 20 per cent. We have reduced the tax on the people of America more than \$200,000,000 on the average man and woman of America, and \$98,000,000 on the rich of the country—in all \$325,000,000—and we could have reduced it at least seventy-odd million dollars more and stayed within the boundary here. The gentleman from Iowa [Mr. GREEN] knows, and the gentleman from Texas [Mr. GARNER] knows, and I know—and I do not know what other members of the committee heard the statement—that there is a defect in the law, which was about to lose the Government Treasury \$77,000,000, and that amount is counted in here as going to be lost, but that defect has been cured, and, therefore, we should relieve the taxpayers of the country of that \$77,000,000 more in this bill, and we ought to do it by taking off the balance of the automobile tax.

Mr. GREEN of Iowa. The gentleman understands that that matter is not yet decided.

Mr. OLDFIELD. I know, but it is decided as far as this bill is concerned. That is in the courts. Mr. Gregg is a wonderful expert, and I do not think there is any abler in the country. He wrote the language correcting the defect, and I have no doubt that he knew what he was doing, and it will save \$77,000,000, and we ought to take advantage of that by doing away with other sales taxes.

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

Mr. OLDFIELD. Yes.

Mr. BACHARACH. If I understood the gentleman from Arkansas, he stated that he was in favor of taking off the capital-stock tax of \$93,000,000 or \$94,000,000, and also taking off \$70,000,000 of the automobile tax.

Mr. OLDFIELD. Yes.

Mr. BACHARACH. That, in all, is about \$162,000,000?

Mr. OLDFIELD. Yes; but as the witnesses before our committee advised, those who were interested in the capital-stock tax, they would be perfectly willing to add the amount we lost there to the flat corporation tax, and it would be much better for them as business men so that we would not lose any money because of that. We would save it by increasing the flat tax enough to take care of the loss there.

Mr. GREEN of Iowa. Of course those gentlemen would be willing. Some classes of corporations would be benefited and others would lose. The particular gentlemen who appeared before us, as is always the case, were always ready to take the tax off themselves and put it onto the other fellow. None of the large corporations who are making less than 6 per cent, or even up to 8 per cent, wanted to have this shifted, and none of the small corporations wanted it shifted, because it would have inflicted a great injustice on them.

Mr. OLDFIELD. I do not think so. I realize that every man connected with a corporation that makes money would rather have it the way it is now, but what about these corporations that do not make money? Secretary Mellon opposed it, but I dare say that he is not connected with any corporation that does not make money, and from the newspaper report it would seem that they make a great deal of money. However, I wanted to call that to the attention of the committee. That is this bill in a nutshell. There is not much more to it, except the inheritance tax.

Secretary Mellon did everything he could do to have the committee repeal the inheritance tax law. We refused to do it. Of course, the rates were reduced and probably ought to be reduced for the reason that we wanted, men like those who feel as I do, to save the inheritance tax to this country. Gentlemen

came before our committee, some very wise men, and some who did not know what they were talking about on the question. I refer when I say that to some of these committees from Mr. GARNER'S and Mr. GREEN'S States. They did not know what they were talking about, but the governors who came here also did not know about the inheritance tax, the principle and all about it, but everyone when they got through came around to the committee's view and said this, "We know you are trying to do a thing which will not only help the Federal Government, but every State in the Union and if you do what you propose to do—and we did it—everyone is in favor of it." It is easy to understand why. No man in this country ought to want competition between States to have rich men come to their State to live and leave the other States. That is exactly what is being done in certain sections of the country, like Florida, the District of Columbia, and Alabama. I am not criticizing those States, but I am stating my view of it because in those States where they do not have inheritance and income tax they must have the service. They must build hospitals, they must build roads, they must build schools, and the poor of no State can pay all the taxes necessary to make a great State. Therefore, after you get them to those places in a few years they are going to come along and make up for lost time. But if you want to help the farmers of America you can help them more by sustaining the inheritance tax in this bill. An income tax does not affect the farmer, for not one in ten thousand pays such a tax. I told the Republicans on the committee that sometimes they were pretty cute about the tariff business in reference to the farmers. They collect so much tariff taxes from the farmer that at the end of the year he has no income tax to pay. It is a pretty simple thing when you understand it.

Mr. LAZARO. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. LAZARO. Before the gentleman leaves the inheritance tax will he please explain to the House the difference between the old provision and the new provision?

Mr. OLDFIELD. The gentleman means in regard to credit?

Mr. LAZARO. In regard to the inheritance tax. The difference between the present law and the proposed law, the difference in regard to reductions and credits to the State.

Mr. OLDFIELD. Under the present law the highest tax is 40 per cent, as has been explained. But the credit provision is 25 per cent to the State. We have increased that to 80 per cent, and we have done that not to force any State to do anything. I do not believe in forcing States to do anything, but I do believe we should hold out inducements to the States to try to get along and put on the statute books of the various States an effective uniform inheritance or estate tax law.

Mr. QUIN. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. QUIN. Does the gentleman mean the State of Arkansas will get 80 per cent of all the inheritance taxes?

Mr. OLDFIELD. Yes. It means this: They get a credit of 80 per cent. Suppose Arkansas collects under inheritance tax \$800,000, and suppose the Federal Government should collect \$1,000,000. Then the State of Arkansas would not pay anything into the Federal Government because it gets 80 per cent.

Mr. QUIN. Taking a specific case, if my father died and left an estate of a million dollars and paid the inheritance tax, what would the State of Mississippi get?

Mr. OLDFIELD. Get 80 per cent.

Mr. QUIN. Of all paid both by the Federal Government and the State Government?

Mr. OLDFIELD. That is my understanding. He gets a credit of 80 per cent. For example, you pay a county, State, and municipal tax. When they go to pay the Government tax they have a right to a credit of all these other taxes you have paid up to 80 per cent on the Federal and estate tax.

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

Mr. OLDFIELD. Yes.

Mr. LAZARO. I want to say to the gentleman from Arkansas that while the Committee on Ways and Means has convinced the governors on this proposition, yet there are many people at home who do not understand it, and I think you should make this perfectly plain, not only for the benefit of the Members of the House but for the benefit of the country.

Mr. GREEN of Iowa. Mr. Chairman, if the gentleman from Arkansas will permit, I think I can make it perfectly plain. The first thing that is done with reference to the estate tax is to assess the Federal tax. We may say with reference to a certain State, "The Federal tax is found to be \$100,000. The next thing is that the administrator comes along and says, "I have been paying some inheritance taxes to the State. I have paid \$50,000 to the State in the way of inheritance taxes." Then the Federal collector says, "All right; you can have a credit

for that amount. You can have a credit up to 80 per cent of the Federal tax. If your State tax amounts to more than 80 per cent of the Federal tax that is all the credit you will get in any event."

Mr. LAZARO. Then you would not pay anything to the Federal Government?

Mr. GREEN of Iowa. The Federal Government always gets 20 per cent of the tax. There is nothing to be turned back to the State. Some people think that something will be turned back to the State. There is not anything of that kind at all. The estate simply gets the credit for the amount it pays in State taxes.

Mr. SABATH. To the extent of 80 per cent.

Mr. GREEN of Iowa. Yes; to the extent of 80 per cent, provided the State requires that much tax. Very few of the States impose taxes that amount to that much.

Mr. LAZARO. The gentleman has proposed the provision that is in this bill?

Mr. GREEN of Iowa. Yes.

Mr. LAZARO. Will the gentleman explain the provisions of the law as it stands to-day?

Mr. GREEN of Iowa. The only difference between the way it stands to-day and the way it is framed in the proposed law is that an estate can get it up to only 25 per cent of the amount paid to the National Government.

Mr. LAZARO. There is a difference in the rate also. The present rate is 40 per cent.

Mr. GREEN of Iowa. The gentleman is talking about the general tax. Of course, we have changed the rate.

Mr. LAZARO. Yes; from 40 to 20 per cent.

Mr. OLDFIELD. Let me answer the gentleman from Louisiana with an example. For example, take an—

Estate of.....	\$450,000
Exemption.....	50,000
Not estate.....	400,000
Federal tax.....	12,500

Suppose the estate paid to the State of blank an estate tax of \$10,000. Then when that estate makes its return to the United States Government it will report a tax of \$12,500. It will take a deduction of 80 per cent of \$12,500 or \$10,000. The estate will pay to the Federal Government in tax \$2,500.

Suppose that the estate paid to the State of blank an estate tax of \$15,000. It will take a deduction of 80 per cent of \$12,500, or \$10,000. It will pay in tax \$12,500 minus \$10,000, or \$2,500.

That is, if the tax paid by an estate to a State is less than 80 per cent of the Federal tax on such estate, it will get an exemption on the Federal tax of the entire amount paid to the State. If the amount paid by the estate to a State is greater than that paid to the Federal Government, then such estate will receive an exemption of only 80 per cent of the amount of the Federal tax and will pay to the Federal Government 20 per cent of the calculated Federal tax. The Federal Government will always get 20 per cent or more of the tax levied under the estate tax.

I trust I have answered the gentleman's question.

Mr. GREEN of Iowa. The maximum under the law was 40 per cent. The maximum under the new law is 20 per cent.

Mr. GREEN of Florida. May I ask the gentleman from Iowa a question in the gentleman's time?

Mr. OLDFIELD. Yes.

Mr. GREEN of Florida. This bill proposes to raise a certain amount of revenue for the Federal Government, does it?

Mr. GREEN of Iowa. Yes.

Mr. GREEN of Florida. When you charge 80 per cent off of this amount, would not that make a great depreciation in the amount raised for the Federal Treasury?

Mr. GREEN of Iowa. Undoubtedly. But next year it will make no difference of any consequence, because the Federal law applies only to estates of some little size, and they are not usually settled up within the year. Next year it will make a little more; that is, the calendar year of 1927. It will probably make from \$10,000,000 to \$20,000,000. As time goes on it will increase up to probably \$50,000,000. That will be probably five or six years.

Mr. GREEN of Florida. Then you propose to repeal that provision of the bill?

Mr. LAZARO. The committee did not have in mind the question of revenue, but you wanted to prevent competition between the Federal Government and the States?

Mr. OLDFIELD. Yes; and we wanted to relieve the taxpayers in the States. The most burdensome taxes are State, county, and municipal taxes. In the agricultural sections of the country they are more burdensome than in any other place,

and in the poorer agricultural sections particularly the taxes are still more burdensome. Now, gentlemen, if we are going to relieve the agriculturists in the country, if we are going to give them relief in the future in taxation, it must largely come from this inheritance-tax proposition, because every dollar that the States can collect from this source will give the legislatures an opportunity to reduce taxes of other sorts upon the people throughout the country. The argument was made before the committee that this was a tax on capital. It is not true. It can not possibly be true that this is a capital tax. Why do I say that? Because it must be income in the hands of the recipient, and in 9 cases out of 10 it is unearned income, and therefore it is the most ideal way of collecting taxes of any in the whole gamut of taxation, and it is the soundest.

Mr. LAZARO. Will the gentleman yield for another question?

Mr. OLDFIELD. Yes.

Mr. LAZARO. Is it the intention of the committee to get out of this field of taxation in the future?

Mr. OLDFIELD. Certainly. I realize this: That the States have the first call on this tax. I did not agree with the President when he said the United States ought to get out of it at once, because, forsooth, the States give to the people the right of inheriting property. You gentlemen know that some great fortunes in this country are taken out of not only every State in the Union, substantially, but out of every county and school district of the Union. It seems to me that such an estate should yield a tax not only to run the Federal Government but also the State governments. Special privileges granted by the Federal Government have gone far toward the amassing of great fortunes in America.

The Teapot Dome is one instance, and it was an Executive privilege. I claim that through the tariff laws there have been special privileges given to men who have great wealth in this country, and why should not that wealth bear its proportion of the burdens of the Federal Government and of every State government, county government, and municipal government in the Union?

Mr. SEARS of Florida. Will the gentleman yield?

Mr. OLDFIELD. I yield to my friend.

Mr. SEARS of Florida. My colleague said this was done for the purpose of helping the farmer. I have not been in the great State of Arkansas—I believe you call it Arkansaw—but how many farmers have you out there who have a net estate of over \$50,000.

Mr. OLDFIELD. The gentleman misunderstood my statement. Of course, the farmers are not going to be hurt by having this sort of law, not one in a thousand.

Mr. SEARS of Florida. How much are they going to be helped?

Mr. OLDFIELD. If in Arkansas they get \$1,000,000 in taxes through an inheritance tax, the legislature should certainly be able to relieve the farmers of a lot of their local taxes in the community—taxes for schools, roads, and everything else that goes to make a State great, if you please. That is the reason I am for the proposition, and you will come to it in Florida. When you get them all down there you will repeal your law, and you ought to do it.

Mr. SABATH. Is it not a fact that you reduce by 50 per cent the inheritance tax on all of the larger estates?

Mr. OLDFIELD. Yes. I do not believe in that, but I will give you my candid opinion, that the propaganda has been so prolific here and all over this country, even in Arkansas and everywhere. This propaganda was carried on by tax clubs, business interests, newspapers, the magazines, and all of that, and was carried on to such an extent that they came very nearly destroying the inheritance tax in this Congress, if you please.

Mr. SABATH. So that in your desperation to save the inheritance tax you have agreed to the cut, otherwise you were fearful the entire thing would be repealed?

Mr. OLDFIELD. Yes. I believe an inheritance tax is just for this reason: There are billions of intangible wealth in this country—notes, accounts, stocks, and bonds—and you know that in the States, in my State and in your State, they do not collect on that intangible property, because they can not.

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

Mr. COLLIER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. OLDFIELD. It has seemed to me that this intangible property ought to pay an inheritance tax once in a lifetime, and it does not pay it now and you gentlemen know it does not.

Mr. LAZARO. Will the gentleman yield to me for a question?

Mr. OLDFIELD. Yes.

Mr. LAZARO. Were those clubs interested in seeing that the States got this tax or were they fearful that the States would follow Florida?

Mr. OLDFIELD. Would follow Florida, of course. The men who came before our committee against the inheritance tax were against all sorts of inheritance taxes. They admitted their States would not take it up and handle it properly.

Mr. WEFALD. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. WEFALD. Are we to understand that the Democratic leader surrendered on account of the Mellon propaganda?

Mr. OLDFIELD. Why, certainly not.

Mr. WEFALD. He has surrendered, though.

Mr. OLDFIELD. No; we have not surrendered. Every Democrat believes we should reduce taxes every chance we get to reduce taxes. I am usually willing to follow my friend and have great admiration for his honesty, sincerity, and ability, but the trouble about it is he is trying to do an impossible thing while I am trying to do the possible thing. Here we have a great feature of our taxation system and you could not save it, I will say to the gentleman from Minnesota, if his advice were followed. They would vote it out of this bill on this floor, and they have the votes to do it. I do not want to see that done.

Mr. WEFALD. If the Democratic Party would take my advice, it would come back after the next election in numbers strong enough to pass a real bill.

Mr. OLDFIELD. Would the gentleman from Minnesota stand with us?

Mr. WEFALD. I would whenever you have sense enough to take a stand in the interest of our people.

Mr. OLDFIELD. We always do that.

Mr. GREEN of Florida. Will the gentleman yield to me?

Mr. OLDFIELD. Yes.

Mr. GREEN of Florida. The gentleman is aware of the fact that Florida has an amendment to its constitution?

Mr. OLDFIELD. Yes.

Mr. GREEN of Florida. Does the gentleman censure our citizens and our tax club for supporting their constitution?

Mr. OLDFIELD. No; I do not; I do not censure anybody or any State; but I do think the State made a mistake, and I think the State will before many years correct that mistake. That is the way I feel about it, because I know there could not be a more just system of taxation than an inheritance tax.

Mr. GREEN of Florida. We all admit that there is depression in some sections of our country, probably caused by the imprudence of our citizenry, but is it right to relieve this depression by thrusting a spear into the side of Florida and relieve them thereby?

Mr. OLDFIELD. The people of Florida have a right to do just what they want to do.

Mr. GREEN of Florida. Thank you.

Mr. OLDFIELD. But I hope to see the time come in the near future when we will turn over most of the functions of the Federal Government to the State governments, where they belong, local self-government. [Applause.] I want to see the time come when we will have the Government as close to the people as possible and as far away from these bureaucrats here as possible. Do I criticize Florida? No, indeed; but I do say the time will come when Florida will correct what I think and feel is a mistake.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. CONNALLY of Texas. Does the gentleman mean to charge that Florida intends to get all of these millionaires down there and then change their law?

Mr. OLDFIELD. No; I do not mean to say that; but I do mean to say that is probably what will happen.

That is all I have to say, gentlemen, and I thank you. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR]. [Applause.]

Mr. FREAR. Mr. Chairman, an Associated Press dispatch of November 25, 1925, carried the following item typical of many others from the same source, which, clipped from Wisconsin papers, contains the following:

A plan has been tentatively advanced to postpone organization of most of the House committees entirely until the tax bill is disposed of, probably just before the Christmas recess. Representative LONGWORTH, floor leader at the last session, favors the plan as one to prevent delay and interference with the tax measure * * *. Mr.

LONGWORTH has specified a dozen important committees besides the Ways and Means Committee from which he believes Republicans who supported Mr. La Follette should be removed.

Incidentally, the 10 Republican Members from Wisconsin have represented that State in Congress from 6 to 32 years in each instance, or a total congressional service of more than 100 years for the 10 Members. They were all elected as Republicans and received over their Democratic opponents last campaign an aggregate majority of more than 320,000 votes—in a State that was the birthplace of the Republican Party. These Representatives have been removed from committees by the order of a near relative of Theodore Roosevelt, who was the greatest "insurgent" Republican of modern times. Is it now as then a political offense to have an individual judgment?

Between 25 and 60 independent Republicans supported different amendments to the Mellon tax bill last session changing its character entirely. These have been warned by repeated newspaper interviews that regularity and support of the new Mellon bill is necessary to keep or secure good committee assignments. The price of committee assignments for the first time in history was announced to be voting for Speaker LONGWORTH and the Mellon tax cut bill.

From the presidential platform plank of a great progressive Republican and ex-President and a foremost American statesman, I quote:

We condemn * * * the President's [Taft's] distribution of patronage among subservient Congressmen while withholding it from those who refused support of the administrative measures.

Which will the country approve, Theodore Roosevelt's 1912 platform denunciation of patronage purchases of Congressmen that rewarded Taft with 8 out of 500 electoral votes, or the recent threat and demand as a condition precedent for committee positions, support of the new Mellon tax bill and of the gentleman for Speaker who laid down such conditions?

Mr. Chairman, I desire to speak upon the tax bill now before us. We all want to lower taxes. We all want to get taxes down as far as we can safely reduce them. There is no man on this floor who is not willing and anxious to lower taxes. The only question with every Member has been the application of the tax cut, and that has occasioned decided differences of opinion until this year. For the first time now we find my good friend, Brother GARNER, Democratic leader on the committee, who inquired where I was in his speech the other day, and my good friend and Republican, Brother GREEN, committee chairman, who jointly with GARNER, has worked out a proposition together. It is found in the bill before us.

You know, I used to be a member of the Ways and Means Committee. [Laughter.] I went down to the committee room on the opening day of hearings, October 19, when Secretary of the Treasury Mellon made his statement to the committee. I was still a member of the committee. I was, by order of the House, a committeeman, entitled to hold office in the committee until the opening of Congress, but, due to some oversight, the chairman of the committee forgot to remind me of the meeting and of several meetings afterwards. So I did not go up and take the exalted position occupied by my good friends, Brother GARNER and Brother GREEN, but I sat down below and listened.

In passing, I desire to express my grateful acknowledgment to every member of the committee, including especially Chairman GREEN, for our acquaintance and our friendship in the past during several years of hard work, and I have no harsh feeling in regard to what has been done. If on the committee, possibly I would have been alone opposing some propositions in this bill, and uncertain all the time what the attitude of Chairman GREEN or my friend from Texas [Mr. GARNER] here at my right would be. Let me say this to the House about that great committee. It is composed of able men throughout. It has the best assistants of any committee I have ever known, particularly in recent years. All of those who have had credit handed them here, Mr. Beaman, Mr. Gregg, and others, are brilliant men; but you have a good force also in the office, and you have had for years. Chief Clerk Clayton Moore and the other clerks who assist you are invaluable, and I say to those who are not familiar with the work of the committee that if you want assistance at any time on tariff, taxes, or other similar subjects and want to ascertain the real facts, go to those who are there constantly in the committee room and you will get them.

I am not going to refer to the reasons why I was left off of the committee, nor have I any serious feelings on the subject, nor does it make any great difference to me what committee I

am placed on, or if I am placed on any. A distinguished gentleman from Texas is represented on the Committee of the Whole, and he told me some time ago in strict confidence—and I do not know whether this is a betrayal of confidence or not—that he would let me go with him on the Committee of the Whole. So, gentlemen, with your permission and with his, I may be here when you are over in the committee, and if necessary we will have to bring you here occasionally to attend to the real business of the House.

One of the members of my delegation suggested that I say something further. He asked me to explain that our position as Republicans has been made clear in the nominating speech I offered here the other day for Mr. COOPER of Wisconsin for Speaker—and, by the way, I was directed to make it as chairman of our State delegation. Further, I was asked to emphasize that no one is entitled to speak for us. Every member will speak for himself unless he directs otherwise, and that explains our position. We are all Republicans, with some legislative experience, amply able to speak for ourselves. So I am making this statement at the request of other members of our State delegation.

Let us now get to the bill. When I went into the committee room on October 19 I looked up and there saw my good friend, the very able chairman of the committee, Brother GREEN of Iowa, Republican, sitting on one side, and next to him was Brother GARNER of Texas, Democrat, and I recognized that the lion and the lion tamer had been brought together—the elephant and the Democratic beast of burden, and I knew from reports they had agreed in advance on the tax bill. I also concluded this is no place hereafter for an innocent lamb that does not want to get shorn. [Laughter.] And so I left the bill in the hands of the distinguished gentlemen who sat behind the counter listening to Mr. Mellon's recommendations to find out what they had agreed to. For they had agreed in advance, according to the press, to the new Mellon bill. This was on October 19. What happened on the following day, October 20? You remember in 1923 over \$400,000 was spent for propaganda in one magazine, the Literary Digest, in order to carry through the Mellon bill.

You will recall they must have spent at least half a million dollars or more for the digest counting about \$300,000 for postage alone, and several other millions of dollars were spent in propaganda for the Mellon bill in the movies, the press, and everywhere to "Vote for the Mellon bill" by people who could not tell a Mellon bill from a coal bill. You did not hear a whisper this year. Did not that excite your suspicion? Do you know why? This is what happened: On the day after I went in there and looked up that august committee with Judge GREEN on one side and my good friend, GARNER, on the other and Mr. Mellon before them, I asked myself, "What is to come on the morrow?" Why, next day a distinguished array of tax experts appeared. From where? From Texas. There was the butcher, the baker, the candlestick maker, some bankers, some local politicians, all experts, to tell my friend, Mr. GARNER, leading Democrat on the committee, what he had to do, for he could not get contributions for the Democratic national campaign unless he did it, and that is a sensitive subject, even in Texas. Their proposition was: We have a club, a real club, and we are going to get you if you do not come down—and he came down, as we may judge from the bill before us. I thought to myself it was unkind, because I do not know of any more independent man or more valuable man, let me say, on the Democratic side of the Chamber; dare I say on both sides—I do not know whether I am in sufficiently good repute as a Republican or not—but he is a good, strong man, in any event. I say it here to his face, and yet he had to come down. What happened the next day? Well, my good friend over here at my left, Judge GREEN, the chairman, was sitting in pleasant companionship with my good friend Mr. GARNER. Then in came his tax club from far distant Iowa. Who composed the Iowa tax club that waited on my good friend from Iowa? There were 45 members of this tax club from Iowa, all brought down to Washington in palatial cars, all at the expense, not of themselves, but at the expense of the same fellows in New York and elsewhere who paid the expenses of the party from Texas. They had in that array of tax experts 15 newspaper men, all tax experts from Iowa, and they told me they had an undertaker along to take care of the dead. They came here with the same club and held up their guns, and Judge GREEN was told like Judge GARNER to come down. Yes; campaign contributors are all powerful, and they do not come from Texas or Iowa. They are from the fellows who pay for the trains.

The next day there was an accident on the railroads. I do not know how it came about, but that was the 22d, and the

expected train and tax club was sidetracked, for no one showed up. On the 23d, however, in came the Georgia Tax Club to see my good friend, Brother CRISP, the distinguished member of the committee from Georgia. He nods acquiescence now, surely. You see I have been reading your hearings, gentlemen, if I have not been able to sit with you. Then came the governors' tax club, and so on to the end. The campaign contributors of both parties did not waste millions in press propaganda this year; they just brought down the political tax experts from home. That back-fire was persuasive. It was Davy Crockett down to date.

That is the way it worked, and that is what brought out this bill. I do not need to tell you gentlemen anything more, you can imagine the rest. Mr. Mellon's bill, with slight changes, is here before you.

POLITICAL TAX CLUBS

This year Secretary Mellon appeared before the Ways and Means Committee, as stated, on Monday, October 19. On Tuesday, October 20, the "Texas Tax Club" appeared before the committee. On Wednesday, October 21, the "Iowa Tax Club" put in its appearance, and incidentally was met accidentally at the White House by the president of a great New York bank. Friday, October 23, the "Georgia Tax Club" went into action, and by a coincidence the same local printer of this city performed a job lot of printing for all these different "tax clubs." Other clubs, including several "governors," followed after long trips to Washington in order to enlighten the committee and Congress on taxation.

These "tax clubs" knew little about taxation as a rule. They were generally composed of newspaper men, bankers, and small political wire pullers, including State political chairmen brought here to "reach" Congressmen and to create a political back-fire that would stampede Congress.

In the case of the Iowa Club, out of the 45 tax clubbers mentioned who came a thousand miles at somebody's expense, 15 or more were newspaper men from one congressional district who came to Washington to tell their Congressman he would be defeated for reelection unless he followed instructions from these men who spoke for Mr. Mellon. These 45 clubbers came here to "get" two Members of the Iowa delegation, and their methods were as gentle and persuasive as a highwayman with a blackjack.

Congress has been lined up by "tax" clubbers from nearly every State wherever doubt exists, financed by organizations to which bankers throughout the country are alleged to be large contributing agencies. Men of wealth are naturally interested in tax reduction that will benefit themselves, and no one gainsays the right or the desire to relieve them from tax burdens; but the blackjack method of intimidating Congress to relieve a handful of wealthy men, to the exclusion of the rest of the country, is perilous to any system of representative government. Threats to "get" any Member who opposes the Mellon program are more serious than fictitious issues voted by the Literary Digest or by full-page ads in metropolitan papers of two years ago. If such threats are not resented and such methods exposed, there will be no limit to the servility of Congress when required to do whatever is demanded of it in the future by these powerful financial and political agencies. Refusal to contribute to Republican and Democratic campaign committees in this day and age are unanswerable surtax-cut arguments. Contributions are necessary for both political parties. Tax cuts to contributors are first in order.

From a paper in my own district, far up in Wisconsin, comes the following heavy headlined syndicated article:

GREEN AND GARNER WOULD EMULATE BORAH

(By William L. Daley)

WASHINGTON, D. C., October 28.—Official Washington with all its traditions for dignity is not without a sense of humor. Watching the political by-play behind the scenes frequently brings out amusing situations in our national life. The latest incident was disclosed this week during tax hearings * * *

It is currently reported that Congressman GREEN of Iowa and Congressman GARNER of Texas, chairman and minority leader, respectively, of the House Committee on Ways and Means, were placed in embarrassing positions by their constituents. Partisanship is not directly involved because GREEN is a Republican and GARNER is a Democrat. Both have been taking their committee jobs seriously. They have attempted, it is said, to write their individual opinions into the revenue laws, even against the advice of their political parties * * * (Mr. Mellon is the party).

The team of GREEN and GARNER representing different political views were united in opposition to tax plans of the administration, in particular anything formulated by Secretary Mellon. What tickled

the fancy of Washington this week was the spectacle of these two men being whipped into line by imposing delegations from their home districts demanding the adoption of the Mellon proposals on inheritance taxes, etc. The two insurgents were forced to introduce these representative taxpayers from their own States and listen to their indorsement of the Mellon proposal, a procedure which meant that GREEN and GARNER must take the back track or invite political extermination. * * *

So a Mellon rubber stamp or political extermination was the alternative offered two of the oldest tax experts in the House.

I respect highly both former committee colleagues and members of the committee generally and such reports sent broadcast bring disrepute to the committee and to Congress.

At auspicious moments it appears that the Texas and Iowa "Tax Clubs" composed of political wire pullers, local newspaper publishers, and local bankers all surrounded the leading Democratic and Republican members of the tax committee and reviewed the bipartisan new Mellon plan. By a coincidence, it is reported, these clubs and others held that defeat of the new Mellon plan will leave many hungry political strikers on both campaign door steps and probably create at least two vacancies among leaders in the tax committee. In view of the bill now reported compared with the same committee's action last session, some arguments have been forceful and fetching. Personally I have high regard for the ability, courage, and sincerity of both gentlemen named if permitted to exercise their unbiased judgment when framing a tax bill.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. FREAR. Yes; I yield to my colleague.

Mr. SCHNEIDER. Was there any tax association or tax club from Wisconsin there?

Mr. FREAR. No; we are too hardened to be swayed by such political tax experts in Wisconsin; but I will say this, and I am glad my colleague from Wisconsin brought that to the attention of the House: Back in Wisconsin, originating from the New York campaign contributors in the same way, certain bankers have been trying to drive the members of the State legislature to send word to us to support the new "scientific" Mellon bill that will bring large campaign contributions, but they could only get 20 members of the legislature out of 133, so they dropped it, and we have not heard from back home. We have been left to our own resources. Rather ignorant of the political effect and difficult to say just what we should do possibly—but we are trying to arrive at a proper understanding of this bill irrespective of Republican and Democratic Party campaign contributions at this time, and I now want to discuss it, if I may, for a few moments.

In connection with the bill of 1924 you will remember we had a hard contest in the House at times. In fact, politically we were charged with being irregular—those of us who succeeded in correcting the inequitable though "scientific" bill then before us. In fact, some people were unkind enough to suggest I am irregular now once in a while, not safe to serve on any major committee, and that charge is sometimes aimed at others who feel we are here as representatives of the people instead of the campaign contributors who paid for the trains and entertainment of the tax clubs.

I could say much more on inside facts that I know affecting this tax-club farce, but you have the situation before you that brought out this bill.

My Republican friends must vote for this bill. Why? Because it is a Republican measure, and you must stand for party measures, so you should vote for it. Yet it is practically the old Mellon bill, though far worse in many respects, and we now find both Democrats and Republicans supporting it. For heaven's sake, is party regularity this year to be a test? Last year that argument was used to press the bill which then failed, but now, with no political purpose in it except campaign contributions for both parties, it is not called a party bill, although it is the same old Mellon bill, offering some slight reduction to the people who are glad to get the crumbs from the table.

My objections to the new Mellon bill, briefly stated, are, first, to the surtax cut from 40 per cent to 20 per cent, or more than Mr. Mellon ever demanded in his old "scientific" bill; second, the inheritance tax cut on enormous fortunes from 40 per cent to 20 per cent; next, the repeal of the gift tax made in the bill as requested by Mr. Mellon; and lastly, the loss of the publicity provision, which he opposes.

The gentleman from New York [Mr. LaGUARDIA] said correctly that we had only tried it for a year. It is a babe in arms, as he stated in his strong address. We have had this on the statute books for a year, and why do you now repeal it? I have not heard offered a single excuse.

It is manifestly easier to criticize than to construct. The committee preparing the tax bill deserves credit for not making the bill as bad as it might have been, and some of the proposed tax cuts are beyond criticism. However, it unconditionally surrendered to Secretary Mellon's drastic demands for a maximum surtax cut of from 40 per cent to 20 per cent, or far less than half the British or Canadian rates. The reported bill also cuts maximum inheritance-tax rates from 40 per cent to 20 per cent, or less than half the English rates and attempted to set aside the law passed last session by making the new rate retroactive. The bill repeals the gift tax passed last session intended to prevent fraudulent transfers to avoid the inheritance tax. The bill repeals the publicity law passed last session designed to prevent tax frauds in general. The bill exhibits the most successful legislative triple-somersault act ever performed by the same political party in two succeeding sessions. This action in many respects is a full compliance with Secretary Mellon's demands. It should be kept in mind also that the Treasury head has opposed every effort of Congress to retain high surtaxes or any inheritance or gift taxes, and every effort to remove the cloak of secrecy from Treasury transactions that in fraudulent payments by the Treasury during the last five or six years, according to the Couzens investigation committee, have reached upward of a billion dollars.

