CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8575) granting a pension to Anna J. Gove, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

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

By Mr. FULLER: A bill (H. R. 8624) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; committed to the Committee of the Whole House and ordered to be printed.

By Mr. JAMES: A bill (H. R. 8625) to provide for the cession to the State of Michigan of certain public lands in the county of Isle Royal, State of Michigan; to the Committee on the Public Lands.

By Mr. BLAND of Indiana: A bill (H. R. 8626) to regulate the shipment in interstate and foreign commerce of immoral motion-picture films; to the Committee on the Judiciary.

By Mr. FITZGERALD: Resolution (H. Res. 196) for the appointment of a committee of five Members of the House of Representatives to investigate the conditions of the police department of the District of Columbia; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. COLE: A bill (H. R. 8627) granting a pension to Rose Frost; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8628) granting an increase of pension to Lester H. Greer; to the Committee on Pensions.

By Mr. CRAMTON: A bill (H. R. 8629) granting a pension to Mary A. McKay; to the Committee on Pensions.

Also, a bill (H. R. 8630) granting a pension to William Adamson; to the Committee on Pensions.

By Mr. CURRY: A bill (H. R. 8631) granting a pension to Thomas Robert Farewell; to the Committee on Pensions.

By Mr. GARRETT of Texas: A bill (H. R. 8632) for the relief of the heirs of Frank Boddeker; to the Committee on Claims.

By Mr. HUDSPETH: A bill (H. R. 8633) for the relief of Anna M. Tobin, independent executrix of the estate of Frank R. Tobin, deceased; to the Committee on Claims.

By Mr. LINEBERGER: A bill (H. R. 8634) granting a pension to Martha C. Davis; to the Committee on Pensions.

By Mr. MEAD: A bill (H. R. 8635) granting a pension to Janett Goslin; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 8636) for the relief of Walter S. Warner; to the Committee on Claims.

By Mr. MUDD: A bill (H. R. 8637) for the relief of John Jakes; to the Committee on Military Affairs.

Also, a bill (H. R. 8638) granting an increase of pension to Dominic Roach; to the Committee on Pensions.

By Mr. SNELL: A bill (H. R. 8639) to authorize appropriations for the relief of certain officers of the Army of the United States, and for other purposes; to the Committee on War Claims.

Also, a bill (H. R. 8640) granting a pension to Henry C. Selleck; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8641) granting a pension to Mollie A. Bradford; to the Committee on Invalid Pensions.

By Mr. BOWERS: Resolution (H. Res. 197) authorizing payment of six months' salary and funeral expenses to Rose V. Elliott, on account of death of Alex Elliott, late an employee of the House of Representatives; to the Committee on Accounts.

PETITIONS, ETC.

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

2694. By the SPEAKER (by request): Resolutions Nos. 55954 and 55955 adopted by the council of the city of Cleveland, Ohio, and approved by the mayor, relative to labor conditions; to the Committee on Labor.

2695. Also (by request), resolutions adopted at the third annual convention of the Department of Massachusetts of the American Legion, relative to adjusted compensation for ex-service men; to the Committee on Ways and Means.

2696. Also (by request), resolutions adopted by Springfield Council of the American Association for the Recognition of the Irish Republic, relating to free tolls for American coastwise vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

2697. Also (by request), resolution from the Robbinsdale Commercial Club of Robbinsdale, Minn., indorsing the "more work—better roads" movement; to the Committee on Roads.

2698. Also (by request), telegram from Rev. Henry C. Cobb and other ministers of Boonton, N. J., protesting against a bill before the Senate relative to the use of the Panama Canal; to the Committee on Interstate and Foreign Commerce.

2699. Also (by request), resolutions from the Portsmouth (N. H.) Central Labor Union, protesting against the policy of the Government relative to navy yard employees; to the Committee on Expenditures in the Navy Department.

2700. By Mr. BECK: Resolution adopted by the common council of the city of Milwaukee, relative to the construction of a breakwater to protect lake terminals designed to be located at Milwaukee, Wis.; to the Committee on Rivers and Harbors.

2701. By Mr. CRAMTON: Resolutions of Division No. 1, Ancient Order of Hibernians, of St. Clair County, Mich., asking that the name of Commodore John Barry be inscribed on the memorial arch at Arlington Cemetery; to the Committee on the Library.

2702. By Mr. FISH: Papers in support of House bill 8586, granting an increase of pension to Earl B. Durham; to the Committee on Pensions.

2703. Also, papers in support of House bill 8585, granting a pension to Emma M. Gottwald; to the Committee on Invalid Pensions.

2704. By Mr. GILLETT: Petition of Arthur O. Nuttelman and other citizens of Florence, Mass., urging aid for the enforcement of prohibition and the thwarting of all efforts at weakening enforcement laws; to the Committee on the Judiciary.

2705. By Mr. KISSEL: Petition of Sterling P. Bond, of St. Louis, Mo.; to the Committee on Agriculture.

2706. By Mr. MICHENER: Resolutions in reference to conference on limitation of armaments passed by Ann Arbor Grange, No. 1566, Ann Arbor, Mich.; to the Committee on Foreign Affairs.

2707. By Mr. MOORE of Virginia: Petition of Hanover Baptist Church, of King George County, Va., relative to constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2708. By Mr. RAKER: Petition of the Long Beach Realty Board, of Long Beach, Calif., urging adoption of an amendment to the Constitution of the United States allowing taxation of income from tax-exempt securities; to the Committee on the Judiciary.

2709. Also, petition of the Southern California School Librarians' Association, of Los Angeles, Calif., urging support of House bill 7, providing for the establishment of a department of education under the direction of a secretary who shall belong to the President's Cabinet; to the Committee on Education.

2710. By Mr. SWING: Petition of sundry citizens and residents of Orange and San Diego Counties, Calif., protesting against a compulsory Sunday observance law; to the Committee on the District of Columbia.

SENATE.

WEDNESDAY, *October 12, 1921.*

(Legislative day of Tuesday, October 4, 1921.)

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

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

The PRESIDENT pro tempore. The Secretary will call the roll.

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

Ashurst	Frelinghuysen	McCormick	Robinson
Ball	Harreld	McKellar	Sheppard
Borah	Harris	McKinley	Shields
Brandegee	Harrison	McNary	Shortridge
Calder	Heflin	Moses	Simmons
Cameron	Hitchcock	Myers	Smith
Capper	Johnson	Nelson	Smoot
Caraway	Jones, N. Mex.	New	Spencer
Culberson	Kellogg	Newberry	Sutherland
Cummins	Kendrick	Nicholson	Swanson
Curtis	Kenyon	Oddie	Townsend
Dial	Keyes	Overman	Trammell
Dillingham	King	Page	Wadsworth
Edge	Knox	Penrose	Walsh, Mont.
Ernst	Ladd	Poindexter	Watson, Ga.
Fernald	La Follette	Pomerene	Watson, Ind.
France	Lenroot	Reed	Willis

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. KING. I wish to announce that the Senator from Rhode Island [Mr. GERRY] is absent on account of illness in his family. I will let this announcement stand for the day.

Mr. HARRISON. I desire to announce that the Senator from Kentucky [Mr. STANLEY] is unavoidably absent.

The PRESIDENT pro tempore. Sixty-eight Senators have answered to their names. There is a quorum present.

REINTERMENT OF AMERICAN SOLDIER DEAD.

The PRESIDENT pro tempore laid before the Senate a communication from Brig. Gen. C. R. Krauthoff, Quartermaster Corps, Acting Quartermaster General of the Army, which was read, and, with the accompanying papers, ordered to lie on the table for inspection by Senators, as follows:

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, October 11, 1921.

The PRESIDENT OF THE SENATE,
Washington, D. C.

MY DEAR SIR: The inclosed copies of lists of American soldier dead returned from overseas, consisting of 1 officer and 69 enlisted men, to be reinterred in the Arlington National Cemetery Thursday, October 13, 1921, at 2.30 p. m., are furnished for consultation by Members of the House. It is requested that they be posted or displayed in a suitable place for the purpose desired.

Very truly, yours, C. R. KRAUTHOFF,
Brigadier General, Quartermaster Corps,
Acting Quartermaster General.

PETITIONS AND MEMORIALS.

Mr. ODDIE presented a resolution adopted by the Nevada Hotel Association, praying for the elimination of war taxes on railroad transportation and Pullman accommodations, which was ordered to lie on the table.

Mr. PAGE presented two memorials of sundry citizens of Hartland, Vt., remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. KNOX presented 24 memorials signed by 6,000 citizens of Philadelphia and sundry citizens of Susquehanna County, Luzerne County, Kingston, Wilkes-Barre, Pittston, Harrisburg, Shillington, Honesdale, Bristol, White Mills, Prompton, Canton, Colmar, Hatboro, North Wales, Leolyn, Fallbrook, Barto, Reading, Pipersville, Souderton, Sellersville, and Perkasie, all in the State of Pennsylvania, remonstrating against the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

On request of Mr. KNOX the heading of one of the memorials was ordered to be printed in the RECORD, as follows:

PROTEST AGAINST SUNDAY BLUE LAWS.

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

Believing (1) in the separation of church and state;

(2) That Congress is prohibited by the first amendment to the Constitution from enacting any law enforcing the observance of any religious institution or looking toward a union of church and state or of religion and civil government;

(3) That any such legislation is opposed to the best interests of both church and state; and

(4) That the first step in this direction is a dangerous step and should be opposed by every lover of liberty;

We, the undersigned, adult residents of Philadelphia, State of Pennsylvania, earnestly petition your honorable body not to pass the compulsory Sunday observance bills (S. 1948 and H. R. 4388) which aim to regulate Sunday observance by civil force under penalty for the District of Columbia.

Mr. CAPPER presented a resolution adopted by Beattie Council, American Association for the Recognition of the Irish Republic, of Beattie, Kans., protesting against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States, etc., and favoring the payment of overdue interest and the reduction of the principal by installments on such foreign debts, which was ordered to lie on the table.

Mr. WILLIS presented a petition of sundry citizens of Toledo, Ohio, praying for the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a petition of sundry coal mining companies of Nelsonville, Ohio, praying that amendment be made to the pending tax revision bill so as to provide that the net losses of any one year may be deducted from the net earnings of the previous year and the taxes for the previous year be redetermined and the balance due the taxpayer as so ascertained be refunded, etc., which was ordered to lie on the table.

BILLS INTRODUCED.

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

By Mr. CARAWAY:

A bill (S. 2574) granting an increase of pension to John H. Cook; to the Committee on Pensions.

A bill (S. 2575) for the relief of James Rowland;

A bill (S. 2576) for the relief of Mrs. H. J. Munda;

A bill (S. 2577) for the relief of the estate of John R. Williams, deceased; and

A bill (S. 2578) for the relief of the Interstate Grocer Co.; to the Committee on Claims.

By Mr. HARRIS:

A bill (S. 2579) to provide for the publication of estimates of unginned cotton; to the Committee on Agriculture and Forestry.

By Mr. SHORTRIDGE:

A bill (S. 2580) for the relief of Michael Sweeney; to the Committee on Military Affairs.

AMENDMENTS OF TAX REVISION BILL.

Mr. LODGE, Mr. KELLOGG, and Mr. TRAMMELL submitted amendments, intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 6817) to authorize the Secretary of the Interior to issue patent to the State of Michigan, in trust, of a certain described tract of land to be used as a game refuge, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed enrolled bills of the following titles, and they were thereupon signed by the President pro tempore:

H. R. 6809. An act to extend the time for the construction of a bridge across the Rio Grande within or near the city limits of El Paso, Tex.; and

H. R. 8209. An act to extend the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn.

HOUSE BILL REFERRED.

The bill (H. R. 6817) to authorize the Secretary of the Interior to issue patent to the State of Michigan, in trust, of a certain described tract of land to be used as a game refuge was read twice by its title and referred to the Committee on Public Lands and Surveys.

The Senate, as in Committee of the Whole and in open executive session, resumed the consideration of the treaty of peace with Germany.

Mr. WALSH of Montana. Mr. President, I have approached the consideration of the treaty with Germany now before us with the most earnest desire to support it, and to give it my vote, impatient for the restoration of a state of peace in even the most technical sense with that country, so long delayed. I hoped that however much it might disappointingly leave for future adjustment, the treaty would otherwise be unobjectionable and would be promptly ratified. Indeed, speaking upon such meager information concerning it as was conveyed by the press reports announcing that it had been signed, I expressed the opinion that favorable action by the Senate at an early date might be expected. Upon a careful study of its provisions, however, I find it impossible to give it my approval in the form in which it is presented.

I proceed at once to the feature of the treaty which impels me to the conclusion that it ought to be rejected.

Article 1 refers to the Knox resolution of July 2, 1921, and declares that the United States "shall have and enjoy all the rights, privileges, indemnities, reparations, or advantages specified therein." By that resolution there was expressly reserved to the United States—

any and all rights, privileges, indemnities, reparations, or advantages, together with the right to enforce the same, to which it or they have become entitled under the terms of the armistice signed November 11, 1918, or any extensions or modifications thereof; or which were acquired by or are in the possession of the United States of America by reason of its participation in the war or to which its nationals have thereby become rightfully entitled; *or which, under the treaty of Versailles, have been stipulated for its or their benefit;* or to which it is entitled as one of the principal allied and associated powers; or to which it is entitled by virtue of any act or acts of Congress or otherwise.

Article 2 of the treaty is introduced with the following:

With a view to defining more particularly the obligations of Germany under the foregoing article with respect to certain provisions in the treaty of Versailles, it is understood and agreed between the high contracting parties:

(1) That the rights and advantages stipulated in that treaty for the benefit of the United States, which it is intended the United States shall have and enjoy, are those defined in section 1, of part 4, and parts 5, 6, 8, 9, 10, 11, 12, 14, and 15.

Part 5 of the treaty of Versailles deals with the disarmament of Germany. Its provisions are intended to make and to keep her militarily impotent. There is therein no reference to any "rights" or "advantages" or "privileges" accruing to

the United States except the "right" or "privilege" to have Germany no longer a menace to the peace of the world. The subject of indemnities or reparations is dealt with in an entirely separate part of the treaty of Versailles, and there is nothing in part 5 referring either generally to that subject, or according to the United States, either indemnity or reparation.

Unlike some other divisions of the treaty which deal with many matters in which the United States has no interest, at least no appreciable interest, but which contain some stipulations out of which some right, privilege, or advantage accrues or may accrue to the United States, part 5 is devoted exclusively to the disarmament of Germany and to the means of preventing her recrudescence as a military power.

It will be unnecessary to the present purpose to dwell upon the provisions of the treaty under which Germany was required to disarm, inasmuch as our intelligence officers and other military observers in Germany apprise us that they had, in substance, been complied with before the treaty now under consideration was signed, and that the more or less important provisions lacking fulfillment are being carried out as speedily as conditions would permit. It will be of interest, however, and be helpful to a proper understanding of the significance of the treaty before us, touching the future conduct of Germany, to recall that she was by part 5 of the treaty of Versailles, now incorporated in this treaty, required, among other things, to reduce her army to 100,000 men, to surrender her fleet, perfidiously scuttled at Scapa Flow, to disarm and dismantle her fortifications in the Rhineland, to demolish those on Heligoland, to deliver up to be destroyed and rendered useless all her arms, munitions, and war material in excess of a limited quantity specified in the treaty deemed necessary for internal police purposes.

In accordance with the obligation last above enumerated, Germany has turned over to the Allies a vast store of materials, listed in a schedule supplied to me by the War Department, which I ask to be made an appendix to my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WALSH of Montana. It is accompanied by a memorandum from which I read:

2. Quoting from three reports from the military observer at Berlin, September 6, 1921, disarmament of the army, navy, and air service is well summed up:

"Germany has disarmed on land, with the exception of her 100,000 army, as contemplated by the Versailles treaty, taking into consideration the fact that the discovery of absolutely all munitions and arms is an impossibility. The above is the carefully considered opinion of the military attaché and it is also the opinion of Gen. Nollet, president of the interallied military control commission.

"Germany has disarmed and eliminated her air service as provided in the Versailles treaty. This is a fact, although it is necessarily admitted that possibly a few hundred planes or parts of planes have not yet been discovered. It is obvious that these are out of date and of no real consequence.

"Germany has disarmed as a naval power under the provisions of the Versailles treaty. This is obvious and is the measured judgment of all foreign military and naval officers in Germany."

For the future the treaty provides that the German Army shall not exceed 100,000 men; that the great German general staff shall not be reconstructed in any form; that the number of employees or officials of the German States, such as customs officers, forest guards, and coast guards shall not exceed those so functioning in 1913, and that the number of gendarmes and employees and officials of the local or municipal police shall not be increased except in the proportion in which the population increases; that there should be no accumulation of guns, munitions, or military equipment beyond a specified limit; that the manufacture of all such should be restricted to the national factories or works; that the importation of such into Germany or the exportation of the same therefrom, should be prohibited, as well as the manufacture or importation of lethal gases or liquids, suited for military uses; that universal compulsory military training and conscription should be abolished; that no educational establishments or associations of any kind should occupy themselves with military matters, and particularly should not instruct or exercise their members or to allow them to be instructed or exercised in the profession or use of arms or to construct any fortifications in the area within which those existing at the time of the armistice were to be disarmed or demolished; that the armed forces of Germany should not include any naval or air forces, and that its navy be limited to a small specified number of vessels of inferior grade, not including any submarines.

The treaty provisions descend into particulars not noted here, but the foregoing recital will suffice to convey a sufficiently accurate idea of their character, the purpose of all being to leave Germany with forces and accessories sufficient to maintain order within her border, but useless for the purpose of aggressive foreign war.

To all intents and purposes part 5 of the Versailles treaty is read into the Berlin treaty and constitutes as much a portion of it as though set out therein at length. Germany agrees with us in a treaty to which only she and our country are parties to observe the stipulations intended to forbid her rehabilitation as a military power. We exact of her, obviously, that she so stipulate. This we do because Germany armed kept the world in awe, and we guard against her return to that state, not so much that we fear she would succeed in a contest which might involve the greater part of it as that she might be tempted, as she was, to try the issue and precipitate another such unspeakable calamity as that from which we are still painfully and slowly emerging.

It is evidently the theory of this treaty that the United States is concerned in maintaining the peace of Europe, not alone because we might again be involved, a contingency not at all unlikely should another war break out between Germany and any of the great powers, particularly if it became general, nor yet because of the impulse of humanity and the promptings of religion, natural or revealed, but because we recognize our present situation industrially makes us painfully aware, that we must suffer with those more directly affected from the impoverishment which such a struggle necessarily portends, if, indeed, civilization itself, in view of the appalling advance in fiendish inventions for purposes of war, not to speak of the mounting cost of prosecuting it, could survive. Against the repetition of her folly by Germany it is intended, as recited, to guard.

But is the country prepared to assume the responsibility of such a treaty with Germany? Let us not deceive ourselves into the belief that we burden ourselves with none in entering into this agreement.

Suppose that Germany should flagrantly disregard the covenants she will have entered into with us should this treaty become effective; that she upon one pretense or another, or without even a pretense, is proceeding to reestablish her incomparable military organization, reconstruct the defenses of Heligoland, rebuild her navy, and generally to regain the eminence as a world power from which she fell when our sword was raised against her, are the people of the United States prepared to undertake to coerce her into abandonment of such a policy? It is quite true that we do not obligate ourselves in terms by this treaty to do so. But it would be absurd so to stipulate. We would not propose in a treaty to which only we and Germany are parties thus to bind ourselves and for obvious reasons Germany would not ask it; that is, she would not ask that we obligate ourselves to restrain her. But there arises, of necessity, a moral obligation of the most impelling force from such an agreement. We could not, or should not, rather, calmly endure that Germany should openly flout us by plain and repeated violations of a solemn treaty into which she had entered with us in respect to provisions deemed by us as vital to our national peace and welfare as well as to the peace of Europe and the world. Would we be under no manner of constraint in that event by reason of the treaty before us? What answer would we make to the other self-respecting nations of the earth, to which Germany is similarly bound, should they call upon us to join them in an effort to repress the warlike purposes of a rejuvenated Germany? It would be no answer to say that we have no apprehensions so far as our own safety at home or abroad or our interests are concerned, inconsiderate as such an attitude might be in the plight in which those with whom we fought the good fight might be. We should be met with the retort that the treaty we made with Germany discloses the insincerity of such a reply; we should be asked why we ever exacted such a covenant of her, and we should be charged with attempting, the richest and most powerful Nation on earth, to shirk our just share of responsibility in the crisis and to impose it on feebler nations still staggering under the burden borne by them in the former conflict.

It will not do to say we take only such advantages as accrue to us under the Versailles treaty; we assume none of the responsibilities it imposes. In this instance, at least, we can not escape the responsibility. Are we prepared to say to the other nations interested that we are ready to join them in keeping Germany in military impotence in accordance with the provisions of the treaties entered into by her, the one signed at Versailles and the other at Berlin? Is it the purpose of those who stand sponsor for this treaty to commit the country to the renewal of the war with Germany should she disregard the provisions of the treaty under consideration, and less drastic procedure should prove unavailing, or is it expected, in the light of recent history, that she will hereafter scrupulously and conscientiously adhere to her treaty obligations, whatever course her view of her interest may dictate or suggest, so that neither complaint nor compulsion will be necessary?

How can such a covenant as this be harmonized with what has been quite generally understood to be the policy of this administration, at least the policy that has been so often and so eloquently extolled by influential Senators on the Republican side of this Chamber and their political associates of more or less eminence, namely, that the United States ought not to interfere at all in European quarrels nor involve itself in European entanglements? I am in entire accord with the view understood by me to have been expressed from across the aisle that the main argument leveled against the treaty of Versailles and particularly against the League of Nations, of noninterference in European affairs, may be directed with equal force against this treaty. How can it be said that we any longer adhere to such a policy when we make a treaty with Germany by which we require her to reduce her army to 100,000 men and to keep it at or below that figure, to avoid fortifying the Rhineland, to abandon all military instruction or military exercises in her institutions of learning, and to maintain no air force nor armed craft except some ships internationally insignificant?

Whatever remote or highly contingent interest we may have in the observance of those provisions of the treaty before us, they are primarily intended not for our protection but for the protection of the immediate neighbors of Germany, including the infant Republics of Poland and Czechoslovakia, but particularly of France. A treaty was negotiated during a former administration contemporaneously with the treaty of Versailles, by the terms of which the United States and Great Britain obligated themselves to go to the aid of France should she be again invaded by Germany. Its counterpart failing, the two treaties being in a measure interdependent, the special treaty never even received the consideration of the Senate, then, as now, controlled by a Republican majority. We declined to agree to go to the aid of France should the soil in which there slept 75,000 of our dead again be violated by the enemy against whom we contended with her in the most awful war in history, but we are now called upon by those who then forbade the alliance to obligate ourselves morally, at least, as I have explained, to a policy of keeping that enemy powerless, so that he will be unequal to the task of another invasion of France. If there is in the essentials of the two treaties any vital distinction, it must be that the one was negotiated by President Wilson and the other under the direction of President Harding.

I repeat that the Senator who taunted his Republican colleagues with abandoning their contention of the wisdom of noninterference in European affairs is correct in the view he takes. The only difference between us is that he contends that we should not go in at all; I, that we do not go far enough. We ought either to enter far enough to be of service or we ought to stay out altogether. I maintain that to go in only as far as is proposed by this treaty is not only not helpful toward the preservation of peace in Europe, to be desired from every point of view, but is provocative of war and contributory to that turbulence and unrest which arrest industrial rehabilitation there and constitute the most potent factor in the scarcely paralleled business depression from which our own country suffers. The mines of Butte are shut down because the European market for copper has collapsed, and there is no prospect of their being reopened until political conditions in Europe are quieted and stabilized.

The trouble is that it is well-nigh, if not quite, impossible to import a portion of the Versailles treaty into another, such as that before us, making it fit the occasion. As in most important documents, the different portions are to a degree, at least, interdependent. By the Versailles treaty Germany obligated herself, as provided in part 5, to disarm and to remain so, and each of the nations with which she so covenanted became, in a manner, bound to see that her covenants in that regard were observed. But by another portion of the treaty, the much-discussed article 10, those same nations all bound themselves that upon Germany becoming a member of the league, as it was contemplated she would become, they would respect and preserve her territorial integrity and political independence as against external aggression; that is to say, that although they proposed to make her helpless for attack, they would come to her aid if her soil should be invaded by an enemy.

Mr. WATSON of Georgia. Mr. President——

Mr. WALSH of Montana. I yield to the Senator.

Mr. WATSON of Georgia. I not only fully agree with what the Senator is so ably saying about the provocative nature of this treaty, but I call his attention to the fact that that provision in which we undertake against all sorts of laws, national and international, to limit the German army, is absolutely childish and futile, because all that she will have to do under this treaty is what she did under the terms that Napoleon imposed on her—train her troops alternately in just such bodies as she pleases and she can still maintain an armed military camp.

Mr. WALSH of Montana. I was calling attention to the fact that under the Versailles treaty the European nations charged themselves with seeing that Germany remained disarmed, but at the same time they charged themselves with the obligation to see that, disarmed as she was, she should not become a prey to any other nation that might care to invade her borders. They assured her that like a prisoner disarmed by a sheriff she would be protected from harm, and her enemy bent on making war upon her required to take his cause before the tribunal set up by the treaty for the composition or disposition of international controversies.

So by article 16 of the covenant of the league the signatories to the treaty other than Germany agreed to set up the economic boycott against any member which should make war on her, instead of submitting the controversy, whatever it might be, leading to the acts of war, to the council for its action. And even during the penitential period before she should be admitted to the league the nation thus to be disarmed and rendered helpless against any invader was not left without protection, for by article 11 of the covenant it was provided that any war or threat of war, whether immediately affecting the members of the league or not, should be a matter of concern to the whole league, which should take any action that might be deemed wise and effectual to safeguard the peace of nations. But the United States has repudiated all these provisions, and still it insists that Germany shall disarm and remain disarmed, leaving her a prey to any ambitious or covetous neighbor that may care to despoil her.

A recent press report credits Poland, for instance, with having an army of 450,000 men. From information of an entirely reliable character I am led to believe that the militaristic spirit is rampant among those who control the destinies of that country and that imperialistic designs run riot. It is asserted that she is even now arming in anticipation of a possibly unfavorable decision by the arbitrators appointed by the council of the league on the upper Silesian imbroglio, guns, equipment, and munitions, with which Germany is by this treaty and by the Versailles treaty forbidden to provide herself, being supplied abundantly to Poland from the arsenals and factories of France.

I do not vouch for the accuracy of the representations touching the matter above referred to, save to say that they come to me from Americans who, being in the region involved in an official or semiofficial character, had exceptional opportunities to know.

Let us speak plainly about France, between which country and ours the old ties have been strengthened by new associations of the most sacred character. On May 1 of the present year her army numbered at least 800,000 men, of which more were in the occupied German territory than the total force permitted to her late enemy by the Versailles treaty. This enormous army is maintained in expectation of an overnight invasion by Germany. It is idle to tell the French people that Germany is impotent in a military sense, as our official observers report, the harsh terms of the treaty to that end having been substantially complied with. They attribute to their late enemies powers of deception that defy the ingenuity of the most skilled intelligence officers of the allied and associated powers. They appear to be possessed of the unreasoning fear of a man struck by lightning when a thunderstorm comes on. Whether those who control the public policy of France share in approximately full measure in such apprehensions is a matter of speculation; but their existence constitutes an excellent foundation upon which ambitious statesmen may be tempted to launch a policy of restoring France to the dominant position in European affairs which she occupied under Napoleon or Louis XIV. However that may be, it is openly proclaimed in France that her safety depends upon the Balkanizing of Germany, by which is meant the breaking up of the union of the German States, that France may not be required again to meet their combined strength. The French acrimoniously blame President Wilson for preventing them from annexing the Rhineland, notwithstanding the plain implications of the exchanges resulting in the armistice that they were to have Alsace and Lorraine only; and the Germans are confident that the French have no purpose to abandon the occupied territory when the 15-year period stipulated in the treaty shall have run. Some cause is given for the German fear that sooner or later they will occupy the Ruhr Valley, the most highly developed industrial section of Germany, upon the claim that essential provisions of the Versailles treaty have not been complied with, or that default in the payment of the reparations installments has occurred. It will be recalled that Frankfort was some time ago occupied by French troops, which were subsequently withdrawn.

I do not blame the French people for the course they are pursuing. Having twice within 50 years endured the horror of a German invasion, they are to be excused if they do not reason as calmly as we over the matter. I am trying to depict the situation as some study reveals it to me, in the light of which it is moderate to say that it is a horrible thing we are asked to do—to insist on the adoption of that part of the Versailles treaty which requires Germany to disarm and to stay disarmed, while we repudiate those portions of the treaty which were intended to give her some measure of protection in her unarmed state. We are asked to bind her hand and foot, and leave her naked to her enemies. The hatreds that possess these neighboring people, and the fear that goes with them, pass the comprehension of the ordinary American mind. It is doubtful if such bitterness was engendered by our Civil War, and, as in the case of that unfortunate strife, the events following the cessation of hostilities appear to have intensified rather than to have allayed the fierce passions aroused by the armed conflict. It is not improbable that some serious clash would have occurred in the occupied territory long since but for the conciliatory influence of our troops on the Rhine, and the confidence reposed by both sides in the judgment and discretion of their officers in connection with the multitudinous controversies which arise between the civilian population and the army of occupation other than the Americans.

It will be said, I appreciate, that the feature of the treaty to which attention has been directed is of no consequence, because Germany is obligated to the other nations, parties to the Versailles treaty, to disarm and to remain disarmed; but it is a sufficient answer to say that we are making another treaty with Germany alone. If the result to be desired will be accomplished, why burden ourselves with any responsibility in the matter?

But whether the issue may be in any particular whatever different in consequence of this feature of the treaty being canvassed, my objection to it is that it is not consistent with the fair fame of my country to insist that a defeated and helpless enemy shall remain defenseless, while at the same time we decline to join the other victors in assuring the people so left against aggression and invasion.

I am not to be put in the attitude of opposing the disarmament of Germany. That policy meets my unqualified approval. I wish it could be applied to all nations. I entertain the most ardent hope that, notwithstanding what may seem insuperable difficulties, the conference to assemble in this city soon will find a way to make it so. But I do insist that, unless we are prepared to join with other nations in giving Germany some assurance of protection against unprovoked invasion, we should leave to such other nations the obligation to see that she remains disarmed. If the particular provision of the treaty under consideration were supplemented by some kind of a guaranty, or even of a pledge, to interpose diplomatically in case of a threatened attack, I should have less hesitancy in giving it my concurrence. As it is, my sense of justice rebels against it.

I appreciate perfectly well the risk incurred by me in assuming this attitude of being charged with pleading the cause of Germany, recognizing that through that mild form of malice that springs from partisan bias, not personal ill will, pains will be taken to see that my position is misunderstood. When, in speaking on the Knox resolution, I called attention to the obvious obligation under which the United States labors in consequence of the exchanges leading up to the armistice not to exact of Germany reparation for damages suffered by our people in consequence of her acts of war, except such as befell the civilian population, and referred to that provision of the resolution which announces our purpose to retain the property of its nationals seized during the war until all damages suffered by ours should be paid, including those suffered by our armed forces as well as by civilians, the author of the resolution interrupted to inquire whether I did not think that Germany ought to pay for injuries done our soldiers at the front, the evident purpose of the inquiry being to brand a political opponent as unduly considerate of our late enemy and indifferent to the losses endured even by those who dared death for us in the war. It was a matter of no consequence, considering the line of argument I was pursuing, what were my views on the subject of the inquiry. I was reared to believe that "a good name is rather to be chosen than great riches," and I never was able to discover why the lesson is not equally applicable to a nation as to an individual.

I have no interest in Germany. My country is America. The number of people in my State of German ancestry, near or remote, at least the number of such as would be influenced in any degree by any vote I might cast on the pending treaty, is negligible. The considerations which impel me to oppose its ratification have been stated. It is not only to the honor of our country that we should refrain from thus rendering Germany helpless and exposed, but a just regard for our material interests would lead us to pursue the same path.

Our country is going through a period of industrial depression perhaps without a parallel in our history. No line of business activity escapes its blight. But for the perfection of our banking and currency system the conditions would be appalling. The agriculturist and stock raiser, as a rule, can not realize for his product his actual outlay necessarily expended to place it on the market. The army of the unemployed has reached the stupendous figure of 5,000,000. Our foreign commerce is falling off at the rate of $100,000,000 a month. And every investigator, even the man in the street, realizes that the human factor in the deplorable condition is the collapse of the European market for our surplus products, because industry does not revive there, and that industry does not revive in Europe because of the wars and rumors of wars that continue to harass its people. So the special committee of the United States Chamber of Commerce just returned from an extended trip through Europe reports. Every traveler brings home the same story. Among all the countries of continental Europe Germany led before the war in the quantity of our products absorbed, taking in 1902, $101,997,523 and gradually increasing until the gross sum mounted up to $331,684,212 in 1913, 13.45 per cent of our total exports. Of our cotton she took in 1910, 1,847,295 bales, and 2,350,375 in 1913. In 1920 she bought but 727,937 bales, less than one-third of her prewar normal.

Of copper she took from us in 1909, 138,268,896 pounds, and an increasing amount annually thereafter until 1913, when we sent her 249,876,514 pounds. In 1920 her purchases were but 89,194,588 pounds, just a little more than one-third of her demands prior to the war.

It is unquestionably prudent and wise on the part of the rest of the world to prevent by all possible means the revival of Germany as a military power, but it is no less obviously the part of wisdom, so far as this country is concerned, to refrain from inviting her spoliation.

Mr. REED. Mr. President, I would like to ask the Senator if in the last few months our exports to Germany have not been again increasing, or has the Senator followed that up?

Mr. WALSH of Montana. I have the figures for 1921 as well as 1920. They show a slight increase in exportations of copper to Germany. My recollection is that they increased from $89,000,000 in 1920 to $111,000,000 in 1921, a rather inconsequential amount. I might say that in 1913 she absorbed more than the entire copper product of the State of Montana.

Mr. REED. I was only interested in knowing whether the situation was looking a little more promising.

Mr. WALSH of Montana. The exports have increased some, but the increase is relatively small.

It is perfectly evident that the factories of eastern Germany, dependent upon Silesian coal, are not going to open up or be fitted for capacity operation with an imminent prospect of a war with Poland, by which their supply of fuel would be shut off. Money will go sparingly into the revival of manufacturing in the Ruhr Valley, with an ever-constant apprehension in the German mind that France may occupy that territory any day and appropriate its vast industrial establishments in satisfaction for reparation payments due or claimed to be due.

There has been much said and more written in this country about extending credit to European, and particularly German, manufacturers, and yielding to persistent importunity and in an earnest desire to help, Congress has enacted legislation offering Government aid toward financing export trade, with a view to affording the foreign manufacturer utilizing our raw material credit until he can put his product on the market. But the trouble is that it is highly speculative in the disturbed political situation to extend any credit. The individual or corporation with the idle mill appreciates that more than the ordinary business risk must be run, because of conditions to which reference has been made. Moreover, he must take chances on a decline in the exchange value of the currency of the country, due largely to the same political uncertainties. German marks are to-day quoted at 0.89 of a cent, a fall of 25 per cent in 60 days. The question of the capacity of Germany to meet the reparation payments is a large factor in the general disturbed condition that paralyzes industry. I do not profess to know as to this. I am disposed to assume that the amount fixed is within her ability, considering the industry, frugality, and resourcefulness of her people, particularly in view of the fact that her military establishment will in the future cost her but a fraction of what it required to maintain it under the Kaiser. The next generation of the German people will shower blessings on the heads of the states-

men who at Versailles decreed that her army should be limited to 100,000 men, assuming, of course, that she is otherwise left free to work out her own salvation. They have been doomed, deservedly, to labor in the sweat of their brows for a century, at least, to make up only a small part of the devastation wrought by their madcap attempt at world conquest. In their case certainly the sins of the fathers will be visited upon the children, even to the third and fourth generation. Huge as the reparations sum is, it is only a small part of the money loss, not to speak of the misery they occasioned. Neither ceased with the armistice. The famine conditions in Russia and Armenia, the prevailing paralysis of business throughout the world, are the bitter fruit of their transgressions. We have no cause to be considerate of them, but we ought not, out of unreasoning resentment, to invite their conquest and subjugation, by which their ability to pay would be destroyed and we would suffer incalculable loss by the destruction of a market the existence of which events have shown is so essential to our own prosperity.

We may well postpone entering into any engagement looking to keeping her in a state of inferiority in a military sense, even to Poland or Czechoslovakia, until the issue of the forthcoming conference on disarmament is known. If through our effort, directly or indirectly, in that connection, the immunity of a disarmed Germany from unprovoked attack is assured, we might properly enough, to my mind, join in constraining her to keep the peace. On that conference hangs the hope of the world. There is involved the possibility of effecting a saving in our annual expenditures of at least a half billion annually. Our appropriations for the current year for the Army and Navy exceed $800,000,000. Given any reasonable agreement as the result of the conference for a general reduction of armaments and our expenditures for military purposes need not, should not, exceed $300,000,000. But we should be advantaged in even a much greater sum by the revival of industry the world over that might be expected reasonably to follow disarmament. France, with a population of 40,000,000 people as against our 110,000,000 and a national debt of approximately $50,000,000,000, is, as stated, maintaining an army of 800,000 men—1,034,000 according to some figures recently made public. Her interest charge, averaging perhaps 5 per cent, is little less than $2,000,000,000 annually. Burdened as she is, the substance of her people is being consumed in keeping up her huge army; their income is swallowed and their credit exhausted by the insatiable demands it makes instead of being utilized to rebuild their business and resuscitate their ruined industries. Italy, whose national debt is said to equal almost, if not quite, her national wealth, is staggering under the load of supporting 350,000 men in her army, while the people of our vigorous nation are restive at what it costs to keep 150,000 men under arms. Six million men are enrolled in the armies of 14 of the leading nations, consuming needlessly at least $5,000,000,000 annually, a stupendous sum, measured in terms of human toil. Consider what toll past wars are taking, as shown by the national debt of the leading powers. Great Britain's per capita debt is $814.08, bearing an annual interest charge of $36.45, equivalent to $182.25 a year upon the head of a family of five. France's per capita is $1,218.10, on which the interest is $47.76, or $238.80 for the ordinary family. Belgium's burden is $614.52 per person, the interest charge being $38.65, or $193.25 for each family. Bear in mind the amounts stated the breadwinner must contribute over and beyond the sums necessary to make up the current expenses of government, including the cost of the huge military establishments to which reference has been made. In our favored land the per capita indebtedness assumes relatively insignificant proportions, being but $224.81, carrying an interest charge of $8.65. Japan pays as she goes, carrying a debt amounting only to $27.79 per capita, on which the interest is but $1.10. Considering that the reparation demands on Germany amount to no more than $500 per capita, she would seem to be no worse off than the victor nations of Europe. Turn the problem over as one may, the conclusion is inescapable that the success of the conference and perhaps the peace of the world requires that France be assured against another invasion by Germany. "Twice in 50 years," the French say, "our country has been ravaged. The Germans number 60,000,000 and we but 40,000,000. They multiply more rapidly than we. For generations they have been schooled to become conquering warriors, until the spirit thus engendered has become a national trait." Thus they reason to the conclusion that their safety requires the annexation of the Rhineland and possibly the Ruhr Valley, the Balkanization of Germany, and to that end the maintenance of the great army they now have.

The irreconcilables of Germany continually give occasion for their fears. In an address recently presented to Ludendorff by a municipality of East Prussia his admiring and adulatory friends assured him that Germany would patiently await the day of the avenger. This may have been the vaporings of blind reactionaries, the representatives of a feudal aristocracy, but the effect upon the overwrought French mind is none the less disquieting.

Col. Emery, commander of the American Legion, on his return to this country recently remarked that it is unreasonable to expect France to disarm without giving her a guaranty against invasion by Germany. I am disposed to agree with him. France could be induced to reduce her army to, say, 200,000 men if the United States and Great Britain would agree to come to her aid should she be again invaded by the Germans, as was provided in the separate treaty with her as a counterpart of the Versailles treaty, but which never became effective.

A recent Paris dispatch says:

> The French attitude will be to show just how far France can go toward disarmament in the face of information received from Germany concerning that country's power for prompt mobilization and in the absence of other guaranties than France's own troops. It will be the viewpoint of the French delegation that unless there are guaranties along the lines of those contained in the American, British, and French defensive agreement against unwarranted aggression, as elaborated by President Wilson and Premiers Lloyd-George and Clemenceau, but never ratified, a standing army of from 400,000 to 450,000 men, with a like number subject to immediate call to mobilization, will be required.

Are we willing to pay the price of world disarmament? We would never be called upon to redeem the obligation, because it is inconceivable that Germany would become the aggressor under such circumstances. But if she did rehabilitate herself in a military sense and was able to form such alliances as to warrant her in challenging the three great powers, we might as well prepare to meet her as we did in 1917. Will we enter into the necessary undertaking? Are we sufficiently in earnest about disarmament to observe the formality essential to secure it? The Senator from Idaho [Mr. BORAH] has been foremost in the agitation for disarmament. It was his persistent efforts, his impelling eloquence, which forced the calling of the forthcoming conference. Will he subscribe to the condition upon which alone his zeal may be rewarded and his labors crowned with success? What reason can be assigned by anyone who votes to impose upon us the obligation to see that Germany remains disarmed that France may be safe for declining to agree to go to her aid should Germany nullify our precautions and again let slip the dogs of war? Whatever reason may be assigned, the one overpowering reason will be that two years ago and more Woodrow Wilson recognized the necessity and pledged our country, as far as he could, to do so. Were such an agreement made, France would have no purpose in intriguing for the dismemberment of Germany. She would have no excuse for the annexation of the Rhineland or the Ruhr Valley. She would have no occasion for contributing to the development of a militant Poland.

Another feature of this treaty, likewise involving the honor of the Nation, is open to the most serious objection.

When the Knox resolution was before the Senate for consideration I pointed out that in so far as it announced the policy of the United States, or was to be regarded as in the nature of instructions to our negotiators who should attempt to effect a treaty with Germany, it was a repudiation of the obligation under which our country labored in consequence of the exchanges leading to the armistice not to exact of Germany reparation for damage done to our Nation by her acts of war, except such as inured to the civilian population. At the risk of being wearisome, I remind the Senate of the pertinent, salient features of the historic documents evidencing the course of the negotiations pursuant to which Germany laid down her arms. On October 6, 1918, the chargé d'affaires of the Swiss Legation at Washington transmitted to the President of the United States the following brief note from the German Government:

> The German Government requests the President of the United States of America to take steps for the restoration of peace, to notify all belligerents of this request, and to invite them to delegate plenipotentiaries for the purpose of taking up negotiations. The German Government accepts as a basis for the peace negotiations the program laid down by the President of the United States in his message to Congress of January 8, 1918, and in his subsequent pronouncements, particularly in his address of September 27, 1918. In order to avoid further bloodshed, the German Government requests to bring about the immediate conclusion of a general armistice on land, on water, and in the air.
>
> MAX,
> *Prince of Baden, Imperial Chancellor.*

Before replying directly to the invitation thus conveyed the Secretary of State, acting under direction from the President, addressed a communication to the Swiss chargé, in the course of which he said:

> Before making reply to the request of the Imperial Government, and in order that that reply shall be as candid and straightforward as the momentous interests involved require, the President of the United States deems it necessary to assure himself of the exact meaning of the note of

the imperial chancellor. Does the imperial chancellor mean that the Imperial German Government accepts the terms laid down by the President in his address to the Congress of the United States on the 8th of January last and in subsequent addresses, and that its object in entering into discussions would be only to agree upon the practical details of their application?

This brought a reply which included the following statement:

The German Government has accepted the terms laid down by President Wilson in his address of January 8 and in his subsequent addresses on the foundation of a permanent peace of justice. Consequently its object in entering into discussions would be only to agree upon practical details of the application of these terms.

The tenor of the exchanges was, of course, communicated forthwith to the Governments of the nations allied with us, by whom they were approved, with a reservation on the part of Great Britain touching one of the 14 points of President Wilson's address of January 8, 1918, in relation to the freedom of the seas, and the further qualification evidenced by the concluding paragraph of her reply to the communication transmitting the proposal of the German Government, signifying her assent thereto and speaking as well on behalf of her allies. This document, so important in this connection, read as follows:

The allied Governments have given careful consideration to the correspondence which has passed between the President of the United States and the German Government.

Subject to the qualifications which follow, they declare their willingness to make peace with the Government of Germany on the terms of peace laid down in the address of the President to Congress on January 8, 1918, and the principles of settlement enunciated in his subsequent address.

They must point out, however, that clause 2, relating to what is usually described as the "Freedom of the seas," is open to various interpretations, some of which they could not accept. They must therefore reserve to themselves complete freedom on this subject when they enter the peace conference.

Furthermore, in the conditions of peace laid down in his address to Congress on January 8, 1918, the President declared that the invaded territories must be restored as well as evacuated and freed and the allied Governments feel that no doubt ought to be allowed to exist as to what this provision implies. By it they understand that compensations will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air.

Attention is called to the last paragraph thereof just read.

This was a perfectly obvious enlargement of the only mention of the subject in the address of the President, which is as follows:

8. All French territory should be freed and the invaded portions restored, and the wrong done to France by Prussia in 1871, in the matter of Alsace-Lorraine, which has unsettled the peace of the world by nearly 50 years, should be righted in order that peace may once more be made secure in the interest of all.

However, as the interpretation thus put upon the President's language was communicated to Germany, who without dissent entered into the armistice by which she expressly obligated herself to make "reparation for damage done," she became justly chargeable in the account with "all damage done to the civilian population" of the Allies.

It may have been unwise to accept Germany's capitulation on such terms. While the negotiations were pending telegrams poured in upon the Senate insisting upon an unconditional surrender. Bitter speeches were made on this floor arraigning the President for even entertaining the proposal submitted by our enemy, and there was no little sentiment in favor of an "On to Berlin" policy. It is scarcely conceivable that the responsible officials of the various Governments did not take counsel with their military commanders in the field, and we have it upon indisputable authority that they did. According to Andre Tardieu, Marshal Foch summoned to meet at Senlis Gen. Pétain, Marshal Haig, Gen. Pershing, and Gen. Gillain, chief of staff of the Belgian Army, to consider two questions addressed by President Wilson to our allies, who, in transmitting them, expressed his desire that the views of the military authorities be secured. These questions were:

1. Regarding the peace, and in view of the assurances given by the chancellor, are the associated Governments ready to conclude peace on the terms and according to the principles already made public?

2. Regarding the armistice, and if the reply to the previous question is in the affirmative, are the associated Governments ready to ask their military advisers and the military advisers of the United States to submit to them the necessary conditions which must be fulfilled by an armistice such as will protect absolutely the interests of the peoples concerned and to assure to the associated Governments unlimited power to safeguard and impose the details of the peace to which the German Government has consented, provided always that the military advisers consider such an armistice possible from a military point of view?

The historian tells concerning the proceedings of this momentous meeting that "the commander in chief reads the correspondence to them and asks their advice. None of them proposes to refuse the armistice. Field Marshal Sir Douglas Haig speaks first. In his view the armistice should be concluded, and concluded on very moderate terms. The victorious allied armies are extenuated. The units need to be reorganized. Germany is not broken in the military sense. During the last weeks her armies have withdrawn, fighting very bravely and in excellent order. Therefore, if it is really desired to conclude an armistice—and this in his view is very desirable—it is necessary to grant Germany conditions which she can accept." Gen. Foch promptly transmitted to his Government the conclusion arrived at, thus expressed by him:

I have the honor to make known to you the military conditions under which can be granted an armistice "capable" of protecting absolutely the interests of the nations concerned and assuring to the associated Governments unlimited power to safeguard and impose the conditions of peace to which the German Government has consented.

The considerations which impelled the great military genius who guided the allied armies to victory, soon to be the honored guest of this Nation, and who put aside the temptation to lead a triumphal army into Berlin, do so much honor to him, they exhibit a character so exalted, that I quote his words:

The only aim of war is to obtain results. If the Germans sign an armistice on the general lines we have just determined we shall have obtained the result we seek. *Our aims being accomplished, no one has the right to shed another drop of blood.*

It would serve no good purpose to set these noble words over against the rancorous speeches to which reference has been made, denouncing President Wilson for entertaining the proposition for an armistice and, in effect, demanding the sacrifice of the lives of thousands of American soldiers in a fruitless march on Berlin. The historian will perform that task and point to them in connection with the story of how his every effort to serve his country in that all-important crisis and in the critical months which followed was met by a chorus of caviling that is perhaps without a parallel in the stormy political history of the Nation and which went far to nullify the influence it ought to have exercised in establishing a peace founded on justice and in restraining the fierce passions, inflamed by hereditary hatreds, that so largely defeated the hopes of those who looked for such.

The armistice was signed and, agreeably to its terms, the Germans evacuated the foreign territory still occupied by them, as well as the Rhineland, surrendered their arms as required by it, and otherwise so complied that the President was able to say to the Congress, "The war thus comes to an end; for, having accepted the armistice, it will be impossible for the German command to renew it."

I remind you that, by specific reference in the exchanges, it was agreed that by the treaty which was to follow Germany should agree to make reparation for damages done to the civilian population. Further than that no one of the Allies asked that reparation be made.

Casuists may indulge in speculation as to how far the Commander in Chief of the Army and Navy may go in pledging an enemy in the field in negotiations for a cessation of hostilities and to induce him to lay down his arms that the lives of prisoners will be spared, that property of the vanquished taken in the war shall be yielded up, that indemnity beyond a limit specified shall not be exacted, or to offer any like concessions. It may be that Gen. Grant transcended his authority when he assured the veterans of Lee that they would be unmolested so long as they observed their parole and obeyed the laws and that they might take home with them their horses and mules. But since man emerged from the barbaric state conventions of that character have been regarded as peculiarly sacred. To disregard any such has been universally stigmatized as the depth of dishonor. Punic faith assumes the character of a mild virtue by comparison with such an offense.

