hearts, and the hope of humanity's highest dreams. By Thy wondrous grace, keep us calm, trustful, patient, steady, and obedient to Thy holy will as revealed in Jesus Christ. And with Thy never-failing help, may we prefer the things that are excellent, as well as choose what is right and to right what is wrong.

In the name of Him who taught us to love one another even as Christ Himself has loved us, we earnestly and gratefully pray. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, February 4, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. McLeod, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 231) to permit the importation free of duty of flaxseed from foreign countries during a period of 90 days, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 231) to permit the importation free of duty of flaxseed from foreign countries during a period of 90 days was read twice by its title and referred to the Committee on Finance.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore (Mr. CLARK of Idaho). The clerk will call the roll.

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

Austin	Davis	Moore
Bailey	Eastland	O'Daniel
Ball	Ferguson	Overton
Barkley	George	Robertson
Brewster	Green	Taft
Brooks	Guffey	Thomas, Idaho
Bushfield	Hill	Tobey
Butler	Holman	Tunnell
Byrd	Jackson	Vandenberg
Caraway	La Follette	Wherry
Clark, Idaho	Lucas	White
Clark, Mo.	McClellan	
Danaher	McKellar	

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from New Mexico [Mr. HATCH] are absent from the Senate because of illness.

The Senator from New Jersey [Mr. WALSH] is absent, attending the funeral of a friend.

The Senator from Nevada [Mr. SCRUGHAM] is absent, on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Connecticut [Mr. MALONEY], the Senator from Nevada [Mr. McCARRAN], and the Senator from Wyoming [Mr. O'MAHONEY] are detained in committee meetings.

The Senator from Washington [Mr. BONE], the Senator from Kentucky [Mr. CHANDLER], the Senator from Rhode Island [Mr. GERRY], the Senator from Iowa [Mr. GILLETTE], the Senator from Maryland [Mr. RADCLIFFE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Oklahoma [Mr. THOMAS], the Senator from Missouri [Mr. TRUMAN], the Senator from Washington [Mr. WALLGREN], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

The Senator from California [Mr. DOWNEY], the Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arizona [Mr. McFARLAND], the Senator from New York [Mr. MEAD], the Senator from Utah [Mr. MURDOCK], the Senator from Florida [Mr. PEPPER], and the Senator from Utah [Mr. THOMAS] are detained in various Government departments on matters pertaining to their respective States.

The Senator from West Virginia [Mr. KILGORE] is detained on public business.

Mr. WHITE. The Senator from Oregon [Mr. McNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The Senator from New Jersey [Mr. HAWKES] is unavoidably absent due to having an appointment with Governor Walter E. Edge, of the State of New Jersey, for the purpose of discussing the soldiers' vote.

The ACTING PRESIDENT pro tempore. Thirty-seven Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The Chief Clerk called the names of the absent Senators, and Mr. HAYDEN, Mr. MURRAY, Mr. NYE, Mr. SMITH, Mr. STEWART, Mr. TYDINGS, and Mr. WAGNER entered the Chamber and answered to their names.

The ACTING PRESIDENT pro tempore. Forty-four Senators have answered to their names. A quorum is not present.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. Mr. President, in view of the difficulty of obtaining a quorum today, I make the only motion that is in order, that the Senate adjourn until 12 o'clock noon on Monday.

The motion was agreed to; and (at 11 o'clock and 20 minutes a. m.) the Senate adjourned until Monday, February 7, 1944, at 12 o'clock meridian.

SENATE

MONDAY, FEBRUARY 7, 1944

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of our fathers, bewildered by the wild confusion without in a clamorous world we would wait in quietness that the roiled waters may become clear and our disturbed spirits tranquil pools of peace and prayer. In the black night that covers us we would keep our bearings by the upward look, where the pilgrim stars of eternal verities flash their guiding signals upon our darkened way. Put Thy hands upon our hands as the ship of state is steered through these mountainous seas.

Thou knowest our hearts. Thou seest, in spite of the worst things in us which we despise, that in our highest hours our deepest desire is to be the true servants of Thy will in this troubled time. Grant us the grace, O Lord, to cherish evermore the heritage that is ours through the might and meekness, the virtue and valor of those whose record within these Halls has helped make the greatness of our Nation; and inspire us so to follow their shining example that we may not only hold our inheritance as a sacred and precious trust but, by our love and labor, leave it with increased luster to those who shall come after us. In the Redeemer's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Secretary (Edwin A. Halsey) read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., February 7, 1944.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. CLAUDE PEPPER, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

CARTER GLASS,
President pro tempore.

Mr. PEPPER thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, February 5, 1944, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

TRIBUTE TO SERVICES OF SENATOR McCARRAN AS CHAIRMAN OF COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. BUSHFIELD. I ask unanimous consent to offer for the CONGRESSIONAL RECORD an excerpt from the records of the District of Columbia Committee of the Senate in commendation of the distinguished chairman of that committee, the Senator from Nevada [Mr. McCARRAN], during the last year. The matter I present was adopted at a recent meeting of the committee.

The ACTING PRESIDENT pro tempore. Without objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

The following excerpt is from the record of the final session of the Senate District Committee, presided over by Senator McCARRAN, prior to assuming the duties of Chairman of the Senate Judiciary Committee:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

"Senator BURTON. As a Member of the committee and as a Member of the minority party on the committee, I wish to express appreciation of your leadership in this difficult assignment. I believe, Mr. Chairman, you have set an example as to what a chairman of the Senate District Committee should be. You have displayed those virtues of administration which I regard as most vital and which are not always to be found in a position of this kind. I refer to the virtues of fairness, firmness, and kindness which you have shown in this committee work which involves city government, and deals with many questions of human interest. You have shown an appropriate human interest. This work is different in a way from all other work of Congress because it deals indirectly with the human beings themselves and the leadership which you have given in approaching this problem has been extremely helpful to the members of the committee. You have always shown a desire to take the long view and to look consistently to the ultimate and best solution. You have at all times disregarded any partisan or personal consideration, and I believe that the District of Columbia and the Congress and members of the committee are deeply indebted to you for your services.

"I will be only too glad to assist in whatever way I can with the many things that are still pending. I wish to thank you personally and as a member of the minority party I would like to say that I endorse your committee program, and we are very sorry to lose you as chairman.

"Senator CAPPER. I want to endorse 100 percent everything that Senator BURTON has said.

"Senator BUCK. I am in hearty accord with the sentiments expressed by Senator BURTON, and I, too, regret losing Senator MCCARRAN as chairman of the District Committee. I wish to take this opportunity to thank the chairman for his untiring efforts, human understanding, and kindness throughout his entire tenure as chairman.

"Senator BUSHFIELD. During my previous year of service on this committee under your chairmanship and leadership, I found you unfailingly helpful and loyal and responsive to any request made by the members of the committee; and as all members have that view, I think it is entirely appropriate that these expressions of appreciation to our chairman for his services, for his leadership, and for his long hours of work on this committee, be formally made a part of the records of the committee, and I so move."

(Senator BUSHFIELD put this motion, which was carried unanimously, the chairman not voting.)

PETITION

The ACTING PRESIDENT pro tempore laid before the Senate the petition of Thelma V. Griffith, of New York, N. Y., praying for the enactment of pending legislation providing a wartime method of voting by members of the armed forces, which was ordered to lie on the table.

SOLDIERS' VOTE BILL—PETITIONS

Mr. AUSTIN. Mr. President, I have before me a letter addressed to me which I shall read:

DEAR SENATOR: Enclosed are petitions bearing more than 500 signatures urging you vote for a federally controlled servicemen's ballot as the only effective means of permitting our men and women in the armed forces to vote in this year's national elections. Our membership have officially backed this question and hundreds more Springfield workers would have signed these petitions, given time.

We can assure you that sentiment is overwhelmingly in favor of the Federal ballot and urge you not only to vote but to work for the success of the measure.

Very truly yours,

FRED R. SNOW,
President, Local 218, United Electrical, Radio, and Machine Workers of America.

The petitions were posted from Springfield, Vt. I ask unanimous consent to have noted the presentation of the petitions and to have them properly referred.

The ACTING PRESIDENT pro tempore. The petitions will be noted and lie on the table.

A CITIZEN'S DIFFICULTY WITH INCOME-TAX RETURN

Mr. DOWNEY. Mr. President, I suppose even the most ardent Floridian would admit that beautiful San Diego has the most halcyon, salubrious, and soothing climate in the United States. I was therefore surprised to receive from Mr. Frank H. Warren, of San Diego, Calif., the following card:

MY DEAR SENATOR DOWNEY: I hope you roast a thousand years in hell for each minute I put in on this Federal income-tax report.

FRANK H. WARREN.

Mr. President, I cannot obey the injunction of Mr. Warren, but I can express sympathy for him and for the unhappy state of mind he must have been in after making out his income-tax report. Millions of Americans will sympathize with Mr. Warren and I hope that Congress will soon move energetically to simplify income-tax procedure.

CITATION OF MAJ. GEN. RICHARD C. MOORE

Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks the citation for distinguished service of Maj. Gen. Richard C. Moore, who was formerly stationed at Kansas City, Mo., as chief of engineers.

There being no objection, the citation was ordered to be printed in the RECORD, as follows:

Maj. Gen. Richard C. Moore, United States Army. For exceptionally meritorious and distinguished service in a position of great responsibility as assistant chief of staff for requirements, headquarters, Army Ground Forces, from March 9, 1942, to October 2, 1943. In this assignment Major General Moore was charged with the testing of equipment for the Army Ground Forces, the preparation of tables of organization and training literature, and the determination of the priorities in which equipment should be furnished commensurate with the availability of industrial facilities. By the exercise of sound judgment, executive ability, tact, leadership, foresight, patience, and intelligence, Major General Moore was able to accomplish his assigned tasks efficiently and thus contribute materially to the early introduction into combat of much of the modern equipment used so effectively by our troops in battle.

AMERICAN PRISONERS OF WAR IN THE FAR EAST

Mr. THOMAS of Utah. Mr. President, so many members of the staffs of various Senators have called my office requesting the latest information available in regard to American prisoners of war in the Far East that I have prepared a brief statement which I ask to have printed in the RECORD as a part of my remarks. I believe it will be of service to the staffs of various Senators.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Another sordid chapter was added to the story of Pearl Harbor during the past week when the reports of Japanese atrocities against American prisoners of war were made known to the public. The leading characters of the story needed no introduction. Previous performances in the same role have made them well known, and there is very little reason to believe that they will soon be forgotten. The people of China know the story only too well, but to most Americans it came as a sickening revelation, and to a few as a dreaded confirmation of only half-hidden fears that Americans were suffering the same outrages which we all knew had been inflicted upon the citizens and soldiers of other countries occupied and ravished by the Japanese.

Upon the outbreak of war between the United States and Japan, our Government confirmed its intention to observe the Geneva Prisoners of War Convention, to insure humane treatment for American nationals in Japanese hands. The Japanese Government thereupon notified our Government that it would apply the provisions of the convention to the treatment of American prisoners of war, and also gave us assurances that it would apply the provisions of the Geneva Red Cross Convention for the amelioration of the condition of the sick and wounded. These conventions specify that prisoners of war shall be treated humanely and held in honorable captivity and not treated as criminals. Despite these assurances, however, this Government has been confronted with problems which are almost insurmountable in its efforts to negotiate with the Japanese Government. For instance, Japan makes a differentiation between the prisoners held in the Philippines and the prisoners held in Japan proper, the Philippines being regarded as captured territory and persons captured being considered to be in a different category from those interned in Tokyo. After repeated efforts upon the part of our Government, and long delays, the Japanese refused to honor the provision of the convention which obligated them to repatriate sick and wounded prisoners of war.

Similar insurmountable difficulties have confronted our efforts to get relief supplies, consisting of food, clothing, and medicine, to our prisoners of war and to our civilian internees. The only way we can come into contact with a country such as Japan is through Switzerland. Switzerland represents the United States in negotiations with Japan. After almost a year and a half of repeated representations on the part of our Government stressing the responsibility of Japan to cooperate in solving the problem of relief, the Japanese Government stated that it might consent to receive supplies overland or by sea from Soviet territory. Since that time long and complicated negotiations with the Japanese and Soviet Governments have ensued, the progress of which was impaired by the fact that the Japanese Government would not discuss the problem directly with the Soviet government while the Swiss Government, which is in charge of our interests in Japan, is not represented at Moscow, since it maintains no diplomatic relations with the Soviet government. Each detail of the negotiations had, therefore, to be dealt with through a long and complicated procedure involving the handling of communications at Tokyo, Bern, Washington, and Moscow, and in reverse direction through the same channels. Despite these difficulties, it has now been possible with the Soviet Government's cooperation to create a stock pile of

prisoner-of-war relief supplies on Soviet territory. Moreover, the Soviet Government has given assurances that it will facilitate the transit through the Soviet Union of such relief supplies on a continuing basis when a satisfactory arrangement for the onward shipment of these supplies is reached between the Japanese and American Governments. In spite of our State Department's repeated endeavors to bring this matter to a conclusion, the Japanese Government has not thus far indicated the means by which it is prepared to receive these supplies. Secretary Cordell Hull revealed this week that a total of 89 protests, culminating in an 18-point indictment of Tokyo's barbarities toward war prisoners, disregard of prison-camp rules and refusal to let our neutral representative, Switzerland, inspect the camps, have been delivered to the Japanese authorities. It is little wonder that the word "hopeless" was used to describe the situation.

There is no accurate way of measuring how deeply the American people were distressed upon learning of the Japanese cruelties. The circumstances surrounding the release of the newspaper accounts and the State Department's blunt description of its negotiations as hopeless, added to the sting of the story. But only those whose fathers, and brothers, and sons are in the hands of the Japanese know how much anguish and revulsion it brought. The people of New Mexico and Arizona know—for entire regiments of their National Guard were taken prisoner at Bataan. And some of our own people here in Utah know, too, the torment of wondering about the welfare of loved ones held prisoner by the enemy. It is true, too, that sometimes the severest pains are not discernible upon the surface, and though we cried out in anger and protest as a nation, and though we may have thought such things among ourselves as individuals, we all knew that there would be no retaliation in kind against the Japanese interned in this country. There have been no so-called incidents. A mayor of a small town in New Jersey ordered the police to stop a basketball game because three of the players were Japanese, though American citizens, and one the brother of a boy fighting with our troops in Italy. The mayor said that he feared for their safety. But when the boys came out upon the floor to play there was no demonstration by the crowd. Let it be said to our lasting credit as a nation that even with the sorest provocation we have not stooped to the degraded level of our enemy. But let him not think that because we have not done so we are inclined to forget or that his punishment is less certain. For when the full story is told it will be easier for the American people to forget the perfidy of Pearl Harbor than to forget the wanton brutality practiced by the Japanese in their treatment of American captives.

No one deprecates more strongly than I the contravention by the Japanese of the accepted principles of international understanding recognized by all civilized nations. My feeling is emphasized by the fact that I am in a position to know of the repeated and unceasing efforts by which the military authorities, the State Department, and the Red Cross, have sought to release and to relieve our suffering men; and especially because I know something about the grave difficulties which confront our efforts to help them. I was appointed chairman of a Military Affairs Subcommittee charged with the responsibility of determining whether or not a way might be found to solve this problem. Our committee acted in the full light of all available information upon the subject and was guided by the most competent military authority. Much of the information which we received was necessarily confidential and subject to the military censorship which applies to all information of this nature. Under these circumstances I sincerely believe that anyone sharing all the facts would agree with me that in making public its reports the committee's paramount obligation was to the thousands of men still alive and still held by the Japanese. From the beginning our primary consideration has been for the lives and welfare of these men, and our aim has been to stop future atrocities. This should continue to be our first concern. Our outraged feelings must be tempered by the sobering fact that thousands of our men are still alive and cannot be immediately rescued from the hands of a cruel and merciless enemy.

I thank you.

CALL OF THE ROLL

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Green	Radcliffe
Austin	Guffey	Reed
Bailey	Gurney	Revercomb
Ball	Hatch	Reynolds
Bankhead	Hawkes	Robertson
Barkley	Hayden	Russell
Bilbo	Hill	Shipstead
Brewster	Holman	Smith
Brooks	Jackson	Stewart
Buck	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Bushfield	La Follette	Thomas, Okla.
Butler	Langer	Thomas, Utah
Byrd	Lucas	Tobey
Capper	McClellan	Truman
Caraway	McFarland	Tunnell
Chandler	McKellar	Tydings
Chavez	Maloney	Vandenberg
Clark, Idaho	Maybank	Wagner
Clark, Mo.	Mead	Wallgren
Connally	Millikin	Walsh, Mass.
Danaher	Moore	Walsh, N. J.
Davis	Murdock	Wheeler
Downey	Murray	Wherry
Eastland	Nye	White
Ellender	O'Daniel	Wiley
Ferguson	O'Mahoney	Willis
George	Overton	Wilson
Gerry	Pepper	

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business.

The Senator from Washington [Mr. BONE] is detained in a conference at the White House.

The Senator from Iowa [Mr. GILLETTE] is detained in one of the Government departments on matters pertaining to the State of Iowa.

Mr. WHITE. The Senator from Oregon [Mr. MCNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

The ACTING PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

The further presentation of petitions and memorials is in order.

Mr. DANAHER. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state the inquiry.

Mr. DANAHER. What is the question now pending before the Senate?

The ACTING PRESIDENT pro tempore. The presentation of further petitions and memorials, as a part of the morning business.

Mr. DANAHER. I thank the Presiding Officer.

FOOD-STAMP PLAN—RESOLUTION OF SOUTHEAST KANSAS COUNTY OFFICIALS ASSOCIATION

Mr. CAPPER. Mr. President, I ask unanimous consent to have placed in the RECORD a resolution adopted by the committee on resolutions of the Southeast Kansas County Officials Association, meeting at Iola, Kans., January 13, 1944. This resolution protests against a resumption of the food-stamp plan, declares people on relief are now being amply cared for, and asks Members of Congress to oppose the plan.

I desire to call the attention of the Senate to this protest, and urge careful consideration of all the factors involved before any action is taken in this direction. The matter undoubtedly will be fully discussed and explained during the consideration of the consumer food-subsidy proposals when the Senate proceeds to consider the bill to extend the life of the Commodity Credit Corporation. I send the resolution to the desk and request its appropriate reference.

There being no objection, the resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

We, the resolutions committee of Southeast Kansas County Officials Association in quarterly meeting assembled at Iola, Kans., this 13th day of January 1944, offer for your consideration the following resolution, to wit:

"Be it resolved, That inasmuch as there seems to be a movement in Washington to revive the stamp plan and that in the opinion of this body, that the people on relief are being amply cared for; that it is the opinion of this body that such a thing as the resumption of said stamp plan is not necessary; that this body go on record as against said stamp plan and urge our Senators and Representatives to not only vote against said plan but to work against said stamp plan and that a copy of this resolution be sent to our Senators and Representatives; to our Governor, and welfare board; also to all other district associations."

Chairman Callow moved the adoption of resolution. Motion seconded by Mr. Starr. Motion carried.

T. R. CALLOW,
Secretary, Southeast Kansas County Officials Association.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. O'MAHONEY:

From the Committee on Irrigation and Reclamation:

H. R. 2580. A bill to grant the consent of Congress to a compact entered into by the States of South Dakota and Wyoming relating to the waters of the Belle Fourche River Basin, to make provisions concerning the exercise of Federal jurisdiction as to those waters, to promote the most efficient use of those waters, and for other purposes; without amendment (Rept. No. 683).

From the Committee on Military Affairs:

S. 1635. A bill to eliminate a pay discrimination against the teacher of music at the United States Military Academy; without amendment (Rept. No. 686).

By Mr. CHANDLER, from the Committee on Military Affairs:

S. 1539. A bill to authorize the carrying of Civil War battle streamers with regimental colors; with an amendment (Rept. No. 684).

By Mr. GURNEY, from the Committee on Military Affairs:

S. 1669. A bill to clarify the law relative to allowances for mileage of graduates of the United States Military Academy and transportation of their dependents on assignment to their first duty station and to the mileage allowance of persons entering the United States Military Academy as cadets; with an amendment (Rept. No. 685).

FUNERAL EXPENSES OF THE LATE SENATOR VAN NUYS

Mr. LUCAS. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 246, and ask unanimous consent for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 246) submitted by Mr. WILLIS on January 27, 1944, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Frederick Van Nuys, late a Senator from the State of Indiana, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

ADDITIONAL COPIES OF HEARINGS BEFORE SPECIAL COMMITTEE ON POST-WAR ECONOMIC POLICY AND PLANNING

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I report from the Committee on Printing Senate Resolution 249, and ask unanimous consent for its immediate consideration. The resolution provides for the printing of additional copies of the hearings held by the Special Committee on Post-War Economic Policy and Planning.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 249) was read, considered, and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Post-War Economic Policy and Planning of the United States Senate be, and is hereby, authorized and empowered to have printed for its use 500 additional copies of the hearings held before a subcommittee of said special committee, during the first session of the Seventy-eighth Congress, pursuant to the resolution (S. Res. 102) creating a special committee on post-war economic policy and planning.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

Sterling Hutcheson, of Virginia, to be United States district judge for the eastern district of Virginia, vice Luther B. Way, deceased;

Herman E. Moore, of Illinois, to be judge of the district court of the Virgin Islands of the United States;

Norris Metzger Thomas, of South Carolina, to be United States marshal for the eastern district of South Carolina, vice William F. Burguson, deceased; and

Lynn J. Gemmill, of Alaska, to be United States attorney for the first division of Alaska, vice William A. Holzheimer, retired.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

REPORT OF NOMINATION OF ANTHONY J. DIMOND

As in executive session,

Mr. MURDOCK. Mr. President, by direction of the Judiciary Committee I ask unanimous consent to report favorably from that committee the nomination of ANTHONY J. DIMOND, of Alaska, to be United States district judge for the third division of Alaska.

I served for 8 years with ANTHONY J. DIMOND in the House of Representatives while he was serving as Delegate from Alaska. I have not met a man in the entire Congress, Mr. President, who has done a finer job in representing his Territorial district in Congress than has the Delegate from Alaska, and I know that if the Senate confirms his nomination as judge of the third division of Alaska we can expect the same fine record in his judicial capacity as we have seen in his legislative capacity.

The ACTING PRESIDENT pro tempore. Without objection, the nomination will be received and placed on the executive calendar.

BILLS INTRODUCED

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

By Mr. REYNOLDS:

S. 1697. A bill to provide for distribution of the CONGRESSIONAL RECORD to libraries at military and naval establishments; to the Committee on Printing.

By Mr. McCARRAN:

S. 1698. A bill to carry out obligations of the United States under article 27 of the Geneva Convention relating to compensation for certain injuries to interned workers, and for other purposes; to the Committee on the Judiciary.

S. 1699. A bill to amend the District of Columbia Alley Dwelling Act, as amended; and

S. 1700. A bill to amend the District of Columbia Barber Act; to the Committee on the District of Columbia.

S. 1701. A bill for the relief of Mercy Duke Boehl; to the Committee on Immigration.

By Mr. BREWSTER:

S. 1702. A bill to amend the Selective Training and Service Act of 1940, as amended, with respect to the deferment of registrants engaged in any occupation or endeavor essential to the war effort; to the Committee on Military Affairs.

WARTIME METHOD OF VOTING BY MEMBERS OF THE ARMED FORCES—AMENDMENTS

Mr. FERGUSON submitted two amendments, and Mr. TAFT (for himself, Mr. McKELLAR, Mr. BALL, Mr. BAILEY, Mr. BANKHEAD, Mr. BREWSTER, Mr. BUCK, Mr. EASTLAND, Mr. McCLELLAN, Mr. OVERTON, Mr. O'DANIEL, Mr. REYNOLDS, Mr. REVERCOMB, Mr. ROBERTSON, and Mr. SMITH) submitted an amendment, intended to be proposed to the amendment of Mr. BARKLEY to House amendment numbered 3 to the bill (S. 1285) to amend the act of September 16, 1942, which provided a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence, and for other purposes, which were severally ordered to lie on the table and to be printed.

MANUAL EXPLANATORY OF THE PRIVILEGES, RIGHTS, AND BENEFITS OF AND FOR MEMBERS OF THE ARMED FORCES AND THEIR DEPENDENTS

Mr. BONE submitted the following resolution (S. Res. 251), which was referred to the Committee on Printing:

Resolved, That the manuscript entitled "Manual Explanatory of the Privileges, Rights, and Benefits Provided for All Persons Who Are or Have Been Members of the Armed Forces of the United States, and of Those Dependent Upon Them" be printed as a Senate document; and that 5,000 additional copies be printed for the use of the Senate.

INQUIRY INTO LEGAL AUTHORITY FOR ISSUANCE OF EXECUTIVE ORDERS AND DEPARTMENTAL REGULATIONS

Mr. McCARRAN, from the Committee on the Judiciary, reported an original resolution (S. Res. 252), which, under the rule, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is hereby authorized and directed to study and survey any or all Executive orders of the President, and directives, rules, and regulations issued by or under authority of any department or independent agency of the executive branch of the Federal Government, with particular regard to the source of constitutional or legislative authority upon which such Executive orders, directives, rules, and regulations are based, their validity, and the effect and manner of their enforcement, and to report to the Senate before the end of the Seventy-eighth Congress the results of such study and survey, together with such recommendations for legislation as it deems justified.

SEC. 2. For the purposes of this resolution, the committee or any duly authorized subcommittee thereof is authorized to hold hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-eighth Congress, to employ such experts and such clerical, stenographic, and other assistants, to require such assistance and information from any departments and agencies of the Government, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

COMMITTEE SERVICE

On motion of Mr. BARKLEY, and by unanimous consent, it was

Ordered, That the junior Senator from Mississippi [Mr. EASTLAND] be excused from further service as a member of the Committee on Education and Labor, and that he be assigned to service on the Committee on the Judiciary; that the Senator from Alabama [Mr. BANKHEAD] be excused from further service as a member of the Committee on the District of Columbia; that the senior Senator from Mississippi [Mr. BILBO] be excused from further service as chairman of the Committee on Pensions, and that he be appointed chairman of the Committee on the District of Columbia; that the Senator from Delaware [Mr. TUNNELL] be appointed chairman of the Committee on Pensions; and that the Senator from Indiana [Mr. JACKSON] be assigned to service on the following committees: District of Columbia, Education and Labor, Expenditures in the Executive Departments, and Indian Affairs.

TRANSFER OF LOANS FROM HOME OWNERS' LOAN CORPORATION

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate a resolution coming over from a preceding day.

The LEGISLATIVE CLERK. A resolution (S. Res. 248) requesting certain information concerning loans transferred by the Home Owners' Loan Corporation to private lending institutions.

Mr. BARKLEY. I ask unanimous consent that the resolution go over for the time being.

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

WHAT AMERICA WANTS—ADDRESS BY THE VICE PRESIDENT

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a very able address delivered by the distinguished Vice President of the United States at Los Angeles on Friday of last week and broadcast over N. B. C.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

On this trip to the west coast I propose to talk about America tomorrow. Today I shall speak about what America wants. Later on at San Francisco and Seattle I shall discuss what America can have and how America can get it. We want many different things and some of these are in conflict with others. But let me point out right at the start that the sum total of what we Americans can have is immense. Only a few years ago, when the President said we wanted 50,000 warplanes a year, some people thought he was being visionary. Today we know that the production of a hundred thousand warplanes a year is a hard reality. So I tell you we can have twice as much for civilian living after the war as we ever had before the war, and you know that is no dream. There are limits but they are much higher than most people even yet realize.

But we cannot have all these things unless we use good sense and good management. If we try to grab too much all we shall get is another boom and another collapse. That is why I want us to think clearly about what each of us wants, and then about how our desires can be made to fit into a practical total, and finally how to get that total. This is the practical way of planning, creating, and enjoying the common welfare.

The first and most important need has to do with the desires of plain folks who have to work for a living in the factories and the stores, in the schoolhouses and the Government offices. More than 50,000,000 of these people with their wives and children have just one basic interest in life, the assurance of a steady job. They would like the assurance of an annual salary or, at any rate, the guarantee of 2,000 hours of work a year.

Of course labor wants more than a job, wants more than decent wages; it wants to be appreciated, to feel that it is contributing toward making this world a better place in which to live.

The workers of the United States want assurance that they can have jobs when the 7,000,000 servicemen and the 10,000,000 war workers who by their supreme efforts are saving us during this mighty conflict, find it necessary to get back into peacetime work. They want a plan that will solve the problem when there are more workers than jobs. Nowhere is this situation so acute as right here on the west coast. When men begin to hunt for jobs the bargaining power of labor begins to weaken and union funds begin to melt away. Workers everywhere know this and therefore are beginning to think in larger terms than merely bargaining for higher wages, shorter hours and better working conditions. They want to have a part in making those decisions which will determine the future prosperity of the Nation. They want to influence Government and industry to bring about full use of manpower, full use of resources and full use of technological know-how.

With the United States producing in peace as it has been producing in war, the workers know that they can have opportunities for leisure and culture, and above everything else possibilities for the real education of their children.

Workers want better insurance against sickness, unemployment, and old age. They want the Wagner Act, not as a substitute for full employment, but as an insurance against the accidents to which all of us are subject. When post-war contracts are canceled American labor wants work, not a dole. The Wagner Act can never be a substitute for jobs, but combined with jobs it is admirable.

Organized labor has come of age. It has taken its place as a responsible partner of management in the operation of industry and trade. It has accepted responsibility in war for maintaining an increase in production. It has the right to ask for fair and honest treatment from the public.

As a responsible partner, labor wants an opportunity to make creative contributions to industry and to benefit therefrom. During the war, hundreds of thousands of workers have submitted ideas for increasing efficiency, enlarging output, saving time and costs, and improving the quality of the product. Labor during the war has enjoyed cooperating with management in doing a real production job and we must never again let such a rich source of national wealth go untapped.

The farmer has more wants than the worker because he himself is not only a worker but also a manager, a capitalist, a trader, and a debtor. The farmer is exposed both to weather and markets beyond his control. A farmer's first desire, therefore, is to remove the extraordinary hazards of his business. His first want is the assurance of decent markets, low freight rates, and reasonable marketing costs. The farmers want low interest rates, a chance to buy farm machinery and fertilizer at low prices. As a purchaser, the farmer knows that he has long been victimized by monopolies both when he sells and when he buys. Farmers want good roads, good schools, and rural electrification at low cost. Farmers love the soil and want to be able to handle it so as to leave it to their children better than they found it. Above all farmers want to produce abundantly, to see the fruits of their labor raise the living standards of mankind.

In recent years farmers have become more and more interested in getting legislation which would give them bargaining power equivalent to that enjoyed by labor and industry. Thousands of farmers have become skilled Washington lobbyists. Having learned the Washington lobby game, they intend to use Federal power to hold up farm prices after the war. Some false farm leaders use the farm lobbying power to help business against labor, just like some false union leaders use their lobbying power to help business against the consumer. But the best farm leaders realize that farm prices can be maintained in the post-war period only if labor is fully employed at high wages, just like the best labor leaders realize that good wages and full employment cannot be long enjoyed unless the farmers are prosperous. All farmers, like all workers, want stability and a rising standard of living.

Some, but not all, big businessmen want that type of control which will produce big profits. They want to put Wall Street first and the Nation second. They want to put property rights first and human rights second. They will fight with unrelenting hatred through press, radio, demagog, and lobbyist every National and State government which puts human rights above property rights.

To its own conscience this selfish, narrow-visioned branch of big business puts its desires in mild-sounding phrases somewhat as follows: "We must have an economically sound Government and a balanced Budget. Government spending must be cut down. We must get rid of that 'so and so' in the White House. Then with government out of business and with Wall Street running the country again, we can have what we want—free enterprise. Yes, the free enterprise of old-fashioned America is what we really want."

By free enterprise this type of big business means freedom for freebooters. By free enterprise this type of big business means the privilege of charging monopoly prices without interference by the Government; the privilege of putting competitors out of business by unfair methods of competition; the privilege of buying up patents and keeping them out of use; the privilege of setting up Pittsburgh plus price-fixing schemes; the privilege of unloading stocks and bonds on the public through insiders who know their way in and out, up and down, backward and sideways.

Fortunately, not all big businessmen ask for these privileges or define free enterprise in the way I have just mentioned. Some of them are as deeply concerned with the problem of full employment as labor itself. They are anxious to see such modification in taxation laws as will place the maximum incentive on that type of business activity which will give full employment. Some of these larger businessmen have marvelous new inventions which they would like to put into volume production at the earliest possible moment. Such men are oftentimes more interested in increasing production, and thereby serving humanity, than in making money for money's sake, but they know that even from the standpoint of serving humanity, it is necessary to make a reasonable profit if this private enterprise economy of ours is to survive. Therefore they want the assurance of large and expanding markets.

The small businessman is just as much interested in free enterprise as the big businessman but he means something quite different in his use of the word. Free enterprise to the little businessman means the opportunity to compete without fear of monopoly controls of any kind. The small manufacturer wants free access to markets and the assurance

that he will not suddenly find himself crushed by some hostile financial power.

The small businessman in his way is just as much a typical American as the small farmer. Some of his relatives may be workers, some may be farmers or one of them may actually be a big businessman. The small businessman is the source of a large part of the initiative of the United States. The small businessman is humble, ambitious, confused, and uncertain. He is not very happy because, in war and in peace, the rate of economic casualties among small businesses is so high.

Moreover, the small businessman is not sure that the situation will be any better for him when peace comes than it is right now. The small businessman wants a fair chance to compete in a growing market with fair access to raw materials, capital, and technical research. These desires are not unreasonable but they will require some protection by the Government.

Some of the businessmen who most want to serve the world in the post-war period are probably those who have rather recently graduated from the ranks of the small businessmen into handling large affairs in the war effort. Because of his unusual capacity, this kind of man has made large sums of money during the war, but has paid nearly all of his profits to the Government. He will come out of the war with large plant facilities. He wants to know how to reconvert as fast as possible. His success has often depended largely upon his fine relationship with labor. Appreciating the loyalty of labor, he wants to give his workers jobs in the post-war period, not so much from the standpoint of making money as from the standpoint of doing things both for his workers and for the country. Such men are in some ways the hope of America and of the world. I hope the post-war slump will not be so big when it finally comes as to make it possible for the large static corporations with huge cash reserves to take over the establishments which these energetic men have built so skillfully with the cooperation of loyal labor. Big businessmen must not have such control of Congress and the executive branch of government as to make it easy for them to write the rules of the post-war game in a way which will shut out the men who have made such a magnificent contribution to the productive power of America during the war. We need them to furnish the jobs which are so important both to labor and to agriculture. Henry Kaiser, who sees this problem clearly, has recently suggested an interesting way to finance medium-sized business firms.

The big three—big business, big labor, and big agriculture—if they struggle to grab Federal power for monopolistic purposes are certain to come into serious conflict unless they recognize the superior claims of the general welfare of the common man. Such recognition of the general welfare must be genuine, must be more than polite mouthing of high-sounding phrases. Each of the big three has unprecedented power at the present time. Each is faced with serious post-war worries. Each will be tempted to try to profit at the expense of the other two when the post-war boom breaks. Each can save itself only if it learns to work with the other two and with government in terms of the general welfare. To work together without slipping into an American fascism will be the central problem of post-war democracy.

Let us consider for a moment what the far West wants. It is prodigiously rich in natural resources which promise a greater future development for this region than for any other in the country. To accomplish this development expeditiously, the West will require investment capital, additional transportation facilities, and more workers. It will require lower and nondiscriminatory freight rates and access to technologies. It will need development of its hydropower resources and great increases in irrigation to take care of the food requirements of a growing West and a wealthier country generally. The West looks forward to a future in which the trade of the Pacific will rival that of the Atlantic. The West wants and is entitled to more influence in Washington, D. C.

Looking to the broader interests of the Nation, it is apparent that what is wanted is a balanced development of all the economic resources of all regions, that whatever raises the economic level of one region creates new markets for other regions.

As citizens of a great democracy, the most urgent want is to be accurately and intelligently informed on all the issues which confront us. There must cease to be secrecy in public affairs, except where military necessity requires. In a democracy public officials must trust the people. The greatest responsibility, however, rests on the press and the other agencies of public information, a responsibility which the workers who gather and prepare the news will enjoy discharging if they are given the opportunity. The press, the radio, and the other agencies of public information must take the lead and carry the major responsibility for our greatest assignment in mass education—the education of our people for political and economic democracy.

As citizens of a democracy, we must all be vitally concerned with the adequacy of the education available. Many adults want opportunities to complete their educations, to prepare for better jobs, or to develop new interests. The training of our citizen army has demonstrated the potentialities of adult education to millions; when demobilized, they will demand comparable opportunities in peace.

The wants of the returning servicemen mean more to us right now than the wants of anyone else. In this year 1944 a grateful nation is determined not to let the servicemen down. These men are entitled to job priorities and mustering-out pay. They will want the same things as workers and farmers but they will want more. During the war millions of them have learned to walk with death, pain, and severe physical hardship. They have learned to love their country with a fierce patriotism. They forgot about money. Big profits, higher wages, and higher prices for farm products meant nothing to them. Therefore, they learned to hate pressure-group warfare. They may return to private life and become a pressure group for the general welfare. Their disgust with pressure-group politics wrongly channeled could lead to a new kind of fascism, but rightly directed it may result in a true general-welfare democracy for the first time in history. These young men will run the country 15 years hence.

As citizens we want competent and honest government all the way from the local community to Washington. We want a government that uses its powers openly, intelligently, and courageously to preserve equality of opportunity, freedom of enterprise, and the maximum of initiative for all the people. We want a government which will recognize those things which it can best provide in the interests of all—security of persons and property; freedom of religion, of speech, and of thought; education; public health; social insurance; minimum labor standards; and fair standards of competition—and then effectively discharge its responsibilities.