The House exercised its constitutional prerogatives last session when it prepared and passed the last revenue bill. With slight modifications by the Senate that bill became the law. That revenue law gave generous tax cuts and needed relief to every citizen, repealing many war nuisance taxes and giving large reductions to small income-tax payers. The Mellon bill, that was then defeated, had proposed tax cuts of 50 per cent to large financial interests the same as does this new bill, and largely to the exclusion of small taxpayers.

WE MAY BE THANKFUL FOR SMALL FAVORS

The House tax committee is so selected this session that little opposition to Mr. Mellon's proposals were anticipated. His demand for a maximum surtax cut from 40 per cent to 20 per cent is included in the bill. Eventual repeal of Federal inheritance and gift taxes and also repeal of the publicity of tax payments as he proposes, all contained in the law enacted last session, are all on the program, though slightly modified by the bill now so far as the House is concerned. From this fact the Senate is expected to rewrite the tax bill as of old. Secretary Mellon could have written the surtax cut in the House bill at 10 per cent or less if he had seen fit to do so. He was temporarily satisfied with a 50 per cent cut and also with a reduction in surtax of from 65 per cent to 20 per cent in four years, allowing some small cuts to small taxpayers, for which we are grateful. Whether the country approves a cut in high incomes of two-thirds of the surplus, as he proposes, to the exclusion of nuisance taxes and other taxes remaining is yet to be learned. We may be thankful he did not again try to pass a consumption tax as he did once before.

A purpose to make the House a rubber stamp for administration proposals has often been manifested, and the boasted constitutional rights of Congress are frequently a byword, excepting as maintained by the Senate. Even Senators who voted for the soldiers' bonus and postal clerks' bills contrary to administration wishes have been given forceful evidence of Executive disapproval. Those in Congress who oppose any economic or social measure, whatever its character, advocated by the Executive or his Cabinet are threatened with political extinction by the financial, bipartisan political powers that now assume to represent the administration. This new political policy is more autocratic than anything known in recent history. It is well to learn the reason.

Political campaign contributions to both parties, as shown, depend upon a heavy bipartisan tax cut to be granted to heavy contributors. Political salvation for many Members may be had by accepting Secretary Mellon's drastic proposals without modification. This is the argument of "nonpartisan" "State tax clubs" from Northern and Southern States alike. More important than all other questions before Congress to-day, however, is the complete surrender of individual judgment and legislative independence now demanded by executive departments from Congress. Even committee assignments depend on such surrender.

The tax bill that will pass the House is to be a complete somersault in tax policies, compared with the law passed last session. Widespread interests that ask further tax exemptions, removal of automobile, admissions, and other nuisance taxes, and tax relief generally must wait because the maximum surtaxes are first to be cut in half, absorbing a third or more of

the surplus, while inheritance, gift, and other taxes primarily affecting wealth also are first slated for repeal.

A few suggestions affecting tax cuts are offered, not with the expectation that they will affect any program in the House but to set forth a mild protest against the tax somersault, which, if made, is contrary to the experience, laws, and policies of practically every other great government to-day and a program that at the crack of the whip exempts large wealth heretofore taxed on the theory of its ability to pay.

With this somersault program Secretary Mellon also proposes to pay to bondholders \$20,000,000,000 of Government debts in 25 years, largely through taxation. This is a wide departure from the financial policy of our Government in the past, and if it be party treason to differ from the tax views and debt plans of Secretary Mellon, as asserted by some "leaders," then it is time a new standard of party fealty be advocated, with real party leadership.

ANOTHER THREAT AND CHALLENGE

Under the headline "Tax cut for rich can be promised, LONGWORTH says," the Washington Post quotes Representative LONGWORTH in two October Chicago speeches as saying, "The Republican majority will be militant and effective" and "He tossed the glove of challenge to the Wisconsin radical Republicans." This brave challenge from Mr. LONGWORTH serves as a warning to independent-thinking Republicans. How far any tax cut for those not rich is to be made no promise was given by him.

The other side of the problem is illustrated by a Wisconsin friend of mine who is both banker and farmer, a necessary combination nowadays in farming. He writes me asking, "What will Congress do for the farmers?" If the collective heart of Congress is touched by the abandonment of 30,000 farms last year, by the plight of an army of New England textile workers on half-time pay, and by a hundred thousand idle Pennsylvania coal miners, it will seek first to relieve those in actual distress, including several million poor people who will suffer from cold this winter. Neither will six million farmers be helped especially by "cutting the taxes of the rich" in half or by wiping out the inheritance or gift tax or publicity of tax payments.

GREATER EXEMPTIONS AND REPEAL OF NUISANCE TAXES PARAMOUNT

Secretary Mellon is quoted as saying that a small income-tax payment by several millions of people stimulates interest in their country. He believes it tends to promote patriotism. He does not know their problems.

"Death and taxes are escaped by no man." That truism needs no diagram. Death reaches the multimillionaire with the same scythe that strikes down the poorest of earth, whom tradition says "God loves, because he made so many of them." Taxes are paid by every farmer and day laborer. It is also a truism that the man who pays rent or buys shoes pays indirect taxes in both cases, and thereby permits the landlord and shoe dealer to continue in business. Practically all people pay some tribute to the tax collector, the burden falling heaviest on small incomes which are needed to buy necessities of life. This is elementary, but offered to remind those who oppose further tax exemptions that reasonable tax exemptions are as necessary as exemptions from judgment executions. The strong effort to repeal taxes on wealth overlooks a specious argument of wealth that all taxes are passed on to consumers.

One more suggestion at the outset, the householder, whether his house is occupied or vacant, pays the local tax collector full assessed taxes, with no loss deductions or exemptions, and on an assessment that frequently increases whenever a coat of paint is added for maintenance. In like manner the farmer's land, buildings, and stock pay full taxes, sometimes reaching 50 per cent or more of the net profits, whether his crops are wiped out by hail, grasshoppers, or drought or his stock destroyed by all the plagues stock is heir to. He pays no surtax; he has no surtax income, but he pays heavy local taxes far more in proportion on the average than those who now pay the highest surtax. No loss deduction or exemptions are for him, and there are 46,000 farmers compared to every man who was called on in 1923 to pay a 40 per cent surtax on an excess of \$500,000 annual income, which rate rarely reached 10 per cent to 20 per cent actually of the average high income. Seventy-five thousand seven hundred and thirty-five farm abandonments in the last five years were presumably largely caused by heavy local taxes, yet not one farmer in a hundred had a taxable income. Who shall say that the loss of 75,000 producers is not more important to the country than taxes justly imposed on 314 of the highest surtax payers in 1925, and yet their surtaxes have been and are to be cut from 65 per cent to 20 per cent, or a 70 per cent cut in five years. Five thousand six hundred and ninety-four people reported a 1924 income of over \$100,000 for each. Fifteen thousand three hundred and eighty-two persons received over \$60,000 income in 1924, on

which from 20 per cent to 40 per cent surtax was paid in 1925. The rate is now to be reduced to 20 per cent maximum, with a saving to this handful of taxpayers of around \$100,000,000. That is the loss to the Treasury—the cut promised in Chicago by Mr. LONGWORTH.

Holders of stocks and bonds or similar investments pay no income tax unless income exists. The larger the income the larger the ability to pay ordinarily. That justifies the income tax and also surtaxes so strenuously opposed by those who would, if possible, shift the entire income-tax burden through a consumption tax to the shoulders of consumers.

Congress has with it constantly many of these sales-tax advocates to urge the repeal of income taxes and substitution of a consumption tax. Not one witness out of a hundred or more before the committee urged increased exemptions for the smaller taxpayers, but special interests are always represented there in force.

As Government expenses decreased after the war income taxes decreased, and the excess profits tax law was repealed to "relieve business," but farmers' taxes constantly increased. New highways, schools, and delayed local improvements often urged by outside contractors all jumped after the war. Increased taxes that are real "capital taxes" came to farmers in addition to personal debts, long delayed, which they must pay or their farms sold for taxes or on executions.

THE WAR DEBT

Our war debt has been reduced to approximately \$20,000,000,000, and averages somewhat below \$200 per capita. This war debt Secretary Mellon proposes to pay off in 25 years or less, yet the Civil War debt was reduced from \$2,680,869,000 to about \$1,000,000,000 in 48 years. If our present war-debt payment is extended similarly, the tax cut can be enlarged at this time to \$500,000,000 annually. Referring to the proposed 25-year national debt payment, our net national debt of \$927,068,121 was \$9.52 per capita in 1913. In 1923, 10 years thereafter, the national debt reached \$22,115,886,403, or \$199.12 per capita (World Almanac, 1925). This was an increase of over 2,000 per cent both in amount and per capita within a decade, while Federal Government average expenditures have increased to 300 per cent.

Other taxes have grown proportionately. In New York, State and local taxes for 1922 were \$24.48 per capita; in Pennsylvania, \$14.56; Michigan, \$28.26; Minnesota, \$28.55; Wisconsin, \$28.63; and Massachusetts, \$42.10 per capita. From that showing alone Congress ought to extend the time of national debt bond payments to 50 years or more, irrespective of the insistence of any Cabinet officer. It would permit a \$500,000,000 annual tax cut if so.

To justify the 25-year payment of \$20,000,000,000, Secretary Mellon says payments may be made by foreign governments of debts due us amounting roughly to \$10,000,000,000. These foreign debts if paid, or more likely refunded, will require a minimum of 62 years in which fully to mature, whereas he fixes 25 years as the limit for us to pay our own debt after relieving wealth of 70 per cent of its maximum surtaxes in the last five years if this bill becomes law.

That is the plan set forth on page 5 of the recent statement of the Secretary of the Treasury to Congress.

TAX REDUCTION WELCOMED BY ALL

Last session Mr. Mellon told Congress we could not safely reduce taxes over \$300,000,000 annually in round numbers. Congress, however, reduced taxes \$400,000,000, or \$100,000,000 more than he recommended. It was then claimed in Treasury circles that a deficit would occur of from \$200,000,000 to \$400,000,000 annually, yet a surplus is now discovered of \$290,000,000.

Maximum surtaxes were also reduced from 50 per cent to 40 per cent on all over \$500,000 incomes by the law passed last session.

Secretary Mellon has frequently disagreed with Congress, as he did then. Insistence on his part on a retroactive repeal of the excess-profits tax, involving \$450,000,000 to be repaid war profiteers, on a dye embargo, on a sales tax, on a tax rebate, ship subsidy, and other bills were all rejected by Congress. His opposition to a World War soldiers' compensation bill, Civil War soldier relief bills, and other measures was also contrary to the judgment of Congress. Failure of Congress in 1924 to cut the surtax to his figures compels a further demand from him upon Congress to that end. Every small-tax payer has been fairly protected by Congress in the two tax reductions made in 1921 and 1924, and the maximum surtax was also cut from 65 per cent to 40 per cent, or nearly 40 per cent reduction. The Treasury now demands that the remaining maximum surtaxes be slashed in half, this time to 20 per cent.

THE TAX-CUT PROGRAM OF 1925

We are advised by the Treasury this year that if we pay off the national debt in 25 years that instead of a \$500,000,000 tax cut only \$290,000,000 annual tax reduction is permissible. The Treasury proposition indorsed by the committee is to slash in half the remaining 40 per cent maximum income surtax rates, which will absorb about one-third of the available surplus. The other main question relates to repeal of the Federal inheritance tax, gift tax, all in the interests of large wealth; also repeal of publicity tax laws.

What is the necessity for this new slash in surtaxes and what pressure is again being exerted behind the scenes? The last tax bill, 1924, which wiped out many nuisance taxes and helped small-tax payers, has been so misrepresented in official circles and by metropolitan and financial journals that the following brief table is inserted to show that 50 per cent or greater, if earned income, in tax cuts were given last year to over 90 per cent of the Federal income-tax payers of the country compared to the small reductions proposed by "Mellon's scientific plan" that was defeated:

What last year's tax reductions mean to the taxpayer of ordinary means, 1924 law—Based on what a married man with no dependents would pay

[Furnished to Ways and Means Committee]

Net income	Tax paid			Reductions	
	Tax paid in 1924 after 25 per cent rebate was allowed	Under the Mellon plan he would have paid this year—	Under the present law he pays this year—	Reduction under the Mellon plan	Reduction under the present law
\$3,000.....	\$15.00	\$11.25	\$7.50	\$3.75	\$7.50
\$4,000.....	45.00	33.75	22.50	11.25	22.50
\$5,000.....	75.00	56.25	37.50	18.75	37.50
\$6,000.....	120.00	97.50	57.50	22.50	62.50
\$7,000.....	187.50	157.50	87.50	30.00	100.00
\$8,000.....	255.00	217.50	127.50	37.50	127.50
\$9,000.....	322.50	277.50	167.50	45.00	155.00
\$10,000.....	390.00	337.50	207.50	52.50	182.50

The amounts stated above as having been paid last year are net after deducting the 25 per cent which was rebated to the taxpayer.

Secretary Mellon asks another drastic surtax cut on incomes over \$500,000. Four years ago the maximum surtax was 65 per cent. The law now is 40 per cent. He wants it cut to 20 per cent. He and his brother are 2 large taxpayers out of 314 in 1925 affected by tax rates on \$500,000 incomes.

OUR PRESENT SURTAX RATES COMPARATIVELY LOW

To show that the existing maximum rate of 40 per cent in our law on incomes over \$500,000 is not equal to rates in other countries, I quote from Great Britain and Canada, whose rates largely exceed our own:

Great Britain income tax, April 6, 1923—Normal tax, 4s. 6d. per pound sterling, or 22½ per cent supertax; incomes over £2,000 (\$10,000) in addition

	Per cent
\$10,000 to \$12,500, 1s. 6d. per pound.....	7½
\$12,500 to \$15,000, 2s. per pound.....	10
\$15,000 to \$20,000, 2s. 6d. per pound.....	12½
\$20,000 to \$25,000, 3s. per pound.....	15
\$25,000 to \$30,000, 3s. 6d. per pound.....	17½
\$30,000 to \$35,000, 4s. per pound.....	20
\$35,000 to \$40,000, 4s. 6d. per pound.....	22½
\$40,000 to \$100,000, 5s. per pound.....	25
\$100,000 to \$150,000, 5s. 6d. per pound.....	27
Above \$150,000, 6s. per pound.....	30

At \$150,000 the English normal and surtax reaches 52½ per cent.

At \$150,000 the United States normal and surtax reaches 43 per cent.

Our maximum rate is practically 20 per cent below the English rate, with greater exemptions granted here:

	Per cent
Canada income tax:	
The normal rate between \$2,000 and \$6,000 is.....	4
Over \$6,000 the normal tax is.....	8
Surtaxes on income:	
\$5,000 to \$6,000.....	1
\$6,000 to \$8,000.....	2
\$8,000 to \$10,000.....	3
For every additional \$2,000 added increase is \$1:	
\$98,000 to \$100,000.....	48
\$100,000 to \$150,000.....	52
\$500,000 to \$1,000,000.....	64
At \$10,000 the normal and surtax is.....	11
At \$20,000 the normal and surtax is.....	16
At \$500,000 the normal and surtax is.....	72
At \$500,000 the normal and surtax (U. S. rates) are.....	46

Or 35 per cent below Canadian rates. These are maximum rates of normal and surtax for both countries.

Income and inheritance taxes in France (S. Doc. 186, 68th Cong.) also disclose higher rates than the maximum under the law in this country, which rates the new Mellon bill will cut in half.

INEXCUSABLE TAX EVASIONS

Opposed in principle to surtaxes, it is understood Secretary Mellon has not imposed any penalty under section 220. The statute substantially in force for years, but not enforced, reads:

If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 230 of this title and shall (except as provided in subdivision (d) of this section) be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax.

(b) The fact that any corporation is a mere holding or investment company or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business shall be prima facie evidence of a purpose to escape the surtax * * *

The penalty was increased from 25 per cent to 50 per cent last session, but neither penalty has been collected by the Treasury.

It is estimated that from \$20,000,000,000 to \$25,000,000,000 has been laid away in past years, largely since the war, as corporation surplus. Press and financial writers state that a large surplus is regularly withheld by corporations to avoid personal surtax payments, but without inspection of records no one can tell the amount withheld for that purpose. With an administrative officer opposed to high surtaxes, himself presumably a large holder of undistributed profits in many companies, it is significant that no attempt has ever been made to impose legal penalties on anyone under this law to compel surplus distribution.

Business men like Secretary Mellon have probably received \$10 in undistributed profits that ripen into stock dividends, and thus avoid personal taxes, for every dollar placed by them in tax-free securities. The fault apparently lies with an administrator who is like an unsympathetic official called upon to administer the Volstead Act. Opposed to laws that should be strictly enforced, we find a private income of more than five hundred times his public salary, where personal interests are all against this law's enforcement; yet he is placed with that responsibility.

The surtax reduction proposed in the bill annually is about \$100,000,000. It is now to be "scientific" through a cut of from 40 to 20 per cent. In England to-day the maximum remains over 40 per cent. In Canada the surtax runs up to 64 per cent. So our surtax to-day is below that in England, far below that of Canada, and yet we are asked or directed by Mr. Mellon to cut it in two notwithstanding that fact.

Of this \$100,000,000 surtax reduction annually \$71,800,000 goes to those who receive over \$50,000 income annually. Thirty-nine million dollars remaining goes to those who pay surtaxes on incomes under \$50,000 annually. Do you know what that means? Study it over and think of it. Only 23,000 taxpayers out of over 300,000, the total number, pay taxes on \$50,000 or over. Six million six hundred thousand taxpayers are below \$50,000 and 95 per cent pay on less than \$5,000. In other words, you are giving by the surtax 50 per cent cut nearly twice as much reduction to 23,000 wealthy men, practically all millionaires, as to all the remainder of the 300,000 payers of surtaxes of the country. Why do you do this? What excuse beyond promised campaign contributions can you make to the people of the country for this gift to great wealth?

Some one says—and I heard it suggested a moment ago—what would you do with this \$100,000,000 annual surplus to be given to surtax cuts, instead of giving it, as proposed by the bill, for the benefit of wealthy people now paying high surtaxes? Many things could be done. I would repeal, for instance, the increase of \$60,000,000 put on postage, that we had to increase through the demand of Secretary Mellon in order to get a fair and equitable raise for the postal employees. I would increase exemptions to smaller taxpayers. I would provide practically a repeal of all the nuisance taxes rather than give a \$71,000,000 annual reduction to 23,000 millionaires, who are so well able to pay the higher surtaxes.

Now, I think most of you gentlemen know, because you have all had experience in these questions, that it is well to take an illustration when it emphasizes the point to be made. I will take such an illustration now, without any purpose of criticizing those whom I may quote as taxpayers, but for the

purpose of fixing in your minds the effect of this surtax cut. One man paid \$1,180,000 in taxes this year. His surtax cut will be \$500,000 under the terms of this bill we are directed to enact. The tax he pays next year, if this bill goes through, will be about \$500,000 less in 1926, due to a surtax cut of 50 per cent of the present rate. Another man paid \$1,886,000 in 1925, and he saves \$852,000 annually if this bill goes through. These two men are brothers, and one happens to be Secretary of the Treasury Mellon, who has prepared this scientific bill for us to pass, and the other is his brother, so that nearly \$1,400,000 annually is saved to them by this bill. Has Mr. Mellon the right to press this bill on you and demand its passage? I want you to know, when you report such a crude proposal, that no man in all history has ever had such an enormous contingent fee as that for which he is working. [Laughter.]

Now, I have the highest respect for the Secretary of the Treasury; he does not want to pay taxes; neither do we; but he is going to save paying what tax he can honestly and legally through us. He is going to do it through you who are the responsible agents. We have a right to question his own interests and his own motives, because he is presenting his own case to us. He paid a tax in 1924 of \$1,174,000. This year he paid a tax of \$1,886,000, or about \$770,000 more in 1925 than he paid in 1924, an increase of 70 per cent in taxes in one year, notwithstanding that we reduced his surtax rate in 1924 from 50 per cent to 40 per cent, and yet he did not pay one-third the rate of 40 per cent, because his real income was not distributed so as to be taxable.

The reduction we have made since the war in surtaxes has come down from 65 per cent to 40 per cent, or about 40 per cent below the war rate, apart from excess profits and other repeals. The reduction you now propose on surtaxes alone is from 65 per cent to 20 per cent, and that is a 70 per cent reduction that affects those primarily who are best able to pay. Can we make this drastic cut just to help reduce taxes for those best able to pay? Remember, other countries, like Great Britain and Canada, retain the 40 per cent maximum or far higher rates than that. This is one indefensible proposition that you are asked to vote for in the bill before us.

Mr. ARENTZ. Will the gentleman tell us the difference between the debt of England and the United States?

Mr. FREAR. Yes; if it has anything to do with it. Are you going to determine this rate from the debt of the country?

Mr. ARENTZ. Why not?

Mr. FREAR. First, we have a war debt of \$20,000,000,000, and to that extent are on a war basis. We have to raise money from various sources by taxation. Here are men well able to pay—the best able to pay of any in the world. They can not use one-quarter—no, not one-tenth—of their income in some cases. This Government under its laws has enabled these 23,000 men to make these tremendous sums of money and to accumulate great fortunes that have great incomes of over \$50,000 in every case. I do not question but that they make it properly and honestly, but they are the men who are best able to pay at this time—far better able to pay than are the constituents of the gentlemen back in his State of Nevada, in the far West, or in my State of Wisconsin, because 4 out of 5 men—yes, 9 out of 10 men or 19 out of 20 men—who receive small incomes, on the average, require all for the necessities of life. These men with \$50,000 incomes are largely in the millionaire class, and can use only a small proportion of their income. Then comes the conclusion, which is undoubtedly in the gentleman's mind, that if reduced surtaxes are given they are going to put it into business.

Mr. ARENTZ. Yes; that is the question that I was going to ask the gentleman.

Mr. FREAR. I rather anticipated that. The new business in this country in 1925 in securities, not counting the refunding securities, amounted to \$6,800,000,000, put in by men who had the money; but they went further than that, and they put nearly \$2,000,000,000 into foreign securities, and \$937,000,000 of that was in 1924 and more than that amount this year. The Treasury has just had oversubscribed \$400,000,000 certificates of one year's term, at 3% per cent, or a little over 3½ per cent. Such rates show money was never more plentiful. There is plenty of money for every business activity to-day, in the judgment of financiers, and business was never better. These men who pay surtaxes are best able to pay; they are far better able to pay than any other class of citizens; and, following the rule put forth by all tax experts, I say that the one best able to pay should pay, and pay liberally; but we are taking the opposite course in this bill, and we are reducing his tax more than that of any other man. Of course, it is a matter of judgment as to what the rates should be. I am presenting the facts as they are shown

by the records. I leave that question of surtax reduction as presented by the bill with you, without going any further.

Mr. SCHNEIDER. Mr. Chairman, will the gentleman yield? Mr. FREAR. Yes; again I yield to my colleague from Wisconsin.

Mr. SCHNEIDER. The gentleman has said that Mr. Andrew Mellon receives a reduction in taxation in the neighborhood of \$850,000. Under this bill does a man who has an income of from thirty to forty thousand dollars receive any reduction in taxation?

Mr. FREAR. I will refer that question to the gentleman from Illinois [Mr. RAINEY], because I think he made an argument yesterday that was unanswerable upon that point. Of course not, nor anywhere near in proportion to those in the millionaire class, as Mr. RAINEY has clearly demonstrated.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield? Mr. FREAR. Yes; certainly.

Mr. KINCHELOE. I asked the gentleman from Texas [Mr. GARNER] how many men in 1924 paid a surtax of 40 per cent on an excess of \$500,000. The gentleman from New York [Mr. MILLS] answered and said that there were 314. The gentleman from Illinois [Mr. RAINEY] said the other day, in answer to the same question, that there were 213. Has the gentleman from Wisconsin any figures on that?

Mr. FREAR. Here is the point about that, and let me show you how misleading these figures all are: Undistributed profits are in many cases three or four times as much as the actual cash income realized by a man. Take the Aluminum Co. of America. It started with \$3,000,000 and it has gone up to \$103,000,000, purely from profits, without any other addition in capital, and in addition to that the company from its profits has paid out \$15,000,000 in cash dividends. The other money was not distributed but remained in the business. I believe Mr. Mellon and his brothers own a majority of the stock, at least I have heard so, yet only \$15,000,000 of the \$115,000,000 would pay any personal income tax. You can not tell what his actual income is. He could cash in to-morrow by going into the market and selling his stock and stock dividends in 60 companies outside of the Aluminum or Gulf Oil Co., that are so frequently discussed; but he does not do that. As a matter of fact, as I said in the case of the Secretary of the Treasury, he does not pay 20 per cent, maybe not 10 per cent, surtax on the actual income that he receives. The income is not cashed in. Of course, only a very slight proportion of the taxpayers ever come up to the full rate of 40 per cent. It is very rarely the case that a man makes a sufficient amount—I think it is \$500,000 a year income—to pay the 40 per cent. As a rule the very great majority are far below that. And even then by many means the tax rate is held down below the rate fixed by law.

Lower surtaxes will benefit the high-tax payer, but the general public will find few, if any, "new \$5,000 jobs" visualized in the Mellon statement made to the committee. Over a billion and a half dollars now collected in taxes must be paid by some one, and it is more equitable for the man best able to pay than for his poorer neighbor. That is the policy of other countries. It should be ours.

TAX CUTS THAT WOULD BENEFIT THE COUNTRY

What taxes, if any, should be cut before reducing surtaxes? Petitions have been presented for tax reductions aggregating nearly a billion dollars annually, and you have only one-third of that amount surplus.

Last session Congress reduced or wiped out many nuisance taxes. Why not cut out all remaining nuisance taxes, including admissions and automobiles? Why not reduce freak postage rates raised last session as the price of pay for post-office employees.

The corporation tax of 12½ per cent was provided when the excess-profits tax was repealed. What justification exists for taxing all corporations, little and big alike, uniformly irrespective of profits? Why should not the taxing basis of corporations be graduated like the personal income tax and exemptions made for small earnings, particularly since undistributed profits are used to evade the law? Why not repeal entirely or cut in half the normal income tax now paid and also increase exemptions to small taxpayers, who pay many other taxes? If payment of the national debt is extended to 50 or 60 years, it is estimated a tax cut can be made of \$500,000,000 annually instead of \$300,000,000 as proposed by the committee. If so, why not? And why not now make a real tax cut instead of passing annual piecemeal bills at the request of the Treasury?

CUT IN INHERITANCE TAX

Coming now to the inheritance tax. The inheritance tax was cut from 40 to 20 per cent under the terms of the bill here. Just why I do not know. Doctor Seligman estimated for 1925

\$120,000,000 collections by the inheritance tax. The bill cuts the rate down 50 per cent from the rate in existing law, and you can determine exactly what it would be under this bill. It is in the neighborhood of \$50,000,000 loss from the \$120,000,000 to be collected under existing law. Why have a loss of \$50,000,000? Why not have your estate-tax rates like those in other countries? A man has earned his money here. We have a \$50,000 exemption in the law to begin with before the estate pays any Federal tax. Why not make the estate pay a fair share of taxes and, if necessary, repeal some of the nuisance taxes or remove other burdens to help the people as a whole? Why not repeal the excess postage charged to cover extra pay to postal clerks, etc.? Why cut the estate tax down \$50,000,000 as in the manner proposed here? Ninety-nine per cent of the people who pay an inheritance tax pay on an estate of less than \$1,000,000. It has been figured out—I do not know there is any question on this point, but I believe not. Out of the 99 per cent of the total who pay a tax on estates of less than \$1,000,000 none pay a maximum tax of over 12 per cent under the law to-day. I repeat, 99 per cent of the people who pay an estate tax pay a tax of less than 12 per cent. Many pay less than half that amount, while only a few of the multimillionaires approach the 40 per cent rate. The 40 per cent only reaches more than a \$10,000,000 estate, and there are many deductions then to be made on the excess subject to the high rate. Again, take for illustration the distinguished Secretary of the Treasury, Mr. Mellon, and I do so without any reflection on him or his wealth. I do not envy him a dollar he has got. All of us would like to have something approaching 1 per cent of the amount he has, which is estimated at \$300,000,000, and I hope he has all of that, and I hope he uses it to good advantage, but take it at \$300,000,000. You say it is a big estimate. I made that statement to him personally, based on Klein's figures, and I do not think it is unfair or a breach of confidence to say he admitted he is a very wealthy man.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FREAR. May I have 10 additional minutes?

Mr. BACHARACH. I yield the gentleman 10 minutes.

Mr. FREAR. I would say he is a very normal, distinguished, and likable man. So I am not prejudiced in my judgment personally. He or his heirs will pay under the present rate of 40 per cent in the neighborhood of \$100,000,000 estate tax on his estate. That may be too large an estimate; but if this bill goes through, his estate will pay in the neighborhood of \$50,000,000, or less than under the law of to-day. In one case, as I said before, there is a great contingent fee in his case. Can you comprehend it? By this bill he saves \$850,000 annually in surtaxes and in addition \$50,000,000 in inheritance taxes, if passed in its present shape. What will he pay under the present laws?

Mr. Mellon's estate will pay 2 per cent on that amount to the State of Pennsylvania. That is the maximum tax and the only estate tax in the Keystone State. The miner in Pennsylvania who receives \$500 has an exemption of \$250, and on the other \$250 of his estate the miner's heirs pay 2 per cent. The man who has \$300,000,000 pays the same rate of 2 per cent, or \$6,000,000. Now a credit up to 80 per cent to be given to those paying State estate taxes has been explained here. I think it is a good provision. You have got at least to admit one thing, and I think Judge GREEN will do so, that, although I am not imperatively needed on the committee now, I drew the credit amendment for 25 per cent to be extended to those paying State estate taxes. My State has an inheritance tax, and it seemed to be a proper thing, and it was between RAMSEYER, who proposed a collection and refund, and my amendment. You accepted my amendment that gives a credit of 25 per cent. I believe that 80 per cent is a good thing. You can put it at 100 if you want to do so without objection, unless collection charges are important, for States are bidding against each other in exempting taxes. Some people from my own home town have gone to Florida. They said they did so to avoid the State inheritance tax, and if that occurred from a little town away up 1,500 miles from Florida, what must it be from the rest of the country? We are trying to prevent tax dodging by this credit to States of State estate taxes. We are not trying to prejudice Florida at all, as stated here by Florida Members. If Florida wants to permit people to come in to that State without paying an inheritance tax, all right; but we say by this provision that 45 of the States should not be drawn upon so that their tax dodgers will locate in this one State.

Of course, I have been quoting from the gentleman from Pennsylvania on this inheritance-tax reduction, and he has a vital interest in the result. There were two other men from Pennsylvania, one even from Pittsburgh and one from Philadelphia, who disagreed with him, back 20 years ago, before mushroom estates were as common as to-day. One was Carnegie, the

other Wanamaker, and these two men, known throughout the world, laid stress on the importance of putting on an inheritance tax for the purpose of preventing the concentration of money in a few hands. Both of these men had great wealth and both were great philanthropists. I think it was Carnegie who said it was dangerous to leave so much wealth in the hands of progeny. Roosevelt made the same argument many times over. All these men and practically every tax student in this and every other country takes the same position. Mellon and Mellon's group of millionaires oppose the law. Does self-interest affect their judgment?

EMINENT AUTHORITY ON NEED TO LIMIT WEALTH

President Theodore Roosevelt, October, 1906, said:

As a matter of personal conviction, without pretending to discuss the details or formulate a system, I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on the fortunes beyond a certain amount, either given in life or devised or bequeathed beyond death to the individual—a tax so framed as to put it out of the power of the owner of one of those enormous fortunes to hand over more than a certain amount to an individual.

Who would the average American follow, the Roosevelt of 1906 or Mellon of 1925?

John Wanamaker, June, 1921, said:

No man ought to pile up money when there is no such need for it in the world. He can not take it with him beyond the grave. We have got to get nearer to God—with less Christianity and more of the real thing.

Take your choice between Wanamaker, the man of wealth and benefactions, and Mr. Mellon, the man of wealth.

Dr. Frank Crane, a philosopher and man of "brains," says:

Mr. Rockefeller proves that it is possible under modern economic conditions for wealth to concentrate into the hands of a few. Are we going to allow that tendency to go unrestrained? Is government ever justified in limiting the wealth of its citizens? If one suggests the limiting of private fortunes, is he necessarily an anarchist, an upsetter, or a dangerous radical?

Mr. Hearst, in condemning contributions by Rockefeller and Carnegie to the so-called National Security League, said in 1919: "Congress should end this dollar despotism." I am informed Hearst urged a 50 per cent tax on all inheritances over \$20,000,000. Let me modestly recall that the exposition of the \$600,000 "league" fund was brought about by my own resolution and its advocacy in the House.

Congress has frequently rejected the economic views of Secretary Mellon, and practically every recognized authority on tax matters disagrees with Mr. Mellon in his statement on page 9 of his statement to the committee that—

It is the opinion of the Treasury that the Federal estate tax should be repealed.

This is the opinion of Secretary Mellon, who read his statement to the committee, but he has a \$50,000,000 to \$100,000,000 interest at stake.