Popular clamor and the compelling exigencies of political campaigns in England and France following the armistice induced the representatives of those countries on the assembling of the Versailles conference to demand the payment by Germany of all war costs, but the American delegates, setting their faces like steel against that view, it was abandoned by all. It appeared at one time to have some chance of prevailing while President Wilson was at sea on a trip home. Being apprised of the imminence of action, he wired the delegation to dissent, and if necessary to dissent publicly, from a procedure which "is clearly inconsistent with what we deliberately led the enemy to expect and can not now honorably alter simply because we have the power." It was agreed by all eventually that reparation should be limited to damages to the civilian population, not to the armed forces in the field, but to those who remained at home; not to the Government itself, but to the noncombatant citizens thereof. Owing to the illicit warfare conducted by Germany, the sum, even so limited, would be vast. It would include compensation for the ravaged fields and ruined cities, the spoliated mines, factories, and homes of France and Belgium, the ships and cargoes that fell victims of the submarine warfare, the lives taken and property destroyed in the air raids directed against unfortified cities and communities remote from the fighting front.

The general principle being settled in the conference the fight then raged around the question of the elements which

should enter into the determination of the amount of damages done to the civilian population. Here again the American delegation stood almost alone, against a persistent demand for the expansion in construction of the expression "damage done to the civilian population" until the limitation implied in it would be to a large extent obliterated. The protracted controversy was fought out before the financial experts constituting the commission on reparations, before the supreme council and before the Big Four. It eventuated in article 232 of the treaty, the second paragraph of which article is as follows:

The allied and associated Governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the period of the belligerency of each as an allied or associated power against Germany by such aggression by land, by sea, and from the air, and in general all damage as defined in Annex I hereto.

ANNEX I.

Compensation may be claimed from Germany under article 232 above in respect to the total damage under the following categories:

(1) Damage to injured persons and to surviving dependents by personal injury to or death of civilians caused by acts of war, including bombardments or other attacks on land, on sea, or from the air, and all the direct consequences thereof, and of all operations of war by the two groups of belligerents wherever arising.

(2) Damage caused by Germany or her allies to civilian victims of acts of cruelty, violence or maltreatment (including injuries to life or health as a consequence of imprisonment, deportation, internment, or evacuation, of exposure at sea, or of being forced to labor, wherever arising, and to the surviving dependents of such victims.

(3) Damage caused by Germany or her allies in their own territory or in occupied or invaded territory to civilian victims of all acts injurious to health or capacity to work or to honor, as well as to the surviving dependents of such victims.

(4) Damage caused by any kind of maltreatment of prisoners of war.

(5) As damage caused to the peoples of the allied and associated powers, all pensions and compensation in the nature of pensions to naval and military victims of war (including members of the air force), whether mutilated, wounded, sick, or invalided, and to the dependents of such victims, the amount due to the allied and associated Governments being calculated for each of them as being the capitalized cost of such pensions and compensation at the date of the coming into force of the present treaty on the basis of the scales in force in France at such date.

(6) The cost of assistance by the Governments of the allied and associated powers to prisoners of war and to their families and dependents.

(7) Allowances by the Governments of the allied and associated powers to the families and dependents of mobilized persons or persons serving with the forces, the amount due to them for each calendar year in which hostilities occurred being calculated for each Government on the basis of the average scale for such payments in force in France during that year.

(8) Damage caused to civilians by being forced by Germany or her allies to labor without just remuneration.

(9) Damage in respect of all property, wherever situated, belonging to any of the allied or associated States or their nationals, with the exception of naval and military works or materials, which has been carried off, seized, injured, or destroyed by the acts of Germany or her allies on land, on sea, or from the air, or damage directly in consequence of hostilities or of any operations of war.

(10) Damage in the form of levies, fines, and other similar exactions imposed by Germany or her allies upon the civilian population.

Whatever may be said touching any other of the elements thus defined, those numbered (4), (5), (6), and (7), the last three being referred to as "pensions and separation allowances," fall plainly without the category of "damage done to the civilian population"; so plainly that I spend no time in canvassing the proposition. The ingenious but specious argument of Gen. Smuts, which is said finally to have persuaded Mr. Wilson to yield on "pensions and separation allowances," I ask be printed as an appendix to my remarks. I am constrained to believe that his better judgment rebelled at this provision, as it must have rebelled at other portions open to objection to which his opposition was weakened by the malignant fire to which he was continually subjected from this side of the water, quite like that which was directed against him in connection with the armistice negotiations.

If he had remained steadfast touching any such, and a dissolution of the conference for failure to agree had ensued, an avalanche of criticism might have been expected from the very men who so roundly denounced the treaty because of the features to which he must have yielded a grudging assent.

Notwithstanding the refined argument of Gen. Smuts, the framers of the treaty apparently recognized that pensions and separation allowances could not reasonably fall within the class to which they admitted they were limited in respect to reparations, for by the second paragraph of article 232, they provided that Germany should pay "all damage done to the civilian population of the allied and associated powers" by Germany during the war, "*and*, in general, all damage as defined in Annex I hereto."

When the Knox resolution was before the Senate I pointed out how plainly it contravenes our undertaking arising, as indicated, to confine our demand for reparation to such injuries as were done by Germany to the civilian population. No attempt was made to justify it in that regard. It plainly declares our purpose to hold the property of German nationals seized by the Alien Property Custodian until provision is made, not alone for the payment by Germany and Austria-Hungary of all damage done to the civilian population of the United States, but—and I now quote from the Knox resolution—"for the satisfaction of all claims against said Governments," respectively, of American nationals "who suffered through the acts of the Imperial German Government or its agents, or the Imperial Royal Austro-Hungarian Government, or its agents, since July 31, 1914, loss, damage, or injury to their persons or property."

No distinction is made between losses suffered by the soldier in the field and those falling upon the civilian. The wildest jingoes who gathered at Paris to pluck the fallen foe would not go so far. Straining at the bounds set about them by their solemn covenant resulting in the armistice, the peace commissioners made no such demand of Germany, for it need not be said that a pension allowed to a soldier wounded at the front or to the dependents of one killed is no measure of the damage suffered by him or by those drawing it. No nation ever undertook by a pension system fully to compensate for the losses endured in consequence of the casualty for which it is allowed.

The addresses of the President referred to in the German offer of an armistice scarcely gave color to a claim for indemnity or reparation. The allied note accepting the proposal enlarged upon, if it did not introduce, that element. The Versailles treaty expanded the scope of the armistice agreement. The Knox resolution frankly goes the limit, unrestrained by any consideration whatever, and article 1 of the treaty before us declares that:

Germany undertakes to accord to the United States, and the United States shall have and enjoy, all the rights, privileges, indemnities, reparations, or advantages specified in the aforesaid joint resolution of the Congress of the United States of July 2, 1921 (the Knox resolution).

The article to which reference has just been made concludes as follows:

Including all the rights and advantages stipulated for the benefit of the United States in the treaty of Versailles which the United States shall fully enjoy notwithstanding the fact that such treaty has not been ratified by the United States.

Then comes article 2, reading:

With a view to defining more particularly the obligations of Germany under the foregoing article with respect to certain provisions in the treaty of Versailles, it is understood and agreed between the high contracting parties:

(1) That the rights and advantages stipulated in that treaty for the benefit of the United States, which it is intended the United States shall have and enjoy, are those defined in section 1, of part 4, and parts 5, 6, 8, 9, 10, 11, 12, 14, and 15.

Part 8 of the Versailles treaty so enumerated deals with the subject of "Reparation," and includes article 232 thereof and Annex I, heretofore referred to.

We have, accordingly, by article 1 of the pending treaty, saved to ourselves all rights specified in the Knox resolution, by which one measure of the amount coming to us from Germany is fixed, and by article 2 all rights accruing to us by virtue of article 232 and Annex I of the Versailles treaty, by which a wholly different measure is established.

Let me make this perfectly plain. Under article 1 of the treaty we reserve to ourselves the rights coming to us under the Knox resolution, and one of the rights coming to us is the right to have compensation from Germany for all damage either to the civilian population or to the armed forces in the field. By article 2 of the treaty we reserve to ourselves the rights given to us by article 232 of the Versailles treaty and Annex I, by which the amount coming to us is limited to the damage done to the civilian population and to pensions and separation allowances. Under article 1 we are asking a certain amount of Germany, and under article 2 an entirely different amount.

Mr. KING. Will the Senator permit an inquiry?

Mr. WALSH of Montana. Certainly.

Mr. KING. Have the allied nations considered the treaty with respect to reparations in harmony with the view which the Senator has just expressed, or have they transcended the limits of the provisions of the treaty and sought to include within their demands those contemplated by the Knox resolution?

Mr. WALSH of Montana. No; they have not.

Mr. KING. That was my understanding.

Mr. WALSH of Montana. What they have done is this: They have simply disregarded the rule of measurement laid down by the treaty of Versailles and have fixed arbitrarily a sum which they call upon Germany to pay; and they claim that that sum is within the measure of damages prescribed by the treaty. So the question as to whether it does transcend that amount or does not has not arisen.

Mr. KING. May I ask the Senator a further question?

Mr. WALSH of Montana. Yes.

Mr. KING. In fixing that amount, which the Senator has denominated as having been arbitrarily fixed, they placed an interpretation upon that treaty, as I recall, the same as the Senator has placed upon it, and did not go beyond that and contemplate those elements of damage which seem to be embraced in the Knox resolution?

Mr. WALSH of Montana. As I have said, I do not understand that they give any construction or interpretation of it at all; they were supposed to proceed in accordance with the terms of the treaty; and, proceeding in accordance with the terms of the treaty, they found that Germany ought to pay the amount fixed.

Mr. SHIELDS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Tennessee?

Mr. WALSH of Montana. I yield to the Senator from Tennessee.

Mr. SHIELDS. I think the Senator is somewhat mistaken in that. The first section of the schedule agreed upon by the Reparation Commission and the representatives of Germany reads:

The following is the schedule of payments prescribing the time and manner for securing and discharging the entire obligation of Germany for reparations under articles 231, 232, and 233 of the treaty of Versailles.

I shall not read the balance; but the Reparation Commission and Germany both considered all of these matters, including the provision as to compensation for pensions, in the construction of which I entirely agree with the Senator—it is not a damage to civilians, and went beyond the original agreement—but they lumped them together and considered them all and agreed upon the lump sum of 132,000,000,000 gold marks as compensation for the entire demand. I will ask the Senator if it is not a well-known fact that the gross sum which they thus agreed upon to be divided among the European nations—we get nothing out of it—is not really sufficient to pay for the civilian damages done, which properly come within the terms of the armistice; and is it not a fact that in the settlement of this matter the provision for paying pensions was eliminated and is wholly harmless to the German nation?

Mr. WALSH of Montana. I am not finding fault with that at all. The Reparation Commission, of course, proceeded upon the rule of the treaty as their basis. They scaled down the amount because they felt that Germany would be unable to pay, and they wanted an amount fixed so that the Germans would go to work and would pay, instead of simply surrendering and going into bankruptcy. Whether the amount which they fixed was the full amount which might have been exacted under the treaty or was a less amount, they did not intend to ask of Germany all damages which were suffered, but only such damages as were suffered by the civilian population, together with pensions and separation allowances. That is the point I am making; but we go beyond that. In one part of the treaty, in article 1, we demand everything that we have reserved by the Knox resolution—that is to say, all damages—and by article 2 we reserve only those which come to us under article 232 of the Versailles treaty, namely, the damage done to the civilian population and pensions and allowances, the two articles being utterly inconsistent.

Mr. FLETCHER. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Florida.

Mr. FLETCHER. May I ask the Senator, as to the payment of this gross sum of 132,000,000,000 gold marks, how much of that is paid annually? I have seen the statement somewhere that it amounts to only about $800,000,000 a year.

Mr. WALSH of Montana. My understanding is that our American financiers have figured the amount as equivalent, at the present worth, to a payment of $31,000,000,000.

Mr. FLETCHER. How much a year?

Mr. WALSH of Montana. I have forgotten what the amount is; but the next payment, I think of a billion marks, is due the 1st of May.

Mr. WATSON of Georgia. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Georgia.

Mr. WATSON of Georgia. As the Senator well knows, one of the reserved clauses or parts of this treaty goes upon the assumption that Germany may join the League of Nations, and then the supreme council may take such action as it sees fit as to relieving her, in part or in whole, of any of these provisions.

Mr. WALSH of Montana. Yes.

Mr. WATSON of Georgia. In case Germany does join the League of Nations, and we do not, where does that leave us as to this treaty?

Mr. WALSH of Montana. I will say to the Senator that the treaty before us expressly provides that the United States shall not be bound by any action taken by the League of Nations unless it expressly assents thereto.

Mr. WATSON of Georgia. I understand that.

Mr. WALSH of Montana. So that any action taken by the League of Nations in relieving Germany from any portion of the amount fixed would not be in any way binding upon us, if it affected us in any way.

Mr. WATSON of Georgia. This is the thought I had in mind: Suppose Germany should convince the supreme council that she ought to have more troops or ought to have a better use of her inland waterways, and suppose we did not think so; what could we do about it?

Mr. WALSH of Montana. We could be in controversy with the members of the League of Nations.

Mr. WATSON of Georgia. In other words, at variance with them?

Mr. WALSH of Montana. Yes. If the council should authorize Germany to have an army of, we will say, 200,000 men, and the United States protested, Germany, if she raised her army to 200,000 men, would be in violation of her treaty with us.

Mr. JONES of New Mexico. Mr. President——

Mr. WALSH of Montana. I yield to the Senator.

Mr. JONES of New Mexico. May I inquire of the Senator whether or not the reparations provided for the United States are to constitute a part of the amount agreed upon by our allies and Germany through the Reparation Commission?

Mr. WALSH of Montana. No. I am coming to that directly. Our treaty with Germany does not say anything at all about how the amount which Germany is to pay us is to be determined, either under the rule fixed by article 1 of the treaty or by article 2 of the treaty. That is up in the air.

Mr. SHIELDS. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Tennessee.

Mr. SHIELDS. Along with the suggestion I made, I should like to read article 231, to which the Senator refers, under the head of "Reparation" in the Versailles treaty, which is:

The allied and associated governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the allied and associated governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

ART. 232. The allied and associated governments recognize that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present treaty, to make complete reparation for all such loss and damage.

And notwithstanding the reference to pensions, it was contemplated and agreed in the beginning that Germany would not make full reparation for all the damages that had occurred.

Mr. WALSH of Montana. Exactly.

Mr. SHIELDS. And then it follows from the agreement and the schedule I have that they did not undertake to do that.

Mr. WALSH of Montana. Exactly.

Mr. SHIELDS. I do not exactly see how this is pertinent to the present controversy; but I think the facts do fully appear that no compensation or reparation for pensions or liabilities of that kind, incurred by the several allied and associated nations, is embraced in the final settlement, which is already made before our treaty is made and before we possibly can become a member of the Reparation Commission. It is already concluded and settled. I do not see how it is possible that the elements now objected to, and which did not come within the terms of the armistice, were ever considered and Germany ever suffered by that violation of the armistice agreement.

Mr. WALSH of Montana. The remarks of the Senator from Tennessee simply enforce the argument which I am making. Under the Knox resolution we reserved the right to claim of Germany all damage that had been caused us. The makers of the treaty would not go that far. They insisted upon Germany paying only damage done to the civilian population, together with pensions and allowances; and then, in fixing the amount, they could not, as the Senator asserts, conclude to exact even that much of Germany. That is the situation as developed by the inquiry of the Senator from Tennessee.

Mr. KELLOGG. Mr. President, do I understand that the Senator's objection to this treaty is solely on the ground that the Knox resolution goes further than the Versailles treaty?

Mr. WALSH of Montana. No; not solely. I discussed my main objection to the treaty at some considerable length.

Mr. KELLOGG. The Senator's main objection is that the treaty is too severe upon Germany?

Mr. WALSH of Montana. My main objection, as I say, is that we insist upon Germany being disarmed, and then we decline to join the other nations in giving her any protection against an enemy. I trust I make my position clear to the Senator.

Mr. KELLOGG. That does not place any greater burden upon Germany than the original Versailles treaty, for which the Senator voted.

Mr. WALSH of Montana. I am not trying to take care of Germany. I am taking care of the United States.

Mr. KELLOGG. Then the Senator objects to it because it does not place further obligations upon this country?

Mr. WALSH of Montana. Exactly—that we should not assume the responsibility of disarming Germany unless we also assume a part of the responsibility of protecting Germany from unprovoked invasion.

Mr. SHIELDS. Mr. President, does not the argument of the Senator involve a charge of bad faith upon all our allies who did become members of the League of Nations, who did ratify the treaty?

Mr. WALSH of Montana. I did not understand the Senator's question.

Mr. SHIELDS. The Senator says that we are abandoning Germany now by our not becoming a party to the Versailles treaty.

Mr. WALSH of Montana. No; I have made no suggestion touching the abandonment of Germany.

Mr. SHIELDS. That treaty and the league have been put into operation and are in full effect, and the Senator from Texas [Mr. SHEPPARD] delivered nearly a seven-hour speech the other day, in which he asserted that it was a great and complete success and was accomplishing all of its objects and purposes, and all that was expected of it. For the Senator from Montana now to come and say that Germany is left without protection merely because we did not become a party to the treaty of Versailles is directly contradicting what the Senator from Texas said——

Mr. WALSH of Montana. Oh, well, I am not responsible for what the Senator from Texas says.

Mr. SHIELDS. And is it not a direct charge that all our allies who entered into that treaty will enventually be guilty of bad faith, and will not carry out its provisions and protect Germany as they made their contract to do in article 10 of the League of Nations and other provisions of it? In other words, according to the Senator, the whole thing depended on whether we would do it or not.

Mr. WALSH of Montana. With all due deference to the Senator, it does not seem to me that that has a thing on earth to do with the matter. All the nations agreed by the Versailles treaty to see that Germany was disarmed. All the nations agreed by the Versailles treaty to see that disarmed Germany was protected from invasion. All the nations now agree to see that Germany is disarmed—the other nations by the Versailles treaty, we by this one. All the other nations agree to see that disarmed Germany is protected, and we refuse to do so. That is the situation.

Mr. SHIELDS. If they are all agreed to it, I do not see how Germany is going to be hurt. Who is going to hurt her, if they are all keeping good faith with the treaty and complying with its terms?

Mr. WALSH of Montana. And to-morrow they, or any of them, may make war on her.

Mr. JONES of New Mexico. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. I am not perfectly clear as to what has been done; but if I have understood the remarks of the Senator, the other nations, our allies, in finally agreeing upon a lump sum as the amount which Germany should pay, scaled down their actual damages to which they might have been entitled under the treaty of Versailles.

Mr. WALSH of Montana. Let me remark to the Senator that my understanding is that no one of these countries ever filed a detailed statement of what its damages were, and so they agreed on this lump sum; and while it is impossible for us to tell, the general understanding is that the amount fell easily within the limitations prescribed by article 232.

Mr. JONES of New Mexico. So I understood; but now, by this treaty which we are making with Germany, we are insisting upon full reparation so far as the claims of the United States are concerned.

Mr. WALSH of Montana. Exactly.

Mr. JONES of New Mexico. And that this full reparation which we are to get will not be a part or parcel of the lump sum agreed by Germany to be paid in reparation to our allies.

Mr. WALSH of Montana. Not at all.

Mr. JONES of New Mexico. And inasmuch as the Reparation Commission, under the treaty of Versailles, has the administration of the resources of Germany until after the terms of the treaty have been complied with, how are we to be paid the amount of the reparations which we will claim under this treaty with Germany?

How can we enforce or insist upon the payment of full reparations to us, aside from the treaty of Versailles?

Mr. WALSH of Montana. We can not. The treaty before us says we may or we may not send a delegated member to the meetings of the Reparation Commission.

Mr. JONES of New Mexico. Although we should delegate a member to attend those meetings under this treaty, we would not be claiming our indemnity by virtue of the treaty of Versailles but by virtue of this treaty, and the administration of this treaty would be a thing separate and apart from the administration of the treaty of Versailles.

Mr. WALSH of Montana. Yes.

Mr. JONES of New Mexico. Would it not necessarily bring us into conflict with our allies, enforcing the provisions of the treaty of Versailles?

Mr. WALSH of Montana. I think so. It would be difficult, if not impossible, to harmonize the two provisions. But if I may recall to the minds of those who have been following the discussion of the matter under consideration, I was pointing out that under article 1 of the treaty before us one measure of the damage for which we shall demand compensation from Germany is fixed, and by article 2 an entirely different measure of damage is prescribed, the two provisions being entirely inconsistent with each other.

The two provisions of the treaty are in obvious and irreconcilable conflict. When we come to settle with Germany, what is she obliged to pay, the sum fixed by the Knox resolution, namely, all damages suffered by our nationals, or only those specified in Annex I to article 232; that is to say, damage done to the civilian population and pensions and separation allowances? We accumulate controversies with Germany by this treaty instead of settling those which now exist.

Moreover, who is to determine what the actual sum to be paid is, whether measured by the standard of the Knox resolution or by that of article 232 and the annex thereto? It is quite usual in controversies of this character to set up a tribunal before which those claiming to be damaged may through their government be heard as to the validity of the claim they assert and the amount of damage they have suffered. The framers of this treaty may have labored under an impression that authority in that regard was vested in the Reparation Commission, but a careful study of the Versailles treaty will disclose that such a belief is without foundation. Another treaty must be negotiated before we can make any progress toward the settlement of our differences with Germany. This one leaves undetermined the one major matter of dispute between the two countries, namely, the disposition of the enemy property seized by our Government during the war of two classes, as I have heretofore pointed out, namely, the ships interned in our ports, which have passed into the hands of the Shipping Board, and the other, the property held or disposed of by the alien property custodian.

Considerations which might require the surrender of the former class or that credit be given for it in the balancing of the account apply only feebly, if they apply at all, to property of the other class.

There is another provision of the Versailles treaty with reference to that subject to which attention should be invited. It is paragraph 4 of the annex to article 298, being a portion of Part 9, made a part of the Berlin treaty, reading as follows:

> All property, rights, and interests of German nationals within the territory of any allied or associated power, and the net proceeds of their sale, liquidation, or other dealing therewith, may be charged by that allied or associated power in the first place with payment of amounts due in respect of claims by the nationals of that allied or associated power with regard to their property rights, and interests, including companies and associations in which they are interested, in German territory, or debts owing to them by German nationals, and with payment of claims growing out of acts committed by the German Government or by any German authorities since July 31, 1914, and before that allied or associated power entered into the war. The amount of such claims may be assessed by an arbitrator appointed by Mr. Gustave Ador, if he is willing, or if no such appointment is made by him, by an arbitrator appointed by the mixed arbitral tribunal provided for in section 6. They may be charged in the second place with payment of the amounts due in respect of claims by the nationals of such allied or associated power with regard to their property, rights, and interests in the territory of other enemy powers, in so far as those claims are otherwise unsatisfied.

It will be noted that provision is here made for the determination of claims for such damages only as were suffered before we entered the war, and the very reasonable contention may be made that it is only such claims we are entitled to credit against the seized property, the implication being that we are to sur-

render the remainder or make compensation for its value over and above the amount of such claims, another plain inconsistency in the treaty before us, since by article 1 we are entitled to hold the property we took until all claims of our nationals accruing either before or after we entered the war, as recited in the Knox resolution, are satisfied.

I trust Senators will understand that by this provision of the treaty of Versailles, which is now incorporated in the Berlin treaty, we are entitled to hold the German property as a pledge for the satisfaction of all claims suffered by our nationals after July 31, 1914, and before we entered the war, so that for ships which were sunk by the submarine warfare before we entered the war we can recover and we can hold this property as a pledge for the satisfaction of claims arising from such sinkings, but we can not hold that property for the satisfaction of claims accruing after we went into the war, as, for instance, for ships sunk after that time.

Mr. POMERENE. Mr. President, I suggest to the Senator that his statement is perhaps subject to further qualification as to what the rights of Germany and this Nation may or may not be under the treaty with Prussia of 1828.

Mr. WALSH of Montana. Of course. I assume that if it is held that the treaty of 1828 does not apply, and likewise that under international law we are under no obligation to return the property, then we can keep it freed from any charge; but if from considerations arising out of the treaty of 1828 or from considerations arising out of general international law or from any other consideration, such as the desire to be upon friendly relations with Germany rather than to keep the property which we took, we do not desire to hold it, except so far as we may have any just claims against her, by this provision of the treaty we can offset against that property only such claims as arise by reason of damages suffered before we went into the war, while by the Knox resolution and by Article 1 of this treaty we reserve the right to hold that property for the satisfaction of all claims, not only for damages done to the civilian population but done as well to the armed forces in the field, and, of course, done after we entered the war as well as before we entered the war. No one, I undertake to say, can controvert the proposition that those two propositions are utterly and irreconcilably inconsistent with each other.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Florida?

Mr. WALSH of Montana. I yield.

Mr. FLETCHER. Is not the Senator's argument subject also to the further modification that part 15 of the Versailles treaty is carried forward into this treaty, and under article 439, page 122, of this print the provision is made that—

> Without prejudice to the provisions of the present treaty, Germany undertakes not to put forward, directly or indirectly, against any allied or associated power signatory of the present treaty, including those which, without having declared war, have broken off diplomatic relations with the German Empire, any pecuniary claim based on events which occurred at any time before the coming into force of the present treaty.
>
> The present stipulation will bar completely and finally all claims of this nature, which will be thenceforward extinguished, whoever may be the parties in interest.

Mr. WALSH of Montana. My understanding of that is that it simply relieves our Alien Property Custodian from personal liability and confirms in those to whom he sold the property the title to the same; but it in no wise whatever affects the right of Germany to make claim from the Government of the United States on account of the property.

Mr. FLETCHER. I should think so. It says specifically that—

> The present stipulation will bar completely and finally all claims of this nature, which will be thenceforward extinguished, whatever may be the parties in interest.

In other words, they can set up no claim for any of this property.

Mr. WALSH of Montana. The Senator may be right about it; but that was not the construction I gave to that provision of the treaty.

Mr. HITCHCOCK. I am unable to see the inconsistency which the Senator urges exists. It seems to me the two provisions are not inconsistent but cumulative. Germany not only agrees to give us the rights which were stipulated in the Versailles treaty but she also agrees to accord to us the rights specified in the resolution. There is nothing inconsistent there. It is simply cumulative; it is additional.

Mr. WALSH of Montana. It is not additional. One establishes one rule and the other establishes another rule.

Mr. HITCHCOCK. No; not at all.

Mr. WALSH of Montana. One says we are going to keep this property until all claims are satisfied, whether arising before or after we went into the war, and the other says we will keep the property until those claims are satisfied which accrued before we went into the war.

Mr. HITCHCOCK. Yes.

Mr. WALSH of Montana. I will agree with the Senator that the one embraces the other, but they are inconsistent just the same, so that the lesser claim is absorbed in the greater in a sense. But even so, we go back to the proposition whether we may in honor keep the German property, if we are otherwise obliged to surrender it upon any consideration, as satisfaction for the damage done to the armed forces in the field.

For the reasons discussed I am unable to give my approval to this treaty. If it should be ratified, social Washington will enjoy the presence in its midst of a German ambassador and his entourage and the United States will again be officially represented in Wilhelmstrasse. That is all. Every controversy between the two countries now pending will remain rife and a number of others will spring into being. It is useless as well as vicious.

It is of no consequence to me that Germany has acceded to conditions which we have no right to exact of her, which we bound ourselves in the most solemn manner not to exact. I say "exacted" of Germany, because the language of the treaty, its very make-up, discloses that it was dictated by us. What considerations impelled Germany to yield willingly or unwillingly does not concern me. I am firm in the conviction that it does not comport with the honor of this country; that it is contrary to its interests and perilous to the peace of the world that it go into effect.

APPENDIX A.

SUMMARY OF REPORTS ON GERMAN DISARMAMENT.

1. Attached herewith is a memorandum on German disarmament as of May 19, 1921. No complete tabulation has been received since that date. Two minor reports are here quoted as affecting certain totals in this tabulation.

Totals to August 11, 1921.

Material.	Surrendered.	Destroyed.	Remaining to be destroyed.
Guns and barrels of all kinds	32,843	32,749	91
Shells loaded	[1] 35,017,029	[2] 33,564,193	[3] 1,452,836
Minenwerfer [4]	11,518	11,067	451
Machine guns [5]	87,489	79,868	7,630
Small arms (rifles and carbines)	4,229,721	3,972,988	256,733
Small arms ammunition	445,071,700	325,596,500	119,475,200

[1] 11,226 tons.
[2] 10,107.8 tons.
[3] 1,118.2 tons.
[4] Does not include 3,000 surrendered at armistice.
[5] Does not include 28,000 surrendered at armistice.

Air material surrendered to August 20, 1921.

Material.	Surrendered.	Destroyed.	Remaining to be destroyed.
Airplanes	14,673	14,149	514
Seaplanes	58		58
Airships	8	3	5
Balloons	58	37	21
Engines	28,877	24,821	4,056
Sheds and hangars	312	196	116
Machine guns	6,120	5,512	608
Bombs	135,874	123,901	11,973

2. Quoting from three reports from the military observer at Berlin, September 6, 1921, disarmament of the army, navy, and air service is well summed up:

"Germany has disarmed on land, with the exception of her 100,000 army, as contemplated by the Versailles treaty, taking into consideration the fact that the discovery of absolutely all munitions and arms is an impossibility. The above is the carefully considered opinion of the military attaché, and it is also the opinion of Gen. Nollet, president of the interallied military control commission.

"Germany has disarmed and eliminated her Air Service as provided in the Versailles treaty. This is a fact, although it is necessarily admitted that possibly a few hundred planes or parts of planes have not yet been discovered. It is obvious that these are out of date and of no real consequence.

"Germany has disarmed as a naval power under the provisions of the Versailles treaty. This is obvious and is the measured judgment of all foreign military and naval officers in Germany."

APPENDIX B.

NOTE ON REPARATION.

The extent to which reparation can be claimed from Germany depends in the main on the meaning of the last reservation made by the Allies in their note to President Wilson, November, 1918. That reservation was agreed to by President Wilson and accepted by the German Government in the armistice negotiations and was in the following terms:

"Further, in the conditions of peace laid down in his address to Congress on January 8, 1918, the President declared that invaded territories must be restored, as well as evacuated and made free. The allied Governments feel that no doubt ought to be allowed to exist as

to what this provision implies. By it they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and to their property by the aggression of Germany by land, by sea, and from the air."

In this reservation a careful distinction must be made between the quotation from the President, which refers to the evacuation and restoration of the invaded territories, and the implication which the Allies find in that quotation and which they proceed to enunciate as a principle of general applicability. The Allies found in the President's provision for restoration of the invaded territories a general principle implied of far-reaching scope. This principle is that of compensation for all damage to the civilian population of the Allies in their persons or property, which resulted from the German aggression, and whether done on land or sea or from the air. By accepting this comprehensive principle (as the German Government did), they acknowledged their liability to compensation for all damage to the civilian population or their property wherever and however arising, so long as it was the result of German aggression. The President's limitation to restoration of the invaded territories only of some of the Allies was clearly abandoned.

The next question is how to understand the phrase "civilian population" in the above reservation, and it can be most conveniently answered by an illustration. A shopkeeper in a village in northern France lost his shop through enemy bombardment, and was himself badly wounded. He would be entitled as one of the civilian population to compensation for the loss of his property and for his personal disablement. He subsequently recovered completely, was called up for military service, and after being badly wounded and spending some time in the hospitals was discharged as permanently unfit.

The expense he was to the French Government during this period as a soldier (his pay and maintenance, his uniform, rifle, ammunition, his keep in the hospital, etc.) was not damage to a civilian, but military loss to his Government, and it is therefore arguable that the French Government can not recover compensation for such expense under the above reservation. His wife, however, was, during this period, deprived of her breadwinner, and she therefore suffered damage as a member of the civilian population, for which she would be entitled to compensation. In other words, the separation allowances paid to her and her children during this period by the French Government would have to be made good by the German Government, as the compensation which the allowances represent was their liability. After the soldier's discharge as unfit, he rejoins the civilian population, and as for the future he can not (in whole or in part) earn his own livelihood, he is suffering damage as a member of the civilian population, for which the German Government are again liable to make compensation. In other words, the pension for disablement which he draws from the French Government is really a liability of the German Government, which they must under the above reservation make good to the French Government. It could not be argued that as he was disabled while a soldier he does not suffer damage as a civilian after his discharge if he is unfit to do his ordinary work. He does literally suffer as civilian after his discharge, and his pension is intended to make good this damage, and is therefore a liability of the German Government. If he had been killed in active service, his wife as a civilian would have been totally deprived of her breadwinner, and would be entitled to compensation. In other words, the pension she would draw from the French Government would really be a liability of the German Government under the above reservation, and would have to be made good by them to the French Government.

The plain, common-sense construction of the reservation therefore leads to the conclusion that, while direct war expenditures (such as the pay and equipment of soldiers, the cost of rifles, guns, and ordnance and all similar expenditures) could perhaps not be recovered from the Germans, yet disablement pensions to discharged soldiers, or pensions to widows and orphans, or separation allowances paid to their wives and children during the period of their military service are all items representing compensation to members of the civilian population for damage sustained by them, for which the German Government are liable. What was spent by the allied governments on the soldier himself, or on the mechanical appliances of war, might perhaps not be recoverable from the German Government under the reservation, as not being in any plain and direct sense damage to the civilian population. But what was, or is, spent on the citizen before he became a soldier or after he has ceased to be a soldier or at any time on his family, represents compensation for damage done to civilians and must be made good by the German Government under any fair interpretation of the above reservation. This includes all war pensions and separation allowances, which the German Government are liable to make good, in addition to reparation or compensation for all damage done to property of the allied peoples.

J. C. SMUTS.

PARIS, *March 31, 1919.*

Mr. PENROSE. Mr. President, if there is no other Senator desiring to address himself at this time to the treaties, under the unanimous-consent arrangement I will ask to have the revenue bill proceeded with.

The PRESIDENT pro tempore. The Chair understands that the revenue bill is before the Senate.

Mr. PENROSE. It is before the Senate subject to interruption by anyone who wants to speak on the treaty.

Mr. BRANDEGEE. It will be necessary to return to legislative session.

Mr. PENROSE. Certainly.

The PRESIDENT pro tempore. The Senate resumes legislative business.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

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

The PRESIDENT pro tempore. The Secretary will call the roll.

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

Ashurst	Glass	McCormick	Reed
Borah	Gooding	McKellar	Sheppard
Brandegee	Harris	McNary	Shortridge
Broussard	Harrison	Moses	Simmons
Calder	Heflin	Myers	Smith
Capper	Hitchcock	Nelson	Smoot
Caraway	Johnson	New	Spencer
Colt	Jones, N. Mex.	Newberry	Sutherland
Cummins	Kellogg	Nicholson	Townsend
Curtis	Kendrick	Norbeck	Trammell
Dial	Kenyon	Oddie	Wadsworth
Edge	King	Overman	Walsh, Mont.
Elkins	Ladd	Penrose	Warren
Ernst	La Follette	Poindexter	Watson, Ga.
Fletcher	Lenroot	Pomerene	Weller
France	Lodge	Ransdell	Willis

The PRESIDENT pro tempore. Sixty-four Senators have answered to their names. There is a quorum present.

The question is upon agreeing to the committee amendment, paragraph (F), page 170, which amendment will be stated.

The ASSISTANT SECRETARY. On page 170, beginning with line 12, the committee proposes to insert:

(F) In the case of each telegraph, telephone, cable, or radio dispatch, message, or conversation, which originates on or after such date within the United States, and for the transmission of which the charge is more than 14 cents and not more than 50 cents, a tax of 5 cents; and if the charge is more than 50 cents, a tax of 10 cents: *Provided*, That only one payment of such tax shall be required, notwithstanding the lines or stations of one or more persons are used for the transmission of such dispatch, message, or conversation; and

(G) A tax equivalent to 10 per cent of the amount paid after such date to any telegraph or telephone company for any leased wire or talking circuit special service furnished after such date. This subdivision shall not apply to the amount paid for so much of such service as is utilized (1) in the collection and dissemination of news through the public press, or (2) in the conduct, by a common carrier or telegraph or telephone company, of its business as such;

(H) No tax shall be imposed under this section upon any payment received for services rendered to the United States or to any State or Territory or the District of Columbia. The right to exemption under this subdivision shall be evidenced in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. KING. Mr. President, may I inquire of the Senator from Pennsylvania whether the committee took into consideration the wisdom and propriety of eliminating from existing law the provision taxing telegraph and telephone companies. I have an amendment here which I had intended to present, which had for its object the striking out of that provision of existing law. Yesterday we agreed to relieve the transportation companies of the tax provided by law. It occurred to me that we could with propriety, in the interest of business, relieve the telegraph and telephone companies, because in so doing we are relieving the business people and the people themselves of a rather onerous burden.

Mr. PENROSE. All these burdens are disagreeable, to say the least. The committee very carefully considered this matter and after not only debating it in committee but making a careful canvass in the Senate concluded that it would be sufficient at this time to eliminate the tax on transportation. We have still to have some revenue.

Mr. KING. I appreciate that we must have a great deal of revenue.

Mr. PENROSE. It was thought that the revenue requirements of the Government would permit the retention of this tax for the present. The tolls are not very heavy, and there is no very great complaint about the tax. The Government must have some money. That is the whole situation. It was very carefully considered.

Mr. KING. It is a tax which is borne by business and by individuals rather than by the corporations, and I should have been very glad if the committee had felt from the situation that business and the individuals could have been relieved of this additional tax.

Mr. PENROSE. The committee did not feel that business felt it materially. I know we all get thousands of telegrams every day. The tax does not seem to be much of an impediment.

Mr. KING. Perhaps the Senator might wish to increase the tax if the purpose is to prevent the people from bothering Senators with multitudinous appeals for reduction of taxes or for other reasons. However, as the committee have considered it, and in view of the very generous excisions which have heretofore been made, I shall not press my amendment.

Mr. SIMMONS. Mr. President, I have examined with some care the various formal amendments that are made to the several sections referring to the transportation, telegraph, and telephone companies. If the object of the committee is what I understand it to be—namely, to eliminate the tax on passenger, freight, Pullman, express, and parcel post, I think the amendments accomplish that purpose and I have no objection to them.

The PRESIDENT pro tempore. The question is on agreeing to the amendment. Those who favor agreeing to the amendment will say "aye"; contrary, "no."

Mr. REED. Mr. President——

Mr. PENROSE. On page 170, line 12, or in the little pamphlet of proposed amendments on page 9, No. 41, there are several amendments going down to and including the amendment on page 175 of the bill, correcting punctuation and of a purely technical character, that I ask the unanimous consent of the Senate to agree to en bloc.

Mr. SMOOT. They are merely clerical corrections?

Mr. PENROSE. Yes. If there is no objection, I ask that the amendments to which I have referred be agreed to en bloc.

There being no objection, the amendments were agreed to en bloc, as follows:

Page 170, line 12, strike out "(f)" and insert in lieu thereof "(a)."
Page 170, line 23, strike out "(g)" and insert in lieu thereof "(b)."
Page 171, line 8, strike out "(h)" and insert in lieu thereof "(c)."
Page 171, beginning with line 15, strike out down to and including line 25, being all of subdivision (i) of section 500, and insert in lieu thereof the following:

"(d) Under regulations prescribed by the commissioner, with the approval of the Secretary, refund shall be made of the proportionate part of the tax collected under subdivision (c) or (d) of section 500 of the revenue act of 1918 on tickets or mileage books purchased and only partially used before the passage of this act."

Page 172, line 1, strike out "(a)."
Page 172, beginning with line 4, strike out down to and including line 17, on page 174, being all of subdivisions (b), (c), and (d) of section 501.
Page 174, lines 23 and 24, strike out "and the taxes imposed upon it under subdivision (c) or (d) of section 501."
Page 175, beginning with line 1, strike out down to and including line 6, being all of subdivision (b) of section 502.
Page 175, line 7, strike out "(c)" and insert in lieu thereof "(b)."
Page 175, line 13, strike out "(d)" and insert in lieu thereof "(c)."
Page 175, line 18, strike out "(e)" and insert in lieu thereof "(d)."

Mr. REED. Mr. President, I wish it understood that the last amendment under discussion, relating to the tax on telegraph and telephone companies, has not yet been agreed to. The situation was that the Chair started to take the vote and I rose and addressed the Chair. At the same instant the Senator from Pennsylvania rose and addressed the Chair to make his request. I have no objection to his request, but I want it understood that we have not agreed to the amendment relating to the tax upon telegraph and telephone companies.

Mr. PENROSE. The fact of the matter is there has been so much confusion all around the Chamber that the matter has gotten a little mixed up.

Mr. SIMMONS. My understanding is that we have agreed to all the amendments, but we have not voted upon the proposition to retain the tax on telegraph and telephone companies.

Mr. PENROSE. That is the understanding I share.

Mr. TRAMMELL. Mr. President, if the Senator will yield to me——

Mr. PENROSE. I yield.

Mr. TRAMMELL. I desire to give notice that I shall call for a vote in the Senate on the amendment which I proposed to make the repeal of the transportation tax charges effective 10 days after the passage of the bill instead of January 1 next. I desire to reserve the right to offer that amendment in the Senate, and for that purpose I wish to have the amendment of the committee reserved for a separate vote when the bill is reported out of Committee of the Whole.

Mr. PENROSE. Connected with the transportation amendment, to which the Senate has agreed, I ask unanimous consent to turn back to page 247 to the provision relating to the tax on parcel post, which the committee recommends shall be abolished in view of the elimination of the tax on express transportation.

Mr. SIMMONS. I thought we had just agreed to that.

Mr. PENROSE. It appears that it was agreed to and it should have been disagreed to. It apparently was passed without objection.

The PRESIDING OFFICER (Mr. CAPPER in the chair). Is there objection to reconsidering the vote by which the amendment on page 247 was agreed to? The Chair hears none, and it is so ordered. The question is now on agreeing to the amendment, which will be stated.

The ASSISTANT SECRETARY. On page 247, subsection 14, the committee proposed to insert:

14. Parcel-post packages: Upon every parcel or package transported from one point in the United States to another by parcel post on which the postage amounts to 25 cents or more, a tax of 1 cent for each 25 cents or fractional part thereof charged for such transportation, to be paid by the consignor.

No such parcel or package shall be transported until a stamp or stamps representing the tax due shall have been affixed thereto.

Mr. REED. What is the motion—to disagree?

Mr. PENROSE. It is to eliminate the tax on parcel-post packages, which was inadvertently agreed to by the Senate when going through the bill and considering amendments which were unobjected to.

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

The amendment was rejected.

Mr. REED. What was the decision of the Chair? Do the "noes" or the "ayes" have it?

The PRESIDING OFFICER. The amendment was rejected.

Mr. PENROSE. Mr. President, as I understand the "ayes" have it. It is difficult to tell, but I concluded that that would be the decision.

Mr. REED. That is just what is not wanted, as I understand.

Mr. SMOOT. That is not what is desired.

Mr. REED. The committee brings in an amendment; it is accepted, and a motion is made to reconsider, which again brings the amendment before the Senate. The Senator from Pennsylvania wishes that amendment defeated. Therefore the vote would be "no," unless it is put in the form that the Senate disagree to the amendment; but it was not put in that form. I merely want the record to be clear; that is all; and I assume that the Senator from Pennsylvania also wants the record to be clear.

Mr. PENROSE. I assume that the Secretary will keep the record clear.

Mr. REED. Under the circumstances the vote, therefore, is "no." The committee amendment being before the Senate, the question was, Shall the Senate approve it?

Mr. PENROSE. That is correct?

Mr. REED. And the Chair decided that the Senate did not approve it and that the vote in the negative prevailed.

The PRESIDING OFFICER. The amendment goes out of the bill.

Mr. PENROSE. That is correct.

Mr. LA FOLLETTE. Mr. President, I very much doubt if Senators understood the purport of that amendment. I do not believe that it would have been rejected by the Senate if it had been understood.

Mr. PENROSE. What is there to understand about it?

Mr. LA FOLLETTE. I have not been able to follow the decisions that have been announced by the Chair.

Mr. PENROSE. I will state, if I may, for the information of the Senator from Wisconsin that the Senate has eliminated the tax on transportation of all kinds, and now proceeds to eliminate the tax on parcel-post packages, the express tax having been already eliminated. The tax on parcel-post packages was inadvertently agreed to.

Mr. LA FOLLETTE. That was the suggestion of the committee?

Mr. PENROSE. Yes.

Mr. SMOOT. That goes out.

Mr. LA FOLLETTE. I understood that the suggestion of the committee was defeated.

Mr. PENROSE. Does the Senator mean relative to the elimination of the tax on parcel post?

Mr. LA FOLLETTE. This refers to the original suggestion, I understand. That is all right.

Mr. SIMMONS. As I understand this provision, the Senate committee brought in an amendment imposing taxes upon parcel-post packages. Now the Senate disagrees to that amendment.

The PRESIDING OFFICER. That is correct.

Mr. PENROSE. Mr. President, I understand the question now before the Senate is on the retention of the tax on telegraph and telephone messages. As I recollect, a motion was pending in regard to that provision. Am I right?

Mr. REED. There was a motion pending which was put but not decided. Then we took up other business.

Mr. PENROSE. That is my understanding. Now, I suggest that we consider the pending question regarding the tax on telegraph and telephone messages.

Mr. REED. Very well. Mr. President, if we are to consider that question, I suggest the absence of a quorum, for I think we ought to have a full Senate.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

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

Ashurst	Glass	Moses	Smith
Borah	Gooding	Myers	Smoot
Brandegee	Harris	Nelson	Spencer
Broussard	Heflin	New	Sutherland
Calder	Hitchcock	Newberry	Swanson
Capper	Johnson	Nicholson	Townsend
Caraway	Jones, N. Mex.	Norbeck	Trammell
Curtis	Kellogg	Oddie	Wadsworth
Dial	Kendrick	Overman	Walsh, Mont.
Dillingham	Kenyon	Penrose	Warren
Edge	Keyes	Poindexter	Watson, Ga.
Elkins	Ladd	Pomerene	Watson, Ind.
Ernst	La Follette	Ransdell	Williams
Fernald	Lenroot	Reed	Willis
Fletcher	McKellar	Sheppard	
France	McKinley	Shields	
Frelinghuysen	McNary	Simmons	

The PRESIDING OFFICER (Mr. CURTIS in the chair). Sixty-five Senators have answered to their names. A quorum is present.

Mr. REED. Mr. President, I move to strike out the paragraph (f) in section 500, beginning in line 12, on page 170 of the bill. This question I hope will receive the consideration of the Senate, because it applies to the important question of the tax on telegraph and telephone messages. I wish to inquire if I am correct in the estimate which I have that from this source the Government receives about $28,500,000 annually?

Mr. PENROSE. The Senator is correct in his statement; the amount of revenue derived is about the sum he has stated.

Mr. REED. We have started here, Mr. President, upon the theory of eliminating the taxes upon transportation. Telegraph and telephone messages come distinctly within that principle; they involve the transportation of information. The tax is paid by the senders of the messages or the receivers, dependent upon who pays for the messages. It is not a tax upon the companies.

The provision is that for the transmission of a message by telegraph or telephone, cable or radio, where the charge for transmission is more than 14 cents and not more than 50 cents a tax of 5 cents shall be levied, and if the charge is more than 50 cents a tax of 10 cents. So that if a man sends a message that costs less than 50 cents he pays 5 cents tax, and if it costs more than 50 cents he pays 10 cents tax. A message that costs 51 cents for the regular tolls immediately costs the sender 61 cents, because the 10 cents is added.

Mr. LA FOLLETTE. And there is no doubt about the sender paying the tax.

Mr. REED. There is no question, of course, that this is a tax paid by the citizen and not by the company. That fact is recognized in the exemptions, since paragraph (g) reads:

(g) A tax equivalent to 10 per cent of the amount paid after such date to any telegraph or telephone company for any leased wire or talking circuit special service furnished after such date. This subdivision shall not apply to the amount paid for so much of such service as is utilized (1) in the collection and dissemination of news through the public press, or (2) in the conduct, by a common carrier or telegraph or telephone company, of its business as such.

It will be observed that the public press, press associations, and so forth, recognized the fact that they would have to pay these tolls. They sought an exemption, and obtained it, upon the theory that they were sending news of service to the public and that there ought not to be a tax upon news. I make no complaint because they secured the exemption. I simply call attention to it as showing that it is recognized in the bill that the tax is paid by the sender of the message, or by the receiver if it is a "collect" message.

I recognize the fact, Mr. President, that we must have revenue to run the Government. The question is, From what sources are we to get that revenue? We received a large revenue from the tax on freight and passengers. We struck that clause out of this bill because it was recognized that a tax of that sort was of an exceedingly burdensome character. It was a tax which fell upon all classes of people, and multiplied itself as it was added to the cost of the things that were shipped. We had already reduced the postage charge on first-class matter from 3 cents to 2 cents, because it was recognized that the transmission of news, letters, information from one part of the country to the other was of vital importance, and that the people ought to be allowed to transact business and carry on personal communication as cheaply as possible. The recommendation of the Secretary of the Treasury that we put first-class postage back to 3 cents did not receive very serious consideration by the committee; I mean it did not receive serious friendly consideration. Here is a tax upon telegraph messages and upon telephone communications, instrumentalities that are in common use by all the people of the country. I am opposed to continuing that sort of tax.

There may be other Senators who desire to speak in this empty Chamber. I do not; but I ask for the yeas and nays upon this question, and I hope I can get a sufficient seconding to have a vote. My motion is to strike out this clause, paragraph (f).

The PRESIDING OFFICER (Mr. LADD in the chair). The question is upon the motion of the Senator from Missouri, on which the yeas and nays are demanded.

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

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Washington [Mr. JONES]. I transfer that pair to the junior Senator from Rhode Island [Mr. GERRY], and will vote. I vote "yea." I will let this announcement stand for the day.

The roll call was concluded.

Mr. DIAL. I have a pair with the Senator from Colorado [Mr. PHIPPS]. I transfer that pair to the Senator from Massachusetts [Mr. WALSH], and will vote. I vote "yea."

Mr. MYERS. I have a pair with the Senator from Connecticut [Mr. MCLEAN], who is necessarily absent. I transfer that pair to the Senator from Texas [Mr. CULBERSON], and will vote. I vote "yea."

Mr. EDGE. I transfer my pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Delaware [Mr. DU PONT], and will vote. I vote "nay."

Mr. PENROSE (after having voted in the negative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. As I observe that he has not voted, I transfer that pair to the junior Senator from Maryland [Mr. WELLER], and will allow my vote to stand.

Mr. SMITH. I inquire whether the Senator from South Dakota [Mr. STERLING] has voted.

The PRESIDING OFFICER. He has not.

Mr. SMITH. I have a general pair with that Senator. I transfer that pair to the Senator from Nevada [Mr. PITTMAN], and will vote. I vote "yea."

Mr. SUTHERLAND (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD], and will let my vote stand.