As consumers, our wants merge into the general welfare. Our dominant want is for an efficiently functioning economy—full employment of labor, capital, and technologies; a balanced development of all regions; the preservation of genuine free enterprise and competition to assure progress and a rising standard of living; the avoidance of business ups and downs; and no exploitation of labor, capital, or agriculture.

We all want jobs, health, security, freedom, business opportunity, good education, and peace. We can sum this all up in one word and say that what America wants is pursuit of happiness. Each individual American before he dies wants to express all that is in him. He wants to work hard. He wants to play hard. He wants the pleasures of a good home with education for his children. He wants to travel and on occasion to rest and enjoy the finer things of life. The common man thinks he is entitled to the opportunity of earning these things. He wants all the physical resources of the Nation transformed by human energy and human knowledge into the good things of life, the sum total of which spells peace and happiness. He knows he cannot have such peace and happiness if the means of earning peace and happiness are denied to any man on the basis of race or creed.

The common man means to get what he is entitled to. Any failure to utilize our resources to the full will cause him to throw over any system which he thinks stands in his way. The impulse of humanity toward full use and full expression is now so intense as to be identical with life itself. We who love democracy must make it politically and economically a capable servant of the irresistible instincts of man and nature toward full use.

All of us want to be needed and appreciated. We want to feel that the world would be a poorer place if we died. We want to enjoy the world, contribute to the world and be appreciated by the world each in his own little way.

The bitterness of the depression was that so many millions were cut off by unemployment. That is the bitterness we do not want to see again, when the war is over and the boys come home. We want reasonably full employment so that every American can feel himself a member of his country .

We have the materials to work with. We have the science and technical skills to direct our work. We have innumerable desires for goods and services that we are able to supply. All we need is good management and harmony, less grabbing for ourselves, and more cooperation for the general welfare. Legitimate self-interest can be realized in no other way. By working together for victory in war we have made a resounding success. By working together for the common good in peace we can get results beyond what most Americans have dared to hope.

HUMAN RIGHTS AND LASTING PEACE—ADDRESS BY SENATOR KILGORE

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD a radio address entitled "Human Rights and Lasting Peace," delivered by Senator KILGORE at the intermission Metropolitan Opera broadcast in New York City on February 5, 1944, which appears in the Appendix.]

AMERICA'S FUTURE—ADDRESS BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address entitled "America's Future," delivered by him on February 2, 1944, before the Wisconsin Retail Hardware Association at Milwaukee, Wis., which appears in the Appendix.]

VOTING BY SOLDIERS—ADDRESS BY SENATOR BREWSTER

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a radio address on the subject of voting by soldiers, delivered by Senator BREWSTER on February 4, 1944, which appears in the Appendix.]

"FARMING—THEN AND NOW"—ADDRESS BY HON. JOSEPHUS DANIELS

[Mr. HILL asked and obtained leave to have printed in the RECORD an address en-

titled "Farming—Then and Now," delivered by the Honorable Josephus Daniels before the North Carolina Farm Bureau Federation, at Raleigh, N. C., on February 2, 1944, which appears in the Appendix.]

INTERVIEW WITH LOUIS BROMFIELD

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an interview with Louis Bromfield, under the heading "Bromfield assails administration, raps Willkie on bond-rally visit," and an editorial from the Philadelphia Record of February 7, 1944, entitled "This Is Starvation Month, or Had You Forgotten It?" which appear in the Appendix.]

ADDRESS BY G. SEALS AIKEN

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD excerpts from an address delivered by G. Seals Aiken, of Atlanta, Ga., at the convention of the Knights of Pythias, held in Georgia, which appears in the Appendix.]

THE ATTITUDE OF RUSSIA—EDITORIAL FROM WASHINGTON TIMES-HERALD

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an editorial entitled "Moscow Sleigh Ride," published in a recent issue of the Washington Times-Herald, which appears in the Appendix.]

THE WAR PRODUCTION BOARD AND THE DEVELOPMENT OF IRRIGATION PROJECTS

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an editorial from the McCook (Nebr.) Daily Gazette of February 2, 1944, relative to a recent decision of the War Production Board relative to the development of irrigation projects in the Middle West, which appears in the Appendix.]

THE CALENDAR

The ACTING PRESIDENT pro tempore. The routine morning business is closed. The calendar, under rule VIII, is in order.

Mr. BARKLEY. I ask unanimous consent that the calling of the calendar be dispensed with.

Mr. EASTLAND. I object.

The ACTING PRESIDENT pro tempore. Objection is heard, and the clerk will state the first order of business on the calendar.

BILLS, AND SO FORTH, PASSED OVER

The LEGISLATIVE CLERK. A bill (S. 40) to provide that the term of the Governor of Puerto Rico shall expire upon the enactment of this act and at the end of each 2-year period thereafter.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 403) for the relief of certain claimants who suffered losses and sustained damages as a result of the campaign carried out by the Federal Government for the eradication of the Mediterranean fruitfly in the State of Florida was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 675) to amend the Selective Training and Service Act of 1940, as amended, so as to extend the benefits of the Employees' Compensation Act to conscientious objectors was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (S. J. Res. 19) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. BARKLEY. Over.

THE ACTING PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (S. 168) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in any and all claims which the Confederated Salish and Kootenai Tribes of Indians of the Flathead Reservation in Montana, or any tribe or band thereof, may have against the United States was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 409) authorizing the Arapahoe and Cheyenne Indians or any band thereof to submit their claims against the United States to the Court of Claims, and for other purposes, was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 670) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 445) authorizing an appropriation for payment to the Osage Tribe of Indians on account of their lands sold by the United States was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 23) authorizing the Western Bands of the Shoshone Nation of Indians to sue in the Court of Claims was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 205) conferring jurisdiction upon the District Court of the United States for the Southern District of Florida to hear and render judgment upon claims for damages resulting in the improvement of the Intracoastal Waterway was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 875) to provide for the preparation of high-school students for wartime service was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (S. J. Res. 26) authorizing the President to proclaim the Sunday before Memorial Day as a day for memorial services for deceased firemen was announced as next in order.

Mr. BARKLEY. Over.

The ACTING PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (S. 249) providing for taxation by the States and their political subdivisions of certain real property acquired for military purposes was announced as next in order.

Mr. BARKLEY. Mr. President, the Senator from Mississippi advises me that he withdraws the objection.

The ACTING PRESIDENT pro tempore. There being no objection to the request of the Senator from Kentucky, the further call of the calendar is dispensed with.

WARTIME METHOD OF VOTING BY MEMBERS OF THE ARMED FORCES

The Senate resumed the consideration of the bill (S. 1612) to amend the act of September 16, 1942, which provided a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence, and for other purposes.

The ACTING PRESIDENT pro tempore. The clerk will state the pending amendment, proposed by the Senator from Connecticut [Mr. DANAHER].

The LEGISLATIVE CLERK. On page 40 it is proposed to strike out lines 1 to 4, inclusive, and to insert "12 o'clock meridian on the date of the holding of the election."

Mr. DANAHER obtained the floor.

The ACTING PRESIDENT pro tempore. The Chair wishes to advise the Senator from Connecticut that he is informed that the Senator from Connecticut has already spoken once on the amendment. Does the Senator from Connecticut desire to speak on the bill?

Mr. DANAHER. I shall follow that course, Mr. President.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. GREEN. There are three amendments which I should like to ask unanimous consent to have adopted. The first is the one proposed by the senior Senator from Indiana [Mr. WILLIS] and the junior Senator from Indiana [Mr. JACKSON], which provides that there be written into the war ballot a provision respecting "United States Senator, unexpired term." Printed copies of the amendment have been distributed and Senators have them on their desks.

Mr. McKELLAR. Mr. President, I think the amendment had better come up in its regular course, and be offered in the regular way. I do not think we can give unanimous consent to the consideration of these amendments, so I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. GREEN. Mr. President, the next amendment I propose is on page 31, in the second line of the caption beginning

"Oath of elector", to strike out the figures "1944" and substitute therefor "19__." The amendment represents the correction of a clerical error.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. McKELLAR. I will not object to that.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. GREEN. And on the same page in the acknowledgment to the "Oath of elector" I propose to strike out the figures "194_" and substitute therefor "19__."

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. GREEN. I offer a third amendment. On page 42, in line 3, I suggest after the words "post cards" that there be inserted the words "(or post cards provided under section 3 of this act prior to its amendment)." I shall state the purpose of the amendment. The form of post card mentioned in the pending amendment is different from the form of post card under the existing law. Already there have been 10,000,000 or more post cards made available for distribution under the existing law, and some of them will have been distributed before the amendment, if adopted, goes into effect. So the proposed amendment makes it possible for either post card to be used in this connection. In other words, we do not want to have to recall 10,000,000 post cards and substitute 10,000,000 similar but not identical post cards in their place. The language of the amendment is similar to the language to be found in lines 4 and 5 on page 43 in section 202.

Mr. OVERTON. Mr. President, there ought to be some further consideration of that amendment, and I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. BARKLEY. Mr. President, in view of objection to two amendments offered by the Senator from Rhode Island [Mr. GREEN], I suggest to him that they can be offered in their regular order.

Mr. GREEN. Yes, Mr. President. I offered them at this time because I thought there would be no objection to them.

Mr. DANAHER. Mr. President, it is my purpose to modify my amendment pending before the Senate, in the following respect: On page 40, strike out lines 1 to 4, inclusive, and in lieu of the remainder of the amendment as printed, insert the following: "The hour for the closing of the polls on the date of the holding of the election."

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, the amendment is agreed to.

Mr. DANAHER. Mr. President, I think all of us have discovered in the interchange of ideas with reference to the language of the bill itself that our own experience with and knowledge of local conditions, local laws, and local practices have been of assistance to us in our attempted understanding of the difficulties to be overcome in this whole situation. We have found that in many particulars, corrections were required and modifications necessary. There remain yet other items in connection with the technical side of the bill as to which amendments are required. It is my hope that whatever action is ultimately to be taken with reference to the entire business before the Senate, we can proceed to the completion of the bill in the needed particulars. Many amendments of a technical nature have been adopted in the last few days; they are and will be of great importance in the administration of the bill, should it become law.

For example, Mr. President, I have in mind a further amendment on page 31. We find there a form of oath. The attestation to the oath is this:

> Subscribed and sworn to before me this _____ day of _____, 194__.

Followed by the line for signature, and rank or grade.

It is my purpose, Mr. President, to offer an amendment. In lieu of the language just read I propose to insert the following:

> Personally appeared before me the abovenamed voter to me known and known to me to be the person who after being duly sworn subscribed the foregoing oath.
>
> In witness whereof I have set my hand this _____ day of _____, 19__.
>
> _____
>
> (Commissioned, noncommissioned, or petty officer not below the rank of sergeant or its equivalent, or other person authorized to administer and attest this oath.)

I offer that amendment and ask that it be adopted.

The ACTING PRESIDENT pro tempore. The Chair will ask the Senator from Connecticut whether it is his desire to modify his pending amendment, or does the amendment to which he has just addressed himself relate to something else?

Mr. DANAHER. Mr. President, this is a new amendment. I understood the Chair earlier to rule that, without objection, the previous amendment was agreed to.

The ACTING PRESIDENT pro tempore. In the Chair's opinion the first amendment has not been agreed to.

Mr. DANAHER. I understood the Chair to state that, as modified, it was agreed to.

Mr. BARKLEY. Mr. President, the Senator has a right to modify his own amendment without consent, and after he did so, then the Chair announced that without objection, the amendment was agreed to. I do not know whether the Chair intended his announcement to apply to the original amendment.

The ACTING PRESIDENT pro tempore. The Senator has a right to modify his own amendment if he desires, and it does not require unanimous consent or agreement.

Mr. DANAHER. The amendment I am now speaking to is a further amendment, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, the amendment of the Senator from Connecticut on page 40, line 1, as modified, is agreed to.

Mr. DANAHER. Now I move the adoption of the amendment I just stated, which is on page 31 to strike out:

> Subscribed and sworn to before me this _____ day of _____, 194__.

And to insert in lieu thereof:

> Personally appeared before me the abovenamed voter to me known and known to me to be the person who after being duly sworn subscribed the foregoing oath.
>
> In witness whereof I have set my hand this _____ day of _____, 19__.

And then the line for signature and the language below the signature as it appears in the measure before us.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. OVERTON. Mr. President, I move that the House amendments to Senate bill 1285 be laid before the Senate.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. LUCAS. Does not the Senator from Connecticut have the floor?

The ACTING PRESIDENT pro tempore. The Senator from Louisiana has made a motion which is a privileged motion.

Mr. LUCAS. Can the Senator from Louisiana make such a motion in the time of the Senator from Connecticut? The Senator from Connecticut has not yielded the floor. I submit in view of that situation——

Mr. OVERTON. The Senator from Connecticut had yielded the floor.

Mr. McKELLAR. And the Chair had recognized the Senator from Louisiana.

The ACTING PRESIDENT pro tempore. The Chair understands the situation to be that an amendment has been offered by the Senator from Connecticut, which is a debatable amendment. The Chair understands that having offered the amendment, the matter then was open to discussion, and recognized the Senator from Louisiana.

Mr. BARKLEY. Of course, the Senator from Louisiana has disclosed that he did not seek recognition to discuss the amendment, but to make a motion, which he has a right to make if he is recognized for that purpose.

Mr. McKELLAR. He has been recognized.

Mr. BARKLEY. Whether the Senator from Connecticut had finished his comments on his own amendment and had yielded the floor I do not know. It is probably a question of intention on the part of the Senator from Connecticut.

Mr. OVERTON. I understood the Senator from Connecticut had yielded the floor. In fact, the Chair was submitting the amendment offered by the Senator from Connecticut for a vote to the Senate, and asked that the Senate vote upon it. Thereupon I asked for recognition, and the Chair recognized me, and I made the preferential motion.

The ACTING PRESIDENT pro tempore. The Chair will state that the amendment previously offered by the Senator from Connecticut was a modification of his own amendment, which did not require the concurrence of the Senate. Then the Senator from Connecticut offered another amendment which did require the concurrence of the Senate. After the Senator from Connecticut offered his amendment the Chair thought he understood the Senator from Connecticut to indicate that he did not wish to continue the discussion; and the Chair thereupon recognized the Senator from Louisiana.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. The Senator from Connecticut offered a modification to his amendment which was pending when we recessed on Saturday. Then, after he had modified his own amendment, as he had a right to do, the Chair said, "Without objection, the amendment is agreed to." I understood that that ruling by the Chair applied to the pending amendment which the Senator from Connecticut himself had modified.

Thereupon the Senator from Connecticut offered another amendment which had no connection whatever with the amendment which had been pending and which was modified. Which one of the amendments is pending before the Senate, Mr. President?

The ACTING PRESIDENT pro tempore. The Chair announces it is the second amendment.

Mr. BARKLEY. The first amendment was agreed to; was it?

The ACTING PRESIDENT pro tempore. The first amendment was agreed to. But it was the understanding of the Chair that the second amendment, which required the concurrence of the Senate, was submitted to the Senate by the Senator from Connecticut.

Mr. BARKLEY. Very well; that clears up the matter.

The ACTING PRESIDENT pro tempore. It is the further understanding of the Chair that, the Senator from Connecticut having submitted the amendment, if he desired to retain the floor it would have been necessary for him to have indicated that he desired to retain the floor and to have gotten recognition to that end, which the Chair did not understand the Senator from Connecticut desired to do. And the Chair, not understanding that the Senator from Connecticut desired further recognition, inasmuch as the Senator from Louisiana then addressed the Chair, the Chair recognized the Senator from Louisiana.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Barkley	Burton
Austin	Bilbo	Ball
Bailey	Brooks	Brewster
Bankhead	Buck	Bushfield
Butler	Jackson	Robertson
Byrd	Johnson, Colo.	Russell
Capper	Kilgore	Shipstead
Caraway	La Follette	Smith
Chandler	Langer	Stewart
Chavez	Lucas	Taft
Clark, Idaho	McClellan	Thomas, Idaho
Clark, Mo.	McFarland	Thomas, Okla.
Connally	McKellar	Thomas, Utah
Danaher	Maloney	Tobey
Davis	Maybank	Truman
Downey	Mead	Tunnell
Eastland	Millikin	Tydings
Ellender	Moore	Vandenberg
Ferguson	Murdock	Wagner
George	Murray	Wallgren
Gerry	Nye	Walsh, Mass.
Green	O'Daniel	Walsh, N. J.
Guffey	O'Mahoney	Wheeler
Gurney	Overton	Wherry
Hatch	Pepper	White
Hawkes	Radcliffe	Wiley
Hayden	Reed	Willis
Hill	Revercomb	Wilson
Holman	Reynolds	

The ACTING PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. OVERTON. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. OVERTON. What is the motion now before the Senate?

The ACTING PRESIDENT pro tempore. The question before the Senate is the motion of the Senator from Louisiana that the Chair lay before the Senate the amendment of the House to Senate bill 1285. The motion is not debatable, and the question is on agreeing to the motion.

Mr. OVERTON. On that question, I ask for the yeas and nays.

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

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Nevada [Mr. SCRUGHAM], and will vote. I vote "nay."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness. I am advised that if present and voting, the Senator from Florida and the Senator from Virginia would vote "nay."

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business. I am advised that if present and voting, he would vote "nay."

The Senator from Washington [Mr. BONE] is detained in a conference at the White House. I am advised that if present and voting he would vote "nay."

The Senator from Iowa [Mr. GILLETTE] is detained in one of the Government departments on matters pertaining to the State of Iowa.

The Senator from Nevada [Mr. McCARRAN] is detained in a committee meeting.

Mr. WHITE. The Senator from Oregon [Mr. McNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent. His general pair and the transfer thereof have been announced.

The Senator from California [Mr. JOHNSON] is necessarily absent. He has a pair on this question with the Senator from Virginia [Mr. GLASS]. If present the Senator from California would vote "yea," and I am advised that the Senator from Virginia would vote "nay."

The result was announced—yeas 42, nays 44, as follows:

YEAS—42

Bailey	Ellender	Reed
Ball	George	Revercomb
Bankhead	Gerry	Reynolds
Bilbo	Gurney	Robertson
Brewster	Hawkes	Russell
Brooks	Hill	Shipstead
Buck	Holman	Smith
Bushfield	McClellan	Taft
Butler	McKellar	Thomas, Idaho
Byrd	Millikin	Wheeler
Capper	Moore	Wherry
Caraway	Nye	White
Connally	O'Daniel	Willis
Eastland	Overton	Wilson

NAYS—44

Aiken	Hayden	Radcliffe
Austin	Jackson	Stewart
Barkley	Johnson, Colo.	Thomas, Okla.
Burton	Kilgore	Thomas, Utah
Chandler	La Follette	Tobey
Chavez	Langer	Truman
Clark, Idaho	Lucas	Tunnell
Clark, Mo.	McFarland	Tydings
Danaher	Maloney	Vandenberg
Davis	Maybank	Wagner
Downey	Mead	Wallgren
Ferguson	Murdock	Walsh, Mass.
Green	Murray	Walsh, N. J.
Guffey	O'Mahoney	Wiley
Hatch	Pepper	

NOT VOTING—9

Andrews	Gillette	McCarran
Bone	Glass	McNary
Bridges	Johnson, Calif.	Scrugham

So Mr. OVERTON's motion was rejected.

The ACTING PRESIDENT pro tempore. The question recurs on the amendment of the Senator from Connecticut [Mr. DANAHER].

Mr. DANAHER. Mr. President, I ask that the pending question be put.

Mr. VANDENBERG. Mr. President, the motion just voted upon was not debatable. Therefore, I have had to wait until now to make a statement, which I proceed to do briefly.

The thing which I am anxious to have is expedition in consideration of this bill. I think the country expects it. It seems to me that the only possible thing that could happen as the result of now laying before the Senate the House amendments to Senate bill 1285 would be to invite the Senator from Kentucky [Mr. BARKLEY] to offer the Green-Lucas bill as an amendment to one of the House amendments. We should then be back where we started, except that we should have lost our limitation upon debate in respect to amendments to the Green-Lucas bill.

Mr. President, I think that would be of no advantage to anyone, and certainly not to the viewpoint which I hold fundamentally, namely, that we should get on with this business. So I state for the information of the Senate that as soon as the Green-Lucas bill is perfected and the amendments necessary to it are agreed to I shall, of course, vote at that time to take up the House amendments to Senate bill 1285.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. TAFT. I do not quite follow the logic of the argument. If the only way by which we are to make any progress in this matter is to take up the House amendments to Senate bill 1285, obviously the sooner we take up the House amendments the quicker we will get through.

Mr. VANDENBERG. Mr. President, I do not think that is at all obvious. I think that consideration of the amendments to the Green-Lucas bill should proceed under the limitation of debate. There will be no limitation of debate after we shall have taken up the House amendments.

Mr. TAFT. However, when the House amendments are taken up, if the administration offers the Green-Lucas bill as an amendment to one of the House amendments, the Green-Lucas bill would be subject to unlimited debate.

Mr. VANDENBERG. There is not the slightest doubt in the world about that.

Mr. TAFT. I very much hope that the question will be disposed of at once. My only reason for voting for the motion of the Senator from Louisiana [Mr. OVERTON] was that it seems to me that if that is the way we are to reach a final agreement with the House, obviously the quickest way to do it is to do it at once and not continue debate on a bill which will pass the Senate and then die.

So far as I can see the House will not take up the second bill which we pass. I do not care, but it seems to me that all the debate from now on until we pass the Green-Lucas bill will be time thrown away because after that we will go back to Senate bill 1285, and the debate on Senate bill 1285 will be exactly the same, regardless of whether we shall have already passed the Green-Lucas bill.

Mr. VANDENBERG. Apparently I am unable to make my position plain to the Senator from Ohio, but it seems perfectly plain to me that the obvious orderly procedure is to perfect the Green-Lucas bill before we draw the final issue between the Green-Lucas bill and the House amendments to Senate bill 1285. If we can perfect the Green-Lucas bill under the limitation of debate it seems to me that we can save time; and that is the only thing in the world in which I am interested in connection with the procedure.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BREWSTER. The Senator will, I presume, agree that to go forward with a bill which the Senator contemplates will very shortly be offered as an amendment to another bill, presents an anomalous situation. Is it not possible that the amendments which might be adopted in perfecting the Green-Lucas bill might have to be reconsidered in the light of the bill which the Senate earlier passed, and which the House has since amended? We would then be proceeding only under the phase of amending the House amendments.

Mr. VANDENBERG. I think the Senator can theoretically make the point which he makes. However, in my judgment, as a practical matter we have reached the point where the only thing remaining to do with the Green-Lucas bill is to perfect some of its noncontroversial details. I respectfully submit that the orderly procedure calls for completion of the process of perfecting the Green-Lucas bill. A motion can then be made to proceed with the consideration of the House amendments, and I shall vote for such a motion.

Mr. BREWSTER. Does the Senator contemplate little difficulty in infiltrating the Green-Lucas bill into the House amendments?

Mr. VANDENBERG. I contemplate nothing but difficulty in respect to the parliamentary presentation. I underwrite no share of it, and I have nothing to do with the management of it. At the moment I am merely explaining that I am trying to vote in a way which I think will facilitate the present procedure; and God knows that if we can facilitate it for even 20 minutes the country will be much obliged.

[Manifestations of applause in the galleries.]

Mr. BARKLEY. Mr. President, in view of the statement of the Senator from Michigan, perhaps I should make this observation:

I agree with him up to a certain point, namely, that in my judgment we ought to perfect the bill which is the unfinished business of the Senate and dispose of it. We have no way of knowing what the House will do. We cannot predict. The House has its own responsibility. After this bill is disposed of we will all be in favor of taking up the House amendments and disposing of them in whatever fashion the Senate wishes to dispose of them. If the House amendments should be agreed to I, of course, would not want to predict what the fate of the legislation would be. I do not intimate what its fate would be, but we shall at least have sent to the House, in the form of Senate bill 1612, our most recent expression upon the subject. If after the House amendments are taken up the Green-Lucas bill as then perfected should be adopted in lieu of any of the House amendments, that would throw the bill into conference, and if the conferees were able to work out a fairly satisfactory bill, of course Senate bill 1612 would not be further considered. There would be no necessity for considering it. So I think the logical and orderly way to proceed is to complete consideration of the Green-Lucas bill, Senate bill 1612, and let the Senate pass upon it. If it should be passed it then would go on its way to the House. We could take up the House amendments to the other bill, and if they should go to conference, of course that would offer the most direct method by which some agreement could be arrived at for legislation.

Mr. TAFT. Am I to understand that after the passage of the Green-Lucas bill, or its defeat, the Senator proposes to take up the House amendments to Senate bill 1285?

Mr. BARKLEY. Frankly, that is my purpose.

Mr. CHAVEZ. Mr. President, I have taken very little part in this debate, but I have been impressed with the desire of both sides of the controversy to see that the soldier shall be given an opportunity to vote. That is the only interest I have in the matter. I do not know who is at fault for the anomalous position in which we find ourselves, but I do know that the sooner we pass a bill the better it will be for the country. It seems to me that unless we can pass the Lucas-Green bill soon, we had better do something else.

Up to the present moment I have been voting against taking up the House amendments to Senate bill 1285, but personally I am becoming tired of waiting and hearing debate about how much we love the soldier and how much we want him to vote, and having nothing done about it. Unless the Green-Lucas bill shall be passed by the Senate pretty soon I shall move to take up the House amendments to Senate bill 1285.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. GREEN. I am sorry, but I fail to follow the Senator's argument. Apparently any bill would be better than no bill. Does not the Senator understand that we have already on the statute books a soldiers' voting law? What is the use of passing a bill unless it be an improvement over the existing law, unless the soldier is to have a better chance of voting, or unless more soldiers are to vote? If a bill is proposed which would reduce the number of soldiers who will vote, or make it harder to vote on the part of those who can vote, why pass any bill at all?

Mr. CHAVEZ. I will answer the Senator. It is because I want some kind of a bill, that I shall vote for the Lucas-Green bill. The bill is not what I desire, or what the soldiers from New Mexico desire, but it is better that they receive something than nothing at all. Under the Lucas-Green bill the soldier from New Mexico would be able to vote for only the President and Members of Congress. The soldier from New Mexico would like to vote for local officials, but that would be impossible under the State law and constitution. So when I vote for the Green-Lucas bill I shall be voting for some kind of a bill in preference to no bill at all.

Mr. GREEN. Mr. President, I am afraid that I failed to make my point clear. We now have a soldier vote law. It has proved inadequate. The Green-Lucas bill is intended to make it more adequate. The bill provides for an improvement over existing law, more soldiers could vote under it. Under the House amendments to Senate bill 1285 not so many soldiers could vote, and those who could vote would find it more difficult. Under the Green-Lucas bill we would not have the Federal ballot alone, but a Federal ballot and a State ballot. Under the House amendments we would have only a State ballot.

Mr. CHAVEZ. I am not impressed by the statement that the pending bill is the best one. The proponents of the Green-Lucas bill think theirs is the best bill.

After all, we must pass judgment on it, and let our conscience be our guide. I shall vote for the Green-Lucas bill because it will afford the only chance the boys in the Pacific or in Italy or at Attu or elsewhere will have to vote. That is the only reason I shall vote for it. It will afford them an opportunity to have some kind of a vote. I do not know which is the best bill, but I am satisfied in my own mind that the Scott Lucas bill will allow the boys from New Mexico to vote at least for someone. That is the reason I am for it.

Mr. GREEN. As I have been completely eliminated I will resume my seat. [Laughter.]

Mr. CHAVEZ. Of course, I meant the "Green-Lucas" bill.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DANAHER].

The amendment was agreed to.

Mr. FERGUSON. Mr. President, I desire to propose several amendments to Senate bill 1612. On page 29 I move to strike the words "Or write in the name of his political party."

Those words appear in the form of the official Federal war ballot as printed on page 29, but they are not indicated by lines in the printed copy of the bill. The words I move to strike out follow the language:

Official Federal war ballot.

Instruction: To vote, write in the name of the candidate of your choice for each office.

At the session of the Senate on Friday last the words "Democratic, Republican, Progressive, or other" were stricken from the bill.

I am of the opinion that we would have a much better bill if we would allow the voters to vote by name rather than by party, and, as I have already stated on the floor, we have a method of getting the names to the soldiers and the party's on literature which is to go to the soldiers. I therefore propose now to strike out the words "or write in the name of his political party."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. BARKLEY. Mr. President, I presume the Senator wants to make the same amendment applicable elsewhere in the form of the ballot.

Mr. FERGUSON. Yes, I presume I shall have to offer the amendments separately. I now move another amendment on page 29. As I have said, the lines are not numbered, so I will have to designate the place by saying that the words I propose to strike out follow the words "write in the name of your choice for President." Following those words, I move to strike out the words "or the name of his party." I understand I will have to move the amendment separately.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. FERGUSON. The next amendment I offer is to strike out the words "or the name of his party" after the word "Senator," where it appears in the line "write in the name of your choice for Senator."

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. FERGUSON. I now move to strike out the words "or the name of his party" following the words on page 29, "Write in the name of your choice for Representative in Congress for your district."

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. FERGUSON. I now move to strike out the words "or name of his party" after the words "write in the name or names of your choice for Representative at Large."

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. FERGUSON. On page 30 I move to strike out in lines 1 and 2 the words "A vote by party designation shall be deemed to be a vote for the candidate of that party by name."

Mr. McKELLAR. I inquire where that amendment comes in.

Mr. FERGUSON. In lines 1 and 2, page 30.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Michigan.

Without objection, the amendment is agreed to.

Mr. WHITE. Mr. President, I want to say a very brief word about the parliamentary confusion that confronts the Senate. In a somewhat long congressional service it is to me one of the most extraordinary situations that has come before either the other House or this body.

In a very large degree I associate myself with the views expressed by the Senator from Michigan [Mr. VANDENBERG]. I think a great obligation at this time is to get on with the business before the Senate and bring to some definite conclusion the matured judgment of the Senate on the pending matter.

Mr. President, I have twice voted for motions to lay the House amendments before the Senate. I have done so in large part because I have believed that whether or not we proceeded to vote upon the Green-Lucas bill, we would ultimately find, if the House amendments were laid before the Senate, that the Green-Lucas bill or its substance would be offered as an amendment to one of the House amendments to this House bill. It seems to be if that course were followed and if the Green-Lucas bill were offered as an amendment to one of the House amendments and was agreed to, then we would have something which could go to conference between the two Houses, with some ultimate hope that a decision would be reached.

I have felt and feel now that if we proceed to the perfection of the Green-Lucas bill by amendment, and vote affirmatively upon its passage it will result in confusion worse confounded. We would have pending here the original Senate bill amended by the House, with no action by the Senate upon the House amendments, and we would have for a second time sent a bill of the Senate upon the same matter to the House. I can see nothing but complete confusion, nothing but a complete break-down of the legislative process as between the two Houses if such a course should be followed.

I have said I voted twice to lay the House amendments before the Senate. I so voted without intending to indicate in any way my ultimate attitude toward the pending legislation. I have done it because I thought—I am not certain that I am right about it—but I have done it because I have thought that the adoption of such a motion and the laying of the House amendments before this body with the right to amend them, would facilitate the final disposition of this matter. I still believe that is the correct way to proceed.

I have to confess that it never had occurred to me that we would vote upon the pending Green-Lucas bill as a Senate bill and that then we would give separate and distinct consideration to the original Green-Lucas bill as amended by the House. But whatever course we pursue, Mr. President, I think we should follow it with celerity and bring this matter to some final disposition.

Mr. BARKLEY. Mr. President, I do not wish to delay consideration of the bill, and I have not contributed remotely to any delay. I merely wish to observe that in my opinion the American people are not very much interested in parliamentary technicalities. I also believe that the American soldier, sailor, or marine, or member of any other branch of our armed services, is not interested in parliamentary technicalities. What those men desire, and I hope what we all desire, is that we can come to an agreement, in the quickest and promptest and best way possible, on a workable Federal ballot law. I think a majority of the Senate feels that way about it, and I hope I may be pardoned if I say that I think that ultimately a majority of the other body will feel the same way. However, I do not wish to make any prediction. I am merely giving my opinion after conferences and talks, and on the basis of information I have received.

If we shall pass the Green-Lucas bill, and then take up the House amendments, as we shall do promptly—although there will be no limitation of debate upon the House amendments, and cannot be unless a subsequent agreement to that effect shall be made, and, of course, that would have to be by unanimous consent—it seems to me that, so far as the

Senate is concerned, we will have discharged our obligation and will have resolved the parliamentary technicalities in behalf of the American soldier and his right to vote.

Mr. CLARK of Missouri. Will the Senator yield?

Mr. BARKLEY. I shall conclude in a moment.

I appeal to both sides of the Senate to join in getting on with the business before us so that out of one or the other of the measures we may be able to enact legislation which will make it possible for the members of the armed services to do what the overwhelming majority of the American people want them to have a right to do; that is, cast their votes.

Mr. CLARK of Missouri. Mr. President, supplementing what the Senator from Kentucky has said, it seems to me that there is really no parliamentary technicality involved in the proposition before the Senate. All the courses suggested would be in consonance with the well-recognized practice of each House, and the practice between the Houses of Congress. There is really no parliamentary question involved. The only question is one as to votes. The question is what a majority of the Senate and a majority of the other House can finally agree upon, and the sooner we cease talking and get a vote, the sooner the matter will be resolved.

I recall that at one time former Speaker Cannon said that if he were given a majority of the House at his back he could pass a cow through the House if he desired to do so. The only question to be determined is the question of the wishes of a majority of this body, and it seems to me that all this debate is beside the point and that the sooner we begin to vote the sooner the whole matter will be determined.

Mr. VANDENBERG. Mr. President, I wish to make one further suggestion to the Senator from Rhode Island, if I may have his attention. I ask him to look at page 42, where again we find the language referring to the post cards which are to be distributed with respect to State ballots. I call his attention to the language in lines 5 and 6.

Mr. LUCAS. On what page?

Mr. VANDENBERG. Page 42. I refer to the phrase "where State procedures can be effectively employed."

It seems to me as though, if that language were adopted, we would be delegating to the Secretary of War and the Secretary of the Navy the power to decide whether in their judgment State procedures could be effectively employed, whereas I am sure all the Senator from Rhode Island wants to do is to limit this authority by the words in line 2, "wherever practicable and compatible."

I suggest that the language "where State procedures can be effectively employed" should be eliminated. I do not believe we want to give these two departments the power to decide for themselves whether the State procedures can be effectively employed, beyond the limitation in line 2, which requires them to do this only "when practicable and compatible with military operations."

Mr. GREEN. Mr. President, in answer to the Senator from Michigan, I think I agree with his point of view, but in the past couple of days we have read in the newspapers how information about local elections is being given already to the armed forces, that is, as to the early primaries in certain States, and how the members of the armed forces could apply for applications for ballots or for ballots themselves. However, the officials drew attention to the fact that it would be undesirable for members of the armed forces to apply for applications for ballots or for ballots where there was not sufficient time for the communications to go back and forth, because the air mail, which is limited, would be used to no avail. If there were not time within which to get the application over to the secretary of state of the State and the answer to be returned and the ballot to be cast, the soldier would better not apply at all, because there are certain mailings which load up the limited air-mail carriage. I think the words "where State procedures can be effectively employed" would cover that very point.

Mr. VANDENBERG. The trouble is, if I may make a suggestion to the Senator, that the Secretary of War started out by saying that State procedures never can be effectively employed. I dislike to leave the State ballot at the mercy of the decision of a Secretary whose primary conviction is that State procedures cannot be given effect.

Mr. GREEN. I did not wish to oppose the proposal of the Senator from Michigan; I merely desired to draw his attention to the reason for the words being in the bill. I shall not make any objection if the Senator moves to amend by striking the words out.

Mr. VANDENBERG. I thank the Senator.

Mr. LUCAS. Will the Senator from Michigan yield?

Mr. VANDENBERG. I yield.

Mr. LUCAS. I do not like to disagree with my colleague, the Senator from Rhode Island, but from the beginning I have taken the position that every Federal ballot and State ballot should go to every camp in this country and every camp outside this country, unless it were impracticable and incompatible with military operations, just as is suggested here. I do not see any objection, so far as I am personally concerned, to eliminating the words "where State procedures can be effectively employed." It seems to me, as the Senator from Michigan has said, that perhaps the Army and the Navy might have the power, under that language, to make a determination as to whether or not State procedures were sufficient to enable them to administer the law, and I do not care to give them that power, and I do not think any Senator wishes to give them the power; and as a matter of fact, the Army and Navy do not want the power. The Army and Navy have said over and over again that they will attempt to administer any law we pass, and will attempt to do the best job possible with all ballots originating in the States which ultimately find their way overseas, so long as it is practicable and compatible with military operations. There can be no question about that. So far as I am concerned, I am glad to accept the amendment.

Mr. VANDENBERG. I thank the Senator. On page 42, lines 5 and 6, I move to strike out the words "where State procedures can be effectively employed."

Mr. HOLMAN. Mr. President, will not the Senator from Michigan explain the purpose of the amendment?

Mr. VANDENBERG. I have just completed a long explanation. I do not want the Secretary of War and the Secretary of the Navy to have the right to decide for themselves whether they think State procedures are adequate.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment for the information of the Senate.