A resident of Pittsburgh, Mr. Carnegie, gave to the world his views in his book the Gospel of Wealth, from which I quoted in correspondence with Secretary Mellon back in December 7, 1922, CONGRESSIONAL RECORD:

The almighty dollar bequeathed to children is an almighty curse. No man has a right to handicap his son with such a burden as great wealth.

Carnegie wrote that. From the same work, read into the committee hearings by Representative RAMSEYER:

It is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the State, and by all means such taxes should be graduated, beginning at nothing upon moderate sums to dependents and increasing rapidly as the amounts swell until of the millionaire's hoard, as of Shylock's, at least the other half comes to the coffer of the State.

Carnegie advocated a 50 per cent tax; Secretary Mellon, also from Pennsylvania, asks repeal of all such taxes. Have standards changed or are the opinions of Roosevelt, Wanamaker, Carnegie, and tax authorities generally to be rejected under the new régime?

REACHING FLORIDA TAX DODGERS

The committee did not yield entirely to Mr. Mellon, but cut the 40 per cent maximum rate to 20 per cent.

An improvement in our tax laws calculated to bring uniformity in State laws will be to allow full credit of payments made on inheritance taxes to be applied on Federal tax payments. The total State collections from both State income and inheritance taxes in 1923 reached \$105,000,000, of which \$31,000,000 was deducted from income affecting Federal taxes be-

cause paid as State income taxes. Provided full credit is allowed against Federal tax payments by citizens of all the States, Federal inheritance collections would probably be reduced less than \$40,000,000 annually. This credit would avoid the charge of double taxation by the Federal Government and State government of both incomes and inheritances and would tend to promote uniformity of taxation among the States. New York and Massachusetts would be among the greatest beneficiaries of this proposal, and it would largely prevent the present tax-dodging exodus to Florida.

If the Federal tax law is once repealed it will only be necessary to go to Florida to escape taxes of every character—possibly. The next campaign in 45 States, if the Federal inheritance tax is repealed, will be against State inheritance taxes and these will be repealed to prevent removals to Florida. Secretary Mellon is opposed to the estate tax. He calls it a war emergency tax. This he says of a law enacted in 1916 before the war to meet Federal aid appropriations for highways. If he were correct, which he is not, it begs the question for to all practical purposes, war taxes which include income and inheritance tax laws, now in force in England and elsewhere are with us like our war debt of \$20,000,000,000 to remain for many years to come, and swollen fortunes that profited from the war should pay their share of taxes now or eventually when the estate is transferred.

Tax-free securities when held by these estates can be reached after death. Mr. Mellon denounces tax-free securities unsparingly, but when an opportunity is afforded to reach them through an inheritance tax he vigorously opposes the tax. It should be kept in mind that nearly 40 per cent of a \$300,000,000 estate as large as that of Mr. Mellon will be lost to the Government if this tax is repealed and half that amount if reduced to 20 per cent. No advocate ever had so large a retainer when pressing a case even though influenced by disinterested motives. Other governments have adopted the tax as a regular part of their revenue system, and according to Representative RAINY inheritance taxes have been in force in the world for 4,000 years.

Practically every sound, financial foreign government and nearly all our States now maintain the inheritance-tax principle in peace or war, so that by allowing full State credits on both income and inheritance payments we will place our Federal laws in line with those of Great Britain and other countries and also restrict further exodus to Florida of tax dodgers. The following letter from one of the best-informed financial authorities in Great Britain, with whom I spent an afternoon at his home discussing taxes two years ago, gives his understanding of the estate-tax situation at the present time.

JUNE 2, 1925.

HON. JAMES A. FREAR,
Washington, D. C.

DEAR MR. FREAR: I have your letter of the 23d of April about the inheritance tax. I do not know if I can give you any information on the working of the British estate duties, as we call the tax, beyond what you already know.

You may be aware that Mr. Churchill in the present budget proposes to raise the rates of the estate duties. This from a conservative chancellor in a strong conservative government is perhaps the best testimony to the success of these duties which could be given. It was a conservative chancellor—Mr. Austen Chamberlain—who last raised very considerably in 1920.

I inclose the new rates proposed under the budget now before Parliament.

In addition to the estate duties there is a legacy duty which varies according to the degree of relationship of the inheritor to the testator.

My own personal opinion is that in no respect has public opinion ripened more in this country in the last few years than on this question of the justice of inheritance duties.

The annually increasing yield of the estate duties proves not only their productivity but, that with the recent increases of the rates, the law of diminishing returns has not yet begun to operate. There is a movement developing among big land owners to turn their estates into limited liability company to escape super tax and death duties on the high scale. But it has not made very much headway so far. We have no gift tax. It has always been urged that it would be impracticable. How does yours work? Gifts in vivo come in for death duties if the giver dies within three years of the gift.

If you are wanting to get in touch with a British official who could give you information, I should think the best person would be Sir Richard Hopkins, chairman of the Board of Inland Revenue, Somerset House W. C. 2.

With kindest regards, believe me to remain.

Yours sincerely,

PHILIP SNOWDEN.

The eminent ex-chancellor of the exchequer, Mr. Snowden, said pointedly that the present ministry is likely to increase rates, and he submitted a schedule of rates which correspond closely to our own, but are much higher on the average:

Scale of rates of estate duty	
Principal value of the estate exceeding:	Per cent
£100 and not exceeding £500	1
£500 and not exceeding £1,000	2
£1,000 and not exceeding £5,000	3
£5,000 and not exceeding £10,000	4
£10,000 and not exceeding £12,500	5
£12,500 and not exceeding £15,000	6
£15,000 and not exceeding £18,000	7
£18,000 and not exceeding £21,000	8
£21,000 and not exceeding £25,000	9
£25,000 and not exceeding £30,000	10
£30,000 and not exceeding £35,000	11
£35,000 and not exceeding £40,000	12
£40,000 and not exceeding £45,000	13
£45,000 and not exceeding £50,000	14
£50,000 and not exceeding £55,000	15
£55,000 and not exceeding £65,000	16
£65,000 and not exceeding £75,000	17
£75,000 and not exceeding £85,000	18
£85,000 and not exceeding £100,000	19
£100,000 and not exceeding £120,000	20
£120,000 and not exceeding £140,000	21
£140,000 and not exceeding £170,000	22
£170,000 and not exceeding £200,000	23
£200,000 and not exceeding £250,000	24
£1,000,000 and not exceeding £1,500,000	30
£2,000,000	40

In addition to these rates, which on the average small estate are far higher than in our own law, Great Britain has a "legacy duty" that is a tax added to the above rates. This runs from 1 per cent to 10 per cent of the legacy, depending on relationship to the testator.

France and other countries also have similar tax rates in force affecting estates of deceased persons.

This showing by foreign governments is a policy urged by the world's greatest business men, by tax experts, and statesmen, including Carnegie and Wanamaker (Pennsylvania) and Roosevelt, all of our own country, but opposed by one of the world's wealthiest men, whose salary as Secretary of \$15,000 annually is not 1 per cent of his last income tax paid, \$1,886,000. He opposes the whole estate-tax principle that will at present rates put \$100,000,000 of his estate into Uncle Sam's strong box and yet leave double that amount for his heirs and philanthropies. This is not a surprising demand, because he proposed in 1921 to turn back \$450,000,000 collected by war profiteers then due the Treasury by making the 1921 excess-profits tax repeal retroactive. Defeated by Congress in this effort, he next recommended passage of the dye embargo demanded by the dye monopoly. Defeated by Congress in this effort, he demanded a ship subsidy law that granted heavy tax refunds. Defeated by Congress in this effort, he demanded a consumption tax heavily burdening all the people to finance the soldiers' bonus bill. Defeated by Congress in this effort, he demanded Congress relieve the house of Morgan by taking over the worthless Liberian loan. Defeated in all these and other measures, he bitterly opposed a soldiers' compensation and other bills favored by Congress. I have no personal criticism to offer, but he does not agree with Congress, generally, unless in this bill.

This Congress affords a chance for him to make a wide sweep based on party irregularity. Personally, I have no prejudice against Mr. Mellon. It is solely a public question that is involved in the contest between human rights and dollar rights constantly brought before Congress.

\$70,000,000 SAVED TO TAXPAYERS

On December 3, this year, the tax committee rescinded its high-handed repeal retroactively of the 40 per cent maximum inheritance tax enacted into law last session. That law was passed with the aid of the Wisconsin delegation that then held the balance of power in the House. Two weeks ago the tax committee had virtually expunged the 40 per cent maximum inheritance tax law passed last year. When it was learned that the expunging act would take from the Treasury \$70,000,000 to be refunded to the Beggs estate, of Wisconsin; Clark estate, of New York; Duke, Dodge, and other estates and under the law all to be refunded secretly by the Treasury, then, and not till then, did the committee rebel against the Treasury head, who now wants the whole law repealed. The Wisconsin delegation, with the aid of other Members, both Republican and Democratic, placed this \$70,000,000 in the Treasury last session, against the protest of Secretary Mellon. That amount now retained will pay all the expenses of Congress for 10 years and more, and that is only one illustration of the effect of the fairest tax ever devised for maintenance of government and the effort of the so-called "insurgent" Republicans to retain just tax laws.

A complete somersault, a nullification of existing law since its date of passage, an attempted secret refund of \$70,000,000 to favored parties has been halted. That is another provision of the bill first agreed to by the committee.

Secretary Mellon further advocates absolute repeal of the inheritance tax, because he says it is a "capital tax," not to be imposed in times of peace. Yet the Secretary supports a corporation stock tax and a 12½ per cent corporation normal tax, nuisance taxes, and many other kinds of capital taxes. Even his own State of Pennsylvania for many years has had an inheritance tax in both peace and war.

COMMUNISM, BOLSHIEVISM, AND ANARCHISM

To show how such repeals would affect Florida, I hold a long news clipping from a Florida paper sent generally to Members of Congress, which is an explosion from a Florida land boomer called "Col. P. O. Knight." Among other things, he says:

A movement is being led by GREEN of Iowa, who calls himself a Republican, and GARNER of Texas, who calls himself a Democrat, to prevent the repeal of the Federal inheritance tax * * * simply because Florida and Alabama have no inheritance tax. * * * The legislation proposed by GREEN and GARNER (retention of the tax) is vicious, unjustifiable, and indefensible * * * It is socialistic, communistic, bolshevistic, and anarchistic.

The two gentlemen from Iowa and Texas, who have not completely surrendered, find it hard to please the Secretary of the Treasury, their estate tax clubs, or Florida land boomers.

GIFT TAX REPEAL

Just a word now as to the gift tax, because it precedes the inheritance tax in effect. We received \$7,518,129 from this tax in 1925 for the fiscal year ending last June. That is not a very large amount of money, some one says. True, but the gift tax was not passed for the purpose primarily of making a tax on gifts. People will not make a large gift if they know that there is a tax to follow it and remember that gifts under \$50,000 are exempt. The purpose of the law is to protect the inheritance tax law so that when a man like Mr. Rockefeller, who, though he started at \$8 a month, would have been worth a billion of dollars if he had kept his money, realizing there was no gift tax, transferred it to his son. The Government in such case gets nothing in the way of an inheritance tax or in the transfer because given 10 years or more before death. He gave his property away to his son and there was no gift tax at that time. So he paid no tax on the transfer. If the property had passed through inheritance to the son under the law of to-day it would pay upward of 40 per cent, or several hundred million dollars from this estate would have been paid to the Government.

Mr. SPROUL of Illinois. Does not that thing follow in every case?

Mr. FREAR. Not if you have the gift tax.

Mr. SPROUL of Illinois. But if a man gives his property away to his children or to charitable institutions, he is surely doing some good with it, is he not?

Mr. FREAR. Oh, yes; but he owes a duty to the State, because his fortune is made possible because of the laws of the Government, and he escapes that duty when he gives it to his son without any tax in order to save the inheritance tax. His act is natural with every man, but a gift tax of the same rate as the estate tax destroys the incentive to avoid the estate tax. That tax is repealed by this bill.

Mr. SABATH. And is not the reason these gifts have been made so as to divide the large income tax and to reduce the inheritance tax?

Mr. FREAR. Very often. That is the estate tax law of other countries. It is the law of France and England and other countries. Forty per cent is the maximum amount there and they raise six times as much per capita in England from this source, but the reason the gift tax was passed was because with Judge GREEN and others I was anxious to have it on the books, not for the amount of money that we could get out of it, but for the purpose of protecting the inheritance tax. And now Judge GREEN reports a bill repealing the gift tax.

Mr. GARRETT of Tennessee. Without going into an argument of the merits of the gift tax, I ask the gentleman if it has come under his observation that a practice has grown up on the part of those who desire to avoid both the inheritance tax and the gift tax, and then some, of selling to the person to whom they desire to make a gift, at a value lower than the actual market value, and thereby avoiding the gift tax and in addition to that taking credit on it as a loss in reporting the income tax.

Mr. FREAR. The gentleman has stated a fact which we all recognize and it is natural. It requires additional legisla-

tion to meet that situation instead of repeal. The tax ought to be imposed so that there can be no question of its collection even by a Treasury Department which is disposed to escape the laying of a gift tax.

Mr. SABATH. Will the gentleman yield?

Mr. FREAR. With pleasure.

Mr. SABATH. On the question of a gift tax. I am not quite clear on that proposition. I read in the newspapers that a great many of our young ladies who are seeking to secure titles abroad, before being able to secure the title of duke or count or no-count, have invariably been obliged to show a certain amount of wealth and to enable them to do so the father or mother generally comes across with a great big gift. What I want to know is whether it was not in the minds of the committee to ail these ladies in securing these titled gentlemen, whether that is not perhaps an incentive or reason why the gift tax was eliminated?

Mr. FREAR. It may be so, and I may say to the gentleman a very distinguished and handsome member of the committee, a bachelor, is now here to explain it, and he follows me. [Laughter.]

The gift tax is a corollary of the inheritance tax. Like the inheritance tax it provides a liberal exemption of \$50,000 before any tax is incurred. If John D., jr., had been subject to a gift tax it is probable the senior member of the firm would now retain a billion dollars or more in his own name and the Government would eventually receive substantial aid from a great mushroom estate which has been bodily transferred to the son, free from estate tax. It is a just law in force in other countries and prevents inheritance-tax evasions if strictly administered. Yet this wise law passed last session is on Secretary Mellon's program for repeal.

Is it not more just and equitable to collect substantial inheritance, gift, and surtaxes from those best able to pay than to assess farmers a capital tax on land where crops frequently fail or on householders or other owners whose buildings or lands are a burden and outgo instead of a source of income or excess postage rates or on automobiles that now pay nuisance taxes? Thousands of such cases occur for every case of serious inequality among those best able to pay, and it should be borne in mind that the problems of John Jones, the farmer, when without a crop, are more vital to him than are the problems of men whose fabulous wealth is a burden as well as a blessing and whose heirs in every case would retain, under the existing estate law, two-thirds of vast fortunes like that of Mr. Mellon. A jurist financially interested in any case would be removed for prejudice. A police officer opposed to the Volstead Act would not be chosen to capture bootleggers. What shall be said of an official, however respectable, who unites the rôles of judge, jury, and sheriff and yet declares the inheritance tax, gift tax, and publicity law to be unjust, opposes the surtax in force here and in other countries and does not impose the penalty law, section 220, passed to reach tax evaders? Why should such administration be controlled by a legal cloak of secrecy?

This superiority to law may have some relation to reports that the Couzens's committee has found hundreds of millions of dollars in taxes lost to the Government and also to the Washington press, administration mouthpiece, which said a few days ago:

It is almost a foregone conclusion that the Democrats will organize the Senate in 1927.

If Secretary Mellon's views control, what prevents?

PUBLICITY OF TAX RETURNS

Publicity of tax payments is inveighed against by Secretary Mellon. In fact, generally speaking, he is opposed to most of the tax laws he is called on to administer and yet wants everything kept secret event to the amounts paid.

Although the publicity law is not as broad as it should be, is it true that nothing but curiosity is satisfied, as he contends? For illustration, the Secretary's wealth is popularly rated at from \$300,000,000 to \$600,000,000. His personal integrity is not questioned, nor is his prejudice against paying taxes unusual. His fabulous wealth, however, makes his case conspicuous. The publicity law primarily was intended to aid Congress in drafting laws to reach cases of tax avoidance and to give information needful for corrective legislation. That was its prime purpose. The bill as proposed by myself last session giving access to the Treasury records was defeated or curtailed so only a shell remains of the amendment then offered.

However, take the law as it now reads and the case of a man for illustration whose fortune is generally placed at the minimum figure estimated of \$300,000,000; if he has nearer

\$600,000,000, as suggested by the press, the case will be doubly strong. Assuming that Secretary Mellon's holdings average 5 per cent return—some may return nothing, while others will average twice or thrice 5 per cent, and more—but averaging at 5 per cent, his income on that estimated amount last year reached \$15,000,000. Losses have been charged off so often and so generously that the estimated net income for 1923 and 1924 is not unreasonable and is probably far underestimated.

The Federal normal and surtaxes on an income of \$15,000,000 would reach upward of \$6,000,000 at 40 per cent maximum rates on all over \$500,000, the present law. In 1924 the unexpected enactment of the publicity law found Secretary Mellon paying \$1,174,000 income taxes on a \$15,000,000 income, or less than 8 per cent instead of 40 per cent, and this year, when a tax corresponding to income was looked for by the "curious public," his tax payment was increased to \$1,886,000, or nearly 70 per cent increase in taxes in one year and about a 12 per cent rate instead of 40 per cent.

Secretary Mellon did not, of course, render an incorrect statement in either 1924 or 1925, yet is it possible that in one year such a vast fortune could have increased 70 per cent, or even one-quarter of that amount? How then is Congress interested? In the character of income that is to become taxable. A good business man connected with over 60 corporations would not invest heavily in tax-free securities which he denounces, and it is probable not one-half of 1 per cent of his vast wealth is invested in tax-free securities. When \$1,174,000 in 1924 and \$1,886,000 in 1925 was paid on an estimated income of \$15,000,000, where is the legal Ethiopian in the financial tax woodpile? One of the 64 companies—Aluminum Co. of America—made "plant expenditures" since 1918 of over \$42,000,000 taken from undivided profits (S. Res. 168, pt. 10, p. 1822). This is an illustration of use of undistributed profits, not necessarily improperly, but to reduce personal income for tax purposes.

Full publicity would give exact knowledge and enable Congress to legislate or meet the situation, but in its absence we may look for two-thirds of the income, or of \$10,000,000, in undistributed profits that are not subject to personal income tax until distributed. The question of penalty administration under section 220 is then involved, and again the matter of administration is secret.

Again reverting to the single aluminum company, the Federal Trade Commission reports that from \$7,199,322 investment in 1906 to 1921—15 years—the company's investment increased to \$103,684,139 and paid \$15,370,032 out of undistributed profits. That is some profit.

If a large part of the surplus waits for a reduction of surtaxes before distribution, then it is an evasion of section 220, and it does not require more law, but enforcement of existing law.

The publicity feature was not passed to satisfy idle curiosity, as suggested by the Secretary, but to aid Congress in determining needful legislation, and to check up official acts. If the law had been broader, as was attempted in both House and Senate, the facts could now be had. From press statements the committee of Senator COUZENS, which has access to Treasury records, will report numerous cases, involving, with the brief examination he is enabled to make, many millions of dollars—some reports say a billion dollars—lost to the Government, although easily corrected by administration or by needed legislative provisions.

Congress is not seeking to delve into any private business. The average man, particularly with earned income for salary or services, pays taxes on the full amount of that income. Every State and local tax record, generally speaking, is public. In the case submitted for purposes of illustration a reputed income of \$15,000,000 only produced a tax payment of \$1,174,000 in 1924 before the publicity law was anticipated, and of \$1,886,000 in 1925. The income-tax payment jumped up 70 per cent in one year, possibly unaffected by the publicity provision, but less than one-third of the expected tax was paid in 1925 and less than one-fifth in 1924. If publicity properly exists in this one case, it exists with thousands of other cases.

As to the eminent right of concealment and secrecy contended for by the Treasury, it is a strange anomaly that thousands of tax experts educated by the Treasury and now in private practice should know and carry momentous tax secrets to scheming competitors ostensibly feared by the Secretary, and yet Congress, that legislates and needs to know the cause, frequency, and amount of tax leaks, has no means of plugging up the holes. So it helplessly waits on a Secretary opposed to the law on surtaxes, inheritance, and gifts for his advice as to what should be the law.

In this illustration I am in no way impugning the correctness of tax returns or business honesty of any man. It only shows what blind, groping, supposedly intelligent legislators elected to Congress have become under existing secrecy laws and why, instead of repealing the publicity provision as urged by Secretary Mellon, we should give Congress access to records the same as are permitted in some of the States without danger or injury to any business interests; the same as exist with public records generally; the same as are possessed and have been used by hundreds of Treasury employees who later capitalized their knowledge and experience by private employment. Yet all knowledge is denied Congress under existing limited publicity of records. The following is from *The Searchlight* of October:

Treasury officials freely predicted that tax receipts under the 1924 act would be 25 per cent less than formerly. The actuary of the Treasury estimated that the decrease of revenue would be \$400,000,000, while Mellon predicted a \$50,000,000 greater loss. The preliminary statement issued by the Bureau of Internal Revenue on August 28, 1925, reveals what actually happened:

Income taxes under the old act were for the fiscal year 1923, \$1,691,089,534; for the fiscal year 1924, \$1,841,759,316. (Secretary Mellon's statement, page 7, estimates for 1925, \$1,833,000,000, and he predicted the 1924 tax cut would create a loss in 1925 of \$400,000,000.)

In its conclusion that increased payments were caused by "decreased tax evasions" due to publicity, the *Searchlight* adds:

Thus under the law which provided for publicity instead of the predicted decrease of 25 per cent, or \$400,000,000, there was a decrease in 1925 of only 4 per cent under 1924 and an increase over 1923.

Of the 1925 increase, \$712,000, or nearly 70 per cent of his 1924 tax payment, was added by one taxpayer, as I have shown. Whatever the reason therefor, more publicity is a remedy leading to effective legislation and administration.

Another reason why wide publicity is needed in income-tax collections comes from a statement credited to the Couzens's tax-investigating committee, to the effect that evidence before the committee discloses that due to improper influences many large taxpayers, especially corporations, have received too much consideration and that excessive refunds have been made. More significant, the chairman is quoted as saying:

What has happened is really worse than definitely criminal knavery, because it is difficult to obtain punishment of bureau employees who have given away hundreds of millions of dollars in Government taxes.

With such an indictment of administration of a department of Government, made possible because of secrecy in its methods of handling public business, what is now needed is not repeal of the publicity law, but its extension, so as to afford the light of full publicity on transactions that are "worse than criminal knavery" and under which hundreds of millions of dollars in Government taxes have been given away. Such publicity would do away with the necessity for investigating committees and in advance would prevent frauds against the Government through acts now committed in secret. A committee ordinarily can present only an autopsy, without any means of redress or recovery.

Again I ask why hundreds of clerks, with a 100 per cent turnover in the Treasury income-tax division, are safely trusted with the innermost secrets of these returns, free to carry them to active competitors; and yet Congress, that asks access and information for legislative reasons, is proscribed. The Ways and Means Committee, of which a majority is selected because tried and true, can have access; but if they would swallow the Mellon tax bill without a struggle, what chance is there for them to make any real inquiry on tax matters or any other matters without the Secretary's invitation?

PUBLICITY AIDS WITH CORRECT RETURNS

As stated, the estate of one man increased 70 per cent in one year, apparently, under the publicity provision. I do not believe, of course, that that man put in an unfair statement in his 1924 return, but I feel sure his great estate did not increase 70 per cent in one year, because losses had been charged off before. Mr. Mellon paid \$1,174,000 taxes in 1924, or about 8 per cent of his estimated income, and \$1,886,000 in 1925, or about 12 per cent of his real income. That increase of 70 per cent in taxes in one year might be influenced by the publicity clause. Is it not significant that men of vast fortunes are so insistent that their returns should be kept secret and all Treasury proceedings should be held behind closed doors? Where does the public's right to knowledge of the facts come in? We can not get the full truth in relation to the facts as

to refunds, rebates, and allowances except by an examination of the records. Why, then, gentlemen, should we keep the Treasury records private? They are open in my State. They have resulted in no injustice there. Why should they not be open here? We have now only a limited publicity provision, but I believe even that requires men to pay a better share of their taxes than when kept secret.

We are talking here about what men of great wealth are doing. Of course, you can not divide our wealth up among people generally. That is true. It is the other extreme that is being tested out in Russia to-day, brought on by the Czar's government. It would not appeal to any educated, prosperous people to adopt a theory that is only a theory, and governments can not be run on such theories; but do you realize, as I think you must, the situation among the farmers to-day? I was recently out West, far beyond my State, and I attended several auctions held by farmers who were leaving their lands and abandoning their farms. I tell you, gentlemen, it is a pitiable condition that the farmers are in in some of the States; not in my State particularly, but there are over 6,000,000 farmers in this country, and there were countless foreclosures last year, resulting in the abandonment of 30,000 farms and 75,000 abandoned farms since the war. Those people in many cases paid 40 or 50 per cent capital tax on their land and other property. The Anderson committee showed that on the average they are not earning \$500 annually. The question I present is, will you help them and keep \$71,000,000 in the Treasury, that you expect to pay 23,000 millionaires, and will you use it for the purpose of providing some definite plan for farm relief, cooperative or otherwise, or even reducing with it the Government debt? You can put up \$100,000,000 now in the Treasury for the purpose of a Government buying corporation or some other system to help the farmers, as was proposed last session; and I say it without offering any particular remedy myself. Why not do so, for these men also are entitled to consideration if anyone is entitled to relief. I never indulge in threats, but what will be the effect in the country when this bill is understood by 6,000,000 farmers who make less than \$500 each annually, according to Government statistics? Instead of giving \$850,000 to one man who is urging this bill, why not keep those taxes and \$100,000,000 more of surtaxes in the Treasury and thereby try to benefit the great army of farmers out West with helpful legislation?

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. GARRETT of Tennessee. I want to see if my recollection of the history of this legislation is correct. As I remember it, the bill of 1924, as it left the House, did not carry a publicity provision as it now exists. The only publicity provision it carried was to give the information desired to committees.

Mr. FREAR. Yes; and to governors and some State officials, and an amendment was offered here.

Mr. GARRETT of Tennessee. Yes. The provision in the present law was put on by an amendment in the Senate and whipped into its present shape in conference, so that upon that single question of publicity the House never had a vote.

Mr. FREAR. Yes; as to the amount paid; but an argument was made by the gentleman from Texas [Mr. GARNER] as to the doubtful effects of publicity. I thought we ought to have publicity in accordance with the Norris amendment that was defeated here and later offered on the other side. It certainly did no harm in the law, and many reasons can be offered for its retention.

Mr. GARRETT of Tennessee. I wanted to get the facts clearly in my mind.

Mr. FREAR. Now, gentlemen, I thank you for your consideration.

Mr. CRISP. Before the gentleman leaves the floor, I would like to ask him a question.

Mr. FREAR. Yes.

Mr. CRISP. As the gentleman knows, I have a high regard for him. I understood the gentleman was quoting with approval the suggestions made by Mr. Roosevelt and Mr. Carnegie to the effect that an inheritance tax was largely useful or instrumental in dissipating large estates. Why, then, do gentlemen desire to have a gift tax imposed, a tax that puts a penalty on anybody voluntarily dividing or dissipating or reducing his own estate?

Mr. GREEN of Iowa. The gift tax was intended to prevent evasion of the inheritance tax, and it served its purpose, so far as that is concerned.

Mr. CRISP. I fully understand that. But it also dissipates the estate if the owner gives it away.

Mr. GREEN of Iowa. If you can reach the estate. But they do not give it away absolutely. It is a purely human proposition. The gentleman might carry that a little further. In some cases, while it was found to be a nominal gift, yet the donor still held control.

Mr. FREAR. That is correct. I do not want to take the time of the House unduly in matters of this sort, and I appreciate very much the kindness of the Chairman and the Members of the House in listening to me on this proposition. Speaking for myself and some of my associates, we have no particular status now. We are not on the committee. We have no particular opportunity for offering amendments. But we heroically accept our punishment, of course.

Summing up the present tax-cut situation: Payment of our national debt should rightfully be extended to 50 or 60 years. This will provide a \$500,000,000 annual tax cut, or one-third more than now proposed for repeal of all remaining nuisance taxes and of the increased postage rates. Full credit for State inheritance taxes should be given by the Federal Government.

No good reason has been offered for reduction of inheritance tax rates from 40 per cent, about the same the world over. No excuse is offered for repealing the tax publicity law. It ought to be extended. No good reason has been offered for reduction of surtaxes from 40 per cent to 20 per cent.

Estate taxes and gift taxes if once repealed will never be put back, and estates like Rockefeller, Mellon, Morgan, and thousands of others, made possible through manipulation, monopoly, and special favors, will continue to accumulate both the milk and cream and oil of business, reaching billions of dollars now for single estates, while 6,500,000 farmers and double that number of other laborers throughout the country will continue to work for a scant living and eventually will be called upon to pay through consumption taxes the burden later to be shifted from wealth to their shoulders. Roosevelt, Wanamaker, Carnegie, and a host of authorities have advocated the inheritance tax law as a curb on colossal wealth, but the law is now vigorously opposed by Secretary Mellon, whose wealth is colossal and whose estate will be one of the largest in the world.

There is significance in the present protest of Secretary Mellon against surtaxes, inheritance taxes, or gift taxes, all of which are in force in Great Britain and elsewhere. During the period of 20 years to come \$2,000,000,000 or more will be laid aside to mature a soldiers' adjusted compensation bill, and during about the same period \$20,000,000,000 additional in Government war debts will be paid, which the veterans of the war will help carry on.

Congress defeated the Mellon consumption tax plan when it was hung onto the bonus bill by the Treasury Department, but the same soldiers will help pay for their adjusted compensation, as Secretary Mellon proposed at the outset, when the taxes on wealth are removed.

With the minority party refusing to face the issue squarely and a bipartisan organization, supported by country wide propaganda, driving through the tax program, the result in the House is not in doubt.

If the Senate rewrites the revenue law this session let us hope that it will retain the larger part of the surtax, the inheritance tax, the gift tax, and enact a wider publicity amendment, and that Congress may agree to such a bill, with larger exemptions to those least able to pay, wiping out the remaining nuisance taxes and increased postage.

If the surtax is cut, and no one opposes a cut if the general public is first protected, then a postponement of the war debt of \$20,000,000,000 to the period of 62 years could be made, during which period foreign debts are to be paid to us, or practically at the rate that the Civil War debt was paid by our Government.

As stated at the outset, the committee has secured in the bill some substantial relief for the general public.

No definite rates are here suggested, although amendments to the committee bill may be offered. The country will be more affected by the policy pursued in the enactment of the 1923 revenue bill than by any difference of opinion as to rates. That is the issue presented by the official to whom Congress ordinarily should look with confidence for guidance when drafting a revenue bill.

We realize that you gentlemen who believe as you did last year can prepare your amendments along the line of meeting these objections, and we shall be very glad, at least some of us, to cooperate in trying to improve the bill and changing it from what is now proposed. [Applause.]

Mr. GARNER of Texas. Mr. Chairman, I yield 20 minutes to the gentleman from North Carolina [Mr. DOUGHTON]. [Applause.]

Mr. DOUGHTON. Mr. Chairman and gentlemen, being a new member of the Committee on Ways and Means, and this bill having been fully and elaborately explained by the chairman of the committee and by the very able ranking minority member [Mr. GARNER], and by other older members of the committee, what I have to say concerning this bill will be very brief, indeed.

The subject of taxation is one of the oldest and most important known to civilization. From the beginning of organized society down to the present time it has occupied a most prominent place in the history of the world.

Over the question of taxation wars have been fought, kingdoms, empires, dynasties, and republics have been overthrown. In America political parties have divided and debated, contended, and wrangled over the issue of taxation since the days of Jefferson and Hamilton. Not only have political parties fought each other desperately over this question, but the Democratic and Republican Parties have at all times, more or less, had discordant and belligerent factions, divisions, and subdivisions in their own councils, conventions, and deliberations, and even many disputes in the Halls of Congress.

For the first time in the history of our Government, in peace times, this Congress had presented for its consideration on the opening day of the session a tax bill prepared along nonpartisan lines, which was unanimously reported by the Committee on Ways and Means. In so far as I can remember, there was not a single partisan vote in the committee during the preparation of this bill.

To the chairman of the Committee on Ways and Means is due a large part of the credit for what has been accomplished by the committee, and I, as a member of the minority, take this opportunity of expressing my thanks for the invitation to participate in the deliberations of the committee and the preparation of the bill. The uniform courtesy and the unvarying kindness of the chairman, manifested at all times to each and every member of the committee, could not have been surpassed.