Mr. ELKINS. I am paired with the Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the Senator from Oregon [Mr. STANFIELD], and will vote. I vote "nay."

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

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from Kentucky [Mr. ERNST] with the Senator from Kentucky [Mr. STANLEY];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS]; and

The Senator from New Mexico [Mr. BURSUM] with the Senator from Louisiana [Mr. RANSDELL].

The result was announced—yeas 27, nays 32, as follows:

YEAS—27.

Ashurst	Gooding	Moses	Smith
Borah	Harris	Myers	Smoot
Broussard	Harrison	Overman	Swanson
Caraway	Heflin	Pomerene	Trammell
Dial	Kendrick	Reed	Walsh, Mont.
Fletcher	La Follette	Sheppard	Watson, Ga.
Glass	McKellar	Simmons	

NAYS—32.

Brandegee	Fernald	McKinley	Poindexter
Calder	France	McNary	Spencer
Capper	Frelinghuysen	New	Sutherland
Colt	Kellogg	Newberry	Townsend
Curtis	Kenyon	Nicholson	Wadsworth
Dillingham	Keyes	Oddie	Warren
Edge	Ladd	Page	Watson, Ind.
Elkins	Lenroot	Penrose	Willis

NOT VOTING—37.

Ball	Hitchcock	Nelson	Stanfield
Bursum	Johnson	Norbeck	Stanley
Cameron	Jones, N. Mex.	Norris	Sterling
Culberson	Jones, Wash.	Owen	Underwood
Cummins	King	Phipps	Walsh, Mass.
du Pont	Knox	Pittman	Weller
Ernst	Lodge	Ransdell	Williams
Gerry	McCormick	Robinson	
Hale	McCumber	Shields	
Harreld	McLean	Shortridge	

So Mr. REED'S amendment to the amendment of the committee was rejected.

Mr. REED. I do not know whether it is necessary, under the practice, to specifically reserve this question for a separate vote in the Senate, but in order to save the point I make that reservation.

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

The amendment was agreed to.

Mr. REED. I reserve that question for a separate vote in the Senate, because I think I must do so in order to save my rights fully under the question which I just raised.

Mr. PENROSE. I would like to make an inquiry. Does not the Senator have that right without making a formal reservation?

Mr. REED. It seems to be a disputed question here, and it is so much easier to make a reservation than it is to debate it that I just make it.

Mr. PENROSE. Of course, it is all right.

The READING CLERK. The next amendment passed over is, on page 171, after line 14, the amendment just agreed to, to insert lines 15 to 25, inclusive, in the following words:

(i) Subdivisions (a), (c), and (d) shall not be in effect after December 31, 1922. Under regulations prescribed by the commissioner, with the approval of the Secretary, refund shall be made (1) of the proportionate part of the difference between the tax collected under subdivisions (c) or (d) of the revenue act of 1918 on tickets or mileage books purchased and only partially used before January 1, 1922, and the tax imposed on and after such date by subdivisions (c) or (d) of this act; and (2) of the proportionate part of tax collected on tickets or mileage books purchased and only partially used before January 1, 1923.

Mr. PENROSE. That has already been stricken out by one of the amendments agreed to en bloc. We should begin on page 176, Title VI, tax on soft drinks and constituent parts thereof.

Mr. REED. Has subdivision (i) been agreed to in its present form, with some clerical amendment?

Mr. PENROSE. It has been agreed to, Mr. President.

Mr. LENROOT. Mr. President, if subdivision (i) has been agreed to, it should be reconsidered now. There is an amendment in these proposed amendments, found on page 10, which takes the place of (i), namely, subdivision (d).

Mr. PENROSE. Subdivision (d), I am informed, has been agreed to.

Mr. LENROOT. If that has been agreed to, that takes care of it.

Mr. PENROSE. Let the Secretary proceed with the reading.

The PRESIDING OFFICER. The Secretary will proceed to read the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 176, line 1, where the committee proposes to strike out "Title VI. Beverage tax amendments," and to insert "Title VI. Tax on soft drinks and constituent parts thereof."

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 176, passed over on the request of the senior Senator from North Carolina [Mr. SIMMONS], where the committee proposes to strike out lines 4 to 25, both inclusive.

Mr. KING. May I inquire of the chairman of the committee whether the plan is now to strike out all of the items found under the head "Tax on soft drinks and constituent parts thereof"?

Mr. PENROSE. The obvious purpose is to strike out the language as it came over to the Senate from the House and insert the amendments proposed by the Finance Committee, recommended to the Senate and printed in the bill.

Mr. KING. I had in mind that this new revolutionary movement over there had resulted in a determination to eliminate all of this title, and I was asking for information, and not by way of criticism.

Mr. PENROSE. I do not know what the Senator refers to as the "revolutionary movement."

Mr. KING. The movement which it is alleged was sponsored by the distinguished Senator from Iowa [Mr. KENYON] and the Senator from Kansas [Mr. CAPPER], and which eventuated in a meeting which was held at Senator CAPPER's house. I am merely identifying it, not for the purpose of criticism, but for the purpose of ascertaining whether or not, pursuant to that meeting, or any meeting, the Finance Committee now is about to recommend the elimination of all these items.

Mr. PENROSE. I do not think this soft-drink schedule has been changed in any particular since the bill was reported from the Finance Committee.

Mr. CALDER. Mr. President, I rise to suggest that this matter may go over temporarily.

Mr. PENROSE. Does the Senator mean the whole schedule?

Mr. CALDER. No; I mean only the language on page 176.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. PENROSE. Of course, if the Senator from New York asks to have the whole matter go over I shall not object, but I do not see the necessity of it.

Mr. CALDER. I will not insist, if the chairman of the committee insists on it going in.

Mr. PENROSE. I will do all I can to meet the Senator's wishes.

Mr. CALDER. The committee, I understand, is offering suggestions in lieu of the language on page 176.

Mr. PENROSE. The committee has made no recommendation along that line, as far as I know. Does the Senator desire to submit an amendment?

Mr. CALDER. I do not, Mr. President. It seemed to me that if there was to be an amendment offered for that provision, it should go over.

Mr. PENROSE. Then let it go over.

Mr. SIMMONS. Mr. President, let me see if I understand the situation. The Finance Committee did not, as I understand it, originally change the rates upon liquors and spirits withdrawn from bond for medicinal or mechanical purposes. They left that as it is in the present law. A controversy arose about that, and it was suggested in the subsequent meetings by the majority members of the committee that they were going to change that tax and increase it from $2.20 to $6.40 per proof gallon, but no amendment to that effect has been offered; and I understand the Senator from Pennsylvania to say that there is no purpose to offer an amendment of that kind.

Mr. SMOOT. The Senator from Pennsylvania referred to soft drinks, I understand.

Mr. SIMMONS. But the section stricken out here refers to the liquor tax.

Mr. PENROSE. I referred to the tax in part 6, printed in the bill as it was reported from the committee. The amendments in the list of proposed amendments I have not discussed or referred to, and I do not intend to do so at the present time.

Mr. SIMMONS. I was calling the Senator's attention to this fact, that section 601, which the Senate Finance Committee has amended by striking out, does provide for a tax on spirits.

Mr. PENROSE. I ask to have it go over.

Mr. SIMMONS. Very well; I have no objection, if the Senator wants it to go over.

Mr. PENROSE. I did not hear the Senator object when I made the request.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 177, line 1, where the committee proposes to strike out "Sec. 628" and the period, and to insert "Sec. 600" and a period.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 177, line 1, after the word "That," to insert "from and after January 1, 1922."

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 177, line 3, to insert the words "in lieu of the taxes imposed by sections 628 and 630 of the revenue act of 1918," so as to make the paragraph read:

SEC. 600. That from and after January 1, 1922, there shall be levied, assessed, collected, and paid, in lieu of the taxes imposed by sections 628 and 630 of the revenue act of 1918——

Mr. KING. Mr. President, I want to make a few inquiries of the committee, if they will pardon me for interrupting the proceedings for a moment with respect to the tax on soft drinks and constituent parts thereof. It seems to me that there ought to be a distinction in the imposition of taxes upon those drinks that are the products of fruit juices, innocent beverages of that character, and the synthetic drinks, those resulting from chemical compounds. I fancy that under the latter characterization would come Coca-Cola and kindred drinks. It seems to me that the tax imposed upon those beverages ought to be high and the tax imposed upon cereal juices and upon fruit juices ought to be comparatively light. May I inquire of some member of the committee whether there has been any distinction made between these synthetic and drug compounds or extracts which are the basis of many soft drinks and the unfermented juices and cereal beverages; and if there is not such a distinction, if the matter was suggested to the committee for consideration?

Mr. WATSON of Indiana. I will say to the Senator that there was quite a bit of discussion of that whole proposition before the Senate committee, that the Senator from Missouri [Mr. REED], who sits by the Senator's side, made many suggestions in regard to that particular tax; and that the Senate committee, after hearing the discussion not only once but several times, thought it best to put all these various drinks on a par, because the cereal-beverage people were not making any money, as was clearly shown, and from the testimony which was adduced before our committee we thought it was the wise thing to do to put them all on a par. I know of no reason why it should not be done at this time. I think it is good legislation; and besides they are all competitive products.

Mr. SMOOT. I wish to say to the Senator that, as far as I was personally concerned, I voted for the 2 cents instead of 4 because I knew more revenue would flow into the Treasury of the United States under a 2-cent tax than under a 4-cent tax. If the tax is left at 4 cents, near beer can not be produced in sufficient quantity to raise the amount of revenue that will be raised if the tax is made 2 cents. There was also an intention to equalize them. It costs more to make near beer than it did to make regular beer when we were licensing the making of beer. Near beer has to pass through exactly the same process that regular beer passed through, and then an additional proc-

ess, the extracting of the alcohol from it, and in order to equalize the tax, as the Senator from Indiana has said, it was reduced to 2 cents a gallon.

Mr. REED. I do not understand the Senator from Utah [Mr. KING] to be objecting to that. He is inquiring about such drinks as Coca-Cola, and thinks they ought to be distinguished from juices of either fruits or grains, and I myself have forgotten what we did with the class of drinks under which Coca-Cola falls.

Mr. KING. I had in mind, if the Senator will pardon me, what might be denominated synthetic or drug compounds. We speak of synthetic drugs, and I thought there could be logically a distinction between synthetic compounds, such as Coca-Cola and cereal beverages and the unfermented juices.

Mr. SMOOT. I call my colleague's attention to the fact that paragraph (b) is where Coca-Cola is virtually taxed, because the drink from Coca-Cola is the concentrate or essence or extract, and the tax is upon all imitations of any such fruit juices. As far as Coca-Cola itself is concerned, it is taxed under paragraph (b) and not under (a).

Mr. SMITH. Mr. President, while this question is under discussion, may I say that quite a bit of complaint is coming from the vendors of soft drinks to the effect that the tax is unusually discriminatory against them. I should like to ask the Senator from Utah [Mr. SMOOT] or the Senator from Indiana [Mr. WATSON] this question: As I said, there is quite a bit of complaint coming from vendors of the so-called soft drinks to the effect that the old tax was discriminatory. I did not know the matter was coming up at this time, and had intended to prepare myself on it. My impression now is that they were taxed on the sirup and the compounds that entered into the making of the soft drinks, and then on the finished product as well. I do not know exactly the basis of their complaint at this time except that they claim it is discriminatory. I would like to know if the committee in considering it have imposed rather an unusual discriminatory tax?

Mr. SMOOT. I will say to the Senator that whoever makes that statement is mistaken. It is not a double tax under the existing law. There is objection from the same source to paragraph (e), where there is imposed 10 cents per gallon. Paragraph (e) reads:

> Upon all finished or fountain sirups of the kinds used in manufacturing, compounding, or mixing drinks commonly known as soft drinks, sold by the manufacturer, producer, or importer, a tax of 10 cents per gallon.

The committee reduced that 10 cents a gallon to 7½ cents a gallon to equalize it with the other fountain beverages of this type in the section.

It is true that when the complaints were first lodged against the 10 cents per gallon on these sirups it was a discriminatory tax, but the committee reduced it to 7½ cents, which equalizes the other rate imposed under the section upon beverages wholly or partly from cereals or substitutes therefor or bottled beverages and the other beverages named in the section.

Mr. SMITH. My impression was that they were complaining of the fact that they had a tax to pay upon the ingredients that went in and then a tax upon the compound after it was mixed.

Mr. SMOOT. I will say to the Senator that is not true under the provisions of this bill. There is no such provision as that.

Mr. SMITH. The old law has been amended in regard to this particular class of beverages?

Mr. SMOOT. We have reduced the tax as provided in the old law. The old law provided for 15 per cent. We had a specific change, at the request of the bottlers themselves. They thought the 4 cents on near beer and soft drinks was equal to the 15 per cent under the old law, but in figuring it out very closely, after the testimony was given, it was found that 4 cents was too high and the committee reduced it to 2 cents. In the items under paragraph (e), the fountain sirups, we figured that 10 cents was equal to the old tax imposed, but 7½ cents makes it equal with the 2 cents that is imposed on the beverages.

Mr. SMITH. On those containing a per cent of alcohol the tax is reduced to 2 cents?

Mr. SMOOT. Yes; that is, where there is one-half of 1 per cent alcohol.

Mr. SMITH. That has been reduced to 2 cents, and then to equalize it the other was reduced to 7½ cents?

Mr. SMOOT. Yes.

Mr. KING. Mr. President, I am not entirely satisfied with some of the provisions of this section. I am not opposing the action of the committee in dealing with unfermented fruit juices, and beverages derived wholly or in part from cereals or substitutes therefor containing less than one-half of 1 per cent of alcohol by volume. I have no complaint as at present advised with respect to subdivision (c), but I would like some information as to the reason of the action of the committee in not differentiating between what might be called drug or synthetic drinks and compounds and extracts, and unfermented and cereal beverages. It has occurred to me that the tax upon Coca-Cola and extracts and drinks of that character and of drinks formed in part from drugs should be heavier than upon unfermented fruit juices or upon the other beverages provided for in subdivisions (a), (b), and (c).

Mr. SMOOT. I would like to ask the Senator how a line could be drawn. In what way can we pass a bill that would provide a discrimination between the two? They all come from a concentrate or essence and the only way that it could be done in my opinion would be specifically to take out Coca-Cola and have a special law for Coca-Cola.

Mr. KING. If that was the only extract or drink embraced within the category to which I have referred, the matter might be easily dealt wtih, but I confess that there may be some administration difficulties in dealing with the subject if different rates are established.

Mr. SMOOT. Then if we pass a bill specifically naming Coca-Cola, unless it could be specifically pointed out just what Coca-Cola was, they would change the name of it. The committee thought of that matter many times and thought that perhaps we could reach it in some other way, but really I do not know how to do it.

Mr. KING. It does seem to me there ought to be a clear line of distinction between cereal beverages and unfermented fruit juices, and these synthetic and drug compounds in which class, as I understand, Coca-Cola belongs.

Mr. SMOOT. That is what we tried to do.

Mr. KING. There are a number of drinks of that character, I am advised, upon the market, the profits from which are enormous as we all know, drug-made drinks in contradistinction to cereal beverages. I think that where there are drug-made drinks—synthetic compounds and extracts and bases of drinks—they ought to bear a heavier fax than is imposed upon fruit juices and cereal beverages. I am looking at my friend the junior Senator from Ohio [Mr. WILLIS], because I know his intense interest in unfermented beverages. I hope he will aid in drawing some amendment that will distinguish between the two classes.

Mr. SHIELDS. Has the Senator investigated the attacks upon Coca-Cola?

Mr. KING. I am not making an attack upon it. I am only pointing out the difference between Coca-Cola and other extracts and bases used for soft drinks, and I refer to the enormous profits reported to have been made upon the sale of Coca-Cola, and also suggested that it and similar extracts should bear a heavier tax.

Mr. SHIELDS. The Senator is not against any business because it is profitable?

Mr. KING. Oh, no; but I think this business ought to pay a heavier tax than these innocent cereal beverages.

Mr. SHIELDS. I thought from the manner in which the Senator was speaking that he wanted the tax because the drink was hurtful to the public or something of that kind. I would call his attention to the fact that the United States Government fully investigated it, brought a suit under the pure food law, as I remember, to enjoin the making and selling of it, and that the Government lost that suit. According to the evidence developed in that case there is nothing in it harmful to the health of the people. I hold no brief for the Coca-Cola people, but I think they ought to be fairly treated. After the beverage had been fully investigated and vindicated there ought to be no discrimination against it on a mere rumor that may prevail in the country.

Mr. FLETCHER. Mr. President, I have some telegrams and communications with reference to this matter. In one of the telegrams it is said:

> New tax bill merely shifts taxes on our business. Must have complete elimination from excise tax if bottled carbonated beverages can retail for a nickel.

That is their proposition. They retail these drinks for a nickel, but if this tax is added it will be very doubtful if their business can proceed.

Mr. SHIELDS. I do not think there is any doubt about that. I have heard from a number of the gentlemen engaged in that business.

Mr. SMOOT. I will say to the Senator that we had that same question up when we were considering the present law before the committee. I suppose I received two or three hundred telegrams, or perhaps more than that, from the same source. We have reduced the tax on these items all the way along the line.

Mr. FLETCHER. I think that is proper.

Mr. SMOOT. I think myself that paragraph (b), where we have imposed a tax of 2 cents per gallon on unfermented fruit juices, in which concentrates are also included, is a higher tax than in any other bracket in the beverage section. I can not see why we should undertake to reduce the taxes we have provided for now.

Mr. FLETCHER. There is quite an industry in my State where they are extracting the juice from the grapefruit. They take the juice out of the grapefruit, bottle it, and preserve it, and it is a very healthful drink. I do not see why the producer of the grapefruit juice, if he is the grower of the fruit, should be taxed at all.

Mr. WATSON of Georgia. Mr. President, I was out of the Chamber when the question of Coca-Cola was brought up. I heard, however, the remarks of my friend the Senator from Tennessee [Mr. SHIELDS]. I am quite familiar with the test case to which he refers. I know how that test case was brought about. I think it might be interesting to the Senate to hear a few simple facts about Coca-Cola.

The recipe for that drink was bought by Asa Candler, of the city of Atlanta, Ga., from an old countrywoman for $25. I do not know how she got it, but she had it. He realized the value of it. He began to manufacture it in a small way. His business grew and grew and grew until his advertising agent, even 20 years ago, spent $100,000 annually advertising this delicious and refreshing drink. This advertising agent got rich on it. His father was a personal friend of mine and he himself is. I mean no disrespect to him.

Mr. President, Asa Candler a few months ago sold that recipe to a national syndicate for $25,000,000. That syndicate has pushed that drink into the place of near beer, or beer, or of light wines, and everything else of that character. At that time near beer was paying the State of Georgia a revenue of $800,000 annually, but they ran it out; they substitute Coca-Cola, which pays the State of Georgia nothing, or has not been paying it heretofore a single cent. Every time a proposition is made in the Georgia Legislature to put a tax on the drink there is a powerful lobby there to resist it; and they defeat the proposition by methods which are well known here in Congress.

As to the drink itself, the Senator from Minnesota [Mr. NELSON], after I had made some reference to it here on the floor of the Senate, brought me out in the corridor the decision of the Supreme Court and showed me where it was proved in the test case at Chattanooga, Tenn., that the main ingredients of the drink are water and sugar. I laughed the decision aside and told him that they had fabricated that carload of Coca-Cola for the very purpose of deceiving Uncle Sam and Uncle Sam's courts, which they did.

Mr. President, I have a personal knowledge of what is the effect of Coca-Cola. I never drank a bottle of it in my life, and I had rather drink a bottle of moonshine whisky right now than to drink a bottle of Coca-Cola. [Laughter.]

Mr. SHIELDS. That is entirely a matter of taste.

Mr. WATSON of Georgia. I know it is, and it shows that my taste is better than that of anybody who drinks Coca-Cola. Mr. President, a man who drinks a bottle of Coca-Cola to-day at 2 o'clock will to-morrow want another, at the same time day after to-morrow he will want another, and in less than a week it will take two bottles to produce the same effect that the one bottle had produced a week before. Whether sugar and water will do that I leave to the strong common sense of my friend the Senator from Tennessee [Mr. SHIELDS]. There are thousands and tens of thousands of boy clerks and girl clerks, of men wage earners and women wage earners in the State of Georgia, who never begin their day's work without a "pick-me-up" of Coca-Cola, and they periodically send out during the day or go out during the day for another bottle. An addict who consumes from 14 to 20 bottles of the stuff every day is no uncommon case. I have had the best doctors in the State of Georgia tell me that Coca-Cola destroys—gradually, of course—the brain power and the digestive power and the moral fabric and that a woman who becomes an addict to it loses her divine right to bring children into the world. Whether sugar and water will do that I again leave to the judgment of my friend from Tennessee.

There is not a more deleterious drink on the face of God's earth than the real article of Coca-Cola. A Public Health Service official, Dr. Wiley, listed it as such, and in a short while he was removed from office. Why he was removed I leave to the imagination of Members of the Senate. He got in the way of one of the most powerful syndicates on earth, and that syndicate now is represented right here, not only in this Capital City but in this Capitol building, by some of the highest paid lobbyists in this Union. If there is anything on this earth that could bear a tax as being not only a luxury but destructive to American womanhood and manhood it is Coca-Cola.

Mr. SHIELDS obtained the floor.

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

Mr. SHIELDS. I yield.

Mr. KING. I recall that some months ago a case was argued in the Supreme Court involving a controversy between the Coca-Cola Co. and another corporation which was, I understand, charged either with infringing the plantiff's trade-mark or using the same ingredients in the manufacture of a product which was competing with Coca-Cola. I heard but a few words of the argument by one of the attorneys, but my recollection is that he stated that at one time the manufacturers of Coca-Cola were charged with vending a product which contained a drug having the characteristics of morphine.

Mr. WATSON of Georgia. Caffeine.

Mr. KING. No; a narcotic akin to morphine or cocaine.

Mr. WATSON of Georgia. It is the South American cola plant, as it is well known.

Mr. KING. The statement proceeded, as I recall, that upon complaint being made to the Government some change was made in the formula for manufacturing Coca-Cola, and that while the cola leaves were still used the morphine or the drug similar to it was eliminated and caffeine introduced.

I am not attacking Coca-Cola nor indicating a purpose to prevent its manufacture and sale. My information is too limited to warrant me in condemning its use. But I am only raising the point for the consideration of the Senate, that there could be in all fairness a difference in the tax imposed upon cereal beverages and fruit juices and extracts or compounds containing drugs.

The history of Coca-Cola would seem to present it in a different category at least for taxation from that in which we place the unfermented grape juice and cereal beverages containing a negligible alcoholic content. A former law, as I understand, dealt with Coca-Cola for tax purposes in a different manner, and I think we could with propriety impose a higher tax upon it than that provided in the pending bill.

Mr. SHIELDS. Mr. President, as a matter of course, if Coca-Cola is a poisonous drink, as Senators have asserted, it ought not merely to be taxed but it is worse than liquor and the sale of it ought to be absolutely prohibited. It should not be a mere question of taxation. I do not know any of the people interested in the manufacture and distribution of this drink. I do not know Mr. Candler or the Chattanooga people who were stockholders in the corporation owning Coca-Cola. I had heard that they had parted with their interest or that some corporation had bought from them, but I did not know the details of the transaction. The Senator from Georgia in the statement he has made has given me more information upon the subject than I had before. I did not know that the company was owned in New York. I did know that some Chattanooga people were deeply interested; that some of the largest stockholders lived there and that they had made a great deal of money out of it. I do not know any of them; but I do know they are citizens of the highest reputation for integrity and fair dealing and that they are fine business men.

I do not know what has occurred in Georgia. The Senator says that Mr. Candler or somebody else has corrupted the legislature there and prevented them from taxing Coca-Cola. I do not care to go into that question or to wash the dirty linen of Georgia. The Georgia Legislature may be corrupt; it may be that it could be bribed to defeat a meritorious tax. I have never heard that charge made before. I have always had a very high opinion of the Empire State of the South and her Representatives here; but I may be mistaken as to her legislature. So far as the general assembly of my State is concerned, I have never heard of such charge.

I do not agree with his estimate of the comparative merits of Coca-Cola or moonshine whisky. I would not want the thousands and hundreds of thousands of people who drink this refreshing beverage at soda fountains to change from it to moonshine whisky. I am opposed to moonshine whisky, which prohibition or the drastic laws for its enforcement has caused to be sold throughout the country. It is poisoning and killing so many people, and the men who are making and selling it ought to be punished and their business suppressed.

It is a pretty severe reflection upon Coca-Cola for the Senator to say he prefers moonshine whisky to it. Such a statement, if it be correct, would kill almost any drink; but I think he is mistaken. He says he has never taken a glass of Coca-Cola, and, further, that the man who takes one glass wants another one, and that the habit grows with cumulative force. I have been drinking it for 20 years, now and then, and I have never found any harm in it. It is a very pleasant, cooling, refreshing

drink; and I have never heard that any particular trouble grew out of its consumption on the part of the hundreds who drink it in my State or who drink it elsewhere in the United States, and it is now drunk all over the United States.

I did not know until I came into the Chamber a moment ago that any discrimination was intended to be made against Coca-Cola. I understood the Senator from Utah to charge that Coca-Cola was a deleterious or poisonous drink, and I wanted to call his attention in all fairness to the facts. I still thought the people of Chattanooga were interested in it, although that would not have made any difference to me, because I believe in doing the fair thing, and I knew that the matter had been fully and thoroughly investigated by the United States, with all of its power and with all of the money necessary behind it. The case was brought in the Federal court at Chattanooga. The lawyers engaged in the case representing the United States were as able as any lawyers in the United States, and could not be hoodwinked and could not be deceived by water and sugar or a special carload of the drink made for a special or fraudulent purpose. The trial consumed several weeks, if not months. I really have forgotten the exact outcome of the case, but I rather think it was in the nature of what might be called a "dog fall." The case was brought to the Supreme Court of the United States, which rendered a decision in which some of the rulings of the Chattanooga court were reversed and the case remanded to the district court at Chattanooga for further proceedings. The Attorney General, however, dismissed and abandoned the case, which was an admission that Coca-Cola contained nothing in it prohibited by the pure food law or hurtful to the consumer.

I am not speaking of rumors as to what occurred; I am speaking about what the courts and the Attorney General held and what is contained in the record upon which the court decided the case.

I have never had any sympathy with attacks upon the judgments of courts based on rumors. Such rumors are generally circulated by some one who has never read the record, but who nevertheless undertakes to tell what the facts are. After a matter has been thoroughly investigated by a court of competent jurisdiction, the case being conducted by able lawyers on both sides, as was true in this particular litigation, and decided by an able court whose integrity is beyond any suspicion, it is to be presumed that the truth was arrived at, the law properly applied, and justice done.

I hold no brief for the Coca-Cola people, but I believe there should be no discrimination against this popular, universal drink. The plain people of the United States have been deprived of almost every sort of a drink; the use of light wines and beers in their households has been prohibited, and it looks to me like this is going a little further in this attempt to control the appetites, habits, and the morals of the people in their most intimate relations. I think they have a right to such drinks as Coca-Cola, and I think they ought not to be taxed out of existence. It is the plain people of the country who drink Coca-Cola, and they are mostly interested in this tax, for it will fall upon them.

Mr. WATSON of Georgia. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Georgia?

Mr. SHIELDS. I am through.

Mr. WATSON of Georgia. I desire to take the floor in my own right, Mr. President.

The PRESIDENT pro tempore. The Senator from Georgia is recognized.

Mr. WATSON of Georgia. I am sure the Senator from Tennessee did not understand me, as the country might understand him, to say that the whole State of Georgia was corrupt.

Mr. SHIELDS. I did not make that statement.

Mr. WATSON of Georgia. I say I am sure the Senator did not wish to be so understood.

Mr. SHIELDS. I said nothing which could be construed in that way; far from it. I only had reference to the statement that legislatures there had been corrupted so that they would not tax this drink.

Mr. WATSON of Georgia. Mr. President, if the Senator can mention the legislature of any State in this Union that is free from the influence of powerful lobbyists, I invite him to name that State.

Mr. SHIELDS. I have no facts in my mind showing that the general assembly of any State of the Union was ever corrupted. There have been rumors of that kind, and it may be so. I know that there are lobbyists, and, as the Senator says, they were here, and I had occasion the other day to say that I thought they ought to be gotten out—scourged out, if necessary—and let the Congress legislate for itself.

Mr. WATSON of Georgia. Mr. President, the State of Georgia, like all other States, has been afflicted by lobbyists. They are not all native Georgians. Some of them come from other States; but even the native Georgians who are lobbyists do not represent the great mass of our people. They are, so to speak, the black sheep of the flock. The Senator from Tennessee would not claim that his State is immune from that trouble.

Mr. SHIELDS. I certainly say that the General Assembly of Tennessee, while there may be bad men in it, as I suppose there are in every community and every place, is an honorable body. It is not corrupt——

Mr. WATSON of Georgia. Nobody said it was corrupt.

Mr. SHIELDS. And our government is not corrupt in Tennessee. We have a great State and a great people. While we may have some bad people, the great majority of our people are honest and intelligent, and administer our laws rightly and properly.

Mr. WATSON of Georgia. I do not doubt that for a moment; but neither do I doubt that there are men in the State of Tennessee who are not saints, but sinners.

Mr. WATSON of Indiana. Mr. President, may I ask the Senator a question, or the two Senators, if you please? This is not a proposition to tax anything out of existence. This is purely a revenue measure.

Mr. WATSON of Georgia. So I understood.

Mr. WATSON of Indiana. Does the Senator think it is wise to take up the question of the merits of Coca-Cola, as to whether it is a deleterious drink or a dangerous beverage, and undertake to tax it out of existence in a bill of this kind? I agree with very much that the Senator has said about it; but the committee, after giving consideration to this proposition many times, finally came to the conclusion that the best thing to do was to place all of these things on one common level, and that is why we did it. Is it not better just to let it go along, and if the Senator wants to come in afterwards with some other proposition that will dispose of Coca-Cola well and good, and let it go on its merits?

Mr. WATSON of Georgia. Then the Senator from Indiana wants to take me off the floor?

Mr. WATSON of Indiana. Oh, not at all. I have not any such desire. I am just asking the Senator whether he does not think that is a good thing to do.

Mr. WATSON of Georgia. I think it is always a good thing for the Senate to have the facts about any subject matter of legislation, and I was proposing to give it the facts, and I was challenging anybody to deny them or refute them.

Mr. WATSON of Indiana. My object, of course, was to have this bill considered purely as a tax proposition, as a revenue-producing measure. Of course, I agree with very much that the Senator has said so far as the effects of Coca-Cola are concerned, and all that sort of thing; but, after all, does the Senator think that in a measure of this kind we ought to impose a tax for the purpose of taxing it out of existence?

Mr. WATSON of Georgia. Mr. President, I do not think that is our province at all, but I do think this: When a corporation has a market value of $25,000,000 based upon an investment of $25, the Senate ought to know that; and when that corporation declares as large dividends in proportion as the United States Steel Corporation does, and deals in a product far more destructive to the American people than anything the United States Steel Corporation has ever manufactured, these legislators ought to know the facts, and Coca-Cola should not be classed here with harmless drinks, but should bear its full share of the burden of legislation and the expenses of this Government.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to the particular paragraph under discussion. It is pertinent to the suggestion heretofore made by the Senator from Utah [Mr. KING].

The PRESIDENT pro tempore. The Secretary will state the amendment.

Mr. SMOOT. Mr. President, committee amendments were to be agreed to first, and unless this is an amendment to a committee amendment it would not be in order.

The PRESIDENT pro tempore. The Chair is advised that the amendment offered by the Senator from Florida does not relate to the amendment now pending.

Mr. TRAMMELL. I understood that we were considering the subdivision that applies to the proposed tax on soft drinks manufactured from cereals or substitutes therefor, unfermented fruit juices, and imitations of fruit juices. Am I in error in regard to that? The amendment I propose is to come in on page 177, after the word "gallon," on line 20.

Mr. SMOOT. Mr. President, that amendment is not in order at this time.

The PRESIDENT pro tempore. Will the Senate allow the Chair to state that the amendment now before the Senate is the committee amendment on lines 3 and 4 on page 177? The amendment proposed by the Senator from Florida relates to the House text, and is, in the opinion of the Chair, not in order at this time.

Mr. LODGE. Mr. President, if I may ask the Chair a question, is it an individual amendment? If so, of course, under the agreement it is not in order now.

Mr. TRAMMELL. Mr. President, I send the amendment to the desk, and request that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

Mr. LODGE. I make the same request as to an amendment that I desire to offer when the time for individual amendments is reached.

The PRESIDENT pro tempore. It will be so ordered.

Mr. KING. Mr. President, I shall offer at a later time—I have had no opportunity to prepare the amendment, in view of this discussion coming on in an impromptu way—an amendment to paragraph (b), page 177, to deal with certain extracts, within which will be included Coca-Cola and like drinks or beverages. I have no objection to the adoption of the other amendments; but if the chairman of the committee or the acting chairman will consent, I shall be very glad if paragraph (b) may be passed over.

Mr. SMOOT. Mr. President, there are no committee amendments at all in paragraph (b). After we get through with the committee amendments the Senator can offer any amendment to that paragraph that he desires to offer.

Mr. KING. I supposed that we were dealing with committee amendments, and that there were some to this paragraph.

Mr. SMOOT. There is no committee amendment in paragraph (b).

Mr. KING. With that understanding, I shall just indicate now that I shall offer an amendment to this section.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. WATSON of Indiana. Mr. President, I am advised by the clerks at the desk that after agreeing to certain amendments to sections 500, 501, and 502, the sections were not afterwards adopted as amended. Therefore, at the suggestion of the clerks, I desire to move that the Senate agree to section 500 as amended.

The PRESIDENT pro tempore. The question is upon agreeing to section 500 as amended.

The section as amended was agreed to.

Mr. WATSON of Indiana. I make the same motion now with reference to section 501, that we agree to that section as amended.

The section as amended was agreed to.

Mr. WATSON of Indiana. Now, in order to complete this arrangement, I move that the Senate agree to section 502 as amended.

Mr. REED. Mr. President——

Mr. SMOOT. This is just for the record.

Mr. REED. Very well.

The section as amended was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

The READING CLERK. On page 177, line 8, it is proposed to strike out "of 4" and insert "of 2."

The amendment was agreed to.

The READING CLERK. On the same page, line 24, after the word "waters," it is proposed to insert "and imitations thereof."

The amendment was agreed to.

The READING CLERK. On page 178, after line 2, it is proposed to insert the following:

(d) Upon all natural or artificial mineral waters or table waters, whether carbonated or not, and all imitations thereof, sold by the producer, bottler, or importer thereof, in bottles or other closed containers, at over 10 cents per gallon, a tax of 2 cents per gallon.

Mr. SMOOT. Mr. President, may I ask whether the amendment on line 2, page 178, has been agreed to?

The PRESIDENT pro tempore. It has been agreed to.

Mr. SMOOT. At the first reading of the bill?

The PRESIDENT pro tempore. Yes. The question is on agreeing to the amendment proposed by the committee in lines 3 to 7, inclusive, on page 178.

The amendment was agreed to.

The READING CLERK. On page 178, line 8, it is proposed to strike out "(d)" and insert "(e)".

The amendment was agreed to.

The READING CLERK. On the same page, line 11, it is proposed to strike out "of 10" and insert "of 7½."

The amendment was agreed to.

The READING CLERK. On line 17 the same amendment is proposed.

The amendment was agreed to.

The READING CLERK. On the same page, line 22, it is proposed to strike out "(e)" and insert "(f)".

The amendment was agreed to.

The READING CLERK. On page 179, line 4, it is proposed to strike out "Sec. 629" and insert "Sec. 601."

The amendment was agreed to.

Mr. REED. Mr. President, were not all the amendments of that character agreed to in advance?

The PRESIDENT pro tempore. They were not.

Mr. REED. Then I do not want to prolong the debate.

Mr. SMOOT. I was going to ask unanimous consent to cover such cases as this, but there seemed to be some objection to it on the ground that the clerks might take some advantage of it, so I did not ask it; that is all. We will therefore simply take the time of the Senate to do it. I agree with the Senator from Missouri that it ought to be done.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

The READING CLERK. On page 179, line 6, it is proposed to strike out "628" and insert "600."

The amendment was agreed to.

The READING CLERK. In line 11 the same amendment.

The amendment was agreed to.

The READING CLERK. In line 24 the same amendment.

The amendment was agreed to.

The READING CLERK. On page 191, section 800 was passed over at the request of the senior Senator from North Carolina [Mr. SIMMONS].

Mr. SIMMONS. Mr. President, upon consideration of the matter, I withdraw the objection.

The PRESIDENT pro tempore. The objection is withdrawn. The question is upon agreeing to the amendment of the committee.

The amendment was agreed to.

The READING CLERK. On page 192, line 1, it is proposed to strike out "(4)" and insert "(3)".

The amendment was agreed to.

Mr. SMOOT. I understood that the tax on admissions and dues was passed over at the request of the senior Senator from North Carolina, as the whole title was passed over.

Mr. SIMMONS. Mr. President, I am not asking that it be passed over now.

Mr. SMOOT. It was passed over, and I want the record to be straight. If we have not agreed to subdivisions 1, 2, and 3, we ought to agree to them now. Has the amendment on page 191, lines 1 to 10, been agreed to?

The PRESIDENT pro tempore. That amendment has been agreed to.

Mr. SMOOT. I had it marked "over" at the request of the senior Senator from North Carolina.

The PRESIDENT pro tempore. The Chair is advised that it was passed over after it was agreed to, and the Senator from North Carolina has now withdrawn his objection and the agreement stands.

Mr. SMOOT. My record may be wrong, but my record shows that when we reached page 191 the Senator from North Carolina [Mr. SIMMONS] asked that section 800 go over. Now he withdraws his objection, and it seems to me that it ought to be agreed to.

The PRESIDENT pro tempore. The Chair may have been misinformed and will put the question again.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 192, line 8, to strike out "tickets" and the semicolon, quotation marks, and period and insert the word "tickets" and a semicolon.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 192, after line 8, to insert:

(4) In the case of persons having the permanent use of boxes or seats in an opera house or any place of amusement or a lease for the use of such box or seat in such opera house or place of amusement (in lieu of the tax imposed by paragraph (1)), a tax equivalent to 10 per cent of the amount for which a similar box or seat is sold for each performance or exhibition at which the box or seat is used or reserved by or for the lessee or holder, such tax to be paid by the lessee or holder; and

(5) A tax of 1½ cents for each 10 cents or fraction thereof of the amount paid for admission to any public performance for profit at any roof garden, cabaret, or other similar entertainment, to which the charge for admission is wholly or in part included in the price paid

for refreshment, service, or merchandise; the amount paid for such admission to be deemed to be 20 per cent of the amount paid for refreshment, service, and merchandise; such tax to be paid by the person paying for such refreshment, service, or merchandise.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 193, to strike out lines 5 and 6, as follows:

SEC. 703. Subdivision (b) of section 800 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 193, line 21, after the word "fairs," to strike out "none of the profits of which are distributed to" and to insert "if no part of the net earnings thereof inures to the benefit of any," so as to make the paragraph read:

(b) No tax shall be levied under this title in respect to (1) any admissions all the proceeds of which inure (A) exclusively to the benefit of religious, educational, or charitable institutions, societies, or organizations, societies for the prevention of cruelty to children or animals, or societies or organizations conducted for the sole purpose of maintaining symphony orchestras and receiving substantial support from voluntary contributions, or of improving any city, town, village, or other municipality—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual; or (B) exclusively to the benefit of persons in the military or naval forces of the United States; or (C) exclusively to the benefit of persons who have served in such forces and are in need; or (2) any admissions to agricultural fairs if no part of the net earnings thereof inures to the benefit of any stockholders or members of the association conducting the same, or admissions to any exhibit, entertainment, or other pay feature conducted by such association as part of any such fair—if the proceeds therefrom are used exclusively for the maintenance and operation of such agricultural fairs.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 194, after line 2, to insert:

(c) The term "admission" as used in this title includes seats and tables, reserved or otherwise, and other similar accommodations, and the charges made therefor.

This amendment was passed over on the request of the Senator from North Carolina [Mr. SIMMONS].

Mr. SIMMONS. I withdraw my objection, Mr. President.

The amendment was agreed to.

Mr. KELLOGG. Mr. President, I suppose individual amendments are not now in order, but I desire to ask the committee if they will not accept an amendment to subdivision (b), pages 193 and 194, to place the word "improvements" before the word "maintenance," on line 2 of page 194? The object is to cover county fairs or State fairs, where no part of the earnings are distributed to stockholders, but the proceeds are used exclusively for improvements, maintenance, and operation.

Mr. SMOOT. Will the Senator not let that go over, because we have refused all other individual amendments, and it will be hardly proper to take up one amendment at this time? I have no objection to the amendment, I will say to the Senator.

Mr. KELLOGG. I shall offer the amendment later.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 194, after line 6, to strike out:

SEC. 704. Subdivision (d) of section 800 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 194, after line 21, to insert:

SEC. 801. That from and after January 1, 1922, there shall be levied, assessed, collected, and paid, in lieu of the taxes imposed by section 801 of the revenue act of 1918, a tax equivalent to 10 per cent of any amount paid on or after such date, for any period after such date, (a) as dues or membership fees (where the dues or fees of an active resident annual member are in excess of $10 per year) to any social, athletic, or sporting club or organization; or (b) as initiation fees to such a club or organization, if such fees amount to more than $10, or if the dues or membership fees (not including initiation fees) of an active resident annual member are in excess of $10 per year; such taxes to be paid by the person paying such dues or fees: *Provided*, That there shall be exempted from the provisions of this section all amounts paid as dues or fees to a fraternal society, order, or association operating under the lodge system. In the case of life memberships a life member shall pay annually, at the time for the payment of dues by active resident annual members, a tax equivalent to the tax upon the amount paid by such a member, but shall pay no tax upon the amount paid for life membership.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 195, after line 20, to strike out:

SEC. 705. Section 802 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 196, after line 7, to strike out line 8, "Title VIII.—Excise tax amendments," passed over at the request of the Senator from North Carolina.

Mr. SIMMONS. I have no objection to having that amendment considered now.

Mr. TRAMMELL. Mr. President, relative to this particular subdivision, is it intended that the tax upon trucks and automobiles and other vehicles which are here taxed shall apply only upon the sale made by the manufacturer, or is the tax to be duplicated every time the article is sold?

Mr. SMOOT. If the Senator will read the provision, he will see that it is "upon the following articles sold or leased by the manufacturer, producer, or importer." In other words, the manufacturers' tax is only upon the manufacturer, producer, or importer.

Mr. TRAMMELL. That is the information I desired. I read the paragraph, but I was not quite sure that it made certain the policy of applying the tax only once, and I merely wanted to be sure that it was only to be applied as a payment by the producer or manufacturer.

Mr. SMOOT. That is the existing law.

Mr. ROBINSON. May I ask the Senator from Utah, who seems to be familiar with the paragraph, what the justification is for levying the sales tax on these particular products or commodities?

Mr. SMOOT. There is no justification beyond what there would be for imposing a tax upon all commodities, except that they reach out here and get automobile accessories and reach out there and get something else; in other words, it is in order to get the revenue.

Mr. ROBINSON. Will the Senator state in this connection approximately the number of different commodities which are taxed on coming from the manufacturer? What is the extent to which the alleged manufacturers' tax is imposed by the provisions of this bill or by the provisions of the amendment reported by the committee?

Mr. SMOOT. Under the sales tax imposed last year, which is the existing law, we collected about $200,000,000. I am not going into the details now as to what we will collect from these taxes, but the changes that are made have eliminated something. I think we take off between thirty-five and thirty-eight million dollars by the bill as it was reported to the Senate.

Mr. ROBINSON. Does the item under consideration carry a new tax?

Mr. SMOOT. No; that is the tax to-day.

Mr. ROBINSON. It is identical with the present law?

Mr. SMOOT. Yes; it is identical with the present law.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 196, after line 8, to insert:

TITLE IX.—EXCISE TAXES.

SEC. 900. That from and after January 1, 1922, there shall be levied, assessed, collected, and paid upon the following articles sold or leased by the manufacturer, producer, or importer a tax equivalent to the following percentages of the price for which so sold or leased:

(1) Automobile trucks and automobile wagons (including tires, inner tubes, parts, and accessories therefor, sold on or in connection therewith or with the sale thereof), 3 per cent;

(2) Other automobiles and motor cycles (including tires, inner tubes, parts, and accessories therefor, sold on or in connection therewith or with the sale thereof), except tractors, 5 per cent.

Mr. WADSWORTH. May I ask a question as to that? Does the present law contain the words "except tractors"?

Mr. SMOOT. Yes; this is exactly the same as the existing law. Tractors are exempt.

Mr. WADSWORTH. No matter for what purpose used?

Mr. SMOOT. Yes, no matter for what purpose used; but most of them are used by farmers.

Mr. WADSWORTH. I know; I use one myself. But tractors are also used by contractors in road building. We have heard a good deal about that on the floor of the Senate in the debates, and I am wondering why they should be exempt. Motor trucks, as I understand it, which are used right alongside of them, are taxed.

Mr. SMOOT. That is true.

Mr. WADSWORTH. Why should not a tractor be taxed?

Mr. SMOOT. I guess the Senator knows why. I can say that it is because of the fact that they are used by farmers. That is the reason why they are not taxed.

Mr. WADSWORTH. I am not particularly in love with this tax at all, anyway; but there is an inconsistency there that I have difficulty in understanding.

Mr. SMOOT. It is true there is an inconsistency.

Mr. WADSWORTH. I will confess, before I make this observation, that I have not studied this thing, but it seems to me we might better confine our tax on motor-propelled vehicles to those kinds of vehicles which are used mostly for pleasure. We are taxing the motor truck, which has become just as neces-

sary in the conduct of a large number of businesses as the farm wagon, and we tax all kinds of wagons and moving drays in the city, yet for some reason or other we leave the tractors out. It would require a good deal of revision, and I shall not press it now; it is not a point of vast importance; but I do not see why contractors who are using motor trucks should pay taxes on them and should not pay taxes on the tractors which are working right alongside of them.

Mr. SMOOT. I will say to the Senator from New York that this tax is not raised because of the fact that the automobile is a luxury. We tax the fire engine; we tax all motor-propelled vehicles, and I think I stated frankly just why the tractors were exempted.

Mr. WATSON of Indiana. Trucks are taxed at a much less rate than automobiles, and not all automobiles are used for pleasure.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 196, to strike out lines 24 and 25, as follows:

SEC. 801. Subdivisions (3) and (4) of section 900 of the revenue act of 1918 are amended to read as follows:

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 197, line 1, after the word "accessories," to strike out "for automobile trucks, automobile wagons, other automobiles, or motor cycles," and to insert "for any of the articles enumerated in subdivision (1) or (2)"; and, in line 6, after "or (2)," to strike out "or in this subdivision," so as to make the paragraph read:

(3) Tires, inner tubes, parts, or accessories for any of the articles enumerated in subdivision (1) or (2), sold to any person other than a manufacturer or producer of any of the articles enumerated in subdivision (1) or (2), 5 per cent.

The amendment was agreed to.

The READING CLERK. The next amendment passed over is on page 197, line 11, to strike out "centum," the semicolon, and the quotation mark, and to insert the word "centum" and a semicolon.

The amendment was agreed to.

Mr. FRELINGHUYSEN. Mr. President, I should like to ask the chairman of the committee if any estimate has been made as to the return on the articles taxed in section 900, subdivision (5). Was any estimate made of the return on skates, snowshoes, skis, and toboggans, as well as baseball bats, gloves, and so forth?

Mr. SMOOT. I think the agreement is that they all go out, and when these sections are reached I shall ask that they go over, where there is to be an amendment, virtually agreed to, to take their place.

Mr. FRELINGHUYSEN. I feel that a tax on the baseball bats and the toboggans of the boys is unnecessary.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 197, to strike out lines 13 and 14, as follows:

SEC. 802. Subdivision (5) of section 900 of the revenue act of 1918 is amended to read as follows:

The amendment was agreed to.

Mr. SMOOT. Mr. President, I now ask that, beginning with line 15, on page 197, down to and including line 5, on page 198, be passed over.

Mr. WADSWORTH. Do I understand that an amendment has been prepared, or is being prepared, to take the place of that?

Mr. SMOOT. Yes; the amendment is to strike it out.

Mr. CALDER. The whole thing.

Mr. WADSWORTH. Why not do it now?

Mr. ROBINSON. Mr. President, why can we not dispose of it now?

Mr. FRELINGHUYSEN. I move that that all be stricken out.

Mr. SMOOT. That can only be done by unanimous consent.

Mr. WATSON of Indiana. I trust that my friend from New Jersey will not press that amendment, because if he does we are going to become involved and tangled here interminably; some will propose amendments to the House text and others will propose amendments to the bill as reported by the Senate committee, and we will become interminably involved. My own thought was that when we reached the excise-tax section we ought to have started to read it from the beginning and let every Senator offer all the amendments he wanted to, and clean up the whole thing; but my friend from Utah, who has had much wider experience than I have, thought otherwise, and, of course, I deferred to him.

Mr. FRELINGHUYSEN. I do not want to interfere with the program of the committee, but I simply want to be sure that the tax on these sporting goods which boys use is to be eliminated from the bill.

Mr. SMOOT. I have asked that it go over and I will assure the Senator there will be an amendment moved to strike it out; but that is not a committee amendment.

Mr. FRELINGHUYSEN. Then I withdraw the motion to strike it out at this time.

The PRESIDENT pro tempore. At the request of the Senator from Utah the amendment will be passed over.

The READING CLERK. The next amendment passed over is, on page 198, after line 5, to insert the following:

(6) Chewing gum or substitutes therefor, 2 per cent.

Mr. SMOOT. Mr. President, I ask that that amendment be disagreed to.

Mr. LENROOT. I think we should pass this title over.

Mr. SMOOT. The next time we reach it, if we pass the title over, we will be just exactly where we are now. What we ought to do is to pass over those items that we are going to change, and then the bill is open to amendment by anyone from the floor of the Senate. Then we will begin again with the reading of the bill and amendments can be offered. That is the only way the clerks can keep track of it and the only way Senators can keep track of it.

Mr. ROBINSON. Mr. President, will the Senator from Utah inform the Senate at this time how much are the revenues received from this item?

Mr. SMOOT. About a million dollars, in round numbers.

Mr. ROBINSON. What is the object of removing this tax?

Mr. SMOOT. Because it has been agreed to.