Mr. McKELLAR. A parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McKELLAR. I read from section 11, on page 37 of the bill, beginning in line 20:

PRIORITIES

SEC. 11. The Secretaries of War and Navy and other appropriate authorities shall take all steps necessary to give to the transmission and delivery of ballots and communications under this title priority over all unofficial communications and priority over official communications except where, in the judgment of the appropriate military and naval authorities, such priority would interfere with the effective prosecution of the war.

I thought an amendment had been agreed to striking out the "priorities" section so far as it relates to giving Federal ballots priority over State ballots. My parliamentary inquiry is whether or not the provision was stricken out, or is still in the bill. If it is still in, the soldier will have the privilege of voting for President or for Presidential electors, and will have the privilege of voting for Senators and Representatives, but his opportunity to vote for State officers will be practically nil.

Mr. VANDENBERG. The language covering the priorities was not stricken out in title I, but the section dealing with post cards was rewritten so as to come as closely into harmony with the language of title I as possible.

Mr. McKELLAR. Mr. President, that is simply a beating around the bush, because section 11 plainly gives the Federal ballots priority over all State ballots, and, of course, we will find that most of the votes will be cast for Federal officers, and that very few will be cast for State officers.

Mr. VANDENBERG. At least that question is not involved in the amendment I am submitting.

Mr. McKELLAR. No; it is not; but I am making inquiry because I want to know concerning the priority situation.

The ACTING PRESIDENT pro tempore. In reply to the inquiry made by the Senator from Tennessee, the Chair rules that the words in section 11 mentioned by the Senator from Tennessee have not been stricken from the bill.

Mr. DANAHER. Mr. President, I hold in my hand a War Department release dated February 6, 1944, which deals in marked respect with the subject under inquiry. I send the release to the desk and ask unanimous consent that page 1 and the first paragraph on page 2 be read for the information of the Senate, and that the remainder of the release be printed in full in the RECORD at this point.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will read.

The legislative clerk read as follows:

INSTRUCTIONS GIVEN SOLDIERS OF FOUR STATES WHO DESIRE TO VOTE

Information to facilitate voting in three State primaries and one election during April, by Army personnel whose voting residence is in any one of the four States, is being made available at all military installations, the War Department announced today.

Primary elections will be held during April by the States of Illinois, Nebraska and Pennsylvania. A general election, for State and local offices, will be held in Louisiana. Soldiers are reminded that in applying for primary ballots, they must state their party affiliations in the applications. Applicants for ballots in a general election should not state their party affiliations.

Commanding officers have been instructed by the War Department to call the primaries and the election to the attention of men from the States concerned, in time to give them maximum opportunity to complete all the steps necessary for balloting. In addition, postage-free post-card applications are being made available for all personnel, to be used as indicated in special instructions for each State. In lieu of these post cards it is pointed out that soldiers may write a letter using the text of the post card.

The War Department reminds members of the Army of certain important factors. Under existing laws of these States, a soldier must be at least 21 years old at the election date in order to vote. In certain of these States, voters must take certain steps, in addition to filing application for absentee ballot, in order to be eligible to vote. If a soldier is in doubt as to whether he is a qualified voter under the laws of his State, he should immediately inquire by letter to the secretary of state of the State of his voting residence, as to whether it is necessary to register, pay taxes, or meet other requirements in order to vote.

A soldier, upon receiving his absentee ballot, should execute it and return it immediately. In making application to vote, a soldier outside the continental United States should have in mind the time interval between the date the State will send him the absentee ballot, and the date by which it must be executed and back in the hands of local election officials; also whether the State voting material will travel by air. It is not desirable to burden oversea air mail with applications for ballots in cases where the time interval is manifestly too short to accomplish receipt, execution and return of the ballot.

The remainder of the War Department press release is as follows:

Special information for the four State elections involved follows:

ILLINOIS PRIMARY

The Illinois primary will be April 11. Soldiers having voting residence in that State may apply for ballots ("official war ballots" covering Federal, State, and local offices) by mailing to the secretary of state, Springfield, Ill., the post cards which are available at installations. Soldiers should forward such applications so as to reach Springfield shortly before March 14, the earliest date on which the State will forward absentee ballots. The ballots, if they are to be counted, must be executed and received by appropriate local election officials in the State by April 11.

NEBRASKA PRIMARY

The Nebraska primary will be April 11. Soldiers having voting residence in that State may apply for ballots (State absentee ballots covering Federal, State, and local offices) by mailing a special application form furnished by Nebraska. The soldier may obtain this special application form in two ways, either by writing a letter to the secretary of state, Lincoln, Nebr. (he may write the letter to appropriate local officials, if known); or by mailing the post card which is available at installations, on which card the soldier should write that he wishes it treated as a request for an application form for State absentee ballot. This request, by either method, should be made at the earliest possible time. The earliest date on which the State will mail out absentee ballots is March 12, and they must be executed and mailed by April 10 at the latest, and must be in the hands of appropriate local election officials by April 13.

PENNSYLVANIA PRIMARY

The Pennsylvania primary will be April 25. Soldiers having voting residence in Pennsylvania may apply for either "official war ballots" (covering only Federal offices), or for State absentee ballots (covering Federal, State, and local offices).

In order to obtain the official war ballots, a soldier should mail the post card available at installations to the secretary of state, Harrisburg, Pa., so as to reach Harrisburg shortly before March 6, the date on which the State will begin forwarding absentee ballots.

If he desires the State absentee ballot, a soldier must fill in and mail a special application form furnished by Pennsylvania. He may request this special application form in one of two ways: either by writing a letter to the secretary of state at Harrisburg, Pa. (he may write the letter to appropriate local officials, if known); or by mailing the post card available at installations, on which card the soldier should write that he wishes it treated as a request for an application form for State absentee ballot. If he wishes the State absentee ballot, he should send for the special application form at the earliest possible time.

When he has obtained the ballot and executed it, he must mail it in time to reach appropriate local officials by April 25 if it is an "official war ballot." If it is a State absentee ballot, it must be mailed by April 25 and received by appropriate local official by May 5.

LOUISIANA ELECTION

The Louisiana election will be April 18. Soldiers having voting residence in Louisiana may apply for State absentee ballots (covering State and local offices) either in accordance with Louisiana law or by mailing to the secretary of state, Baton Rouge, La., the post card available at installations. The State of Louisiana will accept such post cards as applications for State absentee ballots. Applications should be mailed so as to reach Louisiana shortly before March 18, which is the earliest date on which the State will forward absentee ballots. The ballots must be executed and back in the hands of appropriate local officials by April 17.

Mr. BUSHFIELD. Mr. President, I inquire what is the pending question?

The ACTING PRESIDENT pro tempore. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] which will be stated.

The LEGISLATIVE CLERK. On page 42, in line 5, it is proposed to strike out the words "where State procedures can be effectively employed."

The ACTING PRESIDENT pro tempore. The amendment is open to discussion. If there be no discussion of it, the question is on agreeing to the amendment. Without objection, the amendment is agreed to.

Mr. BUSHFIELD. Mr. President, in connection with what has just been read in the press release at the desk, I wish to call the attention of the Senate to an amendment which Representative CASE, of South Dakota, offered to Senate bill 1285. The amendment is to be found on page 8 of the bill as passed by the House, beginning in line 7, and I offer the language which I shall now read as an amendment to the pending bill. It is section 2 of the bill as passed by the House, and is as follows:

SEC. 2. To facilitate the distribution of official State ballots to voters who are absent on war duty, it is recommended that the States direct their appropriate county election officials to prepare, not later than 60 days prior to the date of the 1944 general election, a war-duty registration list consisting of all persons eligible to vote who are in the armed forces of the United States, compiling such lists from the records of the selective-service headquarters in each county whose officers are hereby authorized and directed to cooperate in the preparation of such lists.

It is further recommended that applications for absentee ballots be checked against this war-service registration list, and that at the first practical date, not earlier than 60 days before the election, an absentee ballot be mailed to all eligible voters on the wartime registration list from whom an application has not been received. It is suggested that current duty addresses for such voters be obtained from the next-of-kin and such other sources as may be locally available, and that the ballots to overseas addresses be mailed not less than 50 days prior to the date of the general election and that ballots to addresses within the continental United States, be mailed not later than 25 days prior to the date of the general election.

It is further recommended that an application for the ballot and an affidavit of the voter be printed in an abbreviated form at the left side of the face of the return envelope, and that the county election authorities address the return envelope with the appropriate precinct description to insure its prompt delivery to the appropriate election officials when returned.

It is suggested that the application and affidavit by the voter be placed on the outside of the return envelope in order to insure that the application will be in the hands of the election officials prior to their receipt of and counting of the vote. It is suggested that such affidavit might be in the following abbreviated form:

Which, Mr. President, under this proposal is to be printed on the return envelope containing the ballot—

APPLICATION AND AFFIDAVIT

"I hereby apply for an absentee ballot and the right to cast my vote in the general election of 1944. To the best of my knowledge and belief, I am a legally qualified voter of _____ county, State of _____, and my residence is _____. I hereby certify that my ballot will be marked by myself alone and that this ballot is being marked of my own free will and accord for candidates of my choice without any inducement or promise of reward.

"(Signed) _____.

"Subscribed and sworn to before me this _____ day of _____, 1944."

It is further suggested that a notice to the election officials be printed in small type below the return address on the right half of the face of the envelope in some such language as this:

"(Notice to election officials: This envelope is not to be opened unless the application at the left is accepted as evidence of the applicant's right to cast a ballot and have it counted. In case that is challenged, this envelope should not be opened, but should be kept carefully until the challenge is settled and appropriate action is decided upon.)"

Mr. President, as a part of my amendment I add the following language to the language of section 2 of the amended bill as passed by the House. Following immediately after what I have just read I wish to add the following:

Provided, That if any State fails to prepare the war duty registration list herein recommended at least 60 days prior to the general election of 1944 or fails to mail the regular State ballots to the persons on such list within the time suggested in this section, that the selective service office in each county of such States shall prepare a war duty registration list from the records in its office of each person in the armed forces whose home is in that county and shall prepare a ballot of candidates for Federal office, as hereinafter provided, and shall mail the same to each person on the war duty registration list at the earliest possible date. In obtaining the current duty address of persons on the list so prepared, county selective service officials shall send a post card with return card to the next of kin as shown on the registrant's questionnaire, asking for the latest service mailing address and shall use that address in mailing the ballots unless evidence is found that a better address is available. Not more than one ballot shall be mailed to any person on the war duty registration list, but the envelope addressed to him shall carry a directive to forward the envelope promptly if the addressee's duty address has changed. A postage free air-mail return envelope shall be included with the ballot on the face of which shall be printed the application for the ballot and the affidavit of the voter as proposed in this section, and the return envelope shall be addressed by the county selective service office for return to the election officials of the precinct of the voter's home precinct if known, and if not known, to the election authorities of the voter's home county. The ballot proposed under this proviso shall carry the names of candidates for the following offices: Presidential electors for each party for which Presidential electors will appear on the official State ballot of the State concerned; candidates for the United States Senate and the House of Representatives. The names of the party of which the candidates are nominees shall be shown. In the event that nominations have not been made by any party which cast 10 percent of the vote in the last general election in that State, a blank line shall accompany the name of that party on which the voter can write in the candidate of his choice or indicate that he wishes to vote for the candidate of that party.

At the bottom of the ballot there shall be printed a brief note of instruction to the voter, advising him of any requirement on the marking of the ballot provided by the law of his State, and further advising him that if the return envelope be not addressed to the election officials in the county of his legal residence that he readdress that envelope in accord with his legal residence as stated in the affidavit on the outside of that return envelope.

Mr. President, I submit the amendment to the pending bill because it will save one entire trip by mail which is now proposed by the printed postal cards. The ballots will be mailed directly to the individual voter by the county officials who have prepared the war duty registration list. The individual voter will not have to bother with the delay of weeks of time in getting an application home and back again. The application will come back on the outside of the outer ballot. The Army and the Navy will not have to bother with it at all; the Post Office Department will largely handle the thing.

Therefore, Mr. President, I submit the amendment.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. BUSHFIELD. I yield.

Mr. GREEN. Let me inquire where the amendment is proposed to be inserted?

Mr. BUSHFIELD. I am glad the Senator has asked the question. I propose that the amendment take the place of section 201, on pages 41, 42, and 43 of the pending bill.

Mr. GREEN. Sections 201 to 203?

Mr. BUSHFIELD. No; section 201 on pages 41, 42, and 43, down to section 202.

Mr. GREEN. Mr. President, it is very difficult to follow the reading of the entire amendment. A great part of it, as I understand, is taken up with recommendations and suggestions. Let me inquire what are the provisions of positive law which would be changed by the amendment.

Mr. BUSHFIELD. The only change would be that it would do away with one entire mailing of the ballot procedure on which we are working. That is the main difference. It would also do away with burdening the Army and the Navy with the transportation of the ballots, and would place that burden largely on the Post Office Department.

Mr. GREEN. I notice that a number of officials who do not exist in some States are mentioned as having charge of elections—county officials, for instance, who do not exist in my own State.

Mr. BUSHFIELD. The only officials mentioned in the amendment are those comprising the selective-service board in each county, and every county in the country has such a board.

Mr. GREEN. No, Mr. President; the Senator is mistaken. In my own State and in many other States I think there are no such officials. It seems to me that, for that and other reasons, the amendment is in conflict with certain State laws and with the other features of the bill which have been discussed. It would seem to me that it would be better to have the amendment printed so that it could be studied in detail.

Mr. BUSHFIELD. Yes, Mr. President; I should be glad to have that done, so that the amendment could be studied; because I think it would solve many of our present difficulties.

Mr. GREEN. I should be glad to have that done. I understood that the Senator was asking for questions on it.

Mr. BUSHFIELD. Mr. President, I send the amendment to the desk.

Mr. LUCAS addressed the Chair.

The ACTING PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Illinois?

Mr. BUSHFIELD. I yield.

Mr. LUCAS. Mr. President, I desire to obtain the floor.

The ACTING PRESIDENT pro tempore. Has the Senator from South Dakota concluded his remarks?

Mr. BUSHFIELD. Yes, Mr. President.

Mr. LUCAS. Mr. President, under the amendment offered by the able junior Senator from South Dakota, we would strike out title II in its entirety, and would insert the amendment which has been offered by the Senator from South Dakota. I wish to have the Senate know that title II is one of the titles on which the committee has worked for many hours in debating and finally laying down a rule which would be of some advice and assistance to the States. Frankly, Mr. President, I cannot tell what is meant by the amendment which has been offered by the Senator from South Dakota. It comes rather late in the debate for us to give it serious consideration, it seems to me.

But if my memory serves me correctly, as I think it does, there is one thing which I did recall as the Senator presented the amendment to the Senate, namely, that in each and every county in which there is a selective-service board, those boards would be delegated power by the United States Congress to carry on some kind of county ballot commission for Federal and State ballots.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MURDOCK. I tried to follow as carefully as I could the remarks of the able junior Senator from South Dakota; but it seems to me that if we adopt his amendment we will substitute merely recommendations on the part of Congress for the affirmative provisions of title II. As I understand title II, it makes it mandatory on the Federal ballot commission to cooperate with State election officials in handling State ballots, whereas the amendment of the Senator from South Dakota merely consists of numerous recommendations to the State election officials.

Mr. LUCAS. Mr. President, I think the Senator is correct, with one exception I mentioned a moment ago with respect to delegating to certain boards of the counties throughout the country power to carry on what seems to me to be more or less a local ballot commission.

I certainly hope the Senate will not seriously consider the adoption of this amendment at this late hour; because Democrats and Republicans alike who are members of the Committee on Privileges and Elections and who have worked on title II of the bill have gone over it carefully in line with the officials of various States, and we have definitely agreed upon the provision in the bill. We even agreed to a short amendment offered a moment ago by the Senator from Michigan, to make it a little more definite. If we now start in to amend title II, I am afraid we shall be here a long time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. BUSHFIELD].

Mr. BUSHFIELD. Mr. President, I understood that the amendment was not to be considered until it was printed and Senators had an opportunity to study it.

The ACTING PRESIDENT pro tempore. Does the Senator offer his amendment for the present consideration of the Senate, or does he submit it to lie on the table?

Mr. BUSHFIELD. I offer it for consideration.

Mr. BARKLEY. Mr. President, there is no other pending amendment; and when an amendment is offered it becomes the pending question.

Mr. BUSHFIELD. I offer it for the present consideration of the Senate. I was merely trying to comply with the suggestion of the Senator from Rhode Island [Mr. GREEN], who wished to have the amendment printed so that it might be studied.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Green	Pepper
Austin	Guffey	Radcliffe
Bailey	Gurney	Reed
Ball	Hatch	Revercomb
Bankhead	Hawkes	Reynolds
Barkley	Hayden	Robertson
Bilbo	Hill	Russell
Brewster	Holman	Shipstead
Brooks	Jackson	Smith
Buck	Johnson, Colo.	Stewart
Burton	Kilgore	Taft
Bushfield	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lucas	Thomas, Utah
Capper	McCarran	Tobey
Caraway	McClellan	Truman
Chandler	McFarland	Tunnell
Chavez	McKellar	Tydings
Clark, Idaho	Maloney	Vandenberg
Clark, Mo.	Maybank	Wagner
Connally	Mead	Wallgren
Danaher	Millikin	Walsh, Mass.
Davis	Moore	Walsh, N. J.
Downey	Murdock	Wheeler
Eastland	Murray	Wherry
Ellender	Nye	White
Ferguson	O'Daniel	Wiley
George	O'Mahoney	Willis
Gerry	Overton	Wilson

The ACTING PRESIDENT pro tempore. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. GURNEY. Mr. President, my colleague has fully explained section 2 of the House amendment to Senate bill 1285, and has offered as an amendment to the pending bill that portion of the House amendment.

It seems to me that section 2 of the House amendment would improve the Green-Lucas bill. I am sincere in my belief that everyone in the United States wishes to give every member of our armed forces the opportunity to vote. This amendment would obviate the necessity of the soldier or sailor making applications directly to the county auditor, and would eliminate the hazard of such applications being lost in transit. It would certainly indicate a sincerity of purpose if it were suggested that the several States, through their proper county election officials, comb the list of men in the armed forces and send them each a ballot directly in time. It would allow the soldier not only to have an opportunity to vote for a few Federal officials, but would also give him an opportunity to vote for county and State officers. So I hope Members of the Senate will give this suggestion of my colleague sincere consideration. I hope the amendment will be adopted.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator form South Dakota [Mr BUSHFIELD].

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

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

Mr. THOMAS of Utah (when his name was called). Mr. President, I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Nevada [Mr. SCRUGHAM] and will vote. I vote "nay."

The roll call was concluded.

Mr. McCARRAN. Mr. President, I announce that the junior Senator from Nevada [Mr. SCRUGHAM] is absent on official business. If he were present, he would vote "nay."

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Georgia [Mr. GEORGE], and the Senator from Texas [Mr. O'DANIEL] are necessarily absent.

The Senator from Idaho [Mr. CLARK] is detained in one of the Government departments on matters pertaining to his State. I am advised that if present and voting, he would vote "nay."

Mr. WHITE. The Senator from Oregon [Mr. McNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent. His general pair and the transfer thereof have been announced.

The Senator from California [Mr. JOHNSON] is necessarily absent. He has a pair on this question with the Senator from Virginia [Mr. GLASS]. If present the Senator from California would vote "yea," and I am advised that the Senator from Virginia would vote "nay."

The result was announced—yeas 34, nays 49, as follows:

YEAS—34

Ball	Gerry	Robertson
Bankhead	Gurney	Shipstead
Brooks	Hawkes	Smith
Buck	Holman	Taft
Bushfield	Langer	Thomas, Idaho
Butler	McClellan	Wheeler
Byrd	McKellar	Wherry
Capper	Moore	White
Caraway	Nye	Willis
Chavez	Overton	Wilson
Connally	Reed	
Davis	Revercomb	

NAYS—49

Aiken	Danaher	Hatch
Austin	Downey	Hayden
Barkley	Eastland	Hill
Bilbo	Ellender	Jackson
Bone	Ferguson	Johnson, Colo.
Burton	Gillette	Kilgore
Chandler	Green	La Follette
Clark, Mo.	Guffey	Lucas
McCarran	Pepper	Tunnell
McFarland	Radcliffe	Tydings
Maloney	Reynolds	Wagner
Maybank	Russell	Wallgren
Mead	Stewart	Walsh, Mass.
Millikin	Thomas, Okla.	Walsh, N. J.
Murdock	Thomas, Utah	Wiley
Murray	Tobey	
O'Mahoney	Truman	

NOT VOTING—12

Andrews	Clark, Idaho	McNary
Bailey	George	O'Daniel
Brewster	Glass	Scrugham
Bridges	Johnson, Calif.	Vandenberg

So Mr. BUSHFIELD's amendment was rejected.

Mr. WILLIS. Mr. President, I ask consideration for an amendment to Senate bill 1612, submitted by myself and my colleague [Mr. JACKSON]. I ask that the clerk state the amendment.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Indiana on behalf of himself and his colleague.

The CHIEF CLERK. On page 29, in the official war ballot between the provisions relating to United States Senator and those relating to Representatives in Congress, it is proposed to insert:

UNITED STATES SENATOR, UNEXPIRED TERM

(Only if a Senator is to be elected in your State for an unexpired term)

Write in the name of your choice for Senator or the name of his party_____.

Mr. WILLIS. Mr. President, before explaining the amendment, in order to clear it in the minds of Senators, I will ask to modify the amendment by deleting the words "or the name of his party" at the end of the amendment.

The ACTING PRESIDENT pro tempore. The modification will be made.

Mr. WILLIS. Mr. President, I think this amendment is self-explanatory. In the State of Indiana there will be elected two Senators at the coming election; one to fill out the unexpired term of the late Senator Frederick Van Nuys, and one for the full term. So it will be necessary to have this provision made in the ballots if the soldiers are to be permitted to vote for both Senators.

Mr. GREEN. Mr. President, if the Senator from Indiana will yield, this amendment is similar to one I proposed earlier in the day and asked unanimous consent to have adopted, but objection was made. It is entirely acceptable.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the modified amendment offered by the Senator from Indiana [Mr. WILLIS] for himself and his colleague [Mr. JACKSON].

The amendment as modified was agreed to.

Mr. GREEN. Mr. President, I desire to offer an amendment on page 42, in line 3, after the words "post cards", insert the words "(or post cards provided under section 3 of this act prior to its amendment)."

The amendment is designed to make the language in that place correspond with the language on the opposite page, page 43, line 4, where the same words are used.

The ACTING PRESIDENT pro tempore. The amendment offered by the

Senator from Rhode Island will be stated.

The CHIEF CLERK. After the words "post card" on page 42, line 3, it is proposed to insert "(or post cards provided under section 3 of this act prior to its amendment)."

Mr. GREEN. Mr. President, I may say in explanation that there are already some 12,000,000 post cards printed and available under the existing law and they are being distributed. Under the Green-Lucas bill, if passed, post cards are also provided, but in slightly different form. The amendment, if adopted, will make it possible for either kind of post card to serve the same purpose.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. OVERTON. What is the difference between the two post cards?

Mr. GREEN. There is a slight difference of form. The post card on page 42 is a little more elaborate than the form in the existing law.

Mr. OVERTON. Has the 1942 post card got everything in it that the post card in the pending bill has?

Mr. GREEN. Is the Senator referring to page 42 or the year 1942?

Mr. OVERTON. To the year 1942. I thought the Senator was referring to the year.

Mr. GREEN. In one place I referred to the year 1942 and in another place to page 42 of the bill.

Mr. OVERTON. Does the Senator's amendment deal with post cards authorized by the act of 1942 or the post cards contemplated by the pending bill?

Mr. GREEN. To the post cards already printed and being circulated.

Mr. OVERTON. Those post cards are authorized by the act of 1942?

Mr. GREEN. They are.

Mr. OVERTON. And the other post cards are post cards provided for by this bill?

Mr. GREEN. Yes.

Mr. OVERTON. What I want to know is the difference between the 1942 post cards and the present post cards.

Mr. GREEN. If the Senator will refer to line 4 on page 43, he will find the same language is used. We want to make the two provisions consistent.

Mr. AUSTIN. Mr. President, I think I can help the Senator out, if he would care to have me do so.

Mr. GREEN. I shall be glad to have the Senator from Vermont explain the matter.

Mr. AUSTIN. I happen to have that matter under my eye at this moment.

Mr. OVERTON. I should be very glad to have the Senator give the information.

Mr. AUSTIN. The post-card form set forth in the existing law, section 3, reads as follows:

---------- (Date).

Secretary of State of ----------:

Being on active duty in the armed forces of the United States and desiring to vote in the coming election, I hereby apply——

Mr. OVERTON. Is the Senator reading the form in the act of 1942?

Mr. AUSTIN. Yes.

I hereby apply for an official war ballot.

My home address is ----------
(Number and street)
in the city, town, or village of ----------, in the county of ----------, in the State of ----------, and my voting district or precinct, to the best of my knowledge, is ----------. I desire that the ballot be sent to me at the following address: ----------.

And then there is a place for the signature.

Signature certified by:

(To be signed by any commissioned officer.)

The form and substance of the application or post card that is found on page 42 of the Green-Lucas bill is quite different. Under the one I have read from the existing law, no serviceman could get a ballot for a primary in any State where the closed-primary method is followed, as it is in many Southern States and in my own State of Vermont. The application for an absentee ballot for a primary must state what party primary ballot the voter desires, and, under the law of my State, he can get no other than that for which he asks. That is the only way we have found to keep the two primaries separated.

There is nothing of the kind contemplated in the existing law, and that is one of the important differences between the existing law and the Green-Lucas bill. The Green-Lucas bill provides a method of voting in a State primary, and that is very important to us in Vermont, because historically it happens that the primary practically concludes the political controversy.

Mr. OVERTON. If the old post cards are used, the form provided for by the law of 1942, the soldier who gets the post card will be laboring under a disadvantage as against the soldier who gets the form provided for in the pending bill.

Mr. AUSTIN. He would be at a great disadvantage. One of his disadvantages would be that he could not possibly vote in a primary in the State of Vermont.

Mr. OVERTON. The old post cards, it would seem to me, should be destroyed, and the new ones alone be used.

Mr. AUSTIN. I assume that if the bill shall become a law, the soldier will be given the new post card, and informed that if he desires to vote in a primary he will have to use it.

I call attention to line 6 of the application on the post card found on page 42 of the bill:

(6) My choice of party primary ballot is ----------
(Fill in only in case of primary ballot)

That is one of the points of departure.

Mr. GREEN. Mr. President, I thank the Senator from Vermont for his explanation, but I think that there should be taken into consideration in this connection the fact that on page 43, section 202, appears the following language:

Such post cards (and post cards provided under section 3 of this act prior to its amendment) may be used, if State law permits, as applications for ballots under State absentee balloting laws, as applications for registration under State absentee balloting laws, or as sources of information to implement State absentee balloting laws.

So it is desirable to change the language in line 3, on page 42, in order to correspond.

Mr. AUSTIN. Mr. President, what I called attention to was in response to the interrogatory of the Senator from Louisiana. It was not my intention to make an observation adverse to the amendment. I am firmly persuaded that our efforts to give the soldiers opportunity to vote, where the votes will count, will fail to a substantial degree if we do not adopt a law which contains the proposed form and substance of application for ballot. Whether it be the Green-Lucas bill or some other bill makes little difference; I am firmly persuaded we cannot conform to such a statute as the one I now read, which is section 142 of the Public Laws of Vermont:

Separate party ballots: The names of all candidates of a party for United States Senator, Congressman, State and county officers, and town representatives shall be printed upon separate ballots headed by the name of the party of which they are candidates. A person voting at such primary shall indicate to the ballot clerk his party choice, and such ballot clerk shall give him the ballots of such party and no other.

That theory is carried out in many other statutes setting up the semiclosed primary like that of the State of Vermont, and in the absentee ballot provisions of the statute, section 93, is this language:

When such application is used in applying for ballots at a primary election it shall provide a space for inserting the party ballots desired.

So far as our experience in Vermont goes, everything we could do to keep the primary a pure primary politically has been done, and we could not expect that State to completely upset a policy which was established only after we had held a referendum of the people, if I remember correctly. It is my recollection that we submitted to the people the question of whether we would have that type of closed primary before we adopted it, and having adopted it and operated for years under it, I doubt very much that the legislature in special session would completely reform and change the primary law.

Mr. GREEN. Mr. President, let me ask the distinguished Senator from Vermont if it would not meet his suggestion if on page 43, in line 6, after the word "ballots", the words "primary or otherwise", were inserted?

Mr. AUSTIN. I ask the Senator to repeat the suggestion.

Mr. GREEN. On page 43, line 4, begins section 202, which reads as follows:

Such post cards (and post cards provided under section 3 of this act prior to its amendment)—

That is, the existing law—

may be used, if State law permits, as applications for ballots under State absentee balloting laws.

If we insert after the word "ballots" the words "primary or otherwise," does not the Senator think that would make it clearer? It seems to me it would cover the point raised by the Senator from Vermont.

Mr. AUSTIN. Mr. President, I think it would not make it clearer. I think it would not change the situation. Nothing need be done more with the Green-Lucas bill, by way of amendment, as I see it, to enable the soldier to obtain a primary ballot. It is already provided for in line 6 of the post-card provision.

Mr. GREEN. As I stated before some 12,000,000 post cards have already been printed and are available. Some of them have been distributed. It would be necessary, then, to destroy all that have not already been put into circulation, and to recall the others, and print 12,000,000 entirely new ones. It would make for confusion if those which are already in existence are used, or have already been used, which I doubt, or which may be used easily, and, in order to avoid that contingency, if the Green-Lucas bill shall become law, of course the departments would immediately stop issuing the old post cards and begin issuing and distributing the new. In the meantime there is absolute confusion and to avoid that confusion I suggested the amendment. It is otherwise quite unimportant. In one place we will have the new cards and the old cards used, and in another only the new cards. That is the confusion I wish to avoid. But it is not a matter of primary importance except as to the cost and the distribution of the old and new cards.

Mr. AUSTIN. Mr. President, I really think it is important. As I now think of it, after hearing the distinguished Senator from Rhode Island, I believe he should not press his amendment, because, as I interpret it now, if it were in the law, the Secretaries of War and the Navy could elect to leave the subject of application for an absentee ballot upon the application they have already issued or may hereafter issue under Public Law 712. If they did that, no soldier would have an opportunity to vote in a closed primary, because he could not indicate which ballot he wants by the old form of application which I read into the RECORD in the course of my remarks a few moments ago.

Mr. President, I think the distinguished Senator from Rhode Island would do well to withdraw his proposal.

Mr. GREEN. Mr. President, I have such a high regard for the opinion of the distinguished Senator from Vermont that I will withdraw the amendment.

The ACTING PRESIDENT pro tempore. The amendment is withdrawn.

The committee amendment is open to further amendment.

Mr. LANGER. Mr. President, I offer an amendment, on page 46, to strike out, in lines 16 and 17, the words "which polled at least 10 percent of the votes cast" and to insert in lieu thereof the following: "which had a candidate for President." As amended the paragraph beginning in line 12 on page 46 would read as follows:

> Nothing in this section shall prohibit the rebroadcast over Government-controlled radio stations of any political address, but equal time must, if requested, be given for such purposes to representatives of each political party which had a candidate for President in the most recent Presidential election.

The ACTING PRESIDENT pro tempore. Will the Senator send his amendment to the desk so it may be read for the information of the Senate?

Mr. LANGER. I send my amendment to the desk, Mr. President.

The ACTING PRESIDENT pro tempore. The Clerk will state the amendment.

The CHIEF CLERK. On page 46, in lines 16 and 17, it is proposed to strike out "which polled at least 10 percent of the votes cast" and to insert "which had a candidate for President."

Mr. LANGER. Mr. President, I wish to speak for a moment on my amendment. As the subparagraph is now worded the Socialist or the Communist or the Prohibition or any of the minor parties are barred. In other words under the language as now drawn no candidate, except candidates of the Democratic or Republican Parties, could broadcast. I believe that any minority party, whether I agree with its principles or not, should have the same privileges as a party which is wealthier and can afford to pay for broadcasts. For example, I do not believe it would be fair to have the candidate of the Democratic Party or the candidate of the Republican Party condemn over the radio the candidate for President on the Socialist ticket, and not give the candidate on the Socialist ticket a chance to be heard in reply. In view of the fact that we are fighting for democracy I believe that in the matter of rebroadcast, any party, regardless of whether we individually agree with its principles, ought to have the same opportunity of being heard as any other party.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. TAFT. It does not seem to me that the amendment which the Senator offers would accomplish the objective he desires, because, after being amended as the Senator proposes, the language would be:

> Equal time must, if requested, be given for such purposes to representatives of each political party which had a candidate for President in the most recent Presidential election.

It seems to me that what the Senator is trying to do is to provide for each political party which has a candidate in the Presidential election, not which had a candidate 4 years ago. It seems to me the right should extend to candidates who are running this time. If parties do not put up candidates for President they certainly ought not to have time in which to broadcast.

Mr. LANGER. I will frankly say that I prefer the language which the Senator from Ohio has indicated, but I figured the chances were I could not obtain agreement to such language.

Mr. TAFT. Mr. President, the amendment was originally drafted by me, and I left the provision wide open. Then representatives of the War Department came to me and said that they could not handle three or four or five broadcasts, and they suggested that the language be "10 percent of the votes cast." I have no particular feeling about the matter except that I do not think the provision should apply to parties which had candidates for President in the most recent Presidential election, but should apply to parties which have candidates in the current election.

Mr. LANGER. Mr. President, I accept the change suggested by the Senator from Ohio.

The ACTING PRESIDENT pro tempore. Does the Senator from North Dakota so modify his amendment?

Mr. LANGER. Yes; I do.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. LUCAS. I should like to ask the Senator from Ohio a question. The Senator will recall that this is his amendment, and if the Senator from Ohio agrees to and accepts the amendment proposed by the Senator from North Dakota——

Mr. TAFT. No; I do not agree to anything. I am trying to clarify the issue. I objected to the way the amendment was originally offered. I have no feeling about the matter one way or the other. I agree with the view taken by the Army. I do not wish to take a position on the Senator's amendment except I wish to have it perfected in the form in which I am sure the Senator from North Dakota wants it.

Mr. LUCAS. Frankly I have not discussed the amendment with the representatives of the Army because I was under the impression that the Senator from Ohio had gone over it very carefully with them as well as with the representatives of the Navy, and I was willing to accept, and I did accept the words as the Senator from Ohio proposed them. But if the Senator from Ohio has no particular objection to the amendment offered by the Senator from North Dakota I do not think I shall have.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from North Dakota as modified.

Mr. WHITE. My attention was distracted for a moment and I did not hear precisely the language of the amendment offered by the Senator from North Dakota.

Mr. LANGER. As I propose to amend it, the subsection beginning in line 12, on page 46, would read:

> Nothing in this section shall prohibit the rebroadcast over Government-controlled radio stations of any political address, but equal time must, if requested, be given for such purposes to representatives of each political party which has a candidate for President in the current Presidential election.

Mr. WHITE. There is no provision, is there, as to how the time is to be controlled by the political party which has a candidate for President?

Mr. LANGER. No. At the present time only the Republicans and the Democrats could broadcast. Under my amendment Norman Thomas could broadcast, for example, as candidate of the Socialist Party, or the candidate for President on the prohibition ticket could broadcast, or the candidate for President on the Communist ticket could broadcast, or the candidate for President on

any other minority party could broadcast.

Mr. WHITE. Mr. President, I do not wish to oppose the amendment, and I am not opposing it, but I suggest to the two Senators who have been interested in the preparation of the amendment that they are entering a most troublesome field. The law gives the right to candidates for public office to utilize the radio facilities of the country, and there is now pending before the Interstate Commerce Committee of the Senate a bill which proposes to deal further with the same subject matter. There have been lengthy hearings on the bill, and there has been sharp controversy and a sharp divergence of views as to what was the wisest thing to be done. I personally feel it would have been much better if the whole subject of radio time and of the utilization of radio by candidates could have been left to the consideration of the Interstate Commerce Committee for its recommendation as to legislation, but I do not know of any harm that the proposal would do. I think it is in dubious form, and just how it would be administered I do not quite see.

Mr. GREEN. Mr. President, I regret I cannot accept this recommendation. I recognize the purpose of the amendment, which is to see to it that no candidate for President shall be excluded from communicating in this fashion with the voters in the armed services, but the consequences of the amendment, as proposed, are far-reaching. If it becomes the law of the land I think we may anticipate that a dozen or 20 men seeking publicity will have little organizations nominate them for the Presidency and then obtain free radio time to speak whenever the Republican or Democratic candidates for President speak—not because they expect to be elected, not because they expect to obtain votes, but merely because they expect to get free advertising.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. LANGER. I yield.

Mr. BARKLEY. I did not understand that even candidates for President or any political party represented by them would get free radio time. They all have to pay for it.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. BARKLEY. I do not have the floor.

Mr. LANGER. I yield to the Senator from Maine.

Mr. WHITE. As the law now stands, provision is made for the use of the radio only by duly qualified candidates for public office. The provision is that if a particular radio station gives time to a duly qualified candidate for public office, it must give equal opportunity to every other duly qualified candidate for the same public office.

Mr. BARKLEY. Mr. President, when the Senator says "give," does that mean free of the ordinary charges for radio broadcasting?

Mr. WHITE. No.

Mr. BARKLEY. Or does it mean that if it accords to any candidate a given length of time, it must accord to any other candidate the same opportunity, but that all of them must pay for it?

Mr. WHITE. No obligation rests upon any station to give time to any candidate. But if it does so in one instance it must give equal opportunity to every other candidate for the same office, and "equal" in that sense undoubtedly means under the same conditions and in like circumstances.