One thing I desire to state most emphatically at the outset, and that is that this bill which we are considering is not the Mellon plan of taxation. What is known as the Mellon plan was buried last Congress when the bill submitted by Secretary Mellon was discarded or repudiated and the Garner-Simmons plan adopted in lieu of the Mellon plan. Emphatic notice was then served on Mr. Mellon that the views entertained by him in the matter of income and other taxes would not be indorsed by the American Congress. In fact when the committee met to prepare the bill they are now considering, Mr. Mellon offered no definite plan and submitted no bill for the committee's consideration, but only stated his views as did other witnesses who appeared before this committee. And even his views, which had been greatly modified as compared with the views entertained by him in 1924, were many of them ignored or not adopted in the preparation of this bill. Mr. Mellon, when he appeared before the committee, recommended that we keep as our goal of tax reduction from \$250,000,000 to \$300,000,000. The committee has made a reduction of \$325,000,000, thereby cutting taxes \$50,000,000 more than was recommended by Mr. Mellon.

Mr. Mellon also recommended the repeal of all estate or inheritance taxes, and here is another instance where the committee declined to follow him. The subject of estate taxes was one to which the committee gave prolonged consideration, heard many witnesses, received much advice and numerous suggestions. Governors from several States appeared before the committee, each one, I believe, starting out by recommending the repeal of the inheritance or estate taxes, but on cross-examination each of the governors admitted it would be better to have Federal Government exercise control over this matter until some system of uniformity could be worked out whereby the States would not be bidding against each other for persons of great wealth to take up domiciles within their borders in order to escape the payment of estate taxes. It is my conviction—and I am sure it was the position of the majority of the committee—that the field of estate taxation is one that should be left to the States, as the State governments need this revenue far more than the Federal Government. However, under conditions now prevailing in some of the States, if Congress should repeal this law outright, it would bring about chaos and confusion and defeat the whole scheme of estate taxation. So here, again, is another instance where the committee ignored the advice and suggestion of Mr. Mellon.

The gift tax was repealed because of the difficulty in its enforcement and the small amount of revenue collected.

Mr. Mellon recommended the tax on automobiles be left untouched, but qualified his statement by saying that the

\$35,000,000 now collected on trucks, tires, accessories, and so forth, might be taken off. He did not say, however, that it should be done. The committee not only took off all the tax on trucks, tires, accessories, and so forth, but reduced the tax on automobiles from 5 per cent to 3 per cent, making a reduction to the American people in this one item of \$80,400,000. I, myself, favored taking off all the tax on this industry. However, the majority of the committee were of the opinion that for the present it would cause too great a loss in revenue.

Notwithstanding the objections and criticisms that are being heaped upon and hurled at this bill, the indisputable fact remains and looks everyone squarely in the face that when this bill becomes a law the American people will be relieved next year of \$325,000,000 in taxes. And practically every person in the confines of the United States will receive some relief and benefit from this legislation and not a single individual will have his taxes increased. This is a saving equal to about one-half of the taxes that were raised for governmental purposes, not taking into consideration the Post Office Department, prior to the World War. Furthermore, it can not be denied that this bill will reduce the taxes of every income-tax payer in the reduction made in normal tax and by raising the exemption from \$1,000 to \$1,500 on single persons and from \$2,500 to \$3,500 on the heads of families. Also in the excise and miscellaneous taxes practically everyone gets some relief. On cameras and lenses a reduction of \$700,000 is made; on photographic films and plates, \$750,000; firearms and ammunition, \$3,000,000; smokers' articles, \$50,000; cigars, \$12,000,000; works of art, \$650,000; jewelry, \$8,000,000; brokers' tax, \$2,000,000; automobiles for hire, \$1,750,000; tobacco manufacturers, \$1,120,000; deeds of conveyance, \$4,000,000; admissions and dues, \$4,000,000; automobiles, tires, accessories, and so forth, as before stated, \$80,400,000. These amounts, in addition to the amounts on income and other taxes not mentioned, make a total of \$325,760,000 that the tax burden of the American people will be lightened if this bill is adopted.

In view of this great relief, how any Member of the House can refuse to support this bill, simply because he does not approve of its every provision or can not fix every rate to suit himself, is more than I can understand.

The charge made by my friend, Mr. RAINEY, of Illinois, one of the ablest men in the House and one of the most useful members of the committee, that the small income-tax payer was offered a bribe by the \$10 reduction he would receive as a result of the raising of the exemption in this bill will not, I believe, be entertained by even the gentleman himself upon serious reflection. The small income-tax payer will get much relief from this bill over and above what he gets in the way of exemptions in his income. He gets much relief in the reduction of the tax on automobiles and the removal of the tax on trucks, tires, accessories, and so forth. He also gets relief in the removal of the tax on deeds of conveyance and the many excise and miscellaneous taxes.

In the preparation of this bill everyone who requested it was given a hearing. There appeared before the committee leading economists, renowned financiers, governors, farm representatives—in fact, practically every profession, employment, and calling of life was represented.

It has been urged that no one appeared before the committee requesting that the exemption on incomes be raised, which is perhaps true; but this class of citizens with small incomes, barely enough to support their families, have left it to us as their representatives to see that no injustice is done them, and that they receive fair consideration in this bill. The fact that they have left it to us to protect and guard their interest is sufficient reason why they should not be disappointed in the confidence they have reposed in us.

The income tax is one of the main foundation stones of our revenue structure. It is one of the most equitable taxes, and no one paying a reasonable income tax has a right to complain. The imposition of this tax has had many beneficial effects, chief of which is, in my opinion, the effect it has had in checking extravagant expenditures. Up to the time the income tax was levied you heard little or nothing from our Republican friends about economy. So long as consumption paid the bulk of taxes and the poor and those of moderate means contributed as much to the support of our Federal Government as those possessing great wealth the idea of economy was scoffed at by those who are now proclaiming its virtues from the housetops. When persons of large wealth and immense incomes were forced to pay their just share of Government expenses, they then at once emphatically demanded of their servants, the Republican Party, that extravagance and waste in government should come

to an end, and that rigid economy should prevail. Here is where your economy program, which is preached far more than practiced, had its inception.

Under our present civilization the people demand a large amount of governmental service, and at the very best heavy taxes are necessary, but not one penny should be levied on the American people above the rigid needs of the Government, administered in the most economical manner possible and consistent with adequate and efficient service.

There is one section, however, of this bill I believe by all means should be amended—section 901, providing that the members of the Board of Tax Appeals shall have life tenures in office. I voted against this provision in committee, and shall feel it my duty to vote for an amendment taking this out of the bill. We increased the salaries of the members of the board to \$10,000, which I think was all right, as none but men of ability and special equipment should be made members of this board. I believe the term of office for which the members are appointed should be 8 or 10 years, but to hold a member on, drawing full pay, when on account of age or disability he is unable to perform the duties of his office in a proper and satisfactory manner, I consider to be an unwise and indefensible policy.

There are other amendments that I think would be helpful, which I hope will be offered by the chairman and approved by the committee; but whether it is amended or not, I shall give it my enthusiastic support, believing that the enlightened thought of the American people, in their wise discretion, will not only approve of the main provisions of the bill but the nonpartisan manner in which it has been presented.

Now, Mr. Chairman, some apprehension has been expressed on the floor of the House lest the taxpayers having occasion to take their cases to the Board of Tax Appeals might not be able to do so unless they employed an attorney, and in order to get clear and reliable information on the subject I called Commissioner Blair this morning and requested that he direct a letter to me explaining the position of the bureau with respect to this very important matter, and in conclusion of my remarks I wish to read into the RECORD the letter I have received from the commissioner on this subject, which I know will be interesting to the committee and to the Members of the House. The letter reads:

TREASURY DEPARTMENT,
Washington, December 9, 1925.

Hon. R. L. DOUGHTON,
House of Representatives.

MY DEAR MR. DOUGHTON: In response to your telephone inquiry, I find there is nothing in the new bill which prescribes who may or may not appear before the Board of Tax Appeals.

The rules of practice before the United States Board of Tax Appeals provide that any taxpayer may appear in his own case, or a member of a partnership may appear for his partnership, or a bona fide officer of a corporation may appear for his corporation. No other person may appear for a taxpayer unless he is admitted to practice before the board, and in order to be admitted to practice the rules provide that a person must be a lawyer or certified public accountant. It is believed that this is a wise provision, for it is the purpose of the board to have a high standard of personal and professional ethics prevail. If everyone were allowed to appear before the board for taxpayers, there would be a great diversity of procedure and a lack of uniformity in pleadings, and neither the taxpayer's nor the Government's side of the case could be properly presented. In addition to this it is very important that the board may have as practitioners before it men who can not be questioned, men in whom the board can put confidence and whose word is at all times worthy of belief.

For your further information I am inclosing a copy of Rules of Practice Before the United States Board of Tax Appeals.

Sincerely yours,

D. H. BLAIR, Commissioner.

I submit for the RECORD the copy of rules of practice referred to in the commissioner's letter.

Said rules of practice follow:

RULES OF PRACTICE BEFORE THE UNITED STATES BOARD OF TAX APPEALS

RULE 1.—BUSINESS HOURS

The office of the board at Washington, D. C., will be open each business day from 9 o'clock a. m. to 4.30 o'clock p. m.

RULE 2.—ADMISSION TO PRACTICE

A register of persons entitled to practice before the board will be maintained by the board in which will be entered the names of all such persons. Firms will not be admitted or recognized.

The following classes of persons whom the board finds, upon consideration of their applications, to be of good moral character and to possess the requisite qualifications to represent others may be admitted to practice before the board:

(a) Attorneys at law who are admitted to practice before the Supreme Court of the United States or the highest court of any State or Territory or the District of Columbia.

(b) Certified public accountants duly qualified under the law of any State or Territory or the District of Columbia.

An application under oath for admission to practice shall be addressed to the United States Board of Tax Appeals, Washington, D. C., and must state the name, residence address, and business address of the applicant, and the time and place of his admission to the bar, or qualification as a certified public accountant. Such application shall also state whether the applicant has ever been suspended or disbarred as an attorney in any court, or his right to practice as a certified public accountant suspended or revoked in any jurisdiction. Such application shall be accompanied by a certificate of the clerk of the court in which the applicant is admitted to practice to the effect that he has been so admitted and is in good standing; or a certificate by the proper State, Territorial, or District authority to the effect that the applicant is a certified public accountant in good standing, duly qualified, and entitled to practice in such State or Territory or the District of Columbia.

The board may, in its discretion, deny admission, suspend or disbar any person who it finds does not possess the requisite qualifications to represent others, or is lacking in character, integrity, or proper professional conduct. An attorney or certified public accountant who has been admitted to practice may be disbarred only after he is afforded an opportunity to be heard.

The board shall have the right at any time to require a statement, under oath, of the terms and circumstances of any contract of employment of an attorney or certified public accountant with the taxpayer he represents.

Any individual taxpayer or member of a taxpayer partnership may appear for himself or such partnership upon adequate identification to the board. A taxpayer corporation may be represented by a bona fide officer of the corporation upon permission granted, in its discretion, by the board or the division sitting.

RULE 5.—INITIATION OF APPEAL—PETITION

An appeal shall be initiated by the filing with the board of a petition. The petition shall contain:

(a) A caption in substantially the following form:

UNITED STATES BOARD OF TAX APPEALS	
Appeal of.....	} Docket No.....
Address.....	
PETITION	

(b) Proper allegations showing jurisdiction in the board.

(c) A statement of the amount of the deficiency, the nature of the tax, the year for which asserted, and the amount thereof (as nearly as may be determined) in controversy.

(d) Clear and concise assignments of error alleged by the taxpayer to have been committed by the Commissioner of Internal Revenue in determining the tax liability of the petitioner; such assignments of error shall be numbered.

(e) A clear and concise statement of the facts upon which the taxpayer relies as constituting the basis of his appeal.

(f) A statement of the propositions of law involved.

(g) A verification by the taxpayer.

The petition shall be complete in itself, so as fully to inform the board of the issues to be presented.

To the petition shall be appended a copy of the commissioner's letter advising the taxpayer of the determination of the deficiency (the so-called "sixty-day letter").

RULE 6.—FILING OF PETITION

Five clear copies of the petition, either printed or typewritten as provided in rule 27, shall be filed. The original shall be signed by the taxpayer, or his counsel, and duly verified by the taxpayer. Signature of counsel shall be in individual and not in firm name. The filed copies of the petition shall conform to the original.

The appeal is filed when the petition is received by the board.

RULE 7.—SERVICE ON THE COMMISSIONER OF INTERNAL REVENUE

The board, upon the receipt of the petition, will serve one copy thereof upon the Commissioner of Internal Revenue forthwith.

RULE 8.—DOCKET

Upon receipt of the petition by the board the appeal will be entered on the docket and assigned a number and the taxpayer or his representative notified thereof. This number shall appear upon all papers thereafter filed in the appeal.

RULE 9.—ANSWER

After service upon him of the petition, the commissioner shall have 60 days within which to file an answer or 20 days within which to move in respect of the petition. The answer shall be so drawn as fully and completely to advise the taxpayer and the board of the nature of the defense. It shall admit or deny each material

allegation of fact contained in the petition and set forth any new matters of fact and propositions of law upon which the commissioner relies. Five copies of the answer shall be filed, of which the original shall be signed by the commissioner or his counsel and the copies conformed.

RULE 10.—SERVICE OF ANSWER

Upon the filing of the answer the board will serve one copy thereof on the taxpayer or his counsel, by registered mail, and the return post-office receipt for said answer shall be proof of the service of the same.

RULE 11.—JOINER OF ISSUE

The appeal shall be regarded as at issue upon the filing of the answer.

RULE 12.—EXTENSIONS OF TIME

Continuances, extensions of time, and adjournments may be ordered by the board on its own motion and may be granted by it in its discretion on motion of either party filed in writing and stating the reasons therefor.

RULE 13.—AMENDED AND SUPPLEMENTAL PLEADINGS

Amended and supplemental pleadings may be filed only upon leave granted.

RULE 15.—CALENDAR

(a) Formation of calendar: All appeals will be placed upon the calendar in the order in which they are at issue, and such appeals shall stand for hearing and submission in that order upon notice as hereinafter provided in this rule: *Provided*, The board, on its own motion or on motion of either party, after due notice thereof, may advance the hearing of appeals whenever considerations of public policy make such action appear desirable.

(b) Notice of hearing: When issue is joined the board will give written notice of such fact by mail to all parties. Notice as to probable date of hearing will be given to all parties by the board, either in conjunction with notice of joinder of issue or otherwise, at least 15 days in advance of the date specified.

(c) Dismissal for nonprosecution: The board may, at any time after the joinder of issue, upon motion of either party or upon its own motion, order any appeal to be brought on for hearing, and may dismiss the same for nonprosecution if, when the appeal is called, the taxpayer does not show cause against such dismissal. The provisions for dismissal in cases of appeals coming on for hearing in regular course are contained in Rule 18.

RULE 16.—ASSIGNMENTS OF HEARINGS

The assignments of appeals for hearing shall be made by the chairman on each day of session for hearing on that day. Such assignments may be made without regard to the numerical arrangement of the appeals on the calendar.

RULE 17.—HEARINGS

(a) Sessions: The board will convene at 10 o'clock a. m. on each hearing day.

(b) Times and places of hearings: Hearings will be held at such times and places as may from time to time be fixed by the chairman.

RULE 18.—SUBMISSION WITHOUT ARGUMENT

An appeal in which issue has been joined and in which no issue of fact is raised, or a contested motion not predicated upon an issue of fact, in which both parties are not present in person or by counsel at the time it is called for hearing will be regarded as submitted on the part of the absent party or parties. Where there is a joinder of issue on questions of fact the provisions of this rule relative to submission without argument shall not relieve the party upon whom rests the burden of proof of adducing at the hearing proper evidence in support of his contention. Pleadings do not constitute evidence, and where issues of fact are joined failure to adduce supporting evidence will be taken as ground for dismissal.

RULE 20.—BURDEN OF PROOF

Upon hearing of appeals the taxpayer shall open and close and the burden of proof shall be upon him.

RULE 21.—MOTIONS

Motions must be in writing and five copies filed with the board. The board will serve one copy thereof upon the adverse party. Motions consented to or which indicate by indorsement thereon that they are not objected to by the opposite party may be acted upon by the chairman. Contested motions may be acted upon by the chairman or they may be referred by him to the board or to a division or a member of the board.

RULE 25.—BRIEFS

Briefs shall conform in size and style to the provisions of rule 27. If typewritten, 5 copies shall be filed; if printed, 20 copies.

A brief filed by a taxpayer shall contain, in the order here stated—

(a) A statement of the nature of the tax and how the appeal comes before the board,

(b) A concise statement of the facts.

(c) A concise statement of the points upon which the taxpayer relies.

(d) The argument.

A brief for the Commissioner of Internal Revenue shall be in similar form except that no statement of the nature of the tax or how the appeal comes before the board shall be required, and no statement of facts unless that presented by the taxpayer is controverted.

Every brief of more than 20 pages shall contain on its front fly leaves a table of contents with page references, supplemented by a list of all cases referred to, alphabetically arranged, together with references to pages where the cases are cited.

One copy of each brief filed will be delivered by the board to the opposite party.

RULE 26.—FINDINGS OF FACT

At the conclusion of the hearing of an appeal before the board, or a division thereof, both parties shall present to the board, or the division before which such appeal was heard, proposed findings of fact.

Such proposed findings of fact shall contain a statement of the findings desired in the form of distinct numbered propositions of the facts which it is desired be found; and each proposition must be so prepared with respect to its length, subject matter, and phraseology that the board, or a division thereof, may conveniently pass upon it; and they must be so arranged as to present a concise statement in orderly and logical sequence of the whole case as it is desired to have it appear in the findings of fact.

Five copies of such proposed findings shall be filed with the board.

Upon the filing of the proposed findings of fact notice of such filing, together with a copy of the proposed findings of each party, will be served upon the opposite party by the board. Within five days after the receipt of such notice of filing of proposed findings each party may file objections to the proposed findings, wherein he shall point out specifically such objections to such proposed findings, or any part thereof, as he may desire; at the time of filing such objections either party may request such additional findings as he may desire to have appear in the findings of fact.

RULE 27.—FORM AND STYLE OF PAPERS

All papers filed with the board may be either printed or typewritten, and if typewritten shall be on one side of the paper only, on paper not more than 8½ inches wide and 11 inches long, and weighing not less than 16 pounds to the ream, folio base 17 by 22 inches, and fastened on the left side. Copies shall be legible, but may be on any weight paper. If printed they shall be in 10 or 12 point type, on good unglazed paper 5½ inches wide by 9 inches long, with inside margin not less than 1 inch wide, and with double-leaded text and single-leaded quotations. Citations shall be in italics.

RULE 30.—STIPULATIONS

The taxpayer and the Commissioner of Internal Revenue may, by stipulation in writing filed with the board, or presented at the hearing, agree upon any facts involved in the case. It is desired that facts be thus stipulated in so far as and whenever practicable.

RULE 31.—EX PARTE AFFIDAVITS

Ex parte affidavits will not be received as evidence on disputed questions of fact unless the affidavit is first submitted to the opposing counsel prior to the hearing and his consent to the introduction thereof obtained.

RULE 32.—ORAL TESTIMONY

(a) Transcript of testimony: If the amount of tax in controversy is more than \$10,000, the oral testimony introduced at the hearing shall be taken stenographically and a transcript thereof shall be made; if the amount is \$10,000 or less, the oral testimony shall not be taken stenographically unless in the opinion of the division holding the hearing a permanent record of the testimony is deemed necessary.

(b) Admissibility of evidence: The division holding a hearing shall be the sole judge of the relevancy and admissibility of evidence. It shall be its concern to elicit the material facts.

RULE 33.—DOCUMENTARY EVIDENCE

(a) Copy of parts of document: Where relevant and material matter offered in evidence is embraced in a book, paper, or document containing other matter not material or relevant and not intended to be put in evidence, such document shall not be filed, but a copy only of such relevant and material matter shall be filed.

(b) Receipt of documentary evidence: Where agreed upon by the taxpayer and the Commissioner of Internal Revenue at or after the hearing, the division, if it deems advisable, may receive specified documentary evidence as a part of the record within a time to be fixed by it.

RULE 40.—SUBPENAS

(a) How issued: Except where issued at the instance of the board or any division thereof, subpoenas shall issue only after filing of a written application therefor.

(b) Application for: The application shall specify the names and addresses of the witnesses required, the place where, time when, and before whom they are to appear and testify; and if documentary evi-

dence is required, a sufficiently accurate description thereof to enable the witness to identify the documents. [NOTE: See form in Appendix.]

(c) For production of documents: In case a witness is required to appear and produce documentary evidence, the application and the subpoena should state whether the person so required should appear in propria persona or be permitted to designate some person who is familiar with the contents and meaning of such documents to appear in his place and produce the same.

(d) Payment of fees and mileage: At the time of service of subpoena on behalf of the taxpayer on any witness required the fees and mileage provided by section 900 (i) of the revenue act of 1924 shall be tendered and paid to such witness.

(e) Service and proof: Service may be made by any citizen of the United States over the age of 21 years, not a party to or in any way interested in the appeal, and competent to be a witness. Proof of service may be made by affidavit.

RULE 41.—DEPOSITIONS ON ORAL EXAMINATION

Where the taxpayer and the Commissioner of Internal Revenue are unable to agree upon the facts in any case depositions may be taken in accordance with the following rules:

(a) Application to take: When either party proposes to take a deposition a verified application, with two conformed copies, shall be made to the board setting forth the following:

(1) The name and post-office address of the witness whose deposition is proposed to be taken.

(2) The subject matter or matters concerning which the witness is expected to testify, together with a statement of the reasons why it is desired to take the deposition and why the witness or witnesses should not be required to appear personally and testify at the hearing.

(3) The time and place of taking the deposition and the name, post-office address, and official designation of an individual competent to administer oaths under the revenue act of 1924, before whom it is proposed to take the deposition.

(b) Order for: Upon receipt of such application by the board, it will make an order, copy of which will be mailed or delivered to the taxpayer and to the Commissioner of Internal Revenue, or their counsel, wherein the board will name the witness whose deposition is to be taken and specify the time when, place where, and the officer before whom the witness is to testify, but such time and place and the officer before whom the deposition is to be taken so specified in the board's order may or may not be the same as those named in the application to the board.

(c) By stipulation: At any time after issue is joined the parties or their counsel may, by stipulation duly signed and filed with the board, take the depositions of any witnesses whose testimony they deem material to the issues. In such cases the stipulation shall state the names and addresses of the witnesses, the time when and the place where such depositions will be taken, and the name, address, and official title of the officer before whom it is proposed to take the depositions. In such cases no order to take depositions will be issued by the board, but such depositions shall be taken and returned by the officer in accordance with the rules of the board.

(d) Manner of taking depositions: The person appointed to take testimony shall be present during the taking of the deposition. Every person whose deposition is taken shall be cautioned and sworn (or affirmed, if he so request) to testify the whole truth and nothing but the truth concerning the matter about which he shall testify, and shall be carefully examined. His testimony shall be reduced to typewriting by the officer before whom the deposition is taken, or under his direction, after which the deposition shall be read and subscribed by the witness and certified in usual form by the officer. After the deposition has been so subscribed and certified it shall, together with two copies thereof made by such officer, or under his direction, be forwarded by such officer under seal in an envelope addressed to the board at its office in Washington, D. C. Upon receipt of the deposition and copies the board will file the deposition in the record in said proceeding and forward one copy to the party at whose instance the deposition has been taken, or his counsel, and the other copy to the opposite party or his counsel.

(e) Objections: Objections to questions or answers or to documentary evidence offered, and the grounds therefor, shall be entered of record, but no comment, explanation, or argument shall be recorded. All questions propounded, together with the answers thereto, shall be reported.

(f) Witnesses not named in order: When depositions are taken under these rules, if both parties are present or represented at the time and place specified for the taking of the depositions, either party may, after the examination of the witnesses produced under the order, be entitled to produce and examine other witnesses; but in such case one day's notice must be given to the adverse party or his counsel there present unless such notice is waived.

(g) Costs and fees: Any cost or expense incurred in the taking of depositions under these rules shall be paid by the party at whose request the same are taken. Persons designated to take depositions shall be entitled to the same fees as are paid for like services in the courts of the United States.

(h) Depositions on order of board: The board or any division thereof may at any time upon its own motion order the taking of the deposition of any witness whose testimony is deemed essential to the proper disposition of the appeal.

(i) Limitation on time for application to take: Applications to take depositions must be filed at least 30 days prior to the date set for the hearing of the appeal, and such depositions must be completed and filed with the board at least 10 days prior to the hearing: *Provided*, Such applications will not be regarded as sufficient ground for the granting of a continuance from the date or place of the hearing theretofore set, unless the appeal shall have been at issue less than 60 days and the motion for continuance shall have been filed not less than 20 days prior to said date of hearing: *Provided further*, That under special circumstances, and for good cause shown, the board may otherwise order.

(j) How written: The depositions shall be typewritten upon one side of the paper only, which shall be the same size as required under rule 27.

RULE 42.—DEPOSITIONS ON WRITTEN INTERROGATORIES

Depositions may be taken on written interrogatories in substantially the same manner as above indicated for depositions on oral examinations. The interrogatories must be filed with the applications in triplicate and a copy thereof will be served upon, or mailed to, the opposite party by the board. Within 12 days after such service such opposite party may file with the board his objections, if any, to such interrogatories, together with any cross-interrogatories he desires to propose. If he files cross-interrogatories they shall be filed with the board in triplicate and one copy thereof will be forwarded to the opposite party or his counsel, who shall within 10 days thereafter file his objections, if any, to such cross-interrogatories. No objections to the interrogatories or cross-interrogatories will be considered at the hearing unless taken before the order for the taking of the deposition issues.

RULE 43.—FEES AND MILEAGE

Witnesses summoned before the board shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States. Witness fees and mileage and fees of persons designated to take depositions shall be paid by the party at whose instance the witnesses appear or their depositions are taken.

RULE 44.—COMPUTATION OF TIME—SUNDAYS AND HOLIDAYS

When the time prescribed by these rules for doing any act expires on a Sunday or a legal holiday in the District of Columbia, such time shall extend to and include the next succeeding day that is not a Sunday or such legal holiday.

RULE 50.—SETTLEMENT OF FINAL DETERMINATIONS

When the board makes a decision directing the recomputation of a deficiency in an indicated manner, the procedure shall be as follows: (1) The parties may stipulate that the deficiency shall be determined at a stated amount, and file the stipulation as the basis of a final determination on consent. (2) Either party may prepare a proposed determination, showing the basis and method of its computation and file five copies thereof with the board, accompanied by a notice that it will be presented to the board for settlement on a stated day (other than a Friday or Saturday) not sooner after filing than the number of days allowed in the board's decision. The board will serve one copy upon the adverse party and the latter shall show cause before the board, by filing, before the day stated in the notice, five copies of an alternative proposed determination. Failure so to propose an alternative determination will be treated as a consent to the proposed determination of the adverse party theretofore filed, and an order settling determination of tax accordingly will be entered by the chief of the division from which the decision emanated. Determinations noticed for settlement and contested will be called in the regular daily calendar call of the board and will be assigned by the chairman to the division from which the decision emanated for disposition on the papers filed or after hearing, as the situation may require.

APPENDIX

FORMS

These forms are tentative and may be altered as circumstances may render necessary.

No. 1. Application for admission to practice.

No. 2. Petition.

No. 3. Application for subpoena.

No. 4. Subpoena.

No. 5. Order to take depositions and certificate on return.

[NOTE.—See Rule 27 as to form and style of papers.]

No. 1

UNITED STATES BOARD OF TAX APPEALS
APPLICATION FOR ADMISSION TO PRACTICE

I, _____, hereby apply for admission to practice before the United States Board of Tax Appeals, and submit the following:

- 1. I reside at _____ (street number), _____ (city), county of _____, State of _____.
- 2. My office address is _____ (street number), _____ (city), county of _____, State of _____.
- 3. I was admitted to the bar of the _____ (enter name of highest court) court of the State of _____ on the _____ day of _____, _____, and have never been suspended or disbarred from practice before said court or any court of any State or the United States, except as follows: _____.

I am a member of _____ (state membership in professional societies).

(Certified public accountants will use the following:)

I was issued a certificate and authorized to practice as a certified public accountant by the _____ (give name of board or commission) of the State of _____ on the _____ day of _____, _____, and such certificate has never been revoked nor have I been suspended from practice, except as follows: _____.

I am a member of _____ (state names of accountants' societies to which you belong) and have never been suspended or expelled from any such society or any other recognized society of certified public accountants, except as follows: _____.

_____ (name of applicant).

STATE OF _____, County of _____, ss:

_____ being first duly sworn, says that he is the person named in the foregoing application for admission to practice before the United States Board of Tax Appeals and that the statements of fact therein contained are true.

_____ (signature of applicant).

Subscribed and sworn to before me this _____ day of _____, 192_____.

CERTIFICATE

(Suggested form)

I, _____ (state whether clerk of court or secretary of State board or commission of accountancy), hereby certify that _____, the applicant for admission to practice before the United States Board of Tax Appeals, is duly admitted to practice as _____ (state whether attorney or C. P. A.) by the _____ (state name of court or State board or commission of accountancy) of the State of _____ and that he is now in good standing as such _____ (state whether attorney or C. P. A.).

(Clerk of court or secretary of board or commission of C. P. A.)

Dated _____,

[SEAL.]

No. 2

UNITED STATES BOARD OF TAX APPEALS

Appeal of the John Doe Co., 120 Broadway, New York, N. Y.
Docket No. _____.

PETITION

The above-named taxpayer hereby appeals from the determination of the Commissioner of Internal Revenue set forth in his deficiency letter (bureau symbols) dated _____, 192_____, and as the basis of its appeal sets forth the following:

- 1. The taxpayer is a Delaware corporation with principal office at 120 Broadway, New York City.
- 2. The deficiency letter (a copy of which is attached) was mailed to the taxpayer on _____, 192_____.
- 3. The taxes in controversy are (income) (profits) (estate) (gift) taxes for the (calendar or fiscal) years (_____) and are (more or less) than \$10,000, to wit, _____ dollars (state exactly, if possible, or approximately, the amount disputed).
- 4. The determination of tax contained in the said deficiency letter is based upon the following errors:
(Enumerate specifically the assignments of error in a concise manner.)
- 5. The facts upon which the taxpayer relies as the basis of its appeal are as follows:
(Here set forth a brief statement of the facts—but not the evidence—in orderly and logical sequence, so as to enable the commissioner to admit or deny each allegation.)

6. The taxpayer, in support of its appeal, relies upon the following propositions of law:
(Here state briefly each question of law in dispute, without argument or citation.)

Wherefore the taxpayer respectfully prays that this board may hear and determine its appeal.

_____ (counsel for taxpayer).
_____ (post-office address).

STATE OF _____, county of _____, ss:

William Smith, being duly sworn, says that he is the president of the John Doe Co., above named, and as such is duly authorized to verify the foregoing petition; that he has read the said petition, or had the same read to him, and is familiar with the statements therein contained; and that the facts therein stated are true, except such facts as are stated to be upon information and belief, and those facts he believes to be true.

Sworn to before me this _____ day of _____, 192_____.

_____ (notary public).

(See rules 5 and 27.)

No. 3

UNITED STATES BOARD OF TAX APPEALS

Appeal of _____, Docket No. _____

APPLICATION FOR SUBPENA

To the United States Board of Tax Appeals:

Application is hereby made for the issuance of a subpoena for the attendance before _____ (the United States Board of Tax Appeals, or the name and official title of the person authorized to take depositions) at _____, of the following persons, whose oral testimony is desired on behalf of (taxpayer or the United States) in the matter of the tax liability of the above-named taxpayer now pending on appeal:

Name, _____.

Address, _____.

Details required under rule 40: _____

Dated _____, 192_____.

(Signed) _____.

(See rule 40.)

No. 4

UNITED STATES BOARD OF TAX APPEALS

Appeal of _____, Docket No. _____

SUBPENA

The President of the United States of America to _____, greeting:

You are hereby commanded under penalty of law to be and appear in your proper person before the _____ (United States Board of Tax Appeals, or the name and official title of the person authorized to take depositions) at _____ on the _____ day of _____, 192_____, at _____ o'clock _____ m., then and there to testify on behalf of _____ (taxpayer or the United States) in the matter of the tax liability of _____, now pending before this board.

You are required to bring with you the following, to wit: _____

By order of the United States Board of Tax Appeals, this _____ day of _____, 192_____.

[SEAL] _____ (member).

(See rule 40.)

PROOF OF SERVICE

STATE OF _____, county of _____, ss:

_____ being first duly sworn, says: "I am a citizen of the United States of America, over the age of 21 years, and not a party to or in any way interested in the appeal in which this subpoena was issued."