Mr. ROBINSON. Who has agreed to it?

Mr. SMOOT. It was agreed to in conference.

Mr. ROBINSON. Is not this a committee amendment?

Mr. SMOOT. It is a committee amendment.

Mr. ROBINSON. And somebody has mysteriously agreed that the committee amendment shall not be agreed to?

Mr. SMOOT. Of course that has been discussed many times.

Mr. ROBINSON. I do not think it has been discussed at all.

Mr. SMOOT. I am trying to keep the record straight; that is all I am trying to do; and when the question comes up for action we will have a full discussion of it.

Mr. ROBINSON. It is up for action right now. The question is on agreeing to the committee amendment. The Senator has asked that the committee amendment be not agreed to. What I am trying to find out is how it is that a member of the committee makes a motion of that sort. The committee proposed the amendment, and the question occurs on agreeing to the committee amendment, and the Senator insists upon its going over, but is not frank enough to tell us why he repudiates the action of the committee and insists on defeating an amendment which the committee reported.

Mr. SMOOT. No; I am not repudiating the action of the committee.

Mr. ROBINSON. The Senator says he does not know why it should be rejected, except upon the theory that it has been agreed that it should be disagreed to, and now I am asking by whom that agreement was made.

Mr. SMOOT. I do not know about it, because if I had my way all of these taxes would go out, every one of them.

Mr. REED. And the sales tax come in?

Mr. SMOOT. Yes; and the sales tax come in.

Mr. LENROOT. I would suggest to the Senator that the entire title should go over, including the present amendment, because unless revenue is found to take the place of the revenue that was produced by these sections, which must be determined by the Senate later, these amendments undoubtedly will stay in. Therefore I do not think the committee amendments should be acted upon at this time unless it is determined by the Senate whether additional revenue will be provided from other sources, like the excess-profits tax, capital-stock tax, and so forth.

Mr. SMOOT. I think we will save time right now by letting the entire title go over, beginning on page 198, after line 5, down to which point it has been agreed to, but letting the balance of it go over.

The PRESIDENT pro tempore. An order has already been entered that the amendment ended with line 5, page 198, shall go over. The question now is upon the amendment in lines 6 and 7, on page 198.

Mr. SMOOT. I ask that it go over, together with the balance of the title.

The PRESIDENT pro tempore. If there be no objection, it will be passed over.

Mr. REED. Mr. President, I want to know what became of the chewing-gum question. [Laughter.]

Mr. SMOOT. It is to be passed over if the request I have made is acceded to.

Mr. REED. I am not willing to have it passed over. [Laughter.]

The PRESIDENT pro tempore. Then it will not be passed over. The question is on agreeing to the amendment.

Mr. REED. Now, Mr. President, I wish to say something about that. The committee sat many days in solemn session trying to find sources of revenue. It was the plan of the majority that they would reduce the aggregate of the excess-profits tax by $450,000,000, the corporation stock tax by $75,000,000, and the surtax upon incomes above $68,000 by $90,000,000. In order to have sufficient revenue left, they raked every part of the universe with a fine-tooth comb. It was impossible to reduce a tax on anything unless some expert would agree that by reducing the rate of the tax a much larger amount of revenue could be had.

The last action of the committee was to reaffirm the tax on chewing gum. Now, the very genial and lovable representative of the committee, the senior Senator from Utah [Mr. SMOOT], rises and tells us it has been agreed that the committee's amendment should be disagreed to. We are not told who made this agreement, when it was made, why it was made, or what was the consideration for the making.

At any rate, the Chewing Gum Trust is to be benefited to the extent of $1,000,000 a year. I say the Chewing Gum Trust advisedly, because I have been given to understand that Mr. Wrigley has wriggled around until he has advertised all the other varieties of chewing gum practically out of existence. We have Wrigley's tutti-fruiti, Wrigley's California fruit, Wrigley's pepsin, Wrigley's chiclets, Wrigley's spearmint, and, perhaps, Wrigley's wriggles. He has defaced the entire landscape of this and other countries with abominable advertisements of his abominable product. [Laughter.] If we take $1,000,000 tax off of chewing gum, the greater part of it will go into the pockets of Mr. Wrigley and pay for more signs to deface the mountainside and the valley, the hilltop and the plain. Indeed, I wonder that he has not descended into the Canyon of the Colorado and plastered it all over with Wrigley advertisements.

I want to know why we are about to relieve this concern of its burden of taxation. How did he wriggle in and obtain this mysterious agreement from unknown people at unknown hours, presumably behind locked doors? Is it offered here as a solace to agriculture? Did the agricultural bloc demand it in the interests of the downtrodden, hard-handed farmer? [Laughter.] Did that bloc insist upon it in the interest of the square-jawed chewing-gum girl who has developed her facial muscles by the constant use of this miserable stuff? Or was it done by the dentists of the country? Have they sunk to so low an estate that they want the molars and incisors of all the growing population of the country to be ground down by constant chewing in order that they may put in gold crowns or fill teeth at unnecessary and unnatural periods in children's lives? [Laughter.]

What I would particularly like to inquire of some representative of the agricultural bloc is whether the agricultural bloc absolutely demanded it. Did the concession on chewing gum have anything to do with the agricultural bloc agreeing that it would waive its objections to the excess-profits tax? Did they swap a million dollars of revenue on chewing gum for $450,000,000 on profiteers? Or was it because our friend Wrigley was very much interested in the last Republican campaign? [Laughter.]

But the Senator from Utah, who is not a member of the agricultural bloc and whose integrity and patriotism no man can challenge, has been reached by some process of seduction which he refuses to disclose and which apparently he himself does not understand.

Mr. SMOOT. Oh, no; the Senator does me wrong there. That last statement of the Senator, that I "do not understand," does me wrong.

Mr. REED. If the Senator does understand, he is not willing that anybody else should understand. What is the bargain that has been made? Are you paying an old campaign debt to Wrigley et al., or have you made a trade with the agriculturists? If so, have the agriculturists demanded the reduction of the tax on gum or did Wrigley demand it? How does this work into the general equation? [Laughter.]

Mr. President, speaking seriously for a moment, if there is anything utterly useless made and consumed by the human family it is chewing gum. It has not the virtues of tobacco, whether used in the long green or in more refined products. Chewing gum is made from—God and Wrigley know what. It is indigestible, because the very thing that makes it gum is the fact that you can chew it for a week and it still remains. Its only real use is that it will stick by us when we come in contact with a wad of it on the sidewalk and carry it away. Its wadded mass is found in street cars, along the public highways, under chairs in restaurants or homes; in fine, wherever modern youth or maiden has "chawed." [Laughter.]

By all means let the car of moral progress and reform go on. Let us lift the burdens from the taxpayers of this country; let us wipe out all the great mountain of debt that the wicked Democratic Party by its waste and extravagance put on the country; but let it be done by taking the tax off the profiteer and taking it off the chewing-gum people and putting it on somebody else.

Chewing gum! I presume it is now included among the prime necessities of life. Perhaps it is for this reason that our friends propose that it shall go tax free.

I may be wrong; perhaps it is not excluded from taxation or exempted on the ground of necessity, but is classed among works of art, and therefore it is proposed that it shall not bear any burden and shall be brought within the reach of the humblest of our citizens, so that the child of poverty and want can at least find tax-free solace anywhere chewing gum is for sale. [Laughter.]

Who made this bargain to overturn the action of the committee? When was it made? When was it agreed to? I am very serious about it. It demands an explanation when a gentleman escapes substantially $1,000,000 of taxes on a thing that is utterly worthless, or worse than worthless, and that constitutes a traveling nuisance. Let us know about it. We may laugh and remain silent, but the country will ask how it happened that such a thing as chewing gum was by a secret agreement taken off the tax list and a million dollars lost in revenue. The country will inquire whether it was done in the interest of Mr. Wrigley or in the interest of agriculture by the agricultural "bloc." [Laughter.]

Mr. President, I should like to have a roll call and a record vote on this question.

Mr. SMOOT. Mr. President, if the Senator from Missouri has concluded——

Mr. REED. Yes; I am through for the present.

Mr. SMOOT. Then I move that the Senate pass over title 9, beginning with line 6, on page 198.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah.

Mr. WATSON of Indiana. Pending that, if the Senator will permit me to make a statement as to the information which the committee had in reference to the chewing-gum item, which involves a revenue of about $1,200,000, I will state that the kinds of chewing gum to which the Senator from Missouri has so feelingly referred as having been made by Mr. Wrigley are not made by the Wrigley people at all. The Wrigley people make three kinds of gum, so we are told, and the other kinds of gum are made by the American Chicle Co. Our information is that the factories of the American Chicle Co. are substantially closed down, and that they are the establishments who desire this tax taken off. The Wrigley people, so far as we know or have any information, do not care whether the tax is taken off or not, because it taxes their competitors out of existence.

Mr. REED. Was it not Mr. Wrigley who hired the baseball teams to go to Marion during the last campaign and paid their expenses there?

Mr. WATSON of Indiana. As to that I am not informed, because I was so busy——

Mr. REED. But on information and belief, what would the Senator say?

Mr. WATSON of Indiana. I was so busy in Indiana that I did not have time to visit Marion.

Mr. SMOOT. Mr. Wrigley was not in the committee room. I have not seen Mr. Wrigley for over a year, and I do not think he ever had a representative there.

Mr. REED. This was not done in the committee room.

Mr. SMOOT. I want a tax of 3 per cent instead of 2 per cent.

Mr. REED. I repeat this was not done in the committee room. This was done at some unknown place which the Senator's delicate sensibilities prevent him from mentioning?

The PRESIDENT pro tempore. The Senator from Utah moves that that part of Title IX which has not been passed over by unanimous consent shall now be passed over.

Mr. REED. Mr. President, I think this is a good time to settle the chewing-gum proposition, and I ask that we proceed with it. If there were any Senator who wished to speak on it

who has been absent or if there were any other good reason, I would not insist, but why not act now? I am opposed to passing it over.

Mr. SMOOT. If the Senator from Missouri desires to prolong his remarks, I will temporarily withdraw my request.

Mr. REED. No, I do not desire to prolong my remarks now; but I think this is a good time to vote. I have just made a very powerful speech on this question. [Laughter.]

Mr. SMOOT. The Senator will have another chance.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah to pass over the portion of the bill referred to by him.

Mr. WATSON of Indiana. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

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

Ashurst	Harris	McNary	Simmons
Broussard	Harrison	Moses	Smith
Calder	Heflin	Nelson	Smoot
Capper	Hitchcock	New	Spencer
Caraway	Jones, N. Mex.	Newberry	Sutherland
Colt	Kellogg	Oddie	Swanson
Cummins	Kendrick	Overman	Townsend
Curtis	Kenyon	Page	Trammell
Dial	Keyes	Poindexter	Underwood
Dillingham	King	Pomerene	Wadsworth
Edge	Ladd	Ransdell	Walsh, Mont.
Elkins	La Follette	Reed	Watson, Ga.
Ernst	Lenroot	Robinson	Watson, Ind.
Fernald	Lodge	Sheppard	Weller
Fletcher	McCormick	Shields	Williams
Frelinghuysen	McKellar	Shortridge	Willis

Mr. TOWNSEND. I desire to announce the absence of the senior Senator from South Dakota [Mr. STERLING] on account of illness.

The PRESIDING OFFICER. Sixty-four Senators have answered to their names. There is a quorum present. The question is on the motion of the Senator from Utah.

Mr. EDGE. Mr. President, I desire to ask the acting chairman of the committee a question before voting on the proposal of the Senator from Utah.

As I understand, the motion carries with it passing over all of the excise taxes not already acted on during this session. Personally, I should like to see all of the excise taxes repealed and taken out of the bill; but if passing over the entire section at this time means that there is a possibility of the committee still further offering amendments, as they have already offered a number not acted upon which will eliminate more of the excise taxes, I shall be very glad indeed to support the motion to delay action. If, however, it is simply a question of procedure, I can not see where we are gaining anything. As the excise taxes come up, section by section, those that there seems to be a desire to postpone can be temporarily postponed. There are some of the excise taxes that I think Senators are entirely ready to dispose of now. Unless the request for delay means that there will be further reports or suggestions from the committee, it seems to me that we shall be simply making progress backward and not acting on the parts of the excise section which we could readily act on to-day and there would be no request to pass them over.

Mr. SMOOT. Mr. President, the amendments to which the Senator refers are not committee amendments; and it was unanimously agreed that the committee amendments were to be considered first, before any other amendments were offered. There are a great many amendments to this title, and it has been asked that it go over and be considered at a time when those amendments can be offered, and that the committee amendments be not agreed to because there are some of them that if we agree to them will have to be reconsidered. There are some of them here that are stricken out entirely, to which no amendment is offered at all at the present time. It is very much better to pass over this title until we can offer those amendments, or any other amendments that we may decide upon, and it will save time—and time is all that I desire to save at this moment—and keep the record straight.

Mr. EDGE. Do I understand that the amendments entitled "Proposed amendments to H. R. 8245," supposedly, as I understood, coming from the majority of the Committee on Finance, have not yet been offered as amendments?

Mr. SMOOT. They have not been offered, and can not be offered, unless by unanimous consent, until after the committee amendments are disposed of.

Mr. EDGE. Then they are not considered committee amendments?

Mr. SMOOT. They are not considered committee amendments.

Mr. REED. Mr. President, if the Senator from Utah will indulge me, the Senator from Utah a moment ago, in his colloquy with the Senator from New Jersey [Mr. EDGE], spoke about other amendments that had been agreed upon. Does he mean agreed upon by the committee?

Mr. SMOOT. Oh, no. I said there may be other amendments offered that were not agreed upon as shown in the printed suggested amendments.

Mr. REED. Who agreed on those that are in the suggested amendments?

Mr. SMOOT. Of course, as far as the committee was concerned, a majority of the Republican members of the committee agreed that they would support these amendments.

Mr. REED. But not at a committee meeting?

Mr. SMOOT. Not at a full committee meeting.

Mr. REED. Now, may I inquire who else was present at the meeting?

Mr. SMOOT. Nobody but the committee.

Mr. REED. Who submitted the proposition to the committee to agree to?

Mr. SMOOT. I think the Senator from Kansas [Mr. CURTIS] suggested them.

Mr. REED. Whom did he suggest them as representing?

Mr. SMOOT. I do not know that that question came up. The Senator is here, and can answer for himself.

Mr. REED. Whom did the Senator understand he represented—himself, as a member of the committee, or some conference or body?

Mr. SMOOT. The Senator from Kansas is a member of the Finance Committee, and he is present.

Mr. CURTIS. Mr. President, the suggestion of the Senator from Kansas did not specify any one of these specific items, chewing gum or anything else, except perhaps baseballs, baseball bats, and things of that kind. The Senator from Kansas suggested, and his suggestion was followed, that we get rid of as many of the nuisance taxes as possible, and this item and the others were included in that category.

Mr. REED. May I ask why the Senator did not make that suggestion at the committee meetings when the committee was regularly called?

Mr. CURTIS. The Senator will recall, if he was there, that the Senator from Kansas made several efforts, and I think the Democratic members voted with the Senator from Kansas, to get rid of a number of these nuisance taxes.

Mr. REED. Yes.

Mr. CURTIS. I might go on and state that upon the motion of the Senator from Kansas all of the transportation tax was eliminated, and the next day it was discovered that too much revenue was taken away, and the vote was reconsidered, and the tax was put back. Afterwards it was discovered that by increasing certain taxes we could get rid of certain other taxes. The object of the Republican members of the committee who voted for this proposition was to get rid of as many as possible of the annoying taxes, and that is what some of us are going to vote for when we get a chance.

Mr. REED. What I am asking about is this, and we need not at all avoid direction: The Finance Committee held many meetings. The Senator from Kansas, I think I can say, as far as I know, was against what are called these nuisance taxes. He wanted them out of the way. The Democrats supported him in that, but he was unable to prevail. Subsequently, not at a meeting of the committee, some of the Republican members of the Finance Committee got together, and the Senator from Kansas then had no difficulty, apparently, in getting them to agree that the "nuisance taxes," as we term them, should be wiped out.

Now, certainly, the Senator had some new argument, some new power or leverage, which enabled him to loosen the standpatter from his long occupied position and get some action. I want to ask the Senator frankly now, and we ought to know it, if it is not true that he came there stating to the members of the Finance Committee who were present, in substance and effect, that he represented a group of Senators who had determined upon a certain course of action?

Mr. CURTIS. No; I did not state that I represented a group. I did state that there was a group of Senators who favored the repeal of certain taxes——

Mr. REED. These taxes?

Mr. CURTIS. These taxes; and that they also favored increases in the rates of certain other taxes; and after presenting the matter and considering it for two days, a majority of the Republicans voted for the motion.

Mr. REED. May I not ask, then, if the statement was not made, in substance and effect, that the group of Senators who demanded these changes proposed to carry their fight to the floor if their wishes were not accorded with by the managers on behalf of the party?

Mr. CURTIS. I do not think such a statement was made.

Mr. REED. I do not mean that statement; I mean, was not that the understanding? Of course, I can not quote the language. I could not quote the language the Senator used two minutes ago, but we know what we have been talking about.

Mr. CURTIS. Of course, it was stated that these Senators were in favor of these changes, and likely there were enough of them to put them over, and so the committee put them in; and I am glad they did.

Mr. REED. Exactly. So the members of the committee that had refused, upon the request of the Senator from Kansas, supported by the Democratic members, to cut out these taxes, which we commonly call nuisance taxes, yielded when they understood that there was a group of Senators powerful enough, by joining with the Democratic Senators, to cut them out on the floor of the Senate. In other words, they made a virtue of necessity, which I agree is a kind of virtue sometimes manifested by the Republican Party.

Mr. SMOOT. I hope the Senator will not leave out our friends on the other side.

Mr. REED. In that connection, since I am presenting this matter rather importunately, may I not inquire whether there were not some Democrats who were in this group that insisted upon this action; and may I not also inquire whether this was what is commonly known as the agricultural bloc?

Mr. CURTIS. I beg the Senator's pardon. I did not hear the Senator's question.

Mr. REED. I do not want to inquire into anything that is highly personal, but I was inquiring whether there were some Democratic Senators, according to the Senator's understanding, who were in this group of Senators who arrived at this agreement that they would beat this bill unless these nuisance taxes were taken out, or, if not beat it, that they would strike them out on the floor?

Mr. CURTIS. Not that I know of.

Mr. REED. Then may I make a further inquiry, in the interest of history—and I think we should be very careful about the truth of history. The newspapers have stated that this was done at the instance of what is known as the agricultural bloc. Now, the agricultural bloc is known to be composed partly of Democrats and partly of Republicans.

Mr. McCORMICK. Is the Senator a member of it?

Mr. REED. No, sir.

Mr. MOSES. May I ask the Senator if there are any farmers in it?

Mr. REED. I do not know. I simply know that there is such a thing, according to the papers, as the agricultural bloc, which is said to be composed partly of Democrats and partly of Republicans.

Mr. MOSES. Does the Senator know its membership?

Mr. REED. The Senator states that he does not know of any Democrat having been in the conference to which he has referred. I take it, then, that it was not the agricultural bloc that came to the rescue of the Senator in his conference.

Mr. CURTIS. As I understood, it was a number of Republicans who were very anxious to pass this bill. I thought it was a very good thing on their part to call us together and see if we could not get together and pass it, and I hope it will be passed.

Mr. REED. Yes. Now let me ask, because I am interested in this thing——

Mr. MOSES. May I ask the Senator from Kansas, when he says "call us together," whom he has in mind?

Mr. CURTIS. When I say "us," I was referring to a number of Republicans who conferred on the matter.

Mr. REED. May I ask, now, if it was agreed as a part of this deal that the excess-profits tax was going to be repealed?

Mr. CURTIS. There was no "deal" about it.

Mr. REED. Well, this arrangement. I do not want to use an offensive term. I am hunting for the mildest term I can think of—this arrangement or understanding. Was there an arrangement made, or was it a part of the understanding, that the excess-profits taxes were to stay out?

Mr. CURTIS. There was no arrangement of any kind made. Certain amendments were offered in the committee, just as they were offered in the full committee, and they were voted on by the members of the committee.

Mr. REED. Was there an understanding that if they were accepted this group of men would cease their opposition and would join in passing the bill?

Mr. CURTIS. There was not.

Mr. REED. There was nothing of that kind?

Mr. CURTIS. No, sir.

Mr. REED. Then there was an agreement made without a consideration.

Mr. CURTIS. The Senator from Kansas made no agreement. The Senator from Kansas had certain amendments he wanted adopted. The Senator from Kansas offered them to the full committee. They were voted down. The Senator from Kansas offered them and others to the Republican members of the committee, and they were agreed to.

Mr. REED. At a meeting that was not a committee meeting?

Mr. CURTIS. It was not a regular committee meeting; but a majority of the committee was there.

Mr. REED. Now, may I ask, before the Senator leaves the floor—and then I think I shall be through with this—whether this committee took any action with reference to chewing gum specifically?

Mr. CURTIS. They did not, and I stated that to the Senator a moment ago—that we included all of the items that were known as nuisance taxes.

Mr. REED. Chewing gum went in on the doctrine, then, that "the greater includes the less"?

Mr. CURTIS. I suppose so.

Mr. ASHURST. Mr. President, some Senators have derisively spoken of the "agricultural bloc." I am not an agriculturist. I am not a farmer.

Mr. McCORMICK. The Senator makes a distinction.

Mr. ASHURST. Yes. I am neither a farmer nor an agriculturist; but the derision and jocose satire with which the agricultural bloc is treated will soon cease when it is learned that 10 bold and determined Democrats and 10 bold and determined Republicans who are Members of this body are going to stand on this floor and see to it that the tillers of the soil shall have justice from this Government.

During the recent campaign the Republicans made promises and let the country believe they were for a protective tariff. They promised protection to American manufactories, but just as soon as humble Members of the Senate demanded that the farmer and the live-stock producer should share in the benefits of a protective tariff your zeal for a tariff evaporated and you dropped the bill. You are for a protective tariff for the benefit of the manufacturer only. When we suggest that the ranchman and the farmer should share in the benefits of that tariff, if any there be, you become cold and distant toward a tariff bill, and you throw up your hands in horror at the suggestion that a farmer should share in a protective tariff. Remember that your tariff bill must see to it that the producer on the farm and the field and the ranch, as well as the manufacturer, shall be considered or you will have no tariff bill. Do I make myself clear?

This agricultural bloc is determined that the minions of Wall Street shall no longer control the Federal Reserve Board. This agricultural bloc is determined that at least one farmer shall be placed upon the Federal Reserve Board. Do I make myself clear there?

This agricultural bloc is determined that that reform, for which the people have wished and hoped for the past 21 years, the "truth-in-fabric bill," shall become a law, so that shoddy shall be marked as shoddy and that some of those criminal manufacturers who palm off shoddy as woolens shall no longer be allowed to exploit the people. Do I make myself clear upon that point to you who so derisively and so sarcastically talk about the agricultural bloc? It is better to belong to the agricultural bloc than to the blockheads of the Senate. Do I make myself clear there?

Mr. MOSES. Mr. President——

Mr. ASHURST. They are blockheads who do not perceive that we are confronted by a gigantic cataclysm in this country if we longer discriminate against and oppress agriculture; they are blockheads who do not perceive the danger that is coming to the country if the farmer stops producing. Fifty-two per cent of the people now live in the cities. If you want to be subsisted, do not further crush the farmer. Allow him an opportunity to subsist and to produce.

You complain about the high price of a beefsteak, you complain about the high price of a mutton chop, you complain about the price of what the farmer produces, and yet you require him to make bricks without straw, you refuse to pass bills opening new lands to settlement. You pass tariff bills solely for the benefit of the manufacturers, and when we suggest that the tariff bills should consider the farmer and live-stock growers you are lofty and sour.

The Federal Farm Loan Board is not functioning except after the fashion of official red-tape Washington. It seems as if the Federal Farm Loan Board is using every means eligible to human ingenuity to prevent making loans to farmers. It is the intention of the agricultural bloc to see to it that loans shall be made to farmers with all the celerity with which men can act.

The Federal Farm Loan Board is now giving a demonstration to the people of "how not to do it." We intend that they shall give a demonstration to the people of how to do it.

A bill was brought in here in the hot days of last July to give the War Finance Corporation power to assist the farmer. You recall the shameful history of what happened. You recall what happened on this floor. A coterie of Senators went into a room and so emasculated that bill and changed the bill that it has been of very little benefit to real farmers; and the other night, before the agricultural bloc, when a report was made as to what was being done for the farmers under that bill, we had the report of the number of banks and bankers helped by the War Finance Corporation, and the presiding officer at the agricultural bloc meeting finally said, "Did you have any farmers at your meeting?" The answer was, "Oh, we had bankers there representing the farmers."

Mr. MOSES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from New Hampshire?

Mr. ASHURST. I decline to yield to the agile Senator from New Hampshire. Let him rise in his own time, if he wants to talk.

Mr. MOSES. I do not want to talk.

Mr. ASHURST. Then why are you interrupting me, if you do not want to talk?

Mr. MOSES. I want to answer the Senator's question.

Mr. ASHURST. When I get through, answer it if you can. Join the blockheads, where you belong, if you fail to treat agriculture as it should be treated.

Mr. President, it is said that I am vehement. Quite true. I am vehement; with 5,000,000 men out of work, with millions of acres of idle land in the West arable and soon turned to farms if you would only pass the McNary bill, that would place water upon those lands, you could give employment to a million men. I have urged, in season and out of season, that this McNary bill be passed, opening idle lands in the West for irrigation and reclamation, and I shall continue to urge that that measure be passed.

Senators should not forget that we are sitting on a volcano which may erupt at any moment. Senators must not forget that just before the French Revolution Foulon and the others laughed and made sport of those who dared talk for agriculture; but later the peasantry of France, ground to the dust by the tyranny of the scoffers, stuffed Foulon's mouth with grass because of the derisive laughter with which he greeted the agricultural blocs in France who asked nothing but justice.

We think because we sit in these soft seats and pass a little palliative measure now and then that we have done something. We think we will pass a tax bill; we will do this and we will do that; and we will relieve the situation. There must be a getting down to fundamentals in such perilous times as now confront us.

Mr. President [the President pro tempore], you are a man of some experience and some years. I will ask you, sir, humane man that you are, to picture the conditions coming in this country. Possibly a frigid winter, with inclement winds soon whistling through the streets and trees. Think of a man with a family, with a wife, no money, no position, no job, no prospects of a job. Then ask that man to be patriotic. The people of this country have been taxed until they are desperate, and, if you will pardon me, only a fool will close his eyes to the conditions now confronting us.

The most urgent means must be adopted. Democrats must lay aside their partisanship, Republicans must lay aside their partisanship. There must be no further derisive, scornful laughter at the agricultural bloc. I repeat, Mr. President, I am speaking for bold and determined men; and if the idle rich are to be relieved from just taxation and are to enjoy their unearned increments, we intend to say and to see to it that along with that the tiller of the soil, who is at the bottom of the structure of politics, as it were, shall at least have a measure of justice. Do I make myself clear on that point?

Now I yield to the Senator from New Hampshire for any question.

Mr. MOSES. I merely wished to say, in answer to the Senator's question, "Do I make myself clear?" that he probably would if he spoke a little louder.

Mr. ASHURST. Mr. President, I have not that soft, sweet, parlor voice which the Senator from New Hampshire has. I do not happen to possess his grace, a grace and charm so complete and so suave that he can say one thing and mean another.

Mr. REED. Mr. President, I would like to ask the Senator a question.

Mr. ASHURST. I yield.

Mr. REED. The Senator has complained here bitterly about nothing being done for the farmer. Does he not recognize the fact that an effort is now being made to take the tax off chewing gum? [Laughter.]

But I would like to ask the Senator a serious question: Whether this agricultural bloc of which he has spoken met and took any action with reference to the particular amendments which are now printed here and which we are told have been agreed upon, if he is at liberty to speak of it?

Mr. ASHURST. I am at liberty to repeat anything that took place in that meeting of the agricultural bloc. I will not join or be a member of any bloc where everything that takes place may not be told to the world.

The agricultural bloc, if I remember it correctly—and other men will correct me if I make a mistake—did not take any action whatever with reference to taxes on chewing gum.

Mr. REED. I am speaking seriously.

Mr. ASHURST. They did not go into the question of taxation.

Mr. REED. Did not go into it at all?

Mr. ASHURST. Not at that particular time.

Mr. REED. Did they at any time?

Mr. ASHURST. I think not.

Mr. REED. Then these recommendations which have been agreed upon, which were conveyed from the Senator from Kansas to the Republican members of the Finance Committee at a private meeting at some time, are not the recommendations of the farmers' bloc, but they are the recommendation of some other group of men?

Mr. ASHURST. I do not know about that.

Mr. REED. It would be interesting to know who they are who made this agreement.

Mr. PENROSE. To what agreement does the Senator refer?

Mr. REED. The one the Senator from Utah referred to when he said that it had been agreed that the committee amendments, which included that affecting chewing gum, should go out.

Mr. SMOOT. That is not a correct statement of the Senator. The Senator from Utah said that the amendments which had been printed were not committee amendments, and the Senator from Pennsylvania has also made that statement on the floor two or three times, as have also other members of the committee. The printed amendments, I understood, had been agreed to by certain Members of the Senate. I told the Senator just exactly the facts.

Mr. REED. I either misunderstood the Senator before——

The PRESIDENT pro tempore. Does the Senator from Arizona yield for this dialogue?

Mr. ASHURST. I yield to the Senator from Missouri, then to the Senator from Utah. I want to finish in a very few minutes. I hope Senators will make their questions as brief as possible.

Mr. REED. I understood when the question came up on the adoption of a clause in this bill that the Senator said that it had been agreed that that would be disagreed to. Thereupon the Senator from Arkansas asked the Senator by whom it had been agreed, and that started all the controversy.

Mr. SMOOT. Yes; that is true.

Mr. REED. That is what I referred to a moment ago.

Mr. SMOOT. The discussion went far afield from the pending amendment.

Mr. REED. Certainly.

Mr. SMOOT. I stated and I say now that the printed amendments referred to by the Senator from Missouri are not committee amendments, and therefore I said that they could not be acted on until the committee amendments had been acted on, as that had been agreed to by unanimous consent.

Mr. ASHURST. Mr. President, I regret in a measure the necessity that requires this speech. But, Senators, I repeat we are on the eve of a cataclysm, the gigantic proportions of which no man can foretell. The most vivid hypochondriac does not dare envisage or attempt to limn what is going to happen this winter with 5,000,000 men out of employment, with railroad rates so high that you can not ship a beef steer from the West to the East, with the coal situation most desperate.

Mr. President, it is time to lay aside partisanship. It is time to be patriotic, because, as I see it, the peril in front of the country is just as great now as it was during the World War. I have it from reliable sources that England will be asking for bread within 60 days if the situation there does not improve. Does that not strike Senators with seriousness? Is the situation here much better?

I appeal to the Republican Party and I appeal to my colleagues to stay in session, hold night sessions, pass the tax bill,

and then pass a tariff bill for the farmer. I need not speak of the agricultural products of my own State. I have done that until I have tired the Senate. Pass a tariff bill not for the benefit of the manufacturers alone, but for the benefit of the farmers as well, and rich encomiums and just praise will be your portion.

But if you do as you have done too often in the past—pass a tariff bill simply, solely, and only for the manufacturer—then a merciless flail of indignation and punishment will be visited upon you, and justly visited upon you.

The farmer, discouraged, disconsolate, is unable to pay taxes in half the States.

I wish to say to my southern brethren here who are always against the tariff on cotton, that even now in Uganda, Nigeria, and Mesopotamia barbarous labor by the millions is soon to be employed, and is now being employed, by the British Government producing cotton at one-sixth the cost at which you can produce it. While you are against a protective tariff on raw material, the day will come when the South will be the leaders and the chief exponents of a protective tariff on cotton, because you can not compete with the barbarous labor of Africa and Mesopotamia, and you will be obliged to go out of the cotton business or have a protective tariff on cotton.

These things call not for levity. They call not for jibes about the agricultural bloc, nor for sarcastic references and whizzing javelines of fun toward those who believe in the prime necessity of agriculture, the base of all the industries. These reasons that I have given, because I perceive the necessity of paying some attention to the agricultural interests of our country, prompted us to organize the agricultural bloc, prompted us to meet when we felt we ought to meet, and those reasons ought to be persuasive upon all who love their country and want it to prosper.

If you Republicans pass wise and just laws, your party will prosper, and I want you to pass wise and just laws. My party can not win an election if you pass wise and just laws, but I would rather have you pass wise and just laws than to have my party win, much as I love my party and desire its triumph. However, it seems that in the hour of your victory, one of the greatest victories in national history, you have taken it for granted that you have a perpetual lease on power.

It is well to have a giant's strength, but your perpetuity in power depends on how you use that giant's strength with which you have been trusted. If you fail to do something for agriculture, the Democratic Party, chastened by the punishment inflicted upon it in the last election, will topple you from your high seats.

Mr. HITCHCOCK. Mr. President, I regret that my friend who has just taken his seat should boldly advocate that gold brick known as the protective tariff for agriculturists. He should be aware that this Republican Congress has already passed since we have been in session a so-called protective tariff for agricultural products. He should be aware that the price of practically every one of the agricultural products named in that bill for alleged and pretended protection has, if we take all the time since the tariff bill was passed, been falling lower and lower. During the last three weeks the price of wheat has gone down about 15 cents per bushel and the price of corn is lower now in the West in our cornfields, far lower than it was when the alleged protective tariff was provided in the pretended protective tariff bill for agricultural products.

I have not any doubt that legislation may be devised that would be of assistance to the agricultural class, but I assure my friend, Senator ASHURST, that the idea of a protective tariff on the products of the farm and the field which this country produces in quantity larger than our people can consume and which we must export to other countries is nonsense, rank nonsense. This country produces more than twice the amount of cotton it can consume, and to put a protective tariff on cotton strikes me as about as ridiculous a proposition as can be conceived. We are exporters of cotton, the greatest exporters of cotton in the world. The idea of trying to get southern votes for a protective theory by bringing out cotton as an industry that can be aided by protection is nonsense. You can not talk that sort of nonsense to any intelligent farmer in the West.

The men who raise corn, the men who raise wheat, and the men who raise the meat products in the West knew long before this last experience that to put a protective tariff on the goods which they produce and which they sell largely to Europe was nothing but a delusion and a snare, an insult to their intelligence by offering them a gold brick.

When the emergency tariff bill was passed for the pretended benefit of agriculture wheat was selling in Chicago at $1.48 a bushel. On August 20, after the act had been in effect for several months, I called attention to the fact that the price of wheat had fallen to $1.25 a bushel, and now I call attention to the fact that wheat sells in Chicago for $1.09 a bushel.

In the case of corn, when the bill passed the price in Chicago was 61 cents. August 20 I called attention to the fact that it was 57½ cents and now I call attention to the fact that it is 46 cents.

The figures speak for themselves. They show that a tariff on farm products has no benefits to farmers.

Mr. ASHURST. Mr. President, of course, I expected some such speech from this side of the Chamber, and I suspected that my learned friend from Nebraska would make the speech. I am not surprised. Those who urge something that they believe to be correct and those who have the nerve to depart from traditions and depart from "theories" always are accused of being "nonsensical." It would be a poor compliment to my speech to-day if nobody rose and called it nonsensical. It would be no tribute to my courage if I felt that nobody would call it nonsene.

My learned friend has a strange habit. When he is not attracted by an argument, when he has no sound basis for answer to it, he merely says that it is "nonsense" or a gold brick. That is a dogmatic way of replying to arguments to which I myself have resorted when I could not answer the other fellow's facts.

We do import a little wheat and we import a little corn, and I assume that the Senator knew that I knew we imported comparatively little wheat and corn. When I spoke of cotton, I said in the future, when in the African and other countries where barbarous labor is fully exploited, at that time, not now but at that time, the southern cotton planter will be crying for a protective tariff against cotton raised at one-sixth of what it costs the American planter.

This Egyptian or Sakellaridis cotton grows somewhat extensively in that part of Egypt where Joseph's remarkable dreams came true. The labor employed in raising such cotton there is what is called "barbarous labor" and is paid from 45 or 50 cents a day, whereas we, of course, pay from three to five dollars per day.

If the Egyptian cotton industry were destroyed in the United States, the result would be that this particular cotton, upon which the country must depend in time of war, if war should unhappily come again, and upon which we must depend for our luxurious cloth and our automobile tires of great strength and endurance, must be obtained in Egypt.

I insist that if we are to have a protective tariff on the manufactured product we should also have a tariff on the raw material.

Mr. DIAL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield for a question.

Mr. DIAL. I wish to state that what hurts the South most now is the dishonest and unjust future contract law. If that were corrected, then we would improve considerably.

Mr. ASHURST. I hope the agricultural bloc may do that. As to cotton, of course the Senator from Nebraska knows that I know we raise annually about 14,000,000 bales of upland or short-staple cotton. We do not import any short-staple cotton, except by accident or as ballast or a little from Mexico. I think some 25,000 or 30,000 bales last year.

But has the Senator from Nebraska been absent on those numerous occasions when I have talked about the importation of Egyptian cotton? Does the Senator know what I mean when I talk of Egyptian, Pima, or Sakellaridis cotton? I doubt it. Although he is one of the most learned men of the Senate, one of the most scholarly Senators, and a conversation with him on ordinary events of the day is refreshing at all times, he does not know what I am talking about when I speak of Egyptian, Pima, or Sakellaridis cotton. One of my friends behind me suggests that he doubts if I know myself, but I think I do.

I am talking about a sort of cotton that has a staple about 1⅞ inches in length or 1⅞⅛ inches in length, which has a remarkable tensile strength, which has a gloss that is beautiful, which during the war was employed in the manufacture of airplane wings and in the manufacture of balloon fabrics, and which to-day is made into the most luxurious cloth. All of that comes from Egypt, save and except the 100,000 bales produced in California and the 100,000 bales produced in Arizona.

Mr. President, I hope the Senator will not put me in the attitude of being so ignorant of public affairs as to assume that a protective tariff now would be of any particular value to the short-staple growers or to the wheat or to the corn growers. I wish to ask the Senator this question. I want

the Senator to hear me on this and let him make answer. The protective tariff is good or it is bad. Will he agree to that?

Mr. HITCHCOCK. Some of it is indifferent.

Mr. ASHURST. It is indifferent when? I want the Senator to answer me now whether a protective tariff is a good thing or a bad thing for the United States of America.

Mr. HITCHCOCK. I will wait until the Senator tells me what it is.

Mr. ASHURST. On anything; let the Senator select his own object—on anything.

Mr. HITCHCOCK. On chewing gum I should think it was bad.

Mr. ASHURST. The Senator will not even answer me. He is a Democrat. He is worthy of the Presidency. He is worthy of leadership in any body of Democrats. Let him like a worthy Democrat stand up and say that a protective tariff is a good thing or a bad thing for the country. [After a pause.] He will not do it. He will not answer me. I say that a protective tariff is good or it is bad. I do not care which horn of the dilemma you take. Let us for the sake of the argument say that it is a bad thing. If it is a bad thing and if a tariff for revenue only is a proper thing, then I insist that revenue should be raised from products of the farm as well as the factory.

If you say the protective tariff is a good thing, then all persons should share in its benefits, and no sinuosity can escape John C. Calhoun's great declaration that the burdens and benefits of government must fall equally and alike upon all the people.

When did it become a heresy to demand that the laws of my country fall alike upon all people? It is the essence of democracy that all must participate in the benefits and burdens of government. No man, in the name of morality and justice, can say "I am for a protective tariff on the products of the factory and not on the products of the ranch and farm."

I will ask my friend—and I am proud to call him my friend—the Senator from Nebraska, whose leadership editorially and politically is a shining star throughout the West, and when the great Commoner left the State of Nebraska one equally his peer in statesmanship and in courage remained there—the Senator from Nebraska—I want him to tell me if he believes it is right to lay a tariff on the products of the factory and not lay it on the products of the farm? [Applause.] I would wait a little while for the answer to that question, but I do not want to embarrass any Democrat.

I was led into the discussion of the cotton question inadvertently. I had no intention of taking up the time of the Senate, but the hard and seamy side of life is the side the farmer must endure. I am not ashamed to stand in the Senate or stand elsewhere and say that, while the manufacturers should have justice, at the same time no discrimination should be made against the farmer.

Before I conclude, I see from the stern, square face of the Senator from New Hampshire [Mr. MOSES] that he feels offended; I assure him that I meant no offense in my rather sharp and impulsive reply, and, if I have wounded his feelings, I cheerfully apologize.

Mr. MOSES. O, Mr. President, that is entirely unnecessary I feel no resentment whatever toward the honorable Senator from Arizona.

Mr. HEFLIN. Mr. President, the time consumed in delaying the passage of the pending tax bill is time well spent. The Senator from Indiana [Mr. WATSON] complained yesterday that there seemed to be an effort to delay the passage of the bill. There ought to be enough Senators on the other side to join with us on this side to defeat outright the unfair and unjust provisions of this bill.

Mr. President, a few moments ago the Senator from Missouri [Mr. REED] called attention to a chewing-gum tax which was about to be bowed and smiled out of this bill by the Senator from Utah [Mr. SMOOT] and a million and more dollars of taxes coming in from that source about to be lost to the Government.

Mr. SMOOT. Mr. President, the Senator from Alabama certainly does not claim that I wanted chewing gum to go untaxed, does he?

Mr. HEFLIN. I understood the Senator to make that motion, and the Presiding Officer was about to put the motion that the amendment be disagreed to, which meant that it be stricken out.

Mr. SMOOT. If the Senator had heard what I said in relation to that matter, I do not think he would have made that statement; but I suppose that would have made no difference. So far as I am concerned, I had rather have a tax of 3 per cent imposed on that article than a tax of 2 per cent.

Mr. HEFLIN. I do not want to do the Senator from Utah any injustice, but the Senator from Missouri pointed out here that a tax of $1,000,000 was about to be taken off the Chewing Gum Trust. When that was going on I thought of a tax which had just been imposed a few minutes before on autotrucks in which the farmers of the West must haul their grain and which the farmers of the South must use in hauling cotton. These autotrucks, as the Senator from New York [Mr. WADSWORTH] pointed out, are being used, many of them, as farm wagons. They are to be taxed; you settled that this afternoon by your votes; but Mr. Wrigley, head of the Wrigley Chewing Gum Trust, who was a shining light in the last Republican campaign, who directed great numbers of people to Marion when speeches were being delivered there from the front porch last fall, is now about to be rewarded by having $1,000,000 passed over to him while the "buck" is being "passed" to the less favored taxpayers of the country.

I protest against the favoritism that we see practiced here. This bill ought not to be made a vehicle for carrying out preelection promises made to those who contributed to the campaign fund of the Republican Party.

We have heard a great deal here about a combination of Senators on the other side of the Chamber. It is now said that the progressive western Senators and the stand-pat, hidebound eastern Republicans are going to meet upon the plain of common agreement and that the lion and the lamb are going to lie down together. I predict, Mr. President, that when they do the lamb will be in the lion. [Laughter.]

My progressive friends, beware! The "old guard" of the Republican Party is exceedingly cunning. He is a smooth artist. "Come into my parlor," said the spider to the fly. These old-guard fellows will stand up and fan a progressive and speak honeyed words to him until they get him well greased and then they will swallow him.

I saw some of the progressive Republicans balk at the suggestion of making the Senator from Pennsylvania [Mr. PENROSE] chairman of the great Finance Committee. It was heralded over the country that they would not vote for him; that no condition could arise that would cause them to support the Senator from Pennsylvania, the chief of standpatters, for chairman of the Finance Committee; but when they were brought up to the final test, when the "old guard" stood back and commanded that the boys all fall in line standpatters and so-called progressives were seen standing all huddled up together. Then the Democrats went over to them in the hope that they could save some of them from the ruin that threatened, and touching them on the shoulder said come ye out from among them and be ye separate from them. The Democrats even wanted to offer a resolution to vote on the election of committee chairman separately in order to give the progressive Republicans a "chance for their white alley," but they said, "No; we guess the thing has gone so far we can hardly get out of it now." You real progressive Republicans know what happened then, so take care and beware of the old guard who "took you in" before. There are a few real clever progressive Republicans over there, and I don't want to see you silenced and put out of commission. I am operating and cooperating with some of you. I have been in some of the conferences of what has been called the "agricultural bloc." I want to say here to-day that we put two measures through this body that would not have been passed except for the Democrats on this side and the progressive Republicans on the other side of the Chamber. That is the truth, and I want history to record the truth of the matter. I do not want these friends of the measures that were enacted by our joint labors to be hamstrung and hogtied by the old guard of the Republican Party. Our united action grew out of our desire to obtain relief for the distressed people of the South and West. There was no politics in it.

The revival of the War Finance Board and the passage of the farm aid and farm export bill would never have been passed but for united action on the part of Democrats, and mainly southern Democrats, and progressive Republicans from the West.

Just as we united then for the purpose of securing just and fair legislation for our people, we must unite now to defeat unjust and unfair tax legislation. By uniting our strength we can defeat this bill which exempts certain special interests and unloads the tax burden upon the people least able to bear it.

Mr. President, the Republican Party has had control of the House and Senate for nearly three years, and it is therefore responsible for many of the ills that afflict us. A western sheep

raiser testified here some weeks ago that under the deflation policy inaugurated and prosecuted by the Federal Reserve Board he was forced to sell his sheep, and that the price received barely covered the feed and freight charges. After paying the feed and freight charges he received the sum of 35 cents per head for his sheep.

A few days ago I ordered a lamb chop with a meal, and the charge for that chop was exactly 35 cents. It did not have as much meat on it as you could put in the shell of one egg, and yet it sold for as much as the western sheep raiser got for a whole sheep.

The other morning at breakfast I paid 15 cents for a little saucerful of corn flakes. That is more than half as much money as the farmer can get for a bushel of corn, and a bushel of corn at 15 cents a saucer made into corn flakes will sell for from $12 to $15 a bushel.

Under a deflation policy, which has been carried out by the Federal Reserve Board and which the Republican Congress has permitted, the cotton farmer was forced to sell his cotton below the cost of production. He was forced to sell his cotton for 10 and 12 cents a pound and then compelled to pay $1 for a pound of cotton rope.

These are the fruits of the Republican deflation policy, and again I say by their fruits ye shall know them. The purchasing power of our farmers was destroyed. The people of the South buy grain and mules and meat from the West and when the Republican Party permits our purchasing power to be destroyed you destroy our ability to buy your products. So in hurting us you are hurting yourselves in the West. We were forced to reduce our cotton acreage; we cut it nearly in half. We reduced the supply of fertilizer; we cut that more than half. We are coming into the market with less than half of a crop, and we are selling it to-day for 6 cents, or $30 a bale under the cost of production.

Senators, how much longer do you think the cotton producer can stand that sort of thing? When I was at home a few weeks ago I found farmers who produced cotton last year who declined to produce any at all this year. The explanation was: "Well, I lost $100 a bale on it last year. It cost me $150 to produce it, and I got only $50 for it. I lacked $100 of getting the cost of production. Don't you think it time to quit?" Do the powers that be want to force us to reduce cotton acreage again next year? Mr. President, we have a small crop, a very small crop this year. Our cotton mills in the United States will consume within 1,000,000 bales of the total crop that we will make this year. The spindles of the United States will consume 5,500,000 bales, and we will have only 1,000,000 bales to export where we have exported already since last year 7,000,000 bales of cotton, and yet the price is being held down, and the farmer is not permitted to get the cost of production even when a cotton famine threatens. I have just received a letter from the commissioner of agriculture of the largest cotton-growing State in the Union, the State of Texas, in which he says that it will cost 25 cents a pound to produce the crop this year, and yet cotton is now selling for 18 and 19 cents a pound, 6 and 7 cents under the cost of production.

Senators, the Senator from Arizona [Mr. ASHURST] told you some truths this afternoon. Portions of our population are in a serious condition. Why does not the President clean out this Federal Reserve Board and put somebody in there who will see to it that the money necessary to carry on the business of the country is supplied, and especially to those who must have it to prevent the destruction of their business?

Here we are to-day, Mr. President, with three-fourths of the gold supply of the whole world, and yet the agricultural industry is unable to obtain the money necessary to market its products at a profit. You have 22 majority in the Senate and more than 150 majority in the House. You have the President in the White House. Why do you not act?

Again I say that honest business men in the South and West have lost confidence in your Federal Reserve Board. There are places in the South and West where they would be hooted at and hissed upon the streets. There are thousands of people who feel that their business was destroyed by the deflation policy of that board. Judge Armstrong, of Fort Worth, Tex., is writing a book called "The Crime of Twenty," dealing with this very situation; and yet the Federal Reserve Board is still doing business, with your approval, up at the Treasury Department.

Mr. President, just a few moments ago the Senator from South Carolina [Mr. DIAL] made a remark about the cotton-futures contract. There is certainly something wrong about it, and I am ready to join in asking for a conference of Senators from the cotton-growing States one night this week and let us see if we can not agree on some amendment to the cotton-futures act, and then call on our western Republican friends to help us put it through, as we helped them with the grain-exchange amendment.

I want a contract that will enable the spinner to get the cotton contracted for and one that will require the seller to call on the producer for cotton with which to fill the contract.

I want such a contract that when a grade of cotton is named you can ask for that grade of cotton and compel them to deliver it. I want such a contract that when cotton is sold upon it, and you buy it, the seller has to go out in the market and get cotton from the producer to fill that contract. I do not want these contracts under which they can keep a room full of cotton samples that they have had for 10 years, and bring them out and tender them on the contract, and when the buyer says, "Why, that is not what I bought," they can say, "Very well, we will settle the difference in money," and no cotton ever changes hands. If the producer is not called upon for cotton with which to fill the contract, the futures transaction hurts the producer. We passed here the other day a farm aid bill, giving the War Finance Board the right to lend money on cotton in order to hold it off the market until the producer could get a price that would cover the cost of production and yield a profit. A few days ago Mr. Ketting, a gentleman of Birmingham, Ala., a member of the Federal reserve bank board at Atlanta, gave out a statement to the effect that they would lend money to the farmer up to 80 per cent of the value of his cotton for a period of 12 months. Why is it, in the face of these facts, that cotton is selling 6 cents a pound below the cost of production?

Mr. WATSON of Georgia. Mr. President——

Mr. HEFLIN. I am glad to yield to my friend from Georgia.