Mr. BARKLEY. That is now the law.

Mr. WHITE. Yes; that is now the law.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. LA FOLLETTE. I wish the Senator from Rhode Island would feel that he could take the amendment to conference. The bill must go to conference in any case, and it seems to me it would be unfair to exclude the candidate of minor parties from having any access to radio time. It may be that the amendment, as the Senator from North Dakota has offered it, is too wide open, but at least it would let the matter be considered in conference. It seems to me that there further consideration could be given to the question involved and that if the amendment of the Senator from North Dakota is not in proper form, it could be modified. But it seems to me that on its face we should not take the position of excluding nominees of established minority parties from access to radio time.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. TAFT. I have another suggestion to make now in order to meet the objection of the Senator from Rhode Island. Let us have the language read as follows:

Representatives of each political party which has a candidate for President appearing on the ballot of at least six States in the current Presidential election.

Mr. GREEN. I will accept that amendment.

Mr. TAFT. Will the Senator from North Dakota accept the modification?

Mr. LANGER. Yes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from North Dakota as modified.

The amendment as modified was agreed to.

Mr. LANGER. Mr. President, on page 48, I move that the words in line 1 "polled at least 10 percent" and in line 2 "of the votes cast" be stricken out, and that inserted therein be the words:

has a candidate for President in at least six States.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from North Dakota.

Mr. GREEN. Mr. President, all the language we have been discussing and the language which has just been discussed in connection with the pending amendment was offered by the Senator from Ohio [Mr. TAFT], and was incorporated verbatim. I think that if the Senator from Ohio would state his reaction to the suggestion, it would be helpful.

Mr. TAFT. The amendment is the same as the other amendment. As a matter of fact, my original amendment was wide open. It was at the request of the War Department that we restricted it. I think the Senator's objection is fair—that it should apply to only bona fide candidates of bona fide parties in the Presidential election.

Mr. GREEN. Mr. President, will the Senator suggest a limitation?

Mr. TAFT. Yes; I suggest the same limitation.

Mr. LA FOLLETTE. The Senator is proposing it.

Mr. LANGER. I accept the modification.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from North Dakota, as modified.

The amendment as modified was agreed to.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment as amended.

Mr. WHITE. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

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

Aiken	Gillette	Pepper
Austin	Green	Radcliffe
Bailey	Guffey	Reed
Ball	Gurney	Revercomb
Bankhead	Hatch	Reynolds
Barkley	Hawkes	Robertson
Bilbo	Hayden	Russell
Bone	Hill	Shipstead
Brewster	Holman	Smith
Brooks	Jackson	Stewart
Buck	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Bushfield	La Follette	Thomas, Okla.
Butler	Langer	Thomas, Utah
Byrd	Lucas	Tobey
Capper	McCarran	Truman
Caraway	McClellan	Tunnell
Chandler	McFarland	Tydings
Chavez	McKellar	Vandenberg
Clark, Idaho	Maloney	Wagner
Clark, Mo.	Maybank	Wallgren
Connally	Mead	Walsh, Mass.
Danaher	Millikin	Walsh, N. J.
Davis	Moore	Wheeler
Downey	Murdock	Wherry
Eastland	Murray	White
Ellender	Nye	Wiley
Ferguson	O'Daniel	Willis
George	O'Mahoney	Wilson
Gerry	Overton	

The ACTING PRESIDENT pro tempore. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. BREWSTER. Mr. President, I desire to offer an amendment dealing with the question of information for our soldiers overseas, which I think, as this debate progresses, is becoming one of the most important matters with which we shall be faced. I feel sure that Senators on both sides will desire that there shall be the most meticulous care that no coloring shall enter into the dissemination of news by the Office of War Information. My amendment is addressed to that purpose.

On page 48, after line 14, I propose to add the following paragraph:

Provided further, That the Director of the Office of War Information shall name a con-

sultant upon overseas information, upon the nomination of the national committee of any political party having a candidate for President in at least six States—

I should have preferred the 10-percent limitation, but I am now making this amendment conform to the provision which has just been adopted—

who shall be paid a salary at the rate of $6,000 per annum, and shall be kept fully informed as to the policies and practices prevailing in the compiling and distribution of information for our forces overseas.

Mr. President, I think the purpose of the amendment is very clear. I feel sure, from my own association with Mr. Davis and Mr. Sherwood, with whom my relations have been most cordial, that there will be no failure on their part to do their utmost to be entirely nonpartisan. I have spent some time in the New York office of the Office of War Information, and have seen the vast organization which functions there. It occupies 10 floors of 1 building, and is engaged in compiling and distributing information. I have seen the fruits of its efforts all over the world, in the form of small sheets which are published telling the story. I certainly do not intimate that there will be any failure on the part of either Mr. Davis or Mr. Sherwood to do their utmost to be entirely nonpartisan; but I believe that they themselves would feel much clearer if there were consultants representing the major political parties, with full information as to what is going on, and who would be able at any time to call attention to anything which they might consider possibly prejudicial.

I offer the amendment in the hope that it may seem calculated to serve the very great objective which we have in mind.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Maine [Mr. BREWSTER].

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The ACTING PRESIDENT pro tempore. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. OVERTON. Mr. President, at the time I made the motion to lay before the Senate the House amendments to Senate bill 1285, which motion was voted upon twice, I was under the impression that certain Senators voted against that motion because it was their desire that the Green-Lucas bill be perfected; and when the Green-Lucas bill was perfected, according to their view, the logical thing to do would be then to join issue with the House and take up the amendments to Senate bill 1285 and act with respect to those amendments as a majority of the Senate may determine. I believe that thought was very well presented by the Senator from Michigan [Mr. VANDENBERG].

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. VANDENBERG. Mr. President, I desire to propound a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. VANDENBERG. In the parliamentary situation now occupied by Senate bill 1612, namely, it having been read the third time, do I correctly understand that it is no longer open to amendment as an independent measure?

The ACTING PRESIDENT pro tempore. Under the rules an amendment could be offered only by unanimous consent.

Mr. VANDENBERG. That is the point I was discussing earlier. I am sorry to disagree with the able Senator from Kentucky [Mr. BARKLEY] as to the final procedure; but it seems to me that the only way we can be sure of challenging the attention of the House is to attach this amendment to the other bill which is pending.

Mr. OVERTON. Mr. President, I am very happy to have the Senator from Michigan agree with me.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BARKLEY. As I stated earlier in the day, it has seemed desirable, and still seems desirable, to dispose of the pending bill by its passage. Immediately upon the disposition of the pending bill, if the bill is passed, it will be in order to move immediately to take up the House amendments to the other bill and let the Senate act upon those amendments. I will join with the Senator from Louisiana or any other Senator in such a motion.

I may add that, after conferring with members of the other body, it seems desirable that such a course be pursued. The same result would ensue. The Senate would no doubt be willing to put into the House amendments whatever it is willing to pass as a substantive piece of legislation. No harm could possibly come from the passage of this bill, and then the inclusion of the substance of the bill, or the identical language, as an amendment to the House amendments to the other bill. The House would not be expected to consider both bills. The natural thing would be for the bill to which the amendments were attached to go to conference. If a conference committee were able to work out a bill acceptable to both Houses, Senate bill 1612 would, of course, need no further attention.

If by any reason Senate bill 1285 should be deadlocked in conference, or if it should be passed in a form which would not enable it to become a law, there would still be before the House the bill which the Senate had passed, to which other amendments might be attached in an effort finally to work out a bill which would enable the soldiers to vote.

So I hope the Senate will proceed, now that the bill has been read the third time, to final disposition of the bill. Immediately upon that having been done, we can take up the other bill with the House amendments. For that reason, if the Senator from Louisiana is now preparing to move to have laid before the Senate the House amendments to Senate bill 1285, I hope that that motion will not be agreed to.

Mr. OVERTON. Mr. President, it seems to me that the argument advanced by our able majority leader is subject to this objection: If we are now to proceed to act finally on Senate bill 1612, and if we are to pass Senate bill 1612, it is not impossible, if we take up the House amendments to Senate bill 1285, that we may agree to the House amendments, or concur in the House amendments with certain modifications.

Then the Senate would have two conflicting measures which it had adopted. I say it would not be impossible, in view of the closeness of the vote which has heretofore prevailed on controversial issues in connection with Senate bill 1612.

However, that may be, Mr. President, as to point of time, Senate bill 1285 ought first to be taken up, and the House amendments to it then be considered. The Senator from Rhode Island or the Senator from Illinois or any other Senator can propose the Green-Lucas bill as an amendment to the House amendments. If that were done we could take up Senate bill 1612 and could dispose of it. But what we ought to do is to meet the issue which we tendered to the House, and which the House has sent back to us. We ought to vote on the House amendments to the bill which we so carefully considered, and which the other House so carefully considered. We ought to see whether there is any difference between the Senate and the House on the issue, and if so, what the difference is.

Therefore, Mr. President, I move that the Senate——

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. LUCAS. I ask the Senator to pardon me for a brief observation. I regret that the Senator is about to make the motion, in view of the fact that the Senate rejected the same kind of a motion both on Friday last and today.

Mr. OVERTON. The Senator will agree, however, that no question is settled until it is properly settled.

Mr. LUCAS. The Senator is correct, but I say to him with all the sincerity I possess that in view of the fact we now have the Lucas-Green bill to the point where no other amendments to it can be perfected, it seems to me that the country is entitled to know how the Senate of the United States stands on the issue which is now before it.

Mr. OVERTON. Mr. President, if the Senator will permit me to interrupt him, let me say that the country will readily know as soon as we take up the House amendments to Senate bill 1285. We have to take them up anyway.

Mr. LUCAS. No; the Senator is incorrect, because there we have two propositions. If the Senator will permit me to make a further observation, the pending bill is as different from the bill which

Senators are now trying to have taken up—the Senate bill with the House amendments—as night is from day. I repeat that the country wants to know where the Senate of the United States stands now on the question of the Federal ballot. If we are going to take action now on the House amendments to the other bill, the country will never know how we stand on the pending bill, because we can always say, "Well, I voted for another measure in preference to that one."

I should like to know now, after we have reached the point where all the perfecting amendments have been agreed to, whether the Senate of the United States is willing to give the Federal ballot—yes or no—to the men of the armed forces overseas. That is the real issue, and I sincerely hope that the Senator will withhold his motion.

Mr. OVERTON. What the people of the United States are much more interested in is, not so much how the Senate stands, but how the Congress of the United States stands. The only way they can know how the Congress of the United States stands is for both Houses to meet in conference, and the quickest way to have them meet in conference is, not to meet in conference on Senate bill 1612, but to meet in conference on Senate bill 1285. Then a legislative determination of the issue can be had so the people of the country may know.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. CLARK of Missouri. The Senator does not mean to say, does he, that if they never meet in conference, the Senator's motion to concur will be agreed to?

Mr. OVERTON. Certainly not.

Mr. CLARK of Missouri. The Senator moved to have them meet in conference, and then he proposed a motion to keep them from meeting in conference.

Mr. OVERTON. Certainly. I propose to vote for the House amendments; and, as the Senator knows, they come up one by one, and are voted on one by one. If we concur in the House amendments, the country will know how we stand on this proposed legislation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BARKLEY. If the Senate were to agree by unanimous consent to a motion to have laid before the Senate the House amendments to the other bill, before the Senate took a final vote on the pending bill, would the Senator from Louisiana agree to have the Senate vote at once without further debate, on the amendments which will be offered as substitutes for the House amendments?

Mr. OVERTON. I cannot agree to that.

Mr. BARKLEY. No; I asked the Senator whether he would give unanimous consent, so far as he is concerned, to that proposal?

Mr. OVERTON. Does the Senator mean to vote on the House amendments without any debate?

Mr. BARKLEY. Yes; to vote on the House amendments and on any amendments which may be offered thereto, assuming that the language of the Green-Lucas bill as now perfected will be offered as a substitute for the House amendments.

Mr. TYDINGS. And is offered.

Mr. OVERTON. Mr. President, I do not know that I can agree to that because I certainly would not want to undertake to bind the other Members of the Senate on such a proposal. I think the thing to do is to determine, and then let the unanimous-consent request be made.

Mr. BARKLEY. Of course, I myself, can see that there would be no advantage in laying the pending bill aside now, to take up the House amendments and dispose of them and then immediately afterward return to consideration of the bill now pending, and vote on it. We have this bill before us now. The logical thing to do is to dispose of it, and then take up the House amendments.

If I may make another suggestion to the Senator, we have no assurance, even if we were to substitute for the House amendments the language the Senate has agreed to in the Lucas-Green bill, that there would be a conference on it. It would be up to the other House to determine whether it would agree to hold a conference. We cannot guarantee that.

Mr. OVERTON. Mr. President, the answer to all these objections is that it is in the interest of expedition to take up the House amendments to Senate bill 1285. It would be in accordance with the uniform custom of parliamentary procedure. Therefore, Mr. President, I move that the House amendments to Senate bill 1285 be laid before the Senate.

The ACTING PRESIDENT pro tempore. The motion is not debatable.

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

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

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Nevada [Mr. SCRUGHAM], and will vote. I vote "nay."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business.

The Senator from Iowa [Mr. GILLETTE] is detained in one of the Government departments on matters pertaining to his State.

Mr. WHITE. The Senator from Oregon [Mr. MCNARY] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent. His general pair and the transfer thereof have been announced.

The Senator from California [Mr. JOHNSON] is necessarily absent. He has a pair on this question with the Senator from Virginia [Mr. GLASS]. If present, the Senator from California would vote "yea," and I am advised that the Senator from Virginia would vote "nay."

The result was announced—yeas 50, nays 38, as follows:

YEAS—50

Bailey	Ellender	Revercomb
Ball	Ferguson	Reynolds
Bankhead	George	Robertson
Bilbo	Gerry	Russell
Brewster	Gurney	Shipstead
Brooks	Hawkes	Smith
Buck	Hill	Taft
Burton	Holman	Thomas, Idaho
Bushfield	McCarran	Tobey
Butler	McClellan	Vandenberg
Byrd	McKellar	Wheeler
Capper	Millikin	Wherry
Caraway	Moore	White
Chavez	Nye	Wiley
Connally	O'Daniel	Willis
Davis	Overton	Wilson
Eastland	Reed	

NAYS—38

Aiken	Jackson	Pepper
Austin	Johnson, Colo.	Radcliffe
Barkley	Kilgore	Stewart
Bone	La Follette	Thomas, Okla.
Chandler	Langer	Thomas, Utah
Clark, Idaho	Lucas	Truman
Clark, Mo.	McFarland	Tunnell
Danaher	Maloney	Tydings
Downey	Maybank	Wagner
Green	Mead	Wallgren
Guffey	Murdock	Walsh, Mass.
Hatch	Murray	Walsh, N. J.
Hayden	O'Mahoney	

NOT VOTING—7

Andrews	Glass	Scrugham
Bridges	Johnson, Calif.	
Gillette	McNary	

So Mr. OVERTON's motion was agreed to.

Mr. MCKELLAR. I move to reconsider the vote just taken by which the motion of the Senator from Louisiana was agreed to.

Mr. OVERTON. I move to lay that motion on the table.

The ACTING PRESIDENT pro tempore. Without objection, the motion to reconsider is laid on the table.

The Chair lays before the Senate the amendments of the House of Representatives to Senate bill 1285.

Mr. TAFT. I ask for separate consideration of the House amendments.

The ACTING PRESIDENT pro tempore. The amendments are divisible. The clerk will state the first House amendment.

The LEGISLATIVE CLERK. On page 1, line 6, after the word "armed", it is proposed to strike out "services of the United States, members of the merchant marine of the United States or serving with the American Red Cross, the Society of Friends, the Women's Auxiliary Ferry Service, the Women's Air Force Service Pilots and the United Service Organizations outside the United States who are."

Mr. LANGER. Mr. President, I should like to have a copy of the House amendments. I have not seen a copy as yet.

Mr. MCKELLAR. I hope that copies will be sent to all Senators.

The ACTING PRESIDENT pro tempore. The Chair is advised that the House amendments were printed and put on the desks of Senators earlier today.

Mr. BARKLEY. Mr. President, is there any motion before the Senate.

The ACTING PRESIDENT pro tempore. The first House amendment is now before the Senate. There is no motion pending.

Mr. OVERTON. I move that the Senate concur in the House amendment.

Mr. BARKLEY. On that motion I wish merely to make a brief statement. It is my purpose when we reach amendment numbered 3 to move to concur in the House amendment with an amendment, substituting for the language of amendment numbered 3 the text of the Green-Lucas bill as now perfected. That will throw the whole matter into conference. It seems to me to be the part of wisdom for the Senate, in order that the whole question involved in this proposed legislation may be in conference, to disagree to the other amendments so that they will likewise be in conference. That will throw the whole subject into conference, not only the language that we substitute, if we do substitute it, for amendment numbered 3 but amendments 1, 2, 4, 5, 6, and so on.

If we agree to the House amendments they will not be in conference, as Senators all know. If we disagree to them they will be in conference.

Personally I see no objection to amendments numbered 1 and 2, but, in order that the entire subject may be in conference we ought to disagree to them and have the entire subject in conference, if it is to go to conference, which I hope it will, and I think probably it will. Therefore, as the separate amendments are reached, I hope the Senate will disagree to them so that we may have the entire subject for the conferees to deal with when they reach that point.

Mr. WHITE. Mr. President——

Mr. BARKLEY. I yield to the Senator from Maine.

Mr. WHITE. It is the understanding that if we disagree to the House amendments, other than the third amendment, the Senator will urge the adoption of the Green-Lucas perfected bill as an amendment.

Mr. BARKLEY. It is my purpose to move when we reach amendment numbered 3 to offer the text of the Green-Lucas bill as a substitute for it. I was simply urging that all the other amendments be disagreed to, so that not only the subject of these proposed amendments may be in conference but all the amendments of the House may be in conference.

Mr. WHITE. I agree with what the Senator has suggested. I merely wanted to understand.

Mr. BARKLEY. I appreciate that; and that is the logical way to proceed if we want this whole subject to be in conference with the latitude that the conferees ought to have in dealing with the entire problem. I hope the other amendments will be disagreed to as they are reached, and naturally I hope that the substitute which I shall offer for House amendment numbered 3 will be agreed to.

Mr. McKELLAR. A parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McKELLAR. Is it in order to agree or to disagree to the amendments of the House separately?

The ACTING PRESIDENT pro tempore. There are four motions which could be made.

Mr. McKELLAR. Will not the Chair state them again?

The ACTING PRESIDENT pro tempore. The Chair is very glad to do so. In the order of their priority the four motions are: To refer to a committee; to amend; to agree; to disagree and ask for a conference.

Mr. BARKLEY. In that connection, I think the Chair should state that the motion to agree carries with it also the priority motion to concur with an amendment.

The ACTING PRESIDENT pro tempore. The Chair rules, on the advice of the Parliamentarian, that to amend would be in the second category of priority. It would have the same effect as agreeing with an amendment.

Mr. McKELLAR. Mr. President, I wish to say to the Members of the Senate that I for one think that the Senate should concur in the House amendments. Why should we disagree to the amendments, if the Senate desires to agree to them? Let us take the very first one. I doubt that there are any Senators who are opposed to it. It would strike out the words "services of the United States, members of the merchant marine of the United States or serving with the American Red Cross, the Society of Friends, the Women's Auxiliary Ferry Service, the Women's Air Force Service Pilots, and the United Service Organizations outside the United States who are", and insert "forces of the United States or in the merchant marine of the United States, or serving in the American Red Cross, the Society of Friends, the Women's Auxiliary Service Pilots or the United Service Organizations outside the United States and."

I cannot imagine how the Senate could vote against that amendment. It is a perfectly proper amendment, and if the Senate desires to agree to it, why should it be disagreed to? Why should we disagree to something which we do not honestly believe should be disagreed to?

Mr. President, I think it is very proper to bring these various amendments up separately, take them up in their order, and vote on them. Therefore I shall ask for a yea-and-nay vote on the first amendment, and see whether or not the Senate concurs in it.

Mr. CLARK of Missouri. Mr. President, I dare say that in the long and honorable service of the Senator from Tennessee, in both the House of Representatives and the United States Senate, on several hundred occasions he has made the motion that the House or the Senate, as the case may be, disagree to a Senate amendment to a House amendment, and that the bill be sent to conference. I have heard the Senator do it repeatedly.

Mr. McKELLAR. Let me say to the Senator that I have no recollection of it now. I should like to know when I ever did that.

Mr. CLARK of Missouri. Mr. President, the Senator does it in connection with nearly every appropriation bill.

Mr. McKELLAR. Oh, no; we agree to many House amendments.

Mr. CLARK of Missouri. The ordinary practice in getting a conference in the first place is for one body to disagree to all the amendments of the other House, unless there is a desire to select some particular amendment to agree to.

Mr. TOBEY. Mr. President, is the Senator from Missouri contending that consistency is an attribute of statesmanship?

Mr. CLARK of Missouri. I am not so contending; I think consistency is the bug-a-boo of little minds.

Mr. TAFT. Will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. TAFT. I wish to suggest a thought in this case, because it is a unique case. We are asked to vote on an amendment in the second degree, because it is proposed that we vote to consider an amendment to the House amendment. Under those circumstances it seems to me that the best way is to consider each amendment on its merits and eliminate as many controversial questions in conference as we can, because already we have come to such a point that the House may well say, "What you are proposing is an amendment to our amendment which is completely inconsistent with the bill you yourselves sent us in the first place." It seems to me the situation is different from any heretofore presented, and we might well consider the amendments on their merits as we proceed.

Mr. CLARK of Missouri. I do not agree with what the Senator from Ohio says. We have all seen each body, both the House of Representatives and the Senate, reverse themselves, on occasions, two or three times in the course of an hour. So there is nothing, so far as the legislative record is concerned, that is of any importance.

What I rose to point out was that we all know that the bill must finally be written in conference. We all know that is the only way a bill can ever be actually agreed upon. Any proposal, finally to become a law, must be actually formulated in conference.

The effect of agreeing to a motion to concur is to limit the scope of the conference. The effect of agreeing to a motion to disagree is to extend the scope of the conference and the authority of the conferees. If the motion which the Senator from Kentucky intends to offer to the third amendment, to concur with an amendment embodying the perfected present Green-Lucas bill, should be adopted, and the bill should go to conference, then, if the Senate had disagreed to the other House amendments, it would give the conferees the widest possible latitude. On the other hand, a motion to concur is simply a motion to restrict the authority of the conferees on certain more or less unimportant details.

Mr. McKELLAR. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. McKELLAR. If I understand the argument of the Senator, it is that when we get to the third amendment we will agree to it or disagree to it and amend it. In other words, the Senate will act on that as it believes it should act, or as a majority directs, but the Senator is

virtually asking unanimous consent that we disagree to all the amendments, which some other Senators might very much favor, and vote on only the third amendment. I do not think that should be done. I think we should vote on the House amendments as we reach them.

Mr. CLARK of Missouri. I am not asking unanimous consent for anything. I am addressing an argument to the purpose of giving the conferees the widest possible latitude, if the bill shall finally go to conference. I think everyone agrees that if it does not go to conference, we will never have a law on the subject.

Mr. BREWSTER obtained the floor.

Mr. BARKLEY. Will the Senator from Maine yield to me to make a suggestion to the Senator from Missouri and other Senators?

Mr. BREWSTER. I yield.

Mr. BARKLEY. Amendments numbered 1 and 2 are not fundamental. Amendment numbered 1 merely enlarges the field of the operation of the law by including the Red Cross and some other organizations. Personally, I have no objection to that.

Mr. CLARK of Missouri. I may say to the Senator from Kentucky that, so far as I am concerned, I have no objection to it, either. I was arguing the question whether we should give to the conferees the widest possible latitude.

Mr. McKELLAR. Will the Senator from Kentucky permit me to interrupt?

Mr. BARKLEY. In a moment. Amendment numbered 2 merely proposes to add the words "primary, special, or" before the word "election." I do not think that is fundamental, and personally I have no objection to it.

My reason a moment ago for suggesting that we disagree to all amendments was that that is nearly always done. So far as I am concerned, we might pass on amendments 1 and 2 and dispose of them, and I myself will vote for them. Then we will come to amendment numbered 3, on which the whole controversy hinges. I desire to get a vote on the first two amendments, and I hope I may then offer an amendment to the third.

Mr. McKELLAR. I want a vote on amendment No. 1. We cannot vote on No. 2 until we reach it.

The ACTING PRESIDENT pro tempore. The question is on concurring in amendment numbered 1, and the yeas and nays have been requested.

Mr. BREWSTER. Mr. President, I should at least like the privilege of saying one word in my own time, as I had the floor and yielded to the majority leader.

I desire to suggest that the proposal of the Senator from Missouri went too far, in the suggestion that we disagree to everything, but particularly it seems to me that the prestige of this distinguished body, if it has any remaining, would certainly be served if we could at least go to the extent of giving considerate attention to amendments proposed by the House to a bill which we sent to them. Merely to return it to them with a complete disagreement does not indicate that deliberateness which should characterize us in the very uncomfortable position in which I think everyone considers we find ourselves. So I think that if we gracefully concur, as the majority leader suggests, in a few of the House amendments, the House may not be as facetious about our action as otherwise might be the case.

Mr. CLARK of Missouri. So long as the Senator from Maine seems to be animadverting on my statement about the usual practice, does not the Senator think it was in derogation of the dignity of the Senate for the House to insist, before we ever had a chance to read their amendments? The ordinary good parliamentary practice in such a case would be to wait for us to act on the amendments. They did not do that in this case. They insisted on their amendments and asked for a conference. When the Senator is talking about the dignity of bodies, he had better go into the whole subject.

Mr. BREWSTER. Anything the Senator may point out about the weaknesses of the other body is entirely agreeable to me, but I want the Senate to retain its own dignity.

The ACTING PRESIDENT pro tempore. The question is on concurring in amendment numbered 1.

Mr. McKELLAR. I withdraw the request for the yeas and nays.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Louisiana to concur in amendment numbered 1.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will state the second House amendment.

The LEGISLATIVE CLERK. The second House amendment is on page 2, line 9, after the word "any", to insert "primary, special, or."

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

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I now move that the Senate agree to House amendment numbered 3, with an amendment striking out all the language of amendment numbered 3, and inserting language which I send to the desk, which is the completed Lucas-Green bill, on which a third reading was ordered.

Mr. McKELLAR. Mr. President, I am sorry that in spite of the length of time I have been in the Senate I am not so familiar with parliamentary procedure, and I wish to ask a question. Does a motion to agree to an amendment have priority over a motion to agree with an amendment? If so, I wish to make the motion that the Senate agree to House amendment numbered 3. As I said, I must confess my own ignorance of parliamentary law. It has never appealed to me particularly.

The ACTING PRESIDENT pro tempore. The Chair holds that a motion to agree with an amendment takes priority over a motion to agree to an amendment.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. Is the amendment of the Senator from Kentucky open to amendment?

The ACTING PRESIDENT pro tempore. It is open to amendment in one more degree.

Mr. TAFT. Mr. President, in the first place I have not had an opportunity to examine the amendment [laughter] or understand exactly how the Senator from Kentucky is proposing to handle the matter. I do not know how he proposes to handle the third amendment of the House. The third amendment of the House is to strike out some 15 lines and to insert a long recommendation with respect to the States. Does the Senator leave that amendment in, and then add to the House words provisions dealing with the Federal ballot.

Mr. BARKLEY. No; my amendment contemplates striking out all the language in amendment numbered 3, which goes over to the top of page 10, and to substitute the language of the amendment which I have offered, which is the perfected Green-Lucas bill.

Mr. TAFT. Mr. President, that does not appear in the Senator's amendment.

Mr. BARKLEY. What does not appear in my amendment?

Mr. TAFT. Do I understand that the Senator makes an oral motion to agree to the third amendment of the House striking out and inserting, and then adding at the end the language which is in the so-called Green-Lucas bill, or does he strike out the language of the House amendment and insert the language of the Green-Lucas bill instead of the language inserted by the House.

Mr. BARKLEY. I propose to strike out the language of the House amendment and, instead of it, to insert the language of the Green-Lucas bill.

Mr. TAFT. Mr. President, simply as a parliamentary matter it does not make sense when language is inserted in that manner. The English of the proposal does not even work. Does the Senator restore the language which the House struck out, or does the Senator strike out that language in the House amendment and the original Senate bill and insert the language of the Green-Lucas bill only in lieu of the italicized matter?

Mr. BARKLEY. The amendment numbered 3 of the House is an integrated amendment which strikes out certain language and inserts other language.

Mr. TAFT. That is correct.

Mr. BARKLEY. It is as a substitute for that amendment numbered 3 that I offer the Green-Lucas bill as perfected.

Mr. TAFT. So the effect of the Senator's motion is to restore the original Senate language; is that correct?

Mr. BARKLEY. No; not necessarily so at all. In view of the form of the amendment there may appear on the surface to be some incongruity as between the substitution of the completed Senate bill and the House amendment, but the adoption of the motion puts the entire subject into conference, in which any apparent incongruities as between the House amendment and the Senate language can be adjusted.

Mr. TAFT. But still I want to know exactly what it is the Senator is doing with this amendment. The third House amendment begins, in line 12 on page 2, and it strikes a number of lines to the top of page 3 from the original Senate

bill, and inserts some five or six pages of language to the top of page 10. What I wish to know is whether this amendment is entirely rejected, or what part of it is concurred in? Does the Senator concur in the part to strike out, and amend the part that is inserted? Does he leave stricken out the matter which the House has stricken from the original Senate bill?

Mr. BARKLEY. The effect of the amendment which I have offered is to substitute the language of the Green-Lucas bill for the language of House amendment numbered 3, which strikes out some of the original language of the Senate bill and inserts four or five pages of its own, running from page 3 to the top of page 10.

Mr. TAFT. So then, as I take it, the Senator accepts the amendment of the House striking out the original Senate language. Is that correct?

Mr. BARKLEY. No, I do not think so, because we do not take that language out of conference. If we accept the House amendment striking the matter out it is no longer in conference.

Mr. TAFT. But the Senate cannot reject the House amendment with an amendment. I can only concur in the House amendment with an amendment.

Mr. BARKLEY. I have moved to concur in the House amendment numbered 3, with an amendment.

Mr. McKELLAR. That leaves it all in.

Mr. BARKLEY. No; there is substitution of language.

Mr. BUSHFIELD. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. The Senator from Ohio [Mr. TAFT] has the floor. To whom does he yield?

Mr. TAFT. I yield to the Senator from South Dakota.

Mr. BUSHFIELD. Mr. President, I wish to ask the distinguished majority leader a question. If I understood his motion correctly, it was that we concur in the House amendment, with an amendment.

Mr. BARKLEY. By striking out certain language in the House amendment and inserting the amendment which I have offered.

Mr. BUSHFIELD. The Senator is proposing to strike out, if I understand him correctly, all of amendment numbered 3 which was in the Senate bill, including the italicized part, which was added by the House. Is that correct?

Mr. BARKLEY. That is the effect of the motion, I think.

Mr. BUSHFIELD. How can the Senator move to concur if he proposes to strike out all the language contained in the amendment?

Mr. BARKLEY. From a parliamentary standpoint one can move to concur with an amendment which strikes out all the language and inserts other language.

Mr. BUSHFIELD. That is what I wanted to know.

Mr. BARKLEY. The effect is to strike out all the language inserted by the House as new language in italics and insert the language I have offered in its place.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TAFT. I will yield in a moment. I certainly do not want this proposal to be in such a situation that it does not mean anything. The way the language will read, under the Senator's proposal, is as follows:

> Congress hereby expresses itself as favoring, and recommends to the several States the immediate enactment of, appropriate legislation to enable each person absent from the place of his residence and serving in the armed forces—

And so forth—

> who is eligible to vote in any election district or precinct, to vote by absentee ballot in any primary, special, or general election held in his election district or precinct in time of war, and in order to afford ample opportunity for That Public Law Numbered 712, 77th Congress, be amended by inserting after the enacting clause the words "Title I"—

And so forth. It does not make any sense as a matter of English language, and it is left hanging in the air with no action taken on it at all. It may be in order, because materiality makes no difference in the Senate, but certainly it is a perfectly stultifying performance to frame a bill in such a way that it does not even read in the ordinary form of the English language.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to propound another parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McKELLAR. The motion of the Senator from Kentucky is to agree to amend, as I understand it. Is it possible for the Senate to agree to a motion to concur in amendments, when it is evident from the very motion the Senator makes and the argument which he makes that what is intended is to strike out, rather than to concur? In other words, has he the priority to make the motion to strike out the House language by a motion to concur and amend? The Chair has held that the reason why it has priority is because the Senator has moved to concur and amend. As it seems to me, there would be no concurrence in anything the House has done, but the motion is one to strike out and to insert something else in place of that amendment. Under those circumstances, in my judgment—which is perhaps very poor, because I am not at all a parliamentary expert—unless the Senator leaves the language in, his motion does not have priority.

Mr. BARKLEY. Mr. President, in order that I may clear up the situation, let me say to the Senator from Tennessee and to other Senators that if a motion had been made simply to concur in House amendment No. 3, and if nothing else had been done except to move concurrence in that amendment, it would then have been in order for me to move to concur in or agree, with an amendment; and that motion would take precedence over a simple motion to concur. What I have done is to make this motion first; and even if another motion to concur were made, the motion I have made would have to be voted upon first.

Mr. McKELLAR. Mr. President, that may be true. I am willing to have the Senator's motion voted on whenever it is in order. But certainly the Senator cannot say that he moves to concur in an amendment, when his real motion is to strike out and to insert a substitute.

Mr. BARKLEY. Mr. President, let me perfect my motion so that we may all understand what it is. With respect to that part of House amendment numbered 3 striking out certain language on pages 2 and 3 of the Senate bill, it is not essential, from a technical standpoint, that it be voted on, except that the motion I make is to concur in that amendment, with an amendment by way of a substitute. In order that that may be cleared up, let me say that my motion is that the Senate concur in House amendment numbered 3, with an amendment to strike out all the language in subsection (a) beginning on page 3, and going over to the top of page 10, and to substitute the amendment I have offered in lieu of that.

Mr. TAFT. Mr. President, let me say that, as I understand the Senator's motion, its effect would be to restore the Senate language down to line 7 on page 3, by rejecting the whole House amendment. Is that correct?

Mr. BARKLEY. That is true.

Mr. TAFT. Then, of course, Mr. President, the Senator has two entirely separate titles II; because the Green-Lucas bill has in it a whole title II about State voting, and now he has restored everything that is in the original Eastland amendment as to title II about State voting. That also seems to me very illogical. It may be material to have two sets of plans for State voting, but certainly it does not seem very logical.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. McCLELLAN. I should like to address an inquiry to the able majority leader in respect to his motion and his proposed amendment. Is the amendment which he proposes to substitute for House amendment numbered 3 the Green-Lucas bill as perfected, including all amendments adopted up to and including the time of the third reading?

Mr. BARKLEY. That is correct.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McCLELLAN. In view of that situation, is a motion in order, as a substitute for the motion of the Senator from Kentucky, to defer action on the pending motion until tomorrow at such time when the proposed amendment can be printed, so that the Senate can inform itself as to what its contents are? So far as I know there is only one copy of it, which is the copy offered by the Senator from Kentucky.

Mr. TAFT. Mr. President, let me say that I join in the request. I have prepared an amendment to this amendment. But it is almost impossible for me to tell whether it will fit. I am a little more anxious to make it fit than the Senator seems to be to make his amendment fit the House amendment.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

Mr. McCLELLAN. Mr. President, I have already made a parliamentary inquiry, but my inquiry has not as yet been answered.

The ACTING PRESIDENT pro tempore. The Chair wishes to answer first the parliamentary inquiry made by the Senator from Arkansas. A motion made by the Senator to postpone to a day certain is in order.

Mr. McCLELLAN. Mr. President, then I move that the Senate postpone further consideration of the pending amendment until tomorrow, when the Senate reconvenes, and that in the meantime it be printed and be made available to the Senate.

The ACTING PRESIDENT pro tempore. The motion of the Senator from Arkansas is to postpone to a day certain. The motion is debatable.

Mr. TAFT. Mr. President, I desire to offer an amendment to the amendment, which I also ask to have printed and made available for tomorrow's consideration.

The ACTING PRESIDENT pro tempore. The amendment to the amendment will be received, and will be printed and lie on the table.

Mr. BARKLEY. Mr. President, let me ask the Senator from Ohio whether the amendment he now offers to the amendment is the same as the one on which the Senate voted a few days ago.

Mr. TAFT. It is substantially the same. It contains a few minor differences.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. FERGUSON. Is the pending motion one to amend the motion made by the majority leader, the Senator from Kentucky?

The ACTING PRESIDENT pro tempore. The motion of the Senator from Kentucky was the pending motion, at which time the Senator from Arkansas made a motion to postpone to a day certain. That is the motion now before the Senate, and it has priority over other motions until it is disposed of.

Mr. McFARLAND. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McFARLAND. If the motion of the Senator from Arkansas prevails, will it be proper immediately to proceed to vote on Senate bill 1612?

The ACTING PRESIDENT pro tempore. The unfinished business would recur for the consideration of the Senate, if that motion should prevail.

Mr. McFARLAND. And the unfinished business is Senate bill 1612; is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

The question is on agreeing to the motion of the Senator from Arkansas.