That on the _____ day of _____, 192_____, I served the annexed subpoena on the following witnesses named therein at the places set opposite their respective names by delivering to and leaving with each of them personally a copy of said subpoena and at the same time exhibiting to each of them this original.

Name, _____ Place of service, _____.

(For witnesses subpoenaed on behalf of taxpayer.)

That at the time of such service I tendered to each of said witnesses the sum of \$_____, the same being the fees and mileage provided by section 900 (i) of the revenue act of 1924.

Subscribed and sworn to before me this _____ day of _____, 192_____.

No. 5

UNITED STATES BOARD OF TAX APPEALS

Appeal of _____, Docket No. _____

ORDER TO TAKE DEPOSITIONS

On reading and filing the application of _____ (taxpayer or commissioner), to take the testimony by deposition of _____ (names of witnesses), residing at _____, alleged to be material witnesses in this cause, at _____ (room number, street number, and place), on the _____ day of _____, 192_____, at _____ o'clock _____ m., and it appearing therefrom that _____, a _____ (official title) of _____ (address), is a person authorized to administer oaths under the revenue act of 1924, it is by the board, this _____ day of _____, 192_____,

Ordered, That the depositions of the said witnesses above named be taken at _____ (room number, street number, and place), commencing on the _____ day of _____, 192—, at _____ o'clock — m.

And it is further ordered, That the said depositions be taken before _____, of _____, a _____ (official title), who is hereby designated by the board for that purpose.

The said depositions shall be taken and the same returned to this board in accordance with the rules of the board.

[SEAL.]

(Member, United States Board of Tax Appeals).

(See rules 41 and 42.)

CERTIFICATE OF RETURN

I, _____, the person named in the foregoing order to take depositions, hereby certify:

1. I proceeded, on the _____ day of _____, A. D. 192—, at the office of _____, in the city of _____, State of _____, at _____ o'clock — m., under the said order (and in the presence of _____ and _____, the counsel of the respective parties) to take the following depositions, viz:

_____, a witness produced on behalf of the _____ (taxpayer or United States).

_____, a witness produced on behalf of the _____ (taxpayer or United States).

_____, a witness produced on behalf of the _____ (taxpayer or United States).

That said witness— were examined under oath at such times and places as conditions of adjournment required, and that the testimony of said witness— (or their answers to the interrogatories filed) was taken stenographically and reduced to typewriting by me or under my direction.

2. I further certify that after the said testimony of said witness— was reduced to writing the transcript of the testimony was read and signed by said witness— in my presence, and that _____ (each of them or he) acknowledged before me that said testimony was in all respects truly and correctly transcribed.

3. I further certify that after the signing of the deposition in my presence no alterations or changes were made therein.

(Signature of person taking deposition).

[SEAL.]

(Official title).

[NOTE.—The order and return should be attached to and bound with the transcript preceding the first page thereof. It should then be inclosed in a sealed envelope and addressed to United States Board of Tax Appeals, Earle Building, Washington, D. C.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. BACHARACH]. [Applause.]

Mr. BACHARACH. Mr. Chairman, this is perhaps the first time in the history of our Government, excepting the trying days of war, that the preparation and consideration of a revenue bill has been so entirely devoid of partisan politics, and the bill now under consideration may truly be offered to the Congress and to the country as a nonpartisan or bipartisan measure, and I entertain the hope that the example set by the committee, and which no doubt will be followed to a large extent by the Members of the House, may be followed in the preparation of all future revenue measures.

There should be no politics in the matter of taxation; it is a matter that is too vital to the welfare of the Government and to the people to be considered from a partisan standpoint rather than from a business standpoint. The Ways and Means Committee, as I view it, are the financial directors of the largest and soundest corporation in the world, and it can be truthfully said that every member of the committee has given the preparation of this revenue bill his honest, conscientious, and best judgment.

Of course, there is bound to be some difference of opinion as to details. You can not get 25 men together to consider a proposition of any kind where they will not try to incorporate their individual opinions; that is so not only in legislative matters, but we find it existing in private enterprise. You who have had the experience of serving on boards of directors or advisory boards know this to be the fact, and there must be a system of give and take in order to accomplish as far as possible that which is set out to be done.

When our committee concluded its hearings and got down to the work of framing the bill there were 25 different ideas and plans as to how some part of the bill should be framed and as to the taxes that should be reduced or repealed; and it is really remarkable that the committee has been able to bring forth a bill which has merited the support of both sides of the committee and apparently has received the universal approval of the country.

It is my observation that the people of the country care little or nothing as to which political party gives them a reduction in taxes; they are only interested in knowing that the affairs of our Government are so administered that their individual taxes can be reduced.

I think it is fair to say that each of us still entertain certain ideas as to what would constitute an ideal revenue bill and would like to see those ideas made effective by law. Like other members of the committee and of the House, I feel that there still remain in the bill some taxes which should be eliminated or reduced.

At all times our committee was confronted with the opinions of the Secretary of the Treasury and his assistants to the effect that it would be an extremely dangerous financial policy to go beyond \$300,000,000 in reducing taxes. Personally I believe that that amount is too conservative, and we could possibly extend it to \$400,000,000 without the danger of facing a deficit. However, if there are any surplus funds in the Treasury created by the receipts from this bill, the amount will be applied to the reduction in our public debt, and that means a further indirect reduction in taxes, since it is estimated that every hundred millions of dollars applied to the reduction of our public debt results in a saving of \$3,750,000 in interest. Interest is paid out of the revenues received from taxes, hence the less interest to pay the less taxes to pay.

In so far as the income-tax schedule is concerned, I feel that this is a well-balanced bill. Of course, the greatest relief, and in my judgment rightly so, is given to the largest class of taxpayers, those with taxable incomes of \$5,000 and less. By reason of the increased exemptions allowed to married and single persons and the reduction that has been made in the normal rates, several millions of people who were obliged to pay a small tax under the 1924 law will be relieved of paying any tax at all under the provisions of this bill, while those with taxable incomes up to \$10,000 have been given a very substantial reduction.

I am not in accord with those who advocate the elimination of all tax on incomes up to \$5,000, for I believe that it makes for the betterment of our citizenship if everyone earning a reasonable income were obliged to pay some Federal tax. On the basis of but one taxpayer in the 25,000,000 families in this country, only 16 per cent of American families pay directly toward the cost of their Government.

The ideal tax would perhaps place a levy on the income of every person above a certain amount; of course, it should be very light on those with small incomes, but if there was a flat tax on gross incomes even as low as \$5 on \$5,000 incomes, it would yield a tremendous amount of revenue without inflicting any hardship, and the man or woman who would protest against paying such a small tax for the benefits received from our Government could hardly call himself or herself a real American citizen.

The age limit for dependent children should be raised from 18 to 21 years. This is the age when our boys and girls are entering the higher institutions of learning, and their parents must pay for their education. In these days the poorest father and mother want their children to have the advantages of education which they were not able to enjoy, and for that purpose they are willing to deny themselves even the real necessities of life in order that their children may complete their education and be better equipped to fight the battles of life. So just at the age when our boys and girls become the heaviest drain on the family treasury the present revenue law looks upon them as independent and denies their parents the right to further exemption in making their income-tax return.

The corporations of the country should have been given some relief in this bill. The present corporation tax is 12½ per cent. The theory of corporation income tax was that its rate should correspond to the rate of the normal tax on individual income. This theory was followed out in the revenue acts from 1913 to 1917. In the act of 1917 the corporation tax was jumped two points higher than the normal rate. In 1918 it was made 12 per cent, the same as the normal rate on individuals. In 1919 and 1920 it was cut 2 per cent, while the normal rate on individual income was dropped 4 per cent. In 1921 the individual rate was 8 per cent and the corporation rate was 10 per cent, and then when the excess-profits tax was eliminated the corporation tax was increased from 10 per cent to 12½ per cent. This tax now often requires all the cash profits of a corporation to pay it, and, like the surtax on individuals, if it is continued at too high a rate it will work to the disadvantage of business and the Government. I believe the principle of taxing corporations at the same rate as individuals is fair and just and the best to be followed.

Mr. McKEOWN. Will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. McKEOWN. What is the argument against allowing a corporation the same schedule of reduction as an individual?

Mr. BACHARACH. Of course we do allow corporations—

Mr. McKEOWN. You charge them a greater rate than you do individuals.

Mr. BACHARACH. The corporation tax was raised in 1924 from 10 per cent to 12½ per cent, because we got rid of certain taxes that individuals were paying at that time. As to the difference between corporations and individuals, we allow small corporations an exemption of \$2,000, and, of course, a man with an income of \$60,000 just reaches approximately the 12½ per cent mark. With the exception of the fact that we need the funds, I see no reason why the corporation tax should not have been reduced.

I was not in favor of the capital-stock reduction because, I think, after all, the money that is earned by corporations, if we could get them to pay it out as dividends, would go to the individuals, and then they would pay the normal and surtax on that money, and the country would be better off.

Mr. McKEOWN. If the gentleman will yield further, here is a gentleman who is incorporated, and over here is another gentleman who is not incorporated, and the gentleman who is incorporated can ask some very embarrassing questions in having it explained to him why he has to pay more than the other man.

Mr. BACHARACH. I think that is true, and the committee tried to work that out, and they tried to get up an arrangement, although I do not think it was put in the bill, so the return of a small corporation could be made as a partnership instead of as a corporation.

Mr. CRISP. Will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman from Georgia.

Mr. CRISP. Is it not true that, while the committee would have been very glad to reduce the tax, the Secretary of the Treasury stated the exigencies of the Treasury were such it was not advisable to reduce the corporation tax, and that the Government needed the amount of money it was collecting from corporations to meet its requirements.

Mr. BACHARACH. That is absolutely true.

Mr. ARENTZ. Will the gentleman yield further?

Mr. BACHARACH. I yield to the gentleman.

Mr. ARENTZ. Have you in mind the number of returns of \$5,000 and under made in the United States and the cost of collecting the same?

Mr. BACHARACH. That is in the hearings. I do not recall the exact figures, but I do want to say to my friend that we were told it was costing a great deal more to collect those taxes than what they would amount to, but it was shown us that it was costing a great deal less than any member of the committee had any idea.

Mr. ARENTZ. Why does not the committee present an amendment making it so that a man making a return of \$5,000 or under pays a definite sum of money covering that return—\$5 or \$7.50—and eliminate the cost of Government supervision, because that is an enormous amount?

Mr. BACHARACH. Naturally every member of the committee had a different view regarding this very item. Every man on the committee is sincerely interested in trying to help the taxpayers of the country; but it was impossible to work out any other basis for the present than what we have worked out, and that is the reason why we have provided for the creation of a special committee to look into the question of the adoption of a system of taxation that will be sane and sound for the business and for the people of this country.

Mr. ARENTZ. Is it your opinion that the department is cluttered up because of this condition?

Mr. BACHARACH. Not because of the small taxpayers. I think they were cluttered up some years ago by large taxpayers getting an extension of time; and in addition to that, of course, it was naturally a new proposition, and there was bound to be delay, although the Treasury Department has tried to speed the matter up.

Under the 1924 bill we established a Board of Tax Appeals, responsible to no one except the people of the country, and I think that is one of the best features of the bill, and I hope the Members of this House realize of how great importance this board is, because it is a board where a man can go, regardless of what the department says, and get justice, whether justice be in his favor or against him.

Mr. TILSON. Will the gentleman yield?

Mr. BACHARACH. I am pleased to yield to the leader.

Mr. TILSON. Before leaving entirely the question of exemptions, has the gentleman considered the matter of keeping

low the exemptions and then leaving it more than we have ever done heretofore to the honor of the taxpayer who is in the group of small taxpayers, and instead of appealing it letting it go according to the report which the taxpayer sends in?

Mr. BACHARACH. Yes.

Mr. TILSON. In Great Britain, for instance, where the exemption is much lower, when the report is sent in, if it is a false report, of course it can be investigated, but so far as the smaller income returns are concerned, they accept them very largely upon the face of them, relying upon the honor of the people in general.

Mr. BACHARACH. Yes.

Mr. TILSON. And in that way the expense of collecting these taxes is very much reduced.

Mr. BACHARACH. The expense has been very substantially reduced.

There seems to be some criticism of the bill because it does not give equally as much relief to those who come within the middle brackets of the surtax schedule, say, from \$20,000 to \$60,000, as it does to those in the brackets above and below these amounts.

It is true that the percentage of reduction in those brackets is lower than in the others; but that is not so because there was any disposition on the part of the committee to put a heavier burden on the shoulders of those taxpayers who come within these brackets but because it could not be worked out otherwise.

It was agreed by the committee that the surtax rate should begin on incomes above \$10,000 and progress step by step until the maximum rate of 20 per cent on incomes above \$100,000 was reached.

To spread the tax out as fairly and equally as possible, and in order to keep the schedule as simple as possible so that there would be little difficulty on the part of the taxpayer in making out his return, we had to resort to the use of even numbers both in the amount of income and in the rates applied. For instance, it would complicate matters all around if in making the graduations we had jumped the grades by \$200 or \$300 or \$500 and the rates by a quarter, a half, or three-quarters per cent. But while the percentage of reduction in these grades is not as much as in the other grades they do receive a very substantial reduction, when we consider the relief that has been given to this class of taxpayers in the acts of 1921, 1924, and the present bill.

In this connection I want to emphasize the reductions that have been made in the total tax on individual incomes in these brackets under the act of 1924 and in the present bill, as compared with the act of 1921. The figures apply to the head of a family without dependents, the first \$5,000 of all income deemed to be earned income.

Total tax	1921	1924	Present bill
\$5,000	\$100.00	\$37.50	\$16.88
\$10,000	520.00	207.50	129.38
\$15,000	1,060.00	557.50	400.38
\$20,000	1,720.00	1,017.50	810.38
\$25,000	2,560.00	1,607.50	1,350.38
\$30,000	3,520.00	2,317.50	2,019.38
\$35,000	4,630.00	3,127.50	2,779.38
\$40,000	5,840.00	4,037.50	3,639.38
\$45,000	7,180.00	5,037.50	4,599.38
\$50,000	8,640.00	6,137.50	5,559.38
\$55,000	10,230.00	7,367.50	6,609.38
\$60,000	11,940.00	8,677.50	7,659.38

With these substantial reductions in mind I do not believe that any taxpayer within these brackets has the right to make any serious complaint.

I am frank to admit that the bill reported by our committee is not what might be termed a perfect tax bill by any means. It again makes further reduction in taxes and to some degree it changes the administrative features of the old law looking to a simplification of our tax methods. To that extent it may be said that it contains some element of tax reform, and with that end particularly in view it provides for the creation of a joint commission on taxation, to be composed of five Members of the House, five Members of the Senate, and five members from the general public, to be selected by the President, and all to serve without pay.

It will be the duty of this commission to study the question of taxation in all its ramifications for the purpose of assisting Congress in making some real reform in our system of taxation, looking to the simplification of the method of filing our tax returns, so that anyone can make out his return without the help of an expert accountant or legal adviser.

There is no question but what this can be done; it should be possible to so simplify our tax law that the system of a normal tax and surtax can be done away with and replaced by one tax schedule for income tax. It ought to be possible to so simplify it that Federal taxes might be collected somewhat in the same manner as taxes are collected by local municipalities, with the Government sending the taxpayer a bill for the amount of tax due and the taxpayer remitting that amount to the Government without any fear that he is making an overpayment or an underpayment.

I believe the appointment of this commission is a step in the right direction, but I want to see the commission appointed without any delay following the passage of the bill, and I want to see that commission get down to work without any delay so that Congress may have the benefit of its recommendations soon after without any lapse of a year or two between the time of its creation and a report of its findings. It has been my observation that because of the delay in making their reports these commissions lose their effectiveness, and their findings are of little value to Congress.

Mr. CRISP. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Chairman and gentlemen of the House, at a recent bankers' convention in St. Petersburg, Fla., one gentleman used some very violent language against Chairman GREEN, of this committee, and the gentleman from Texas, Mr. GARNER, because, forsooth, they were not willing to repeal the estate tax. He said it was bolshevism, communism, and socialism.

Now, gentlemen of the House, that shows the monumental ignorance of this gentleman; he is either an ignoramus or intentionally misrepresented. The estate tax is one of the oldest forms of taxation in the history of governments. In Babylonian periods this estate tax was enforced, and it took one-twentieth of the estate. Under the Roman law, under Augustus, they took one-twentieth of the estate to support the Roman Army in its campaigns to conquer the world. Under the English Government since 1780 the estate tax has existed. It is the most economical form of taxation from an economic standpoint that you can have. I will leave it to any good lawyer in the House, that under the common law the estate did not go to the heirs, but to the Crown. The privilege to receive property as an heir is not a natural right. You bring nothing into the world and you can take nothing out. The right to inherit property is not a natural right, it is a statutory right granted by the Government. So what do we find? Under the tax law of this Government taxation from the standpoint of the Federal Government is entirely a different proposition than the taxation of the estate by the several States; while the Federal Government taxes the right to pass the property down to the children the State taxes the right of the heir to receive the property—two different principles of taxation.

The tax by the Federal Government is a tax on the whole estate. The right to transmit the property down and the right of the State to tax is based entirely on the right of the heir to receive the property—two distinct principles of taxation not in conflict with each other.

I say here and now if it is the purpose to give away the right of the Federal Government to tax estates I am opposed to it. We give the State 80 per cent of the tax in this tax bill. We are not obliged to give them a cent. We tax from one standpoint and they tax from another. The United States Government taxes a man because it permits him to pass the estate down, and that takes the whole estate. The State taxes the right of the individual citizen to receive the property. I say here and now that it comes as a strange argument from men who believe in the eternal union and supremacy of the National Government to give away the power of the National Government of this just right to tax.

Upon the policy of how much the tax should be we may all differ. In my opinion how much you ought to take from an estate may differ from others. My mind may look at it from a different standpoint, but I reiterate now that Congress in the passage of this bill is conceding to the State a mere gift of 80 per cent in taxes. You are not giving the State anything of their own. You are giving them this amount, and in my opinion it would be better legislation to simply reduce the estate tax of the Government down to where it will not interfere and make the same income rather than to concede to the States that they may take credit of what they pay. It is wrong in principle—this credit on a State—because it is not founded on the same basis of taxation.

Another proposition is that the National Government taxes the estates because all property comes in from different States

of the Union. The State can only tax on the property within the borders of the State or that property which was within the borders when the death occurred. Therefore, I say to you that all this talk about repealing the estate tax by the Government is wrong. If the young men fortunate to inherit great fortunes would do like some that we have had, who came into the House, take the hardships of public life, those who can afford to do it, it would be a great example to the American youth, and we would have no reason to go out and take from them what is justly theirs. But, gentlemen, the trouble in this country to-day is that, unfortunately, many of the youths who inherit great fortunes in the country, instead of putting in their time trying to do something for the betterment of the American people and getting into public life and devoting themselves to the arduous task of accomplishing something as sons of America, waste their inheritance, disgrace American citizenship at home and abroad. I say to you if they keep up that kind of conduct the people of the United States will some day be justified in saying that beyond a certain amount of money we will not permit you to inherit but will take it for the common good of the country.

If it were possible to separate the fortunes of this country into classes, whereby you could take the fortune of him who by reason of special benefits and privileges has gone out and destroyed the natural resources of the country, who has decimated its forests and taken its minerals and left it worthless, if you could put your hand upon him in a taxable way, you owe it to the American people to take from him and give back to them something of what has been unlawfully taken away from them.

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

Mr. McKEOWN. Yes.

Mr. BLOOM. The gentleman says that there are different ideas about the collection of the money. Do not the State and the Government collect from the estate itself?

Mr. McKEOWN. No; the National Government collects from the whole estate and the State collects only from the heirs its part. The law of Oklahoma is the same as the law of the gentleman's State, New York. Each child has an exemption of \$10,000 on the first \$25,000. The child will pay only 1 per cent on \$15,000, but the whole estate is taxed by the Federal Government.

Mr. BLOOM. But does not the entire amount come out of the estate itself?

Mr. McKEOWN. The entire amount comes out of the estate. The part that goes to the Federal Government comes out of the entire estate and the part that goes to the State comes out of the heirs.

Mr. BLOOM. It makes no difference.

Mr. McKEOWN. Oh, it does, because it is a different amount, collected differently.

Mr. BLOOM. The gentleman does not object to the young fellows he is talking about going out and spending this money, does he? That puts it in circulation.

Mr. McKEOWN. I have no objection to their spending their money. But while they are spending their money they are not acting the part of good American citizens, and when they go out and set a bad example by disgraceful and riotous living they are not doing what is right. I believe in their doing some real substantial work, like the Speaker of this House, like the gentleman from New York [Mr. MILLS], who are willing to undertake the hardships of everyday American citizens and go in and fight their way, despite the fact that they have plenty of money to live on in leisure and enjoy idleness.

Mr. BLOOM. But it does get the money in circulation if they spend it.

Mr. McKEOWN. Oh, I know it will suit the gentleman to have it put into circulation, but not very much of what they spend ever gets down into Oklahoma. [Laughter.] They spend it in the gentleman's city and out of the country.

Mr. ALLGOOD. Does the gentleman not think he is making undue discrimination against the young men, especially when some of our young women, or women, want to marry so many of these would-be counts.

Mr. McKEOWN. The idea that I am trying to convey to this House is that the thing that I would like to do is impracticable, because it can not be done, but if I could do it I would take the fortunes of the men who have gained their wealth by decimating the natural resources of the country to the detriment of the people of this country in future to come, and give it back to the people from whom they took it.

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

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, it is with considerable hesitancy that I permit myself to make any remarks concerning this revenue bill. However, since I was much interested in the many viewpoints expressed on this same subject last year, it now seems to me that as the committee has practically finished its presentation of the bill some of us may be permitted to add something of an historical nature and express our amusement over the changes of mind indicated during the discussion of this bill. So many somersaults have been turned that unless proper explanations are offered we may ourselves assume to understand the reasons for them. Certainly many who expressed themselves forcibly in 1924 must since have learned something from public opinion. There are certain things to which I wish to refer especially. I express satisfaction on finding some of the provisions which were so earnestly advocated last year changed in this bill—the publicity section, for example. What good has come of that? The people had an opportunity of finding out who among their neighbors whom they thought should pay taxes were escaping, and were thereby convinced that we ought to do away with tax-exempt securities and other provisions of the law permitting evasions. We all know from which side of the House the opposition to tax-exempt securities came. Did this effect on the public mind—this favoring of the abolition of such securities—in part account for the change in the attitude of those who formerly opposed that constitutional amendment? Yesterday many methods of evasion were recited here—tax-exempt securities, incorporation, contributions to incorporated societies, and similar methods of escape from taxation. The list could have been greatly increased and made interesting, indeed, to the public at large.

The able men here could have continued in their exposition of the innumerable ways by which the tax is avoided legally, facts interesting and of value to us, so that from the knowledge of them we may suggest possible ways to remedy the existing situation. I may hold old-fashioned views on the matter of taxation. I appreciate in the title of the bill the words "to equalize taxation." I have always felt that in the constitution of my own State the two most important words used regarding taxation were "reasonable" and "proportional."

The words stand for "equality." Compared with the act of 1924 this bill is reasonable. It is an "attempt toward equality." Nevertheless we still have in this bill the doctrine that the people should be obliged to pay according to their ability to pay, as though income truly measured real ability. The best exposition of this theory was made by the gentleman from New York [Mr. MILLS], who said, "I am a friend of the graduated income tax and I believe in it," but, I think, might have added, "but I believe in it only up to 20 per cent. Beyond that it is a punitive measure, and I no longer believe in it." I rather suspect that he fully realizes the great danger of taxation when used for punitive purposes. Many of us have misgivings about indorsing a graduated income tax, realizing that some day it may be employed for social or political purposes either in an attempt at leveling fortunes or granting special exemption by political parties in return for support.

I may ask consideration of an amendment to the inheritance tax clause. On the whole, I am pleased with this bill; I am ready to vote for it almost in its entirety, but I should like to make a suggestion relative to this section. It allows a deduction of 80 per cent. Why not make it 100 per cent? If it is a revenue measure—and I presume that the answer would be in the affirmative—why so large a percentage of deduction as 80 per cent? If a principle is to be enunciated, why not give an estate credit for the whole tax paid to the State? Would not this meet the objection raised with regard to the State of Florida? Why not give a small estate, or any estate, credit for the full amount?

Mr. CRISP. Does the gentleman desire me to give the reason?

Mr. GIFFORD. I shall be very glad if the gentleman will do so.

Mr. CRISP. Because the committee feel that if the Federal Government went to the expense of collecting it the Federal Government was entitled to receive part of it. The committee also thought many men dying in the gentlemen's State, or my State, leaving large fortunes did not acquire all of that fortune from that State, but it came from transactions made throughout the entire United States, and therefore it is nothing but right that the Treasury of the United States should receive part of the tax.

Mr. GIFFORD. I am glad to receive the gentleman's answer, and that may be a proper explanation. But we are trying to bring about reciprocal relations between the States. For 20 years I have followed, and at times participated in, the

affairs of the National Tax Association, composed very largely of patriotic men who have given their best thought and consideration to these matters, endeavoring to bring about comity and reciprocal relations among the States. Results have been slow and discouraging. In the matter of inheritance taxes Massachusetts has recently entered into reciprocal relations with New York, but when New York asked the same of the State of Wisconsin what was the answer? The answer was, "No. It is a one-sided proposition. You gain infinitely more than we." And after 20 years of trying to bring about friendly and reciprocal relations between the States in this regard we have the example of one or two other States which, in the matter of inheritance taxes, is certain to bring retaliation and frustrate these friendly efforts toward uniformity. It is, indeed, discouraging that so little progress is being made with such a splendid organization as the National Tax Association lending its aid to a better understanding of these matters. It was stated yesterday that no tax bill can be successful unless it is based on the willingness of the taxpayer to pay. Perhaps when the Volstead Act is brought to us for possible revision we will be informed that "It is useless to pass legislation save in the form that all citizens will be willing to abide by."

This may be true, but it will be hard for you and me as legislators representing the people to accept such a doctrine. It would be a confession of the futility of the Government. I want to congratulate the committee because it has reported a good tax bill, particularly so if the revenue measures of most of the States truly reflect the views and prejudices of the different sections of the country. The methods of taxation in the State of New York are frequently referred to, and while I do not wish to criticize any particular person because of his viewpoint, I do want to comment on the tax conditions of that State because of the many comparisons which have been made and put in the RECORD. In the State of New York intangible property is not within the reach of the local assessor. A tremendous burden is imposed on real estate. People having intangible wealth pay a tax of only 1 per cent on an income of \$10,000, 2 per cent on one of \$20,000, and on an income of \$50,000 only 3 per cent. The wealthy people of New York should indeed be willing to pay the Federal tax. Contrast these rates with those of Ohio, Illinois, and Indiana and the other States where the general property tax is still continued through the desire to retain at least a semblance of a law intended to express "equality," even though it may not be strictly enforceable.

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

Mr. GIFFORD. Yes.

Mr. MILLS. Do you know how much we collected in New York when we had a general property tax on intangibles?

Mr. GIFFORD. I do not know the amount, and I do not care what it was. You collect more now than you did before. You failed to administer the property tax. In fact, you are collecting so much now that you in New York are even suggesting that you make the rates lower than they are.

Mr. MILLS. But the gentleman does not want to quote me as advocating that.

Mr. GIFFORD. Very well. I compliment those States which do have a tax law expressing the idea of equality. They are unwilling to acknowledge that it is futile for the Government to attempt to collect from its wealthy citizens what is justly due the State. Follow the New York idea to its logical conclusion and how long do you expect the wage earners of this Nation to continue to pay a tax of \$30 per thousand, in order to have a place in which to live, while the man of intangible wealth pays only 60 cents per \$1,000 thereon?

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CONNALLY of Texas. Is not the gentleman's argument as to the escape of the wealthy man from these intangible taxes an argument on the necessity of an inheritance tax?

Mr. GIFFORD. It may be necessary, to catch a culprit. What one of a delegation from Virginia and other States, who recently visited Massachusetts, said to me will always remain in my memory. "I am much surprised," he said, "that your people have so much sentiment in their business." Many New England families have for 50 or 100 years been keeping up and building up large manufacturing establishments and in many cases seemingly continuing the business from sentiment alone. When the head of the family dies there he is not considered to have been a "tax dodger" during his lifetime, but a patriotic citizen. You would be obliged to sell that accumulated property at a great sacrifice in order to exact from it a big inheritance tax and perhaps thereby ruin, or at least cripple, an entire

community. It might, of course, be necessary to do so if that were the only way you could get those estates which have persistently evaded taxation.

I want to again congratulate this committee on the fact that it has framed an income tax bill of such reasonableness. In the discussions on the tax-exemption securities amendment last year I tried to call your attention to the fact that if it were adopted every State would be forced to adopt an income tax in order to avail itself of the reciprocal provision therein, and it seemed at that time that the forcing of that issue was of more importance to the advocates than the constitutional amendment itself, although this phase was apparently not openly stressed, lest the amendment lose support.

A year ago I sent for copies of the income tax laws of the various States. They contained some interesting information. States whose laws had provisions relative to "publicity" and generally a \$1,000 fine or imprisonment for the divulging of information, and a clause to the effect that returns should be destroyed after three years, were represented in Congress by men who voted for the publicity clause in the revenue act of 1924. This year it seems that we are to find them expressing the ideas set forth in their own State statutes, however. Mr. Chairman, my reason for taking up these few minutes is my deep interest in the subject matter under debate. I could not sit here without saying a word and listen to the enunciation of a principle suggesting the futility of our Government in the collection of taxes except in such a degree as wealth would be willing to pay. No one is overeager to pay taxes; there is perhaps a natural inclination to avoid the payment, if possible; but equality in the levying and payment must be insisted upon, "willingness or no." [Applause.]

Mr. GARNER of Texas. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLACK]. [Applause.]

Mr. BLACK of Texas. Mr. Chairman, a good deal of emphasis in this debate has been laid on the fact that this pending bill was framed as a nonpartisan measure. I am glad that statement is true. The whole country, irrespective of political parties, is interested in tax reduction, and the people are not looking at it very much from a party standpoint.

Since I have been a Member of Congress one thing has been uppermost in my mind, and that has been to make my legislative work an affirmative and constructive service and not one of mere negation and criticism. For that reason I have never been very much of a stickler for partisanship. Perhaps not as much as I ought to be. I believe in political parties alright. I believe they are necessary in a republican form of government, in order that the voice of the people may have definite forms of expression, but while realizing fully their necessity, I do not believe that it is either necessary or advisable to undertake to give every subject that comes up in Congress a partisan aspect.

I read once of a miller who built his mill upon a hill. One road to the mill led through the valley and one came round over the hill, but never once did the miller inquire which way his customers came, but only "Is the grain good?" And that is the important inquiry that the country will make about this bill: "Is the grain good?" and they will not inquire very much the political complexion of the vote by which it was passed. The people are much more interested in results than in party maneuvering.

THE ESTATE TAX

Mr. Chairman, in the time allotted to me in this debate I want to discuss the estate-tax provisions of the bill and the related question, whether the levy of an estate tax by the Federal Government infringes upon the rights of the States. My reason for doing this, or at least one of the reasons, is that recently a good deal has been said in the press of Texas regarding this tax, and at the present time some gentlemen of the Texas Legislature, the house and senate, headed by the speaker of the Texas House of Representatives, Hon. Lee Satterwhite, of Amarillo, are in Washington to press for a repeal of this tax. Of course, they have a right to be here. They have a right to present their views, but I do not think their views are the views of a majority of the people of Texas. I am perfectly willing, as I always am and always have been, to state what my position is and to undertake to give reasons why I hold to that position.

I am glad that the Ways and Means Committee of the House has resisted the strenuous efforts that have been made to repeal the inheritance tax. There has been a well-organized and well-financed propaganda for many months to repeal the inheritance tax. On March 31 last I received a letter transmitting to me the resolutions adopted by the American Bankers'

League at Richmond, Va., on the 17th of March, and resolution No. 3 of that meeting read:

No inheritance tax should be levied by the Federal Government, leaving all death taxes as a source of revenue to the States.

To that resolution I promptly replied:

No; the Government of the United States owes a war debt aggregating more than \$20,000,000,000, and it requires to pay the interest on that debt and to provide the necessary sinking fund for its orderly payment and retirement more than \$1,250,000,000 a year.

I said:

It is going to take real money to pay this with, and it is going to have to be raised by taxation in one form or the other, and I know of no better tax to raise a part of the money required than an estate tax levied at moderate rates.