Mr. WATSON of Georgia. The Senator from Alabama appears to be about to pass over the important point that the Supreme Court of the United States, in a decision handed down by Mr. Justice Holmes, declared in so many words in a case brought up from Nebraska, as I remember, where the agents of the Federal Reserve Board sent on gunmen with repeating rifles to present for immediate payment a large accumulation of checks, demanding that they be paid at once or the bank closed, that the Federal Reserve Board was waging war upon the business of this country. Now, I put it to the Senator from Alabama and to other Senators and to the country whether our President ought to retain in power these men, who have been virtually adjudged criminals by the highest court in the world?

Mr. SHIELDS. Mr. President, may I ask the Senator from Georgia a question for information?

Mr. HEFLIN. I yield.

Mr. SHIELDS. What was the style of the case in which that remarkable statement is made in the opinion?

Mr. WATSON of Georgia. Mr. President, replying to my friend the Senator from Tennessee, I beg to say that I can not at this moment name the case, but it appeared in the "Manufacturers' Record."

Published in Baltimore, as the Senator knows.

Mr. SHIELDS. A very reputable publication.

Mr. WATSON of Georgia. Indeed it is, a standard publication.

Mr. SHIELDS. But I should like to see that opinion before I give my assent that it is a fact.

Mr. WATSON of Georgia. I think it was the April number. I will not be sure, but I think it was the April number; and they quote from the words of Mr. Justice Holmes, who was handing down what appeared to be a unanimous opinion of that court. The facts showed that the Federal reserve bank had collected during several weeks every outstanding check that they could collect against this little State bank and sent an automobile with four or five armed men in it, who went into that bank and presented that vast accumulation of checks and demanded that each be immediately cashed or they would close that bank.

Mr. SHIELDS. Did they go armed for the purpose of demanding the money from the bank or for the purpose of protecting it while transporting it?

Mr. WATSON of Georgia. They went there, as appeared from this case, for the purpose of requiring of the bank something which no bank can do under the same circumstances.

Mr. SHIELDS. That was a branch of the reserve bank in that State?

Mr. WATSON of Georgia. Yes.

Mr. SHIELDS. Of course, it had nothing to do with the governors—I believe that is what they are styled—of the Federal reserve bank here in Washington.

That is their style. Mr. President, the Senator from Georgia has stated, I believe, that the President should turn them out,

or should clean them out. There are seven of those governors, I believe.

Mr. WATSON of Georgia. Five, is it not?

Mr. SHIELDS. I think there are seven.

Mr. HEFLIN. There are seven members of the board, and one of them is governor.

Mr. SHIELDS. The majority of those now in office were appointed by President Wilson, I believe.

Mr. HEFLIN. Yes. Some of them are Republicans and some of them were Democrats.

Mr. SHIELDS. Under the statute requiring a division. I have heard a great deal of criticism of the policy pursued by these officers, but I have never heard any facts which attacked their integrity; and I believe that as to this great instrumentality of the Government for stabilizing and preserving the financial condition of the country, before any assault is made upon them personally some specific charge should be made. I know only one of them personally—Gov. Harding—a gentleman whom I have always understood to be a man of integrity and ability, an able banker, from the Senator's own State.

Mr. HEFLIN. He was a banker in my State.

Mr. SHIELDS. Before I give any credence to any effort to remove him, I should like to hear some specifications, something to overcome the presumption of integrity and fair dealing and ability of such a man as that.

Mr. WATSON of Georgia. Mr. President, if the Senator will allow me, I will answer the Senator from Tennessee?

Mr. HEFLIN. Yes; go ahead.

Mr. WATSON of Georgia. I thought perhaps the Senator was aware of the decision to which I referred, and, of course, that is a matter of the very highest authority.

Mr. SHIELDS. I was not aware of it, but I will look it up.

Mr. WATSON of Georgia. I hope the Senator will.

Mr. SHIELDS. I am anxious to see such a remarkable opinion.

Mr. WATSON of Georgia. I will remind the Senator of what was testified by Gov. Strong, of the New York Federal Reserve Bank. He testified under oath, here in this Capitol, that they had loaned $165,000,000 to one man, and that the members of the bank had themselves borrowed from one another $16,000,000; and when John Skelton Williams, under oath, unimpeached, was testifying to the facts which showed that they ought to be removed, Gov. Harding, instead of making the answer of a consciously innocent man, attempted to make a physical assault upon John Skelton Williams. Perhaps the Senator did not know that.

Mr. SHIELDS. No; I did not know it.

Mr. WATSON of Georgia. It is in the record.

Mr. SHIELDS. But from my knowledge of Gov. Harding I think if he attempted it there was something justifying it. I should like to know who it was that borrowed this money. The Senator said it was the members of the bank. Does he mean the governors?

Mr. WATSON of Georgia. The directors of the bank.

Mr. SHIELDS. Oh, of the bank in New York?

Mr. WATSON of Georgia. Of the bank in New York.

Mr. SHIELDS. Not the governors here, upon whom this assault is being made.

Mr. WATSON of Georgia. Mr. President, the testimony shows that Gov. Harding had adopted a policy of deflation without any warning at all, when after the Civil War 13 years' warning was given for the country to prepare for it, and that Gov. Harding said that even if ruin came to these State banks and to individual farmers and merchants and other borrowers, it was better to be done with it at once, and clean out.

Mr. HEFLIN. Mr. President, the Senator from Georgia is right about the Supreme Court decision. I remember the reference he made to it here several weeks ago. I will get it and print in the RECORD excerpts from the Manufacturers' Record and also from the Supreme Court's decision in the case cited by Senator WATSON of Georgia.

The Senator from Tennessee refers to the fact that Gov. Harding is from my State. I would very much rather be able to stand here and defend him. But the facts of his record in connection with the cruel and destructive deflation policy convict him of a grave offense against the life of honest business in America. I do not know what the motive back of it was, but if a man commits murder and I see it, I am convinced that he is guilty, but I may not be able to explain why he did it.

This Federal Reserve Board's deflation policy cost my State nearly a hundred million dollars on cotton alone. It cost the South, as it cost the West, several billions of dollars. Mr. President, let me remind my friend the Senator from Tennessee what Gov. Bickett, of North Carolina, said about Gov. Harding and the deflation policy. Here is what he said last December:

One thing we call attention to is the present policy to call loans. I happen to know that down in my State of North Carolina there is a disposition—and the bankers say it is because of instructions approved by the Federal Reserve Board—to call loans.

This statement was made by the governor of a large cotton-growing State. He says that the bankers said last fall that the word had gone out to call loans. Further, he said:

Gentlemen of the committee, the situation with us in the South is more than distressing—it is tragic. It would be impossible for me to use words that would overstate the alarming condition that confronts the cotton farmer of the South.

We think the man who made the cotton ought to be given assistance and enabled to hold the cotton until the market opens up and the world is ready to take the cotton that it needs.

Mr. President last fall when deflation was destroying the business of cotton producers Senator OVERMAN, of North Carolina, came here with a delegation to present the petition of distressed farmers to the Federal Reserve Board, and what do you suppose happened? Gov. Harding told him that he would not hear him and his delegation; but Senator OVERMAN insisted, and finally got the board to assemble and hear them.

Senator SIMMONS was here at another time last fall, and so outraged did he feel at the conduct of the governor of the Federal Reserve Board in refusing to do something to prevent the ruin of the cotton industry that he said that Gov. Harding ought to be removed.

Western delegations were here protesting against those wrongs and outrages just as we were doing. The West suffered just as the South did. Thousands of men lost everything they had in that Wall Street deflation policy carried on by the Federal Reserve Board. Scores of mistreated, outraged American citizens committed suicide.

No, Mr. President; the fact that the governor of the Federal Reserve Board hails from my State will not keep me from doing my duty, it will not prevent me from criticizing and condemning him. Now, Mr. President, I have the excerpts from the Manufacturers' Record and the Supreme Court decision in the Federal reserve bank case cited a little while ago by Senator WATSON of Georgia, and I will insert them at this point in my speech:

[From pages 111–113, Manufacturers' Record, June 2, 1921.]

The Supreme Court of the United States, in a decision against the actions of the Federal Reserve Board, uses probably the most scathing words ever uttered by that tribunal.

A high-powered automobile containing four people drove into the town of Pierce, Nebr., and stopped in front of the Cones State Bank. The engine was kept running. Two men, armed with revolvers, got out of the car and entered the institution. As agents of the Federal reserve bank, they presented checks to the value of $31,900, for which they demanded cash, declining to accept drafts. These checks represented an accumulation of items which had been brought together over a period of more than three weeks. One of these Federal reserve agents stated to the officers of the bank that the other agent "was a United States marshal, hard-boiled and armed; that he had cleaned up the State of Kansas and would get us anyway" unless the Cones State Bank signed an agreement to follow the orders of the Federal reserve bank. These agents also stated that where a State bank declined to obey orders, it was certain to be driven to the wall by the power o fthe Federal Reserve System, which was really the Government of the United States. The case is not an isolated one. It is typical of what was done in hundreds of cases by the gunmen of the Federal reserve bank. The methods of coercion used and threatened were:

1. The Federal Reserve Board would accumulate checks on a State institution until the gross amount of such checks exceeded the amount of currency said State bank was required to carry in its vaults or was likely to have on hand. It would then send men armed with guns to demand payment. If payment could not be made in cash, the checks were protested and the news spread about town that the bank was being questioned by the Government, the result of which would be to cause a run on the bank. But if the bank, threatened with such disaster, signed an agreement to obey the illegal orders of the Federal reserve bank, then cash for checks was not required, but drafts were accepted at par.

2. If the first method of coercion failed, the State banks in small towns were notified that a competing national bank would be organized to drive them out of business; that such national bank would be supported with the full power of the Federal reserve bank, against which no small State bank could hope to wage a successful fight.

3. If both of these methods of coercion failed, the State bank was warned that its correspondents in the cities would be prevented thereafter from extending it any accommodations, would call its loans, and would drive it into bankruptcy.

The above facts are taken from the sworn testimony of witnesses before the Committee on Rules of the House of Representatives May 4, 5, and 6, 1920. They give a mere inkling of the truth as revealed by the full testimony, copies of which can be procured from the Government Printing Office, under the title "Hearings before the Committee on Rules on House resolution 476, Sixty-sixth Congress."

The American Bank & Trust Co. appealed to the courts to prevent the Federal Reserve Bank of Atlanta, Ga., from continuing lawless assaults of the sort outlined above. The case finally reached the Supreme Court of the United States, which had before it much of the evidence which was brought out at the hearing to which we have referred. The opinion of the court was delivered by Mr. Justice Holmes, and never before, perhaps, in the history of that august tribunal has such a scathing denunciation of official lawlessness been delivered as the following:

* * * * * * *

"A man has a right to give advice, but advice given for the sole purpose of injuring another's business and effective on a large scale might create a cause of action. Banks as we know them could not

exist if they could not rely upon averages and lend a large part of the money that they receive from their depositors on the assumption that not more than a certain fraction of it will be demanded on any one day. If without a word of falsehood, but acting from what we have called disinterested malevolence, a man by persuasion should organize and carry into effect a run upon a bank and ruin it, we can not doubt that an action would lie. A similar result, even if less complete in its effect, is to be expected from the course that the defendants are alleged to intend, and to determine whether they are authorized to follow that course it is not enough to refer to the general right of a holder of checks to present them, but it is necessary to consider whether the collection of checks and presenting them in a body for the purpose of breaking down the petitioner's business as now conducted is justified by the ulterior purpose in view.

"If this were a case of competition in private business, it would be hard to admit the justification of self-interest, considering the now current opinion as to public policy expressed in statutes and decisions. But this is not private business. The policy of the Federal reserve banks is governed by the policy of the United States with regard to them and to these relatively feeble competitors. We do not need aid from the debates upon the statute under which the reserve banks exist to assume that the United States did not intend by that statute to sanction this sort of warfare upon legitimate creations of the States."

Warfare! Warfare by the Federal Reserve Board against creatures of the State over whom the board had been warned by a definite opinion of the Attorney General of the United States, addressed to the President on March 21, 1918, in response to his request, that the Federal reserve act "does not command or compel these State banks to forego any right they may have under the State laws to make charges in connection with the payment of checks drawn upon them."

* * * Gov. W. P. G. Harding, as usual, pleaded ignorance in some cases and in some others evaded the issue. He has the reputation of being what professional men call a "clever witness." But he could not quite get away from the persistence of Congressman REAVIS, of Nebraska, who finally forced these admissions:

"Mr. REAVIS. What I want to get into this record is the fact that whenever these nonmember banks will sign the agreement to do that thing, which in law you can not force them to do, you accept exchange from them?

"Gov. HARDING. Yes, sir.

"Mr. REAVIS. And when they refuse, you demand cash and refuse to accept exchange?

"Gov. HARDING. It appears in some cases that that has been done."

It was habitually done, not one time but thousands of times. Indeed, so indignant were some gentlemen at the seeming lack of definite knowledge on the part of Gov. Harding that the following day Mr. Alexander Smith, of Atlanta, attorney for the assaulted banks, said:

"In view of the statement yesterday by the governor of the Federal Reserve Board that these things were not being done with his knowledge and consent, I wish to introduce an original letter from Mr. E. P. Tyner, assistant cashier of the Federal reserve bank of Kansas City, dated December 3, 1919, containing this paragraph:

"'Our action in adding the entire State of Missouri to the par list was taken at the request and with the approval of the Federal Reserve Board at Washington,' etc."

Moreover, it was testified by Mr. Clairborne, of the Whitney Central National Bank of New Orleans:

"You (Congress) then refused to create a central bank in Washington, but what you have to-day is really a central bank in Washington. They are attempting to make out of these local boards, boards which must submit absolutely to what Washington says. Those boards are not permitted to act for themselves; they get their instructions and advices from Washington."

* * * It is even worse than that, for this man has not only overruled the Congress of the United States by forcing on the country a central bank in defiance of orders not to; he has not only set himself up as an arbiter of prices and by deliberate intent broken the markets and pursued a policy which Abraham Lincoln denounced aforetime as dishonest and criminal.

Gov. Harding must get out! No man against whose actions the Supreme Court has rendered a decision couched in language probably never before used by that august tribunal can remain at the head of our Nation's banking system.

The Supreme Court of the United States has rendered a decision against certain acts of the Federal Reserve Board in language so strong that we doubt whether any decision ever uttered by that august body has been couched in words so vigorous.

The full significance of the language used by the Supreme Court does not seem to have been appreciated by the country at large. This was merely a decision against certain acts of the Federal Reserve Board, but it was so worded that every thoughtful man who reads the decision will see in it that the judges of the court must have restrained themselves very greatly from voicing what was doubtless their sentiment based on the evidence developed.

The language used far exceeds anything which the Manufacturers' Record has ever said in regard to any acts of the Federal Reserve Board; but as the true meaning of this decision forces its way into the public mind there will come a recognition of the fact that the agents of the Federal Reserve Board have been officially guilty of acts which make it incumbent upon the administration to instantly dismiss from the Government's service every man whose work has been responsible for the language used by the Supreme Court, or else tacitly ignore that final tribunal of the affairs of this Nation.

We can not believe that President Harding and his advisers will permit the agents of the board, including the official head, to continue in power one moment after the decision of the Supreme Court has been studied by the President and the members of the Cabinet.

Some phases of this situation are discussed in this issue, and to them we invite the thoughtful study of every reader of the Manufacturers' Record.

Mr. PENROSE. Mr. President, if the Senator from Alabama wants more time for such performances, he will find it in evening sessions, which I shall call at an early date.

Mr. HEFLIN. I shall be glad to join the Senator in having evening sessions. I have a lot to say against these nefarious measures which I would like to say at some time, and I do not have enough opportunity to say it.

Mr. PENROSE. Now, Mr. President, we will return to the consideration of the bill. I hope the Senate will vote on the motion made by the Senator from Utah, and that the motion will prevail. I ask that the question be put.

Mr. REED. Mr. President, let the question be stated.

Mr. PENROSE. Certainly.

The PRESIDENT pro tempore. By unanimous consent the Senate has passed over the part of Title IX which precedes line 5 on page 198. The Senator from Utah moves that the remaining part of Title IX be passed over.

Mr. REED. Mr. President, I see no reason why we can not vote upon the amendment at this time.

Mr. PENROSE. The Senator may not see any reason, but the majority of the Senate does see a reason. We want to have it postponed. I hope it will be postponed in deference to certain gentlemen on the majority side who desire that that be done.

Mr. REED. If there are gentlemen on the majority side who want to present this question in argument, and are absent and not ready to speak, as I stated a while ago, under those circumstances I would never interpose an objection to a matter going over.

Mr. WATSON of Indiana. Mr. President, the whole question if the Senator from Missouri will permit me, is simply this: Until the Senate shall have decided what is going to be done with the excess-profits tax and the higher surtaxes, it is not possible to say whether or not, in the ultimate consideration of the bill, these taxes should or should not be levied and these sections should or should not be stricken out. I think this matter ought to be passed over until after those questions have been passed on.

Mr. REED. That is an explanation; and if that is the reason, I make no objection.

Mr. SMOOT. I so stated.

Mr. REED. I was unfortunate in not understanding the Senator if he gave that reason; I do not think he did.

Mr. SMOOT. I do not know whether the Senator was in the Chamber when I stated it.

Mr. REED. I do not consider it a very good reason to say that a majority are going to have it. The Senator from Indiana has given a reason, and a good reason, and I make no objection to its going over.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah.

The motion was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is on page 213, beginning with line 5.

Mr. REED. Mr. President, I desire to make an inquiry of the Senator from Massachusetts [Mr. LODGE] as to whether we are to have an executive session to-night to resume the consideration of the so-called Peck case. If so, I think we ought to have it now.

Mr. LODGE. Mr. President, it is now so late that I think we could hardly finish the executive business. There may be some routine executive business to be disposed of, but we could hardly finish that case, and I think we should continue with this bill for the present.

Mr. UNDERWOOD. I would like to ask the Senator from Massachusetts if it would not be possible, when the case that is under debate in the executive session comes up, to let it go over until some time when we could go into executive session, say at 2 or 3 o'clock, because undoubtedly if we do not we will have to sit into the night and may not be able to hold a quorum.

Mr. LODGE. I will say very frankly that I object to doing that under the present circumstances. Going into executive session for routine business, and then taking as much time on a case as it has been necessary to take on that case, is really a violation of the unanimous-consent agreement under which we are proceeding. I think the terms of that consent provide that other business shall be set aside. On Friday we will begin consideration of the treaties under the agreement limiting debate, and it seems to me it would be the part of wisdom to let the case we have been considering go over until we have disposed of the treaties and the unanimous consent comes to an end.

Mr. UNDERWOOD. That certainly would be satisfactory to me, at least, and I think it would be satisfactory to most who are involved. There is no reason why the case can not go over until after we dispose of the treaties. My only suggestion was that we should not take it up at 5 o'clock in the evening and debate it, when Senators who want to take part in the debate will have gone to dinner before it can come to a vote; and as it is a contested case, and one that has to be determined, I think it could be determined better if we go into executive session some time when we can finish the case in the course of a day.

Mr. LODGE. I think it is better for the case and better for the Senate to let it go over to a time when we can take a day, if necessary, and dispose of it finally, and let everyone have an opportunity to say what he desires.

Mr. UNDERWOOD. The Senator is the majority leader, in control of his party, and in control of the situation, and if that is his viewpoint, I think it is wise that we should have an understanding that the case will go over and be taken up in that way.

Mr. LODGE. I have attempted to state no understanding. I have only stated what seems to me to be the best way of doing it under present conditions. We have only one more day before the unanimous-consent agreement on the treaties goes into effect.

Mr. UNDERWOOD. I understand from the Senator that he does not propose to move an executive session this afternoon or to-morrow for the consideration of the case?

Mr. LODGE. Not for the consideration of that case. I may move an executive session for a few minutes to dispose of unopposed nominations.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. The next amendment passed over is found on page 213, beginning with line 5, paragraph No. 2, where the committee proposes to insert the following:

(2) Pawnbrokers shall pay $100. Every person whose business or occupation it is to take or receive, by way of pledge, pawn, or exchange, any goods, wares, or merchandise, or any kind of personal property whatever, as security for the repayment of money loaned thereon, shall be regarded as a pawnbroker.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is found on page 213, paragraph numbered 3, after line 11, where the committee proposes to insert the following:

(3) Ship brokers shall pay $50. Every person whose business it is as a broker to negotiate freights and other business for the owners of vessels or for the shippers or consignors or consignees of freight carried by vessels shall be regarded as a ship broker.

Mr. LA FOLLETTE. I withdraw my objection to that paragraph. I am content that it shall be voted upon.

The amendment was agreed to.

Mr. REED. Mr. President, I wish to make an inquiry. I understand that a few moments ago we passed over the matter contained on page 198 on the ground that it was an excise tax and that we could not tell whether we wanted to levy that character of a tax until we had considered the question of excess profits. Now we are passing on taxes of the same character. If the statement made by the Senator from Indiana is sound, namely, that we ought to pass over the matter contained on page 198 because of the character of tax until we settle the question of excess profits, I do not see why we should not pass over the matter on page 213.

Mr. LODGE. They are two entirely different taxes. These are license taxes—special taxes—and I have not heard anybody suggest that they should be stricken out.

Mr. REED. I am not suggesting it, but I am saying they are what are generally termed "nuisance taxes."

Mr. LODGE. These are not nuisance taxes. These are wholly different. These are license taxes for the doing of certain kinds of business.

Mr. REED. I would include them in the nuisance taxes.

The ASSISTANT SECRETARY. The next amendment passed over is found at the top of page 214, passed over at the instance of the Senator from Wisconsin [Mr. LA FOLLETTE], and reading as follows:

(5) Proprietors of theaters, museums, and concert halls, where a charge for admission is made, having a seating capacity of not more than 250, shall pay $50; having a seating capacity of more than 250 and not exceeding 500, shall pay $100; having a seating capacity exceeding 500 and not exceeding 800, shall pay $150; having a seating capacity of more than 800, shall pay $200. Every edifice used for the purpose of dramatic or operatic or other representations, plays, or performances, for admission to which entrance money is received, not including halls or armories rented or used occasionally for concerts or theatrical representations, and not including edifices owned by religious, educational or charitable institutions, societies or organizations where all the proceeds from admissions inure exclusively to the benefit of such institutions, societies or organizations, or exclusively to the benefit of persons in the military or naval forces of the United States, shall be regarded as a theater: *Provided*, That in cities, towns, or villages of 5,000 inhabitants or less the amount of such payment shall be one-half of that above stated: *Provided further*, That whenever any such edifice is under lease at the time the tax is due the tax shall be paid by the lessee, unless otherwise stipulated between the parties to the lease.

Mr. LA FOLLETTE. I withdraw my objection to the consideration of that amendment.

The amendment was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is on page 216, paragraph 10, where the committee proposes to insert the following after line 18:

(10) Proprietors of riding academies shall pay $100. Every building, space, tent, or area where a charge is made for instruction in horsemanship or for facilities for the practice of horsemanship, shall be regarded as a riding academy.

Mr. PENROSE. As the Senate is considering committee amendments, as I understand, and the amendment pending to this paragraph is merely a recommendation through the Senator from New York [Mr. WADSWORTH] made by the majority members of the Finance Committee, I would ask that the amendment go over until we reach it in due order, when the amendment regarding riding academies can be offered.

Mr. WADSWORTH. May I say to the Senator from Pennsylvania that I had prepared an amendment to paragraph 10, now under consideration, which has exactly the same effect as the amendment which I understand it was intended to propose later.

Mr. PENROSE. Very well.

Mr. WADSWORTH. I will ask the Secretary to read it, with the Senator's permission, and if it is satisfactory it might be agreed to now.

The PRESIDENT pro tempore. The Secretary will report the amendment proposed by the Senator from New York.

Mr. SIMMONS. Mr. President, I think we had better proceed in order. This is not a committee amendment.

Mr. PENROSE. It is not a committee amendment.

The PRESIDENT pro tempore. The amendment proposed by the Senator from New York is an amendment to the committee amendment. It is therefore in order. The Secretary will report the amendment proposed by the Senator from New York.

The ASSISTANT SECRETARY. On page 216, at the end of line 23, after the word "academy," insert the following proviso:

Provided, That this tax shall not be collected from associations composed exclusively of members of units of the federalized National Guard or the Organized Reserve, and whose receipts are used exclusively for the benefit of such units.

Mr. PENROSE. This is an amendment to the committee amendment. It has been carefully considered by the majority members of the committee and has been recommended, and I am prepared to accept it now as submitted by the Senator from New York.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The ASSISTANT SECRETARY. The next amendment passed over is on page 233, paragraph (a), beginning on line 8, passed over at the instance of the junior Senator from Utah [Mr. KING]. The preceding line reads "That whoever," and the committee proposes to insert the following:

SEC. 1102. That whoever—

(a) Makes, signs, issues, or accepts, or causes to be made, signed, issued, or accepted, any instrument, document, or paper of any kind or description whatsoever without the full amount of tax thereon being duly paid;

(b) Consigns or ships, or causes to be consigned or shipped, by parcel post any parcel, package, or article without the full amount of tax being duly paid;

(c) Manufactures or imports and sells, or offers for sale, or causes to be manufactured or imported and sold, or offered for sale, any playing cards, package, or other article without the full amount of tax being duly paid;

(d) Makes use of any adhesive stamp to denote any tax imposed by this title without canceling or obliterating such stamp as prescribed in section 1104;

Is guilty of a misdemeanor and upon conviction thereof shall pay a fine of not more than $100 for each offense.

Mr. SIMMONS. Mr. President, that was passed over at the request of the junior Senator from Utah [Mr. KING]. I myself do not know what his objection is to the amendment, but I would be glad if the chairman of the committee would let it go over until the Senator from Utah can come into the Chamber.

Mr. PENROSE. I suppose the Senator from North Carolina is fully aware of the fact that this is the existing law.

Mr. SIMMONS. I am.

Mr. PENROSE. Why the Senator from Utah should object to it, if he understood it, I am at a loss to say. If the Senator from North Carolina desires to make the request on behalf of the Senator from Utah——

Mr. SIMMONS. That is what I am doing. I am not making it on my own behalf.

Mr. PENROSE. I suppose we will have to accede, but I confess I do not feel disposed to lay a great amount of stress upon an objection to the existing law on the part of a Senator who is absent.

Mr. SIMMONS. If I knew what is the objection of the Senator from Utah to this section I would probably present it to the Senate the best I could, but I do not know upon what ground the Senator wishes to lodge his objection. He is absent, It is true this is the existing law, but there are a great many of us who think sometimes existing law ought to be changed. The Senator from Utah may have that belief with reference to this provision of the bill.

We have been following the rule here that when a Senator is not present he should be allowed some reasonable opportunity to enter the Chamber. I shall send for the Senator to see if we can have him present.

Mr. PENROSE. I wish the Senator from North Carolina would do so.

Mr. SIMMONS. I have no desire to delay consideration of the bill. On the contrary, I should like to help facilitate its passage.

Mr. REED. Mr. President, I do not know what the Senator from Utah had as an objection to this paragraph, but I wish to suggest an amendment, which I think ought to be agreed to, and I think the Senator from Pennsylvania will agree to it. I think the words "shall willfully" ought to follow the words "that whoever," so it will read, "That whoever shall willfully," and so forth. The penalty in this provision is severe, or it may not be considered quite severe. I see it reads "not more than $100." I thought that it read "not less than $100." However, there ought to be no penalty if a man simply makes an inadvertent mistake and puts one stamp too few on something; at least not so severe a penalty as this. I have no desire to argue it, but I think that sort of law is rather too drastic.

Mr. PENROSE. Does the Senator desire to offer the amendment?

Mr. REED. If it is going over for the Senator from Utah to come, I do not desire to do so, but if it is to be acted upon, then I would offer that amendment.

Mr. PENROSE. Let it go over.

The PRESIDENT pro tempore. The Chair understands the Senator from North Carolina has asked that the amendment be passed over. Without objection, it will be passed over.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 239, where the committee proposes to insert, in line 12, after the words "50 cents," the following proviso——

Mr. PENROSE. Mr. President, I ask that that paragraph go over, because a majority of the committee expect to submit an important amendment to it.

The PRESIDENT pro tempore. If there be no objection, it will be passed over.

The ASSISTANT SECRETARY. The next amendment passed over is, on page 242, subsection 5, beginning at line 13, where the committee proposes to insert the following.

Mr. PENROSE. Before that is read I desire to offer an amendment, on page 244, after line 17, to insert the following.

The PRESIDENT pro tempore. The Secretary will report the amendment proposed by the Senator from Pennsylvania.

The ASSISTANT SECRETARY. On page 244, after line 17, insert the following paragraph:

This subdivision shall not affect but shall be in addition to the provisions of the "United States cotton futures act," approved August 11, 1916, as amended, and "the future trading act," approved August 24, 1921.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The amendment as amended and agreed to is as follows:

5. Produce, sales of, on exchange: Upon each sale, agreement of sale, or agreement to sell (not including so-called transferred or scratch sales), any products or merchandise at, or under the rules or usages of, any exchange or board of trade or other similar place, for future delivery, for each $100 in value of the merchandise covered by said sale or agreement of sale or agreement to sell, 2 cents, and for each additional $100 or fractional part thereof in excess of $100, 2 cents: *Provided*, That on every sale or agreement of sale or agreement to sell as aforesaid there shall be made and delivered by the seller to the buyer a bill, memorandum, agreement, or other evidence of such sale, agreement of sale, or agreement to sell, to which there shall be affixed a lawful stamp or stamps in value equal to the amount of the tax on such sale: *Provided further*, That sellers of commodities described herein, having paid the tax provided by this subdivision, may transfer such contracts to a clearing-house corporation or association, and such transfer shall not be deemed to be a sale, or agreement of sale, or an agreement to sell within the provisions of this act, provided that such transfer shall not vest any beneficial interest in such clearing-house association but shall be made for the sole purpose of enabling such clearing-house association to adjust and balance the accounts of the members of such clearing-house association on their several contracts. Every such bill, memorandum, or other evidence of sale or agreement to sell shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers; and any person liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person, who makes any such sale or agreement of sale, or agreement to sell, or who, in pursuance of any such sale, agreement of sale, or agreement to sell, delivers any such products or merchandise without a bill, memorandum, or other evidence thereof as herein required, or who delivers such bill, memorandum, or other evidence of sale, or agreement to sell, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding $1,000 or be imprisoned not more than six months, or both.

No bill, memorandum, agreement, or other evidence of such sale, or agreement of sale, or agreement to sell, in case of cash sales of products or merchandise for immediate or prompt delivery which in good faith are actually intended to be delivered shall be subject to this tax.

This subdivision shall not affect but shall be in addition to the provisions of the "United States cotton futures act," approved August 11, 1916, as amended, and "the future trading act," approved August 24, 1921.

Mr. PENROSE. Mr. President, I am informed that this completes what might be termed the second reading of the bill for committee amendments and that all amendments have been completed with the exception of a few which were passed over. There still remain those amendments to be disposed of and certain amendments proposed and to be offered coming from the majority of the committee. It would, therefore, be in order to turn back to the beginning of the bill and proceed to go through the bill regularly, having in view the final disposition of the committee amendments and later the consideration of the majority amendments. I would ask the Secretary to begin to read the bill again from the beginning for amendments passed over.

The ASSISTANT SECRETARY. The first amendment passed over upon the second reading is on page 5, where the amendment in the first paragraph on that page was passed over at the instance of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. SIMMONS. The Senator from Wisconsin, not expecting the amendments to be finished so quickly as has been the case, asked me if I would not request that this matter be passed over until he could go to his room and get some data respecting this particular amendment. If the Senator from Pennsylvania is willing that it shall go over until he can return from his committee room, I shall be very glad.

Mr. PENROSE. Will the Senator return this evening?

Mr. SIMMONS. He has merely left the Chamber to go after the data which he has in his room.

Mr. PENROSE. What is the next paragraph, Mr. President?

The PRESIDENT pro tempore. Without objection, the amendment on page 5 is passed over. The Chair understands that there is no objection to passing over that amendment.

Mr. SIMMONS. Temporarily.

Mr. PENROSE. As that amendment depends on another part of the bill, I suggest that it go over. Now, I ask that the Secretary proceed and state the next passed-over amendment.

The PRESIDENT pro tempore. The Secretary will state the next amendment which was passed over.

The ASSISTANT SECRETARY. The next amendment, which was passed over at the request of the Senator from Pennsylvania [Mr. PENROSE], is on page 6, beginning in line 23 with the heading "Dividends," and going down to line 4, on page 15.

Mr. PENROSE. I am willing to go on with that portion of the bill.

The PRESIDENT pro tempore. The first amendment in the portion of the bill indicated will be stated.

The ASSISTANT SECRETARY. The first amendment is, on page 6, line 24, where it is proposed to strike out the word "dividend" in single quotation marks and to insert "dividend" in double quotation marks.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to. The next amendment will be stated.

The ASSISTANT SECRETARY. On page 7, line 8, after the date "January 1," it is proposed to strike out "1922" and the semicolon and to insert "1922," followed by a period.

Mr. REED. Mr. President, just one moment. I should like to understand what this amendment is.

Mr. KELLOGG. Mr. President——

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

Mr. KELLOGG. I understood that the Senator from Pennsylvania [Mr. PENROSE] intended to offer some amendments to subdivisions (b) and (c) on page 7. Does the Senator wish to offer those amendments to-night?

Mr. PENROSE. Yes; I will offer them now. The point at which those amendments should be proposed has not been reached, but I will offer them.

The PRESIDENT pro tempore. Paragraph (b) has not yet been reached.

Mr. KELLOGG. I beg the Senator's pardon. I thought that paragraph had been reached.

The PRESIDENT pro tempore. Without objection, the amendment which has been stated is agreed to. The next amendment passed over will be stated.

The ASSISTANT SECRETARY. On page 7, in paragraph (b), line 9, after the word "every," it is proposed to strike out the word "distribution" and to insert "distribution, except on a bona fide liquidation of the corporation."

The amendment was agreed to.

The next amendment passed over was, on page 7, line 15, after the numerals "1913," to strike out "may" and to insert "may, except as provided in subdivision (c)."

Mr. PENROSE. I now ask that the Senate disagree to that amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. KELLOGG. Is not the question on disagreeing to the amendment?

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. PENROSE. I ask that the amendment may be disagreed to.

The PRESIDENT pro tempore. The Chair is of the opinion that that is simply another way of putting the motion to agree. If the Senate disagrees to the amendment, it is rejected.

Mr. LODGE. The Senator from Pennsylvania desires that the amendment shall be voted down.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment passed over was, on page 7, after line 18, to strike out "(c) Amounts distributed in the liquidation of a corporation shall be treated as in part or in full payment in exchange for stock or shares, and any gain or profit realized thereby shall be taxed to the distributee as other gains or profits," and in lieu thereof to insert:

(c) Any distribution (whether in cash or other property) made by a corporation to its shareholders or members (1) otherwise than out of earnings or profits accumulated since February 28, 1913, or (2) on a bona fide liquidation of the corporation, shall be treated as a partial or full return of the cost to the distributee of his stock or shares. Any gain or loss realized from such distribution or from the sale or other disposition of such stock or shares shall be treated in the same manner as other gains or losses under the provisions of section 202.

Mr. PENROSE. I ask that that amendment may be rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. REED. Are we disagreeing to the matter which is in italics in subdivision (c) of the amendment which has just been rejected? I merely ask the question in order that we may get the record straight.

Mr. PENROSE. The amendment is to strike out and insert.

Mr. REED. Then the text as it came from the other House remains and the new matter reported here by the committee is rejected?

Mr. PENROSE. That is correct.

The PRESIDENT pro tempore. The effect of the action of the Senate is to reject the committee amendment and the House text remains.

Mr. REED. Very well.

The next amendment passed over was, on page 8, after line 13, to strike out lines 14 and 15, as follows:

(b) Subdivision (c) of section 201 of the revenue act of 1918 is repealed, to take effect January 1, 1922.

The PRESIDENT pro tempore. The question is on agreeing to the amendment just stated.

Mr. LODGE. What has become of the amendment which was to be offered by the Senator from Pennsylvania before the period and after the word "distributed," on line 18, page 7, to insert a comma and certain words?

Mr. KELLOGG. That has not yet been reached.

Mr. LODGE. It certainly has been reached, for we have rejected the amendment which follows.

Mr. SIMMONS. I understand that we have disagreed to the committee amendment. I had understood that there was later to be an amendment offered, but not by the committee.

Mr. LODGE. The Senator from Pennsylvania has been offering the amendments which are proposed by a majority of the committee.

Mr. SIMMONS. But he has not offered an amendment at the place indicated by the Senator.

Mr. LODGE. He has offered three or four amendments which have been adopted.

Mr. SIMMONS. But, I repeat, he has not offered an amendment on page 7, line 18. We have simply rejected the amendment which was reported by the committee.

Mr. LODGE. We disagreed to the committee amendments on page 7, in line 15, and on page 7, from line 19, to line 8, on page 8. Then on page 7, line 18, after the word "distributed," the Senator from Pennsylvania has an amendment to offer which has not yet been proposed.

Mr. SIMMONS. The Senate has voted down the committee amendment on page 7, beginning at line 19 and going down to the end of line 23, and also the committee amendment beginning in line 24, on page 7, and going down to line 8, on page 8, so that we have simply by our action restored the House provision.

Mr. LODGE. We have. Now, the Senator from Pennsylvania offers an amendment, according to the printed pamphlet which I have, to come in after the word "distributed," on page 7, line 18, which reads—

but shall be applied against and reduce the basis provided in section 202 for the purpose of ascertaining the gain derived or the loss sustained from the sale or other disposition of the stock or shares by the distributee.

Mr. SIMMONS. I make the point that that amendment is not now in order.

Mr. PENROSE. Why not?

Mr. SIMMONS. That is an amendment to the House text, and is not offered by the committee. We have not finished the committee amendments.

Mr. PENROSE. It is not offered by the committee, but is offered by the majority of the committee; and the bill is open, as I understand, to the consideration of committee amendments and amendments submitted by the majority of the committee.

Mr. SIMMONS. An amendment submitted by the majority of the committee is not a committee amendment, and therefore has no priority over any other amendment offered by any Senator in this body.

The PRESIDENT pro tempore. Under the order already made proposed amendments to the text of the House bill offered by individual Senators are not in order.

Mr. SIMMONS. That is the point I make. I will not object, however, if the Senator desires to offer the amendment now.

Mr. PENROSE. I offer the amendment because I think it is in order.

Mr. SIMMONS. I am sure it is not in order.

Mr. PENROSE. Then, if there be no objection, I will offer the amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment offered by the Senator from Pennsylvania.

The ASSISTANT SECRETARY. On page 7, line 18, after the word "distributed" it is proposed to strike out the period and insert a comma and the following words:

but shall be applied against and reduce the basis provided in section 202 for the purpose of ascertaining the gain derived or the loss sustained from the sale or other disposition of the stock or shares by the distributee.

Mr. KELLOGG. Mr. President, I hope the Senate will disagree to the amendment. I simply desire to say a few words to explain what it means. As the bill now stands——

Mr. REED. If the Senator will pardon me has the amendment he has just offered been printed?

Mr. KELLOGG. The amendment has been offered by the Senator from Pennsylvania and is printed on the sheet which I have.

Mr. LODGE. It is a proposed amendment to the House text.

Mr. KELLOGG. It is marked No. 1 in the pamphlet headed "Proposed amendments."

Mr. President, as the law now stands and as the bill now stands in the Senate, which retains the House provision, it is not proposed to tax any earnings which were made before the constitutional amendment went into effect on March 1, 1913, whenever they were distributed. The Senate committee amendment which has just been disagreed to proposed to tax such profits made prior to March 1, 1913.

The amendment now proposed would practically tax such a distribution to the stockholder who is obliged to sell his stock, but to a stockholder who is able to keep his stock there would be no tax on such distribution. I do not think we ought to go back and tax such earnings in any way, nor ought those earnings to be used to increase the tax of the unfortunate stockholder who must sell his stock. The situation would be this: If a stockholder who owned stock on March 1, 1913, should sell that stock in 1920 and make a profit on the transaction, he would have to pay a tax on the difference between the value of his stock on March 1, 1913, and what he received for it in 1920, which is proper, and there is no objection to that; but under this amendment if the stock was worth par on March 1, 1913, and he sold it for $120 in 1920 and in the meantime had received $20 dividends from earnings made away back prior to 1913, he would pay a tax on $40, including the increase in the value of his stock and the dividends which he had received from prior earnings. Of course, if he receives any dividends from accumulated earnings prior to that time it would be charged on his books as a decrease of capital and surplus, as it should be, and if it had any effect on the value of his stock it would be taken into account; but to say that because he is obliged to sell his stock the dividends which have been paid to him out of the earnings made years and years ago, when, perhaps, he was receiving no dividends at all, should be taxed I think is wrong in principle. I trust, therefore, that the amendment may be disagreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Pennsylvania.

Mr. SMOOT. Mr. President, do I understand the Senator from Minnesota to offer an amendment or is he just asking that the amendment offered by the Senator from Pennsylvania be rejected?

Mr. KELLOGG. The Senator from Pennsylvania offered an amendment, and I stated that I should like to have that amendment disagreed to; that is all.

Mr. SMOOT. Mr. President, I think the Senator from Minnesota does not desire the whole thing to be disagreed to.

Mr. KELLOGG. Certainly not. We have already disagreed to the Senate committee amendments, which restores the bill to the House bill, and I think it should be left on the House bill. Of course, I will say, if the Senator will permit me, that this amendment leaves the bill very much better than the original Senate bill. I admit that.

Mr. SMOOT. Mr. President, it was understood by the committee that unless the amendment offered by the Senator from Pennsylvania was agreed to we would insist upon the amendment just as it was reported to the Senate.

Mr. KELLOGG. I had not so understood it. I had a conference with the committee about it.

Mr. TOWNSEND. Mr. President, will the Senator please explain why the amendment offered by the Senator from Pennsylvania should be adopted?

Mr. SMOOT. Yes; I will explain that in just a few words. I think it should be adopted for this reason: It gives relief to a certain extent to men who organized a company perhaps in the eighties or nineties, and from the time of the organization up to March 1, 1913, perhaps had made 100 per cent or 1,000 per cent during those numerous years that they were in business when the income-tax law could not apply to earnings. Up to March 1, 1913, whatever the institution or corporation had was in substance capital and not gains, and you could not impose a tax upon the profits of corporations up to that time. As the Senator from Minnesota says, it is true that under the amendment offered by the Senator from Pennsylvania if the profits after March 1, 1913, were not distributed by way of dividends the tax would be imposed, but if they were distributed by way of dividends after that time the tax would not be imposed.

The amendment that was offered by the Senator from Pennsylvania will probably lose to the Treasury of the United States about $15,000,000 a year.

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. KELLOGG. I should like to know how the Senator knows that, because that is the law now. We never have had any such law as this on the statute books.

Mr. SMOOT. I mean in comparison with the amendment as suggested here by the committee.

Mr. KELLOGG. There is no estimate by the committee or by the Treasury Department.

Mr. SMOOT. An estimate has been made by the Treasury Department.

Mr. KELLOGG. Not at all.

Mr. SMOOT. The Treasury Department says that if this House provision prevails, without any further amendment to it, it will result in a loss to the Treasury of the United States of $100,000,000 a year.

Mr. KELLOGG. I never heard any such statement.

Mr. SMOOT. I can get the testimony of the experts before the committee, and I think the chairman will bear me out in the statement that that was the testimony.

Mr. PENROSE. Mr. President, that statement was made very emphatically to the committee by the Treasury experts, in whom the committee has the highest confidence.

Mr. LA FOLLETTE. Mr. President, if the Senator from Utah will yield to me, I have before me Dr. Adams's testimony.

Mr. SMOOT. Yes; I yield to the Senator.

Mr. LA FOLLETTE. If the Senator would care to have it read, I will read it.

Mr. PENROSE. I wish the Senator would.

Mr. SMOOT. The Senator can read it now.

Mr. LA FOLLETTE. While this amendment was under discussion before the committee, with Dr. Adams present, he was asked to state what the loss was to the Treasury under existing law, and I think I propounded the question to him. I read from the record, page 371:

Senator LA FOLLETTE. I would like to have Dr. Adams explain what loss of revenue will be occasioned if we adopt this amendment as compared with what it would have been if we had maintained this just as it was written. I want to know whether that is another leak or not.

Dr. ADAMS. The point is you start with an enormous leak in the existing law.

Senator LA FOLLETTE. I understand that.

Dr. ADAMS. I have already proposed what seemed to me to be a fair and equitable way of stopping that leak. There is objection to that?

That objection has been made, I will interpolate here, by the Senator from Minnesota [Mr. KELLOGG], who had appeared before the committee and urged upon the committee in the presence of Dr. Adams the amendment which he would seek to have adopted here if he was successful in defeating the amendment reported by the committee.

I continue the reading:

There is objection to that?

Senator LA FOLLETTE. Yes; because it would be effective, I take it.

Dr. ADAMS. I would not like to ascribe motives, but there is very strong opposition to it. The proposed amendment does not satisfy me thoroughly—

He refers now to the amendment which the Senate committee has reported here. He says it does not satisfy him thoroughly. The amendment that did satisfy Dr. Adams as completely stopping this leak of $100,000,000 is the amendment that is printed in the bill as reported and which had been adopted by the committee. It will be found on page 7, beginning at line 24, at the bottom of the page, and running over on page 8 to and including line 8 of that page.

I dislike to interrupt the Senator from Utah.

Mr. SMOOT. Go ahead.

Mr. LA FOLLETTE. That is, in order to stop the leak which Dr. Adams says a little later in his testimony was unfair to the Government and amounted to $100,000,000 a year, he had drafted the amendment which is written in the bill here as it was reported by the committee to the Senate; but he says:

There is objection to that?

Senator LA FOLLETTE. Yes; because it would be effective, I take it.

Dr. ADAMS. I would not like to ascribe motives, but there is very strong opposition to it. The proposed amendment does not satisfy me thoroughly—

That is the one which the committee is now reporting here as a substitute for the one which the committee reported when they reported this bill to the Senate.

The proposed amendment does not satisfy me thoroughly, but it will stop 85 per cent of the present leak, I should say.

Senator LA FOLLETTE. The modified amendment you are now suggesting to meet Senator KELLOGG's statement?

Dr. ADAMS. The amendment as adopted by the Senate committee in the first instance represented my view of what was thoroughly fair to the taxpayer and thoroughly fair to the Government; in other words, the right solution. There has been the deepest sort of opposition to it. It began with the chairman of the Ways and Means Committee, at which time a similar amendment was defeated. The opposition has continued in the Senate, with men such as Senator KELLOGG and Senator UNDERWOOD deeply opposed to it. The Secretary of the Treasury, since he presented the original recommendation, has been inclined to change his mind, thinking there was something in the position of Senator KELLOGG and Senator UNDERWOOD.

Now, then, I have suggested another amendment, which, as I say, will stop—I can not describe it more accurately—85 or 90 per cent of the leak, and rather than lose the whole thing I much prefer to take the 90 per cent. That is the situation, and my judgment is that I will lose it all if I do not take the 90 per cent. If you want a frank statement of it, that is it.

Senator LA FOLLETTE. I think that is what we are entitled to, to know the effect of these amendments.

Senator REED. I do not want to interrupt Senator LA FOLLETTE, but I hope you will ask Dr. Adams to explain that situation and just how it will operate.

Senator LA FOLLETTE. Yes; I will do that.

I will read just a little further, with the permission of the Senator from Utah:

Dr. ADAMS. Let us dismiss the statute, and I will go on in plain words.

Senator DILLINGHAM. Would it not be well to read the statute and the amendment, so we will have them before us?

Dr. ADAMS. I will do that. The proposed amendment is as follows:

"Page 7, line 15, strike out the words 'may, except as provided in subsection (c),' disagree to the amendment as shown on line 15, restoring the language of the House amendment and the language of the present law.

"Page 7, line 18, insert the following after the word 'distributed.'"

Senator LA FOLLETTE. You retain subdivision (c), as I understand you?

Dr. ADAMS. No. I am coming to that later. I have stricken out all the italicized language in line 15, and I will put in the 85 per cent clause now.

Senator LA FOLLETTE. That, you think, will stop 85 per cent of the leak?

Dr. ADAMS. Yes; insert these words, after the word "distributed," on page 7, line 18:

"And shall be applied against and reduce the basis provided in section 202 for the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of the stock or shares by the distributee."

In other words, it is suggested that the distributee shall take that distribution of accrued profits into account in case he sells.

Senator LA FOLLETTE. Where is that to be inserted?

Dr. ADAMS. After the word "distributed," in line 18, page 7.

Senator SIMMONS. To take the place of what is cut out, or is it supplementary?

Dr. ADAMS. It is supplementary. It states that if the stock is subsequently sold the basis for computing the gain or loss shall be reduced by the amount of the distribution of profits accumulated before March 1, 1913.

Now, then, on page 7, lines 19 to 23, move to disagree with committee amendment by retaining paragraph (c) of the House bill. That would be to reinsert subdivision (c) there, Senator LA FOLLETTE.

On page 7, lines 24 and 25, and lines 1 to 8, on page 8, are stricken out.

Senator REED. In other words, Doctor, we take the bill as it comes to us from the House, inserting after the word "distributed," in line 18, page 7, the language which you just read?

Dr. ADAMS. Yes.

Senator LA FOLLETTE. One further question, if I may ask it.

Can you approximate the loss which has been sustained under the existing law and which you aim by the substitute (c) which you have drafted and the italicized words in line 15 to save to the Government?

After I have read this paragraph I shall not further interrupt the Senator from Utah:

Dr. ADAMS. Senator, I really do not know how it could be done. If I thought over it a long while, I might be able to give you some approximation. At this time I shall have to answer the question in rather general terms.

There is, in the case of the mining companies and lumber companies, many of them close corporations, and timber companies and companies of that kind, a considerable amount of stock still held by persons who were in the company during the period while surplus was being accumulated prior to March 1, 1913. There is a considerable amount of stock owned now by people who have inherited it, or have bought into such companies, who have bought in later and whose cost basis is likely to be quite high. They paid a good price for their stock. So that when the surplus accumulated prior to March 1, 1913, is distributed it is not likely to give them a taxable gain, because their cost basis is so high they would not get into the taxable gain class.

The first class mentioned, people who bought in early at a low price, would pay tax on their gain, under the amendment as I originally recommended it and as it was originally adopted. I think this is a class of real size and consequence. I do not think it is a matter of extraordinary size and consequence. My best guess now would be that the proposed amendment, what is represented by the 15 per cent not covered, would probably mean at most $15,000,000 a year. The 100 per cent leak would amount to possibly $100,000,000 a year, and I am trying to save 85 per cent of that.