Mr. BARKLEY. Mr. President, let me say that everyone knows what is in the amendment I have offered, and everyone knows what is in the amendment the Senator from Ohio has offered to my amendment. Senators who have been in the Chamber and who have kept informed of the proceedings as they have gone on day by day, and as amendments have been adopted by the Senate, know what they are. They have been contained in the CONGRESSIONAL RECORD, as issued each morning, for the information of Senators who were detained or who for other reasons were compelled to be absent from the Chamber when the Senate acted upon the amendments. It seems to me that the issue is simple. I am sure every Senator is in a position to vote intelligently upon the motions which are before the Senate. I hope the motion to postpone the consideration of these amendments until tomorrow will not prevail.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MURDOCK. If the motion of the Senator from Arkansas does prevail, will it not put the Senate in exactly the position for which the Senator from Kentucky has been making request all day?

Mr. BARKLEY. It would, in a sense, because it would then be in order to vote upon the pending bill, Senate bill 1612, which has been advanced to its third reading, and which cannot be further amended without unanimous consent.

Mr. MURDOCK. Yes.

Mr. BARKLEY. Although that is true, it seems to me it would be marching up the hill and then turning around and marching down again, after the Senate decided it wanted to consider the amendments first, now to decide to postpone consideration of the amendments.

Mr. MURDOCK. The Senator is not responsible for going up the hill; nor is he responsible for coming back down the hill on the motion of the Senator from Arkansas.

Mr. BARKLEY. I have been trying, in my modest way, to get the Senate to go up the hill.

Mr. MURDOCK. The Senator has been unable to do that. Now we have an opportunity to get back to where I think we should be.

Mr. BARKLEY. Mr. President, I do not care to discuss the motion in detail. I hope we may conclude this business today.

Mr. TAFT. Mr. President, I have no desire to delay consideration or postpone a vote on this measure; but certainly it is true that there are many things in the bill of which many Senators are not aware. We have been amending it for 2 days. I think it would be some advantage if it could be printed and we could take another look at it before we finally send it to the House. However, I prefer not to postpone consideration, because I think there will be some debate on the question, and we might as well proceed to debate it.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. RUSSELL. If the amendment suggested by the Senator from Kentucky were to prevail, would the language of the original Senate bill found on page 2, beginning in line 12 and ending in line 7 on page 3, be in the bill as returned to the House, or would it be eliminated by the Senator's amendment?

The ACTING PRESIDENT pro tempore. That language would be in conference.

Mr. RUSSELL. How about the language added by the House in line 7 on page 3, and continuing to the top of page 10? Would that language be in conference?

The ACTING PRESIDENT pro tempore. It would be.

Mr. RUSSELL. Therefore the amendment of the Senator from Kentucky is proposed to be tied on at the end of the House amendment found on page 10.

The ACTING PRESIDENT pro tempore. The motion of the Senator from Kentucky was designed to provide that the language of the committee amendment to the Green-Lucas bill, as amended, should take the place of certain language included in the House amendment, commencing in line 10 on page 3.

Mr. RUSSELL. What would then become of the House language in lines 7, 8, and 9, on page 3?

The ACTING PRESIDENT pro tempore. That would be in conference.

Mr. RUSSELL. That language would be in conference. Would the Senator's motion eliminate that language?

The ACTING PRESIDENT pro tempore. The Chair is advised that the effect of it is to retain lines 7, 8, and 9.

Mr. RUSSELL. Therefore the language proposed by the Senator from Kentucky would strike out all the House language on page 3, commencing in line 10, and insert the matter suggested by the Senator from Kentucky?

The ACTING PRESIDENT pro tempore. And extending to the top of page 10. That is correct.

Mr. McKELLAR. Mr. President, let me see if I correctly understand the Chair. I understood the Chair to say that the language "such persons to vote for Federal, State, and local officials and to utilize the absentee balloting procedures of the various States to the greatest extent possible" would be left in the bill under the amendment of the Senator from Kentucky if it were agreed to by the Senate?

The ACTING PRESIDENT pro tempore. The Chair is advised that that would be a part of the whole Senate amendment which would go to conference.

Mr. McKELLAR. Then the effect of the motion of the Senator from Kentucky is to strike out that which the House struck out, and that which the House put in. In what possible way could it be an amendment to section 3?

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

Mr. McKELLAR. Mr. President, will the Chair pass on one question before the next one is reached?

The ACTING PRESIDENT pro tempore. It is the opinion of the present occupant of the chair that the doing of thing mentioned by the Senator from Tennessee would constitute an amendment, and would be within the second category of priority.

Mr. McKELLAR. What about the concurrence? The concurrence provided for by the rule is left out entirely.

The ACTING PRESIDENT pro tempore. The effect of what is proposed by the Senator from Kentucky is to amend. It is considered as an amendment of the House amendment, and comes within the second category of priority. If that were voted down, then a motion to concur without amendment would be in order.

Mr. McKELLAR. If that be the case, does not a motion to concur in the House amendment have priority over a motion to amend?

The ACTING PRESIDENT pro tempore. It does not.

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. CLARK of Missouri. Is not this the situation: The effect of the House amendment is the exact equivalent of an ordinary motion to strike out and insert; and so far as the parliamentary situation is concerned, it is in exactly the situation contemplated by rule XVIII, which provides:

> but the rejection of a motion to strike out and insert one proposition shall not prevent a motion to strike out and insert a digerent proposition; nor shall it prevent a motion simply to strike out; nor shall the rejection of a motion to strike out prevent a motion to strike out and insert—

Now we come to our present situation:

> but pending a motion to strike out and insert, the part to be stricken out and the part to be inserted shall each be regarded for the purpose of amendment as a question; and motions to amend the part to be stricken out shall have precedence.

As I see the motion of the Senator from Kentucky, what has happened is this: He has made a motion to concur with an amendment, the amendment being to strike out a portion of the language inserted by the House amendment, and to insert in its place certain other language, which is clearly in order under the general parliamentary practice and specifically under rule XVIII of the rules of the Senate.

The ACTING PRESIDENT pro tempore. The present occupant of the chair agrees with the statement made by the Senator from Missouri.

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. ELLENDER. I am very much confused. I should like to pose this question to the Chair: In sending a bill to conference, is it necessary that all the language contained in the bill make sense? I am serious about that.

The ACTING PRESIDENT pro tempore. It is the opinion of the present occupant of the chair that the answer t the question propounded is "No," and that the conferees would have authority to make any germane amendment if the matter were in conference.

Mr. McCLELLAN. Mr. President, as I understand, in answering the parliamentary inquiry made a few minutes ago regarding what would be the effect if the motion I made were adopted, the Chair stated that instead of further consideration of the pending measure, Senate bill 1285, the unfinished business then, would be the consideration of Senate bill 1612.

The ACTING PRESIDENT pro tempore. That is correct.

Mr. McCLELLAN. I did not have that purpose in mind. I did not wish to interfere with or delay consideration of the pending measure. I thought we would proceed to the consideration of further amendments. I am most sincere in what I said about the amendment offered by the able Senator from Kentucky. I do not believe that all Senators are familiar with all the amendments or have had time to study their possible effect on the pending legislation. I refer to the amendments which have been adopted to the bill which the Senate has been considering, Senate bill 1612, which is now offered by the able Senator from Kentucky as an amendment to the House amendments to Senate bill 1285. I thought we might consider the other amendments. If my motion would have the effect stated by the Chair, out of deference to the able Senator from Kentucky, and in order that the Senate may proceed to the consideration of this measure—although I think we ought to have the opportunity to study as complicated and lengthy an amendment as the one offered—I feel compelled to withdraw the motion. However, I ask unanimous consent that the Senate proceed with the consideration of the pending bill, and that the amendment offered by the able Senator from Kentucky go over until tomorrow and be printed before the Senate votes upon it, in order that we may be fully informed as to its contents and what its effect would be if adopted. I ask unanimous consent that the pending amendment go over until tomorrow and be printed and laid on the table.

Mr. BARKLEY. Mr. President, if consent were granted I regret to say to the Senator from Arkansas that it would be the same as voting on his motion to postpone the vote until tomorrow.

Mr. McCLELLAN. If the Senator will recall, he knows that I suggested that the Senate proceed with the consideration of the pending bill. I am sure that could be done by unanimous consent.

Mr. BARKLEY. The Senator refers to Senate bill 1285.

Mr. McCLELLAN. Yes; there are other amendments to it.

Mr. BARKLEY. I think the Senate cannot wisely determine what it will do with other House amendments until it has disposed of the pending motion on the amendment now before the Senate. For that reason I regret that I cannot consent.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. RUSSELL. Have the amendment offered by the Senator from Ohio and the amendment offered by the Senator from Kentucky both been reported to the Senate?

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Ohio was received and ordered to lie on the table. It has not been reported to the Senate.

Mr. RUSSELL. I understood the Chair to rule that the amendment of the Senator from Ohio was in order to the amendment proposed by the Senator from Kentucky.

The ACTING PRESIDENT pro tempore. The Chair did rule that it would be in order, but the Chair understood the Senator from Ohio had not offered the amendment, but only presented it to lie on the table.

Mr. TAFT. Mr. President, I did so because the Senator from Michigan desired to offer an amendment ahead of my amendment, so I did not formally offer my amendment.

The ACTING PRESIDENT pro tempore. The Chair wishes to make an announcement with respect to the advice given by the Chair in response to an inquiry made awhile ago, that if the motion of the Senator from Arkansas should prevail the effect would be to restore to the present consideration of the Senate the unfinished business.

It is the opinion of the Chair that the Chair was in error in giving the advice, but in view of the fact that more than one of the House amendments is pending, the disposition of this particular amendment would not prevent the Senate from consideration of other House amendments which have already been laid before the Senate by the action of the Senate. So the Chair would like to correct the advice given to the extent that, in the opinion of the Chair, if the motion of the Senator from Arkansas were to prevail, the next order of business would be some other unconsidered amendment of the House amendments which has not as yet been disposed of.

Mr. BARKLEY. Mr. President, I propound the parliamentary inquiry whether the Senator's motion was to postpone further consideration of my motion until tomorrow, or to postpone consideration of the amendments of the House which have been laid before the Senate?

The ACTING PRESIDENT pro tempore. Will the Senator from Arkansas restate his motion?

Mr. McCLELLAN. Mr. President, my motion was to defer action on the pending amendment until tomorrow.

The ACTING PRESIDENT pro tempore. The Senator's motion pertains to amendment numbered 3, and not alone to the motion of the Senator from Kentucky.

Mr. RUSSELL. Mr. President, I was about to address a parliamentary inquiry to the Chair when I was taken off my feet. I wished to ask if the amendment of the Senator from Kentucky had been reported to the Senate.

Mr. McKELLAR. It has not been reported.

The ACTING PRESIDENT pro tempore. The Chair advises the Senator from Georgia that the motion was made by the Senator from Kentucky and elucidated by him, but it was not actually reported by the clerk at the desk.

Mr. RUSSELL. I was present at the time the amendment was offered, and I wish to know why the amendment was not reported under the rules.

The ACTING PRESIDENT pro tempore. The Chair is advised that it was not reported because the Chair understood the explanation of the Senator from Kentucky had acquainted the Senate with the nature of the motion, and no Senator having called for a repetition of it, it was not reported. The Chair will be very glad to have it reported.

Mr. RUSSELL. Does not any Senator have the right to have the amendment reported, as well as the amendment to be proposed by the Senator from Ohio?

Mr. BARKLEY. Mr. President, I concede that any Senator has a right to have an amendment read.

Mr. RUSSELL. My point is, Mr. President, that we might save time by allowing this matter to go over until tomorrow, and not completing its consideration today. In the meantime, the substitutes to be offered could be read by Senators.

Mr. McKELLAR. Mr. President——

The ACTING PRESIDENT pro tempore. The Chair wishes to rule on the request of the Senator from Georgia. Does the Senator from Georgia request that the amendment of the Senator from Kentucky be reported?

Mr. RUSSELL. Yes, Mr. President; I think it would be well to have the amendment reported.

Mr. BARKLEY. Mr. President, I have no objection to the reporting of the amendment I have offered or the reporting of the amendment of the Senator from Ohio. I have no serious objection to this matter going over until tomorrow. However, I wonder if we could arrive at an agreement to limit debate on the pending question tomorrow so that we might bring it to a prompt conclusion.

Mr. RUSSELL. Mr. President, I have not objected at any stage of the proceedings to a limitation of debate. So far as I am concerned, I have been ready to vote on the entire proposal for the last 10 days. However, I do not think that the Senate should proceed to act on the bill until it has opportunity to see it as it will appear when and if the amendment shall be agreed to.

Mr. BARKLEY. Mr. President, I ask unanimous consent that consideration of the pending amendment be postponed until tomorrow, and that further debate on the pending question, and all motions relating to amendments to the pending amendment, or to any other House amendments or amendments thereto, be limited to 20 minutes; that during the further consideration of the House amendments to Senate bill 1285, no Senator shall speak more than once or longer than 20 minutes upon any motion or amendment, or any amendment thereto.

Mr. RUSSELL. Mr. President, reserving the right to object, does the Senator's unanimous-consent request contemplate that the pending bill shall go over until tomorrow as the unfinished business, and that we will not recur to the consideration of Senate bill 1612?

Mr. BARKLEY. Yes.

Mr. RUSSELL. I have no objection.

Mr. McKELLAR. Mr. President, I wish to make the suggestion that this matter ought to go over until tomorrow. We should have these two bills before the Senate.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. Please wait a moment. I should like to be heard briefly, and I think I have a right to be heard.

Mr. TAFT. Mr. President, may we have order?

The ACTING PRESIDENT pro tempore. The Senate will be in order.

Mr. McKELLAR. Mr. President, I merely wish to say that I do not think we should have to pay a price in this matter. I do not see any reason in the world why we cannot vote on all these amendments tomorrow. I certainly have no desire to delay, but I do not like to be met by the offer of a price for which the majority leader will allow the matter to go over until tomorrow, namely, that we will consent to a unanimous-consent request limiting debate.

Mr. BARKLEY. Mr. President——

Mr. McKELLAR. I shall yield to the Senator in a moment.

There are two matters of the most urgent importance to come before the Senate this afternoon. One of them is the conference report on the tax bill. I put that first, although I have charge of a conference report which has been already submitted to the Senate. It pertains to the bill for the regulation of foreign labor. The life of the law has expired and in the bill there is a section making our action retroactive. It is very important that the conference report on the tax bill, and the conference report on the bill to which I have just referred, be agreed to this afternoon. It will take all the time we have left this afternoon to dispose of the two matters.

So I suggest to the Democratic leader that consideration of the pending matter be allowed to go over until tomorrow just as it is, and not upon the payment of a price. I was not present the other day when an agreement was reached with respect to limitation of debate. If I had been, there would not have been a limitation. I think we would have saved time by not having a limitation, because everyone knows no long speeches have been made during the debate.

So it seems to me that consideration of the bill would be expedited by letting it go over, and allowing the Senator from Georgia [Mr. GEORGE] to present the conference report on the tax bill. It is very necessary that the conference report be agreed to, and that the bill become law at the very earliest possible moment. I hope it will not take long, and when it has been disposed of I shall very meekly and humbly suggest that the conference report on the foreign-labor bill, which we have been working on for months, be taken up and disposed of. It seems to me that the majority leader ought to be willing to allow the pending matter to go over until tomorrow.

Mr. BARKLEY. Mr. President, I coupled two proposals with my request for a unanimous consent agreement. Nothing was further from my mind than that I was offering a price to any one for anything. I was seeking to facilitate the early consideration and disposition of this entire subject. I stated a while ago that I think every Senator knows now how he is prepared to vote on the motion of the Senator from Ohio, on my motion, or on any other motion which may be made, and, in order to facilitate an understanding, so that Senators who leave the Chamber this afternoon would know what to depend upon tomorrow, I simply asked unanimous consent that the pending matter go over and that debate be limited to 20 minutes to each Senator. I cannot see how that involves any price.

Mr. McKELLAR. I am going to object to it whether it involves a price or not. I regard it that way. I make objection.

Mr. BARKLEY. The Senator has a right to object. Of course I could insist that the Senate vote now upon the motion of the Senator from Arkansas, if it is still pending; but, without regard to any limitation of debate, I now ask unanimous consent, in order that the Senator from Georgia may present the conference report on the tax bill and that the Senator from Tennessee may present a conference report on an appropriation bill, that the pending question and all other questions involved in the House amendments to Senate bill 1285 as well as the further consideration of Senate bill 1612 go over until tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. LUCAS. Reserving the right to object, is it intended that if we get into a debate upon the conference report on the tax bill or the conference report the Senator from Tennessee is going to submit——

Mr. BARKLEY. Both those propositions are privileged. The Senator from Georgia can rise at any time and bring up his conference report and I am hoping now that we will dispose of that and also of the other conference report.

Mr. McCLELLAN. Mr. President——

The ACTING PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. I yield.

Mr. McCLELLAN. I should like to make an inquiry of the able Senator from Kentucky. Would the Senator's motion permit or preclude the printing of these amendments?

Mr. BARKLEY. It did not specifically state as to that; but I couple with my request that the amendment I offered be printed.

The ACTING PRESIDENT pro tempore. The Chair will advise the Senate that it is the practice for amendments to be printed, and they will be printed.

Mr. BARKLEY. They are printed under the rule, of course.

Mr. GEORGE obtained the floor.

Mr. FERGUSON. Mr. President——

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

Mr. GEORGE. I yield.

Mr. BARKLEY. Let me say to the Senator from Michigan, if that is what he is about to inquire about, that my proposal would not preclude him from offering from the floor his amendment to the amendment prior to the time it was voted on.

Mr. FERGUSON. I should like to have it lie on the table and be printed so that all the Senators will have it.

Mr. BARKLEY. There can be no objection to that.

Mr. FERGUSON. I ask that the two amendments to the amendment of the majority leader from Kentucky lie on the table and be printed.

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

Mr. BARKLEY. Mr. President, I inquire if my request was granted.

The ACTING PRESIDENT pro tempore. Without objection, the request of the Senator from Kentucky is granted.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. McLeod, one of its clerks, announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the following bill and joint resolution of the House:

H. R. 3687. An act to provide revenue, and for other purposes; and

H. J. Res. 208. Joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944.

THE REVENUE ACT—CONFERENCE REPORT

Mr. GEORGE. Mr. President, I submit the conference report on House bill 3687, the Revenue Act of 1943, and move that the Senate proceed to its consideration.

The ACTING PRESIDENT pro tempore. The report will be read.

The report was read.

(For conference report on House bill 3687, the revenue act, see the proceedings of the House of Representatives of February 7, 1944, pp. 1314–1325.)

The ACTING PRESIDENT pro tempore. The question is on the motion of the Senator from Georgia that the Senate proceed to the consideration of the conference report.

The motion was agreed to, and the Senate proceeded to consider the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3687) to provide revenue, and for other purposes.

Mr. GEORGE. Mr. President, after a conference lasting less than a week the managers on the part of the Senate and House came to full agreement on the revenue bill of 1943. Differences between the House and Senate bills, especially important with respect to renegotiation, were settled in a spirit of harmony and cooperation.

REVENUE ESTIMATES

It is estimated that the revenue bill of 1943, as agreed upon in conference, will increase net Federal receipts by $2,315,200,000 in a full year of operation at calendar year 1944 levels of income and business activity. This sum exceeds the yield of the bill as it passed the House by $175,900,000, and is $39,600,000 greater than the yield of the Senate bill. Practically all the increase in yield over the bill as it passed the Senate is attributable to the conferees' action in agreeing to rates of certain excise taxes somewhat higher than contained in the Senate bill. Under the bill as agreed upon in conference it is estimated that net Federal receipts will total $40,840,200,000 in a full year of operation, compared with $38,525,000,000 under existing law

INDIVIDUAL INCOME TAXES

With respect to individual income taxes, it will be recalled that the Senate struck out the House provisions for a minimum tax which would have been substituted for the Victory tax in order to retain on the rolls those persons now subject only to the Victory tax. The Senate retained the Victory tax but made the rate 3 percent for all persons, regardless of family status. The Senate version represented at least a small measure of simplification over present law, and avoided introducing an entirely new method of computing taxes at the present time. While the House bill made certain changes in the withholding rates and exemptions, the Senate bill retained those provided in existing law. On these provisions affecting individual income taxes the House conferees receded.

The House conferees also receded on the Senate amendment which excludes from gross income mustering-out payments for military and naval personnel. The House conferees receded with respect to Senate amendments which lighten the penalties, and permits the use of the previous year's income, in connection with the estimated tax, with respect to the exclusion from gross income of certain cost of living allowances paid to civilian officers and employees of the Government stationed outside the continental United States, and with respect to repeal of the second windfall tax provided in the Current Tax Payment Act of 1943.

The Senate struck out the provision in the bill as it passed the House relating to the taxation of back pay attributable to prior years. The House conferees receded from their disagreement to this amendment, and agreed to it with an amendment which broadens the section so that it will now apply to back pay received from any source so long as the amount of the back pay received during the taxable year exceeds 15 percent of the gross income of the individual for such year.

The so-called hobby loss amendment contained in the Senate bill was modified in conference so that the limit on the deduction for such losses is raised from $20,000 to $50,000, exclusive of deductions for taxes and interest. The provision will be applicable only when losses of more than $50,000 have been sustained in each of 5 consecutive years.

CORPORATION INCOME AND EXCESS-PROFITS TAXES

With respect to the excess-profits tax on corporations, the Senate bill differed from the House bill in that the credit allowed on invested capital over $200,000,000 was retained at 5 percent as in existing law, rather than the 4 percent provided in the House. The House conferees receded with respect to this Senate amendment. Under the bill as agreed to in conference, the credit allowed on invested capital will compare as follows with that provided under present law:

Invested capital (in millions of dollars)	Credit (percent)	
	Existing law	H. R. 3687
Under 5	8	8
5 to 10	7	6
10 to 200	6	5
Over 200	5	5

The House conferees agreed to the Senate amendments extending the last-in first-out inventory method to include taxable years beginning in 1941, to the amendment restoring former treatment of partially worthless bad debts, and to the amendment permitting deductions for corporate contributions to veterans' organizations.

The House conferees receded with an amendment from their disagreement to the Senate amendment permitting corporations emerging from receivership or bankruptcy to use the capital structure of the predecessor company for tax purposes, and the amendment assuring that certain reorganized companies shall not have the basis of their property reduced by the amount of indebtedness canceled in the receivership process. The effect was to provide this relief for 1943 and subsequent years, and to provide for no gain or loss to the shareholder upon the receipt in 1943 of new securities for the old securities. A Senate amendment, providing that fraternal organizations exempt from income tax shall not be required to file returns, was agreed to by the House conferees.

The conferees agreed to retain the Senate amendments relating to the credit for surtax purposes for dividends paid on preferred stock of utilities, to the taxation of gains resulting from the disposition of radio broadcasting property pursuant to orders of the Federal Communications Commission, and to the taxation of income from the sale of timber.

The Senate had added talc and barite to the list of minerals for which percentage depletion is allowed for the duration, and made the depletion allowance for potash permanent. These provisions were retained. The House conferees receded from their disagreement to the Senate amendment redefining gross income from mining operations, with an amendment so as to include the ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product.

The Senate had partially rewritten the provision contained in the House bill designed to close a loophole in existing law which permitted certain tax benefits through the acquisition of corporations. The Senate language was, in general, agreed to by the conferees, with the

major exception that it was made effective with respect to taxable years beginning after December 31, 1943, rather than retroactive for cases of fraud. It was further provided that determination of the law applicable to taxable years prior to 1944 shall be made as if this section had not been enacted, and without inferences drawn from the fact that this section was not expressly made retroactive. The House conferees insisted, and the Senate conferees receded, with respect to the Senate amendment excluding a corporation engaged in the transportation of natural gas by pipe line from the definition of a natural-gas company entitled to special treatment under the excess-profits tax.

EXCISE TAXES AND POSTAL RATES

In the House bill the tax on admissions was established at 2 cents for each 10 cents or fraction thereof, and in the Senate bill at 1 cent for each 5 cents or major fraction thereof. On this amendment the House conferees receded. The tax on cabarets was made 30 percent, as in the House bill, rather than the 20 percent provided in the Senate bill. In connection with the tax on jewelry, the House conferees receded with respect to the Senate amendment exempting from the increase in rate watches selling at retail for not more than $65 and alarm clocks selling at retail for not more than $5, while the Senate conferees agreed to restore the exemption contained in the House bill of silver-plated flatware from the jewelry tax.

The House conferees agreed to the lower rates of tax provided in the Senate bill for furs, toilet preparations, and bowling alleys. The taxes on furs and toilet preparations were made 20 percent, and the tax on bowling alleys was made $20 per year per alley, rather than 20 percent of the charge for bowling, as in the House bill. The House conferees agreed to the higher rates of tax provided in the Senate bill for leased wires and for wire and equipment service, and with respect to electric light bulbs and tubes, a compromise rate of 20 percent was agreed upon. Similarly, a compromise rate of 20 percent was provided in the case of the tax on luggage, handbags, and so forth.

The Senate action in striking out the tax on parimutuel wagering contained in the House bill was agreed to by the House conferees. The Senate bill contained a provision exempting servicemen from the tax on cabarets, but as it was felt this would be extremely difficult to administer, the Senate conferees were persuaded to recede. The House conferees receded with respect to the Senate amendment exempting billiard and pool tables in hospitals from tax if no charge is made for their use. The drawback on distilled spirits used in the manufacture of certain nonbeverage products was made $6 in the Senate bill, whereas in the House bill it was $5. The result of the Senate's action was to make the tax on such spirits $3 as compared with $4 in the House bill. On this provision the House conferees receded.

In connection with increases in postal rates, the Senate bill had stricken out the provision contained in the House bill increasing the rates on third-class mail. The House conferees agreed to this amendment.

MISCELLANEOUS

A Senate amendment broadening for the duration the class of duty-free imported newsprint was agreed to by the House conferees.

The House conferees receded with respect to the Senate amendment freezing for the calendar year 1944 the rates of certain social-security taxes.

SUMMARY AND AMENDMENTS WITH RESPECT TO WHICH SENATE CONFEREES RECEDED

Naturally, in the consideration of matters so important as those involved in this tax bill, it was necessary for the Senate conferees to recede with respect to a few of the amendments adopted in the Senate. It should be of interest, however, that of the 311 total of Senate amendments, the House conferees either accepted completely, or receded with an amendment, with respect to 269, while the Senate conferees receded from only 42 amendments, some of which were clerical.

We were unable to persuade the House conferees to agree to the amendment desired by the Senator from Pennsylvania relating to reorganization by adjustment of capital and debt structure of an existing corporation; to the amendment proposed by the Senator from New Mexico concerning income from potash mines or deposits; the amendment by the Senator from Ohio pertaining to the loss on the sale or exchange of securities of certain railroad-company subsidiaries; to the amendment offered by the Senator from Missouri relating to the unused excess-profits credit in the case of certain reorganized railroad companies; or to the amendment of the Senator from Illinois providing for a refund of the luggage tax to avoid double taxation. Likewise, the Senate conferees found it necessary to recede with respect to the amendment relating to gains and losses from involuntary conversions and from the sale or exchange of certain property used in trade or business, with respect to the amendment introduced by the Senator from Kentucky concerning the priority of payments under the Settlement of War Claims Act of 1928, and with respect to the amendment offered by the Senator from New Jersey providing for quarterly payments of the unforgiven tax under the Current Tax Payment Act of 1943. I believe this covers the important amendments with respect to which your conferees receded.

In regard to the renegotiation provisions, I will discuss some of the important provisions.

First. One of the most important changes made by the Senate and agreed to in conference was the one relating to the termination date. The House conferees accepted our termination date of December 31, 1944, with power in the President to shorten or lengthen the date, but in no case beyond July 1, 1945. There were certain minor changes made, but these related to determining what profits were attributable to the period before the termination date, and what profits were attributable to the period after the termination date.

Second. We agreed to the House provision allowing review by The Tax Court of the United States instead of the Court of Claims. However, the House conferees accepted the Senate provision which did not allow any review for cases closed by agreement. The House conferees also agreed in principle to the Senate provision for taking amortization allowances into account in connection with excessive profits determinations. To get the benefit of the provision, the amortization allowance must be recomputed for tax purposes first, and the recomputed amortization allowance reduced by the tax benefit is then refunded to the contractor or subcontractor.

We were unable to induce the House conferees to agree to the following, with reference to certain factors required to be taken as standards by the renegotiating board:

1. Problems in connection with reconversions should be a factor to be taken into account in determining excessive profits.

2. The factor as to the profits remaining after the payment of estimated Federal income and excess-profits taxes.

On both those amendments the Senate conferees receded.

The provision in the Senate amendment that the factors used in determining excessive profits be published was adopted.

The House accepted the repricing provisions, with the exception of the criminal penalty, which would put a person in jail for failure to deliver articles at the price fixed by order.

It is also made clear that the repricing provisions apply to war brokers.

A provision was adopted which carries out the intent of existing law that there is no authority to renegotiate the profits accruing to a company by reason of the increment in value of its long inventories, that is, inventories over and above its normal requirements to fulfill existing contracts.

Recurring to the repricing provisions in the bill, there is no termination upon that authority, broad as it is, given to the departments, except the termination of the war in the usual language in which provision is made for the ascertainment of the end of the war.

The House had an amendment exempting canned, bottled, or packed fruits or vegetables from renegotiation. The Senate had an amendment exempting processed dairy products from renegotiation. Both amendments were disagreed to in conference. It was believed that the $500,000 over-all exemption would take care of most of the canners or processors.

We were unable to get the House conferees to agree to the Senate amendment exempting machine tools, having a life of over 10 years, from renegotiation. The definition of subcontract as contained in existing law, and in the Senate bill, was adopted, except that office supplies were specifically exempted from the articles coming within the subcontract definitions. It is understood that office sup-

plies are now exempt under administrative interpretation.

We have received some complaints from contractors whose total contracts for the fiscal year aggregate slightly over $500,000. For example, a contractor might receive total amounts for his fiscal year aggregating $510,000. While this would make his contracts subject to renegotiation, it is not intended that the renegotiation shall reduce such amounts received below $500,000, and, on inquiry, I find that that is the disposition of certain of the departments charged with renegotiation.

The language of the statute is "contracts aggregating $500,000 received or accrued", and it has been pointed out by at least one of the secretaries that it would be easy in the case of contracts totaling just a little more than $500,000 for the contractor to decline to receive that amount, in which event his total contracts would not be renegotiated.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. McKELLAR. I simply ask the Senator to yield for the purpose of expressing my very great appreciation and approval of the report of the committee, which he, as its chairman, has made, concerning the renegotiation of contracts.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The question is on agreeing to the conference report.

The report was agreed to.

SUPPLY AND DISTRIBUTION OF FARM LABOR FOR 1944—CONFERENCE REPORT

Mr. McKELLAR. I submit the conference report on House Joint Resolution 208, making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 208) "making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 17, 19, 22, and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 38, 39, 41, 44, and 45, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following:

"TITLE I—DEPARTMENT OF AGRICULTURE
"WAR FOOD ADMINISTRATION

"For assisting in providing an adequate supply of workers for the production, harvesting, and preparation for markets of agricultural commodities essential to the prosecution of the war, $30,000,000, which sum, together with the amount appropriated in the Act of April 29, 1943 (Public Law 45), shall be merged into one fund, to remain available until December 31, 1944, and to be expended by the War Food Administrator (hereinafter referred to as the "Administrator"), appointed pursuant to Executive Order Numbered 9334, dated April 19, 1943, as follows:"

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: ", including the furnishing of health and medical services to (a) agricultural workers and their families housed in any labor supply center operated as a part of this program, or (b) migratory agricultural workers and their families who, without recruitment or assistance of any Government agency, have entered the area served by any such labor supply center and are engaged in agricultural work in such area, and to whom adequate health and medical services are not otherwise available"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: ", the repayments from employers for such advances to be created to the funds available to the Administrator; (4) determination and payment of claims (not exceeding $50 in any one case) of workers recruited in foreign countries (a) who, in preparation for transportation to or from the United States and subsequent failure of such transportation, have suffered losses, or (b) who have been transported to the United States and during said transportation, including embarkation and debarkation, have suffered the loss of or damage to personal effects"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the figure "(4)" in said amendment, insert the following: "(5)"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment, insert the following: "(b) The Administrator is authorized and directed to enter into agreements with the agricultural extension services of the land-grant colleges in the respective States to furnish, on behalf of the United States, for domestic interstate agricultural workers and their families and foreign agricultural workers and their families, while such workers are employed within any such State, any or all of the following services or functions which such State extension services are willing to undertake: Health and medical and burial services, training, subsistence, allowances, supervision, protection and shelter, maintenance and keeping of records of compliance with contracts and international agreements or treaties respecting such workers, and health and medical services for agricultural workers and their families encompassed by clauses (a) and (b) of subsection (a) (2) of this section. The Administrator may require the modification or determination of any agreement with any such extension service whenever he finds such action to be necessary in order to carry out the terms of any treaty or international agreement to which the United States of America is signatory. Whenever a satisfactory agreement cannot be negotiated with any such extension service, or pending the negotiation of an agreement, or whenever the Administrator finds it necessary to terminate an agreement, he shall carry out the foregoing responsibilities and functions with respect to such workers and their families by direct expenditure by the War Food Administration. The Administrator shall allocate to any State extension service from the amount made available by this section, in the manner provided in section 2 of this title, such funds as may be necessary to carry out the duties and responsibilities agreed upon by the Administrator and such State extension service under the provisions of this subsection. The Administrator is further authorized, in connection with the purposes of this subsection, to loan to any State any labor supply center and the facilities and equipment thereof, owned by the United States, under such terms and conditions as he may specify."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the figure proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "one and one-half per centum"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "or seasonal agricultural products"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "title, except as otherwise provided herein,"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment, insert the following:

"For the purposes of this title the War Department may utilize the Administrator and the Extension Services in the respective States to make such investigations and certifications with respect to the need for utilizing prisoners of war and the emergency use of soldiers of the United States and with respect to the terms and conditions of employment, as may be required by the War Department in order to assure that the terms of such treaties or international agreements are complied with."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following:

"(k) The Act of April 29, 1943 (Public Law 45), as amended, is hereby further amended by striking out 'January 31, 1944' and inserting 'the date of enactment into law of House Joint Resolution 208 of the Seventy-eighth Congress'. All obligations incurred during the period between January 31, 1944, and the date of the enactment into law of this Act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms of such Public Law 45, as amended."

And the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In line 13 of the matter inserted by said amendment and after the words "agricultural products,", insert the following: "including the timber and lumber industries, and," and in line 53 of the matter inserted by said amendment before the colon and the words *"Provided further"*, insert the following: "for which provision is made in title I of this Act"; and the Senate agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
GERALD P. NYE,
RUFUS C. HOLMAN,
Managers on the part of the Senate.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
D. LANE POWERS,
Managers on the part of the House.

Mr. MCKELLAR. Mr. President, I wish to point out the principal changes which have been made by the conferees. Question was raised as to the amount of the appropriation. It was fixed by the Senate at $35,000,000, and it was fixed by the House at $27,000,000, in addition to the unexpected balances from the last calendar year. The conferees compromised somewhat by fixing the amount at $30,000,000 in addition to the amount of unexpended balances of last year.

The next item of importance will be found on page 2. The House had fixed $17,500,000. The conferees agreed to an amendment providing not less than $14,000,000 and not more than $18,500,000.

The next item is on page 3. The amount to be invested in new buildings was decreased from $200,000, as passed by the House, to $100,000, and the amount for services in that connection was reduced from $40,000 to $20,000.

The next matter of any importance is in regard to medical supplies. The conferees agreed on an amendment which moderated the language of both Houses.

At the bottom of page 6 we find the next item. The House had provided an appropriation of $200,000 for administrative purposes. The conferees agreed on 1½ percent instead of 2 percent, as fixed by the Senate.

The next item is on page 9. A prohibition was entered against setting up permanent regional offices, and that was agreed to.

The proposition that the receipts from workers might be used as a revolving fund was agreed to.

There was an amendment offered, as I recall, by my friend the Senator from Arizona [Mr. HAYDEN] regarding the use of wood pulp. I shall desist at this point and ask him to explain that to the Senate, and then I shall ask for a vote on the conference report.

Mr. HAYDEN. Mr. President, with respect to title II of the bill it was agreed to as it passed the Senate, with the clarifying words that it should include the lumber and timber industries. That was the only change made in the amendment, and it was made in order to make it perfectly clear that the aliens imported for that purpose, as I mentioned on a previous occasion, would be employed in that type of industry and in getting wood pulp for paper and for box shook needed for apple and orange boxes.

Mr. WHITE. Mr. President, let me ask the Senator from Tennessee and the Senator from Arizona whether I am correct in my understanding that to a very substantial degree the conference report represents the views of the Senate committee and of the Senate itself.

Mr. MCKELLAR. That is correct. The House conferees were very generous in yielding as they did.

Mr. WHITE. I know that the proposed legislation had very careful consideration in the Senate committee, and that it received a somewhat thorough discussion on the floor of the Senate.

Mr. MCKELLAR. And in the full committee.

Mr. WHITE. I desire to be sure that in the main the conference report responds to the Senate's thought.

Mr. MCKELLAR. It does.

Mr. HOLMAN. Mr. President, if the Senator from Arizona has concluded his observations, will he yield?

Mr. HAYDEN. Yes; I was merely answering a question.

Mr. HOLMAN. I desire to report to the acting chairman of the Committee on Appropriations and the chairman of the Senate conferees that this morning General Smith of the General Staff of the United States Army called upon me in reference to an amendment to the conferees' amendment to amendment numbered 42. He requested that it be further amended so as to strike out the words "the Administrator and Extension Services in the respective States", and to substitute therefor the words "any Federal agency", and so as to place a period after the words "War Department", and to delete the words next following, and so forth.