The contention that all death taxes should be left entirely to the States will not stand the acid test of reason. There would be much stronger argument for that position if fortunes were accumulated entirely within the boundaries of the particular State where the decedent resided at the time of his death. We all know, however, that such is not the case. Take the case of Mr. Henry Ford as an example. I presume that he has accumulated the largest personal fortune of any man in the United States. Every State in the Union has contributed to the accumulation of that fortune. Every Ford automobile owner, for example, in the State of Texas, which I have the honor to represent in part, has contributed some part of it. Yet those who advocate the leaving of inheritance taxes entirely to the States would say, when Mr. Ford dies, which I hope will not be until many years hence, the State of Michigan or other States where his property is actually situated should be the only taxing authority permitted to levy a tax on his estate, and that the Federal Government should be compelled to keep hands off. I am opposed to that contention.

When the clouds of war enveloped this country and it was necessary for the youth of the land to respond to the call of arms, the Federal Government did not keep hands off. Oh, no; it had to conduct the national defense. It went into the homes of the people and took the flower of the youth of the land and sent more than 2,000,000 of them across the sea, and some of them died on Flanders Field, and many have died from diseases contracted, and others were wounded and disabled, and these and their dependents must and will receive fair and generous treatment at the hands of the Federal Government. This will cost many millions of dollars each year. A war debt of more than \$20,000,000,000 must be paid; yet under the guise of State rights these big, swollen fortunes are crying from the housetops, "Let us alone. Stay the hand of the Federal Government in taxing us. You are interfering with the sacred rights of the States."

The situation reminds me of one of Aesop's Fables, which tells of a bat falling upon the ground and was caught by a weasel, of whom he earnestly sought his life. The weasel refused, saying that he was by nature the enemy of all birds. The bat assured him he was not a bird but a mouse, and thus saved his life. Shortly afterwards the bat again fell on the ground and was caught by another weasel, whom he likewise entreated not to eat him. The weasel said that he had a special hostility to mice. The bat assured him that he was not a mouse but a bird, and thus a second time escaped.

It is this sort of a subterfuge that the advocates of the abolition of the Federal inheritance tax are endeavoring to perpetrate. Now that the Internal Revenue Department of the Federal Government has hold of them they cry out, "Leave us alone. We belong to the States. In the sacred name of the rights of the States we plead for exemption." And then if Congress in a moment of ill-considered action heeds this plea and turns them loose and says: "Go to the States," then watch the hiking "to Florida or bust," and some other States which either impose no inheritance tax at all or else a very small one, and see them establish a residence there, or at least a pretended one.

And the matter would not stop there, but some of these very organizations which are now clamoring for the repeal of the Federal inheritance tax would transfer their activities to the door of the State legislatures and plead for the repeal of the State inheritance taxes on the ground that these taxes were driving capital out of the State. They would cite the instance of Florida, that had in its constitution a prohibition against the levying of an estate tax. Then they would cite the instance of millionaires who were moving to Florida to establish a residence, or at least a pretended one, and would say, "Look at

the money our State is losing! Better repeal our State inheritance tax altogether and keep our State money at home." The bat was a wise old bird in Aesop's time, and he has lost none

of his cunning in the present day, as is witnessed by the shrewd and well-laid and well-financed propaganda for the repeal of the Federal inheritance tax.

The Federal Government in levying an estate tax makes no attempt to coerce the States into levying a similar one. "But," say some of the esteemed Representatives in Congress from Florida, as indicated by questions which they have asked during the debate, "by allowing the estate which pays a Federal inheritance tax a credit of the amount of estate, or succession, or inheritance taxes paid in the States up to 80 per cent of the total amount of the Federal tax you are trying to coerce the States either to adopt an inheritance tax where they now have none at all or else to increase the amount of the one which they do have."

Mr. GREEN of Florida. Will the gentleman yield?

Mr. BLACK of Texas. I will.

Mr. GREEN of Florida. Please tell me how you can answer this:

Representatives and direct taxes shall be apportioned among the several States.

Mr. BLACK of Texas. The gentleman's question calls for no answer in that particular respect at all. The Federal inheritance tax does not have to be apportioned, because it is not a "direct tax" within the meaning of the Constitution, and the Supreme Court of the United States has so decided and has expressly held that it is a tax which the Federal Government has a right to levy under the Constitution of the United States. I cite the gentleman from Florida to the cases of Knowlton and Moore (178 U. S. 41) and the case of New York Trust Co. and Albert W. Pross, executors, decided by the Supreme Court of the United States, October term, 1920. Let me say to the gentleman that it would be just as logical for him to argue that Congress is undertaking to coerce the States into levying an ad valorem tax or to increase the ad valorem tax that they do have because forsooth in the income tax law now we allow every taxpayer, in determining his net income, to take as an allowable deduction in the taxable year every dollar that he pays in ad valorem and State taxes, except taxes for local improvements.

Mr. GREEN of Florida. Should the State of Florida pay more tax to the Federal Government than any other State in the Union? Please answer that yes or no.

Mr. BLACK of Texas. Oh, they are not doing that. Despite the lurid advertisements which appear in the magazines about the fabulous wealth of Florida, I guess it will be a long time before they are paying more taxes than any other State of the Union.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. CONNALLY of Texas. Is it not true that in levying a tax like the inheritance tax the State is not involved in it at all, because it is a tax on the estate of the citizen, and all the Federal Government, with all its machinery, does is to operate not through the State but through the citizen?

Mr. BLACK of Texas. My friend from Texas states the case exactly. We are levying the inheritance tax under identically the same principle and with identically the same machinery as we levy the income tax and—

Mr. GREEN of Florida. Will the gentleman—

Mr. BLACK of Texas. Wait a minute, and I will be glad to yield to my friend from Florida. And when we allow up to an 80 per cent deduction in cases where it has actually been paid to the State, instead of violating a sound principle of taxation we give recognition to one, in that we endeavor to prevent the duplication of taxes. [Applause.] And it is proper that we should do it. We are simply recognizing that sound principle of taxation, and instead of endeavoring to coerce the States into doing something we are giving affirmative recognition to the rights of the States. If a State decides that it needs an inheritance tax of its own in order that it may have a well-balanced system of taxation, we do not want it shut off from doing so by reason of the Federal Government having preempted the field.

Mr. GREEN of Florida. Will the gentleman yield?

Mr. BLACK of Texas. Let me just complete this statement and go a little further. It is a disadvantage to the Federal Government for the States to enact an inheritance tax law if we look at it from a purely selfish standpoint, and instead of trying to coerce you in Florida to enact an inheritance tax it would be a disadvantage to the Federal Government, because

of the very fact that the more you levy the less revenue we will get under the bill. [Laughter and applause.] The Federal Government, however, recognizes that the States are well within their rights when they provide for a State inheritance tax, and in order to avoid double taxation it is perfectly proper and desirable to allow the taxpayer a credit for the amount which he has paid to the State up to 80 per cent of the amount of his Federal estate tax.

I am at a loss to know what sound principle of taxation this provision of the present bill violates. Certainly it does not establish the contention that the Federal Government is trying to coerce the States into levying an inheritance tax. On the contrary, it proves the absurdity of such a claim.

Mr. BLANTON. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. BLANTON. "And further the gentleman from Florida saith not." [Laughter.]

WHAT SHOULD BE THE MAXIMUM RATES?

Mr. BLACK of Texas. Now, what I have said thus far is in answer to those who oppose any inheritance tax at all. Others have criticized the estate-tax provisions of this bill because they lower the maximum rate from 40 per cent to 20 per cent, and thereby make too great a reduction. The answer to that objection is that the overwhelming majority of the American people expect that there will be material tax reductions at this session of Congress and that this shall include reductions in both the graduated income taxes and the graduated estate taxes. Just what maximum rate the majority of the people have in mind as a satisfactory rate for a permanent tax system it would be difficult to say. I do feel perfectly sure, however, that only a very small minority believe that the present maximum rates should continue or that such maximum rates should be higher than 25 per cent.

Personally, I think that the income surtaxes should not stop at 20 per cent, as provided in this pending bill, on all incomes over \$100,000, but should graduate on up to 25 per cent by the scale of 21 per cent for all incomes in excess of \$100,000 and not in excess of \$200,000, and 22 per cent on incomes in excess of \$200,000 and not in excess of \$300,000, and so on up until \$500,000 is reached, and then take 25 per cent of all over \$500,000. And then on inheritance taxes I would have a graduated scale from 1 per cent to 25 per cent, the graduation stopping at estates of \$10,000,000, and a flat rate of 25 per cent on all the estate by which it exceeds \$10,000,000. I would preserve the present exemption of \$50,000 to each estate exempt from any Federal estate tax at all.

Now, I do not advocate these maximum rates of 25 per cent in the income surtax and estate-tax schedules merely to be getting the money. Because if the Government does not need the money, then the tax rate should not be that high, because any unnecessary tax is an unjust tax. But the money is needed to enable us to repeal some of the strictly war excise taxes which are still retained in the bill, and until we are rid of them we should not lower the maximum surtax and estate schedules below 25 per cent. After these strictly war taxes are all eliminated, then if further economy in Government expenditures will permit a further lowering of these maximum rates, I should like to see it done.

I am an earnest advocate of Government economy, and I think my record will show that I have consistently supported it. I do not believe that a wasteful and extravagant Government is beneficial to either the rich or the poor. The Republicans are in control of both Houses of Congress and the Presidency, and being the majority party, naturally the chief responsibility will fall on them. But the fact that we Democrats will be the minority party will by no means relieve us of any part of our responsibility. It will not be the function of the Democratic minority to hinder and obstruct, but its duty will be to cooperate with the majority party whenever cooperation is possible along right lines and whenever cooperation is not possible because of honest differences of opinion, then to propose something better as a substitute for what the Republican majority has offered. Only in that way can we merit and earn the confidence of the country.

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

Mr. CRISP. I yield the gentleman five additional minutes.

Mr. BLACK of Texas. These are my views as to what the maximum rates should be, but I realize that there are 435 Members of this House and that at times we have some divergent views; and if we waited until we got everything to suit us in every important law, we would sit here all the time in a purely negative and critical attitude, and we never could vote for anything. Such an attitude would be too much like

the lawyer who argued "that if the train had run as it should have been ran; if the whistle had been blown like it should have been blew; if the bell had been rung as it should have been rang, both of which they did neither, the cow would not have been injured when she was killed." [Laughter.] I realize, my friends, that if the Ways and Means Committee had "of taken out this in the bill and had put that in it and had of done the other," it would have perhaps suited me better, but on the whole I regard it as a well-rounded, well-balanced bill, and I intend to give it my active support and do everything I can to advance its passage. [Applause.]

Mr. HADLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. RATHBONE].

Mr. RATHBONE. Mr. Chairman, I feel myself in a certain sense under a mandate from the people of Illinois. The Republicans of that State have certain well-defined ideas on the subject of taxation, and they have not hesitated to express them.

In the Republican State convention of 1924 a platform was adopted, one of the planks of which declared in favor of the exemption of all incomes under \$5,000. That convention was led by men and composed of delegates who believed in progress and had at heart the interests of the great masses of the people. The platform which they adopted was throughout forward-looking and eminently just. Under the banner which they then raised the united hosts of our party marched on to an overwhelming and unprecedented victory in the presidential election of 1924.

Subsequently the Legislature of Illinois passed resolutions and memorialized Congress on the subject of the platform referred to, including, among other things, the declaration in favor of the \$5,000 exemption limit.

I, for one, should not for a moment think of disregarding such an expression so authoritatively made known. I regard it as binding, and I am happy to say that it coincides with my own individual convictions.

Such a declaration of principles is entitled to all due respect. Illinois is the third State in population and in wealth, and in the election of 1924 it gave to the Republican presidential ticket the second largest vote of any State in the Union. I am proud to represent such a great Commonwealth of six and one-half millions of people, and I welcome this opportunity of presenting one of the principles of the Republican Party of that State to this body.

I favor such an amendment, because to collect taxes from persons having incomes of \$5,000 or less is uneconomic and not good business. According to Secretary Mellon it cost this Government \$5,000,000 in the calendar year of 1924 to collect \$38,000,000, in round numbers, from three and one-half million persons on incomes of \$5,000 or less. In other words, the cost of collection under the present rates was 13 per cent.

Under the proposed bill, according to Mr. McCoy's figures, there will be a loss of \$24,000,000, which will leave only \$14,000,000, which would be collected on incomes of less than \$5,000.

If the present cost of \$5,000,000 to collect on incomes under \$5,000 should not be diminished, it would cost the Government, under the rates provided for in this bill, over 30 per cent for such collection. It seems to be plain that this would be bad business, and that the amount collected would not be worth the cost.

Moreover, if the \$5,000 exemption limit were established, then the limit for making returns could be raised from \$1,500 to some higher figure, perhaps \$2,500. This would be a great relief to many people who are now harassed by being compelled to make out income-tax returns. History plainly shows that the steady tendency in all countries has been to raise the exemption limit. Professor Seligman has said that one of the three great reforms accomplished in England with the income tax was—

The increase in the minimum of subsistence.

The same authority also said—

that an exemption of moderate amounts is demanded by modern conditions will be disputed by no one; and we have learned how the tendency in all countries has been gradually to raise the limit. With the standard of life as it exists in the United States the exemption ought to be higher than that found elsewhere.

In the act of 1894 the exemption limit was placed at \$4,000. In the act of 1913 it was placed at the same figure. Professor Lutz, a recognized authority on this subject, also says—

the exemption of a certain minimum of income is generally accepted, the amount being presumably that which is required to cover the cost of the standard of living for the individual or the family.

Statistics for the last calendar year show that incomes under \$5,000 paid only one-eighth of the total yield of individual incomes. In order to collect so comparatively small a sum millions of taxpayers have to be unduly harassed. In this connection we should put ourselves in the place of the small business men and income-tax payers. They do not have the training or facilities for making out returns, such as great corporations and men of large incomes have. To these small taxpayers the making out of an income-tax schedule is an unmitigated nuisance, an enigma, a bewildering puzzle, a vexation of spirit, and waste of time, resulting in economic loss and annoyance in no way commensurate with the results obtained.

It is hard enough for a family to live on \$5,000 a year without adding to their burdens by imposing a practically unproductive tax. Many of these small taxpayers do not keep books or accounts; they do business largely on a cash basis. To them the making out of an income-tax return is a positive nightmare. They worry and fret over the matter and frequently are compelled to go to the expense of hiring a lawyer to untangle what accounts they have kept and make out their return.

The Government of the United States has been likened to a 10-cent store in this regard by an eminent authority. I deny that this is a 10-cent Government or a \$10 Government, or a picaune Government of any kind. I believe that the time-honored maxim of the law may well be here invoked, "de minimis non curat lex"—"the law does not concern itself with very small matters."

But it has furthermore been urged that the levying of a tax on such smaller incomes promotes good citizenship and gives the payer a certain "stake" in his country. The income tax should not be levied for the purpose of training in citizenship but for the purpose of raising the required revenue. No tax should be levied which is not defensible from the standpoint of good business. No tax is a good tax which involves a great harassment of the taxpayers and produces a very small yield in revenue. The tax on incomes under \$5,000 is undoubtedly one of such a character. Comparisons in the matter of exemptions with other countries are highly fallacious. With half the wealth and half the gold in the world in the hands of the people of the United States, we can well afford to be not only more just but more generous than other governments toward the small taxpayer. In advocating this increased exemption I am trying to build up prosperity from the bottom instead of only adding to prosperity at the top. Only about 4 per cent of our people pay income taxes. Would anyone say that the other 96 per cent are any less patriotic or interested in the affairs of government than this 4 per cent? Besides, this 96 per cent of nontaxpayers pay other taxes, both State and local, which are amply sufficient to create such an interest in them and weigh heavily enough upon them already.

I want the United States to be what it is, not only the most powerful country in the world, but the most considerate and the most benignant institution of the kind toward all its citizens, great and small alike, that has yet been known among men.

I utterly repudiate the doctrine that patriotism is based on taxation. I deny that it is necessary to tax a man in order to make him a good citizen. [Applause.] I am willing to take the words of our great leader, Abraham Lincoln, when he said:

The Republican Party stands both for the man and for the dollar, but in case of conflict between the two the Republican Party stands for the man before the dollar.

[Applause.]

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

Mr. RATHBONE. Just a moment, until I complete my statement. If you say that taxation makes citizenship, then let me tell you that these men of incomes under \$5,000 are already paying enough taxes to make them good citizens. What is the difference between paying a Federal income tax or a State or local income tax? The whole argument dissolves into air.

Mr. CHINDBLOM. Does my colleague mean that persons having incomes of \$5,000 or less should be exempt from paying any income tax, or does he mean that all persons, including those having higher incomes, should be exempt at \$5,000? Which does the gentleman mean?

Mr. RATHBONE. The thing that I am urging is that there should not be a tax on incomes under \$5,000, and upon that my colleague knows that our Republican Party of the State of Illinois has already expressed itself in no uncertain terms.

Mr. CHINDBLOM. If the gentleman will yield, let me say that I do not consider that expression binding upon us here in this body.

Mr. RATHBONE. Mr. Chairman, I say right now that I consider it of the greatest force and effect. I say that when the Republican Party of the great State of Illinois deliberately, considerately, in convention assembled, and unanimously has expressed itself on this question, I, for one, am a good enough Republican to stand with the party on that proposition. I say further that while I recognize as binding upon me the Republican national platform, I also recognize the Republican Party's State platform. I believe enough in the States, and I believe enough in our dual system of Government, to feel that the Republicans of Illinois have a right to voice their opinion and have it considered in this or any other body on the face of the earth.

Mr. CHINDBLOM. Will the gentleman extend that allegiance to the national leadership of the Republican Party?

Mr. RATHBONE. I will stand on every platform of the Republican Party and on every expression of the Republican Party that should have any binding effect. I am not only ready, but I am glad to support it, and I have always done so in every instance during my life in political affairs, extending over a period of 30 years, and I challenge my colleague or any other man on earth, to point out one single instance where I have repudiated a plank of the Republican Party. Is the gentleman answered now?

Mr. CHINDBLOM. I had in mind the recommendations of the present national administration on this subject of taxation. I have no quarrel with the gentleman on past history or on State or national platforms.

Mr. RATHBONE. If the gentleman can point out to me one single plank in any Republican national platform which is opposed to this proposition, then my lips are sealed. He can not do so. The party has not spoken on this subject and the party of our great State has spoken, and I for one am ready to recognize its leadership.

In dealing with such questions as this our motto should be "The greatest good of the greatest number." The adoption of this amendment will lift the vexations, lighten the burdens, and quicken the happiness of millions of our people. It is businesslike, broad-minded, liberal, and humane. It will mark another step forward in enlightened taxation and will prove our country to be the leader of all nations in the consideration and justice with which it deals with the humbler classes of our citizens.

Mr. GARNER of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN of Florida. Mr. Chairman, I think it is perfectly proper that in these tax matters we should first begin to take into consideration what constitutes the strength of our Nation. No nation is stronger than the weaker element of citizens. If this tax bill is a bill, nonpartisan, approved by both of the major parties of our Nation, then I think our Nation fares ill. The people of the United States, economically speaking, may be classified into three classes. Of the approximately 115,000,000 population, there are approximately 15,000,000 composing the ultrarich and the pauper element, and then the other element, 100,000,000, embraces a class which maintains our institutions. I think the middle class in this bill is not safeguarded and protected. It would be fairer if we had a tax bill with a graduated scale. If 20 per cent is the amount to be collected on extremely large incomes, collect 20 per cent and then go down to the lower scale accordingly, but probably 50 per cent would be safer for our Nation's future welfare; but the most objectionable feature in the bill to me is the small exemption for the small-income payer. Our Democratic leader, I believe, has contended for an exemption of \$5,000, in which position I think he is altogether right. Whoever heard of an old bachelor being able to live and meet his station in life on \$1,500 a year, and a married couple raise their family on less than \$2,500 a year? It seems to me that \$5,000 exemption is the exemption we should all support. I shall support an amendment of that kind if one is introduced. I shall not go into that feature of the bill. It has been discussed by those who know the facts and figures.

The part of this bill which seems to me is the most dangerous precedent which has ever been offered by an assembly of the National Congress in the history of time is the estate-tax feature, whereby 80 per cent is charged off to those States which have an estate tax as against those which have none.

May I ask my colleagues to go very carefully in the enactment of this provision in this bill? It is true there are only three States directly affected thereby, but it seems to me I can see an air of criticism and censure of the constitutional right to the amendment adopted by the constitution of my proud and fair State. It seems to me we are going too far when we ask the Representatives of 45 States to enact legislation directed

at a sovereign State, when they admit pell-mell they are driving at one sovereign State, the State of Florida. How in the name of God can you gentlemen come here, pledged to support your Constitution and uphold the sovereignty of the State, and then thrust a dart at a State which is one of your Union?

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. GREEN of Florida. Yes, sir.

Mr. McKEOWN. We are curious to know upon what theory Florida passed the constitutional amendment and abolished the inheritance tax. Will the gentleman tell us? Is it because they receive so much revenue from other sources? What is the reason Florida adopted such an amendment?

Mr. GREEN of Florida. It would be presumptuous for me to undertake to interpret the mind of every individual voter when he went to the polls in the State of Florida and adopted overwhelmingly this amendment. But, may I say in connection therewith, I am proud to say that the State of Florida has a debt-free government. Bear in mind the history of your country. Bear in mind the results of the oppressions, the inequalities, and the unjust legislation which has been passed and attempted to be passed in the past. Our democracy is founded upon protecting the weak. The great war we have recently gone through, when our own President went to the peace table he there found thrown scattered in his pathway as trophies the emperors, czars, and the so-called royalty feeling for their scalps and democracy rising in their footsteps. I will have you remember the sole idea in the peace negotiating and signing was the protection of the small countries. The League of Nations, if you please—but that has been changed. You know, it seems to me that the League of Nations has become a bride. It has been married by the Republican Party and the bride named "the World Court." [Applause.]

It has always been the disposition of your democracy and mine to protect the weak States, and do you mean to tell me that we sit here and by our actions compel the citizenry of the State of Florida to pay 80 per cent more to the Treasury of our Federal Government than any other sovereign State?

Mr. McKEOWN. Will the gentleman again yield?

Mr. GREEN of Florida. Yes, sir.

Mr. McKEOWN. Suppose Congress should not pass the 80 per cent allowance to other States. How much less money would a man dying in Florida have to pay?

Mr. GREEN of Florida. Sir, I am glad to answer the gentleman. I am glad that the gentleman minimizes in figures of my State. The amount of taxes paid by my State from this source the last year was only \$142,000. Calculate for yourself.

Mr. McKEOWN. Would it affect your State any less not to pass the 80 per cent allowance? Would it make any difference to the taxpayer in your State so far as the amount he would pay if we did not attach that clause?

Mr. GREEN of Florida. I understand none. But what I am getting at is that it is a most dangerous precedent when we come here and undertake to coerce a sovereign State into enacting legislation to protect its own citizenry. My State has settled this by constitutional amendment, ratified by its people, and if you compel us to accept this our constitution will have to be amended, and, having no alternative, we can not do less than send 80 per cent more than any other sovereign State to the public treasury. Suppose, if you please, 22, 25, or 30 of the States adopted a provision in the constitution forever prohibiting estate taxes. Where would you be then?

Is it equitable and just that you should force this upon the people of Florida, a State which is large in proportions, having 58,000 square miles—as large as New York, Massachusetts, and Rhode Island together; a State which produces enough vegetables and enough other eatable products to feed the city of New York? There where the watermelon and the strawberry transform the midnight dew into luscious red juice; there where the springs gush forth that transparent and God-given fluid, sparkling with purity and virtue, the only proper drink for an American citizen, but if there be those of a grosser appetite who want to violate the Constitution of America, there is Bimini, only an hour or two away. [Applause.]

My fellow Members, I know that of old when Cecilia and seraphs were fascinated and men were enraptured, I know Timotheus with magic strain led rocks, trees, and beasts to follow him; I know that the notes of Orpheus entranced men and enthralled the underworld and caused the gods to gaze thereon with envy, and I know that David drew from his harp a chord which swept the gloom from the brow of Saul and flooded Israel's palaces with music and laughter, but if all these were mingled in a single rhapsody too great for the

hand of mortal man that it would not equal the majesty and the splendor of the Old Suwanee River played on the ukelele and hummed by the bright-eyed Florida maidens underneath the sweet magnolia trees, with the soothing odor gushing forth in a blazing November moonlight and—

The CHAIRMAN (Mr. DARROW). The time of the gentleman from Florida has expired.

Mr. GARNER of Texas. How long will it take the gentleman to finish that picture? [Laughter.]

Mr. GREEN of Florida. Just about two minutes.

Mr. GARNER of Texas. I will yield to the gentleman two minutes.

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

Mr. GREEN of Florida. I thank you, sir.

My fellow Members, I would tell you more of the magic charms of Florida if time permitted. But this is a serious matter, to be passed upon by serious minds. When your citizenship are bent with years and desire a new lease of life, they pledge their fortunes and head their minds and intentions southward, and Florida is their destination; and people are sounding their warning notes from the States where the snow lies deep, complaining that your citizenry have taken their wealth and gone to my State, and are living there in peace and happiness and splendor, and will welcome you there to visit them. Be careful when you enact legislation here which will jeopardize their fortunes. You know they have abandoned their homes and have invested in Florida.

Do you realize that \$5,000,000 there is our annual income, only a portion of which is derived from the tourist trade? May I come to you, as a child comes to its mother, for protection, and ask you not to impose upon my sovereign State this most dangerous feature of this bill, which is a violation of State rights, and which eventually, if pressed far enough, will centralize your Government here in Washington and scrap every one of our sovereign 48 States? [Applause.]

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

Mr. GREEN of Florida. Gentlemen, I thank you.

Mr. GARNER of Texas. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas is recognized for 20 minutes.

Mr. BLANTON. Mr. Chairman and gentlemen, I want to read to you an excerpt from the Democratic Voice, a newspaper published in Coleman, Tex., on December 4. It attempts to give what happened at a tax meeting held in Coleman on the night of November 28, 1925, with State Senator Stuart as the principal speaker, and it quotes him as saying the following:

Texas Congressmen in Washington, and among them your own Congressman BLANTON, gave us little consideration when we went there; they have little regard for the rights of the States and little time to give consideration to the views of their constituents; that this inheritance tax newly devised by the House Ways and Means Committee is the boldest invasion of State rights yet conceived in the minds of Congressmen.

It further states that the chairman of the meeting, Mr. Leon Shield, whom I know to be a prominent banker there, warned Congressman BLANTON, putting him on notice that if he continued "socialistic leanings" [laughter] and "appeals to the people who pay no taxes" he will have opposition of the deadliest kind. [Laughter.] And it states that a Mr. Joe B. Dibbrell, jr., helped two others frame resolutions to me, and it prints the resolutions, denouncing the estate tax in this bill as socialistic.

I challenge this State Senator Stuart, who does not live in my district, and I challenge Banker Shield, and I challenge Joe B. Dibbrell, jr., to show one single instance where I have ever had "socialistic leanings." I challenge them all to show where I have ever made class appeals to any people who pay no taxes. My colleagues here know that I have from this floor led the fight against socialism. I have the confidence not only of the business men of my district, but I have the confidence of the leading business men of this Nation.

This State senator from Fort Worth took a very unfair advantage of me in inciting these misrepresentations to be publicly made in my district when I was 2,000 miles away and had no chance to reply.

When this session of Congress is over I will gladly meet him in joint debate anywhere in Texas and defend my course here and this tax bill against his unfounded attack.

I have a copy of the resolutions sent me by Mr. Dibbrell and two others. The resolutions purport to have been passed by a mass meeting of my constituents. It says so:

Citizens of Coleman County, in mass meeting assembled—

And it says—I read just one excerpt—

We believe the inheritance tax to be socialistic in its principles and contravening the true principles of democracy as expounded by its great preceptor, Thomas Jefferson, and his illustrious successors in the leadership of the Democratic Party.

Did any of you in your whole life see such an exhibition of ignorance expressed by a bunch of half-baked politicians—ignorance of the principles of democracy, of Thomas Jefferson and his successors, and of the Democratic Party and its history? I never saw such a conglomeration of misrepresentation and unfairness in my whole life.

Here I have spent my entire vacation, ever since March 4, with the exception of 10 days that I used in going to my district on important business for constituents, and worked hard here in Washington, in the hopes of getting information that I could turn over to the gentleman from Illinois [Mr. MADDEN] and his Appropriations Committee, whereby probably appropriations could be slashed and real economy effected. Your President can not himself effect economy. He can only recommend it. I am glad he stands for and preaches it, and he can do much toward encouraging it, for when we keep appropriations within his budget he can effect economy through us. After all, do you know the only power on God's earth that is able to effect economy in this Nation? It is Congress; it is upon this floor only where economy can be effected. As long as we will vote not to take the money out of the Treasury we will not have to raise money in taxes out of the pockets of the people. And I have been laboring here during my entire vacation in the hopes of helping Congress get evidence whereby we could effect real economy.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. BLANTON. In just one moment. I want to touch on this question of—

Mr. McLAUGHLIN of Michigan. It is right on that point that I want to ask you a question.

Mr. BLANTON. I yield.

Mr. McLAUGHLIN of Michigan. The gentleman speaks of the Budget effecting and recommending economies, and the gentleman speaks of the President and of appropriations by Congress. The gentleman must know that in every year since the Bureau of the Budget was organized the total of the appropriations by Congress has been less than the recommendations of the President and the Bureau of the Budget. [Applause.]

Mr. BLANTON. I know that it is kept within the Budget because Congress refuses to appropriate more.

Mr. McLAUGHLIN of Michigan. And it runs into the hundreds of millions of dollars.

Mr. BLANTON. That is because of what Congress does. There are enough economists in this House to hold appropriations within the Budget, but we do the holding, not the President. In every supply bill brought on this floor we exceed in certain items the Budget recommendations, but we hold the bill within the Budget; and that will not be disputed by a single member of the Committee on Appropriations. Of course, such excesses have to be saved in some other way. It is the Congress that must protect the Budget.

Now, let me tell you about this unfair statement by State Senator Stuart in my district, when I was 2,000 miles away.

Mr. HUDSPETH. Will the gentleman yield right there?

Mr. BLANTON. I yield to my colleague.

Mr. HUDSPETH. Did the gentlemen who sent those resolutions come up here about two months ago and make a protest against this?

Mr. BLANTON. I am going to tell you about that.

Mr. HUDSPETH. I want to ask the gentleman about that.

Mr. BLANTON. Their Stuart-Satterwhite committee came.

Mr. HUDSPETH. These gentlemen who are here now?

Mr. BLANTON. Yes.

Mr. HUDSPETH. Well, the gentleman should feel complimented, because I saw a statement to the effect that they went back and said the Texas delegation was discourteous to them. Yet, as I understand it, the gentleman from the seventeenth district was the only man here at that time. [Laughter.]

Mr. BLANTON. I want to tell you about that.

I can not yield further. This aggregation of Texas men, none of whom were from my district—I understand they were mostly from Fort Worth—came up here and gave a banquet at the Raleigh Hotel. I do not know who paid for it; I do not imagine they did, though. They gave a banquet and they invited Congressmen to be present, and I do know I happened to be the only Congressman there from Texas.

Mr. HUDSPETH. Did the gentleman go down?

Mr. BLANTON. I went. [Laughter.] I am always willing to give Texas people an audience, whether they are from my district or not. I left what I was doing; I did not want to go, but I went. They called on me to speak, and I told them I would not be frank if I did not tell them I was not in favor of repealing the inheritance tax. I told them I was going to vote to keep it on the statute books of this country, and I told them I thought they were wasting their time if they expected to get it repealed.

I could have told them they were wasting somebody's money giving banquets up here. I told them that we had confidence in our Ways and Means Committee; that we had some of the ablest Democrats in this House on that committee, and we Democrats here, I felt sure, were going to back the Democrats on that committee when that bill was written; and I told them if they wanted to accomplish something up here they ought to confine their efforts before that committee in trying to get the exemption on inheritance taxes raised.

They talk about socialism. I told them I was not in favor of raising the exemption of a married person to \$5,000. I gave them my reasons. I would not have given them if they had not asked me for them. I treated them all courteously. I was their guest at this banquet, yet the toastmaster, who happens to be the speaker of the house of representatives of Texas, after my friend, the gentleman from Illinois [Mr. RAINEY], had gotten up and told them the same thing, that he was not going to favor the repeal of any inheritance taxes, the toastmaster of that banquet so far forgot himself with reference to his duty to his guests that he got up on that floor and said that they might not get rid of the inheritance tax, but they knew how to get rid of Texas Congressmen who did not agree with them. [Laughter.]

Mr. HUDSPETH. Will the gentleman yield?

Mr. BLANTON. I yield to my colleague.

Mr. HUDSPETH. The fact of the business is the statement that went out was that the delegation treated them discourteously, and that is not the fact?

Mr. BLANTON. No; because I treated them all most courteously, and the delegation was not there.

Mr. HUDSPETH. They said the delegation.

Mr. BLANTON. But I want to say this, that after I did treat them courteously this man Stuart went to my district, 2,000 miles away, when I was absent, and said I treated him discourteously, forsooth, because I would not agree with him on an economic proposition.