I thank the Senator.

Mr. SMOOT. Mr. President, it was upon that statement of Dr. Adams that the committee acted; and when the amendment offered by the Senator from Pennsylvania is agreed to, if it is agreed to—and I have no doubt that it will be—it will give relief in certain cases to the extent of about $15,000,000 a year.

If we leave it the way it is now, there would be relief to the extent of $100,000,000 a year, as estimated by Dr. Adams. If this amendment of the Senator is agreed to, of course paragraph (c), on page 7, down to and including line 8 on page 8, will be disagreed to, and then it will be the bill as it passed the House with the amendment offered by the Senator from Pennsylvania.

Mr. PENROSE. It has been disagreed to.

Mr. SMOOT. This has not been agreed to.

Mr. PENROSE. No.

Mr. SMOOT. With the amendment offered by the Senator from Pennsylvania as a measure of relief for the conditions existing under present law, it will be the bill as it passed the House. That is the whole matter in a nutshell.

Mr. BROUSSARD. Mr. President, may I inquire of the Senator from Utah whether or not the language in this amendment offered by the Senator from Pennsylvania will in any manner reach back of March 1, 1913?

Mr. SMOOT. It will on distributed dividends.

Mr. BROUSSARD. Are there any exceptions to the application of this law?

Mr. SMOOT. Only in case a man sells his stock. If he sells it, then it is counted in against his capital stock as of March 1, 1913.

Mr. BROUSSARD. Suppose that stock was sold last year, and the purchaser of the stock paid book value for it. Do you propose to tax him when the dividends are distributed?

Mr. SMOOT. Do you mean the purchaser purchased it at book value?

Mr. BROUSSARD. Yes. Suppose a man bought stock last year for $500 a share, and it was worth $400 on March 1, 1913. To illustrate better, let us say it was worth $500 on March 1, 1913, but since that time they have distributed all the earnings. In what position would that owner of the stock who acquired it last year be under this provision?

Mr. SMOOT. Did I understand the Senator to say that the book value on March 1, 1913, was $500?

Mr. BROUSSARD. Yes. It is now worth $500, and the company wants to distribute $400.

Mr. SMOOT. What did he pay for the stock?

Mr. BROUSSARD. Suppose he paid $500 for it.

Mr. SMOOT. And there has been no increase?

Mr. BROUSSARD. No increase.

Mr. SMOOT. He would not pay any tax.

Mr. BROUSSARD. In what case would he pay a tax? That is what I am trying to find out.

Mr. SMOOT. For instance, suppose there was a dividend of $200 declared.

Mr. TOWNSEND. When?

Mr. SMOOT. After March 1, 1913; and suppose the book value of the stock, or the market value, was $500, and he received the $200 after March 1, 1913. That was tax free because of the fact that it was a part of what he had paid for his stock. Then he sells that same stock for $500. He has only, then, a credit of $300, and must pay the tax upon the $200 that he has received in dividends. In other words, all he would be taxed upon would be the amount he received over and above the book value of the stock on March 1, 1913.

Mr. BROUSSARD. Then, how could this corporation pay the $200——

Mr. SMOOT. If it does not do that, then there is no tax.

Mr. BROUSSARD. The Senator did not let me finish. How could this corporation pay $200 and then meet the requirements of the existing law and still the stock be worth $500, and be liable to a tax for that which first was exempt, and which under the law, taking $500 as in my illustration, there would be nothing to pay on?

Mr. SMOOT. I think there are cases of that kind, where there is a sudden rise, in the case of timberlands, or oil wells, or mining companies, where the stock, after the dividend has been paid out of the original $500 value, has increased until the stock itself is worth $500 again.

Mr. BROUSSARD. If it has increased since March 1, 1913, a yearly settlement has been made.

Mr. SMOOT. But the owner was not taxed upon the $200 which he received as a dividend that was paid before March 1, 1913. He paid no tax upon that. But in the meantime, after March 1, 1913, his property has advanced until it is worth as much as he paid for it before the dividend was declared. All this provides is that he has to pay on the amount over and above the value of the stock March 1, 1913, only upon the gains that occurred after March 1, 1913.

Mr. BROUSSARD. Suppose this party does not sell his stock, would he be liable to any tax?

Mr. SMOOT. Then he is not taxed. That is the only real circumstance that anyone could possibly criticize.

Mr. BROUSSARD. I do not see, even when the stock is transferred, that there is any equity in the Government going back of March 1, 1913, in any case, but if you are going to make a distinction it seems to me this one you are makng is a most inequitable one, for this reason, that the man who holds stock in this corporation has had a reasonable dividend, we will assume, and the surplus has been reinvested, and you are permitting this man to go free; his original investment is $100 and he has received a reasonable dividend yearly on the stock; but the man who bought the stock last year, say for $500, has had to put up this $400 which the other man has had accrued to his credit simply by permitting his $100 to remain there. You exempt this man and the other fellow is not exempt.

Mr. SMOOT. The same criticism that is offered by the Senator now could be offered upon any profit that may be made by the company and not taxed. This does not tax the man until he receives his profit; in other words, suppose this stock, to which the Senator has referred, which has advanced in two or three years, had declined in value and was not worth as much as the value on March 1, 1913. He could sell all the stock and pay no tax whatever. But if on March 1, 1913, the stock was worth $100 a share, and a month afterwards, or two years afterwards, or five years afterwards, something happened so that the stock increased to $200, assuming that that increase occurred after March 1, 1913, if he sells his stock he must pay a tax upon the profit. If he does not sell his stock, even under ordinary conditions, he is not taxed until he realizes the profit. We are treating them all just the same, just as we are treating business generally; and I do not see how we can do anything else unless we simply leave the thing open and lose our $100,000,000.

Mr. KELLOGG. The law has always been the other way. Congress has twice determined that it would not go back of 1913 and tax profits.

Mr. SMOOT. I will say this, that there has been a question in the department as to whether they should be taxed ever since the question was first brought to the department.

Mr. KELLOGG. There has been no question in Congress.

Mr. SMOOT. That is true. The Senator is correct in his statement of the existing law; but we want an amendment to at least put that class of people, investing in that class of business, upon the same footing with the ordinary business of the United States.

Mr. SIMMONS. Mr. President, I feel so deeply that this amendment is fundamentally wrong, and that it is just one of those schemes, not intentionally proposed but sure to have the effect of taxing the undisturbed earnings acquired before 1913 and defeating the exemption from income tax which the Supreme Court has said that every business in this country is

entitled to, that I desire to discuss it. It will take me some little while to discuss the matter this afternoon, and it is only 5 minutes to 6 o'clock. I would not like to begin the discussion now unless the Senator from Pennsylvania insists upon holding the session beyond 6 o'clock. I suggest to him that it is so near 6 o'clock, the hour when I presume he intended to have the Senate adjourn, that we now adjourn, and we can take the matter up in the morning.

Mr. PENROSE. Mr. President, of course I want to accommodate the Senator from North Carolina and all other Senators, and I recognize that the hour is getting late; but why are we in session so late and with so little progress made? Simply because a lot of speeches, bottomless in character, having no relation to this bill, have consumed several hours of the afternoon, all emanating from the minority party, of which the Senator from North Carolina is one of the leaders.

Mr. SIMMONS. The Senator is very gracious in offering to accommodate me, but he never offers to accommodate me without proceeding to lecture me.

Mr. PENROSE. Mr. President, I can not but have a feeling of protest——

Mr. SIMMONS. I ask no favors. I will go on with the matter, if the Senator from Pennsylvania insists.

Mr. PENROSE. I know the Senator does not want to go on and I am not anxious to go on, but I do hope there will be some disposition on the part of the minority to curtail and, if possible, stop such performances as we witnessed this afternoon.

Mr. SIMMONS. If the Senator wants to go on, it is all right with me. I shall not make any objection to it.

Mr. PENROSE. If the Senator wants to speak——

Mr. SIMMONS. If the Senator wants to adjourn at 6 o'clock, it is nearly 6 o'clock now. If he does not want to adjourn, I will call for a quorum.

Mr. PENROSE. Then, suppose the Senator calls for a quorum.

Mr. SIMMONS. I shall do whatever the Senator desires to have done.

Mr. PENROSE. Of course, Mr. President, everyone at present in the Chamber knows that that will force an adjournment, and under the circumstances and having made this protest, I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess until to-morrow, Thursday, October 13, 1921, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *October 12, 1921.*

The House met at 12 o'clock noon.

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

Our Father in heaven, Thou art gracious; Thy mercy is without beginning and without end and Thy truth endureth from generation to generation. Incline our hearts with godly fear to seek Thy face and to own Thee as our Lord and our God. For Thy scepter is an everlasting scepter and Thy throne is forever and ever. Now let Thy whisper come into the secret places of every breast. Bless us with the mystery of Thy peace and clothe us with the garments sufficient unto the duties of the day, but high over all may we know that the supreme satisfaction to God is a great soul. Through Jesus Christ our Lord. Amen.

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

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 8297. An act authorizing the Secretary of the Treasury to convey certain lands to the State of Missouri for enlargement of the State capitol grounds of that State.

ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 6809. An act to extend the time for the construction of a bridge across the Rio Grande, within or near the city limits of El Paso, Tex.; and

H. R. 8209. An act to extend the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn.

CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the list of committees.

When the Committee on Naval Affairs was called,

Mr. BUTLER. Mr. Speaker, with the permission of the House we will ask to pass the privilege we have to-day of calling up a bill on the calendar and have been so instructed by the committee.

When the Committee on the Post Office and Post Roads was called,

OFFENSES AGAINST THE POSTAL SERVICE.

Mr. STEENERSON. Mr. Speaker, I call up the bill (H. R. 6508) to amend sections 213 and 215 of the Criminal Code.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 6508) to amend sections 213 and 215, act of March 4, 1909 (Criminal Code), relating to offenses against the Postal Service, and sections 3929 and 4041, Revised Statutes, relating to the exclusion of fraudulent devices and lottery paraphernalia from the mails.

Be it enacted, etc., That section 213, act of March 4, 1909 (Criminal Code), is hereby amended to read as follows:

"SEC. 213. No letter, package, postal card, or circular concerning any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or concerning any article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme; and no lottery ticket or part thereof, or paper, certificate, or instrument purporting to be or to represent a ticket, chance, share, or interest in or dependent upon the event of a lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance; and no article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme, or matter relating thereto; and no check, draft, bill, money, postal note, or money order, for the purchase of any ticket or part thereof, or of any share or chance in any such lottery, gift enterprise, or scheme; and no newspaper, circular, pamphlet, or publication of any kind containing any advertisement of any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or containing any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether said list contains any part or all of such prizes, or containing any advertisement of any article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme, shall be deposited in or carried by the mails of the United States or be delivered by any postmaster or letter carrier. Whoever shall knowingly deposit or cause to be deposited, or shall knowingly send or cause to be sent, anything to be conveyed or delivered by mail in violation of the provisions of this section, or shall knowingly deliver or cause to be delivered by mail anything herein forbidden to be carried by mail, shall be fined not more than $1,000, or imprisoned not more than two years, or both; and for any subsequent offense shall be imprisoned not more than five years. Any person violating any provision of this section may be tried and punished either in the district in which the unlawful matter or publication was mailed, or to which it was carried by mail for delivery according to the direction thereon, or in which it was caused to be delivered by mail to the person to whom it was addressed."

SEC. 2. That section 215, act of March 4, 1909 (Criminal Code), is hereby amended to read as follows:

"SEC. 215. Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any counterfeit or spurious coin, bank note, paper money, or any obligation or security of the United States, or of any State, Territory, municipality, company, corporation, or person, or anything represented to be or intimated or held out to be such counterfeit or spurious article, or to sell, dispose of, loan, distribute, supply, or furnish or procure for unlawful use any unfair, dishonest, or cheating gambling article, device, or thing, or any scheme or artifice to obtain money by or through correspondence, by what is commonly called the 'sawdust swindle,' or 'counterfeit-money fraud,' or by dealing or pretending to deal in what is commonly called 'green articles,' 'green coin,' 'green goods,' 'bills,' 'paper goods,' 'spurious Treasury notes,' 'United States goods,' 'green cigars,' or any other names or terms intended to be understood as relating to such counterfeit or spurious articles, shall, for the purpose of executing such scheme or artifice, or attempting so to do, place, or cause to be placed, any letter, postal card, package, writing, circular, pamphlet, or advertisement, whether addressed to any person residing within or outside the United States, in any post office, or station thereof, or street or other letter box of the United States, or authorized depository for mail matter, to be sent or delivered by the post-office establishment of the United States, or shall take or receive any such therefrom, whether mailed within or without the United States, or shall knowingly cause to be delivered by mail according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such letter, postal card, package, writing, circular, pamphlet, or advertisement, shall be fined not more than $1,000, or imprisoned not more than five years, or both.

"All matter the deposit of which in the mails is by this section made punishable is hereby declared nonmailable."

SEC. 3. That section 3929, Revised Statutes, is hereby amended to read as follows:

"SEC. 3929. That the Postmaster General may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or that any person or company is conducting any scheme or device for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises, or that any person or company is selling, offering for sale, or sending through the mails any article, device, or thing designed or intended for the conduct of a lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or any unfair, dishonest, or cheating gambling article, device, or thing, instruct postmasters at any post office at which letters or other matter arrive directed to any such person or company, or to the agent or representative of any such person or company, whether such agent or representative is acting as an

individual or as a firm, bank, corporation, or association of any kind, to return all such letters or other matter to the postmaster at the office at which they were originally mailed, with the word 'Fraudulent' plainly written or stamped upon the outside thereof, and all such letters so returned to such postmasters shall be by them returned to the writers thereof, under such regulations as the Postmaster General may prescribe. But nothing contained in this section shall be so construed as to authorize any postmaster or other person to open any letter not addressed to himself. The public advertisement by such person or company so conducting such lottery, gift enterprise, scheme, or device, that remittances for the same may be made by letters to any other person, firm, bank, corporation, or association named therein shall be held to be prima facie evidence of the existence of said agency by all the parties named therein; but the Postmaster General shall not be precluded from ascertaining the existence of such agency in any other legal way satisfactory to himself."

SEC. 4. That section 4041, Revised Statutes, is hereby amended to read as follows:

"SEC. 4041. The Postmaster General may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or that any person or company is conducting any scheme for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises, or that any person or company is selling, offering for sale, or sending through the mails any article, device, or thing designed or intended for the conduct of a lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or any unfair, dishonest, or cheating gambling article, device, or thing, forbid the payment by any postmaster to said person or company of any postal money orders drawn to his or its order, or in his or its favor, or to the agent of any such person or company, whether such agent is acting as an individual or as a firm, bank, corporation, or association of any kind, and may provide by regulation for the return to the remitters of the sums named in such money orders. But this shall not authorize any person to open any letter not addressed to himself. The public advertisement by such person or company so conducting any such lottery, gift enterprise, scheme, or device that remittances for the same may be made by means of postal money orders to any other person, firm, bank, corporation, or association named therein shall be held to be prima facie evidence of the existence of said agency by all the parties named therein; but the Postmaster General shall not be precluded from ascertaining the existence of such agency in any other legal way."

Mr. STEENERSON. Mr. Speaker, this amends three or four sections of the penal code in regard to fraud in the mails. The provisions were originally in four separate bills which originated in the Post Office Department, and I had them referred to a subcommittee and they, after holding hearings and considering the matter, consolidated them into one bill which is the bill now before you, and inasmuch as the gentleman from Iowa [Mr. RAMSEYER] was chairman of the subcommittee and has given the matter special attention, I will yield 30 minutes to the gentleman from Iowa.

Mr. RAMSEYER. Mr. Speaker, as the gentleman from Minnesota, the chairman of this committee, has already indicated to you, these amendments proposed to four sections, two to the criminal code and two to the Revised Statutes, were originally proposed in four separate bills. Those four bills were referred to the Subcommittee on Postal Offenses, of which I happen to be chairman. The other members are the gentleman from Missouri [Mr. PATTERSON] and the gentleman from Texas [Mr. PARRISH]. It was deemed advisable in order to expedite matters to consolidate them, and therefore the bill is before you with four amendments proposed in one bill. The Post Office Department under the last administration recommended the amendments in this bill. The Postmaster General now in office also recommends the passage of the amendments in the bill. There is not much to be said for this bill, except to explain the effect of the amendments. I call the attention of gentlemen who are interested in this bill to the report filed in connection with the bill which explains it, and on pages 2 and 3 the sections are set out, and in the report are clearly indicated the proposed changes.

The words that are left out from the original sections are crossed out by lines, and the words that are proposed to be added to the existing sections are shown in italics, so that by reading over the report on pages 2 and 3 Members can get exactly the changes that are proposed to existing law. As I proceed I shall indicate where the changes will appear in the bill H. R. 6508 and give you the reasons why the Post Office Department, both under the last administration and under this, are asking for these changes. Section 213 of the Criminal Code, section 1 of the bill, is known as the lottery section, making it a violation of law to use the mails to conduct lotteries, and so forth. The conduct of lottery enterprises has been in violation of the law for many years. On page 1 of the bill, beginning with line 8, the second word "or," the first change in the law appears by adding these words, "or concerning any article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme." At the present time any person undertaking to conduct a lottery through the mails and using the mails for that purpose either in the conduct of the lottery or in advertising the lottery, violates the postal law, this section of the Criminal Code. Now, what is proposed by the amendment is this: That the concerns that are manufacturing the schemes for conducting these lotteries and gift enterprises should also come under the inhibition of the law. For instance, now, the concerns which manufacture the scheme to conduct the lotteries can advertise those schemes, can send those schemes through the mails without violating the law, but as soon as a person who buys them gets those schemes, sets them up, conducts the lottery, he at once violates the law, and in order better to enforce the law against the lottery enterprises it is proposed to bring in the persons, companies, and corporations that are engaged in manufacturing these schemes, like punch boards, raffle boards, and other things along that line, and make it punishable for them to use the mails for that purpose. Now, that is the substance of the change proposed in section 1.

Mr. RAKER. Will the gentleman yield right there?

Mr. RAMSEYER. I will.

Mr. RAKER. I see in the amendment the following words, "gift enterprise." Now, does that mean where a concern publishes and advertises that anyone purchasing a certain amount of goods from that store will be given a certain amount of credit or value in other articles purchased?

Mr. RAMSEYER. I do not think so. The gentleman must read the proposed addition to the section in connection with the first part of the section.

It says:

No letter, package, postal card, or circular concerning any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance.

Now, that "dependent in whole or in part upon lot or chance" is the thing that determines whether it is a gift enterprise or lottery in violation of law.

Mr. RAKER. And it says:

or concerning any article, device, or thing designed or intended for the conduct of such lottery.

Mr. RAMSEYER. Such lottery.

Mr. RAKER. Such lottery, such gift enterprise, or scheme. Now, go back to the qualifying phrase there of "dependent in whole or part upon lot or chance." Suppose a man buys a certain amount of goods and gets a ticket; by dropping that ticket in the wheel, if the ticket comes out, he gets a prize. Does this bill include that kind of a scheme?

Mr. RAMSEYER. That is prohibited by the law now.

Mr. RAKER. Since when?

Mr. RAMSEYER. For years.

Mr. RAKER. Then, how does it happen that all these stores have been running these kinds of schemes?

Mr. RAMSEYER. Because the law has not been enforced. The gentleman doubtless found when he first came to Washington they had all kinds of punch boards and other kinds of schemes running in violation of law, and without changing the law the prosecuting attorney a few years ago put them all out of business. He simply enforced existing law. There is no change proposed in existing law along that line.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAMSEYER. Yes, sir.

Mr. STAFFORD. Does the gentleman intend during the course of his remarks to explain the import of the first amendment of the committee, striking out the word "similar" found in line 6, page 1, before the word "scheme," and inserting in lieu thereof the words "of any kind"?

Mr. RAMSEYER. That makes the language uniform throughout the section. Lower down in the section, instead of "similar schemes," the words "schemes of any kind" are used in existing law.

Mr. STAFFORD. If the gentleman will permit, nowhere in existing law do you find the language "schemes of any kind." In the existing law the word is a word of limitation, describing similar schemes relating to lottery and gift enterprises. Now, you propose a phrase of much broader scope, making it a "scheme of any kind." I wish to direct the serious attention of the House to this fact, that this amendment would exclude from the mails letters sent by women's clubs, sent by any woman, where there might be some chance prizes in a game of bridge.

Certainly the Committee on the Post Office and Post Roads does not intend to exclude the sending through the mails of a notice of a meeting where women would congregate and some little prizes will be distributed, and yet the language of the committee would cover that very instance. And, more than that, there are men's social clubs also where they offer prizes.

Mr. BLANTON. They are less important.

Mr. STAFFORD. As the gentleman from Texas says, they are less important; now that women have full rights men's clubs are put under a cloud. They are not in the limelight

as they used to be, and particularly since they do not get any wet goods.

Mr. RAMSEYER. If the gentleman will pause right there, I will call his attention to existing law where that phraseology is used. There is absolutely no purpose on the part of the Post Office Department to ask that change in line 6, page 1, except to make it uniform with other language in the same section. I call the attention of the gentleman to page 2, line 13. That is existing law. That says:

Or scheme of any kind offering prizes dependent in whole or in part upon lot or chance.

Mr. STAFFORD. I call the gentleman's attention, however, to the language in line 4, which reads "scheme of any kind," where the word is now "similar."

Mr. RAMSEYER. Those two changes are proposed in order to make the language uniform with the language further down in the section of existing law. Mind you, now——

Mr. STAFFORD. I do not wish to take up too much of the gentleman's time.

Mr. RAMSEYER. Now, it ought to be uniform. Either we ought to change it—that is, in the two places the gentleman from Wisconsin indicated—from the words "similar schemes" to the words "scheme of any kind," or further down—that is, on page 2, line 13—you ought to change that to "similar schemes" and cut out "of any kind."

Mr. STAFFORD. I think the word "similar" should be retained, because I know of cases where the Post Office Department has sought to restrain the use of the mails where prizes were offered in games of cards. I do not know whether this House is willing to go to that extreme of forbidding the use of mails where there happen to be some prizes offered in a game of cards, and yet I know where the Post Office Department has attempted to prevent that practice, and under the suggested phraseology of the amendment of the committee that practice would be forbidden.

Mr. RAMSEYER. That is, the offering of prizes dependent in whole or in part upon lot or chance, whether conducted by women's clubs or men's clubs, is prohibited by law right now.

Mr. STAFFORD. Does the gentleman mean to say it is prohibited by law now to send letters through the mail where prizes will be awarded as the result of games of cards?

Mr. RAMSEYER. If it is not a lottery scheme, no. The department is not attempting to reach conditions where prizes are offered but not based upon lot or chance.

Mr. SINNOTT. Will the gentleman yield?

Mr. RAMSEYER. I will.

Mr. SINNOTT. I notice this bill proposes to amend certain sections of the Criminal Code.

Mr. RAMSEYER. Yes, sir.

Mr. SINNOTT. Has the committee taken into consideration the effect of those amendments upon any pending cases, charges, or indictments, as to whether or not this amendment may release any of the persons charged under indictment?

Mr. RAMSEYER. It could not release, because the amendments proposed extend and expand the law. It does not reduce existing offenses, but it adds to them by prohibiting the use of mails to advertisements and sending through the mails of lottery schemes.

Mr. SINNOTT. There is no change in the penalty, then?

Mr. RAMSEYER. No.

Mr. SINNOTT. It is not necessary to have a saving clause?

Mr. RAMSEYER. Absolutely none.

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

Mr. RAMSEYER. Let me explain further this section, and then I will yield. In section 1 of the bill, being section 213 of the Criminal Code, is further added to existing law on page 2, line 5, beginning with the word "and" and reading "no article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme, or matter relating thereto," and then similar language used in line 17, beginning with the second word "or," and all of lines 18 and 19, which makes it a violation of law to advertise those matters through the mail.

Mr. BLANTON. Now, will the gentleman yield?

Mr. RAMSEYER. Yes; I do.

Mr. BLANTON. The gentleman called the attention of the staid and dignified and nonsporting gentleman from California to the fact that since he had been in Congress various gift enterprises had been done away with, even unto the present law. Down in Ranger, Tex., the editor of the Ranger Times had a complaint filed against him for giving away a few hundred dollars in prizes in a so-called lottery scheme. Under the present antilottery law what is there that makes it an offense in Ranger, Tex., and yet permits a $40,000 lottery to be carried on here by the Washington Post every day? What is the use of having further laws if the present laws that we have now are not enforced in the United States Capital?

Mr. RAMSEYER. I do not know to what the gentleman refers.

Mr. BLANTON. Well, the Washington Post is giving away $40,000 worth of prizes right now through a lottery scheme, and its papers go through the mails. The Washington Times is giving away $10,000 in cash in prizes right now in a lottery scheme, and these papers go through the mails.

Mr. RAMSEYER. You must read the section of existing law.

Mr. BLANTON. I know that a section of existing law does prohibit that, and yet it is carried on here every day.

Mr. RAMSEYER. We are not here concerned with the enforcement of the law. We are concerned with the making of laws. It is the enforcement officers that ought to enforce the law. I have not followed the gift enterprises in which these papers give things away, so that I can not pass judgment on the question as to whether or not they are violating existing law.

Mr. BLANTON. And yet the gentleman knows that it is futile for Congress to waste its time in passing laws when the primary object of passing laws is to have law enforcement, when there is no enforcement here in the District of Columbia in this regard.

Mr. RAMSEYER. Certainly; and the Post Office Department is very vigilant in the enforcement of the law. On the average there are as many as 2,000 cases under this section in a year.

Mr. BLANTON. I am of the opinion that there are more laws winked at in Washington than in any other part of the country.

Mr. RAMSEYER. This is not for Washington alone. If anybody in Washington violates the law that is now in effect, of course he ought to be punished.

Mr. SMITH of Idaho. The gentleman from Iowa might suggest to the gentleman from Texas that he go down and interview the United States district attorney for the District of Columbia in relation to the violation of the laws.

Mr. BLANTON. Well, this is in the nature of an interview that I am having with him through the RECORD at long distance.

Mr. RAMSEYER. The district attorney should enforce any law that is being violated.

Mr. WALSH. Mr. Chairman, I would like to ask the gentleman a question. I did not hear the gentleman's opening statement in the beginning. Does the Postmaster General ask for this legislation?

Mr. RAMSEYER. Yes.

Mr. WALSH. How has he done it—by hearing or by letter?

Mr. RAMSEYER. Well, by both. First he sent the proposed amendment to the chairman of the committee and asked him to introduce it, and when the bill was put into its present form it was again submitted to him, and I have a letter here from him in which he indorses this bill.

Mr. WALSH. I did not see anything in the report by way of letter. Does he state why these changes should be made in the law?

Mr. RAMSEYER. Both he and also his predecessor state the reasons. I will be very glad to give the gentlemen here a letter from the solicitor.

Mr. WALSH. If the gentleman is going to put it in the RECORD, I will not ask him to have it read now.

Mr. RAMSEYER. I do not care to encumber the RECORD with this.

Mr. WALSH. I was just interested to know how this legislation got started, what the necessity for it was, and why it did not go a little further.

Mr. RAMSEYER. The necessity for it is this: The gentleman well knows that all kinds of lotteries and gift enterprises depending upon lot and chance are now in violation of the law—that is, the use of the mails for that purpose. Now there are persons engaged in the business of making the paraphernalia to conduct lotteries. They advertise these paraphernalia, and many innocent people read these advertisements, merchants, and so on, and, thinking it is a good thing to enhance their business, they become interested in these schemes. They are sent through the mail, and it is not now any violation of the law to advertise those schemes through the mails or to send them through the mails. But the minute those schemes get into the hands of the merchant and are set up, he violates not only the postal laws—that is, if he advertises it in the papers or through the mails—but he violates other statutes. In every State of the Union there are statutes now prohibiting lotteries of this kind, and in order to protect these innocent merchants—because the Post Office Department people claim that fellows of that kind are among the violators of the law and are induced to get these things from the manufacturer who advertises them, whose advertisements are carried through

the mail—the present statute ought to be amended. These innocent people who get these things from the manufacturers think that because they go through the mail and are carried in the papers as advertisements they are not in violation of the law.

Mr. WALSH. Does the law now prohibit the sending of information relative to lotteries through the mail?

Mr. RAMSEYER. Not lottery schemes.

Mr. WALSH. Does this bill do it?

Mr. RAMSEYER. Yes; if it in any way advertises lottery schemes.

Mr. WALSH. After the lottery has taken place?

Mr. RAMSEYER. After the lottery has started, the existing law prohibits the sending of any kind of information through the mail, even the result of the drawings from day to day.

Mr. WALSH. What is the difference, as far as the mail is concerned, between sending advertisments concerning lotteries or the sale of paraphernalia or equipment and the information relative to the lottery, and its result, and sending through the mail advance information of tickets, certificates, or slips, or whatever else they may use, for the purpose of placing bets or wagers on horse racing and the result of the races? That is a gambling scheme.

Mr. RAMSEYER. Those schemes if mailed are in violation of law if they offer prizes dependent in whole or in part upon lot or chance.

Mr. WALSH. Is the racing column in the Washington Post every morning, telling you how to place your money on the races, a violation of law?

Mr. RAMSEYER. I have not examined it.

Mr. BLANTON. Was not that stopped by the so-called Tincher antigambling bill? [Laughter.]

Mr. STEENERSON. That does not take effect until the 24th of December.

Mr. RAMSEYER. The gentleman from Massachusetts is a good lawyer and can construe existing law as well as the gentleman who now happens to have the floor. The existing law is:

No letter, package, postal card, or circular concerning any lottery enterprise or similar scheme offering prizes dependent in whole or in part upon lot or chance.

Many hypothetical cases might be brought up, and the gentleman can form his own hypothetical case and apply the law to it. The thing that concerns us to-day is the effect of the amendment asked for by the Post Office Department. Now, in addition to making a violation of the law, the language I have just read—lines 5, 6, 7, and 8 down to the word "chance"—the amendment proposes to add to the existing law the words:

Or concerning any article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme.

Mr. WALSH. The gentleman from Oklahoma is now present; and I would like to ask if this includes beauty contests. [Laughter.]

Mr. HERRICK. I will say to the gentleman from Massachusetts that those things will be taken up in their proper order. [Laughter.]

Mr. WALSH. This does not include newspapers?

Mr. RAMSEYER. Yes; farther down you will see that it includes advertisements.

Mr. WALSH. Advertisements; but it does not include newspapers.

Mr. RAMSEYER. I think it is covered on page 2, lines 11 to 14:

And no newspaper, circular, pamphlet, or publication of any kind containing any advertisement or any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance.

I think everything is covered.

Mr. WALSH. It would have to be an advertisement in a newspaper in order to be excluded. Why should not a news item not in the way of an advertisement be inhibited?

Mr. RAMSEYER. The gentleman will see that, on page 2, beginning on line 11, this language is used: "and no check, draft, bill, money, postal note, or money order for the purchase of any ticket or part thereof, or any share in any such lottery, gift enterprise, or scheme." I think it covers nearly everything conceivable.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. STAFFORD. I want to call the attention of the gentleman to the fact when he said that the clause limiting the word "scheme" in existing law, as found on line 13, page 2, "or scheme of any kind," merely refers to the exclusion of newspaper advertisement; it did not apply to letters to which I am directing the gentleman's attention, letters which will be inhibited by the change in the first part of section 213.

Mr. RAMSEYER. Let me make it plain to the gentleman from Wisconsin that the things prohibited are lotteries, gift enterprises, or schemes of any kind offering prizes dependent in whole or in part upon lot or chance.

Mr. STAFFORD. In a game of cards where they offer prizes the officials of the department, not being card players, say it is dependent on chance, and they forbid sending such letters through the mail.

Mr. RAMSEYER. That is existing law.

Mr. STAFFORD. It is not existing law.

Mr. RAMSEYER. But the gentleman says they are prohibiting sending the letters through the mails for that purpose. If they are, it is under existing law.

Mr. STAFFORD. They are attempting to, but they have no authority for it. They are trying to get the authority here surreptitiously.

Mr. RAMSEYER. I understood the gentleman to say that the department was doing it.

Mr. STAFFORD. They are attempting to do it.

Mr. RAMSEYER. The gentleman agrees that the language should be uniform in the bill, and I can not see much difference between a similar scheme and a scheme of any kind dependent upon lot or chance. The gentleman says that the games by the women who play cards and offer prizes are not dependent upon chance.

Mr. STAFFORD. But the narrow department officials do not take that view of it.

Mr. RAKER. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. RAKER. I see in the original law it refers to lottery, gift enterprise, or scheme of any kind. Now, you amend the first part of the section to read as the law was enforced relating to newspapers. It says lottery, gift enterprise, or scheme of any kind; what do you mean by "scheme"? Will the gentleman give an illustration as to what would be unmailable matter under that word?

Mr. RAMSEYER. If I were rewriting these sections, I might use different phraseology from what is used here; but these sections have been in force for some time and decisions made by the department and the courts are based on the language used here. There is no doubt in my mind but that the phrase "scheme of any kind or similar scheme" is intended to be broader than "lotteries" or "gift enterprise," so as to comprehend things that are not comprehended in "lotteries" or "gift enterprise." At present I can not give the gentleman a concrete illustration, as none comes to my mind. I am not an expert on various gambling schemes.

Mr. STAFFORD. The gentleman comes from Iowa.

Mr. RAMSEYER. Probably the gentleman from Milwaukee will be able to enlighten the gentleman later.

Mr. STAFFORD. I am glad to qualify as an expert on cards.

Mr. RAMSEYER. I wish now to call attention to the amendment to the next section. Section 215 of the Criminal Code is known as the fraud section, and if gentlemen will read it they will notice that it is aimed to exclude from the mails all kinds of fraudulent schemes, swindles of various kinds, counterfeit, spurious coins, counterfeited money of all kinds. The amendment proposed to this section is found on page 3, the change in existing law, beginning on line 23, with the word "or"—

or to sell, dispose of, loan, distribute, supply, or furnish or procure for unlawful use any unfair, dishonest, or cheating gambling article, device, or thing.

What the Post Office Department wants to do is to exclude by this addition to existing law, among other things, marked cards and loaded dice.

If there is to be any gambling, they want honest gambling with honest cards and dice. This does not prohibit the sending of honest gambling devices, if there be such. This aims at dishonest and cheating gambling devices.

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

Mr. RAMSEYER. I yield to the distinguished gentleman from Texas.

Mr. BLANTON. In other words, a la TINCHER, they want to do away with nighttime puts and calls but still permit daylight gambling.

Mr. RAMSEYER. The gentleman from Kansas [Mr. TINCHER] is not here to take care of the thrust that the gentleman from Texas is hurling at him.

Mr. BLANTON. Oh, he is back here. He is always present.

Mr. RAMSEYER. Very well. If there are no questions in respect to section 215, I desire now to pass to section 3929 of existing law and the changes there proposed. This section empowers the Postmaster General to issue so-called fraud orders against a person conducting a lottery enterprise. Under section 3929 he can issue an order prohibiting the delivery of

mail to such a person. The amendment proposed to the section is to enlarge this power so as to prohibit the delivery of mail to persons that are engaged in the business of advertising and sending through the mail schemes for lotteries, gift enterprises, and so forth, and also to persons engaged in the business of sending through the mails these cheating gambling devices. Of course, if the amendments to sections 213 and 215 are adopted, it goes as a matter of course that section 3929 should be amended, as asked for by the Post Office Department.

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

Mr. RAMSEYER. Yes.

Mr. HUDSPETH. I did not hear the gentleman's opening statement, but would this bill prohibit the kind of contests being now carried on by the Washington Times and the Washington Post in this city?

Mr. RAMSEYER. I have not followed those contests at all, and all I know about them I got from the headlines. How they are conducting them I do not know.

Mr. HUDSPETH. They are doing it by sending out numbers. It is a lottery. If you get the lucky number, you get so much money from the Washington Times.

Mr. RAMSEYER. These sections only seek to exclude from the mails. If the Washington Times or the Washington Post are not using the mails——

Mr. HUDSPETH. But they are sending out their papers through the mail.

Mr. RAMSEYER. Assuming that they are conducting a lottery enterprise dependent in whole or in part on lot or chance and they are not using the mail, then they are not in violation of the postal laws. If they are conducting such enterprises through the mails, then it is in violation of existing law and the amendments or additions suggested to these four sections do not cover the case referred to.

Take the last section of the bill now. In cases where a person conducts a lottery enterprise or a fraudulent scheme such as are defined in sections 213 and 215 of the Criminal Code the Postmaster General is empowered to stop the payment of money orders to such a person. The changes in that section as asked for by the Post Office Department will empower the Postmaster General not only to stop payment of the money orders which are in violation of sections 213 and 215 of existing law but also the payment of money orders to persons that conduct enterprises in violation of the proposed amendments to sections 213 and 215 of the Criminal Code.

Mr. Speaker, how much time have I used?

The SPEAKER. The gentleman has used 40 minutes.

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

Mr. STEENERSON. If the gentleman from Missouri [Mr. PATTERSON] is not here, I am glad to yield five minutes more to the gentleman from Iowa.

Mr. RAMSEYER. I yield to the gentleman from Massachusetts.

Mr. WALSH. Is the gentleman going to insert the letter from the Postmaster General in his remarks?

Mr. RAMSEYER. Yes.

Mr. WALSH. If not I would like to know what he has to say about these proposed changes and why he limits his request for legislation to these particular instances?

Mr. RAMSEYER. I think existing law covers every scheme that the gentleman has suggested in his queries to me. If the gentleman will look at the report——

Mr. WALSH. I have done that.

Mr. RAMSEYER. He will see that the italics show the additions to existing law, and I think everything that the gentleman has suggested—that is, if it goes through the mails—is in violation of existing law.

Mr. WALSH. What is there in the bill here that prohibits the sending through the mail of what is known as the racing sheet, which gives the odds upon races to be run to-morrow? I do not know how far these races are being run from the Capital, but they are carried on not very far away apparently, and the betting that is going on in Washington is bordering upon a public scandal.

Mr. BLANTON. And is not so very far away.

Mr. WALSH. It has assumed proportions much worse than what they were in the State of New York when the State of New York by legislation prohibited it. But a lot of this is being carried on through the mails, through newspapers, advance information. I do not know but what they send tickets or slips or whatever they use to place their wagers, or what it is that is being sent through the mails, if it is, while we are tinkering with this law and attempting to strengthen it with respect to lottery. Why not try to shut out some of these other matters which in many of the States are illegal, these contests upon which wagers are made, rather than have the Post Office Department and the mails lend encouragement to these schemes and assist them by transporting information through the mails and delivering it to people? Why not just amend the law so as to make it impossible and unlawful, not confine it to horse racing but include other matters?

Mr. RAMSEYER. Right there let me call the attention of the gentleman to this, and I will begin reading in line 10 after the semicolon on page 2, and I am wondering whether this language does not cover what the gentleman has in mind. Of course, this is existing law I am reading:

> And no newspaper, circular, pamphlet, or publication of any kind containing any advertisement of any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance——

Mr. WALSH. No.

Mr. RAMSEYER. Wait a minute—

> Or containing any list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or scheme, or containing any advertisement of any article, device, or thing designed or intended for the conduct of such lottery, gift enterprise, or scheme.

Mr. WALSH. No; it does not. In the first place, the first part relates solely to advertising. The second part simply refers to the list of prizes or awards that have been made. Now, as I understand, the information that has been conveyed is not an advertisement. It is carried as a part of the paper's make-up—information, news; that they have a department apparently of which a man has charge who gives advance information or tips or dope, or whatever it is called in the vernacular, about a certain contest that is about to take place, and he advises people how to place their money and how much of a wager to make, and then the following day it contains as a news item the result of that contest and what the odds were, and so forth. Now, that is not comprehended in the language the gentleman has read, according to my interpretation of it.

Mr. RAMSEYER. The gentleman may be right, but would not that be a scheme of some kind offering prizes dependent wholly or in part upon lot or chance?

Mr. WALSH. Yes; it would be a scheme, but it would not be a prize that was awarded.

The SPEAKER. The time of the gentleman has again expired.

Mr. STEENERSON. Mr. Speaker, how much time have I left?

The SPEAKER. Fifteen minutes.

Mr. STEENERSON. I yield 10 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, I wish to direct the attention of the House to the changes that have been made in existing law in the amendments proposed by the committee, which I directed casual attention to in the queries propounded to the gentleman from Iowa. Under existing law, and I now read section 213, there is excluded from the mails and made a crime only those letters and packages which relate to lotteries, gift enterprise, or some other similar schemes. The committee offers an amendment striking out the word "similar," which would appear before the word "scheme" in line 6, and inserting the clause, "of any kind." I wish to direct the attention of the House to the fact that the original amendment in the law was merely to forbid the sending of letters relating to a lottery or gift enterprise as such. Now, it is proposed to extend to the Post Office Department that absolute authority to exclude from the mails any letter that relates to any kind of scheme, whether it relates to a lottery or gift enterprise or not, any kind of a scheme that offers a prize dependent in whole or in part upon lot or chance. Under the proposed amendment there is no question but what it is broad enough to permit the postal authorities—and that is the question before the House, whether you wish to grant them such authority—to exclude letters that may be sent out by a woman's club informing about a meeting to be had at a certain person's home for a game of bridge. This language would permit the censor of the Post Office Department to exclude that character of letters and make it an offense. It goes further, I suppose in every district of every Member here there are social clubs; certainly in my district we have a number, where we have bowling contests around Thanksgiving and Christmas. We have those bowling contests where they award prizes, such as turkeys or geese. This would prohibit the sending through the mails of any notice by the club that there was to be a meeting of the club at which there would be prizes of turkeys or geese.

Mr. RAKER. Will the gentleman yield?

Mr. STAFFORD. Not at present; my time is limited. If I have time later I shall be glad to do so—because that would be a scheme of any kind where prizes would be offered dependent in whole or in part upon lot or chance. There are other cases where organizations of men play skat, a game of cards, a very

interesting game, which awards prizes as a result of the games played.

And the postal authorities have attempted to interfere with that practice of those organizations by the exclusion from the mail of letters notifying the members that there was going to be a meeting at a certain time where certain prizes were to be awarded to the one receiving the highest number of points. I do not believe that the Members on either side of the House believe in vesting this drastic and absolute authority in the Post Office Department to determine the police regulations of the State. When this law was originally framed it was for the purpose of correcting a national evil. One or two States permitted lotteries, and yet they were able to thrive by using the Postal Service. It became a national evil, but it was never the purpose of Congress—and I do not believe it is to-day—to grant absolute and drastic power to a censor down here in the Post Office Department to say that the mails shall not be used where the practices are lawful under the laws of the States.

Mr. RAMSEYER. I fear the gentleman does not differentiate between the schemes or games that depend upon skill and the schemes or games that depend upon lot or chance. Now, among the games that are dependent upon skill are baseball and football, and certain rewards go to the players, but those games are not prohibited by the legislation of the States.

Mr. STAFFORD. They are not prohibited to-day, but under the language proposed by the amendment of the committee such practices would be forbidden; for instance, in this language, "or scheme of any kind" and "prizes dependent in whole or in part on lot or chance."

Mr. RAMSEYER. How would you apply that to a baseball game?

Mr. STAFFORD. In the case of a game of cards—bridge, for instance—there is some chance dependent on the cards that a person receives. And the department, to my certain knowledge, has attempted to restrict the use of the mails for the purpose of sending letters to persons who are members of an association where prizes were to be awarded based upon skill in a game of cards, because, they contended, in those instances it is partly by chance also.

Mr. WALSH. Suppose this woman's club is playing poker. Does the gentleman desire to have that come within the inhibition of the law?

Mr. STAFFORD. I take the ground that we should not attempt here in the Congress to determine the legislative policy of the States. If the States prohibit it, let the State authorities reach those conditions; but it is not for us, as a national polity, to attempt to determine what shall be the internal policy and relations existing in the different localities in the States.

Mr. WALSH. The gentleman is acquainted with bridge whist——

Mr. STAFFORD. I will be very glad to accept the gentleman's statement as to the American game of poker if he thinks this reaches that game also.

Mr. RAMSEYER. If the gentleman's argument is correct, then he ought to strike out the entire section.

Mr. STAFFORD. By no means.

Mr. RAMSEYER. You argued here a while ago as to "lot or chance, whole or in part," and not only that, but "schemes of any kind"; but it refers to a gift enterprise dependent in whole or in part on lot or chance.

Mr. STAFFORD. The prime purpose of a game of cards when men get together is to spend a sociable evening. It is not a gift enterprise, and the department has been restricted by the present phraseology, "or similar schemes." But they have attempted to extend the law to games of cards. True, we have only one instance in existing law, which was called to the attention of the gentleman from Iowa, by the use of the words "of any kind." That relates, however, to newspapers. In other instances the word "similar" is used.

Mr. RAMSEYER. In two places.

Mr. STAFFORD. Where you strike out the word "similar" and substitute "of any kind," there can not be any question but that you are extending by far the original statute. It is clear to me that you are granting authority to cover practices which were never intended. Are we in the Congress going to say that men and women connected with social clubs are not going to have the right to use the mails in order to get together in an afternoon or evening in a social game where prizes are to be offered? I think the department is going too far in attempting to determine a policy of conduct for the people of the States. Let the States determine the policy.

The SPEAKER. The time of the gentleman has expired.

Mr. STEENERSON. Mr. Speaker, as I stated in the opening, the propositions contained in this bill were originally in four separate bills which originated in the Post Office Department. I introduced them separately and sent them to the department for their views. With regard to this particular part of the bill under consideration to which the gentleman from Wisconsin [Mr. STAFFORD[refers, it is contained in H. R. 2327, and the Postmaster General wrote the following in regard to it; that is, in regard to the extension of the scope of the law by striking out one word and inserting "schemes of any kind":

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., April 20, 1921.

Hon. HALVOR STEENERSON,
Chairman Committee on the Post Offices and Post Roads,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: With reference to your letter of April 14, inclosing copy of bill H. R. 2327, to amend section 213 of the act of March 4, 1909 (Criminal Code), I wish to state that the bill broadens the statute and in my judgment is in the public interest. For that reason I wish to urge that favorable action be taken thereon.

With my kindest regards, I am,
Sincerely, yours,

WILL H. HAYS,
Postmaster General.

I mention this because the question was raised about his approval of the bill.

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

Mr. STEENERSON. Certainly.

Mr. RAKER. The gentleman from Wisconsin [Mr. STAFFORD] has just made an argument against the amendment because he thinks it might prohibit women's clubs from sending out notices that there will be a game in which a prize will be offered. If there is a gentlemen's club and it sent out a notice that $50 is up and the one who receives the most points would get the $50, that is against the law now, is it not?

Mr. STEENERSON. I do not know about that. I remember hearing the story of a juror who sat on a case dealing with gambling, where they were charged with gambling because of playing poker, and the judge instructed the jury that they should find the defendants guilty if it was a game of chance. The jury came in next morning and acquitted the defendants on the ground that a man who played that game had no chance. [Laughter.] So I can not say whether these card games are within the scope of this law or not.

Mr. RAKER. In other words, whether they are women or men?

Mr. STEENERSON. It does not make any difference what the sex is.

Mr. RAKER. Whether they are entitled to vote or not, men or women, or both, who enter a lottery game or a game of chance are subject to this law alike. Is that right?

Mr. STEENERSON If it is a game of lot or chance.

Mr. RAKER. In other words, there is no difference because of sex?

Mr. STEENERSON. Oh, not at all.

Mr. RAKER. And there should not be.

Mr. STEENERSON. No. I do not think that was suggested here.

Mr. RAKER. That is what I understood was referred to by the gentleman from Wisconsin [Mr STAFFORD].

Mr. STAFFORD. I was not referring to the women alone. The gentleman would have known that if he had paid attention to what I was saying.

Mr. RAKER. I was paying attention to what the gentleman said, because he is always instructive.

Mr. STEENERSON. As to this provision in relation to the stoppage of money orders for these purposes, of course, the main section having been amended by including additional things, the section stopping the delivery of money orders through the mails in connection with these acts should be amended so as to be as broad as the remainder of the section. That was contained in this bill, H. R. 3233, and the Postmaster General wrote a letter on that subject, in which the conclusion is:

For that reason I wish to urge that favorable action be taken.

I simply read it to show that this matter has originated in the department, and they have urged favorable action on the part of the committee. The same thing may be said of these others. There is a letter concerning each bill. These bills were all before the subcommittee when the bills were consolidated into one.

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

Mr. STEENERSON. Yes.

Mr. STAFFORD. The gentleman has called the attention of the House to the letter from the Postmaster General recommending the enactment of the bill H. R. 2327, which is substantially the same as section 213 of the bill?

Mr. STEENERSON. Yes.

Mr. STAFFORD. Does the Postmaster General give any reason other than the general statement that in his judgment it would be for the public interest?

Mr. STEENERSON. No; not in that letter; but he did send down the solicitor of the department, the legal officer of the department, and the hearing of the subcommittee was held in the room of the Committee on the Post Office and Post Roads, and I listened to the proceedings, and he indorsed this specifically.

Mr. STAFFORD. Did he give any reason why it was recommended by the Postmaster General?

Mr. STEENERSON. Yes. I am sorry the hearings are not printed. He cited instance after instance.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. STEENERSON. Mr. Speaker, I ask unanimous consent that I may proceed for five minutes more.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. STEENERSON. He cited instances, but the record was not printed. I did not think it was necessary to print the whole record, and I have not got those instances in my mind. But he made it very plain that this extension of the scope of the law was in the public interest and that it would reach offenders who now escape the penalty of the law and swindle the public. I am satisfied that the fears of the gentleman from Wisconsin [Mr. STAFFORD] as to the effect of this amendment are not well grounded.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield for a question?

Mr. STEENERSON. Yes.

Mr. CHINDBLOM. Suppose a church advertises a fair or a bazar at which money is collected by the sale of chances. I am not advocating that sort of thing, but I know that that occurs. A church sending out that kind of mail, of course, would be subject to the penalties of this law, would it not?

Mr. STEENERSON. Well, each scheme is generally framed by some person skilled in the law and they may be able to so frame it as not to come within the penalty. But if it depended upon lot or chance, it would come within the provisions of the law, of course, as originally written, without reference to this amendment.

Now I yield the floor.

Mr. PARRISH. Mr. Speaker and gentlemen of the House, I am in favor of the legislation that is presented by the committee. In fact, I was a member of the subcommittee that considered this legislation. If I were to express my own views about it, I believe I would go further than the recommendation of the department has and would cease the use of the mails to publications giving accounts of the odds laid on horse racing, prize fighting, and such gambling schemes as directly lead the young men of our Nation into gambling.