Without going into the details, I ask unanimous consent that a memorandum on the matter be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

That the conferees' amendment to Amendment No. 42 to House Joint Resolution 208 be further amended so as to strike out the words "the Administrator and the Extension Services in the respective States" and substitute therefor the words "any Federal agency," and so as to place a period after the words "War Department" and to delete the words next following, which read "in order to assure that the terms of such treaties or international agreements are complied with." The amendment referred to will then read as follows:

"For the purposes of this title the War Department may utilize any Federal agency to make such investigations and certifications with respect to the need for utilizing prisoners of war and the emergency use of soldiers of the United States and with respect to the terms and conditions of employment, as may be required by the War Department."

NOTE.—The purpose of the above amendment, which is requested by the War Department, is to make it permissible for the War Department to utilize the fact-finding and fact-determining assistance of any appropriate Federal agency in helping the War Department to determine the most useful allocation of prisoner-of-war labor in relation to the total wartime manpower requirements of the Nation.

Mr. MCKELLAR. Mr. President, I have a copy of the memorandum. Of course, it is perfectly satisfactory to have it printed in the RECORD, but the suggestion came too late and could not possibly be included in the conference report.

Mr. HOLMAN. Yes. Of course, I understand it is too late, but I desired to have the RECORD show, if it be agreeable to the conferees present and to the Senate, that our purpose was to make the language elastic, not restrictive, so that the rule of reason could apply. I discussed this matter with the Senator from Arizona [Mr. HAYDEN], who may want to elaborate somewhat on the subject.

Mr. HAYDEN. Mr. President, if the Senator will yield, let me say that when this matter was brought to my attention, the way it appealed to me was that all that the conferees had done in accepting the House amendment was permissive. It says that for the purposes of this title, the War Department may utilize the Administrator and the Extension Services. If the War Department, in allocating the use of prisoners of war, desires to seek information from any other place or from any other source in the Government, it is perfectly at liberty to do so.

I called up Representative CANNON, chairman of the House committee, and that is exactly his determination. There seemed to be an idea in the War Department that, because we mentioned these two agencies of government, namely, the War Food Administrator and the Extension Services, that meant the War Department could not ask anyone else about it. That does not follow at all. It is incumbent upon the War Department to make the wisest and best possible use of war prisoners; and if there is information available anywhere—from the War Manpower Commission or from any other source of the Government—which would influence the War Department's judgment, it is not only at liberty to secure such information, but is bound to do so.

So it is a permission which has this effect: Prior to the enactment of the legislation, the only way a prisoner of war could be obtained was by previous consultation with the War Manpower Commission. Instances were brought to the attention of the committees wherein crops had been lost because it took so long to have the request go through all the channels. This is a short cut which permits action to be taken if the War Department feels inclined to do so. The suggestion is that it is the right thing to do, but the provision would not compel the War Department to do anything, and it would not limit the sources of information relative to what the War Department should do.

Mr. HOLMAN. I thank the Senator.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. HAYDEN. I yield.

Mr. AUSTIN. By virtue of the language "services essential to the preservation, marketing, or distribution of agricultural products," is title II intended to cover forest products?

Mr. HAYDEN. In order to make that perfectly certain, we inserted, in the conference, the words "including timber and lumber industries," so that it would cover all forest products.

Mr. AUSTIN. So that, under the provisions of the proposed act, Canadians with a contract to cut forest trees for pulpwood or for other forest products would be eligible to enter the United States? They would be eligible, would they?

Mr. HAYDEN. Certainly. That is exactly what was intended to be done. We were advised that there were sources, including those the Senator mentioned, and that there were also certainly lumbermen who could be obtained from Newfoundland, and that there were available from British Honduras approximately 600 men who have been in Scotland cutting the pines which grew during the period between the two wars, and that those men were returning to their homes. The idea was that men who were engaged in cutting mahogany in tropical forests and who were skilled lumbermen could be brought into this country to help with respect to the wood-pulp situation and the situation with respect to box shook, in view of the fact that we are so short of boxes in which to pack apples and citrus fruits and vegetables.

Mr. AUSTIN. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

CONFIRMATION OF NOMINATIONS IN THE UNITED STATES PUBLIC HEALTH SERVICE

Mr. BARKLEY. Mr. President, as in executive session, I move that the nominations in the United States Public Health Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Public Health Service nominations are confirmed en bloc.

MAJ. GEN. PATRICK JAY HURLEY

Mr. BARKLEY. I move that, as in executive session, the nomination of Brig. Gen. Patrick Jay Hurley to be major general, for temporary appointment in the Army of the United States, be considered and confirmed.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be immediately notified of all confirmations of today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 4 o'clock and 40 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, February 8, 1944, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 7, 1944:

PROMOTIONS IN THE FOREIGN SERVICE OF THE UNITED STATES

FROM FOREIGN SERVICE OFFICER OF CLASS 3 TO FOREIGN SERVICE OFFICER OF CLASS 2

Don C. Bliss, Jr., of Mississippi.
Walter J. Donnelly, of the District of Columbia.
William R. Langdon, of Massachusetts.
Alfred T. Nester, of New York.
Albert F. Nufer, of New York.

FROM FOREIGN SERVICE OFFICER OF CLASS 4 TO FOREIGN SERVICE OFFICER OF CLASS 3

Donald F. Bigelow, of Minnesota.
David McK. Key, of Tennessee.
Marcel E. Malige, of Idaho.
Renwick S. McNiece, of Utah.
Warwick Perkins, of Maryland.
J. Bartlett Richards, of Maryland.

FROM FOREIGN SERVICE OFFICER OF CLASS 5 TO FOREIGN SERVICE OFFICER OF CLASS 4

H. Merrell Benninghoff, of New York.
Gilson G. Blake, of Maryland.
Joseph F. Burt, of Illinois.
Reginald S. Castleman, of California.
Vinton Chapin, of Massachusetts.
Prescott Childs, of Massachusetts.
Charles H. Derry, of Georgia.
C. Paul Fletcher, of Tennessee.
Winthrop S. Greene, of Massachusetts.
William N. Gwynn, of California.
Eugene M. Hinkle, of New York.
Clarence E. Macy, of Colorado.
E. Talbot Smith, of Connecticut.
Francis H. Styles, of Virginia.

FROM FOREIGN SERVICE OFFFICER OF CLASS 6 TO FOREIGN SERVICE OFFICER OF CLASS 5

Sidney A. Belovsky, of New York.
Cavendish W. Cannon, of Utah.
Augustus S. Chase, of Connecticut.
William P. Cochran, Jr., of Pennsylvania.
Gerald A. Drew, of California.
Monroe B. Hall, of New York.
Cloyce K. Huston, of Iowa.
Perry N. Jester, of Virginia.
Kenneth C. Krentz, of Iowa.
J. Hall Paxton, of Virginia.
Guy W. Ray, of Alabama.
Walter N. Walmsley, Jr., of Maryland.
Robert S. Ward, of Ohio.

FROM FOREIGN SERVICE OFFICER OF CLASS 7 TO FOREIGN SERVICE OFFICER OF CLASS 6

Walworth Barbour, of Massachusetts.
Jacob D. Beam, of New Jersey.
Barry T. Benson, of Texas.
Max Waldo Bishop, of Iowa.
William E. Flournoy, Jr., of Virginia.
Morris N. Hughes, of Illinois.
Miss Elizabeth Humes, of Tennessee.
C. Grant Isaacs, of Tennessee.
Robert Janz, of Oklahoma.
Charles F. Knox, Jr., of New Jersey.
Henry P. Leverich, of New Jersey.
Raymond P. Ludden, of Massachusetts.
Thomas J. Maleady, of Massachusetts.
Patrick Mallon, of Ohio.
Robert Mills McClintock, of California.
Edward D. McLaughlin, of Arkansas.
Troy L. Perkins, of Kentucky.
Kennett F. Potter, of Missouri.
Joseph P. Ragland, of the District of Columbia.
John F. Stone, of Pennsylvania.
Tyler Thompson, of New York.
Joseph I. Touchette, of Massachusetts.
William C. Trimble, of Maryland.
Whitney Young, of New York.

FROM FOREIGN SERVICE OFFICER OF CLASS 8 TO FOREIGN SERVICE OFFICER OF CLASS 7

John L. Bankhead, of North Carolina.
M. Williams Blake, of Ohio.
Carl Breuer, of New York.
William F. Busser, of Pennsylvania.
Thomas S. Campen, of North Carolina.
David M. Clark, of Pennsylvania.
Harry M. Donaldson, of Pennsylvania.
Jay Dixon Edwards, of Oregon.
Perry Ellis, of California.
James Espy, of Ohio.
Richard D. Gatewood, of New York.
John L. Goshie, of New York.
John D. Jernegan, of California.
Hartwell Johnson, of South Carolina.
Easton T. Kelsey, of Michigan.
Andrew G. Lynch, of New York.
Robert B. Memminger, of South Carolina.
Charles S. Millet, of New Hampshire.
Bolard More, of Ohio.
Brewster H. Morris, of Pennsylvania.
Jack B. Neathery, of Texas.
Miss Katherine E. O'Connor, of Indiana.
John Ordway, of the District of Columbia.
Charles O. Thompson, of Alaska.
S. Roger Tyler, Jr., of West Virginia.
Woodruff Wallner, of New York.
Philip P. Williams, of California.
Robert E. Wilson, of Arizona.

FROM FOREIGN SERVICE OFFICER, UNCLASSIFIED, TO FOREIGN SERVICE OFFICER OF CLASS 8

Roland K. Beyer, of Wisconsin.
Niles W. Bond, of Massachusetts.
Robert P. Chalker, of Florida.
Wymberley DeR. Coerr, of Connecticut.
V. Lansing Collins, Jr., of New York.
Adrian B. Colquitt, of Georgia.
Thomas J. Cory, of California.
Edward A. Dow, Jr., of Nebraska.
Nicholas Feld, of Mississippi.
William N. Fraleigh, of New Jersey.
John C. Fuess, of Massachusetts.
Boies C. Hart, Jr., of Connecticut.
Richard H. Hawkins, Jr., of Pennsylvania.
George D. Henderson, of California.
John P. Hoover, of California.
Donald W. Lamm, of the District of Columbia.
Frederick J. Mann, of New York.
Delano McKelvey, of the District of Columbia.
Miss Minedee McLean, of Louisiana.
Julian L. Nugent, Jr., of New Mexico.
Joseph Palmer 2d, of Massachusetts.
Richard H. Post, of New York.
M. Robert Rutherford, of Montana.
Robert C. Strong, of Wisconsin.
J. Kittredge Vinson, of Texas.
Alfred T. Wellborn, of Louisiana.
Charles H. Whitaker, of Massachusetts.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES

TO INFANTRY

First Lt. William Myers Kasper, Coast Artillery Corps (temporary major), with rank from June 11, 1943.

TO AIR CORPS

First Lt. John Jacob Stark, Coast Artillery Corps (temporary major), with rank from June 12, 1937.

Second Lt. Boyd Blaine Chambers, Jr., Corps of Engineers (temporary first lieutenant), with rank from June 1, 1943.

Second Lt. Edward Lawrence Corcoran, Coast Artillery Corps (temporary first lieutenant), with rank from May 29, 1942.

Second Lt. Carroll Bernard McElroy, Infantry (temporary captain), with rank from February 20, 1942.

Second Lt. James Harper Walker, Infantry (temporary first lieutenant), with rank from June 1, 1943.

Second Lt. Ben. Marshall West, Coast Artillery Corps (temporary captain), with rank from June 11, 1941.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 7, 1944:

UNITED STATES PUBLIC HEALTH SERVICE

PROMOTIONS EFFECTIVE FROM FEBRUARY 1, 1944

To be temporary passed assistant surgeons

John C. Grier
Paul V. Joliet

To be temporary surgeon

James R. Shaw

To be temporary dental surgeon

William C. Neaf

To be temporary passed assistant dental surgeon

Howard K. Wyatt

IN THE ARMY

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

To be major general

Patrick Jay Hurley

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 7, 1944

The House met at 12 o'clock noon.

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

Heavenly Father, Thou who art most holy, open our eyes that we may see the sin that encompasseth these times; arouse our courage, that we may without fear, denounce the evil which Thy truth reveals. Let us accept the light that Thou dost pour forth in the name of humanity's King and Lord.

For the lives and deeds which have come down to us from the past, grant that our hearts may breathe a most generous praise. Open our minds that we may welcome the unfettered truth: "The path of the just is as a shining light that shineth more and more unto the perfect day." O Thou who canst not tolerate the shams of capital, the selfishness of labor, and the haughtiness of learning, make us humbly and reverently aware of our personal responsibility to Thee who art a God of stainless right and eternal triumphs. Dear Lord, our country is in a tragic struggle, far from easy, that freedom's dream may come true; the antagonisms of this day are very cruel and real. Above the contagion of earthly conflicts, reach forth Thine hand that the hounds of malice and hate may forever be defeated. Thou Christ, who appeals from every cot of pain, from the crowded street, weeps with every broken heart, and who art the inspiration of every redemptive effort, help us to do the brave deed and live the true life. In the name of our Saviour, we pray. Amen.

The Journal of the proceedings of Friday, February 4, 1944, was read and approved.

EXTENSION OF REMARKS

Mr. BULWINKLE. Mr. Speaker, seldom do I take the opportunity of asking unanimous consent to speak for 1 minute and revise and extend my remarks by inserting an editorial in the RECORD, and seldom do I seek the opportunity of advising my friends on the Republican side, but may I call to their attention a very fine editorial in the New York Times of February 5, 1944, on the soldiers' vote. It will do them all good to read it. I ask unanimous consent to extend my remarks by the insertion of that editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD of Montana. Mr. Speaker, I ask unanimous consent to extend my remarks and include a letter on Japanese atrocities; also, I ask unanimous consent to extend my remarks and include a copy of an address on the problems of the development program for western Montana. The Public Printer informs me that this will cost $100 more than the amount allowed. I ask unanimous consent that it be printed nevertheless.

The SPEAKER. Is there objection?

There was no objection.

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein two articles which appeared in the Yonkers Home News, one on January 25, 1944, and one on February 1, 1944, setting forth the fact that Yonkers, N. Y., had established a very important record in having no industrial disturbances or strikes since Pearl Harbor and before.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. SIKES. Mr. Speaker, I ask unanimous consent that today, after any other special orders and the business of the day is disposed of, I may address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. DONDERO. Mr. Speaker, on Wednesday next, after other special orders, I ask unanimous consent to address the House for 15 minutes on Abraham Lincoln and Alexander H. Stephens.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. ENGEL of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an address delivered at the Republican Lincoln Day banquet at Plymouth, Mich., on Saturday, February 5.

The SPEAKER. Is there objection?

There was no objection.

DENATURALIZATION OF AMERICAN-BORN CITIZENS

Mr. J. LEROY JOHNSON. Mr. Speaker, I ask unanimous consent to speak for 1 minute and revise and extend my remarks by the inclusion of a resolution of the California Legislature.

The SPEAKER. Is there objection?

There was no objection.

[Mr. J. LEROY JOHNSON addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. TALBOT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include a resolution adopted unanimously by the Des Moines Trade and Labor Assembly, January 16, 1944.

The SPEAKER. Is there objection?

There was no objection.

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include portions of speeches made in the city of Ashland, Ohio, relative to the Korean movement. I am informed by the Public Printer that this will exceed the limit by $90. Nevertheless, I ask unanimous consent that it may be printed.

The SPEAKER. Is there objection?

There was no objection.

TAX REVISION AND SIMPLIFICATION

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

[Mr. AUGUST H. ANDRESEN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that during the debate of the Committee of the Whole on the Treasury and Post Office Department appropriation bills, I may have the privilege of inserting letters and other documentary material.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONSUMER SUBSIDIES

Mr. POAGE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

[Mr. POAGE addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend the remarks that I expect to make on the Treasury Department appropriation bill and include a letter and a table which I received from the Secretary of the Treasury.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include

therein several editorials on the late Raymond Clapper.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article by Murray Frank on the retiring chief of the Semitic Division of the Library of Congress, Dr. Israel Shapiro, which appeared in the Washington Post of Sunday, February 6, 1944.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of foreign trade zones on the Great Circle Routes, by Thomas Lyons, executive secretary of the Foreign Trade Zone Board. The Government Printer informs me that it would cost $105. I ask unanimous consent to extend my own remarks on the subject of the "peace now" movement.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISTRICT OF COLUMBIA SERVICEMEN HAVE NO RIGHT TO VOTE

Mr. GRANGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. GRANGER addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. BENNETT of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks and also to include a speech delivered over the radio by Congressman DIRKSEN.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. POULSON. Mr. Speaker, I ask unanimous consent that after the regular order of business and special orders of today I have permission to address the House for 15 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD an article from the Philadelphia Inquirer, by George E. Sokolsky, under date of February 4.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SOLDIER VOTE

Mr. CLASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and also ask unanimous consent to extend my remarks in the RECORD and to include therein a letter which I received from the executive secretary of an American Legion post.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CLASON. Mr. Speaker, last week the House of Representatives had under consideration two or more measures relative to voting by men and women in the services. Much was said about Federal ballots which would permit voting only for President, Vice President, United States Senators, and Congressmen.

I am glad to bring to the attention of the Members of the House the position taken by veterans both of World War No. 1 and the present global war on this subject. One of the largest of the American Legion posts in the State of Massachusetts is Springfield Post, No. 21. The members of the American Legion are better informed on this subject than any other group in the United States. It is interesting to note that they desire that our present service men and women shall have the right to vote not only for National but also for State candidates at the November election.

I am in receipt of the following letter from Earle F. Bliss, executive secretary of Springfield Post, 21, Inc.:

THE AMERICAN LEGION,
SPRINGFIELD POST, 21, INC.,
Springfield, Mass., February 4, 1944.

Hon. CHARLES R. CLASON,
Congress of United States,
House Office Building,
Washington, D. C.

MY DEAR MR. CLASON: At the regular meeting of the Springfield Post, No. 21, the American Legion, held on February 3, 1944, it was voted that the post go on record favoring legislation permitting men and women of our armed forces to vote, providing this carries the right to vote not only for National but also for State candidates.

Very truly yours,

EARLE F. BLISS,
Executive Secretary.

The SPEAKER. The time of the gentleman has expired.

EXTENSION OF REMARKS

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein two short newspaper articles.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that upon Thursday next, on the conclusion of legislative business and other special orders, I may address the House for 15 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SOLDIER VOTE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection

Mr. HOFFMAN. Mr. Speaker, if the gentleman from Mississippi [Mr. RANKIN] and the gentleman from Texas [Mr. WORLEY] will go over at the other end of the corridor, the north end, and ascertain what kind of a bill those gentlemen want, it would perhaps help us. Last week we adopted a bill which they sent over. Now, if I read the papers correctly, they do not know just what they do want. Just why do they change their ideas so quickly. If those two gentlemen would go over and learn what we can rely upon, perhaps we can help them out when we come to vote on it. Is it not asking a little too much to ask us to follow them when they do not appear to know where they are going or what they want?

The SPEAKER. The time of the gentleman has expired.

SOLDIER'S VOTING BILL

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a postal card which I received this morning. It is a typical postal card, I mean typical of the kind that I have been receiving from New York Communists. It is signed by Marvin Scilken. The postal card reads as follows:

NEW YORK, N. Y., *February 4, 1944.*

DEAR RANKIN: May you and your 223 colleagues who voted for that abortive soldier vote bill burn in hell for their despicable action.

Sincerely yours,

MARVIN SCILKEN.

The despicable action to which he refers was our action in voting to uphold the Constitution, preserve States' rights, and provide a method for the men and women in our armed forces to vote in a legal constitutional election for everything from President to constable, and to vote in the primaries.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that after the business on the Speaker's desk and other special orders today I may address the House for 10 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

(Mr. BOREN, by unanimous consent, was granted permission to extend his own remarks in the RECORD.)

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

OFFICE OF FISHERY COORDINATION

The Clerk called the first bill on the Consent Calendar, S. 1242, to authorize appropriations for salaries and expenses, Office of Fishery Coordination.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLAND. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to make a short statement.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BLAND. Mr. Speaker, in my opinion, this bill probably should go off

the calendar. I hesitate to make that request this morning. I will look into it before the next consent calendar day and I will possibly ask that it be dropped from the calendar at that time.

OGDEN ORDNANCE DEPOT MILITARY RESERVATION

The Clerk called the next bill, H. R. 1488, to provide a right-of-way for an oil pipe line over the Ogden Ordnance Depot Military Reservation.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. ROBINSON of Utah. Mr. Speaker, reserving the right to object, I would like to explain this bill if there is any question in the gentleman's mind.

Mr. KEAN. The last time this bill came up the gentleman from New York [Mr. COLE] objected to the principle of having a permanent privately owned pipe line over a military reservation.

Mr. ROBINSON of Utah. The reason for the bill going over before was the fact that I was not on the floor at the time, and no one was present who understood the bill. The gentleman from New York [Mr. COLE] wanted an explanation of the bill. The principle involved, I think is not any different from that involved in the acquisition of any other land by the Government, any other pipe line. There is now a pipe line over the reservation, but it is there with the understanding that the amount to be paid to the Government for the pipe line going over this particular reservation shall be fixed by the Secretary of War. The only question involved is to fix the amount to pay for the pipe line that is now being used over this military reservation.

Mr. KEAN. As I understand this bill, this right is not revocable.

Mr. ROBINSON of Utah. I think after it is one in there it cannot be revoked, but it has to be paid for, and under the discretion of the Secretary.

Mr. KEAN. What moneys will accrue to the United States?

Mr. ROBINSON of Utah. Whatever amount the Secretary decides should accrue. It is left entirely in his discretion.

Mr. KEAN. In your experience is it customary for the United States to allow a permanent pipe line, or something of that sort, to go through its reservations without providing that the United States has a right to cancel that at any time it wants to?

Mr. ROBINSON of Utah. The United States could cancel it through condemnation any time it wanted to, if that was necessary. This is the usual practice.

Mr. KEAN. This is the usual practice?

Mr. ROBINSON of Utah. That is correct, and this is a unanimous report from the Committee on Military Affairs, which considered this bill.

Mr. KEAN. The gentleman is certain that this has been done many times before, over a military reservation?

Mr. ROBINSON of Utah. There is no question in my mind about it.

Mr. KEAN. Mr. Speaker, I withdraw my request.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to the Utah Oil Refining Co., its successors and/or assigns, an easement for a right-of-way for an oil pipe line over, across, in, and upon the water supply tract of the Ogden Ordnance Depot Military Reservation, in the State of Utah: *Provided*, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: *Provided further*, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof: *And provided further*, That all moneys which may accrue to the United States under the provisions of this act shall be deposited in the Treasury as miscellaneous receipts.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TO EXPEDITE PAYMENT FOR LAND ACQUIRED DURING THE WAR PERIOD

The Clerk called the next bill, S. 919, to expedite the payment for land acquired during the war period.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EMPLOYMENT OF ENGINEERS AND ECONOMISTS ON RECLAMATION WORK

The Clerk called the next bill, H. R. 3429, to amend section 1 of an act entitled "An act authorizing the Secretary of the Interior to employ engineers and economists for consultation purposes on important reclamation work," approved February 28, 1929 (45 Stat. 1406), as amended by the act of April 22, 1940 (54 Stat. 148).

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SMITH of Ohio. Mr. Speaker, reserving the right to object, may we have an explanation of this bill?

Mr. WHITE. Mr. Speaker, I will say to the gentleman that in the war emergency the Department of the Interior wants to employ certain trained personnel, men who have been with the Department for years and who have now retired. They want to bring them back temporarily. In order to do that there would be a very complicated arrangement with reference to the retirement pay. They want retirement compensation to go on just as it is, without interfering with that retirement pay, and just pay these men their salaries during the time they are employed in this emergency as engineers and technicians, who are sorely needed. This bill is a simple, little plan, without upsetting the whole retirement pay act, to just allow them to be paid their salaries, and not interfere with the present arrangement. It is a simple thing.

Mr. SMITH of Ohio. Is this recommended by the Army?

Mr. WHITE. It is.

Mr. SMITH of Ohio. What will be the cost?

Mr. WHITE. There is no cost except the salaries that are paid these men for their services. These men are eminently qualified to perform those services. They have been in the technical engineering work for years and now have retired. The withdrawal of defense personnel has made an acute shortage and they want to call these people back into the service temporarily and they want to do it without going into any rearrangement of the retirement pay.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Ohio. I yield.

Mr. RAMSPECK. I have looked into this bill and I spoke to the gentleman from Idaho about it once before. I think it is all right.

Mr. SMITH of Ohio. This brings back into the employment of the Government certain persons who had been in the employ of the Government before?

Mr. WHITE. Yes.

Mr. SMITH of Ohio. So that these persons will then be able to take advantage of the increased retirement pay?

Mr. WHITE. No. This bill is to prevent that.

Mr. PHILLIPS. Will the gentleman yield?

Mr. SMITH of Ohio. I yield.

Mr. PHILLIPS. This is to prevent just that being done, and to suspend retirement pay during the time of this returned service.

Mr. SMITH of Ohio. So that if these men are taken back they will not get the benefit of the increased retirement pay?

Mr. PHILLIPS. That is correct.

Mr. WHITE. That is correct.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of February 28, 1929 (45 Stat. 1406), as amended by the act of April 22, 1940 (54 Stat. 148), authorizing the Secretary of the Interior to employ engineers and economists for consultation purposes on important reclamation work, is hereby amended by changing the period to a colon and adding the following: "*Provided further*, That, notwithstanding the provisions of any other act, retired personnel of the Department of the Interior may be employed by the Secretary of the Interior as consultants in accordance with the provisions of this act, without deductions from compensation for retirement, without loss of or redetermination of retirement status, and without loss or reduction of retirement annuity or other benefits by reason of such employment, except that there shall be deducted from the compensation otherwise payable to any such retired employee sums equal to the retirement annuity or benefit allocable to the days of actual employment hereunder."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KLAMATH DRAINAGE DISTRICT

The Clerk called the next bill, H. R. 3476, to approve a contract negotiated with the Klamath drainage district and to authorize its execution, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker, reserving the right to object, this is a very complicated bill and I would like the gentleman from Idaho [Mr. WHITE] to give some explanation of it.

Mr. WHITE. It is to authorize the Secretary of the Interior to execute a contract with the Klamath drainage district. It is fully set out in the report. It has been approved by the Department. The whole matter is set out in the report. It is to the advantage of the Government and the Department to have it done.

Mr. KEAN. Why should the Government change a contract that has already been agreed upon?

Mr. WHITE. Well, that calls for a lengthy explanation I will say to the gentleman, which is set out in the report. I will read from page 2 of the report:

> I have recognized, however, that the district does have a serious problem of debt. I have recognized also that the Government has been able to realize revenues from these Government-owned lands because of the distribution system built by the district. In the circumstances, a plan was proposed to the district whereby it would be relieved of the balance of its obligation under the 1917 contract ($47,627.89 as of December 31, 1942) and would have the remaining obligation under the 1921 contract, as amended, rescheduled, and the district would in turn relinquish any claim it might have to the revenues from the Government-owned lands. This plan has been accepted by the district.

So it is simply a rearrangement and refinancing of the plan. I will appreciate it if we could have this bill acted upon now.

Mr. KEAN. Was this a unanimous report from the committee?

Mr. WHITE. It was.

Mr. KEAN. And the gentleman feels that to waive this payment due to the United States is distinctly for the best interests of the United States?

Mr. WHITE. I do.

The SPEAKER pro tempore (Mr. COOPER). Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the contract dated April 28, 1943, negotiated by the Secretary of the Interior with the Klamath Drainage District and reported on as provided in subsections (a) and (c) of section 7 of the Reclamation Project Act of 1939 (53 Stat. 1187), is approved and the Secretary is hereby authorized to execute it on behalf of the United States.

SEC. 2. In aid of the administration of this contract and for other purposes—

(a) The act of May 27, 1920 (ch. 209, 41 Stat. 627), is hereby repealed.

(b) Lands owned by the United States, ceded by the States of California and Oregon pursuant to the act of February 3, 1905 (Cal. Stat. 1905, p. 4), and of January 20, 1905 (L. Oreg. 1905, ch. 5, p. 63), lying in Klamath County, Oreg., west of range 11 east, Willamette meridian, and in Siskiyou County, Calif., west of range 4 east, Mount Diablo meridian, shall be subject to all applicable provisions of the Federal reclamation laws concerning entry and patent, except that any part of these lands administered by the Fish and Wildlife Service pursuant to the existing agreement with the Bureau of Reclamation, as this may be amended from time to time with the approval of the Secretary, shall not be opened to entry.

(c) Net revenues heretofore and hereafter received from lands owned by the United States within the district boundaries shall be covered into the reclamation fund and shall be applied: First, to offset the balance of $47,627.89 as to which the district's obligation is to be released under the proposed contract; second, to offset the balance of the charges heretofore apportioned to the Government-owned lands in Klamath County, Oreg., pursuant to the act of May 27, 1920, supra, amounting to $36,714.37; third, to offset the balance of charges allocated as of December 31, 1942, to the Lower Klamath Lake Division; and, fourth, as an increment to the reclamation fund without further application to project construction costs.

(d) The lands in Siskiyou County, Calif., west of range 4 east, Mount Diablo meridian, and in the vicinity of Lower Klamath Lake, including the lands heretofore uncovered by the changing level of that lake, shall be deemed to be from and after December 31, 1942, part of the Modoc unit of the Tule Lake Division of the Klamath project. Net revenues which have accrued from Government-owned lands under the primary jurisdiction of the Bureau of Reclamation in that area prior to January 1, 1943, shall be applied to offset the balance of the charges allocated to the Lower Klamath Lake Division. Net revenues accruing from and after December 31, 1942, from such Government-owned lands shall be covered into the reclamation fund and applied: First, to offset the costs heretofore or hereafter incurred in connection with the completion of the Modoc unit; and, second, as an increment of the reclamation fund without further application to project construction costs.

SEC. 3. This act is declared to be a part of the Federal reclamation laws as these are defined in the Reclamation Project Act of 1939.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STATUS OF RETIRED JUDGES

The Clerk called the next bill, S. 156, relating to the status of retired judges.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STEWART. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

Mr. WALTER. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STEWART. Mr. Speaker, I object.

REQUIRING POLITICAL STATEMENTS TO CONTAIN NAMES OF PERSONS PUBLISHING OR DISTRIBUTNG THEM

The Clerk called the next bill, H. R. 2973, to provide that no person shall publish or distribute any political statement relating to a candidate for election to any Federal office which does not contain the name of the person responsible for its publication or distribution.

Mr. PRIEST. Mr. Speaker, reserving the right to object, and I shall not, I wish to ask the gentleman from Pennsylvania [Mr. WALTER] a question or two with reference to some of the language of this bill.

It occurs to me the bill is rather broad in its scope. I notice on page 1 in lines 7 and 8 the language:

> Or any other statement, relating to or concerning any candidate.

I wish the gentleman from Pennsylvania would explain just what this language means.

Mr. WALTER. It was intended through this bill to break up the vicious system of publishing and circulating reports about political candidates in such form that the responsibility of the person who published them could not be fixed. The language of this bill follows almost identically that of the Corrupt Practices Act of Pennsylvania, Ohio, and many other States. It will meet a situation where somebody will advertise against a candidate without disclosing his identity or publish reports about a candidate for a Federal office without making himself known.

Mr. PRIEST. The gentleman has explained that. I am in favor of the purpose of the bill. One further question, if the gentleman will permit, and that is whether in his judgment it would apply to an editorial published in a newspaper or whether it would in any way infringe on freedom of the press.

Mr. WALTER. No; the courts have passed on several corrupt practices acts and have held that they in no wise affect editorials. This is aside from the constitutional protection, which, of course, this bill could not affect. The right of fair comment by newspapers and others is not involved here. This simply is to prevent distribution of scurrilous and libelous political statements not bearing the name of anyone.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. LUTHER A. JOHNSON. I believe the purpose of this bill is most commendable, but on reading the bill this morning I was rather perplexed to know whether it applied to cards issued by candidates. Does it apply to candidates' cards?

Mr. WALTER. Oh, no.

Mr. LUTHER A. JOHNSON. If it relates only to statements of fact I believe it ought to be passed.

Mr. WALTER. That is right; it in nowise affects a candidate's political card.

Mr. PRIEST. Mr. Speaker, I withdraw my reservation of objection.

Mr. PHILLIPS. Mr. Speaker, reserving the right to object, can the gentleman from Pennsylvania tell me in what detail this bill requires identification of the author of a statement? Does it require anything but the name?

Mr. WALTER. That is all.

Mr. PHILLIPS. It does not require any address?

Mr. WALTER. Only the name of the person responsible.

Mr. PHILLIPS. Or an association.

Mr. WALTER. That is right, the name of the person or persons, association, committee, or corporation.

Mr. PHILLIPS. It is worthless.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. COCHRAN. I have not the bill before me, but from a reading of the title of the bill I take it it would apply to the publication, for instance, as is done in my city, in newspapers of articles with reference to the records of candidates. Would this bill require the person writing such articles in a daily newspaper to have his name carried at the head of it or signed to it?

Mr. WALTER. Oh, no.

Mr. COCHRAN. The title would seem to so indicate.

Mr. WALTER. No; I think there is nothing which would make that necessary.

Mr. COCHRAN. I hope not. If so you are getting in a dangerous situation.

Mr. WALTER. It certainly does not affect editorials if that is what the gentleman means.

Mr. COCHRAN. I am talking about articles. I do not want to interfere with the freedom of the press.

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice. Will the gentleman from Pennsylvania agree to that?

Mr. WALTER. Yes.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that the bill be passed over without prejudice.

Is there objection?

There was no objection.

IMPLEMENTING THE JURISDICTION OF SERVICE COURTS OF FRIENDLY FOREIGN FORCES

The Clerk called the next bill, H. R. 3241, to implement the jurisdiction of service courts of friendly foreign forces within the United States, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That as used in this act, unless the context clearly requires a different meaning—

(a) "Friendly foreign force" means any military, naval, or air force of any friendly foreign state with respect to which this act is operative by virtue of a Presidential declaration as provided in section 5 of this act.

(b) "Service court" means any military, naval, or air force court, or court martial, or similar tribunal of any friendly foreign force.

(c) "United States" means the United States, its Territories, its insular possessions (including the Philippine Islands), the Canal Zone, and any other place subject to the jurisdiction of the United States.

ARREST OF OFFENDERS

SEC. 2. Upon a specific or general request of the officer commanding any friendly foreign force, it shall be lawful for any person in the civil, military, or naval establishments of the United States having authority to arrest, summarily to arrest any member of such force designated in such request and to deliver him to the custody of any officer of such force or to the custody of the military or naval authorities of the United States who shall deliver him forthwith to the custody of an officer of such force.

ATTENDANCE OF WITNESSES

SEC. 3. (a) Any district court of the United States, or the United States courts of any Territory or possession, or any court of first instance of the Philippine Commonwealth, or the District Court of the United States for the District of Columbia, within the jurisdiction of which proceedings are had before any service court of a friendly foreign force, or within the jurisdiction of which any person is found, shall have jurisdiction, upon application made by a service court of a friendly foreign force, to issue to such person an order requiring him to appear before the service court or an officer designated to take a deposition for use before such service court and there to produce evidence or give testimony if so ordered. Any failure to obey such order of the court may be punished by said court as a contempt thereof: *Provided*, That the fees of such witnesses and the mileage at the rate allowed to witnesses attending the courts of the United States should be duly paid or tendered in advance to such witnesses, with funds to be supplied by the friendly foreign force. Except as expressly permitted by the court, in its discretion, no such order shall run into any other district.

(b) Attendance of witnesses in the armed services of the United States shall be obtained by request addressed to the discretion of the commanding officer of the person whose testimony is required.

(c) Persons subject to the jurisdiction of the United States, who are not members of a friendly foreign force, who shall give false testimony or shall commit any act in the presence of a service court of a friendly foreign force which, if committed before a court of the United States, would be in contempt thereof, shall upon conviction by a court of the United States be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

IMMUNITIES OF COURTS AND WITNESSES

SEC. 4. Members of any service court of a friendly foreign force lawfully exercising jurisdiction in the United States in relation to members of such force, and any witnesses appearing before such service court, shall enjoy the same immunities and privileges as are enjoyed by members of a court martial of the United States and by witnesses appearing before such a court martial.

IMPRISONMENT

SEC. 5. Persons sentenced to imprisonment by a service court of a friendly foreign force may be confined in disciplinary barracks, guardhouses, or other places of detention of the United States armed forces or in penitentiaries or other institutions employed by the United States for the detention or treatment of prisoners, at the expense of the state on whose behalf the prisoner is detained.

SEC. 6. This act shall be operative with respect to the military, naval, or air forces of any foreign state only after a finding and declaration by the President that the powers and privileges provided herein are necessary for the maintenance of discipline. The President may at any time revoke such finding and declaration.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EDISON DAY

The Clerk called the next business, House Joint Resolution 80, requesting the President to proclaim February 11, 1944, as Edison Day in commemoration of the birthday of Thomas Alva Edison.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that a similar Senate joint resolution (S. J. Res. 63) be substituted for the House joint resolution.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Resolved, etc., That the President of the United States is hereby authorized and requested to issue a proclamation designating February 11, 1944, as Thomas Alva Edison Day, and calling upon officials of the Government to display the flag of the United States on all Government buildings on said date and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider, and a similar bill, House Joint Resolution 80, were laid on the table.