Socialist? I had the only Socialist in this House—Victor BERGER—absolve me from socialism yesterday. He stands head and shoulders as the great apex of socialism in this country, and when I chided my friend, the gentleman from Illinois [Mr. RAINEY] about this charge of socialism yesterday, the gentleman from Wisconsin [Mr. BERGER] got up and said:

I absolve you all; none of you are Socialists, and least of all, BLANTON of Texas.

[Laughter.]

Let me quote excerpts from the RECORD on this:

Mr. BLANTON. Mr. Chairman, will the gentleman yield there for a question?

Mr. RAINEY. Certainly.

Mr. BLANTON. I am afraid the gentleman from Illinois is placing our friend from Texas in a position between the devil and the deep-blue sea. These tax clubs are criticizing him and calling him a Socialist for putting any estate tax on, and now the gentleman from Illinois says we should have had a higher rate.

Mr. RAINEY. Yes; we should. The criticisms they now make of the gentleman from Texas [Mr. GARNER] are absolutely wrong.

Mr. BLANTON. Then he is not a Socialist?

Mr. RAINEY. He is not a Socialist.

Mr. BERGER. Will the gentleman yield to me?

Mr. RAINEY. Yes.

Mr. BERGER. I will give you all a clean bill of health. None of you are Socialists.

Mr. BLANTON. Thank God for that.

Mr. BERGER. Least of all the gentleman from Texas.

For nine years I have stood upon this floor and fought every form of socialism ever since I have been here, and my colleagues know it. I have fought every phase of communism on this floor, and I expect to fight it as long as I live. I do not believe in it. [Applause.]

At this Stuart meeting they said that this bill levying a maximum 20 per cent tax on estates contravenes the principles of democracy and the principles laid down by the great preceptor, Thomas Jefferson, and his great successors in the Democratic Party.

Let me read you what the gentleman from Texas [Mr. GARNER] has said on this subject. It is a complete answer. I am going to read you the words of the gentleman from Texas [Mr. GARNER] when discussing this subject elsewhere, and I do it with his permission.

Mr. GARNER of Texas said:

Now, let me say just a word to you about the proposed estate tax. This character of tax is levied by every civilized people in the world and has been levied since the history of man. Customs duties and death taxes are the two oldest taxes known to man. Under Washington's administration such a tax was levied by the Congress and prepared by Alexander Hamilton, who, we know, had some conception of sound economics. Thomas Jefferson, said to be the father of Democracy, and who had given governmental questions great study, urged such a tax as a public policy looking to the dissipation of large and swollen estates. These were the early founders of our Republic. In more recent times we find Mr. Bryan, more than a quarter of a century ago, urging this kind of a tax upon the country, and we know that he was the preferred choice of the Democracy for President on three different occasions. Mr. Roosevelt, when President of the United States, urged this tax upon the country in a message to Congress. His 1912 platform promised specifically that if he was elected to the presidency such a tax would be levied for the purpose of equalizing property opportunities.

Still more recently, in 1916, in time of peace, we find that Mr. Wilson (President) urged such a law, and that Congress passed an act levying such a tax, approximately having the same rates as contained in the proposed bill. Mr. Wilson seemed to have had the indorsement of the majority of the people of Texas, and still has many admirers in our State. Still more recently, Mr. McAdoo was preferred as the Democratic nominee for President by the Texas Democracy in 1924. Mr. McAdoo was Secretary of the Treasury and helped to prepare the 1916 act, which is the same law as the proposed bill.

Yet behind my back, this Senator Stuart from Fort Worth, who is not my constituent and to whom I owe nothing, went into my district and accused me of being inclined to socialism because I supported a bill which had the approval of President Wilson and now has the approval of the present President of the United States. Is Calvin Coolidge a Socialist? OGDEN MILLS, of New York, into whose lap some day, it has been said, will be placed a \$100,000,000 legacy, is he a Socialist? He is the very antithesis of socialism, and yet he approves the very estate-tax item in this bill concerning the support of which I am accused of leaning toward socialism by this Senator Stuart from Fort Worth. [Laughter.] And he induced Joe Dibbrell, of Coleman, Tex., to send me a lot of resolutions purported to have been passed by my constituents in Coleman County, saying it is socialistic and that he wants me to vote against it. Can Joe Dibbrell speak for Coleman County, his own county? No; because I defeated him for Congress in his own county. [Laughter.]

I take it that I am more the representative of the Coleman County people than my friend Joe is, because they of Coleman County selected me rather than Joe, and in each and every other county in my district I defeated him. [Laughter.] Have not I got a right to speak for my constituency in Coleman County with better grace than Joe? Joe is a has-been there. [Laughter.]

New, let me tell you something. I want to show you about this so-called tax club. I am not ridiculing Mr. Satterwhite. I like him; all our Texas friends like him; but he has gotten in with the wrong bunch down there. You know Mr. Colvin is the man doing all of this work. He is a banker at Fort Worth. Let me show you what appeared in the Fort Worth paper. The Star-Telegram published it:

NINETEEN COUNTIES TO HEAR ESTATE-TAX TALK

Nineteen counties in the seventeenth congressional district will hear a discussion of the inheritance tax law at a mass meeting called at Coleman next Saturday night. It was announced late Wednesday by George H. Colvin, chairman of the Texas Tax Clubs.

This meeting has been called by Leon L. Shield, Coleman banker and executive committeeman for the Texas Tax Clubs in that district.

State Senator Robert A. Stuart, Fort Worth, will be the principal speaker. He also will speak at a similar meeting scheduled at Waco next Tuesday afternoon.

Senator Stuart has been a leading figure in the campaign to insist that Congress repeal the inheritance tax law. He will leave the latter part of next week with Representative George C. Kemble, Fort Worth, and others for Washington, where they will present resolutions to Congress calling for the repeal of the law.

These resolutions were adopted by an unofficial session of the Texas Legislature at Austin last Monday and signed by more than 200 representative citizens and business men of Texas.

Now, was that a mass meeting of my citizens of the 19 counties? I suspected what happened, and I wired Joe and Shield to wire me collect the names and addresses of every citizen of my district who attended that meeting, and all they could do was to wire me six names. [Laughter.] And yet there was not one man from any of the 19 counties except a little bunch from Coleman, and Shield wired me six names and said "many others were there." They named the county judge, Judge C. L. South, whom I know to be a splendid gentleman, as one of those present. I wired Judge South to know how many people attended that mass meeting, and he wired me back that, including ladies, there were only 30 people attended. [Laughter.]

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

Mr. GARNER of Texas. I yield to the gentleman three minutes more.

Mr. DENISON. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. DENISON. Who is this man Stuart?

Mr. BLANTON. He is a State senator, of Fort Worth.

I want to say this to my colleagues here—the people of Texas, rank and file, all over the many counties in my State have confidence in the Texas delegation and in what they are going to do about this bill. They know that the Texas delegation represents their constituencies; they know that the Texas delegation always gives courteous hearings to everyone who comes from the State. It is a slander upon the delegation for Mr. Stuart to go back and say that we did not treat them courteously. Mr. GARNER and the Ways and Means Committee gave these Texas visitors to Washington the most patient and long-suffering hearing that they have given any other propagandists who came before them from any other State. When these boys get through spending the money that was turned over to them to make these pleasant visits to Washington, and to entertain with banquets, they are going back to Texas and tell that Fort Worth bunch of bankers down there to stop sending delegations up here to repeal estate taxes, because we have the best talent in the country at the head of the delegation on the tax bill and he is going to do his duty by the people. [Applause.]

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

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DARROW, 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. 1) to reduce and equalize taxation, to provide revenue, and for other purposes, and had come to no resolution thereon.

THE MISSISSIPPI VALLEY AND ITS WATERWAYS

Mr. O'CONNOR of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks with reference to the meeting of the Mississippi Valley Association at St. Louis.

The SPEAKER. The gentleman's own remarks?

Mr. O'CONNOR of Louisiana. Yes.

Mr. CHINDBLOM. Mr. Speaker, a parliamentary inquiry. Is there not a general order granting leave to revise and extend remarks on the revenue bill?

The SPEAKER. The Chair thinks that was confined to those who spoke on the bill.

Mr. CHINDBLOM. Certainly.

The SPEAKER. Without objection, the request of the gentleman from Louisiana will be granted.

There was no objection.

Mr. O'CONNOR of Louisiana. Mr. Speaker, in November some 450 representative business men, several United States Senators, a number of Congressmen, some governors of States, and many mayors assembled at St. Louis to complete plans for the presentation to Congress of a demand by the people of the Mississippi Valley that the Federal Government, without further unnecessary delay, complete the long-ago approved inland-waterway projects of the valley so that the people may use them for the promotion of their enterprises.

The occasion was the seventh annual convention of the Mississippi Valley Association, which, I am reliably informed, is supported in its policies by some 400 Mississippi Valley chambers of commerce, many trade organizations, and the strong leaders of that region generally.

The Secretary of War and the Chief of Army Engineers were there, as were also all the members of the Federal Waterways Commission and other important officials.

Mr. Speaker, I know there is far more behind this waterways movement than the Members of this House who do not reside

in the valley realize. They should know what it is all about, because the goal sought by the Mississippi Valley Association and its many allies will favorably affect the prosperity of the entire Nation and extend the economic life of our country by many generations.

The President of the American Farm Bureau Federation was there. In a speech to the delegates he gave voice to what is in the minds of several million valley farmers when he said that the time has come for the Federal Government to take the lead in a vigorous and effective way to check the erosion of soil, reduce the waste of water, and provide navigable channels from Pittsburgh, Chicago, Minneapolis, and Kansas City to shipside on the Gulf of Mexico.

In terms of geological time, the delta of the Mississippi is rapidly extending into the Gulf. Every year the great river brings down nearly, if not quite, a cubic mile of silt, the soil washings from 41 per cent of our country. That silt is largely the soil washings from our farms. No people on earth can build up soil as fast as the Mississippi and its tributaries are carrying it away. The loss of soil means the loss of fertility and production.

The uncontrolled floods which carry this silt away also carry away each year an enormous potential asset in wasted waters, waters which should and must be used to regulate stream flow, irrigate dry lands, develop power.

The very process by which this waste is effected creates a destroying agency which periodically breaks the levees, overflows the towns and farms, and retards development and prosperity.

Manufacturers were there. They pointed out the great harm done their important enterprises by the unharnessed forces of nature, and they pointed to the inevitable growth and prosperity to come to these labor-employing factories as the result of expanding markets once the interstate drainage of the valley be brought under control and made to work for the good of our citizens instead of working harm to them as is now the case.

Men from Minneapolis and St. Paul, from Kansas City and Pittsburgh, drew attention to the fact that the Panama Canal which was paid for by the people of the entire country, is now helping and will continue to help the Atlantic and Pacific coasts at the direct expense of the Midwest, until the farms and factories of the Midwest be brought nearer shipside through the efficient development and use of our inland waterways.

Mr. Speaker, our citizens whose enterprises are hemmed in by the Appalachians, the Rockies, and Canada have become impatient of an intolerant situation. Long ago they requested Congress to improve the valley's waterways so that their commodities could reach the sea by low-cost water transportation.

They relied upon the fairness and vision of Congress to help them. At that time they did not feel the need for pressure.

So they appealed to Congress.

The people of the Ohio Valley set up their needs.

So did the people of the Missouri and the upper Mississippi.

So did all the rest.

Each project was backed only by the citizens directly and immediately affected.

Congress recognized the justice of these appeals, and long ago approved the projects on the Mississippi, the Ohio, the Missouri, the Lakes to the Gulf and others.

But each project was treated as a sort of unrelated unit, a local enterprise, and some money only was voted for each.

After a generation of waiting and hoping the valley found, in 1918, that none of the projects was complete, and the attitude of Congress did not promise very much speed in the direction of early completion. Further delay meant direct waste and loss to many people.

And so the people of the valley became impatient and organized the Mississippi Valley Association.

I have made it my business to understand what is in their minds.

Here is what they say to each other:

"The 41 per cent of the United States, which comprises the drainage basin of the Mississippi, sends about 57 per cent of the Senators and Congressmen to Washington. It produces between 80 and 90 per cent of the food and raw materials upon which the Nation lives.

"The region needs efficient low-cost water transportation. It also desperately needs sensible and effective flood control. Its economic welfare demands that soil erosion be checked, that some of the now wasted interstate flood drainage be held back and used to irrigate dry lands when it does not rain, and

to feed streams in low-water periods, and that the development of low-cost water power be encouraged in aid of industry and commerce.

"We have appealed to Congress for a national policy and for constructive and well directed action looking to these ends, and we have got only delays and excuses.

"We will now try something new.

"We will organize the valley. We will reach the voters. We will teach them how to think and act in unison, and how to make known to their Representatives in Congress not only their wants but how they expect their Representatives to vote on bills relating to the water resources of the valley."

And that is what they have done.

They have spent seven years in perfecting their organization so that the people of the valley may speak to Congress in an effective way.

Let me tell you something about the goal those far-seeing and now impatient people in the valley are seeking.

They know that the United States wants to maintain its high standard of living for the workers. They also know we can not do this as our natural resources disappear unless we harness the great forces of nature and make them work for us.

They know that the farmers of the Middle West, far removed as they are from the lanes of commerce on the ocean, can not improve their economic condition unless their costs be reduced by waterway transportation and by a better regulated and more evenly distributed supply of moisture.

They no longer blame the cotton and grain exchanges for those adverse conditions which they now know are attributable to economic restrictions and handicaps.

They know that if we would sustain and improve our prosperity we must prepare to sell to and buy from Latin America, where there are abundant natural resources and to which the tide of European emigration must flow now that we have closed our gates; and to the Orient, which has been opened by the Panama Canal.

Knowledge of the facts has opened their eyes to many things, and the Mississippi Valley Association, Mr. Speaker, is leading them to their goal.

Throughout the valley there is a great and upward movement. New enterprises develop daily. Land values are fast enhancing. A new area of commercial, industrial, and agricultural activity has dawned. Underlying it is a new conception of the relationship of things.

One leader, returning from that St. Louis convention, said to me:

Mark my word, valley development is going to show some important departures from the old order. The people of the valley are going to pocket most of the increment that comes to that region. So confident of the future are the inside leaders that they are advising investment in the increment controlling and profit-sharing securities issued by the new industries rather than in nonprofit-sharing bonds and mortgage paper.

They are placing their factories on the banks of navigable streams in the closest possible juxtaposition to the sources of raw material and food supplies. They are building efficient ports on the Gulf. They are cultivating friendships and business relations in Latin America, and the several trade centers of the valley are sending many good-will parties of business men to the Latin American ports and cities.

Spanish and Latin American business methods are taught in the valley's schools and business colleges.

On December 10, consular representatives of all the Latin American republics met with 400 business men at New Orleans to formulate plans for closer business relations between the valley and Latin America. The official report of the proceedings of the seventh annual convention of the Mississippi Valley Association and the bearing of valley waterway development on Latin American trade with the valley was the chief subject discussed. Special official reports on these matters were made to each Latin American Government.

The Republic of Mexico has opened a great exhibit of natural resources at New Orleans, and a New Orleans citizen has given Tulane University half a million dollars for Middle American research work.

Valley chambers of commerce have found it necessary to maintain extensive translation departments for Latin American correspondence.

The Federal Government has jurisdiction over our waterways, our interstate drainage and our water resources. All are vitally needed in this valley-wide development, and our voters are making it plain to the valley Senators and Representatives that we expect Congress to get on the job.

What the valley is doing and wants done will extend the highly favorable economic life of our country by many generations, thus permitting the people to enjoy the comforts of a

high standard of living for a much longer period than would be possible should we permit a continuance of waste of our great water and soil resources.

Behind this valley-wide movement stand the valley's trade bodies, chambers of commerce, farmers, manufacturers, workers, and owners—in fact, all the great groups that go to make up the valley's population.

It is a movement in the interest of the national welfare.

From my intimate knowledge of what is in the minds of our people out in the valley, I am sure their movement will succeed.

MEMORIALS AND ENTOMBMENT OF BODIES IN ARLINGTON AMPHITHEATER (H. DOC. NO. 117)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the Library and ordered printed.

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the annual report of the Commission on the Erection of Memorials and Entombment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1925. The attention of the Congress is invited to the recommendation of the commission that the memorial to the Unknown Soldier be completed.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, ordered printed and referred to the Committee on Interstate and Foreign Commerce, the Committee on Military Affairs, and the Committee on Naval Affairs:

To the Congress of the United States:

In compliance with the provisions of the act of March 3, 1915, establishing the National Advisory Committee for Aeronautics, I submit herewith the eleventh annual report of the committee for the fiscal year ended June 30, 1925.

The statement of the present status of aviation, as outlined in Part V of the committee's report, should dispel the impression that America is lagging in the technical development of aircraft for military purposes. Scientific research on the fundamental problems of flight and the collection of results of research conducted in other progressive nations are official duties of the committee. Their opinion that America is at least abreast of other nations in the technical development of aircraft is commended to the Congress as the most authoritative that can be had. I agree with the committee that substantial progress in aeronautics is dependent largely upon scientific research. I believe that the work of the committee is the most fundamental activity of the Government in connection with the development of aeronautics, and that its continuance is essential if America is to maintain its present advanced position in aircraft development.

The condition of the aircraft industry and the prospects for the development of commercial aviation on a sound basis have materially improved during the past year. To encourage the development of commercial aviation, I wish especially to indorse the recommendation of the committee for the creation of a bureau of air navigation in the Department of Commerce.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

REPORT OF UNITED STATES RAILROAD LABOR BOARD

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Interstate and Foreign Commerce.

To the Congress of the United States:

I transmit herewith for the information of the Congress the report of the United States Railroad Labor Board for the period from April 15, 1920, to November 15, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

AIRCRAFT IN NATIONAL DEFENSE

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, ordered printed and referred to the Committee on Military Affairs, Naval Affairs, and Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith for the information of the Congress the report made to me by the board which I appointed on September 12 last, to make a study of the best means of developing and applying aircraft in national defense, and to supplement the studies already made by the War and Navy Departments on the subject.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

REPORT OF DIRECTORS OF PANAMA RAILROAD

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Seventy-sixth Annual Report of the Board of Directors of the Panama Railroad Co. for the fiscal year ended June 30, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

REPORT OF UNITED STATES BUREAU OF EFFICIENCY

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, ordered printed and referred to the Committee on Civil Service:

To the Congress of the United States:

As required by the acts of March 4, 1915, and February 28, 1916, I transmit herewith the report of the United States Bureau of Efficiency for the period from November 1, 1924, to October 31, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

REPORT OF H. G. DALTON

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, ordered printed and referred to the Committee on Merchant Marine and Fisheries:

To the Congress of the United States:

I transmit herewith for the information of the Congress the report made to me by Mr. H. G. Dalton, of Cleveland, Ohio, in response to my request that he make a study of the shipping problem.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

LAWS OF THE SIXTH PHILIPPINE LEGISLATURE

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress, approved August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith a set of laws and resolutions passed by the Sixth Philippine Legislature during its third session, from July 16 to November 8, 1924.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

FORTY-SECOND ANNUAL REPORT, UNITED STATES CIVIL SERVICE COMMISSION

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, ordered printed and referred to the Committee on Civil Service:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States, approved January 16, 1883, I transmit herewith the forty-second annual report of the United States Civil Service Commission for the fiscal year ended June 30, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

PUBLIC SERVICE COMMISSION OF PORTO RICO

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 38 of the act approved March 2, 1917 (39 Stat. 951), entitled "An act to provide a civil government for Porto Rico, and for other purposes," I transmit herewith certified copies of each of nine franchises granted by the Public Service Commission of Porto Rico. The copies of the franchises inclosed are described in the accompanying letter from the Secretary of War, transmitting them to me.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

ANNUAL REPORT OF GOVERNOR OF PANAMA CANAL

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith for the information of the Congress the annual report of the Governor of the Panama Canal for the fiscal year ended June 30, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

ACT OF PORTO RICO LEGISLATURE

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 23 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes," I transmit herewith copies of acts and resolutions enacted by the Eleventh Legislature of Porto Rico during its first regular session (February 9 to August 19, 1925, inclusive).

These acts and resolutions have not previously been transmitted to the Congress and none of them has been printed as a public document.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

INTERNATIONAL CONFERENCE ON SOIL SCIENCE

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, ordered printed and referred to the Committee on Foreign Affairs:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State, concerning a request made by the Secretary of Agriculture that legislation be enacted that will give congressional sanction to the holding of an international conference on soil science in the United States in 1927, for which I request the favorable consideration of Congress.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

LAWS OF TERRITORIAL LEGISLATURE OF ALASKA

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on the Territories:

To the Congress of the United States:

In compliance with the requirements of section 20 of the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes," approved August 24, 1912, I transmit herewith a copy of the session laws, resolutions, and memorials passed at the seventh regular session of the Territorial Legislature of Alaska, convened at Juneau, the capital, on the 2d day of March, 1925, and adjourned sine die the 30th day of April, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

ANNUAL REPORT, COUNCIL OF NATIONAL DEFENSE

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee on Military Affairs:

To the Congress of the United States:

In compliance with paragraph 5, section 2, of the Army appropriation act approved August 29, 1916, I transmit herewith the ninth annual report of the Council of National Defense for the fiscal year ended June 30, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

AMERICAN BATTLE MONUMENT COMMISSION

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, ordered printed and referred to the Committee on Foreign Affairs:

To the Congress of the United States:

I transmit herewith for the information of the Congress the second annual report of the American Battle Monuments Commission for the fiscal year ended June 30, 1925.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

MUSCLE SHOALS

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, ordered printed and referred to the Committee on Military Affairs:

To the Congress of the United States:

I transmit herewith for the information of the Congress the majority and minority reports made to me by the Muscle Shoals inquiry appointed by me on March 26 last to make investigation to—

aid in assembling reliable information as to the best, cheapest, and most available means for the production of nitrates and other products for munitions of war, and useful in the manufacture of fertilizers and other useful products by water power or such other power as may be best and cheapest to use, and to report upon the most practical method or methods of utilizing to the best advantage and for the specific purposes mentioned in section 124 of the act of Congress approved June 3, 1916 (39 Stat. 215), the facilities comprising the nitrate plant owned by the United States and located at Muscle Shoals, Ala.

CALVIN COOLIDGE.

THE WHITE HOUSE, December 10, 1925.

ORDER OF BUSINESS

Mr. GARRETT of Tennessee. Mr. Speaker, I notice that two of the messages of the President of the United States referring to aviation were referred by the Chair to three different committees of the House. May I inquire of the Chair if there is precedent for that?

The SPEAKER. The Chair is not aware of any direct precedent, but it occurs to the Chair that the subject of aviation being now so much discussed throughout the country, and being one of such large importance, reference of the message with respect to it should go to more than one committee having to do with aviation. Ordinarily the Chair understands that these matters have been referred to the Committee on Military Affairs, but the Committee on Naval Affairs and the Committee on Interstate and Foreign Commerce also have jurisdiction relating to aviation.

Mr. GARRETT of Tennessee. I recognize the fact that there are matters with reference to aviation that properly come under the jurisdiction of all of the committees to which the Chair has referred these messages, but at the same time the question arises in my mind whether or not confusion may not result. Of course, this is merely a message, and probably legislative action would not be based on a message. Within my experience here I have never known a similar case. The annual message of the President is usually referred to the Committee of the Whole House on the state of the Union, and then by resolution the Committee on Ways and Means subsequently distributes the annual message among the different committees, according to the subjects it contains. I do not wish to be technical about the matter. So far as the present messages are concerned, I do not think it makes any difference, but if it is fixing a precedent, I can see the possibility that may arise sometime to confuse rather than to clarify, which I know to be the purpose of the Chair in making this reference.

The SPEAKER. The Chair did not give very long consideration to the matter, but it occurred to the Chair that the reference of the President's messages would not bring confusion. It is, after all, giving information on which these committees can later on act with respect to the particular matters referred to in the messages.

Mr. GARRETT of Tennessee. Let us take the Budget proposition, for illustration. The Committee on Appropriations can base legislation upon the Budget. If, perchance, a President should send in a message which would contain matter dealing with the Budget and other subject matter—though probably no President ever will—and that were referred to different committees, it might confuse the question of jurisdiction. I do not see how it could arise in the present case, and there is nothing I want to do about it except merely to call attention

to it and state that so far as I recall there is no precedent for referring one message to three different committees.

The SPEAKER. The attention of the Chair has been called to several bills dealing with the subject of aviation, and all of those bills heretofore have been referred, the Chair understands, to the Committee on Military Affairs. It seemed to the Chair the subject of aviation has now taken a so much broader scope it would be wise that other committees would have jurisdiction of the matter, and therefore the Chair did not think any harm might arise by referring the message as he did. However, the Chair is not at all convinced that is the proper course to pursue, and perhaps on further reflection—

Mr. GARRETT of Tennessee. No harm will be done by letting the matter stand as it is now, and if subsequently it should be decided otherwise the change can be made.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. GARRETT of Tennessee. I will.

Mr. BLANTON. There is one class of messages that could not be submitted to more than one committee, and that is a veto message, and that would have to go back to the committee from which it originated.

Mr. GARRETT of Tennessee. Unquestionably that is true.

Mr. BLANTON. Would not that be a rather dangerous precedent to establish to send any message to more than one committee?

Mr. GARRETT of Tennessee. Of course, if a veto message went to any committee it would go back to the committee that originated the legislation.

The SPEAKER. The Chair understands this message merely conveys information.

Mr. CHINDBLOM. If the Chair will permit, I think there is a precedent for dividing up subject matter and sending it to different committees.

Mr. GARRETT of Tennessee. Unquestionably.

The SPEAKER. In so far as communications are concerned.

Mr. CHINDBLOM. The St. Lawrence waterway matter, I think, was sent to three different committees—the Committee on Interstate and Foreign Commerce, the Committee on Rivers and Harbors, and the Committee on Foreign Affairs.

Mr. GARRETT of Tennessee. Does the gentleman remember whether it was done by the Chair or the Committee of the Whole?

Mr. CHINDBLOM. I do not recall just now how it was done, but I remember distinctly it was divided up into several subjects.

Mr. GARRETT of Tennessee. Messages before now only dealt with one subject, that is the subject of aviation, but as the Chair very correctly suggests it is not improbable all three committees to which the Chair referred it will have legislative suggestions to make on this one subject.

Mr. CHINDBLOM. One word more in order that the record be entirely clear. I do not believe the gentleman from Tennessee agrees with the suggestion made by the gentleman from Texas that a veto message necessarily has to go to a particular committee. That is within the control of the House itself.

Mr. GARRETT of Tennessee. Oh, yes; but if it is referred in the natural course of things, it would go to the committee which originated the legislation.

Mr. CHINDBLOM. A veto message must be acted upon by the House.

Mr. GARRETT of Tennessee. I think that is correct. That is in accordance with precedents.

The SPEAKER. If the gentleman from Tennessee has any serious doubts, the Chair will be glad to postpone the reference and give the matter further reflection.

Mr. GARRETT of Tennessee. Suppose we think it over tonight and see if we can find any precedent in reference to the matter.

The SPEAKER. Then the Chair will withhold the reference of these two particular messages, and he will be glad to consult with the gentleman.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until to-morrow, Friday, December 11, 1925, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

132. A letter from the national commander of the American Legion, transmitting the annual report of the American Legion

for the year 1925; to the Committee on World War Veterans' Legislation.

133. A letter from the chairman of the Interstate Commerce Commission, transmitting the thirty-ninth annual report of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

134. A letter from the Assistant Secretary of Labor, transmitting detailed statement of the expenditures from the appropriations "Contingent expenses, Department of Labor, 1923," for the period from November 16, 1924, to June 30, 1925, "Contingent expenses, Department of Labor, 1924," for the period from November 16, 1924, to November 15, 1925, "Contingent expenses, Department of Labor, 1925," for the period from November 16, 1924, to November 15, 1925, "Contingent expenses, Department of Labor, 1926," for the period from July 1, 1925, to November 15, 1925; to the Committee on Expenditures in the Department of Labor.

135. A letter from the Attorney General, transmitting a statement of expenditures under appropriations for the United States Court of Customs Appeals for the fiscal year ended June 30, 1925; to the Committee on Expenditures in the Department of Justice.

136. A letter from the Secretary of the Interior, transmitting a copy of a letter from the superintendent of St. Elizabeths Hospital, dated November 19, 1925, transmitting the financial report showing in detail the receipts and expenditures for all purposes connected with St. Elizabeths Hospital for the fiscal year 1925; to the Committee on Expenditures in the Interior Department.

137. A letter from the Secretary of the Interior, transmitting a statement of the State and Territories entitled to receive the installment or grant of \$50,000, the increase in the annual appropriation authorized for colleges of agriculture; to the Committee on Expenditures in the Interior Department.

138. A letter from the Secretary of the Interior, transmitting a copy of a letter from Dr. W. A. Warfield, surgeon in chief of Freedmen's Hospital, dated November 9, 1925, transmitting detailed statements of receipts and expenditures on account of pay patients; to the Committee on Expenditures in the Interior Department.

139. A letter from the Secretary of the Interior, transmitting a detailed statement embodying the aggregate number of the various publications issued by the Department of the Interior during the fiscal year 1925, the cost of paper, cost of printing, and cost of preparation of copy; to the Committee on Printing.

140. A letter from the Secretary of the Interior, transmitting a report showing proceeds from the "Sale of surplus and obsolete material and equipment during the fiscal year ending June 30, 1925"; to the Committee on Expenditures in the Interior Department.

141. A letter from the chairman of the Interstate Commerce Commission, transmitting Part II of the annual report of 1925, containing a statement of appropriations and expenditures and of persons employed by the Interstate Commerce Commission for the fiscal year 1925; to the Committee on Interstate and Foreign Commerce.

142. A letter from the Secretary of the Treasury, transmitting annual report of the Secretary of the Treasury on the state of the finances for the fiscal year ended June 30, 1925 (H. Doc. No. 114); to the Committee on Ways and Means and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ARENTZ: A bill (H. R. 4735) to reimburse the Truckee-Carson irrigation district, State of Nevada, for certain expenditures for the operation and maintenance of drains for lands within the Paiute Indian Reservation, Nev.; to the Committee on Indian Affairs.

By Mr. BOYLAN: A bill (H. R. 4736) authorizing the Secretary of the Treasury to make an examination of certain claims of the State of Missouri; to the Committee on War Claims.

By Mr. BROWNE: A bill (H. R. 4737) for the purchase of a site and the erection of a public building at Shawano, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4738) for the purchase of a site and the erection of a public building at Waupaca, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4739) for the purchase of a site and the erection of a public building at Marshfield, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4740) for the purchase of a site and the erection of a public building at Wisconsin Rapids, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4741) for the purchase of a site and the erection of a public building at New London, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4742) for the purchase of a site and the erection of a public building at Clintonville, Wis.; to the Committee on Public Buildings and Grounds.

By Mr. BURTON: A bill (H. R. 4743) to authorize the settlement of the indebtedness of the Kingdom of Rumania to the United States of America; to the Committee on Ways and Means.

Also, a bill (H. R. 4744) to authorize the settlement of the indebtedness of the Kingdom of Italy to the United States of America; to the Committee on Ways and Means.

Also, a bill (H. R. 4745) to authorize the settlement of the indebtedness of the Government of the Kingdom of Belgium to the Government of the United States of America; to the Committee on Ways and Means.

Also, a bill (H. R. 4746) to authorize the settlement of the indebtedness of the Republic of Estonia to the United States of America; to the Committee on Ways and Means.

Also, a bill (H. R. 4747) to authorize the settlement of the indebtedness of the Republic of Latvia to the Government of the United States of America; to the Committee on Ways and Means.

Also, a bill (H. R. 4748) to authorize the settlement of the indebtedness of the Czechoslovak Republic to the United States of America; to the Committee on Ways and Means.

By Mr. CARPENTER: A bill (H. R. 4749) providing for the purchase of a site and the erection thereon of a public building at Plymouth, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4750) providing for the purchase of a site and the erection thereon of a public building at Nanticoke, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4751) to enlarge, extend, and remodel the post-office building at Hazelton, Pa., on the present site, in the discretion of the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4752) to enlarge, extend, and remodel the post-office building at Wilkes-Barre, Pa., on the present site, and for the purchase of additional land adjoining the present site, in the discretion of the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

By Mr. DARROW: A bill (H. R. 4753) for the relief of certain customs employees at the port of Philadelphia, who served as acting customs guards during the war emergency; to the Committee on Ways and Means.

By Mr. DREWRY: A bill (H. R. 4754) to enlarge, extend, and remodel the post-office building at Petersburg, Va., and to acquire additional land therefor, if necessary; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4755) to authorize the acquisition of a site and the erection thereon of a Federal building at Chase City, Va.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4756) to authorize the acquisition of a site and the erection thereon of a Federal building at Hopewell, Va.; to the Committee on Public Buildings and Grounds.