I wish to say a few words touching the bill in order that I might, if possible, throw some light on the legislation that we are considering. Section 213 of the Criminal Code prohibits the sending through the mails of all kinds of gambling devices or plans and provides a penalty for sending such through the mails. The committee has undertaken to amend this section by excluding from the mails and bringing within the inhibition laid down in the Criminal Code all kinds of gambling paraphernalia, such as slot machines, punch boards, and any other article, device, or thing designed or intended for the conduct of a lottery, gift enterprise, or scheme.

The reason for that is very obvious. For instance, in the rural sections of the country the people who sell this gambling paraphernalia go to the merchants and induce them to buy this gambling paraphernalia. The merchant buys, and because it comes through the mail he believes that he has a right to use the plan in selling merchandise. So he puts the advertisement of his plan in the country newspaper. Both the merchant and the owner of the paper feel that they are doing what is right, but the advertisement of the device in operation is prohibited by law under the statute already existing, and the country newspaper man finds that the Government denies him the right to send his paper through the mail, thus causing considerable loss and much inconvenience. The paraphernalia came to his merchant through the mail, and naturally he thought he could advertise it and send his papers through the same channels.

For example, here is one of the punch boards the sending through the mails of which is sought to be prohibited. The merchant sells the goods and sells a ticket with it, and at a set date he punches this board and a certain number awards the prize out of the large number of tickets the merchant has sold with his goods.

The amendment seeks to prohibit this device going through the mail.

Here is another scheme of practically the same kind. There are many others which the Post Office Department feels it is proper to be excluded from the mail, and this is the purpose of the amendment to section 213.

Mr. RAMSEYER. Will the gentleman yield?

Mr. PARRISH. I will.

Mr. RAMSEYER. As soon as that scheme is set up and they start to conduct the lottery or gift enterprise, it is in violation of law. All that the amendment proposes to do is to prohibit the using of the mails to get these schemes from the manufacturer to the fellow who is going to set them up and use them as a lottery or gift enterprise.

Mr. PARRISH. Yes.

Mr. WALSH. Will the gentleman yield?

Mr. PARRISH. Yes.

Mr. WALSH. What difference is there between sending that pasteboard contraption, or whatever it is manufactured of, through the mails for use in gambling, and sending newspapers or circulars through the mails devoted exclusively to stating the odds at which bids or wagers may be laid and telling where they can be made, naming the contest between horses upon which bids can be placed, and the horses that won yesterday, and how much the person won. If you are going to exclude one, why not the other?

Mr. PARRISH. I agree most heartily with the gentleman from Massachusetts, and would like to see both of them excluded from the mail. I am sorry the department did not go far enough to recommend an amendment that would exclude that kind of matter from the mail.

Mr. BLANTON. Will the gentleman yield?

Mr. PARRISH. I will yield to my colleague.

Mr. BLANTON. While my colleague was protecting people from the punching board gambling scheme which involves all of the United States, I am sorry that my colleague did not go into the question far enough to fully protect the Cape Cod cranberry farmers in Massachusetts, who seem to have been imposed upon so much lately by horse racing. [Laughter.]

Mr. PARRISH. I said in my opening statement that I would go further than the bill goes; that I would exclude the very matter which the gentleman from Massachusetts and my colleague has mentioned.

Mr. BLANTON. From the numerous inquiries made by the gentleman from Massachusetts [Mr. WALSH] I took it for granted that his Cape Cod cranberry farmers had been imposed upon to a large extent by horse racing.

Mr. PARRISH. I do not know about that.

Mr. RAKER. Does the bill prohibit sending through the mail newspaper advertisements of a lottery or chance whereby if you guess the make of a particular automobile you get a prize?

Mr. PARRISH. I do not know the extent to which existing law would go in that direction, because I have not made a study of that, but all in the world that this amendment does is to prohibit sending through the mail gambling paraphernalia such as that which is manufactured and has been sent out to the people in the different sections of the country, and by reason of the fact that they go through the mail induce the people to believe that they can operate them and advertise them in the newspapers, whereas the very moment they are put into operation and advertised in the papers the Government excludes the papers from the mail.

Mr. WALSH. Will the gentleman yield?

Mr. PARRISH. Certainly.

Mr. WALSH. I would like to state, in response to the suggestion of the gentleman's colleague, the Member from the jack-rabbit district, that the Cape Cod cranberry farmers have not been imposed upon by betting on horse racing, but they have lost a lot of money in fake oil schemes, some of them located not far from the gentleman's district. [Laughter.]

Mr. BLANTON. Mr. Chairman, I am astounded, and have been surprised all the morning, that the distinguished gentleman from Massachusetts, who knows so much about every other subject in the world, should know so little about horse racing display ignorance by which it is conducted, and that he should display ignorance of the distance that one would have to go to find where bets are made. That led me to make the remark that brought forth his "Focht" jack-rabbit reference.

Mr. PARRISH. Mr. Chairman, I would like to say further that the purpose of the amendment to section 215 is simply to stop sending through the mails loaded dice, marked cards, and other unfair, dishonest, or cheating articles, devices, or things. That is the only change that is made to section 215—section 3929 in the civil statute—and we simply amend that so as to give the Postmaster General power to issue so-called fraud orders against any company, manufacturing concern, or indi-

vidual who undertakes to send not only the things inhibited in original sections 213 and 215 but in the amended acts. In other words, if a manufacturing concern violates the original acts or amendatory acts proposed by this bill, then the Postmaster General may issue fraud orders against such concerns and close the mails against them.

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

Mr. PARRISH. Yes.

Mr. VAILE. Under existing law, if that punch board is sent in a package through the mail, why is it not a package concerning a lottery or gift enterprise offering prizes dependent in whole or in part upon lot or chance, in the words of the present statute?

Mr. PARRISH. The solicitor says that the courts have held that the present statute is not broad enough to cover this particular case, and it is because the courts have held that the law to which the gentleman referred is not broad enough that the department has asked that this amendment be added so as to make it broad enough to remove beyond doubt this objectionable practice.

Mr. VAILE. In making the amendment broad enough to cure the difficulty, have you not included a great many other things, such as card games, with which these gentlemen here seem to be so familiar, and church lotteries, or other enterprises?

Mr. PARRISH. I do not believe that we have extended the law with reference to cards one bit, but we have simply included this amendment so as to prohibit the sending of gambling paraphernalia without touching the other law at all.

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

Mr. PARRISH. Yes.

Mr. RAKER. As a matter of fact, if it is not the law to exclude the notices in newspapers or written letters respecting a lottery by a church or a game of cards by a woman's club, then those letters ought to be excluded.

Mr. PARRISH. I think the law is already broad enough to cover that, if it is an advertisement to the effect indicated. As I started to say when I yielded to the gentleman from Colorado [Mr. VAILE], section 3929 is amended so as to give the Postmaster General authority to place fraud orders against any concern that ships not only the thing prohibited by the original act but by the amended act.

Section 4041 of the civil statute is also amended so as to give the Postmaster General authority to refuse to pay post office money orders that have been purchased and sent through the mail if he learns that the money orders are to pay for the things that are prohibited by sections 213 and 215 of the criminal code, and also if he learns they are to pay for the gambling paraphernalia inhibited by the amendment to section 213, and also if they be to pay for loaded dice or marked cards or other fraudulent schemes prohibited by the amendment to section 215.

That, gentlemen, covers these amendments fully. In other words, to sum up we have simply asked to amend section 213 by cutting out of the mail gambling paraphernalia, and have amended section 215 by cutting out of the mail loaded dice and marked cards. We also ask to amend section 3929 of the civil statute by allowing the Postmaster General to issue fraud orders against all those things inhibited by sections 213 and 215 and by the two amendments proposed, and to amend section 4041 by allowing the Postmaster General authority to refuse the payment of money orders coming through the mail if they are to pay for the things inhibited by the original act in sections 213 and 215 and by amendatory act proposed here to-day. We have not undertaken to change existing law, except in the particulars suggested. I wish we had gone far enough to make it cover cases such as have been discussed here, with reference to horse racing and things of that kind.

Mr. HAMMER. Why can we not go far enough by amendment here to-day? Is there any rule requiring us to confine ourselves to the suggestions of the Postmaster General?

Mr. PARRISH. Certainly not. As far as I am concerned I have not an amendment of the character suggested prepared, and I would hesitate to offer on the floor any amendment of that kind until we had had an opportunity to analyze the effect of it and to obtain the opinion of the solicitor and the Attorney General.

Mr. HAMMER. I am advised that such an amendment is being prepared and will be offered.

Mr. VAILE. Mr. Speaker, will the gentleman yield again?

Mr. PARRISH. Yes.

Mr. VAILE. The present law forbids the mailing of packages, among other things, concerning lotteries or similar schemes offering prizes dependent wholly or in part upon chance. That is, if there be a package concerning those things. Does the gentleman mean to say that the department has ruled that a package containing a punch board is not a package concerning those things?

Mr. PARRISH. I do not know what the department says with reference to the particular question that the gentleman asks.

Mr. VAILE. Or any other gambling device.

Mr. PARRISH. I can say that the department, through its solicitor, came before our committee and said that the present law under the decisions of the court would not prohibit the sending through the mail of the gambling paraphernalia such as I have exhibited here.

Mr. VAILE. It seems to me a very surprising result.

Mr. PARRISH. So far as my own views are concerned, I entertained the view the gentleman has expressed when the matter was brought up, but I was convinced by the repeated statements of the solicitor that the law was not broad enough to prohibit the sending through the mail of such devices.

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

Mr. PARRISH. Yes.

Mr. HUDSPETH. I asked the gentleman from Iowa [Mr. RAMSEYER] whether he thought this amendment would cover such contests as the Washington Post and the Washington Times are conducting at the present time. He stated that he did. Does my colleague agree with his conclusion in that respect? Does he think that this bill prohibits that sort of contest? Evidently the present law does not, because they have inaugurated them.

Mr. PARRISH. I will say to the gentleman that the amendments which we have offered will not reach that.

Mr. HUDSPETH. The gentleman from Iowa stated that if they were transmitted through the mail it did reach them. I just wanted to get the judgment of my colleague.

Mr. PARRISH. Evidently he meant it would be reached under the old law, because the gentleman from Iowa knows as well as I do that the present amendments do not touch any part of the old law except that which I have specifically mentioned.

Mr. HUDSPETH. Evidently that law does not prohibit, as they are sending them out now.

Mr. PARRISH. Either it does not prohibit it or it is not enforced.

Mr. HUDSPETH. Or they are not enforcing it against them.

Mr. JONES of Texas. Will the gentleman yield?

Mr. PARRISH. I will.

Mr. JONES of Texas. This provision on page 2, "no newspaper, circular, pamphlet, or publication of any kind containing any advertisement of any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or containing any list of the prizes drawn or awarded by means of such lottery, gift enterprise, or scheme"—would not that cover prizes given by a newspaper dependent upon lot or chance?

Mr. PARRISH. It seems to me to be a very broad provision, and it seems to me that it is broad enough to cover the case, but I have not investigated in detail as to just what is going on, and how these contests are being carried on, so I could not answer the question.

Mr. JONES of Texas. Would not that language cover any system of gifts which the paper might be advertising as being given by being drawn or by numbers or any other scheme of chance they might devise?

Mr. PARRISH. I think there is no question it would cover that kind of a case.

Mr. HAMMER. Will the gentleman permit——

Mr. PARRISH. I will.

Mr. HAMMER. I take it, it is only the carrier that contains the gift enterprise. I do not think it refers to newspapers that do not go through the mails. I think it refers to those that go through the mails.

A MEMBER. The edition that shows the prizes does go in the mails.

Mr. HAMMER. I do not think the Post Office Department permits the distributing of the newspaper through the mails containing the character of the advertisement referred to. I think it must be confined entirely to the city carriers.

Mr. RAKER. Will the gentleman yield?

Mr. PARRISH. I will.

Mr. RAKER. The gentleman from Ohio was asked a number of questions as to the amendment, which is in the second part of section 213, striking out the word "similar" and then adding after the word "scheme" the words "of any kind." Now, really that does not substantially change the meaning of that section, does it?

Mr. PARRISH. I do not think that changes the meaning in the least, but it simply strikes out the word "similar" and puts in the words "of any kind" in order to make it correspond to another phase of the bill, which is exactly the same thing.

Mr. RAKER. The word "similar" is intended to refer back to lottery or gift enterprise. Scheme of any kind refers back to the fact that it must be of a character of lottery or gift enterprise?

Mr. PARRISH. Yes.

Mr. RAKER. So if it is a lottery or gift enterprise, whatever you might name it, it would be caught by the provisions of this statute?

Mr. PARRISH. Yes; and it is intended to coincide with the sentence on page 2, line 13 of the bill, where it says "or scheme of any kind," in order to make it harmonize. I do not think it changes the context or meaning of the existing law.

Mr. STAFFORD. Will the gentleman yield?

Mr. PARRISH. I will.

Mr. STAFFORD. The gentleman believes, then, from the statement just made, that the phrase "of any kind" has not a broader significance than the word "similar"?

Mr. PARRISH. I do not think so, I will say to the gentleman.

Mr. STAFFORD. I would like to ask this question of the gentleman, who is a good lawyer: Would not the courts construe the word "similar" as being related to the preceding words, "lottery or gift enterprises"?

Mr. PARRISH. Yes.

Mr. STAFFORD. Whereas "scheme of any kind," the clause "of any kind," would be so general that it would not have any relation whatsoever to the related words "lottery or gift enterprise"?

Mr. PARRISH. But following that with the statement that does follow it, "dependent in whole or in part upon lot or chance."

Mr. STAFFORD. In the case instanced by me—and there are others instanced, one by the gentleman from Illinois [Mr. CHINDBLOM]—of churches having bazaars and sending advertisements through the mails of prizes or awards to be given, that would be a scheme under the suggested phraseology where prizes would be offered dependent upon a chance; but under existing law it could not be construed as a gift enterprise or lottery and would not be excluded.

Mr. PARRISH. I think it would be dependent upon whether it was in whole or in part dependent upon lot or chance as to its being prohibited.

Mr. BLANTON. Will the gentleman yield?

Mr. PARRISH I will.

Mr. BLANTON. Mr. Speaker, practically all of the old-line life insurance companies have not claimed the war as an excuse for in any way changing their prewar premiums, but there are some fraternal organizations which have used the war as an excuse for fraud on the policyholders. On that subject, Mr. Speaker, I ask unanimous consent, if my colleagues will permit, to extend my remarks in the RECORD on the effect of the war on certain insurance policyholders.

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

Mr. PARRISH. Unless there are other questions, I do not care to use further time. I ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none.

Mr. PARRISH. I reserve the remainder of my time.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The SPEAKER pro tempore. The Clerk will report the amendment.

Mr. RAKER. Mr. Speaker, a parliamentary inquiry. The bill has not been read for amendment.

Mr. STAFFORD. This is a House bill, and after the bill has been read it is open for amendment.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 6, after the word "scheme," strike out the words "of any kind" and insert in lieu thereof the word "similar" after the word "or"; and also, on page 2, line 4, after the word "scheme," strike out "of any kind" and insert in lieu thereof the word "similar" before the word "scheme."

Mr. STAFFORD. Mr. Speaker, the proposed amendments will restore the language of existing law. They will not in any wise affect the main purpose of the amendments proposed by the committee and that are sought for by the Post Office Department. The cases instanced by the gentleman from Texas [Mr. PARRISH] as to what was being sought after by the department here is covered by phraseology that is in no wise affected by these two amendments. The amendments proposed restore the word "similar" before the word "scheme," and strike out the words "of any kind."

In general debate I pointed out how the whole original purpose of the law would be changed by this proposed amendment of the committee. I do not intend to take up much time, but briefly will review by reading and calling attention to the changed phraseology. Under existing law the language is as follows, and you will find it on page 2 of the report:

No letter, package, postal card, or circular concerning lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance—

shall be sent through the mails. The proposed amendment of the committee, which I am seeking to defeat, strikes out the word "similar" and it substitutes "of any kind" after the word "scheme," so that the language would read:

No letter, package, postal card, or circular concerning any lottery, gift enterprise or scheme of any kind—

shall be sent in the mail. The original intendment was to only forbid the use of the mails to that character of mail which related to lottery or gift enterprise. It is proposed now to restrict the mails to the use of mail matter which relates to any kind of a scheme that is dependent in whole or in part upon lot or chance.

Mr. RAMSEYER. The gentleman should not omit the words "offering prizes."

Mr. STAFFORD. I did not intend to omit them. I am glad the gentleman called that to the attention of the House. Excluding mailable matter of any scheme offering prizes dependent in whole or in part upon lot or chance. The gentleman from Texas [Mr. PARRISH], who has just addressed the House, says there is no difference in the construction that would be given these two terms. And yet I think the majority of the Members of the House will see the vast difference between the words "similar scheme," relating to that which is mentioned before, namely, lottery or gift enterprise, and the broad language which is now proposed by the amendment, "scheme of any kind offering prizes dependent in whole or in part upon lot or chance."

Mr. JONES of Texas. Does the gentleman have in mind any kind of a scheme that would be excluded by his amendment and be included by the others?

Mr. STAFFORD. Oh, yes. In general debate I cited two or three instances. Perhaps the gentleman was not on the floor or was otherwise engaged. I will state them briefly. This matter was called to my attention long before this bill was brought up for consideration. For instance, a social organization of card players has weekly meetings, at which prizes are offered. They use the mails in notifying the members that on such and such an afternoon or evening prizes will be offered to those making the best scores. That practice of sending letters through the mails the Post Office Department has attempted to stop. They claim that in offering prizes on a card game, which the members play with more or less skill, that it is a prize dependent in whole or in part upon lot or chance. And perhaps you might argue it is dependent in whole or in part on lot or chance, because it depends somewhat on what cards you receive. I also instanced the case where this broad phraseology would exclude the sending through the mails of notices on the part of women's clubs of an afternoon of auction bridge or bridge whist where some prizes would be offered. There is another instance of a scheme of offering prizes depending wholly or in part on lot or chance. Another case is general in my home city, where the Wisconsin Club, for instance, of which I am a member, sends out notices that there will be a tournament at which some turkeys will be passed on to those receiving the highest scores.

Mr. JONES of Texas. Would that be a gift enterprise?

Mr. STAFFORD. Oh, no. It is not a gift enterprise. The purpose is to have the members of the club congregate there and bowl, and whoever receives the highest score will receive a turkey or a goose. It is not a gift enterprise. I think that would be too broad a construction to say it was a gift enterprise. The purpose of the club is not to engage in an enterprise of making gifts. The purpose is to furnish some little amusement and diversion for the members in the harmless pastime of bowling.

Mr. McLAUGHLIN of Michigan. Do I understand the gentleman to say that the Post Office Department has tried to reach that kind of a case?

Mr. STAFFORD. The Post Office Department, to my certain knowledge, in the case of a card game called skat, de-

pendent on the most expert knowledge of playing cards, more intricate in its character than even whist, where a voluntary association get together weekly and play cards for a little prize that will be offered—all voluntary; no money-making in it at all—has tried to prevent sending notices through the mails. Under the construction of existing law they would not be able to prevent such notices being mailed, because it is not a gift enterprise or similar scheme offering prizes dependent in whole or in part on lot or chance. But now you are going very far in the attempt to correct that character of practice, which is a harmless one, as I contend.

Mr. McLAUGHLIN of Michigan. This is the situation, then: The department has tried to reach schemes of various kinds, and the department has found that the old law is not drastic enough to reach them, and these amendments are offered for the purpose of enabling the department to reach them?

Mr. STAFFORD. Yes; but I do not believe the gentleman from Michigan is in favor of granting to any subordinate official or the head of the department the right to exclude from the mails letters sent out by women's clubs advising the members of the women's clubs that there is going to be a meeting at a certain woman's home where prizes will be offered in a game of bridge whist; and yet no one here has disputed that under this broad phraseology, "a scheme of any kind," dependent in whole or in part on lot or chance, that very practice would not be included.

Mr. RAMSEYER. Oh, I dispute it, if the gentleman please. The gentleman from Michigan asked the gentleman from Wisconsin whether the amendment would include those cases that the gentleman referred to, and the gentleman with authority said yes. Now, I do not doubt at all that that is the opinion of the gentleman from Wisconsin, but I do not think the gentleman from Wisconsin reads the language carefully when he says, for instance, that prizes are offered for the most skillful pool player, and if you change the language from "similar schemes" to "schemes of any kind" it would cover cases like that in cases of a pool-playing contest. That is purely a contest of skill, and not dependent upon lot or chance. The gentleman should read the first part of the section.

Mr. STAFFORD. I have read it not only to-day, but before it was brought up for consideration.

Mr. RAMSEYER. But it applies to all cases where prizes are dependent upon a lot or chance. Now, if the gentleman will yield further——

Mr. STAFFORD. I will always be courteous to yield to the gentleman all the time he desires.

Mr. RAMSEYER. The department, or the Postmaster General, in furnishing the subcommittee with information relative to his attitude on these various amendments, sent me the opinion of the Solicitor of the Post Office Department under Mr. Burleson on this very language that the gentleman is discussing, and I wish to read a paragraph from the letter of the solicitor, which was adopted by the previous Postmaster General. The sending of it to me indicates to me that it is the present attitude of the Post Office Department. He says:

> In order to make the language uniform throughout, the words "scheme of any kind" have been added in the earlier part of the section in place of the words "similar scheme," which would also serve to remove doubt that the statutes in relation to letters and tickets are as broad as that part which relates to newspaper advertisements.

Now, I am not wedded to this particular language, I am very frank to tell the gentleman, but as I told the gentleman and the House when I had the floor, in answer to the inquiry directed to me by the gentleman from Wisconsin, I do not think that this amendment enlarges the scope of the law. But if you change line 6 there back to "similar schemes" instead of "schemes of any kind," and also on page 2, line 4, then the gentleman will agree, I presume, it ought to be changed to "similar schemes" in line 13, page 2.

Mr. STAFFORD. I do, but I do not wish to change existing law in that particular.

Mr. RAMSEYER. The object that the Postmaster General has in mind is simply to have the same language in the law as to letters and tickets as it is to newspaper advertisements.

Mr. STAFFORD. Can we agree, then, that if my amendment is broadened so as to strike out of existing law the clause "of any kind," after the word "scheme," in line 13, page 2, and insert the word "similar" before it, which latter clause relates only to newspapers, it will have the support of the committee?

Mr. RAMSEYER. I can only speak for myself, and I am for the language of the bill as it stands. I will say to the gentleman this, that if the gentleman's amendment carries—which I hope it will not—then, of course, in order to be consistent, I would want to have the language made uniform throughout the statute.

Mr. STAFFORD. I am testing the sentiment of the House on this one question, whether they wish to go to the extent of trying to determine the internal policy of States, where it is permissive, and the lawful authorities recognize it as permissive, to have little card games with prizes offered, and for us to adopt a law which will forbid it and leave it to an inspector or the post-office authorities to exclude from the mails letters of that character which in the States are regarded as lawful and proper.

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

Mr. STAFFORD. I yield.

Mr. WATSON. Do the terms of this bill reach horse races and agricultural fairs?

Mr. STAFFORD. The main purpose of the Post Office Department, if the gentleman will take the report, will be found to forbid the sending through the mails of articles and devices and things designed and intended for the advancement of lotteries and gift enterprises.

Mr. WATSON. And letters also?

Mr. STAFFORD. The original law restricted the use of the mails to letters that related to lotteries and gift enterprises or similar schemes. They are attempting here to broaden the scope of the original statute and include not only lotteries and gift enterprises but schemes of any kind. I have pointed out, and the gentleman from Illinois [Mr. CHINDBLOM] has pointed out, instances where this broad phraseology would exclude harmless pastimes and permit the post-office authorities to bar the use of the mails for such letters.

Mr. WATSON. The gentleman is not willing to broaden the language to admit the conditions which he suggests?

Mr. STAFFORD. I am positively unwilling to vest authority in any department official to ban from the mail letters referring to practices which are regarded as lawful and proper in my home city and my home State, and I think the gentleman from Pennsylvania is favorable to the same policy that we should not lodge with the subordinate post-office officials the right to exclude from the mails letters relating to harmless pastimes and amusements. That is what is attempted to be done by the amendment which I am seeking to strike out, and my amendment is to restore the language to its present form. I can not agree to the contention made by the gentleman from Iowa [Mr. RAMSEYER] and the gentleman from Texas [Mr. PARRISH] that the words "scheme of any kind" are of the same limitation and import as the phraseology in the present law.

Mr. WATSON. The gentleman thinks it opens the door to the exclusion of matters which should not be excluded?

Mr. STAFFORD. It opens the door and allows the opinion of some post-office official who may have narrow and restricted views to say that practices which in your community and my community are regarded as harmless shall not be carried on. It is going altogether too far.

Mr. WATSON. I am of the same opinion as the gentleman from Wisconsin.

Mr. STAFFORD. I am in sympathy with the main purpose of this bill seeking to exclude from the mails letters, packages, circulars, or information concerning any lottery, gift enterprise, or similar scheme dependent in whole or in part on lot or chance. But when they seek to vest autocratic power in a subordinate official, I say it is time to call a halt. Mr. Speaker, I reserve the balance of my time.

Mr. STEENERSON. Mr. Speaker, the fears of the gentleman from Wisconsin [Mr. STAFFORD], in my opinion, are unfounded. This provision relates simply to things that are dependent on lot or chance, and the answer to his argument is that the things to which he refers are things that depend upon skill. The department has asked for this legislation, because they have found that there are numerous schemes invented by shrewd men—I suppose after consultation with able lawyers—to do an illegitimate business of this kind of practice, to the detriment of the public, without being liable under existing law. They vary it sufficiently so that existing law does not cover it, and still the moral effect of the act that they seek to do is just as injurious as these actual lottery schemes. If this amendment offered by the gentleman from Wisconsin is adopted, it will dislocate and make inconsistent the subsequent sections. For instance, in section 4041, in regard to transmitting money for the payment of these things, it says:

> SEC. 4041. The Postmaster General may, upon evidence satisfactory to him that any person or company is engaged in conducting any lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or that any person or company is conducting any scheme for obtaining money or property of any kind through the mails by means of false or fraudulent pretenses, representations, or promises, or that any person or company is selling, offering for sale, or sending through the mails any article, device, or thing designed or intended for the conduct of a lottery, gift enterprise, or scheme of any kind offering prizes dependent in whole or in part upon lot or chance—

So you see that we have changed that section so as to cover the new matter which the first section would contain. If you strike out the new matter in the first section and retain it in this section, it will be inconsistent.

Mr. STAFFORD. I am testing the sense of the House on the main proposition. If my amendment carries, I purpose to offer amendments to the following sections.

Mr. STEENERSON. That shows, in my mind, that the gentleman is not concerned so much over church fairs and whist clubs as he thinks he is, because they would not come within the prohibition as to sending money in payment for these things. This section deals with those who are the victims of the fraud, and the Postmaster General is authorized to do the same with reference to them that he is with those who send money for lottery tickets, authorizing him not to deliver the money to the addressees. As much as I rely on the wisdom and good judgment of the gentleman from Wisconsin, I disagree with him and believe that his amendment would make the bill nugatory.

The SPEAKER. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 11, noes 25.

So the amendment was rejected.

Mr. WALSH. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 3, line 10, after the word "addressed," insert:

"No newspaper, post card, letter, circular, or other written or printed matter containing information or statements by way of advice or suggestions purporting to give the odds at which bets or wagers are being made or waged upon the outcome or result of any horse race, prize fight, or other contest of speed, strength, or skill, or setting forth the bets or wagers made or offered to be made, or the sums of money won or lost upon the outcome or result of said contests by reason of such bets or wagers, or which sets forth suggestions as to the odds at which bets or wagers should or may be made or laid, shall be deposited in or carried by the mails of the United States or be delivered by any postmaster or letter carrier, and such matter is hereby declared to be nonmailable, and any person who deposits or causes to be deposited or shall send or cause to be sent any such thing to be conveyed or delivered by mail shall be fined not more than $5,000 or imprisoned not more than five years, or both such fine and imprisonment."

Mr. STEENERSON. Mr. Speaker, I make the point of order against the amendment that it is not germane to the subject of the bill. The subject of the bill is events determined by lot or chance. This relates to horse racing, which is not determined by lot or chance, but by the endurance and speed of the horse. It has nothing to do with the subject of this bill, and it is not included in the same category.

Mr. SANDERS of Indiana. Does the gentleman mean to say that you do not have any chance when you bet on a horse race?

Mr. STEENERSON. No; I do not say that. I think that is true of some card games that I have heard of.

Mr. WALSH. Mr. Speaker, this bill is an amendment to the criminal code, one section of which deals with nonmailable matter and which prohibits the mailing or causing to be mailed of matter set forth in the bill which the committee has offered. I simply amend the provisions relating to nonmailable matter by adding to them. There are a number of matters in this section declared to be nonmailable. The gentleman from Minnesota contends that this bill is confined to matters of lot or chance. The language of the bill is not so restricted; and, in fact, the gentleman from Texas [Mr. PARRISH], a member of the committee, in his discussion of the measure, clearly shows that it relates to gambling devices, because he exhibited two devices which were prohibited from being sent through the mail. If we can stop the sending of gambling devices through the mail——

Mr. RAMSEYER. Mr. Speaker, if the gentleman will permit, I suggest that gambling devices are under the next section. This refers to lottery paraphernalia.

Mr. WALSH. If we can prohibit the sending of gambling devices and declare them to be nonmailable, certainly we can declare any circular containing information upon which the use of these gambling devices might be controlled or encouraged to be nonmailable. Certainly sending information of the character contained in the amendment proposed by me is germane to a bill dealing strictly with nonmailable matter.

Mr. STEENERSON. Mr. Speaker, the next section which is relied on does not justify this amendment.

The SPEAKER. What does the gentleman from Minnesota say to the language—

scheme of any kind offering prizes dependent in whole or in part upon lot or chance.

Why is not an amendment pertaining to horse races germane to that?

Mr. STEENERSON. Because a horse race is not dependent upon lot or chance.

Mr. WALSH. Of course the loser has no chance.

Mr. STEENERSON. The gentleman admits that having no chance it is not dependent upon lot or chance.

Mr. WALSH. The winner is the man who has the chance. He depends upon chance.

Mr. STEENERSON. But the event must be dependent upon lot or chance.

The SPEAKER. Does the gentleman contend that the element of chance does not enter into a horse race?

Mr. STEENERSON. The context of that law—that is, the whole section taken together—must be plain that it relates to lotteries and schemes of that kind.

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

Mr. STEENERSON. It does not include horse races nor prize fights.

Mr. WALSH. Will the gentleman yield for an inquiry which may illuminate the discussion?

Mr. STEENERSON. Yes.

Mr. WALSH. The distinguished gentleman went fishing up in the waters of Massachusetts several months ago, and he took a chance of catching some fish. Was not that a game of chance?

Mr. STEENERSON. No; it was not a game of chance. It was a matter of skill. It was as certain as any fishing I ever had.

Mr. WALSH. Because the fish were there.

Mr. STEENERSON. I pulled in tautogs that weighed 7 pounds with a light rod, and I could not have done that unless it had been handled skillfully. I shall always remember that with pleasure.

Mr. WALSH. The fish did not have much chance while the gentleman was operating that rod.

Mr. STEENERSON. Not much; but they had some. The first section of the bill certainly does not cover horse races, because that specifically requires it to be dependent upon lot or chance; and the second section of the bill relates to unfair gambling devices, such as marked cards. If you have these cards, you can cheat your fellow man at will. The same applies to loaded dice. This refers simply to the advertisement of swindling devices, and that has no analogy to a horse race.

Mr. WALSH. Horse races are fixed sometimes.

Mr. STEENERSON. I do not know about that.

Mr. WALSH. Neither do I.

The SPEAKER. The Chair thinks that, on the whole, this bill is intended to refer to lotteries and things of that specific kind, and that the amendment of the gentleman from Massachusetts is not germane.

Mr. RAMSEYER. Mr. Speaker, I have a correcting amendment. On page 5, line 3, I think the first word "that" should be dropped, and I offer that as an amendment.

The SPEAKER. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER: Page 5, line 3, strike out the first word "that."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STEENERSON. Mr. Speaker, I move the previous question on the bill.

Mr. SANDERS of Indiana. Mr. Speaker, I desire to strike out the last word, if the gentleman will withhold his motion for a few moments.

Mr. STEENERSON. Very well.

Mr. SANDERS of Indiana. For the purpose of making a suggestion or two about the phraseology. On page 5, section 3, reference is made to section 3929 of the Revised Statutes. Section 3929 of the Revised Statutes has been amended, but is really section 2 of another act. It was amended in 1890. The bill recognizes the amended statute, but it does not refer to it in the proper way. I think that should be amended to read that section 3929 of the Revised Statutes as amended is hereby further amended to read as follows, and so forth.

Mr. STEENERSON. Mr. Speaker, I have no objection to that.

Mr. SANDERS of Indiana. Mr. Speaker, I offer that as an amendment.

The SPEAKER. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SANDERS of Indiana: Page 5, line 1, after the word "Statutes," insert the words "as amended," and after the word "hereby" insert the word "further."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SANDERS of Indiana. Now, Mr. Speaker, I would like to make this further inquiry of the distinguished chairman of the committee. On March 2, 1895, there was an act passed which contained this language in section 2:

That the provisions of sections 3929 and 4041 of the Revised Statutes of the United States, as amended, respectively, and all other provisions of law for the suppression of traffic in or circulation of any such tickets, chances, shares, or interests in or other matter relating to lotteries, or for the suppression of traffic in or circulation of obscene books or articles of any kind, shall apply in support, aid, and furtherance of the enforcement of this act.

Would any reference to that statute be necessary in this bill in order to make the amended section applicable?

Mr. STEENERSON. I do not think so.

Mr. RAMSEYER. This is an amendment to the Criminal Code. The Criminal Code has been codified by act of Congress.

Mr. SANDERS of Indiana. Well, I understand that.

Mr. RAMSEYER. And the reference is to the Criminal Code; to a certain section.

Mr. SANDERS of Indiana. But the part I am referring to does not refer to the Criminal Code. Part of the bill refers to a certain section of the Criminal Code and part refers to certain sections of the Revised Statutes, without reference to the Criminal Code.

Mr. RAMSEYER. I understood the gentleman to refer to section 2 of the bill—to section 215.

Mr. SANDERS of Indiana. I am talking about section 2 of another bill.

Mr. RAMSEYER. The bill before the House?

Mr. SANDERS of Indiana. No; the gentleman does not get the point I was making.

Mr. RAMSEYER. Evidently not.

Mr. STEENERSON. I will ask the gentleman again to read that reference.

Mr. SANDERS of Indiana. What I am referring to is this, that in section 2 of the bill passed March 2, 1895, these two sections which are hereby amended are referred to, and there is a provision that those sections shall be applicable in connection with the statute passed in 1895. Now, my inquiry is whether it is necessary in this act to make the amendatory act applicable in this case?

Mr. STEENERSON. No; I do not think so; because it is extraneous matter. That relates to obscene matter and the other things mentioned there, and could not relate to this identical matter. We do not need it to enforce this law.

Mr. RAMSEYER. Will the gentleman yield further? The gentleman offered an amendment to section 3. Why is it not necessary, if the gentleman's amendment really was necessary, to make a similar amendment to section 4 of the bill?

Mr. SANDERS of Indiana. Well, I do not know whether section 4041 has been amended or not. If it is, there should be that reference, and in the hasty examination I made of section 3929 I found it had been amended.

Mr. STEENERSON. It has been amended so as to include the acts that are described in section 1.

Mr. SANDERS of Indiana. I do not know whether section 4041 of the Revised Statutes has been heretofore amended. If this section has been heretofore amended, of course, reference should be made to the section of the Revised Statutes as amended, but I have not had time to examine it to see whether it has been amended or not.

Mr. STEENERSON. I do not think it is necessary.

Mr. WALSH. Mr. Speaker, I desire to ask if the point of order which the Chair sustained to the amendment previously offered by myself was based upon the ground that it was not germane to the bill or germane to the section?

The SPEAKER. To the section.

Mr. WALSH. I desire to reoffer the amendment to follow the word "both," at the end of line 23.

Mr. STEENERSON. Well, I make the point of order it is not germane.

The SPEAKER. The Chair is not so familiar with the section, but he will be glad to have the gentleman from Massachusetts explain the difference between this and the first section.

Mr. WALSH. Mr. Speaker, this section, as the gentleman from Minnesota stated during the discussion of the point of order previously made, relates to a scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan, exchange, or to give away, and so forth, counterfeit or spurious coin, or to procure for unlawful use any unfair, dishonest, or cheating gambling article, device, or thing, or any scheme or artifice to obtain money by or through correspondence by what is commonly called the "sawdust swindle" or "counterfeit money fraud," and various other devices which are named. Now, that includes "green cigars." In this section there is prohibited the sending through the mails of certain gambling devices, two of which were shown by the gentleman from Texas [Mr. PARRISH], because they were used for the procuring of money unlawfully. Now, the laying of bets or wagers is unlawful in most jurisdictions. This section winds up by saying:

All matter the deposit of which in the mails is by this section made punishable is hereby declared nonmailable.

And it includes a number of different matters, and the amendment suggested by me simply adds to that matter. It is of the same general class. It states that newspapers, circulars, letters, post cards, and so forth, which contain information upon the subject of wagers or bets which are being laid, or which may be laid, or which are recommended to be laid upon horse races or prize fights, or other such contests, and which publishes a list of the odds and a list of the winnings, and recommends a particular horse or fighter or other participant to be bet upon or wagered upon, is declared to be nonmailable matter. And therefore it simply enlarges the class which was comprehended in this section.

The SPEAKER. If it was germane to this section, would it not be necessary to show that such a race was of the same class as these propositions in the section; was fraudulent and an attempt to gain money by unfair and dishonest means?

Mr. WALSH. No, Mr. Speaker; no more than it would be necessary, in respect to the lottery or gift or prize, to say that it was fraudulent. In the subsequent section they may bestow a prize upon the winner at a card game, there being no fraud about it. The statute does not have in that case to state that it is fraudulent; neither does it have to state in this particular that it is fraudulent. It is a declaration of certain matter to be nonmailable. We simply add to that class, whether it is fraudulent or not, the same as included in the class of nonmailable matter, I think, some years ago, of newspaper publications by way of news items or advertisements relating to impure foods. Now, there was nothing fraudulent set forth in the section containing that——

Mr. RAMSEYER. Will the gentleman yield for a suggestion there?

Mr. WALSH. Yes.

Mr. RAMSEYER. The first section of the bill—that is, section 213 of the Criminal Code—is based on lottery, gift enterprises, and schemes of any kind offering prizes dependent, in whole or in part, on lot or chance. Now, that horse racing amendment of the gentleman's does not come under that. The question before the Speaker to determine is whether the amendment now is germane to this section 2 of the bill or section 215 of the Criminal Code. That section is known as the fraud section, and the suggestion made by the Speaker a moment ago is warranted, because everything in this section 215 is based on fraud. If the gentleman will read that section closely, he will notice that everything revolves about fraud or things fraudulent. It says:

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses.

And then further down it is simply more specific. It names certain artifices or schemes that were well known to the people 15 or 20 years ago, but are not so well known to the present generation. That is on page 4. It specifically names, for instance, the "sawdust swindle." What is that? It is a fraud. It mentions "counterfeit-money fraud." Then it goes on and names "green articles," "green coin," "green goods," "bills," "paper goods," "spurious Treasury notes," "United States goods," "green cigars," and then says:

or any other names or terms intended to be understood as relating to such counterfeit or spurious articles, shall, for the purpose of executing such schemes or artifice, or attempting to do so, place, or cause to be placed, any letter, postal card, package, writing, circular, pamphlet, or advertisement—

And then it goes on and prohibits all that and provides the penalty.

Mr. WALSH. This is not prohibiting the green-goods swindle or the green-cigar swindle. It is prohibiting the mailing of matter. It refers to that.

Mr. RAMSEYER. Exactly. But it is prohibited by excluding from the mails all these various fraudulent schemes and artifices. Every one specifically referred to is bottomed on fraud. It is the fraud section. I do not think the gentleman's amendment is germane for that reason.

Mr. WALSH. It is not only bottomed on fraud, but it is bottomed on gambling as well. It specifically refers to that.

Mr. RAMSEYER. The gambling referred to here is on the things or articles that are cheating gambling devices. It does not exclude gambling devices, but cheating gambling devices.

Mr. WALSH. Well, the gentleman says "cheating gambling devices." What is there of cheating about the devices which the gentleman's colleague on the committee held up here?

Mr. RAMSEYER. Marked cards?

Mr. WALSH. There was not any marking on that. He did not shake any out.

Mr. RAMSEYER. The devices referred to by my colleague come under section 213. Those are known as lottery paraphernalia.

Mr. WALSH. You said it came under this section.

Mr. RAMSEYER. The gentleman misunderstood.

Mr. WALSH. And it was gambling devices which you could not ship through the mail. This section relates to sending these other matters through the mail. Now, there is a class there made up of a number of different subjects, so to speak—green goods and all those other things—spurious coins and securities held to be counterfeit when, as a matter of fact, they might not be counterfeit, and you could not send any circulars relating to those through the mail. Now, my amendment simply adds to that class. If you can not amend a section dealing with a certain class by enlarging the class except by putting in a new section or bringing in a separate bill, the Chair, of course, will realize our opportunity for legislation is going to be pretty severely restricted and circumscribed here. There is a large class mentioned in this section, and I am seeking to add to that class in the sending of newspaper circulars, letters, and postal cards, or other printed matter, the same as this section does, prohibiting their being sent through the mails, where they contain information about gambling. Now, it is not a device necessarily, but it is information about gambling upon a horse race or upon a prize fight. And they do not use any device that I know of which they send through the mail, unless they send tickets or things of that sort.

Mr. LONGWORTH. I have not heard the gentleman's amendment yet, but I think I gather the purport of it. Would it go to the extent, for instance, of barring the transmission through the mail of any newspaper in which there was an article giving the opinion of a writer of an article as to who would probably win a fight or a horse race?

Mr. WALSH. It would not, unless it contained information or a suggestion or advice upon the laying of a bet or a wager, such as we find in the columns of some of the newspapers. I think one of the Washington papers has a column devoted exclusively to horse racing, calling upon people to bet their money at certain odds upon certain animals.

Mr. LONGWORTH. But the gentleman is mistaken as to betting, as to certain odds. I think I know the article the gentleman refers to. It gives the opinion of the writer on a certain horse. It does not add to the odds.

Mr. WALSH. If the gentleman will read the columns——

Mr. LONGWORTH. I have not read it carefully. I do not follow it.

Mr. WALSH. And I do not follow it; but I have seen it in the last day or two. I did not know that this bill would come up, otherwise I would perhaps have had the amendment a little better prepared. But I do think, Mr. Speaker, that the language of the amendment brings it within the rule applied to this section.

The SPEAKER. The Chair would make the same ruling. The Chair thinks it prohibits the carrying through the mail of matter relating to lotteries and kindred games and cheating gambling. It would be hard to hold that a horse race is necessarily a cheating form of gambling. The Chair thinks if this would be in order at all it would be in order as a separate section. It might be in order as an amendment to a subsequent section of the bill, and not be in order upon any language under that section.

Mr. WALSH. Mr. Speaker, I offer it to section 5 of the bill.

Mr. STEENERSON. Mr. Speaker, I make the point of order on that also.

The SPEAKER. Will the gentleman from Minnesota state the point of order?

Mr. STEENERSON. Here is a bill which rewrites certain sections of the Penal Code. It first relates to lotteries and events depending upon lot or chance, and their character is indicated. The second is the familiar fraud statute, which is inhibitory of any person devising or conceiving a scheme to cheat and defraud. That is all there is to that section, except that it enumerates the ways in which this fraud might be perpetrated; that is, by advertising counterfeit money or counterfeit municipal bonds and seeking to obtain money by selling counterfeit bonds. That is complete in itself. Then follow cases where there is no property sold, but simply a swindle, where they would make you believe they are going to sell you counterfeit money. This amendment was framed to cover the sawdust swindle. Now, the sawdust swindle, in the opinion of the various courts, is a swindle where a man does not get any counterfeit money, as under the first section, but the sender simply makes the man believe that he is going to get it. A man sends his money to the man who says he is going to send this sawdust or green goods, and so on. The section describes different frauds.

Now, the proposition offered by the gentleman from Massachusetts [Mr. WALSH] relates to an entirely different matter. It might be germane to the Penal Code, but it is not germane to this bill, because this bill is confined to certain sections of the Criminal Code, and it could not be included in any of those sections, because it is of a different nature, as the Speaker has already remarked. No one would suggest that a horse race was a scheme to defraud; that is, it might be in fact so, but as an ordinary thing it is a scheme of another kind.

Mr. WALSH. What other kind?

Mr. STEENERSON. Oh, there are honest horse races, just as well as there are honest lawyers sometimes, and it can not be said that all this class of events are schemes to defraud. Therefore the amendment is not germane to this bill, because this bill covers only those things that are controlled by the element of chance, whether the advertising——

Mr. JONES of Texas. This copy of the bill that I have does not say it shall be controlled by lot or chance, but even if in part by lot or chance. In two or three places it says "dependent in whole or in part upon lot or chance." Does the gentleman contend that horse racing is not controlled in part by lot or chance, or affected in part by lot or chance?

Mr. STEENERSON. The principal element in the case is the skill and speed of the horse.

Mr. JONES of Texas. But, in addition to that, does not the element of chance contribute in part to it?

Mr. LONGWORTH. Would the gentleman contend that in the recent boxing match there was any element of chance?

Mr. JONES of Texas. There was precious little chance in that.

The SPEAKER. The Chair thinks that this bill——

Mr. RAMSEYER. Mr. Speaker, will the Chair indulge me for a moment?

The SPEAKER. Certainly.

Mr. RAMSEYER. I am unable to find the precedent that I relied upon in order to present some new sections to the war risk insurance act when that bill was up. But there is a precedent where a bill is up for consideration, as in the case of the bankruptcy act, for example, to amend a number of sections, and in that case I think there were something like 20 or 25 sections brought on the floor of the House for amendment. The Chair there held that because of the number of amendments that were within the scope of the bill amendments to other sections of the bankruptcy act were in order. Of course the title of the bill there was "An act to amend the bankruptcy act"—that is, roughly speaking. Now the title of this bill here is very specific, and there are two sections of the Criminal Code and two sections of the Revised Statutes before the House for consideration. The title specifically limits the scope of the bill, and if the title has any meaning at all, it ought to have weight with the Speaker.

The SPEAKER. The title does not have any weight with the Chair.

Mr. RAMSEYER. Well, this is an honest title. [Laughter.]

Mr. LONGWORTH. It is not a fraudulent device. [Laughter.]

Mr. RAMSEYER. And it indicates the scope of the bill.

The SPEAKER. The bill says, "lottery paraphernalia." The first section is not confined to lottery paraphernalia at all. It is very much broader than that.

Mr. RAMSEYER. The Chair read the last part of the title which refers to the latter two sections, but the whole title reads:

To amend sections 213 and 215, act of March 4, 1909 (Criminal Code), relating to offenses against the Postal Service, and sections 3929 and 4041, Revised Statutes, relating to the exclusion of fraudulent devices and lottery paraphernalia from the mails.

That is the actual fact. Of course it does not define the scope of sections 213 and 215. Unless the Chair can find that this amendment comes in under the scope of that precedent which I cited a moment ago where 20 or 30 sections of the bankruptcy act were in a bill to be amended, therefore that brought in the whole bankrupt law, and the House could amend any section in the bill or repeal any section in the bankruptcy act. Unless the Chair should find that this amendment comes under that precedent I do not think the Chair can hold that the amendment offered by the gentleman from Massachusetts is germane to the bill.

The Chair has already held that it is not germane to section 213 or to section 215. Now, if it is germane to neither of those two sections, how can the Chair hold that it is germane to the subject matter of both unless the Chair finds that because we brought in two sections of the Criminal Code for consideration that makes in order an amendment to any section of the Criminal Code? Surely where there are only two sections dealing with two specific subjects of the Criminal Code before the House it ought not to be legitimate to bring in any amendment to any section of the Criminal Code. I can not see how the Chair can hold this amendment is in order when the Chair has already held that it was not in order either to section 213 or to section 215.

The SPEAKER. It seems to the Chair that this bill covers gambling—in the first section gambling by lottery and in the second section gambling by unfair and cheating devices. While it seems to the Chair, and it was so ruled, that this amendment did not specifically belong either to sections 213 or 215, it seems to the Chair that it is germane to the general subject treated by the bill, gambling, and is therefore in order on the bill, which is to prevent the use of the mails for gambling.

Mr. STEENERSON. I would like to call the attention of the Chair to the fact that the subject of the bill is lotteries and fraud. Those are the main subjects of these two sections—obtaining property by false pretenses.

The SPEAKER. The Chair overrules the point of order.

Mr. STAFFORD. Mr. Speaker, may we have the amendment reported again?

The Clerk again read the amendment offered by Mr. WALSH, as follows:

Page 7, after line 22, insert a new section, as follows:

"SEC. 5. No newspaper, post card, letter, circular, or other written or printed matter containing information or statements by way of advice or suggestions, purporting to give the odds at which bets or wagers are being made or waged upon the outcome or result of any horse race, prize fight, or other contest of speed, strength, or skill, or setting forth the bets or wagers made, or offered to be made, or the sums of money won or lost upon the outcome or result of said contests by reason of such bets or wagers, or which sets forth suggestions as to the odds at which bets or wagers should or may be made or laid, shall be deposited in or carried by the mails of the United States or be delivered by any postmaster or letter carrier, and such matter is hereby declared to be nonmailable, and any person who deposits or causes to be deposited, or shall send or cause to be sent, any such thing to be conveyed or delivered by mail shall be fined not more than $5,000 or imprisoned not more than five years, or both such fine and imprisonment."

Mr. WALSH. Mr. Speaker, I am not familiar with the method of placing wagers or bets on horse racing or prize fights or any other contests or events upon which wagers are ordinarily made. But I have noticed of late when I have been passing the bulletin board of a certain newspaper published here, as well as the bulletin boards of papers published elsewhere, that during the latter part of the afternoon a vast crowd is usually waiting for the results of the horse races to be posted. It is only a few years ago that the State of New York passed legislation in an attempt to wipe out this evil, because they had in an amazingly short length of time a great number of embezzlements—cases where clerks and young men, and even young women, working in places of responsibility, had embezzled the money of their employers, and on investigation it was found that they had been betting on horse races held at Saratoga and other places.