AUTHORIZING CONSTRUCTION OF DEMONSTRATION PLANTS TO PRODUCE SYNTHETIC LIQUID FUELS

The Clerk called the next bill, H. R. 3209, authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. RANDOLPH. Mr. Speaker, this bill, H. R. 3209, is reported from the House Committee on Mines and Mining unanimously. The measure, however, which looks to the development of synthetic fuels in this country, is highly important. Your committee has requested a rule. We will bring the bill to the floor for adequate debate, and I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

AUTHORIZING THE SUSPENSION OF THE STATUTE OF LIMITATIONS IN CERTAIN CASES

The Clerk called the next bill, H. R. 3257, to amend subtitle "Insurance" of title II of the Merchant Marine Act, 1936, as amended, to authorize suspension of the statute of limitations in certain cases, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 226 (a) of subtitle "Insurance" of title II of the Merchant Marine Act, 1936, as amended, is

amended by inserting after the first sentence thereof a new sentence to read as follows: "If in the case of any vessel lost, damaged, or missing under circumstances which render it uncertain whether or not the loss of or damage to any person, vessel, cargo, or other property or interest under a policy of insurance or reinsurance issued or agreed to be issued under this subtitle or under an assumption of risk agreement equivalent thereto, is covered by such policy or agreement, the Commission has entered into or shall hereafter enter into any agreement, specific or general, with the assured under such policy or agreement or with other insurers of the same interest, or both, for payment to the assured on account of said loss or damage by the Commission or by such other insurers, or both, in accordance with the probabilities as to their respective liability, such agreement may include or be modified to include from its inception provisions suspending the operation of the statute of limitations with respect to suits against the United States arising out of the subject matter of such agreement, for a period ending n t more than 4 years after the termination of the present war as determined under section 221 (a) hereof."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE CLARK-McNARY ACT

The Clerk called the next bill, S. 45, to amend section 3 of the act of June 7, 1924 (43 Stat. 653; 16 U. S. C. 566).

Mr. KEAN. Mr. Speaker, reserving the right to object, this bill provides an authorization of some $7,000,000, too large to be considered on the Consent Calendar. I therefore ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMPLIANCE WITH STATE INSPECTION LAWS

The Clerk called the next bill, S. 3405, making certain regulations with reference to fertilizers, feeds, nursery stock, or seeds that may be distributed by agencies of the United States.

Mr. STEFAN. Mr. Speaker, reserving the right to object, and I shall not, I rise merely to get some information about this bill because we from the Middle West are very much in favor of fertilizer and feed distribution. Will the author of the bill explain it so we may know what we are doing?

Mr. PETERSON of Florida. Mr. Speaker, I am not the chairman of the committee, but I am the one who introduced the bill at the request of the National Association of Commissioners of Agriculture.

The purpose of this bill is to require the Federal Government as it distributes fertilizers, seeds, or feeds to comply with State regulatory laws. For instance, in some instances in the West binder weed seed may get into seed distributed in the gentleman's State or my State. Also, in some instances Johnson grass frequently goes along with peanut seed.

The State, by reason of its experience, has worked out regulatory laws for the analysis or inspection of fertilizer, feeds, or seeds, and nursery stock. They are based on a vast experience. What may be best in one State is not necessarily best in another. The safest way is to have State regulation. The Federal Government distributing ingredients should be one of the first ones who want to comply. For some reason some of the agencies have refused to comply.

This was requested unanimously by the commissioners of agriculture of every State in the Union.

Mr. STEFAN. I know; but we need fertilizer and more seeds out in the country. I withdraw my objection.

Mr. KEAN. Mr. Speaker, reserving the right to object, can the gentleman tell me why they eliminated from this bill the fertilizer manufactured by the Tennessee Valley Authority? Why should all other fertilizer be subject to State laws other than the Tennessee Valley fertilizer?

Mr. PETERSON of Florida. I agree with the gentleman, but it was a matter of expediency. As I introduced the original bill, there was no such exemption. Then the Senate placed in the bill when it was in the Senate before a provision which provided that fertilizer distributed for experimental purposes and the President vetoed that because he did not want it to cover T. V. A. fertilizer. I would have much preferred to have the entire matter out, but it is a matter of necessity even to get as far as we are.

Mr. KEAN. Why should it be? Why should the Tennessee Valley Authority fertilizer be exempt?

Mr. PETERSON of Florida. I agree with the gentleman, but it is the only way to get the bill through. There is an amendment here which will have to be made to this to get it through today. We hope to work out something in conference.

Mr. KEAN. This is a House bill, not a Senate bill .

Mr. PETERSON of Florida. It passed the House and the Senate before and it was vetoed by pocket veto.

Mr. KEAN. Why not pass the House bill, then if the Senate does not put that in, it can be put in in conference? Why put in something that the gentleman does not consider proper to put in?

Mr. PETERSON of Florida. If we tried to put that in today we would run into an objection. I am trying to get three-quarters of a loaf when I cannot get a whole loaf. I would like to see that out. My original bill did not have it in, but in order to get it passed and approved it looks like we will have to have the exemption.

Mr. KEAN. Mr. Speaker, unless they accept an amendment cutting that out I will have to ask unanimous consent to pass the bill over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey [Mr. KEAN]?

There was no objection.

AMENDMENT TO ACT RELATING TO STOWAWAYS ON VESSELS

The Clerk called the next bill, H. R. 3602, to amend the act making it a misdemeanor to stow away on vessels.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc. That section 1 of the act entitled "An act making it a misdemeanor to stow away on vessels and providing punishment therefor," approved June 11, 1940 (54 Stat. 306; U. S. C., title 18, sec. 469), be, and it hereby is, amended to read as follows:

"That any person, without the consent of the owner, charterer, or master of any vessel and with intent to obtain, without paying therefor, transportation on such vessel to any place, within or without the United States, who shall board, enter, or secrete himself aboard such vessel, and shall be thereon at the time of departure of said vessel from a port, harbor, wharf, or other place within the jurisdiction of the United States, including the Canal Zone, or who, with such intent, having boarded, entered, or secreted himself aboard such vessel in any place within or without the jurisdiction of the United States, shall remain aboard any such vessel after such vessel has left such place and who shall be thereon at any place within the jurisdiction of the United States, including the Canal Zone, shall be guilty of a misdemeanor and shall be liable to a fine not exceeding $500 or imprisonment for a period not exceeding 1 year, or both, in the discretion of the court."

With the following committee amendment:

On page 2, line 5, after the word "who" insert "with such intent."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COOPERATIVE SUSTAINED-YIELD UNIT AGREEMENTS WITH FOREST OWNERS AND OPERATORS

The Clerk called the next bill, S. 250, to promote sustained-yield forest management in order thereby (a) to stabilize communities, forest industries, employment, and taxable forest wealth; (b) to assure a continuous and ample supply of forest products; and (c) to secure the benefits of forests in regulation of water supply and stream flow, prevention of soil erosion, amelioration of climate, and preservation of wildlife.

Mr. PACE. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. PACE]?

There was no objection.

NATIONAL SURVEY OF FOREST RESOURCES

The Clerk called the next bill, H. R. 3848, to amend section 9 of the act of May 22, 1929, authorizing and directing a national survey of forest resources.

Mr. PACE. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. PACE]?

There was no objection.

FEES AND COSTS IN THE CIRCUIT COURTS OF APPEALS

The Clerk called the next bill, H. R. 1569, to amend the act entitled "An act to amend the act creating the circuit

court of appeals in regard to fees and costs, and for other purposes," approved February 19, 1897 (29 Stat. 536; 28 U. S. C. 543).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to amend the act creating the circuit court of appeals in regard to fees and costs, and for other purposes," approved February 19, 1897 (29 Stat. 536; 28 U. S. C. 543), is amended to read as follows:

"That the second section of an act to establish circuit courts of appeals, passed March 3, 1891, be amended so that the clause therein which now reads, 'The costs and fees in the Supreme Court now provided for by law shall be costs and fees in the circuit courts of appeals,' shall read, 'The costs and fees to be charged and collected in each circuit court of appeals shall be prescribed from time to time by the Judicial Conference of Senior Circuit Judges upon the recommendation of the Director of the Administrative Office of the United States Courts. Such costs and fees shall be reasonable and uniform in all the circuits.'"

SEC. 2. Until the effective date of action of the Judicial Conference of Senior Circuit Judges pursuant to section 1 of this act, the table of fees and costs now in effect in the circuit courts of appeals shall remain in force.

With the following committee amendment:

On page 2, line 7, strike out "upon the recommendation of the Director of the Administrative Office of the United States Courts."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FEES CHARGED IN THE DISTRICT COURT OF THE UNITED STATES

The Clerk called the next bill, H. R. 1623, to amend an act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857), as amended (28 U. S. C., secs. 548–555).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925, as amended, is amended to read as follows:

"SEC. 2. Upon the institution of any suit or proceeding, whether by original process, removal, indictment, information, or otherwise, there shall be paid by the party or parties so instituting such suit or proceeding, as fees of the clerk for all services to be performed by him in such case or proceeding, except as hereinafter provided, the sum of $15: *Provided, however*, That the clerk shall not be required to account for any such fee not collected by him in any criminal case: *Provided further*, That nothing herein contained shall prohibit the court from directing by rule or standing order the collection at the time the services are rendered of the fees herein enumerated from either party, but all such fees shall be taxed as costs in the respective cases."

SEC. 2. Sections 3, 4, and 7 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925, as amended, are hereby repealed.

SEC. 3. Section 5 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925, as amended, is amended to read as follows:

"SEC. 5. Upon the filing of any separate or joint notice of appeal or petition for appeal (including assignment of errors) to any circuit court of appeals or the Supreme Court of the United States, or upon the receipt of any order allowing or notice of the allowance of an appeal or a writ of certiorari from an appellate court, there shall be paid by the party or parties prosecuting such appeal or procuring such writ of certiorari, as an additional fee in said suit or action, or proceeding in bankruptcy, the sum of $5."

SEC. 4. Section 6 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925, as amended, is amended to read as follows:

"SEC. 6. Upon the filing of any petition or application for a writ of habeas corpus, or appeal from a deportation order of a United States commissioner, there shall be charged and collected by the clerk, from the petitioner or applicant, as full payment for all services performed or to be performed by him in said proceeding, the sum of $5."

SEC. 5. Section 8 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925, as amended, is amended to read as follows:

"SEC. 8. In addition to the fees for services rendered in cases, hereinbefore enumerated, the clerk shall charge and collect, for miscellaneous services performed by him, except when on behalf of the United States, reasonable fees which shall be prescribed from time to time by the Judicial Conference of Senior Circuit Judges upon the recommendation of the Director of the Administrative Office of the United States Courts: *Provided*, That in each criminal case not provided for in section 1033 of the Revised Statutes of the United States the clerk shall furnish each defendant, upon his request, a copy of any information filed or indictment returned against him, the fees for said copy and the certificate thereto, at the rates fixed as herein provided for, to be taxed as costs; but such fees shall not be demanded of any such defendant unless and until by order, judgment, or decree of the court the costs in the case are assessed against him."

SEC. 6. This amendatory act shall take 30 days after its enactment: *Provided*, That in all suits or actions or proceedings instituted prior to and pending of record on the effective date of this amendatory act, fees for services thereafter performed by clerks of district courts of the United States shall be charged and collected as if this amendatory act had not been enacted, and that until the effective date of action of the Judicial Conference of Senior Circuit Judges to prescribe fees for miscellaneous services pursuant to section 8 of the act of February 11, 1925, as amended by this act, fees for miscellaneous services shall continue to be charged and collected as if this amendatory act had not been enacted.

With the following committee amendment:

On page 3, line 23, strike out "upon the recommendation of the Director of the Administrative Office of the United States Courts."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNUAL COMPENSATION OF THE SECRETARY OF THE TERRITORY OF ALASKA

The Clerk called the next bill, H. R. 3362, to fix the annual compensation of the secretary of the Territory of Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That from and after the date of passage of this act the salary of the secretary of the Territory of Alaska is fixed at $8,000 per annum.

SEC. 2. All acts and parts of acts in conflict herewith are repealed to the extent of such conflict.

With the following committee amendment:

On page 1, line 4, strike out "$8,000" and insert in lieu thereof "$7,500."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ASSISTING IN RELIEVING ECONOMIC DISTRESS IN PUERTO RICO

The Clerk called the next bill, S. 981, to assist in relieving economic distress in Puerto Rico.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MILLER of Nebraska. Mr. Speaker, reserving the right to object, I wish someone would explain this bill.

Mr. McGEHEE. Mr. Speaker, I may say to the membership of the House that S. 981 was considered by the Insular Affairs Committee of the House and is before us with a favorable report together with amendments. The excise taxes that are being collected by Puerto Rico from products that are manufactured there and shipped to this country are being held in the Puerto Rican treasury, under the provisions of the basic act. For many years those taxes did not amount to so much. During the year 1942 they ran from $400,000 to $800,000 per month, but in 1943 they began to go up. In February 1943 they amounted to $1,193,813, and in August to $4,941,465.

The total in 1941 was $7,885,000, in 1942, $11,697,000, and in 1943, $39,850,000.

The prospects this year are that the total will run to between fifty and sixty million dollars. Those are collections principally from the rum tax.

Heretofore all aid that has been given by this Government to Puerto Rico in helping them in their economic distress and in their unemployment situation has been paid by our National Government through appropriations made by the Congress. The total expenditures that would be necessary for Puerto Rico in the maintenance of its government should not run over $50,000,000 a year; hence if the prospects are that this rum tax will continue running from $40,000,000 to $60,000,000 or $70,000,000 for the next 2 or 3 years, it is more money than they will need for their entire budget. Yet they will continue to collect several million dollars through their local taxes. Mr. Speaker, those of us who visited Puerto Rico this past summer, under the mandate of the Congress to investigate the political and social conditions of the island, found a condition of waste, unheard-of attempted social reforms, waste and extravagance in expenditures of moneys by the party in power, evidently in the hope of perpetuation, none of which would be approved by the

membership of Congress. Hence, the Committee on Insular Affairs, in considering this bill (S. 981), which is to assist in relieving economic distress in Puerto Rico, thought it wise that the Congress hold these funds that are being collected from the rum tax and other excise taxes, half of them to be placed in the Puerto Rican treasury and half placed in the Treasury of the United States. This money is still in the hands of the Congress, and can be utilized by it as it sees fit by future appropriation if, in its wisdom, it feels Puerto Rico is entitled to it.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. McGEHEE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In other words, at the present time the Federal statute provides that all taxes collected under the internal revenue laws of the United States on articles produced in Puerto Rico and transported to the United States or consumed in the islands shall be covered into the treasury of Puerto Rico.

Mr. McGEHEE. That is the present law.

Mr. CRAWFORD. What the committee desires to do here, and because of the reasons the gentleman has so well stated, is to change the present law so that 50 percent of the Puerto Rican export taxes on rum, cigarettes, cigars, and tobacco shall be placed under the control of the Congress of the United States, so that the Congress will have disposition of those funds for the benefit of the island of Puerto Rico and its people, according to the judgment of the Congress, thereby arranging matters so that the Puerto Rican Legislature cannot waste these funds in any way on projects and then come back to the Congress and ask us to make up whatever deficit they have, in order to care for their people. That is the real meaning of this bill.

Mr. MARCANTONIO. Reserving the right to object, Mr. Speaker, I regret exceedingly that I have to disagree with the gentleman who is presenting this bill, because I have the highest regard for him, but I feel that the economic aspects of Puerto Rico, which I hope to explain very shortly in a speech to this House, do not warrant taking these funds away from the Puerto Rican people. The money that has been collected under these taxes on rum by Puerto Rico has for years been used by the Puerto Rican goverment for local improvement and for carrying on many of the necessary activities of the government. Further, we are unduly interfering with the government of Puerto Rico by doing this. We are invading whatever little sovereignty we have left to it. We are taking away from Puerto Rico practically its only source of income. I think it is a serious and tragic error to pass this bill, and I must object to its consideration despite my high regard for the gentleman from Mississippi [Mr. McGEHEE].

The SPEAKER pro tempore. Objection is heard.

AMENDING SECTION 214 OF THE ACT OF FEBRUARY 28, 1925

The Clerk called the next bill, H. R. 3870, to amend section 214 of the act of February 28, 1925.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, effective July 1, 1943, section 214 of the act of February 28, 1925 (43 Stat. 1069; 39 U. S. C. 826), is amended to read as follows:

"The Postmaster General is hereby authorized to continue the work of ascertaining the revenues derived from and the cost of carrying and handling the several classes of mail matter and of performing the special services, and to state the results annually and pay the cost thereof out of the departmental and field appropriations of the several bureaus of the department supervising or conducting the studies."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING PUBLIC LAW 537, SEVENTY-SEVENTH CONGRESS, APPROVED MAY 2, 1942

The Clerk called the next bill, H. R. 2908, to amend Public Law 537, Seventy-seventh Congress, approved May 2, 1942.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker, the report on this bill conflicts with the Ramseyer rule. Therefore, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ARKANSAS-MISSISSIPPI BRIDGE COMMISSION

The Clerk called the next bill, S. 1255, to revive and reenact the act entitled "An act creating the Arkansas-Mississippi Bridge Commission; defining the authority, power, and duties of said Commission; and authorizing said Commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., and for other purposes," approved May 17, 1939.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Reserving the right to object, Mr. Speaker, I should like to ask a question of the author of this bill, if he is present. The bill states that the work shall be commenced within 1 year and completed within 3 years from the date of the enactment of this act. Suppose the bridge is commenced and is only half or two-thirds completed at the end of the 3-year period? Under the wording of this bill, it would have to hang there forever, and the money would be wasted.

Mr. BOREN. The proviso to which the gentleman refers is the customary proviso that is placed in these bills to guarantee fulfillment of the purpose for which the legislation is designed. If a situation such as the gentleman points out should arise, the Congress would act expeditiously to settle the matter. It would be a mere matter of form, and has been done very many times heretofore.

Mr. CUNNINGHAM. The gentleman has no doubt but that that would be done?

Mr. BOREN. If such a situation should arise within 30 or 60 days in advance of the expiration of the term we would pass a bill extending the period. We felt that despite the fact this is a war period, in which the bridge may not be immediately commenced, it is wise to keep the regular provision in the bill. We can meet that contingency if it should arise.

Mr. CUNNINGHAM. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved May 17, 1939, heretofore extended by acts of Congress approved May 27, 1940, and July 14, 1941, creating the Arkansas-Mississippi Bridge Commission and authorizing such Commission to construct, maintain, and operate a bridge and approaches thereto across the Mississippi River, at or near Friar Point, Miss., and Helena, Ark., be, and is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE MISSOURI RIVER, RANDOLPH, MO.

The Clerk called the next bill, S. 1504, to extend the time for completing the construction of a railroad bridge across the Missouri River at or near Randolph, Mo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the time for completing the construction of the railroad bridge and approaches thereto across the Missouri River at or near Randolph, Mo., authorized to be constructed, maintained, and operated by Frank O. Lowden, James E. Gorman, and Joseph B. Fleming, trustees of the estate of The Chicago, Rock Island & Pacific Railway Co., their successors and assigns, by an act of Congress approved August 7, 1939, heretofore extended by act of Congress approved June 6, 1940, is hereby further extended 4 years from August 7, 1944.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE MISSISSIPPI RIVER, SAUK RAPIDS, MINN.

The Clerk called the next bill, H. R. 3028, to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Sauk Rapids, Minn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the time for commencing and completing the construction of a bridge across the Mississippi River, at or near Sauk Rapids, Minn., authorized to be built by the Minnesota Department of Highways and the counties of Benton and Stearns in Minnesota, by an act of Congress approved October 9, 1940, are hereby extended 1 and 3 years, respectively, from October 9, 1943.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

On page 1, strike out "commencing and."

Line 8, strike out "are" and insert "is", and strike out "one and."

Line 9, strike out the comma and the word "respectively."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to extend the time for completing the construction of a bridge across the Mississippi River at or near Sauk Rapids, Minn."

BRIDGE ACROSS ST. LAWRENCE RIVER, OGDENSBURG, N. Y.

The Clerk called the next bill, H. R. 3164, to revive and reenact the act entitled "An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N. Y., and for other purposes," approved June 14, 1933.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act approved June 14, 1933, as amended (heretofore extended by acts of Congress approved June 8, 1934, May 28, 1935, April 11, 1936, August 12, 1937, April 26, 1939, June 8, 1940, and August 21, 1941), creating the Saint Lawrence Bridge Commission and authorizing said Commission and its successors to construct, maintain, and operate a bridge across the Saint Lawrence River at or near Ogdensburg, N. Y., be, and is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 2 years and completed within 4 years from the date of approval hereof.

The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to revive and reenact the act entitled 'An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N. Y.,' approved June 14, 1933, as amended."

BUREAU OF ENGRAVING AND PRINTING

The Clerk called the next bill, S. 1447, to remit claims of the United States on account of overpayments to part-time charwomen in the Bureau of Engraving and Printing, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That remission is hereby made of any and all claims of the United States in consequence of payments of wages at the rate of 78 cents an hour, rather than at some lower rate or rates, for work performed during the period from August 1, 1942, to June 30, 1943, both dates inclusive, by part-time charwomen employed in the Bureau of Engraving and Printing of the Treasury Department. Remission is hereby made of any and all claims of the United States in consequence of payments of wages for hours of work in any one week in excess of 40 at the overtime rate of one and one-half times the rates at which payments were made for the first 40 hours of work in that week, rather than at some lower rate or rates, for work performed on or after December 22, 1942, by any of said part-time charwomen pursuant to temporary details (pending promotions) to assignments requiring 48 hours' work in 1 week. Said remissions are hereby made, notwithstanding any determination that the rate or rates at which said payments of wages were made is or are in excess of the rate or rates of pay established by law for said employment: *Provided*, That if said payments of wages at said rate of 78 cents an hour and at said overtime rate are otherwise correct, the Comptroller General is hereby authorized and directed to allow credit therefor in the accounts of the officers accountable therefor, to make no charge against any certifying officer because of certification of said payments of wages, and to remove every charge, if any, heretofore made against any certifying officer because of certification of said payments of wages.

SEC. 2. Nothing in this act shall be deemed to authorize the refund of any amounts heretofore withheld or deducted from wages paid to any of said part-time charwomen for work performed after June 30, 1943, in satisfaction or partial satisfaction of any and all claims or asserted claims of the United States in consequence of said payments of wages at said rate of 78 cents and at said overtime rate.

Mr. PRIEST. Mr. Speaker, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. PRIEST: On page 2, line 21, strike out all of section 2. Insert in lieu thereof:

"SEC. 2. The Secretary of the Treasury is hereby authorized and directed to make refunds of any and all amounts heretofore withheld or deducted from wages paid to any of said part-time charwomen for work performed after June 30, 1943, in satisfaction or partial satisfaction of any and all claims or asserted claims of the United States in consequence of said payments of wages at said rate of 78 cents and at said overtime rate. The annual appropriation for salaries and expenses, Bureau of Engraving and Printing, 1944, is hereby made available to the extent of $700 for the purpose of making said refunds as herein provided."

Mr. PRIEST. Mr. Speaker, just by way of explanation, the House bill that passed on December 6, 1943, contained the language of this amendment. The purpose of offering this amendment is merely to make the Senate bill conform to the House bill previously passed.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

USE OF THE PENALTY MAIL PRIVILEGE

The Clerk called the next bill, H. R. 4033, relating to the use of the penalty mail privilege.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all envelopes, labels, wrappers, cards, and other articles, bearing the indicia prescribed by law for matter mailed free of postage under the penalty privilege by all executive departments and agencies, all independent establishments of the Government, and all other organizations and persons authorized by law to use the penalty privilege, shall be procured or accounted for through the Postmaster General under such regulations as he shall prescribe. The head of each such department, agency, establishment, or other organization, or each such person, shall submit to the Postmaster General within 60 days after the close of each fiscal year a statement showing the number of envelopes, labels, wrappers, cards, and other articles bearing such indicia on hand at the close of such fiscal year.

SEC. 2. (a) The Postmaster General shall report to the Congress and to the Bureau of the Budget as soon as practicable after the close of the fiscal year ending June 30, 1944, and within 90 days after the close of each subsequent fiscal year, the number of envelopes, labels, wrappers, cards, and other articles bearing such penalty indicia used during such fiscal year by each executive department and agency, by each independent establishment, and by each organization and person authorized by law to use the penalty privilege.

(b) The Postmaster General shall, beginning with the fiscal year beginning July 1, 1944, report quarterly to the Congress and the Bureau of the Budget the number of envelopes, labels, wrappers, cards, and other articles bearing such penalty indicia procured or accounted for, through him, by each such department, agency, establishment, and other organization and person, together with the estimated number of pieces and weight of matter mailed free of postage under the penalty privilege and the estimated cost of handling such matter as determined by the cost ascertainment procedure of the Post Office Department.

(c) Based on the estimated cost determined in accordance with subsection (b), each such department, agency, and independent establishment, except the Post Office Department, shall include in its annual estimates of appropriations an amount representing the anticipated costs to the Post Office Department of handling the penalty mail of such department, agency, or independent establishment.

(d) Within 30 days following determination and advice by the Postmaster General of the estimated cost of handling the penalty mail, each such department, agency, and independent establishment shall deposit in the general funds of the Treasury as miscellaneous receipts from its appropriations an amount equivalent to such costs.

SEC. 3. On and after August 1, 1944, no article or package of official matter, or number of articles or packages of official matter constituting in fact a single shipment, exceeding 4 pounds in weight shall be admitted to the mails under the penalty privilege, except (1) stamped paper and supplies sold or used by the postal service; and (2) books and documents published or circulated by order of Congress when mailed by the Superintendent of Public Documents or under the franking privilege.

SEC. 4. (a) Official matter not within the provisions of section 3 which is over 4 pounds in weight, if otherwise mailable, whether sealed or unsealed, including written matter, shall, if such matter does not exceed the limit of weight or size prescribed for fourth-class matter, be accepted for mailing upon the payment of postage at fourth-class rates.

(b) Shipments of official matter shall be sent by the most economical means of trans-

portation practicable, and the Postmaster General may refuse to accept any such matter for shipment by mail when in his judgment it is in the public interest that it be forwarded by other means at less expense.

SEC. 5. Sections 1 and 2 of this act shall not apply to the Department of War and the Department of the Navy for the duration of the present war and 6 months thereafter.

SEC. 6. All executive departments and agencies, all independent establishments of the Government, and all other organizations and persons authorized by law to use the penalty privilege, are directed to supply as soon as practicable, all necessary information requested by the Post Office Department to carry out the provisions of this act.

SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEC. 8. This act shall take effect July 1, 1944.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WATER SUPPLY OF THE CITY OF SITKA, ALASKA

The Clerk called the bill (H. R. 2956) for the protection of the water supply of the city of Sitka, Alaska.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker, I reserve the right to object. Will the gentleman from Alaska tell us whether the city of Sitka, Alaska, is supplied by private water companies or by a municipally owned company?

Mr. DIMOND. The city of Sitka is supplied by a municipally owned water company, which was formerly under private control.

Mr. KEAN. I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted etc., That the tract of land hereinafter described, situated in the Territory of Alaska, is hereby reserved from all forms of location, entry, or appropriation, whether under the mineral or nonmineral land laws of the United States, and set aside as a municipal water-supply reserve for the use and benefit of the people of the city of Sitka, a municipal corporation of the Territory of Alaska, as follows, to wit: Beginning at corner numbered 1, identical with mile-post 1, one line of United States Survey 1763 between corners numbered 2 and 3, thereof; thence north sixty-four degrees fifty-five minutes fifty seconds east twenty-seven and seventy one-hundredths chains to corner numbered 2 identical with corner numbered 3 of United States Survey Numbered 1763; thence following the summit of the drainage area of Cascade Creek approximately five and one-half miles to corner numbered 3; thence south ten degrees east approximately seventy chains to corner numbered 4 at diversion dam on Cascade Creek; thence south thirty degrees east approximately twenty-five chains to corner numbered 5; thence south seventy degrees east approximately eighty-three chains to corner numbered 1, the place of beginning and containing approximately three thousand two hundred and thirty-five acres.

SEC. 2. The lands hereinbefore described and reserved for municipal water-supply purposes, which are partly within the Tongass National Forest, shall be administered by the Secretary of Agriculture, for the purpose of storing, conserving, and protecting from pollution the said water supply, and preserving, improving, and increasing the timber growth on said lands, to more fully accomplish such purposes; and to that end said municipality shall have the right, subject to the approval of the Secretary of Agriculture, to the use of any and all parts of the lands reserved for the storage and conveying of water and construction and maintenance thereon of all improvements for such purposes: *Provided*, That the merchantable timber on the land to be used by the said municipality may be sold by the Secretary of Agriculture under rules and regulations to be prescribed by him: *And provided further*, That the right to the use by the city of Sitka of the lands reserved by this act shall terminate upon the abandonment of the use by such municipality in accordance with the terms of this act, and upon a finding of such nonuse or abandonment, for a period of 2 years, by the Secretary of Agriculture, whereupon the reservation created by this act shall terminate to the extent of such lands involved.

SEC. 3. The Secretary of Agriculture is hereby authorized to prescribe and enforce such regulations as may be found necessary to carry out the purpose of this act, including the right to forbid persons other than those authorized by him and the municipal authorities of said municipal corporation from entering or otherwise trespassing upon these lands, and any violation of this act or of regulations issued thereunder shall be a misdemeanor and shall be punishable as is provided for in section 5050, Compiled Laws of Alaska, 1933.

SEC. 4. Nothing herein contained shall affect any valid right or claim to any part of said lands heretofore acquired under any law of the United States.

With the following committee amendments:

On page 1, line 10, strike out the word "one" and insert in lieu thereof the word "on."

On page 2, line 16, after the word "are", insert the word "partly."

At the end of the bill add a new section reading as follows:

"SEC. 5. This act shall not become operative as to the lands set aside for the use of the War Department under Executive Order 9114, until such area is removed from the status of a military reservation and shall not become operative with respect to any part of the water supply reserve lying within the area reserved for military purposes until relinquishment of such area from military control, otherwise it shall become effective immediately."

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING PAY ADJUSTMENT ACT OF 1942

The Clerk called the bill (H. R. 1506) to further amend the Pay Adjustment Act of 1942.

The SPEAKER. Is there objection?

Mr. CUNNINGHAM. Mr. Speaker, I reserve the right to object. The language of the bill is that this shall continue until the termination of the war, instead of the termination of hostilities, or 6 months thereafter. That may be too long a period of time.

Mr. SPARKMAN. Mr. Speaker, if the gentleman will yield, my impression is that the language in this amendment is the same language used in the Pay Adjustment Act, so far as the war is concerned. In other words, various provisions with reference to the Pay Adjustment Act have been tied in with the period of the war, and while I do not have the act before me now, it is my opinion that the language used here is exactly the same as in the act.

Mr. CUNNINGHAM. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection?

The Clerk read the bill as follows:

Be it enacted, etc., That section 3A, Public Law 785, Seventy-seventh Congress, approved December 2, 1942, is amended to read as follows:

"SEC. 3A. During the existence of any war declared by Congress and for 6 months immediately following the termination of such war, in computing the service for all pay purposes of officers paid under the provisions of section 1, 3, or 8 of this act, such officers, in addition to the time required to be credited by such sections, shall be credited with full time for all periods during which they were enlisted or held appointments as warrant officers or Army field clerks, or as commissioned warrant officers in any of the services mentioned in the title of this act, or in the Regular Army Reserve, or in the Organized Militia prior to July 1, 1916, or in the National Guard, or in the National Guard Reserve, or in the National Guard of the United States, or in the Enlisted Reserve Corps, or in the Naval Militia, or in the National Naval Volunteers, or in the Naval Reserve Force, Naval Reserve, Marine Corps Reserve force, Marine Corps Reserve, Coast Guard Reserve, and the Reserve Corps of the Public Health Service, or in the Philippine Scouts, or in the Philippine Constabulary. The provisions of this section shall not be construed to permit any commissioned officer to receive pay and allowances in excess of the maximum limitations imposed upon the total pay and allowances of any rank or grade, by any of the provisions of this act."

With the following committee amendments:

Strike out all of lines 3, 4, and 5 of the bill and insert the following:

"That section 3A of the Pay Readjustment Act of 1942, as added by section 3 of the act of December 2, 1942 (Public Law 785, 77th Cong.), is hereby amended to read as follows:"

Strike out the word "officers" appearing in lines 9 and 10, page 1, of the bill, and substitute the word "persons" therefor in each place.

Strike out the words "or 8" appearing in line 10, page 1, of the bill and substitute therefor the words "8, or 9."

Strike out the words "such sections" appearing in line 11, page 1, of the bill and substitute therefor the words "the section under which they are paid."

Strike out the words "commissioned officer" appearing in line 15, page 2, of the bill and substitute therefor the word "person."

Strike out the words "any rank or grade" appearing in line 17, page 2, of the bill and substitute therefor the words "his rank, grade, or rating."

Change the period at the end of the bill appearing in line 18, page 2, to a comma and add the following: "nor to modify the character of service required for advancement of commissioned warrant officers to a higher pay period."

Add the following sections to the bill:

"SEC. 2. The sixth paragraph of section 8 of such act is hereby amended to read as follows:

"'Every person paid under the provisions of this section shall receive an increase of 5 percent of the base pay of his period for each 3 years of service, not exceeding 30 years. Such service shall be: active Federal service in any of the services mentioned in the title of this act or Reserve components thereof; service in the active National Guard of the several States, Territories, and the District of Columbia; and service in the Enlisted Reserve Corps of the Army, the Officers' Reserve Corps of the Army; the Naval Reserve, the Marine Corps Reserve, and the Coast Guard Reserve: *Provided*, That commissioned warrant officers shall be credited only with all commissioned service in any of the services mentioned in the title of this act including commissioned service in the Reserve components thereof and the National Guard.'

"SEC. 3. The third paragraph of section 9 of such act is hereby amended to read as follows:

"'Every enlisted man paid under the provisions of this section shall receive an increase of 5 percent of the base pay of his grade for each 3 years of service up to 30 years. Such service shall be active Federal service in any of the services mentioned in the title of this act or Reserve components thereof; service in the active National Guard of the several States, Territories, and the District of Columbia; and service in the Enlisted Reserve Corps of the Army, the Officers' Reserve Corps of the Army, the Naval Reserve, the Marine Corps Reserve, and the Coast Guard Reserve.'

"SEC. 4. The eleventh paragraph of section 1 and the first paragraph of section 3 of such act, as amended by the act of December 2, 1942, are each hereby further amended by inserting after the words 'Officers' Reserve Corps', where such words appear in each of those paragraphs, a comma and the following: 'or in the Medical Reserve Corps.'

"SEC. 5. This act shall become effective as of June 1, 1942, but no back pay or allowances for any period prior to such date shall accrue by reason of the enactment of this act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTABLISHING A CHIEF OF CHAPLAINS, UNITED STATES NAVY

The Clerk called the bill (H. R. 1023) to establish a Chief of Chaplains of the United States Navy.

The SPEAKER. Is there objection?

Mr. VINSON of Georgia. Mr. Speaker, I reserve the right to object. The bill is presented by the distinguished gentleman from Pennsylvania [Mr. BRADLEY]. It is impossible for him to be here today. In view of the fact that he has an amendment to offer, I ask unanimous consent that the bill be passed over without prejudice, and I am hoping the Speaker may recognize him tomorrow morning for the purpose of asking unanimous consent for the consideration of the bill. I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

AMENDING NATIONALITY ACT OF 1940

The Clerk called the bill (H. R. 3722) to amend section 342 of the Nationality Act of 1940 in respect to fees for the issuance of the certificates of arrival.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (a) of section 342 of the Nationality Act of 1940, approved October 14, 1940 (54 Stat. 1161; U. S. C., title 8, sec. 742 (a)), be, and it hereby is, amended to read as follows:

"SEC. 342. (a) The clerk of each and every naturalization court shall charge, collect, and account for the following fees:

"(1) For receiving and filing a declaration of intention, and issuing a duplicate and triplicate thereof, $3.

"(2) For making, filing, and docketing a petition for naturalization, $8, including the final hearing on such petition, if such hearing be held, and a certificate of naturalization, if the issuance of such certificate is authorized by the naturalization court."

SEC. 2. Subsection (b) of section 342 of the Nationality Act of 1940, approved October 14, 1940 (54 Stat. 1161; U. S. C., title 8, sec. 742 (b)), is hereby amended by striking out subparagraph (2) thereof, which reads as follows: "For the issuance of each certificate of arrival, $2.50." and by renumbering subparagraphs (3), (4), (5), (6), (7), (8), and (9) as subparagraphs (2), (3), (4), (5), (6), (7), and (8).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING DEFENSE HIGHWAY ACT OF 1941

The Clerk called the bill (H. R. 3912) to amend section 6 of the Defense Highway Act of 1941, as amended.

The SPEAKER. Is there objection?

Mr. KEAN. I reserve the right to object. This bill provides for the authorization of $25,000,000, and is evidently not a proper bill to have on the Consent Calendar. Therefore, I object.

LOSS OF UNITED STATES NATIONALITY

The Clerk called the bill (H. R. 4103) to provide for loss of United States nationality under certain circumstances.

The SPEAKER. Is there objection?

Mr. KEAN. Mr. Speaker, I reserve the right to object. This bill was put on the calendar on February 3, and I do not think it can be brought up today.

Mr. GEARHART. Mr. Speaker, I reserve the right to object. This deals with one of the most important subjects in respect to our citizenship. I do not think the bill should be called up. For that reason I object.

Mr. PRIEST. Mr. Speaker, I move that the call of the calendar be suspended after Calendar No. 230.

The SPEAKER. It will be suspended unless unanimous consent is provided otherwise. This bill is not properly before the House at this time.