By Mr. FUNK: A bill (H. R. 4757) to provide for the purchase of a site and erection of a public building at Eureka, Ill.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4758) to provide for the purchase of a site and the erection of a public building at Bloomington, Ill.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4759) to provide for the purchase of a site and the erection of a public building at Paxton, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. GIBSON: A bill (H. R. 4760) for the purchase of a site and the erection of a public building at Bellows Falls, Vt.; to the Committee on Public Buildings and Grounds.

By Mr. HASTINGS: A bill (H. R. 4761) to amend section 9 of the act of May 27, 1908 (35 Stat. 312), and for putting in force, in reference to suits involving Indian titles, the statutes of limitations of the State of Oklahoma, and providing for the United States to join in certain actions, and for making judgment binding on all parties, and for other purposes; to the Committee on Indian Affairs.

By Mr. HAUGEN: A bill (H. R. 4762) to amend an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating

traffic therein, and for other purposes," approved June 30, 1906, as amended; to the Committee on Agriculture.

By Mr. HUDSPETH: A bill (H. R. 4763) for the erection of a public post-office building at Colorado, Mitchell County, Tex., and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. IRWIN: A bill (H. R. 4764) to provide for the erection of a public building at Highland, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. KING: A bill (H. R. 4765) for the erection of a public building at Lewistown, Ill., and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. McREYNOLDS: A bill (H. R. 4766) to provide for the acquisition of a site and the erection thereon of a public building at South Pittsburg, Marion County, Tenn.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4767) increasing the limit of cost of a public building and site at Athens, McMinn County, Tenn.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4768) to provide for the acquisition of a site and the erection thereon of a public building at McMinnville, Warren County, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. MAGEE of New York: A bill (H. R. 4769) to provide for the appointment of one additional district judge for the northern and western districts of New York; to the Committee on the Judiciary.

By Mr. MAPES: A bill (H. R. 4770) to provide for a reorganization of the administrative branches of the Government, to create the reorganization board, and for other purposes; to the Committee on Rules.

By Mr. MOORE of Ohio: A bill (H. R. 4771) to amend the act of August 24, 1912 (ch. 389, par. 7, 37 Stat. 555), making appropriations for the Post Office Department for the fiscal year ended June 30, 1913; to the Committee on the Post Office and Post Roads.

By Mr. PARKER: A bill (H. R. 4772) to encourage and regulate the use of aircraft in commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 4773) to increase the efficiency of the Lighthouse Service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 4774) to authorize the purchase in the open market of certain supplies for use on the Panama Canal or in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 4775) to authorize payment of compensation to retired warrant officers and enlisted men employed by the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. PERLMAN: A bill (H. R. 4776) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. POU: A bill (H. R. 4777) for the purchase of a site and the erection of a public building at Louisburg, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4778) for the purchase of a site and the erection thereon of a public building at Smithfield, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. SHALLENBERGER: A bill (H. R. 4779) providing for the extension and enlargement of the post office and court building at Hastings, Nebr.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4780) for the purchase of a site and the erection of a public building at Superior, Nebr.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4781) for the purchase of a site and the erection of a public building at Clay Center, Nebr.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4782) for the purchase of a site and the erection of a public building at Red Cloud, Nebr.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4783) providing for the extension and enlargement of the post office and court building at Grand Island, Nebr.; to the Committee on Public Buildings and Grounds.

By Mr. STEVENSON: A bill (H. R. 4784) to amend section 1, chapter 1, title 1, of the Judicial Code; to the Committee on the Judiciary.

By Mr. ZIHLMAN: A bill (H. R. 4785) to enable the Rock Creek and Potomac Parkway Commission to complete the acquisition of land authorized to be acquired by the public buildings appropriation act approved March 4, 1913, for the connecting parkway between Rock Creek Park, the Zoological Park, and Potomac Park; to the Committee on the District of Columbia.

By Mr. UPSHAW: A bill (H. R. 4786) authorizing appropriation for purchasing a site and erecting a post-office building at East Point, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. VARE: A bill (H. R. 4787) to amend the national prohibition act as supplemented in respect of the definition of intoxicating liquor; to the Committee on the Judiciary.

By Mr. WAINWRIGHT: A bill (H. R. 4788) to give wartime rank to certain officers on the retired list of the Army; to the Committee on Military Affairs.

Also, a bill (H. R. 4789) providing for the biennial appointment of a board of visitors to inspect and report upon the government and conditions in the Philippine Islands; to the Committee on Insular Affairs.

By Mr. WASON: A bill (H. R. 4790) making an appropriation to be expended under the provisions of section 7 of the act of March 1, 1911, entitled "An act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended; to the Committee on Agriculture.

By Mr. WATSON: A bill (H. R. 4791) to provide for the enlargement of the public building at Norristown, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4792) for the purchase of a site and the erection of a public building at Ardmore, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4793) for the purchase of a site and the erection of a public building at Jenkintown, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4794) for the purchase of a site and the erection of a public building at Conshohocken, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. WYANT: A bill (H. R. 4795) to provide for the erection of a public building at Latrobe, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4796) to provide for the erection of a public building at Scottsdale, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. APPLEBY: A bill (H. R. 4797) for the maintenance and improvement of channel connecting the waters of the Manasquan River with the Atlantic Ocean in the State of New Jersey, and for the modification of the existing project for the improvement of said channel; to the Committee on Rivers and Harbors.

By Mr. DAVEY: A bill (H. R. 4798) enlarging temporarily the power of the President of the United States for the purpose of the reorganization of the Government service, and providing for the removal of unnecessary and useless Government employees, officials, divisions, bureaus, and commissions, and providing for the temporary appointment of an advisory reorganization board; to the Committee on Rules.

By Mr. JARRETT: A bill (H. R. 4799) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the district of Hana, on the island and county of Maui, Territory of Hawaii; to the Committee on the Territories.

By Mr. JOHNSON of South Dakota: A bill (H. R. 4800) to provide further for the national security and defense; to the Committee on Military Affairs.

Also, a bill (H. R. 4801) regulating the pay of reserve and National Guard officers when called to active duty; to the Committee on Military Affairs.

Also, a bill (H. R. 4802) authorizing all retired enlisted men who were on active duty status during the period of the war with Germany and who did not serve as commissioned officers to be returned to the retired list and to receive the full pay and allowances of the grade they held during the war; to the Committee on Military Affairs.

By Mr. MORIN: A bill (H. R. 4803) to authorize the Secretary of War to lease to the Bush Terminal Railroad Co. and to the Long Island Railroad use of railway tracks at Army supply base, South Brooklyn, N. Y.; to the Committee on Military Affairs.

Also, a bill (H. R. 4804) to amend section 1, act of March 4, 1909 (sundry civil act), so as to make the Chief of Finance of the Army a member of the Board of Commissioners of the United States Soldiers' Home; to the Committee on Military Affairs.

Also, a bill (H. R. 4805) authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property, and authorizing the

sale of certain military reservations, and for other purposes; to the Committee on Military Affairs.

Also, a bill (H. R. 4806) to authorize the Secretary of War to class as secret certain apparatus pertaining to the Signal Corps, Air Service, and Chemical Warfare Service, and empower him to authorize purchases thereof and award contracts therefor without notice or advertisement; to the Committee on Military Affairs.

By Mr. RAGON: A bill (H. R. 4807) authorizing the Secretary of War to acquire a tract of land for use as a landing field at the air intermediate depot near the city of Little Rock, Ark.; to the Committee on Military Affairs.

By Mr. SUMMERS of Washington: A bill (H. R. 4808) to construct a public building for a post office at the city of Pasco, Wash.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4809) to construct a public building for a post office at the city of Colfax, Wash.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 4810) granting and relinquishing title to certain lands in the State of Washington to the American board of commissioners for foreign missions, and for other purposes; to the Committee on the Public Lands.

By Mr. THOMAS: A bill (H. R. 4811) authorizing the Secretary of the Interior to issue patent to the city of Lawton to certain lands in the Mount Scott subagency; to the Committee on the Public Lands.

By Mr. UNDERHILL: A bill (H. R. 4812) to amend an act entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved March 23, 1906; to the Committee on the District of Columbia.

By Mr. UPSHAW: A bill (H. R. 4813) authorizing appropriation for purchasing site and erecting post-office building at Decatur, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. SIMMONS: Joint resolution (H. J. Res. 57) to award to James H. Cook, of Agate, Nebr., a bronze medal for valiant services in the Geronimo campaign; to the Committee on Military Affairs.

By Mr. TAYLOR of West Virginia: Joint resolution (H. J. Res. 58) proposing to amend the Constitution of the United States to authorize uniform laws on the subject of marriage and divorce, and to provide penalties for the enforcement; to the Committee on the Judiciary.

By Mr. MADDEN: Joint resolution (H. J. Res. 59) establishing a joint congressional committee to conduct negotiations for a private lease of the properties owned by the United States at Muscle Shoals, Ala., and to report its findings with recommendations as to acceptance thereof; to the Committee on Rules.

By Mr. BROWNE: Joint resolution (H. J. Res. 60) conferring jurisdiction upon the Court of Claims for the adjudication of claims against the United States for sloughage damages suffered by riparian landowners on the Fox and Wolf Rivers in the State of Wisconsin; to the Committee on Claims.

By Mr. JOHNSON of Washington: Joint resolution (H. J. Res. 61) to appoint Dwight W. Morrow a regent of the Smithsonian Institution; to the Committee on the Library.

By Mr. KVALE: Joint resolution (H. J. Res. 62) authorizing the Secretary of War to award a congressional medal of honor to Syvert A. Anderson; to the Committee on Military Affairs.

By Mr. JOHNSON of South Dakota: Resolution (H. Res. 42) authorizing the appointment of a janitor to the Committee on World War Veterans' Legislation; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ALMON: A bill (H. R. 4814) for the relief of heirs of James H. Ware, deceased; to the Committee on Claims.

By Mr. ARENTZ: A bill (H. R. 4815) for the relief of Clark County, Nev.; to the Committee on Claims.

By Mr. BEGG: A bill (H. R. 4816) granting an increase of pension to Catharine M. Downing; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4817) granting an increase of pension to Eurlitta A. Beard; to the Committee on Invalid Pensions.

By Mr. BLAND: A bill (H. R. 4818) for the relief of Chief Boatswain John W. Stoakley, retired, United States Navy; to the Committee on Naval Affairs.

By Mr. BLOOM: A bill (H. R. 4819) for the relief of the heirs of the late Frank J. Simmons; to the Committee on War Claims.

By Mr. BRITTEN: A bill (H. R. 4820) granting a pension to John Howard; to the Committee on Pensions.

Also, a bill (H. R. 4821) to reimburse Commander Walter H. Allen, civil engineer, United States Navy, for losses sustained while carrying out his duties; to the Committee on Naval Affairs.

By Mr. BROWNE: A bill (H. R. 4822) granting an increase of pension to Anna Biebel; to the Committee on Invalid Pensions.

By Mr. CARTER of Oklahoma: A bill (H. R. 4823) granting an increase of pension to James M. Warner; to the Committee on Pensions.

Also, a bill (H. R. 4824) granting a pension to Mariah Jane Lively; to the Committee on Invalid Pensions.

By Mr. DAVEY: A bill (H. R. 4825) granting an increase of pension to Anna Gilbert; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4826) granting an increase of pension to Maria C. Buchanan; to the Committee on Invalid Pensions.

By Mr. EDWARDS: A bill (H. R. 4827) for the relief of and granting compensation to C. W. King growing out of the death of his minor son Carl Calder King; to the Committee on Claims.

By Mr. ELLIOTT: A bill (H. R. 4828) granting a pension to John F. Joyce; to the Committee on Pensions.

By Mr. EVANS: A bill (H. R. 4829) for the relief of Miriam Hathaway; to the Committee on Claims.

By Mr. ROY G. FITZGERALD: A bill (H. R. 4830) granting an increase of pension to Anne Gallagher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4831) for the relief of William F. Hatten, alias William Hadden; to the Committee on Military Affairs.

By Mr. FLAHERTY: A bill (H. R. 4832) for the relief of John P. McLaughlin; to the Committee on Claims.

Also, a bill (H. R. 4833) for the relief of J. L. Flynn; to the Committee on Claims.

By Mr. FUNK: A bill (H. R. 4834) to provide for compensation for Ona Harrington for injuries received in airplane accident; to the Committee on Claims.

By Mr. GREEN of Iowa: A bill (H. R. 4835) to remove the charge of desertion from the records of the War Department standing against William J. Dunlap; to the Committee on Military Affairs.

By Mr. HALE: A bill (H. R. 4836) granting an increase of pension to Luthera Bachelder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4837) granting an increase of pension to Esther Huntress; to the Committee on Invalid Pensions.

By Mr. HAWES: A bill (H. R. 4838) for the relief of Herman C. Meer; to the Committee on the Judiciary.

By Mr. HOLADAY: A bill (H. R. 4839) granting an increase of pension to John C. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4840) granting an increase of pension to Christopher Gordon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4841) granting an increase of pension to Martha A. Redick; to the Committee on Invalid Pensions.

By Mr. HUDSPETH: A bill (H. R. 4842) for the relief of F. G. Alderete; to the Committee on War Claims.

Also, a bill (H. R. 4843) for the relief of Frances Edith Gilmore; to the Committee on World War Veterans' Legislation.

By Mr. MORTON D. HULL: A bill (H. R. 4844) for the relief of John Marks, alias John Bell; to the Committee on Naval Affairs.

By Mr. JOHNSON of South Dakota: A bill (H. R. 4845) for the relief of Harry Newton; to the Committee on Naval Affairs.

By Mrs. KAHN: A bill (H. R. 4846) granting a pension to Stephen J. Tully, alias Thomas Simmons; to the Committee on Pensions.

Also, a bill (H. R. 4847) granting a pension to Emil Jantson; to the Committee on Pensions.

Also, a bill (H. R. 4848) granting a pension to Christine M. Mayhugh; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4849) for the relief of W. P. Fuller & Co.; to the Committee on Claims.

Also, a bill (H. R. 4850) granting a pension to Minnie A. Colbert; to the Committee on Pensions.

Also, a bill (H. R. 4851) granting an increase of pension to Annie M. Todd; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 4852) granting a pension to Nancy A. Bradford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4853) granting a pension to Rena M. Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4854) granting a pension to Linna L. White; to the Committee on Pensions.

Also, a bill (H. R. 4855) granting a pension to Nannie Ludy; to the Committee on Invalid Pensions.

By Mr. LANHAM: A bill (H. R. 4856) granting a pension to Laura A. Keeling; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 4857) granting a pension to Rachel Elnora Gillett; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 4858) for the relief of Phillip T. Post; to the Committee on Claims.

Also, a bill (H. R. 4859) granting an increase of pension to Ella S. McCaleb; to the Committee on Invalid Pensions.

By Mr. LONGWORTH: A bill (H. R. 4860) for the relief of Harry C. Stokes; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 4861) granting an increase of pension to Robert P. Leach; to the Committee on Pensions.

Also, a bill (H. R. 4862) granting a pension to Lucinda Lenhart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4863) granting a pension to Robert T. McElhiney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4864) granting a pension to David C. Enochs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4865) granting an increase of pension to Elisabeth Everhart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4866) granting an increase of pension to James W. Fisher; to the Committee on Pensions.

Also, a bill (H. R. 4867) granting a pension to Thomas M. Frazier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4868) granting a pension to Other M. Galbreath; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4869) granting an increase of pension to Margaret Hughes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4870) granting a pension to Walter Wingfield Hale; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4871) granting a pension to Rhoda Huskisson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4872) granting an increase of pension to Eliza Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4873) granting an increase of pension to Mary J. Keith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4874) granting an increase of pension to Bell Sadders Kelly; to the Committee on Pensions.

Also, a bill (H. R. 4875) granting a pension to William H. Key; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4876) granting a pension to Richard W. Knight; to the Committee on Pensions.

Also, a bill (H. R. 4877) granting an increase of pension to Sarah M. Kuhn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4878) granting an increase of pension to Emma Lamboy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4879) granting a pension to Catherine Cowhick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4880) granting a pension to Elizabeth Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4881) granting an increase of pension to Sarah E. Embry; to the Committee on Pensions.

Also, a bill (H. R. 4882) granting a pension to Augusta A. Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4883) granting a pension to Judah Montgomery; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 4884) for the relief of Walter L. Watkins, alias Harry Austin; to the Committee on Military Affairs.

Also, a bill (H. R. 4885) for the relief of the Hunter-Brown Co.; to the Committee on Claims.

By Mr. MANLOVE: A bill (H. R. 4886) granting an increase of pension to Crawford Blair; to the Committee on Pensions.

Also, a bill (H. R. 4887) granting an increase of pension to Susan O. Adams; to the Committee on Pensions.

Also, a bill (H. R. 4888) granting an increase of pension to Sophronia Burden; to the Committee on Pensions.

Also, a bill (H. R. 4889) granting an increase of pension to Matilda J. Eubanks; to the Committee on Pensions.

Also, a bill (H. R. 4890) granting a pension to Mary A. Hatten; to the Committee on Pensions.

Also, a bill (H. R. 4891) granting an increase of pension to Martha M. Henderson; to the Committee on Pensions.

Also, a bill (H. R. 4892) granting an increase of pension to Mary A. Hester; to the Committee on Pensions.

Also, a bill (H. R. 4893) granting an increase of pension to Elizabeth M. Miller; to the Committee on Pensions.

Also, a bill (H. R. 4894) granting an increase of pension to Sarah A. Nelson; to the Committee on Pensions.

Also, a bill (H. R. 4895) granting an increase of pension to Persiller Parmley; to the Committee on Pensions.

Also, a bill (H. R. 4896) granting an increase of pension to Eady Elizabeth Ripple; to the Committee on Pensions.

Also, a bill (H. R. 4897) granting a pension to Elda Leota Rutherford; to the Committee on Pensions.

Also, a bill (H. R. 4898) granting an increase of pension to Margaret A. Saunders; to the Committee on Pensions.

Also, a bill (H. R. 4899) granting a pension to Martha Smith; to the Committee on Pensions.

By Mr. MILLS: A bill (H. R. 4900) for the relief of Herman Shulof; to the Committee on Claims.

By Mr. MOORE of Ohio: A bill (H. R. 4901) granting an increase of pension to Maria B. Twiggs; to the Committee on Pensions.

Also, a bill (H. R. 4902) for the relief of Washington County, Ohio, S. C. Kile estate, and Martha Frye estate; to the Committee on Claims.

Also, a bill (H. R. 4903) granting a pension to John Washington Beardmore; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 4904) granting an increase of pension to Emma M. Tallentire; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4905) granting an increase of pension to Rebecca Carey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4906) granting an increase of pension to Sacriisa J. Marlow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4907) granting an increase of pension to Lucinda A. Gregg; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4908) granting an increase of pension to Susie D. Butt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4909) granting an increase of pension to Margaret R. Batch; to the Committee on Invalid Pensions.

By Mr. MORROW: A bill (H. R. 4910) for the relief of Bernard S. Rodey; to the Committee on Claims.

By Mr. MURPHY: A bill (H. R. 4911) granting an increase of pension to Delia A. Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4912) granting an increase of pension to Jospine G. Moore; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 4913) granting a pension to George E. Spear; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4914) granting an increase of pension to Harriet J. Sturdy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4915) granting an increase of pension to Harriett Chamberlin; to the Committee on Invalid Pensions.

By Mr. OLDFIELD: A bill (H. R. 4916) granting a pension to Alma Halbrook; to the Committee on Pensions.

By Mr. PEERY: A bill (H. R. 4917) to renew and extend certain letters patent to Irvine K. Roby; to the Committee on Patents.

By Mr. REECE: A bill (H. R. 4918) granting a pension to Tide Owens; to the Committee on Pensions.

Also, a bill (H. R. 4919) granting an increase of pension to Elimina C. Stanley; to the Committee on Pensions.

By Mrs. ROGERS: A bill (H. R. 4920) granting an increase of pension to Hannah Good; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4921) granting an increase of pension to Elizabeth Vizzard; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 4922) granting a pension to Mary Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4923) granting an increase of pension to Mary J. Hale; to the Committee on Invalid Pensions.

By Mr. SPEAKS: A bill (H. R. 4924) granting a pension to Lester Cooley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4925) granting a pension to Sarah A. Armstrong; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4926) granting an increase of pension to Sarah M. Beekman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4927) granting an increase of pension to Ann Hazelton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4928) granting an increase of pension to Chaney Russell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4929) granting an increase of pension to Eva L. Bowman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4930) granting an increase of pension to Sarah A. McFarland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4931) granting an increase of pension to Sarah C. Allgower; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4932) granting a pension to Sarah E. Burns; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4933) granting an increase of pension to Emily S. Coffman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4934) granting an increase of pension to Olive H. Helms; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4935) granting an increase of pension to Ellenora Stump; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4936) granting an increase of pension to Elizabeth R. Smeltzer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4937) granting an increase of pension to Martha Gray; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4938) granting an increase of pension to Isabell Lester; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4939) granting an increase of pension to Julia Norris; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4940) granting an increase of pension to Mary A. Rinehart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4941) granting an increase of pension to Louise M. Cox; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4942) granting an increase of pension to Ellen M. Carey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4943) granting an increase of pension to Kate E. Potter; to the Committee on Invalid Pensions.

By Mr. SPEARING: A bill (H. R. 4944) for the relief of Louise Saint Gez, executrix of Auguste Ferré, deceased, surviving partner of Lapene and Ferré; to the Committee on War Claims.

By Mr. STALKER: A bill (H. R. 4945) granting a pension to Anna S. Givens; to the Committee on Pensions.

Also, a bill (H. R. 4946) granting an increase of pension to Susan J. Waite; to the Committee on Pensions.

Also, a bill (H. R. 4947) granting an increase of pension to Amanda A. White; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 4948) granting an increase of pension to Sophia A. Brassfield; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 4949) granting a pension to Benjamin F. Rhoads, alias Jacob Minick (or Minich); to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 4950) granting an increase of pension to America Truax; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4951) granting a pension to Mary E. Walp; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 4952) granting an increase of pension to Julia A. Wagner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4953) granting an increase of pension to Ophelia C. McKnight; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4954) granting an increase of pension to Martha Tuttle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4955) granting an increase of pension to Mary Brooker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4956) granting an increase of pension to Eliza M. Vail; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4957) granting an increase of pension to Livonia Rodgers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4958) granting an increase of pension to Hester C. True; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4959) granting an increase of pension to Jennie Dorman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4960) granting an increase of pension to Matilda Arnold; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4961) granting an increase of pension to Elizabeth A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4962) granting an increase of pension to Mary Wisheart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4963) granting a pension to Belle Boerstler; to the Committee on Invalid Pensions.

By Mr. UPDIKE: A bill (H. R. 4964) granting an increase of pension to Florence M. Anderson; to the Committee on Pensions.

Also, a bill (H. R. 4965) granting a pension to Ida B. Davis; to the Committee on Pensions.

Also, a bill (H. R. 4966) granting an increase of pension to Mary Belle Chitwood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4967) granting an increase of pension to Clara Sears; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4968) granting a pension to Anna P. Vesey; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 4969) granting an increase of pension to Anna E. Wilsey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4970) granting a pension to Harriet Kingsbury; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4971) granting an increase of pension to Elizabeth Lloyd; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4972) granting an increase of pension to Martha A. Hodges; to the Committee on Invalid Pensions.

By Mr. WARREN: A bill (H. R. 4973) to authorize a survey of Silver Lake Harbor, Ocracoke Island, and entrance thereto from Pamlico Sound, N. C.; to the Committee on Rivers and Harbors.

By Mr. WASON: A bill (H. R. 4974) granting relief to Charles H. Prince; to the Committee on Claims.

Also, a bill (H. R. 4975) granting relief to Irving J. Kelley; to the Committee on Claims.

Also, a bill (H. R. 4976) granting relief to the estate of Charles E. Stevens; to the Committee on Claims.

Also, a bill (H. R. 4977) to restore Edward L. Bailey to the United States Army and to replace him on the retired list with the rank of captain of Infantry; to the Committee on Military Affairs.

Also, a bill (H. R. 4978) granting an increase of pension to Mary A. Vickery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4979) granting a pension to Lillian A. Sherman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4980) granting relief to Howard A. Moxley; to the Committee on Claims.

By Mr. WHITE of Kansas: A bill (H. R. 4981) granting a pension to Thomas S. Colburn; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 4982) granting a pension to Joseph Boulds; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4983) granting an increase of pension to Lucinda Beck; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 4984) granting an increase of pension to Hannah M. Baker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4985) granting an increase of pension to Mary E. Mansfield; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4986) granting an increase of pension to Mary E. Murdock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4987) granting an increase of pension to Roxanna Mellander; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4988) granting an increase of pension to Mary E. McElwee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4989) granting an increase of pension to Mary Elizabeth McClain; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4990) granting an increase of pension to Abigail McCreery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4991) granting an increase of pension to Eliza B. McCauley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4992) granting an increase of pension to Martha J. McLaughlin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4993) granting an increase of pension to Marie Lenhart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4994) granting an increase of pension to Sylvester Lane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4995) granting an increase of pension to Hannah E. Kunkle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4996) granting an increase of pension to Catharine Kittell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4997) granting an increase of pension to Sophie E. Kettering; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4998) granting an increase of pension to Josephine Howell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4999) granting an increase of pension to Harriet A. Hoffer; 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:

45. By Mr. ANDREW: Petition of Norman D. Prince Post, No. 182, the American Legion, Wenham, Mass., in regard to the existing pay status of certain warrant officers of the United States Navy; to the Committee on Naval Affairs.

46. By Mr. BARBOUR: Resolution adopted by the Sanger Chamber of Commerce, of Sanger, Calif., opposing any change in present policy of the Government relative to Federal aid for highways; to the Committee on Appropriations.

47. Also, resolution adopted by the Los Angeles County Republican Central Committee, indorsing the Colorado River project and the All-American Canal; to the Committee on Irrigation of Arid Lands.

48. By Mr. CONNERY: Resolutions adopted by State Convention of Ancient Order of Hibernians of Massachusetts, protesting against the "national origins" of the immigration law of 1924; to the Committee on Immigration and Naturalization.

49. By Mr. DARROW: Petition of the Philadelphia Board of Trade, in behalf of the repeal of the Federal inheritance tax; to the Committee on Ways and Means.

50. By Mr. FULLER: Petition of the Association of National Advertisers (Inc.), protesting against increase of rates of postage and favoring a return to the rates previously in force; to the Committee on the Post Office and Post Roads.

51. By Mr. HUDSON: Petition of the Hazel Park Exchange Club, citizens of the sixth district of Michigan, to make all possible effort to evolve a system of taxation where the Federal and State Governments do not levy taxes on the same kinds and types of any given property rights; to the Committee on Ways and Means.

52. Also, petition of the growers of rhubarb and citizens of the sixth district, Michigan, asking that a duty of at least 10 cents per pound be levied on all rhubarb grown outside of the United States and brought into the United States; to the Committee on Ways and Means.

53. By Mr. KING: Petition of M. T. Booth, of Atkinson, Ill., and 500 other citizens of the State of Illinois, requesting the repeal of war excise tax levied on automobiles and parts; to the Committee on Ways and Means.

54. By Mr. MACGREGOR: Petition of the Buffalo Chamber of Commerce, Buffalo, N. Y., urging the enactment of the Wadsworth-Williams bill; to the Committee on Interstate and Foreign Commerce.

55. Also, petition of the Buffalo Chamber of Commerce, Buffalo, N. Y., recommending that the number of troops now stationed on the Niagara frontier should be maintained, and that the units now at Fort Porter should be transferred to Fort Niagara; to the Committee on Military Affairs.

56. Also, petition of the American Steamship Owners' Association, Broadway, New York, expressing opposition to return of the alien property fund to Germany until all the just claims of American citizens have been satisfied; to the Committee on Foreign Affairs.

57. By Mr. STRONG of Kansas: Petition of 37 members of Clay Center, Kans., Woman's Relief Corps, No. 10, and widows of soldiers of the Civil War, urging enactment of legislation granting pension of \$50 per month to every widow of Civil War soldier married prior to 1910; to the Committee on Invalid Pensions.

58. By Mr. STRONG of Pennsylvania: Petition of E. R. Brady Post, No. 242, Grand Army of the Republic, Brookville, Pa., urging a substantial increase of pension for all Civil War veterans and their widows; to the Committee on Pensions.

59. By Mr. WATSON: Resolution adopted by the Board of Fish Commissioners of the Commonwealth of Pennsylvania, in re the abstraction of water from Lake Michigan by the city of Chicago; to the Committee on Military Affairs.

60. By Mr. WYANT: Petition of the Board of Fish Commissioners of the Commonwealth of Pennsylvania in re the abstraction of water from Lake Michigan by the city of Chicago; to the Committee on Military Affairs.

61. Also, petition of sundry citizens of the city of Bethlehem, Pa., in re participation of the United States in the World Court; to the Committee on Foreign Affairs.

HOUSE OF REPRESENTATIVES

FRIDAY, December 11, 1925

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our blessed heavenly Father, this day is but another announcement of Thy sovereign rule in life. It proves that Thou has not left us, but art going with us all the way. We bless Thee that the beautiful and glorious mission of Thy revelation was born in infinite mercy. O Thou in whose presence our souls find release, we thank Thee for the holy ministry of the glorified cross. May its sacrifice make us humble; may its sympathy make us social; may its love make us loving; may its charity make us benevolent; may its grace make us courageous; and may the joy of the Lord be our abiding portion forever and forever. Amen.

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

SWEARING IN OF A MEMBER

Mr. LINEBERGER appeared at the bar of the House and took the oath of office prescribed by law.

PRESIDENT'S MESSAGE—CONSOLIDATION OF CUSTOMS DISTRICTS (S. DOC. NO. 15)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Ways and Means and ordered printed:

To the Congress of the United States:

The sundry civil act approved August 1, 1914, contains the following provisions, viz:

The President is authorized from time to time, as the exigencies of the service may require, to rearrange, by consolidation or otherwise, the several customs collection districts and to discontinue ports of entry by abolishing the same or establishing others in their stead: *Provided*, That the whole number of customs collection districts, ports of entry, or either of them, shall at no time be made to exceed those now established and authorized except as the same may hereafter be provided by law: *Provided further*, That hereafter the collector of customs of each customs collection district shall be officially designated by the number of the district for which he is appointed and not by the name of the port where the headquarters are situated, and the President is authorized from time to time to change the location of the headquarters in any customs collection district as the needs of the service may require: *And provided further*, That the President shall, at the beginning of each regular session, submit to Congress a statement of all acts, if any, done hereunder and the reasons therefor.

Pursuant to the requirements of the third proviso to the said provision, I have to state the following changes in the organization of the customs service have been made by Executive order since the last report:

By Executive order dated January 24, 1925, Petersburg, Alaska, was created a port of entry in customs collection district No. 31 (Alaska), effective February 1, 1925.

By Executive order dated February 14, 1925, the ports of Monticello and Houlton, in customs collection district No. 1 (Maine and New Hampshire) were abolished, effective March 1, 1925, and a new port of Houlton established in customs collection district No. 1 (Maine and New Hampshire), comprising the townships of Houlton, Monticello, Littleton, Hodgdon, Cary, Amity, Orient, Weston, Danforth, and Forest City, effective March 1, 1925.

By Executive order dated February 20, 1925, the limits of the port of San Francisco, the headquarters port of customs collection district No. 28 (California), were extended to include the Alameda side of the San Antonio estuary, effective March 1, 1925.

By Executive order dated April 15, 1925, the limits of the port of New York, the headquarters port of customs collection district No. 10 (New York), were extended, effective May 1, 1925, to include the area as defined in "joint resolution granting the consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the Port of New York Authority for the comprehensive development of the port of New York," approved August 23, 1921 (vol. 42, part 1, chap. 77, Stat. L. p. 175). The ports of Newark, N. J., and Perth Amboy, N. J., included within the limits of the port of New York as herein defined continue to be entitled to all the rights and privileges of a port of entry.

By Executive order dated June 1, 1925, Westhope, N. Dak., was created a port of entry in customs collection district No. 34 (Dakota), with headquarters at Pembina, N. Dak., effective June 1, 1925.

By Executive order dated July 8, 1925, Little Rock, Ark. (which was then a customs station), was created a port of entry in customs collection district No. 43 (Tennessee), with headquarters at Memphis, effective August 1, 1925.

By Executive order dated August 25, 1925, North Tonawanda (including Tonawanda) was abolished as a port of entry in customs collection district No. 9 (Buffalo), effective September 1, 1925.

By Executive order dated August 26, 1925, Jonesport was created a port of entry and Machias abolished as a port of entry in customs collection district No. 1 (Maine and New Hampshire), with headquarters at Portland, Me., and by the same Executive order the limits of the port of Eastport, in district No. 1, were extended to include Cutler, all effective September 1, 1925.

By Executive order dated August 26, 1925, Minneapolis was made the headquarters port for customs collection district No.