The horse-racing season seems to be here, and you do not have to have very keen eyes to notice evidence of bets being placed on horse races which are held not far from the Capital City, and it may be betting occurs within the jurisdiction of the Capitol police. You will find that there is more and more space being given in the daily press to horse racing and other events upon which betting and wagers are being placed. They are encouraging the spirit of gambling; and while we have gone helter-skelter headlong as the result of the war, and have been somewhat lowering our moral standards, possibly inspired artificially by the means taken to increase our patriotism during the war, I believe that we might well say that these publications shall be excluded from the mail. I saw one of these publications a short time ago in the hands of a gentleman, and it appeared to be devoted exclusively to horse races, and it apparently contained information solely for the purpose of inducing the people to bet their money on these contests, as no other information of any particular nature was set forth.

It is a very easy thing to hold out an inducement to people who are not ordinarily thrifty, who are not careful of their money, that if they will wager their money upon a horse or a certain event they will win so much money. But upon doing it they lose, but are encouraged to try again and again until desperate means sometimes result. Sometimes it is a very easy thing to attempt to make up those losses by committing a serious crime. I recall that when this statute was passed in New York State it became somewhat of a political issue. The present honored Secretary of State, who was then a candidate for governor in the election following the enactment of that statute, I believe had to meet the assaults of the gamblers and followers of these race tracks; and I remember attending a meeting in the great city of New York when his picture was thrown upon the screen, and it almost precipitated a riot because certain of the gambling element hissed and hooted the reproduction of his picture and his champions resented it. It seems to me, where we are careful to exclude from the mails matter relating to lotteries and cheating devices and unlawful prize schemes, such as are included in the bill, it might be well if we said to these publications who are holding out encouragement to bet upon horse racing and these various other contests upon which betting is very general, that the United States mail is not open to them. This would not exclude the information going over the wire, but it would prevent its being published or printed in any newspaper to be sent through the mail, and while this language possibly does not include every contingency that ought to be specified, I believe it is sufficiently broad to accomplish the purpose.

I think the time has come, in view of the situation which can be seen here, and which anyone can see by simply taking a walk down Pennsylvania Avenue this afternoon around 4.30 when the departments are out and observing the people checking up the winners placed on the blackboards, and by listening to some of the conversation and casting one's eye over the class to be seen there, when we should see to it that this rampant spirit of gaming and wagering, especially on horse racing as exhibited by these crowds, ought to be curbed. It seems to have taken possession of some young men and young women who can ill afford to lose, and who can scarcely afford to win, for that would but encourage the gaming instinct which we all possess but which becomes mighty dangerous if carried to excess.

As I stated before, I did not know that there would be an opportunity to-day to consider this matter, assuming that the Committee on Naval Affairs would have the call, and, therefore, I have not been prepared to submit a more carefully drawn amendment or to set forth my reasons more clearly, but I believe the amendment will be easy of interpretation. I have just been handed a publication containing a racing chart with the names of the horses and the odds that are suggested to be paid upon the horses. That can be found, I think, in the columns of many newspapers and in certain of the local newspapers.

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

Mr. WALSH. Yes.

Mr. STEVENSON. Mr. Speaker, would the gentleman object to also including in his proposed amendment a provision making it a criminal offense for people to go about through the departments in this city soliciting bets, as they do every day in the week?

Mr. WALSH. That ought to be prohibited by the departments, but I doubt if such an amendment as that can be included in this measure, because this bill deals with nonmailable matter. The matter the gentleman refers to ought to be prohibited by the chiefs of the various departments. I know that we Members here who do not indulge in such games of chance may not think that this is very important, but I recall how important it became in the great State of New York, and I know how strict and rigid some of the statutes of other States are with reference to placing bets and wagers. For that reason, while we may not be able to pass a statute saying that it shall be a criminal offense under the Federal Penal Code to make a bet or wager, we can restrict the operations of these professionals who are behind the scenes in this vicious work, who seldom, if ever, do an honest day's work from the time they first begin to follow the fortunes of the race track until they are laid beneath the sod. We can restrict their preying upon other people by means of the United States mails. I trust the amendment will be included in this measure. [Applause.]

Mr. STEENERSON. Mr. Speaker, this amendment offered as a separate section is not as objectionable as when offered to the other parts of the bill, for then it would have practically destroyed and confused the bill. While I have been very much edified by the very able and eloquent remarks of the gentleman from Massachusetts [Mr. WALSH] upon the subject of gambling, yet I hope gentlemen will not be entirely led away from the principal subject. The subject of gambling is one thing and the circulation of matter in the mail is another.

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

Mr. STEENERSON. Yes.

Mr. BLACK. If I understand the purpose of the bill, it is to deal with the circulation of mail matter which encourages and induces gambling. That is what we are trying to do. It occurs to me that the gentleman from Massachusetts has offered

a very excellent amendment to what is also a very good bill, and I should think the gentleman from Minnesota would be glad to accept it.

Mr. STEENERSON. Mr. Speaker, I wish to explain the reasons why I can not accept the amendment. It is not because I am not as much opposed to gambling as is the gentleman from Massachusetts. I think his contribution to the discussion of the subject of gambling is a very great one. Gambling is a very grave evil. My objection to tacking this provision on the bill now is this: As the gentleman himself has twice stated in this debate, he did not have time to prepare this amendment. He stated that he expected that another committee would take up the time of the House to-day, and he prepared the amendment in a hurry. Therefore, he regrets that he did not have a chance to take the time to compare it with existing law. This is an amendment to the penal code. Orderly legislation would require that a proposition of this kind should go to a committee and be considered, and the department whose duty it is to enforce the law should be heard and their view should be considered. Those who might be affected by the legislation and made criminals by it ought to be given a chance to be heard. While gambling and betting on horse racing is very objectionable, yet I am not so sure that this might not bring very good men, who do not intend to do anything wrong, before the bar as criminals. It is not very carefully drawn. It is admitted to be hastily drawn, and we might bring publishers and those who have to do with correspondence concerning these matters up as criminals when they have no intention of violating any law or of promoting gambling or betting on horse racing. There has been no consideration of this amendment. It is offered upon the spur of the moment, while this bill comes up on the floor of the House. It seems to me that the conservative sentiment of the House would require that a measure of this kind, which can be brought up at any time, which can be referred in a separate bill to the Judiciary or the Post Office Committee, should be given careful consideration. That is my objection to it.

On principle I should be very glad to have legislation which would stop the advertisement of this betting on horse racing. It is a remarkable thing, however, that this newspaper which has been offered here is a New York newspaper, the New York Herald of October 12. The races referred to seem to occur in the State of New York, where the gentleman says they have been prohibited. This newspaper refers to what is called the New York Herald Racing Chart, and the races seem to be held at Jamaica. It says that the weather is clear and the track fine, so the racing must be in the State of New York, and still the gentleman says that they fought a political campaign upon the question of prohibiting horse racing and betting on horse racing in that State and won.

Mr. LONGWORTH. Does not that refer to races that have already taken place?

Mr. STEENERSON. No; this is a chart of races that are to occur. That must mean that they are going to run these races.

Mr. LONGWORTH. How do they know a day in advance that the weather is clear and the track fine?

Mr. STEENERSON. Well, that is the condition this morning. The races are going to be run the latter part of the day.

Mr. LONGWORTH. That was published last night, was it not?

Mr. STEENERSON. I do not see that it makes——

Mr. LONGWORTH. I should think a great prophet can not tell a day in advance, although I do not know anything about it, whether the weather will be clear or not.

Mr. STEENERSON. They say the track is fast in Jamaica, N. Y., and that means that these races occurred in New York. That is a fair conclusion, and I therefore——

Mr. WALSH. Mr. Speaker, I move the previous question on the amendment.

Mr. SNYDER. Mr. Speaker, I move to strike out the last word.

The SPEAKER. The Chair thinks the Chair ought to recognize the gentleman from Massachusetts first.

Mr. WALSH. Mr. Speaker, I move the previous question on the amendment.

Mr. SNYDER. Mr. Speaker, will the gentleman from Massachusetts yield for a short statement? The gentleman mentioned the question of racing in the State of New York, which, I think, I know something about.

Mr. WALSH. I will yield to the gentleman.

Mr. SNYDER. All that the gentleman says about the distinguished Secretary of State having passed the Hughes antirace track law some years ago is a fact. He had to face that when he came up for reelection, and, notwithstanding that fact, he was reelected, and notwithstanding this, there is no diminution in the amount of racing in the State of New York, neither has there been diminution in betting on the races in that State, and all that the gentleman from Minnesota [Mr. STEENERSON] has just read is a fact. In the State of New York the races are advertised every day in the newspapers, and there is just as much betting, and the only thing that the Hughes antirace track bill did was to do away with the posting of the odds on a blackboard.

Mr. WALSH. Will the gentleman yield?

Mr. SNYDER. I will.

Mr. WALSH. I assume there is a law against burglary and also one against murder in the State of New York?

Mr. SNYDER. I am not speaking against the gentleman's amendment by any means. I am stating facts. The fact is, I take very great pleasure, myself, in going to Saratoga several times every year, and have for the last 35 years, and the only difficulty I have to-day in betting over that which I used to have before the Hughes law was put into effect is that I now go to a bookmaker and tell him what I want to bet on, and I can not see it on a blackboard or elsewhere at the track. That is the only difference. Now, let us be perfectly frank. This is an era of gambling. We are talking about restricting people who desire to bet on horse racing and we are doing altogether too much of that sort of thing. There may be men in this House now with a couple of "bones" in their pockets with spots on them. This is an era of gambling the country over, and if you want to be fair and square, there is scarcely a man in this House who does not sometimes bet on a horse race and scarcely a man who does not like to pick up a newspaper and see what the odds are. So let us go a little bit slowly about this.

Mr. SUMMERS of Washington. The gentleman must realize that there are some of us here who do not indulge.

Mr. SNYDER. Do not think that by passing this law you will keep the newspapers from advertising these things or that we are going to diminish the desire, at least, to bet on horse races.

Mr. WALSH. Mr. Speaker, I congratulate the distinguished gentleman from New York, and I am sure if I were perhaps so situated that I could visit Saratoga I might not have offered this amendment and might have more sympathy with this class of gambling; but if this country keeps on with the gambling instinct we will wake up some fine morning and find that we have wiped out the moral law and lost regard for the Ten Commandments and will be next door to the situation that is facing unhappy Russia.

Mr. SNYDER. There is one thing more I would like to mention, if the gentleman will kindly permit me for a second. The two things that have been most unsatisfactory and distasteful to the people of the State of New York which have taken place in the last 10 years were the passage of the Hughes Antirace-track Act and the Mullin-Gage Act, which passed the legislature last year, to assist in the enforcement of the Volstead Act. Those were the two most unsatisfactory and distasteful acts which I recall.

Mr. WALSH. It is pretty hard work to satisfy the people of the city of New York when you attempt national legislation. The people who live up State are a little more reasonable and sometimes more law-abiding. I move the previous question on the amendment.

Mr. WINGO. Will the gentleman yield for a question?

Mr. WALSH. I will yield to the gentleman from Arkansas to ask a question.

Mr. WINGO. The gentleman said something about the papers publishing the results of races recently. This debate has aroused my curiosity. Will the gentleman tell me where in the results of the races of the last few days I could find where some favorite has fallen down?

Mr. WALSH. Of course, I could not tell the gentleman until I knew what the gentleman's favorite was.

Mr. WINGO. I have no favorite, but from this debate it appears that some gentleman had a favorite that did not win.

Mr. WALSH. Mr. Speaker, I move the previous question on the amendment.

The question was taken, and the previous question was ordered.

The question was taken, and the amendment was agreed to.

Mr. STEENERSON. I move the previous question on the bill and amendments to final passage.

Mr. SANDERS of Indiana. Will the gentleman withhold that for a moment for the purpose of offering an amendment which I suggested a moment ago in reference to the Revised Statutes, 4041?

Mr. STEENERSON. I will withhold it.

Mr. SANDERS of Indiana. Mr. Speaker, on further examination I find that section 4041 was amended after it was passed,

and I ask unanimous consent that, on page 6, line 15, after the word "Statutes," there may be added "as amended," and after the word "hereby" the word "further."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SANDERS of Indiana: Page 6, line 15, after the word "Statutes," insert the words "as amended"; and after the word "hereby" insert the word "further."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STEENERSON. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended by inserting the words "and for other purposes."

On motion of Mr. STEENERSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

INTERNATIONAL AERO CONGRESS CANCELLATION STAMP.

Mr. STEENERSON. Mr. Speaker, I call up the bill S. 2359.

The CHAIRMAN. The gentleman from Minnesota calls up a bill, which the Clerk will report.

The Clerk read as follows:

An act (S. 2359) providing for an International Aero Congress cancellation stamp to be used by the Omaha post office.

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to permit the use in the Omaha post office of special canceling stamps bearing the following words and figures: "International Aero Congress, Omaha, November 3 to 5, 1921."

Mr. STEENERSON. Mr. Speaker, this bill is in the usual form. It has passed the Senate. This event is going to happen next month, and so there is some urgency for its passage. It is in the usual form and does not impose any obligation whatever on the United States. The stamp is provided by those interested in the International Aero Congress at Omaha, November 3 to 5, 1921. This is an international affair, and there are several countries to be represented. It is not a matter for any private profit or anything of that kind. It is a public matter. The committee unanimously reported the bill, and I hope it will pass.

INHERITANCE TAXATION.

Mr. RAMSEYER. Mr. Speaker——

Mr. STEENERSON. If the gentleman wishes some time, I will give it to him.

Mr. RAMSEYER. I would like to have 10 minutes to explain an extension of remarks I am trying to get.

Mr. STEENERSON. I yield 10 minutes.

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent that I may proceed out of order.

The SPEAKER. The gentleman asks unanimous consent to proceed out of order. Is there objection? [After a pause.] The Chair hears none.

Mr. RAMSEYER. Mr. Speaker, I have asked for the time so generously allotted to me by the distinguished gentleman from Minnesota [Mr. STEENERSON] in order to get certain extensions into the RECORD, and I do not think it would be fair to the Members to insert them without some explanation.

On the 25th of July last I introduced a bill to increase the tax rates in our estate tax law, or what is commonly known as the "inheritance tax law." I appeared before the Ways and Means Committee and made an argument in support of my bill, and I also explained the provisions of that bill to the membership of this House when the tax bill was up for consideration under general debate in the Committee of the Whole. Owing to the "gag rule" under which that bill was considered I was not privileged to offer any amendments to the tax bill in order to increase the inheritance-tax rates. At the time the tax bill was under consideration I called the attention of Members of this House to the fact that our national inheritance-tax rates were very much less than they were in either France or Great Britain. I also called attention to the fact that our National Government collected taxes on estates during the last fiscal year in the sum of $154,043,260.39, while France collected $179,160,743 and England collected $231,962,940.

In this connection I further called attention to the fact that the national wealth of the United States was more than three and one-half times greater than that of France and from three to five times greater than that of Great Britain, and that if we had imposed in this country the same tax rates on estates as were imposed in France or in Great Britain we would have collected from $600,000,000 to $1,000,000,000.

At the time the tax bill was under discussion a number of Members of this House asked me for the inheritance tax rates imposed by Great Britain and France, and also for the amounts collected by the several States of the Union under their inheritance tax laws. As I did not then have the latest available information, I could not give definite answers to those inquiries. Therefore the latter part of August I addressed a letter to every State treasurer in the United States asking him for the amount of inheritance taxes collected in his State for the last fiscal year, and I received answers from each one of them. All but three States in the Union have inheritance tax laws. I could not get the inheritance-tax receipts from the State treasurers of Nebraska and Wyoming for the reasons that in Nebraska the inheritance taxes are collected by the county probate courts and no report thereof is made to the State treasurer, and in Wyoming the inheritance taxes are collected by the county treasurers and no report thereof is made to the State treasurer. The inheritance-tax receipts in the 43 States which reported their collections for the last fiscal year total $57,351,592.99. Adding the amount collected by the States to the amount collected by the Federal Government the total is $211,394,853.38. The amount collected from estates by both our National and State Governments is less than the amount collected by Great Britain. To get the significance of this comparison you must bear in mind that the national wealth of the United States is from three to five times greater than is the national wealth of Great Britain. If we should impose comparatively the same burdens of taxation on estates and inheritances in this country as are imposed in Great Britain, we would collect into the Treasury of the United States from this source between $600,000,000 and $1,000,000,000 annually.

I shall insert in the RECORD the inheritance tax receipts as reported by the State treasurers of the several States for the last fiscal year. The inheritance tax rates in the several States vary, depending in nearly all the States on the degree of relationship of the beneficiary. It would unnecessarily burden the RECORD to print the inheritance tax laws or even the inheritance tax rates of the several States. Members who are interested in the inheritance tax rates of the several States I refer to Newcomb's Inheritance Tax Charts, which can be procured from the Library of Congress.

I shall also make part of the record the inheritance tax rates of Great Britain and the tax rates on inheritances and on gifts inter vivos in France. The rates which I shall insert in the RECORD were prepared by the legislative reference service of the Library of Congress, and I think Members will find them accurate.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAMSEYER. I will yield.

Mr. STAFFORD. Has the gentleman given any consideration to an amendment that has been proposed by some Members of the Senate as to increasing the inheritance taxes above a certain amount, and if he has will he inform the House or include in his remarks the amounts that are likely to be derived from those higher inheritance taxes as proposed?

Mr. RAMSEYER. In answer to the gentleman from Wisconsin I wish to state that on yesterday I first came into possession of the amendments proposed by the Finance Committee of the Senate to the tax bill that was reported by that committee some time ago and is now pending in the Senate. I have before me the proposed amendments. Under existing law we start with an exemption of $50,000 and then tax the next $50,000 1 per cent and increase the percentage rates until we reach $10,000,000, where the rate is 25 per cent. The amendments proposed by the Senate Finance Committee do not increase those rates but makes the 25 per cent rate applicable on net estates between $10,000,000 and $15,000,000. In order that Members may understand I shall insert at this place in my remarks the rates under existing law. They are as follows:

One per cent of the amount of the net estate not in excess of $50,000;

Two per cent of the amount by which the net estate exceeds $50,000 and does not exceed $150,000;

Three per cent of the amount by which the net estate exceeds $150,000 and does not exceed $250,000;

Four per cent of the amount by which the net estate exceeds $250,000 and does not exceed $450,000;

Six per cent of the amount by which the net estate exceeds $450,000 and does not exceed $750,000;

Eight per cent of the amount by which the net estate exceeds $750,000 and does not exceed $1,000,000;

Ten per cent of the amount by which the net estate exceeds $1,000,000 and does not exceed $1,500,000;

Twelve per cent of the amount by which the net estate exceeds $1,500,000 and does not exceed $2,000,000;

Fourteen per cent of the amount by which the net estate exceeds $2,000,000 and does not exceed $3,000,000;

Sixteen per cent of the amount by which the net estate exceeds $3,000,000 and does not exceed $4,000,000;

Eighteen per cent of the amount by which the net estate exceeds $4,000,000 and does not exceed $5,000,000;
Twenty per cent of the amount by which the net estate exceeds $5,000,000 and does not exceed $8,000,000;
Twenty-two per cent of the amount by which the net estate exceeds $8,000,000 and does not exceed $10,000,000; and
Twenty-five per cent of the amount by which the net estate exceeds $10,000,000.

The proposal of the Senate Finance Committee applies to estates from $15,000,000 up and is as follows:

Thirty per cent of the amount by which the net estate exceeds $15,000,000 and does not exceed $25,000,000;
Thirty-five per cent of the amount by which the net estate exceeds $25,000,000 and does not exceed $50,000,000;
Forty per cent of the amount by which the net estate exceeds $50,000,000 and does not exceed $100,000,000; and
Fifty per cent of the amount by which the net estate exceeds $100,000,000.

The taking of 50 per cent of all estates over $100,000,000 may sound big to some. The minute I saw this proposal I grew somewhat suspicious, and I immediately called up the officer in the Treasury Department having charge of the estate-tax division to ascertain, first, how many estates bordering on $50,000,000 to $100,000,000 and above had gone through the Treasury Department since the estate tax or inheritance tax law had been enacted and to ascertain how much additional revenue would likely be realized from the proposed Senate amendment.

The Treasury official was unable to make any estimate in the time at his disposal of the amount of revenue that the proposed Senate amendment would likely yield. I did, however, receive some interesting information, to wit: That since the estate tax law went into effect in 1916 the 15 largest estates on which estate taxes were levied ranged from $38,000,000 to $110,000,000; that is, gross estates. The net estate of the $110,000,000 gross estate was $89,000,000, and on that amount the tax was levied. The net estates of the three highest estates that have gone through the Treasury Department and on which the estate tax was levied were $89,000,000, $79,000,000, and $53,000,000, respectively, while the remaining 12 estates of those 15 largest estates that have gone through the Treasury Department were from $30,000,000 to $40,000,000 net estates. Up to date not a cent has been collected on any net estate amounting to over $100,000,000. There have been only three estates over $50,000,000. In my opinion, the amendment called to my attention by the gentleman from Wisconsin will add very little to the revenues of the Government. A rate of 50 per cent on net estates above $100,000,000 may look good in print, but it will not bring any revenues into the Treasury.

Estates of that kind have not existed, and they are less likely to exist in the future, as men of great wealth will be more disposed to distribute their wealth before they die. We might as well impose a rate of 100 per cent on all net estates above $100,000,000, because that, judging the future by the past, will yield as much of nothing as the rate of 50 per cent on all net estates above $100,000,000. If you want to increase the revenue from estates, you must increase the tax rates on lower amounts. The bill I introduced and for which I argued in the House doubled the existing rates—that is, instead of having progressive tax rates from 1 per cent to 25 per cent on net estates from $50,000 to $10,000,000, the progressive tax rates ranged from 2 per cent to 50 per cent on net estates from $50,000 to $10,000,000. That proposed change in existing law, together with the other changes in my bill, would have yielded an annual income to our Government of over $400,000,000.

I wish to call the attention of Members of this House to the fact that in France taxes are imposed on gifts inter vivos as well as on inheritances. The taxation of gifts is a matter that ought to be considered by Congress at once, because men of large fortunes are beating the Government out of estate taxes by disposing of their holdings during their lifetime.

Mr. Speaker, I did not ask for time to make an argument in favor of estate or inheritance taxes, and I would not have consumed this much time but for the question of the gentleman from Wisconsin. I simply wished to explain to the Members the data I propose to place in the RECORD, and I ask unanimous consent, Mr. Speaker, to extend my remarks along the line indicated on inheritance taxes.

The SPEAKER. The gentleman from Iowa asks for unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Inheritance tax receipts as reported by the State treasurers of the several States for the last fiscal year.

Alabama. (No inheritance tax law.)	
Arizona	$17,109.49
Arkansas	85,376.11
California	6,804,732.08
Colorado	409,269.70
Connecticut	1,855,856.34
Delaware	37,249.36
Florida. (No inheritance tax law.)	
Georgia	210,482.21
Idaho	$21,220.86
Illinois	3,368,905.16
Indiana	660,000.00
Iowa	657,227.06
Kansas	536,118.18
Kentucky	435,562.32
Louisiana	224,891.77
Maine	594,100.03
Maryland	656,027.93
Massachusetts	4,296,507.63
Michigan	1,391,677.58
Minnesota	1,074,038.82
Mississippi	88,370.18
Missouri	1,472,000.00
Montana	86,680.26
Nebraska. (Inheritance taxes collected by the county probate courts and no report thereof made to the State treasurer.)	
Nevada	14,863.06
New Hampshire (for 10 months prior to June 30, 1921)	251,312.83
New Jersey	4,709,433.74
New Mexico	1,181.33
New York	18,135,506.73
North Carolina	603,077.13
North Dakota	99,340.56
Ohio	1,184,805.64
Oklahoma	155,067.82
Oregon	214,215.34
Pennsylvania	10,198,718.06
Rhode Island	1,403,306.20
South Carolina. (No inheritance tax law.)	
South Dakota	202,271.06
Tennessee	375,878.00
Texas	547,227.30
Utah	525,038.08
Vermont	140,502.99
Virginia	199,538.00
Washington	520,899.75
West Virginia	700,864.76
Wisconsin	1,265,456.73
Wyoming. (Inheritance taxes collected by the county treasurers and no report thereof made to the State treasurer.)	
Total	57,351,592.99

INHERITANCE TAX LAWS.

[Covering estate, legacy, and succession duties.]

GREAT BRITAIN AND IRELAND.

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(Manuscript supplementary to manuscript No. 41626, prepared by T. H. Thiesing, 29 Apr., 1916, on the basis of United States, Sixty-first Congress, first session, Senate Doc. No. 114, "Inheritance tax laws"; revising manuscript to 31 Dec., 1920. Mangum Weeks, 16 Sept., 1921.)

NOTE: Since 1915 there has been little legislation of primary importance affecting the law upon inheritance taxes, the revised schedule for estate duty in the finance act, 1919, being the only full revision of any existing schedule. Most of the amendments to these laws within this period have dealt with the remission of "death duty" (estate duty) in respect of persons killed in the military or naval service, changes obviously necessitated by the Great War; in this connection attention should be called to clause 31 in the present finance bill, 1921, which extends the benefit of section 14, 63 and 64 Vict., c. 7, to the case of persons killed while engaged in the military or naval service during the present rebellion in Ireland by remission of death duties within certain prescribed limits.

FINANCE ACT (NO. 2), 1915.

[5 and 6 Geo. V, c. 89, s. 46.]

Section 2 of death duties (killed in war) act, 1914, providing for remission of estate duty in respect of property passing more than once owing to deaths caused by the war, extended to succession and legacy duty as well as estate duty.

FINANCE ACT, 1917.

[7 and 8 Geo. V, c. 31, s. 29.]

Section 14, finance act, 1900, as extended by death duties (killed in war) act, 1914, and section 46 of finance act (No. 2), 1915, "applied to master or member of crew of ship or fishing boat dying * * * from causes arising out of operations of the present war * * *."

(An extension of the law in respect of the remission of death duty.)

FINANCE ACT, 1918.

[8 and 9 Geo. V, c. 15, s. 44.]

Death duties (killed in war) act, 1914, "shall have effect, and shall be deemed always to have had effect as though references therein to lineal ancestors included references to brothers and sisters and descendants of brothers and sisters of deceased."

FINANCE ACT, 1919, PART III.

[9 Geo. V, c. 6, s. 29–31.]

29. The scale set out in the third schedule to this act shall, in the case of persons dying after the commencement of this act, be substituted for the scale set out in the first schedule to the finance act, 1914, as the scale of rates of estate duty:

Provided, That where an interest in expectancy within the meaning of Part I of the finance act, 1894, in any property has, before the 30th day of April, 1919, been bona fide sold or mortgaged for full consideration in money or money's worth, then no other duty on that property shall be payable by the purchaser or mortgagee when the interest falls into possession than would have been payable if this part of this act had not passed, and in the case of a mortgagee any higher duty payable by the mortgagor shall rank as a charge subsequent to that of the mortgagee.

30. Section 18 of the finance act, 1896 (which determines the rate of interest on death duties, shall, in its application to interest accruing due after the commencement of this act, have effect as though 4 per cent were substituted for 3 per cent as the rate of interest per annum.

31. Section 14 of the finance act, 1900 (which relates to the remission of death duties in case of persons killed in war), and any enact-

ment amending or extending that section, shall, in their application to the present war, have effect and be deemed always to have had effect as though—

(a) Three years were substituted for 12 months wherever that expression occurs; and

(b) In the said section 14 the expression "wounds inflicted, accident occurring, or disease contracted while on active service against an enemy" included wounds inflicted, accident occurring, or disease contracted in the course of operations arising directly out of the present war but after its termination.

GREAT BRITAIN FINANCE ACT, 1919.

THIRD SCHEDULE.

Scale of rates of estate duty.

Where the principal value of the estate exceeds—	Duty payable at rate of (per cent)—
£100 and does not exceed £500	1
£500 and does not exceed £1,000	2
£1,000 and does not exceed £5,000	3
£5,000 and does not exceed £10,000	4
£10,000 and does not exceed £15,000	5
£15,000 and does not exceed £20,000	6
£20,000 and does not exceed £25,000	7
£25,000 and does not exceed £30,000	8
£30,000 and does not exceed £40,000	9
£40,000 and does not exceed £50,000	10
£50,000 and does not exceed £60,000	11
£60,000 and does not exceed £70,000	12
£70,000 and does not exceed £90,000	13
£90,000 and does not exceed £110,000	14
£110,000 and does not exceed £130,000	15
£130,000 and does not exceed £150,000	16
£150,000 and does not exceed £175,000	17
£175,000 and does not exceed £200,000	18
£200,000 and does not exceed £225,000	19
£225,000 and does not exceed £250,000	20
£250,000 and does not exceed £300,000	21
£300,000 and does not exceed £350,000	22
£350,000 and does not exceed £400,000	23
£400,000 and does not exceed £450,000	24
£450,000 and does not exceed £500,000	25
£500,000 and does not exceed £600,000	26
£600,000 and does not exceed £800,000	27
£800,000 and does not exceed £1,000,000	28
£1,000,000 and does not exceed £1,250,000	30
£1,250,000 and does not exceed £1,500,000	32
£1,500,000 and does not exceed £2,000,000	35
£2,000,000	40

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TAXES ON INHERITANCE AND ON GIFTS INTER VIVOS IN FRANCE IMPOSED BETWEEN JANUARY 1, 1918, AND JULY 1, 1921.

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(This manuscript is supplementary to a manuscript prepared by Mr. Bernard, June, 1916, and revised by Mr. Hirsch, August, 1918. Mangum Weeks, Oct. 1, 1921.)

NOTE: Since the enactment of the law of December 31, 1917, there has been no legislation of importance affecting inheritances ("domaine") and gifts inter vivos save the law of June 25, 1920. In regard to the subsidiary laws on registration duties and stamp taxes, which affect all legal transfers of property and therefore indirectly the taking of property by succession and by gift, there have been certain minor changes (law of June 25, 1920, Title II, Duvergier-Lois, Décrets, 1920, pp. 615 et seq., pp. 619 et seq.) The subsidiary tax law, known as the mortmain tax ("taxe de mainmorte"), was revised and is to be calculated on the basis of 260 centimes per franc of the principal of the land tax on property improved and unimproved (law of June 29, 1918, art. 6, having effect from Jan. 1, 1918).

The law on inheritances and gifts inter vivos has, however, been completely revised in its schedules, of rates. The schedules of the revising law of June 25, 1920, with their governing provisions, are therefore given infra (translated by the present compiler) as set forth in the text of that act.

[From Duvergier-Lois, Décrets, 1920, pp. 616 et seq.]

Law June 25, 1920, Title II. Translation:

ART. 29. Article 10 of the law of December 31, 1917, is modified as follows:

"In every succession where the deceased does not leave at least four living children or representatives there is to be collected, independently of the duties to which the transfers of property, either real or personal, are subjected by decrease, a progressive and graduated duty on the net round sum of the inheritance.

"This duty is fixed as follows, without addition of any decimal surtax ('décime'). (See Schedule I.)

"There are applicable to the duty established by the present article the provisions which govern the settlement, the payment, and the recovery of the duties of succession by decrease, as well as the penalties for default of declaration in the period allowed, omission, or false valuation. The payment of the whole of the duty is an obligation on the heirs, donees, residuary legatees, or those taking by general right, who should make payment within the same periods as the duties of succession by decease."

ART. 30. The duties of succession by decrease established by articles 2 of the law of February 25, 1901; 10 of the law of March 30, 1902; 10 of the law of April 8, 1910; and 11 of the law of December 31, 1917, are fixed by the following rates, without addition of any decimal surtax, for the net part received (by inheritance) by each one owing duty. (See Schedule II.)

In every succession where the decedent leaves more than four living children or representatives there is deducted from the net round sum of the assets for the settlement of the duties of transfer by decease 10 per cent for each child in excess of the fourth, provided this deduction shall not exceed 15,000 francs per child.

Whenever any succession shall pass from the grandparents to the grandchildren in consequence of the predecease of the father or of the mother, killed by the enemy or having died a victim of the war, under the conditions fixed by Nos. 1 and 2 of the second paragraph of article 34 of the present law, the rate applicable shall be that of the lineal descendant of the first degree, saving to the heirs the right to produce the proofs provided for by the last paragraph of article 34.

The total of the fraction of inheritance duty enacted by article 20 falling on an heir, donee, or legatee by virtue of the present article, can not exceed 80 per cent of the net part which has descended to him, calculated on the net inherited assets without deduction of inheritance duty. The reduction will continue on the duties of succession by decease.

ART. 31. When an heir, donee, or legatee shall have four children or more living at the moment of the beginning of his succession duties the duties to be collected by virtue of the above article shall be diminished by 10 per cent for each child in excess of the third, without the reduction exceeding 2,000 francs for each child and the total reduction exceeding 50 per cent.

ART. 32. The registration duties on gifts inter vivos of real and personal property, such as were established in article 18 of the law of February 25, 1901, article 11 of the law of April 8, 1910, and article 14 of the law of December 31, 1917, shall be collected in accordance with the following quotas, without addition of any decimal surtax. (See Schedule III.)

ART. 33. The net shares not exceeding 10,000 francs, received in successions, of which the sum total does not exceed 25,000 francs, just as gifts and legacies made to the departments, communes, and public establishments, or those of public utility, shall continue, conformably to article 12 and to article 16, second paragraph, of the law of December 31, 1917, to be subject, in what concerns the succession duties by decrease and donation duties, to the rates enacted by the laws precedent to the said law, reserving application to successions between spouses of the rate fixed by these laws for successions in direct line to the second degree.

The individual gifts and legacies made to those maimed by war by the loss of at least 50 per cent of their working ability shall benefit to the extent of the first 100,000 francs by the reduced rate of 9 per cent enacted by article 19 of the law of February 25, 1901, and retained by this present article.

ART. 34. Article 15 of the law of December 31, 1917, is abrogated and replaced by the following provisions:

For the application of the rates enacted by articles 29 and 32 preceding, and of the provisions of the second paragraph of article 30, there should be added to the number of living children or representatives of the decedent or of the donor any child who—

1. Has died after having attained the age of 16 years.

2. Being at an age less than 16 years, has been killed by the enemy in the course of hostilities or has died from the consequences of war, whether during hostilities or within a year from their cessation.

The benefit of this provision is conditioned upon the prompt production in the first case of a certificate of death of the child, and in the second case of a certificate of general knowledge delivered without charge by the justice of the peace of the deceased's domicile and establishing the circumstances of the wound or of death.

For the application of article 31 preceding there will be assimilated to the living children of the heir, donee, or legatee, every child, of whatever age of the heir, donee, or legatee who—

1. Being in military service, is killed with the colors during the period of the war, or who, whether in active service or after his return home, has died within a year from the cessation of hostilities from a wound or an illness contracted during the war.

2. Not being in military service, has been killed by the enemy in the course of hostilities or has died from consequences of the war, whether during hostilities or within a year from their cessation.

The benefit of this provision is conditioned upon the production—

1. If it is a question of a soldier, of a certificate from the military authority certifying that his death was caused by a wound received or an illness contracted during the period of the war.

2. If it is a question of a civilian, of certificate of general knowledge delivered without charge by a justice of the peace of the domicile of the deceased and establishing the circumstances of the wound or of his death.

ART. 35. The semiannual payments provided for by article 7 of the law of July 13, 1911, are fixed at the number of two, when the exigible duties of succession by decease do not exceed 5 per cent of the net shares inherited, whether by all the coheirs together or by each of the legatees or donees; at four payments when the duties do not exceed 10 per cent of the same shares, and so on, increasing the number of payments from two in proportion as the duties exceed a new multiple of 5 per cent, but without the number of payments becoming greater than 10.

The number of the successive payments may be reduced by half, without becoming less than two, when cash, claims fallen due, and negotiable paper are included in the inheritance. The legacy or gift representing a sum at least equal in amount to the exigible duties.

The duties of which the payment has been deferred become exigible immediately when it is established that the heirs, donees, or legatees who owe such duty have realized from the property of the inheritance, gift, or legacy a net value at least equal to the sum of the duties remaining due.

Inheritance tax rates in France.

SCHEDULE I.

Rate applicable to the fraction included between—	Number of children left by the decedent.			
	3 living children or representatives.	2 living children or representatives.	1 living child or representative.	No living child or representative.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*
1 and 2,000 francs	Fr. c. 25	Fr. c. 50	Fr. c. 1 0	Fr. 3
2,001 and 10,000 francs	50	1 0	2 0	6
10,001 and 50,000 francs	75	1 50	3 0	9
50,001 and 100,000 francs	1 0	2 0	4 0	12
100,001 and 250,000 francs	1 25	2 50	5 0	15
250,001 and 500,000 francs	1 50	3 50	6 50	18
500,001 and 1,000,000 francs	2 25	4 25	8 0	21
1,000,001 and 2,000,000 francs	3 20	6 0	12 0	24
2,000,001 and 5,000,000 francs	3 60	6 75	13 50	27
5,000,001 and 10,000,000 francs	4 0	7 50	15 0	30
10,000,001 and 50,000,000 francs	4 40	8 25	16 50	33
50,000,001 and 100,000,000 francs	4 80	9 0	18 0	36
100,000,001 and 500,000,000 francs	5 50	10 0	20 0	37
All over 500,000,000 francs	7 50	12 0	21 0	39

French duty according to degree of relationship.

SCHEDULE II.

Indicating the degree of relationship.	Rate applicable to the fraction of the net part taken between—											
	1 and 2,000 francs.	2,001 and 10,000 francs.	10,001 and 50,000 francs.	50,001 and 100,000 francs.	100,001 and 250,000 francs.	250,001 and 500,000 francs.	500,001 and 1,000,000 francs.	1,000,001 and 2,000,000 francs.	2,000,001 and 5,000,000 francs.	5,000,001 and 10,000,000 francs.	10,000,001 and 50,000,000 francs.	All over 50,000,000 francs.
	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.	Per cent. Fr. c.
Lineal descendant to first degree	1 0	2 0	3 0	4 0	5 0	6 0	7 0	9 0	11 0	13 0	15 0	17 0
Lineal descendant to second degree and between spouses	1 50	2 50	3 50	4 50	5 50	6 50	7 50	9 50	11 50	13 50	15 50	17 50
Lineal descendant beyond second degree	2 0	3 0	4 0	5 0	6 0	7 0	8 0	10 0	12 0	14 0	16 0	18 0
Lineal ascendant to first degree	2 50	3 50	4 50	5 50	6 50	7 50	8 50	10 50	12 50	14 50	16 50	18 50
Lineal ascendant to second degree	3 0	4 0	5 0	6 0	7 0	8 0	9 0	11 0	13 0	15 0	17 0	19 0
Lineal ascendant beyond second degree	3 50	4 50	5 50	6 50	7 50	8 50	9 50	11 50	13 50	15 50	17 50	19 50
Between brothers and sisters	10 0	12 0	14 0	16 0	19 0	22 0	25 0	28 0	32 0	36 0	40 0	44 0
Between uncles or aunts, nephews or nieces	15 0	17 0	19 0	21 0	24 0	27 0	30 0	33 0	37 0	41 0	45 0	49 0
Between granduncles or grandaunts and grandnephews or grandnieces and between cousins-german	20 0	22 0	24 0	26 0	29 0	32 0	35 0	38 0	42 0	46 0	50 0	54 0
Between relatives beyond the fourth degree and between persons not related	25 0	27 0	29 0	31 0	34 0	37 0	40 0	43 0	47 0	51 0	55 0	59 0

Donations and gifts.

SCHEDULE III.

Indicating the degrees of relationship.			Rate.
			Per ct. Fr. c.
Lineal descendant.	Gift distributions were made in accordance with articles 1075 and 1076 of the Civil Code by the father and mother and other descendants.	Among more than two living children or representatives.	2 50
		Among two living children or representatives	4 50
		Among the descendants of an only child	6 50
	Gifts by marriage contract to the children of the marriage	More than two living children or representatives	3 50
		Two living children or representatives	4 50
		One living child or representative	5 50
	Other donations	More than two living children or representatives	5 50
		Two living children or representatives	7 50
		One living child or representative	9 50
Lineal ascendant			9 50
Between spouses.	By marriage contract		4 50
	Without marriage contract	More than two living children or representatives of issue by the marriage	5 50
		Two living children or representatives of issue by the marriage	7 50
		One child or representative of issue by the marriage	9 50
		Without living child or representative of issue by the marriage	11 50
Between brothers and sisters		By contract of intended marriage	15
		Without marriage contract	25
Between uncles or aunts and nephews or nieces		By contract of intended marriage	20
		Without marriage contract	30
Between granduncles or grandaunts and grandnephews or grandnieces and between cousins-german		By contract of intended marriage	25
		Without marriage contract	35
Between relatives beyond the fourth degree and between persons not related		By contract of intended marriage	30
		Without marriage contract	40

INTERNATIONAL AERO CONGRESS CANCELLATION STAMP.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. STEENERSON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order that there is no quorum present.

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

The SPEAKER. Will the gentleman from Texas withhold his point for a moment?

Mr. BLANTON. I withhold it.

LEAVES OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. GAHN, for two weeks, on account of important business;

To Mr. BRAND (at the request of Mr. LARSEN of Georgia), indefinitely, on account of sickness.

ADJOURNMENT.

The SPEAKER. The gentleman from Minnesota moves that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 30 minutes p. m.) the House adjourned until to-morrow, Thursday, October 13, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. MOORES of Indiana, from the Joint Select Committee on the Disposition of Useless Executive Papers, submitted a report (No. 403) concerning disposition of useless papers in the Smithsonian Institution, which said report was ordered to be printed.

Mr. MADDEN, from the Committee on Appropriations, to which was referred the joint resolution (S. J. Res. 123) authorizing the Secretary of War to expend from the appropriation "Disposition of remains of officers, soldiers, and civilian employees, 1922" (act of Mar. 4, 1921, Public, No. 389, 66th Cong.), such sum as may be necessary to carry out the provisions of public resolution 67, Sixty-sixth Congress, reported the same with an amendment, accompanied by a report (No. 404), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

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

By Mr. OSBORNE: A bill (H. R. 8642) to enlarge, extend, and remodel the post-office building at Los Angeles, Calif., and authorizing the purchase of additional land adjoining the present site sufficient in area to permit of the extension, erection, and completion of a building thereon, in the discretion of the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

By Mr. GREEN of Iowa: A bill (H. R. 8643) to extend the tariff act approved May 27, 1921; to the Committee on Ways and Means.

By Mr. PARKER of New York: A bill (H. R. 8644) to make a survey of the Saratoga battle field and to provide for the compilation and preservation of data showing the various positions and movements of troops at that battle illustrated by diagrams, and for other purposes; to the Committee on Military Affairs.

By Mr. OSBORNE: A bill (H. R. 8645) to provide for the incorporation of Federal home building corporations, for the appointment of a commissioner of such corporations, and for other purposes; to the Committee on the Judiciary.

By Mr. TAGUE: A bill (H. R. 8646) providing that the Attorney General of the United States shall have power to determine that any society, organization, or association within the United States or its territorial limits is a menace to the welfare of the citizens thereof, and for other purposes; to the Committee on the Judiciary.

By Mr. VINSON: A bill (H. R. 8647) to amend the war risk insurance act as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. RAINEY of Illinois: A bill (H. R. 8648) authorizing and declaring a portion of the west arm of the South Fork of the South Branch of the Chicago River to be nonnavigable; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BEGG: A bill (H. R. 8649) granting an increase of pension to Thomas Mahan; to the Committee on Pensions.

Also, a bill (H. R. 8650) granting a pension to Harriet A. Wood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8651) granting a pension to Ellen Clendenin; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 8652) granting a pension to Lizzie Cragg; to the Committee on Invalid Pensions.

By Mr. KIESS: A bill (H. R. 8653) granting a pension to Mary T. Schmidt; to the Committee on Pensions.

By Mr. KLINE of New York: A bill (H. R. 8654) for the relief of the Mechanics and Metals National Bank, successor to the New York Produce Exchange Bank; to the Committee on Claims.

By Mr. LANHAM: A bill (H. R. 8655) granting a pension to Mary E. Shadle; to the Committee on Pensions.

By Mr. LAYTON: A bill (H. R. 8656) for the relief of Horace G. Knowles; to the Committee on Claims.

By Mr. LONGWORTH: A bill (H. R. 8657) granting a pension to Anthony Wehner; to the Committee on Pensions.

Also, a bill (H. R. 8658) authorizing the Secretary of War to donate to the Madisonville Memorial Association, of Cincinnati, Ohio, one captured cannon of the World War; to the Committee on Military Affairs.

Also, a bill (H. R. 8659) authorizing the Secretary of War to donate to the city of Cincinnati, Ohio, two 10-inch howitzers and eight 77-millimeter guns captured during the World War; to the Committee on Military Affairs.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 8660) for the relief of Benjamin F. Brown; to the Committee on Military Affairs.

By Mr. MOORE of Illinois: A bill (H. R. 8661) granting an increase of pension to John M. Beck; to the Committee on Invalid Pensions.

By Mr. RAINEY of Illinois: A bill (H. R. 8662) for the relief of William Knourek; to the Committee on Claims.

Also, a bill (H. R. 8663) for the relief of John Marks; to the Committee on Naval Affairs.

Also, a bill (H. R. 8664) granting a pension to Ann Casey; to the Committee on Pensions.

Also, a bill (H. R. 8665) granting a pension to Michael Quinlan; to the Committee on Pensions.

Also, a bill (H. R. 8666) granting a pension to Joseph Mikota; to the Committee on Pensions.

By Mr. REAVIS: A bill (H. R. 8667) granting a pension to Cyrus W. Northup; to the Committee on Invalid Pensions.

By Mr. REBER: A bill (H. R. 8668) granting an increase of pension to Mary E. Rose; to the Committee on Invalid Pensions.

By Mr. RIDDICK: A bill (H. R. 8669) authorizing the issuance of a patent in fee to Jerome Kennerly for land allotted to him on the Blackfeet Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. ROSE: A bill (H. R. 8670) granting an increase of pension to Elizabeth Corl; to the Committee on Invalid Pensions.

By Mr. ROUSE: A bill (H. R. 8671) granting a pension to Anna W. Nixon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8672) authorizing the Secretary of War to donate to Evergreen Cemetery, Newport, Ky., four German cannons or fieldpieces; to the Committee on Military Affairs.

By Mr. RYAN: A bill (H. R. 8673) for the relief of Joseph W. Martin; to the Committee on Claims.

Also, a bill (H. R. 8674) for the relief of Katherine Cronhardt; to the Committee on Claims.

PETITIONS, ETC.

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

2711. By Mr. BEEDY: Resolutions adopted by the Portsmouth (N. H.) Metal Trades Council, protesting against the policy of the Government regarding wages of navy-yard employees and urging the adoption of a wage schedule consistent with living conditions; to the Committee on Expenditures in the Navy Department.

2712. By Mr. BURTON: Resolution from the Laymen's Association of the Northeast Ohio Conference of the Methodist Episcopal Church, in session at Massillon, Ohio, September 30, 1921, praying for world peace and the reduction of armaments; to the Committee on Foreign Affairs.

2713. Also, resolution from the Baptist Church of North Royalton, Ohio, favoring the passage of House joint resolution 159, to prohibit sectarian appropriations; to the Committee on Appropriations.

2714. By Mr. FULLER: Petition of the Federated Engineering Society, favoring the Lampert Patent Office bill (H. R. 7077); to the Committee on Patents.

2715. By Mr. KISSEL: Petition of Frederick B. Chandler, of New York City; to the Committee on Ways and Means.

2716. By Mr. KNUTSON: Resolution adopted by St. Peter's Methodist Church of Long Prairie, Minn., signed by Charles H. Blake, pastor, and W. G. Anderson, secretary, urging the immediate passage of the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

2717. By Mr. MAGEE: Resolution of the First Baptist Church of Homer, N. Y., indorsing House joint resolution 159; to the Committee on the Judiciary.

2718. By Mr. SMITH of Michigan: Memorial of the Culture Club of Jonesville, Mich., protesting against tax on musical instruments; to the Committee on Ways and Means.

2719. By Mr. YOUNG: Resolution of the North Dakota Farm Bureau Federation, at an annual convention at Fargo, N. Dak., favoring the retention of the excess-profits tax in the tax laws of the country; to the Committee on Ways and Means.

2720. Also, telegram in the nature of a petition of the League of Women Voters of Fargo, N. Dak., praying for the passage of the so-called Sheppard-Towner bill and that it be administered by the Children's Bureau; to the Committee on Education.

SENATE.

THURSDAY, *October 13, 1921.*

(Legislative day of Tuesday, October 4, 1921.)

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

DEATH OF SENATOR KNOX.

Mr. PENROSE. Mr. President, it becomes my sad duty to announce to the Senate the sudden and unexpected death of my colleague and our associate, Senator PHILANDER C. KNOX. His taking off is so unexpected, so sudden, and so shocking, so soon after he left the Senate Chamber last evening, apparently in good health and vigor and ready for the great tasks ahead of him, that I have difficulty at this time in adequately expressing my personal grief for the great loss which the Senate and the country have sustained.

He was an illustrious son of Pennsylvania, a man of sterling Americanism, a statesman whose loss at this trying crisis will be irreparable. At a later time I shall hope more fully and adequately to express the sentiments which I feel and the views which I hold as to his standing and record in the annals of America.

I now offer the following resolutions for adoption.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S. Res. 152) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of the Hon. PHILANDER CHASE KNOX, late a Senator from the State of Pennsylvania.

Resolved, That a committee of 17 Senators be appointed by the Vice President to take order for superintending the funeral of the late Senator.

Resolved, That as a further mark of respect the remains of the dead Senator be removed from Washington to Valley Forge, Pa., for burial in charge of the Sergeant at Arms, attended by the committee, who shall have full power to carry these resolutions into effect.

Resolved, That the Secretary communicate these resolutions to the House of Representatives, and transmit a copy thereof to the family of the deceased Senator.

The VICE PRESIDENT appointed as the committee under the second resolution Mr. PENROSE, Mr. LODGE, Mr. MCCUMBER, Mr. BORAH, Mr. BRANDEGEE, Mr. JOHNSON, Mr. NEW, Mr. MOSES, Mr. KELLOGG, Mr. MCCORMICK, Mr. UNDERWOOD, Mr. HITCHCOCK, Mr. WILLIAMS, Mr. SWANSON, Mr. POMERENE, Mr. PITTMAN, and Mr. SHIELDS.