EXTENSION OF REMARKS

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article appearing in the Polish Falcon of January 27, 1944.

The SPEAKER. Is there objection?

There was no objection.

BOARD OF VISITORS, UNITED STATES NAVAL ACADEMY

The SPEAKER. Pursuant to the provision of title 34, section 1081, United States Code, the Chair appoints as members of the Board of Visitors to the United States Naval Academy the following Members of the House: Mr. SCHUETZ, Mr. SASSCER, Mr. KING, Mr. BATES of Massachusetts, and Mr. STEFAN.

REVENUE ACT OF 1943—CONFERENCE REPORT

Mr. DOUGHTON. Mr. Speaker, I call up the conference report upon the bill (H. R. 3687) to provide revenue, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

(The Clerk proceeded to read the statement of the conferees.)

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3687) to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 33, 52, 54, 56, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 140, 165, 185, 187, 200, 211, 214, 215, 222, 223, 224, 226, 227, 228, 250, 253, 276, 279, 285, 286, 292, 294, 304, 305, and 306.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 7, 20, 21, 22, 23, 24, 25, 26, 28, 38, 39, 41, 42, 43, 44, 45, 46, 48, 50, 51, 59, 60, 62, 63, 64, 65, 66, 74, 75, 76, 77, 78, 79, 82, 83, 84, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 122, 123, 124, 125, 127, 128, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 142, 143, 145, 146, 147, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 181, 182, 183, 184, 188, 189, 190, 191, 192, 193, 194, 195, 196, 198, 201, 209, 210, 216, 217, 218, 219, 220, 221, 225, 229, 230, 231, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 251, 254, 255, 256, 257, 258, 259, 261, 262, 263, 264, 265, 266, 267, 269, 270, 271, 272, 273, 274, 275, 277, 278, 280, 281, 283, 284, 287, 288, 289, 291, 293, 297, 298, 300, 302, 303, 307, and 308, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

[In the following table, a section number enclosed in parentheses following the description of the subject matter of a section, subsection, or paragraph of this act indicates each provision of the Internal Revenue Code amended by such section, subsection, or paragraph of this act.]

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"Sec. 103. Determination of status for purposes of personal exemption and credit for dependents (sec. 25 (b) (3))

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"(b) Effective date.

"Sec. 306. Technical amendment of manufacturers' excise tax on tires and inner tubes (sec. 3400).

"Sec. 307. Termination of certain governmental excise tax exemptions.

"(a) (1) Tax-free sales under chapter 19 (sec. 2406 (a)).

"(2) Tax on pistols and revolvers (sec. 2700 (b) (1)).

"(3) Tax on firearms, shells, and cartridges (sec. 3407).

"(4) Tax on electrical energy (sec. 3411 (c)).

"(5) Tax-free sales under chapter 29 (sec. 3442).

"(6) Credits and refunds of taxes imposed by chapter 29 (sec. 3443 (a) (3) (A) (i)).

"(7) Tax on telegraph, telephone, radio, and cable facilities (sec. 3466 (a)).

"(8) Tax on transportation of persons (sec. 3469 (f)).

"(9) Tax on transportation of property (sec. 3475 (b)).

"(b) (1) Period with respect to which applicable (secs. 2406 (a), 3411 (c), and 3442 (3)).

"(2) Relating to articles enumerated in section 3404.

"(3) Relating to amendment of section 3443 (a) (3) (A) (i).

"(4) Relating to amendment of section 3466 with respect to taxes imposed by section 3465 (a) (1).

"(5) Relating to amendments of section 3469 (f) (1).

"(6) Definition of 'date of the termination of hostilities in the present war'.

"(c) Authorization of exemptions by Secretary of Treasury with respect to articles or services purchased for the exclusive use of the United States.

"Sec. 308. Floor stocks taxes.

"(a) Distilled spirits (sec. 2800).

"(b) Fermented malt liquors (sec. 3150).

"(c) Wines (sec. 3194).

"Sec. 309. Drawback on distilled spirits.

"(a) Distilled spirits exported (sec. 2887).

"(b) Distilled spirits used in manufacture of certain nonbeverage products (sec. 3250 (l) (5)).

"(c) Distilled spirits with respect to which applicable.

"(d) Time of eligibility for draw-back with respect to distilled spirits used in manufacture of certain nonbeverage products (sec. 3250 (l) (1)).

"(e) Time for filing claim for draw-back with respect to distilled spirits used prior to effective date of title III of Act.

"Sec. 310. Exemption of silver-plated flatware from tax on jewelry (sec. 2400).

"Sec. 311. Repeal of manufacturers' excise tax on vacuum cleaners (sec. 3406 (a) (3)).

"TITLE IV—POSTAL RATES

"Sec. 401. Effective date of Title IV.

"Sec. 402. First class mail.

"(a) Increase in rate for local delivery.

"(b) Increase in rate for air mail.

"Sec. 403. Increase in rate for fourth class mail.

"Sec. 404. Increase in rate for money orders.

"Sec 405. Increase in fees for registered mail.

"Sec. 406. Increase in fees for insured mail.

"Sec. 407. Receipts on registered mail and insured mail.

"Sec. 408. Collect-on-delivery service.

"(a) In general.

"(b) Effecting delivery upon changed terms.

"(c) Demurrage on collect-on-delivery parcels.

"Sec. 409. Additional fee for delivery of registered, insured, and collect-on-delivery mail to addressee only.

"Sec. 410. Termination of increases.

"(a) In general.

"(b) Definition of term 'termination of hostilities in the present war'.

"TITLE V—MISCELLANEOUS ESTATE TAX AND GIFT TAX AMENDMENTS, AND OTHER MISCELLANEOUS AMENDMENTS AND PROVISIONS

"Sec. 501. Valuation of unlisted stock and securities for estate tax purposes (sec. 811 (k)).

"Sec. 502. Certain discretionary trusts in connection with gift tax.

"(a) Amendment of Internal Revenue Code (sec. 1000).

"(b) Amendment of the Revenue Act of 1932.

"(c) Interest on overpayments.

"Sec. 503. Use of commissioners in cases before The Tax Court of the United States (sec. 1114).

"Sec. 504. Retroactivity of seven-year statute of limitations relating to bad debts.

"Sec. 505. Extension of time in connection with release of powers of appointment.

"Sec. 506. Repeal of certain provisions of the Current Tax Payment Act of 1943 relating to increased income.

"(a) In general.

"(b) Technical amendments.

"(c) Effective date.

"Sec. 507. Importation of standard newsprint.

"(a) In general.

"(b) Effective date.

"Sec. 508. Exemption from tax on playing cards exported for use of armed forces.

"(a) In general (sec. 1830).

"(b) Effective date.

"Sec. 509. Retroactive effect of section 169 of Revenue Act of 1942.

"(a) In general.

"(b) Certain transferees.

"Sec. 510. Capital gains and losses under declared value excess profits tax.

"(a) In general (sec. 602).

"(b) Taxable years to which applicable.

"Sec. 511. Disclaimed legacies passing to charities (secs. 812 (d) and 861 (a) (3)).

"(a) Deduction in case of citizens and residents (sec. 812 (d)).

"(b) Deduction in case of nonresidents not citizens (sec. 861 (a) (3)).

"(c) Estates with respect to which amendments applicable.

"Sec. 512. Distributions by personal holding companies (sec. 115 (a)).

"(a) In general (sec. 115 (a)).

"(b) Effective date.

"Sec. 513. Period of limitations in case of related taxes under chapters 1 and 2 (sec. 3807).

"(a) In general (sec. 3807).

"(b) Taxable years to which applicable.

"TITLE VI—FEDERAL UNEMPLOYMENT TAXES

"Sec. 601. Credits against Federal unemployment taxes (sec. 1601).

"Sec. 602. Credit against Federal unemployment taxes for years 1936 to 1942.

"TITLE VII—RENEGOTIATION OF WAR CONTRACTS

"Sec. 701. Renegotiation of war contracts.

"(a) Terms used.

"(b) Amendment to section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942.

"(c) Technical amendments (sec. 3806).

"(d) Effective date of amendments to section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942.

"TITLE VIII—REPRICING OF WAR CONTRACTS

"Sec. 801. Repricing of war contracts.

"Sec. 802. Effective date.

"TITLE IX—SOCIAL SECURITY TAXES

"Sec. 901. Automatic increase in 1944 rate not to apply.

"(a) Amendment to clauses (1) and (2) of section 1400 of Federal Insurance Contributions Act.

"(b) Amendment to clauses (1) and (2) of section 1410 of Federal Insurance Contributions Act.

"Sec. 902. Appropriations to the trust fund."

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 102. Alternative tax on individuals with gross income from certain sources of less than $3,000.

"(a) In General. Section 400 (relating to optional tax) is amended to read as follows:

"'SEC. 400. Imposition of tax.

"'In lieu of the tax imposed under sections 11, 12, and 450, an individual who makes his return on the cash basis may elect, for each taxable year, to pay the tax shown in the following table if his gross income for such taxable year is less than $3,000 and consists wholly of one or more of the following: Salary, wages, compensation for personal services, dividends, interest, or annuities:

"Single person (not head of family)

"If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
$0	$525	$0	$0	$0	$0	$0	$0	$0	$0
525	550	1	0	0	0	0	0	0	0
550	575	5	0	0	0	0	0	0	0
575	600	10	0	0	0	0	0	0	0
600	625	14	0	0	0	0	0	0	0
625	650	19	0	0	0	0	0	0	0
650	675	24	1	1	1	1	1	1	1
675	700	30	2	2	2	2	2	2	2
700	725	35	3	3	3	3	3	3	3
725	750	40	3	3	3	3	3	3	3
750	775	45	4	4	4	4	4	4	4
775	800	51	5	5	5	5	5	5	5
800	825	56	6	6	6	6	6	6	6
825	850	61	6	6	6	6	6	6	6
850	875	66	7	7	7	7	7	7	7
875	900	71	8	8	8	8	8	8	8
900	925	77	10	9	9	9	9	9	9
925	950	82	15	9	9	9	9	9	9
950	975	87	21	10	10	10	10	10	10
975	1,000	92	26	11	11	11	11	11	11
1,000	1,025	97	31	12	12	12	12	12	12
1,025	1,050	103	36	12	12	12	12	12	12
1,050	1,075	108	41	13	13	13	13	13	13
1,075	1,100	113	47	14	14	14	14	14	14
1,100	1,125	118	52	15	15	15	15	15	15
1,125	1,150	124	57	15	15	15	15	15	15
1,150	1,175	129	62	16	16	16	16	16	16
1,175	1,200	134	67	17	17	17	17	17	17
1,200	1,225	139	73	18	18	18	18	18	18
1,225	1,250	144	78	18	18	18	18	18	18
1,250	1,275	150	83	19	19	19	19	19	19
1,275	1,300	155	88	22	20	20	20	20	20
1,300	1,325	160	94	27	21	21	21	21	21
1,325	1,350	165	99	32	21	21	21	21	21
1,350	1,375	170	104	37	22	22	22	22	22
1,375	1,400	176	109	43	23	23	23	23	23
1,400	1,425	181	114	48	24	24	24	24	24
1,425	1,450	186	120	53	24	24	24	24	24
1,450	1,475	191	125	58	25	25	25	25	25
1,475	1,500	197	130	64	26	26	26	26	26
1,500	1,525	202	135	69	27	27	27	27	27
1,525	1,550	207	141	74	27	27	27	27	27
1,550	1,575	212	146	79	28	28	28	28	28
1,575	1,600	217	151	84	29	29	29	29	29
1,600	1,625	223	156	90	30	30	30	30	30
1,625	1,650	228	161	95	30	30	30	30	30
1,650	1,675	233	167	100	34	31	31	31	31
1,675	1,700	238	172	105	39	32	32	32	32
1,700	1,725	244	177	111	44	33	33	33	33
1,725	1,750	249	182	116	49	33	33	33	33
1,750	1,775	254	187	121	54	34	34	34	34
1,775	1,800	259	193	126	60	35	35	35	35
1,800	1,825	264	198	131	65	36	36	36	36
1,825	1,850	270	203	137	70	36	36	36	36
1,850	1,875	275	208	142	75	37	37	37	37
1,875	1,900	280	214	147	81	38	38	38	38
1,900	1,925	285	219	152	86	39	39	39	39
1,925	1,950	290	224	157	91	39	39	39	39

"Single person (not head of family)—Con.

"If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
$1,950	$1,975	$206	$229	$163	$96	$40	$40	$40	$40
1,975	2,000	301	234	168	101	41	41	41	41
2,000	2,025	306	240	173	107	42	42	42	42
2,025	2,050	311	245	178	112	45	42	42	42
2,050	2,075	317	250	184	117	51	43	43	43
2,075	2,100	322	255	189	122	56	44	44	44
2,100	2,125	327	260	194	127	61	45	45	45
2,125	2,150	332	266	199	133	66	45	45	45
2,150	2,175	337	271	204	138	71	46	46	46
2,175	2,200	343	276	210	143	77	47	47	47
2,200	2,225	348	281	215	148	82	48	48	48
2,225	2,250	353	287	220	154	87	48	48	48
2,250	2,275	358	292	225	159	92	49	49	49
2,275	2,300	363	297	230	164	97	50	50	50
2,300	2,325	369	302	236	169	103	51	51	51
2,325	2,350	374	307	241	174	108	51	51	51
2,350	2,375	379	313	246	180	113	52	52	52
2,375	2,400	384	318	251	185	118	53	53	53
2,400	2,425	390	323	257	190	124	57	54	54
2,425	2,450	395	328	262	195	129	62	54	54
2,450	2,475	400	333	267	200	134	67	55	55
2,475	2,500	405	339	272	206	139	73	56	56
2,500	2,525	410	344	277	211	144	78	57	57
2,525	2,550	416	349	283	216	150	83	57	57
2,550	2,575	421	354	288	221	155	88	58	58
2,575	2,600	426	360	293	227	160	94	59	59
2,600	2,625	431	365	298	232	165	99	60	60
2,625	2,650	436	370	303	237	170	104	60	60
2,650	2,675	442	375	309	242	176	109	61	61
2,675	2,700	448	380	314	247	181	114	62	62
2,700	2,725	454	386	319	253	186	120	63	63
2,725	2,750	460	391	324	258	191	125	63	63
2,750	2,775	465	396	330	263	197	130	64	64
2,775	2,800	471	401	335	268	202	135	69	65
2,800	2,825	477	406	340	273	207	140	74	66
2,825	2,850	483	412	345	279	212	146	79	66
2,850	2,875	489	417	350	284	217	151	84	67
2,875	2,900	495	422	356	289	223	156	90	68
2,900	2,925	501	427	361	294	228	161	95	69
2,925	2,950	507	433	366	300	233	167	100	69
2,950	2,975	513	438	371	305	238	172	105	70
2,975	3,000	519	443	376	310	243	177	110	71

"Married person making separate return

"If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
$0	$650	$0	$0	$0	$0	$0	$0	$0	$0
650	675	5	1	1	1	1	1	1	1
675	700	11	2	2	2	2	2	2	2
700	725	16	3	3	3	3	3	3	3
725	750	21	3	3	3	3	3	3	3
750	775	26	4	4	4	4	4	4	4
775	800	32	5	5	5	5	5	5	5
800	825	37	6	6	6	6	6	6	6
825	850	42	6	6	6	6	6	6	6
850	875	47	7	7	7	7	7	7	7
875	900	52	8	8	8	8	8	8	8
900	925	58	9	9	9	9	9	9	9
925	950	63	9	9	9	9	9	9	9
950	975	68	10	10	10	10	10	10	10
975	1,000	73	11	11	11	11	11	11	11
1,000	1,025	78	12	12	12	12	12	12	12
1,025	1,050	84	17	12	12	12	12	12	12
1,050	1,075	89	22	13	13	13	13	13	13
1,075	1,100	94	28	14	14	14	14	14	14
1,100	1,125	99	33	15	15	15	15	15	15
1,125	1,150	105	38	15	15	15	15	15	15
1,150	1,175	110	43	16	16	16	16	16	16
1,175	1,200	115	48	16	17	17	17	17	17
1,200	1,225	120	54	18	18	18	18	18	18
1,225	1,250	125	59	18	18	18	18	18	18
1,250	1,275	131	64	19	19	19	19	19	19
1,275	1,300	136	69	20	20	20	20	20	20
1,300	1,325	141	75	21	21	21	21	21	21
1,325	1,350	146	80	21	21	21	21	21	21
1,350	1,375	151	85	22	22	22	22	22	22
1,375	1,400	157	90	24	23	23	23	23	23
1,400	1,425	162	95	29	24	24	24	24	24
1,425	1,450	167	101	34	24	24	24	24	24
1,450	1,475	172	106	39	25	25	25	25	25
1,475	1,500	178	111	45	26	26	26	26	26
1,500	1,525	183	116	50	27	27	27	27	27
1,525	1,550	188	122	55	27	27	27	27	27
1,550	1,575	193	127	60	28	28	28	28	28
1,575	1,600	198	132	65	29	29	29	29	29
1,600	1,625	204	137	71	30	30	30	30	30
1,625	1,650	209	142	76	30	30	30	30	30

"Married person making separate return—Continued

"If the gross income is—		And the number of dependents is—							
		0	1	2	3	4	5	6	7 or more
At least	But less than	The tax shall be—							
$1,650	$1,675	$214	$148	$81	$31	$31	$31	$31	$31
1,675	1,700	219	153	86	32	32	32	32	32
1,700	1,725	225	158	92	33	33	33	33	33
1,725	1,750	230	163	97	33	33	33	33	33
1,750	1,775	235	168	102	35	34	34	34	34
1,775	1,800	240	174	107	41	35	35	35	35
1,800	1,825	245	179	112	46	36	36	36	36
1,825	1,850	251	184	118	51	36	36	36	36
1,850	1,875	256	189	123	56	37	37	37	37
1,875	1,900	261	195	128	62	38	38	38	38
1,900	1,925	266	200	133	67	39	39	39	39
1,925	1,950	271	205	138	72	39	39	39	39
1,950	1,975	277	210	144	77	40	40	40	40
1,975	2,000	282	215	149	82	41	41	41	41
2,000	2,025	287	221	154	88	42	42	42	42
2,025	2,050	292	226	159	93	42	42	42	42
2,050	2,075	298	231	165	98	43	43	43	43
2,075	2,100	303	236	170	103	44	44	44	44
2,100	2,125	308	241	175	108	45	45	45	45
2,125	2,150	313	247	180	114	47	45	45	45
2,150	2,175	318	252	185	119	52	46	46	46
2,175	2,200	324	257	191	124	58	47	47	47
2,200	2,225	329	262	196	129	63	48	48	48
2,225	2,250	334	268	201	135	68	48	48	48
2,250	2,275	339	273	206	140	73	49	49	49
2,275	2,300	344	278	211	145	78	50	50	50
2,300	2,325	350	283	217	150	84	51	51	51
2,325	2,350	355	288	222	155	89	51	51	51
2,350	2,375	360	294	227	161	94	52	52	52
2,375	2,400	365	299	232	166	99	53	53	53
2,400	2,425	371	304	238	171	105	54	54	54
2,425	2,450	376	309	243	176	110	54	54	54
2,450	2,475	381	314	248	181	115	55	55	55
2,475	2,500	386	320	253	187	120	56	56	56
2,500	2,525	391	325	258	192	125	59	57	57
2,525	2,550	397	330	264	197	131	64	57	57
2,550	2,575	402	335	269	202	136	69	58	58
2,575	2,600	407	341	274	208	141	75	59	59
2,600	2,625	412	346	279	213	146	80	60	60
2,625	2,650	417	351	284	218	151	85	60	60
2,650	2,675	423	356	290	223	157	90	61	61
2,675	2,700	428	361	295	228	162	95	62	62
2,700	2,725	433	367	300	234	167	101	63	63
2,725	2,750	438	372	305	239	172	106	63	63
2,750	2,775	444	377	311	244	178	111	64	64
2,775	2,800	449	382	316	249	183	116	65	65
2,800	2,825	455	387	321	254	188	121	66	66
2,825	2,850	461	393	326	260	193	127	66	66
2,850	2,875	467	398	331	265	198	132	67	67
2,875	2,900	473	403	337	270	204	137	71	68
2,900	2,925	479	408	342	275	209	142	76	69
2,925	2,950	485	414	347	281	214	148	81	69
2,950	2,975	491	419	352	286	219	153	86	70
2,975	3,000	497	424	357	291	224	158	91	71

"(1) Married person whose spouse has no gross income or (2) married person making joint return or (3) head of family

"'If the gross income is—		And the number of dependents is—					
		0	1	2	3	4	5 or more
At least	But less than	The tax shall be—					
$0	$650	$0	$0	$0	$0	$0	$0
650	675	1	1	1	1	1	1
675	700	2	2	2	2	2	2
700	725	3	3	3	3	3	3
725	750	3	3	3	3	3	3
750	775	4	4	4	4	4	4
775	800	5	5	5	5	5	5
800	825	6	6	6	6	6	6
825	850	6	6	6	6	6	6
850	875	7	7	7	7	7	7
875	900	8	8	8	8	8	8
900	925	9	9	9	9	9	9
925	950	9	9	9	9	9	9
950	975	10	10	10	10	10	10
975	1,000	11	11	11	11	11	11
1,000	1,025	12	12	12	12	12	12
1,025	1,050	12	12	12	12	12	12
1,050	1,075	13	13	13	13	13	13
1,075	1,100	14	14	14	14	14	14
1,100	1,125	15	15	15	15	15	15
1,125	1,150	15	15	15	15	15	15
1,150	1,175	16	16	16	16	16	16
1,175	1,200	17	17	17	17	17	17
1,200	1,225	18	18	18	18	18	18
1,225	1,250	18	18	18	18	18	18
1,250	1,275	19	19	19	19	19	19
1,275	1,300	22	20	20	20	20	20

"(1) Married person whose spouse has no gross income or (2) married person making joint return or (3) head of family—Con.

"'If the gross income is—		And the number of dependents is—					
		0	1	2	3	4	5 or more
At least	But less than	The tax shall be—					
$1,300	$1,325	$27	$21	$21	$21	$21	$21
1,325	1,350	32	21	21	21	21	21
1,350	1,375	37	22	22	22	22	22
1,375	1,400	43	23	23	23	23	23
1,400	1,425	48	24	24	24	24	24
1,425	1,450	53	24	24	24	24	24
1,450	1,475	58	25	25	25	25	25
1,475	1,500	64	26	26	26	26	26
1,500	1,525	69	27	27	27	27	27
1,525	1,550	74	27	27	27	27	27
1,550	1,575	79	28	28	28	28	28
1,575	1,600	84	29	29	29	29	29
1,600	1,625	90	30	30	30	30	30
1,625	1,650	95	30	30	30	30	30
1,650	1,675	100	34	31	31	31	31
1,675	1,700	105	39	32	32	32	32
1,700	1,725	111	44	33	33	33	33
1,725	1,750	116	49	33	33	33	33
1,750	1,775	121	54	34	34	34	34
1,775	1,800	126	60	35	35	35	35
1,800	1,825	131	65	36	36	36	36
1,825	1,850	137	70	36	36	36	36
1,850	1,875	142	75	37	37	37	37
1,875	1,900	147	81	38	38	38	38
1,900	1,925	152	86	39	39	39	39
1,925	1,950	157	91	39	39	39	39
1,950	1,975	163	96	40	40	40	40
1,975	2,000	168	101	41	41	41	41
2,000	2,025	173	107	42	42	42	42
2,025	2,050	178	112	45	42	42	42
2,050	2,075	184	117	51	43	43	43
2,075	2,100	189	122	56	44	44	44
2,100	2,125	194	127	61	45	45	45
2,125	2,150	199	133	66	45	45	45
2,150	2,175	204	138	71	46	46	46
2,175	2,200	210	143	77	47	47	47
2,200	2,225	215	148	82	48	48	48
2,225	2,250	220	154	87	48	48	48
2,250	2,275	225	159	92	49	49	49
2,275	2,300	230	164	97	50	50	50
2,300	2,325	236	169	103	51	51	51
2,325	2,350	241	174	108	51	51	51
2,350	2,375	246	180	113	52	52	52
2,375	2,400	251	185	118	53	53	53
2,400	2,425	257	190	124	57	54	54
2,425	2,450	262	195	129	62	54	54
2,450	2,475	267	200	134	67	55	55
2,475	2,500	272	206	139	73	56	56
2,500	2,525	277	211	144	78	57	57
2,525	2,550	283	216	150	83	57	57
2,550	2,575	288	221	155	88	58	58
2,575	2,600	293	227	160	94	59	59
2,600	2,625	298	232	165	99	60	60
2,625	2,650	303	237	170	104	60	60
2,650	2,675	309	242	176	109	61	61
2,675	2,700	314	247	181	114	62	62
2,700	2,725	319	253	186	120	63	63
2,725	2,750	324	258	191	125	63	63
2,750	2,775	330	263	197	130	64	64
2,775	2,800	335	268	202	135	69	65
2,800	2,825	340	273	207	140	74	66
2,825	2,850	345	279	212	146	79	66
2,850	2,875	350	284	217	151	84	67
2,875	2,900	356	289	223	156	90	68
2,900	2,925	361	294	228	161	95	69
2,925	2,950	366	300	233	167	100	69
2,950	2,975	371	305	238	172	105	70
2,975	3,000	376	310	243	177	110	71

"'Joint returns.—If a joint return of husband and wife is filed, the amount of tax shown in the above table shall be reduced by 3 per centum of the smaller income of the two spouses, but not by more than $19.'"

"(b) Technical amendment: Section 404 (relating to certain taxpayers ineligible to compute tax under alternative method) is amended by inserting after 'nonresident alien individual,' the following: 'to a citizen of the United States entitled to the benefits of section 251,'."

And the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 103. Determination of status for purposes of personal exemption and credit for dependents.

"Section 25 (b) (relating to credits for both normal tax and surtax) is amended by striking out paragraph (3) and inserting in lieu thereof the following:

"'(3) Determination of status: For the purpose of determining the amount of the personal exemption and credit for dependents, the status of the taxpayer shall be determined as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such status shall be determined as of the last day of the taxable year.'

"SEC. 104. Reduction of credits in case of short year limited to jeopardy.

"Section 47 (e) (relating to reduction of personal exemption and credit for dependents in case of short taxable year) is amended by striking out ', except a return made under subsection (a), on account of a change in the accounting period' and inserting in lieu thereof 'under section 146 (a) (1)'."

And the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 105. Returns of income.

"(a) Individual returns: Section 51 (relating to individual returns) is amended by inserting at the end thereof the following:

"'(f) Determination of status: For the purposes of this section and section 142 (a), the determination of whether an individual is married and living with husband or wife shall be made as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such determination shall be made as of the last day of the taxable year'."

"(b) Joint returns: Section 51 (b) (relating to joint returns) is amended by inserting before the period at the end thereof 'or if husband and wife have different taxable years'."

And the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with amendments as follows: On page 8, line 10, of the Senate engrossed amendments, strike out "SEC. 102" and insert "SEC. 106."

On page 24, line 21, of the House bill, strike out "and 15" and insert "15, and 450"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "107"; and the Senate agreed to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "108"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: On page 9, line 4, of the Senate engrossed amendments, strike out "105" and insert "109"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: On page 9, line 14, of the Senate engrossed amendments, strike out "106" and insert "110"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "111"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with amendments as follows:

On page 11, line 20, of the Senate engrossed amendments, strike out "108" and insert "113";

On page 12, line 4, of the Senate engrossed amendments, after "year", insert a comma; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with amendments as follows: On page 12 of the Senate engrossed amendments, in line 9, strike out "109" and insert "114", and in line 14, strike out "end to" and insert "end of"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "115"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with amendments as follows:

On page 13 of the Senate engrossed amendments, in line 2, strike out "111" and insert "116", and in line 25, strike out "(9)" and insert "(10), or so much of section 112 (d) or (e) as relates to section 112 (b) (10),";

On page 28, line 1, of the House bill, strike out "112" and insert "117"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: On page 15, line 9, of the Senate engrossed amendments, after "exempt", insert "solely"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 118. Penalties in connection with estimated tax.

"(a) In General: Section 294 (relating to additions to the tax) is amended by striking out paragraphs (3), (4), and (5) of subsection (a) and inserting at the end thereof the following:

"'(d) Estimated Tax:

"'(1) Failure to file declaration or pay installment of estimated tax:

"'(A) Failure to File Declaration: In the case of a failure to make and file a declaration of estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the Commissioner to be due to reasonable cause and not to willful neglect, there shall be added to the tax 5 per centum of each installment due but unpaid, and in addition, with respect to each such installment due but unpaid, 1 per centum of the unpaid amount thereof for each month (except the first) or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed 10 per centum of the unpaid portion of such installment. For the purposes of this subparagraph each installment shall be considered to be an amount equal to the amount that would have been due and payable if a declaration showing an estimated tax in the amount of the correct tax had been timely filed, and one such installment shall be considered due on the fifteenth day of the last month of that quarter of the taxable year in which the declaration is required to be filed, and another such installment shall be considered due on the fifteenth day of the last month of each succeeding quarter of the taxable year.

"'(B) Failure to Pay Installments of Estimated Tax Declared: Where a declaration of estimated tax has been made and filed within the time prescribed, or where a declaration of estimated tax has been made and filed after the time prescribed and the Commissioner has found that failure to make and file such declaration within the time prescribed was due to reasonable cause and not to willful neglect, in the case of a failure to pay an installment of the estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the Commissioner to be due to reasonable cause and not to willful neglect, there shall be added to the tax 5 per centum of the unpaid amount of such installment, and in addition 1 per centum of such unpaid amount for each month (except the first) or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed 10 per centum of the unpaid portion of such installment.

"'Substantial underestimate of estimated tax: If 80 per centum of the tax determined without regard to the credits under sections 32, 35, and 466 (e)), in the case of individuals other than farmers exercising an election under section 60 (a), or 66⅔ per centum of such tax so determined in the case of such farmers, exceeds the estimated tax (increased by such credits), there shall be added to the tax an amount equal to such excess, or equal to 6 per centum of the amount by which such tax so determined exceeds the estimated tax so increased, whichever is the lesser. This paragraph shall not apply to the taxable year in which falls the death of the taxpayer, nor, under regulations prescribed by the Commissioner with the approval of the Secretary, shall it apply to the taxable year in which the taxpayer makes a timely payment of estimated tax within or before each quarter (excluding, in case the taxable year begins in 1943, any quarter beginning prior to July 1, 1943) of such year (or in the case of farmers exercising an election under section 60 (a), within the last quarter) in an amount at least as great as though computed (under such regulations) on the basis of the taxpayer's status with respect to the personal exemption and credit for dependents on the date of the filing of the declaration for such taxable year (or in the case of any such farmer, or in case the fifteenth day of the third month of the taxable year occurs after July 1, on July 1 of the taxable year) but otherwise on the basis of the facts shown on his return for the preceding taxable year.'

"(b) Technical Amendment: Section 60 (b) (relating to the application of declarations of estimated tax to short taxable years) is amended by striking out '294 (a) (3), (4), and (5), and inserting in lieu thereof '294 (d)'.

"(c) Taxable Years to Which Applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1942."

And the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows. Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 119. Back pay attributable to prior years.

"(a) In General: Section 107 (relating to compensation for certain services rendered) is amended by inserting at the end thereof the following new subsection:

"'(d) Back Pay:

"'(1) In general: If the amount of the back pay received or accrued by an individual during the taxable year exceeds 15 per centum of the gross income of the individual for such

year, the part of the tax attributable to the inclusion of such back pay in gross income for the taxable year shall not be greater than the aggregate of the increases in the taxes which would have resulted from the inclusion of the respective portions of such back pay in gross income for the taxable years to which such portions are respectively attributable, as determined under regulations prescribed by the Commissioner with the approval of the Secretary.

"'(2) Definition of back pay: For the purposes of this subsection, "back pay" means (A) remuneration, including wages, salaries, retirement pay, and other similar compensation, which is received or accrued during the taxable year by an employee for services performed prior to the taxable year for his employer and which would have been paid prior to the taxable year except for the intervention of one of the following events: (i) bankruptcy or receivership of the employer; (ii) dispute as to the liability of the employer to pay such remuneration, which is determined after the commencement of court proceedings; (iii) if the employer is the United States, a State, a Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any of the foregoing, lack of funds appropriated to pay such remuneration; or (iv) any other event determined to be similar in nature under regulations prescribed by the Commissioner with the approval of the Secretary; and (B) wages or salaries which are received or accrued during the taxable year by an employee for services performed prior to the taxable year for his employer and which constitute retroactive wage or salary increases ordered, recommended, or approved by any Federal or State agency, and made retroactive to any period prior to the taxable year; and (C) payments which are received or accrued during the taxable year as the result of an alleged violation by an employer of any State or Federal law relating to labor standards or practices, and which are determined under regulations prescribed by the Commissioner with the approval of the Secretary to be attributable to a prior taxable year. Amounts not includible in gross income under this chapter shall not constitute "back pay".'

"(b) Technical Amendment: The title of section 107 is amended by adding at the end thereof the following: 'and back pay'.

"(c) Taxable Years to Which Applicable: The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1940."

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: On page 19, line 7, of the Senate engrossed amendments, strike out "114" and insert "120"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 121. Reorganization of certain insolvent corporations.

"(a) Nonrecognition of Gain or Loss on Certain Reorganizations: Section 112 (b) (relating to recognition of gain or loss upon certain exchanges) is amended by inserting at the end thereof the following:

"'(10) Gain or loss not recognized on reorganization of corporations in certain receivership and bankruptcy proceedings: No gain or loss shall be recognized if property of a corporation (other than a railroad corporation, as defined in section 77m of the National Bankruptcy Act, as amended) is transferred, in a taxable year of such corporation beginning after December 31, 1933, in pursuance of an order of the court having jurisdiction of such corporation—

"'(A) in a receivership, foreclosure, or similar proceeding, or

"'(B) in a proceeding under section 77B or Chapter X of the National Bankruptcy Act, as amended,

to another corporation organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, in exchange solely for stock or securities in such other corporation.'

"(b) Recognition of Gain or Loss of Security Holders in Connection With Certain Corporate Reorganizations: Section 112 (relating to recognition of gain or loss) is amended by inserting at the end thereof the following:

"'(i) Exchanges by Security Holders in Connection With Certain Corporate Reorganizations:

"'(1) General rule: No gain or loss shall be recognized upon an exchange consisting of the relinquishment or extinguishment of stock or securities in a corporation the plan of reorganization of which is approved by the court in a proceeding described in subsection (b) (10), in consideration of the acquisition solely of stock or securities in a corporation organized or made use of to effectuate such plan of reorganization.

"'(2) Exchange occurring in taxable years beginning prior to January 1, 1943: If the exchange occurred in a taxable year of the person acquiring such stock or securities beginning prior to January 1, 1943, then, under regulations prescribed by the Commissioner with the approval of the Secretary, gain or loss shall be recognized or not recognized—

"'(A) to the extent that it was recognized or not recognized in the final determination of the tax of such person for such taxable year, if such tax was finally determined prior to the ninetieth day after the date of the enactment of the Revenue Act of 1943; or

"'(B) in cases to which subparagraph (A) is not applicable, to the extent that it would be recognized or not recognized under the latest treatment of such exchange by such person prior to December 15, 1943, in connection with his tax liability for such taxable year.'

"(c) Basis: Section 113 (a) (relating to basis of property) is amended—

"(1) by inserting after '112 (b) to (e), inclusive,' in paragraph (6) the following: 'or section 112 (i),';

"(2) by inserting after 'property permitted by section 112 (b)' in paragraph (6) the following: 'or section 112 (i)'; and

"(3) by inserting after paragraph (21) the following:

"'(22) Property acquired on reorganization of certain corporations: If the property was acquired by a corporation upon a transfer to which section 112 (b) (10), or so much of section 112 (d) or (e) as relates to section 112 (b) (10), is applicable, then, notwithstanding the provisions of section 270 of the National Bankruptcy Act, as amended, the basis in the hands of the acquiring corporation shall be the same as it would be in the hands of the corporation whose property was so acquired, increased in the amount of gain recognized to the corporation whose property was so acquired under the law applicable to the year in which the acquisition occurred, and such basis shall not be adjusted under subsection (b) (3) by reason of a discharge of indebtedness pursuant to the plan of reorganization under which such transfer was made.'

"(d) Technical Amendments:

"(1) Section 112 (c) (relating to gain from exchanges not solely in kind) is amended by inserting after '(b) (1), (2), (3), or (5)', the following: ', or within the provisions of subsection (i),', and by inserting after 'paragraph' the following: 'or by subsection (i)'.

"(2) Section 112 (d) (relating to gain of corporation) is amended by inserting after 'subsection (b) (4)' the following: 'or (10)'.

"(3) Section 112 (e) (relating to loss from exchanges not solely in kind) is amended by inserting after 'subsection (b) (1) to (5), inclusive,' the following: 'or (10), or within the provisions of subsection (i),'.

"(4) So much of section 112 (g) (defining 'reorganization') as precedes paragraph (1) is amended to read as follows:

"'(g) Definition of reorganization: As used in this section (other than subsection (b) (10) and subsection (i) and in section 113 (other than subsection (a) (22))—.'

"(5) Section 112 (k) (relating to assumption of liability) is amended by striking out 'subsection (b) (4) or (5)' wherever appearing therein and inserting in lieu thereof the following: 'subsection (b) (4), (5), or (10)'.

"(6) Section 718 (a) (6) (A) is amended by striking out '112 (b) (3), (4), or (5), or so much of section 112 (c), (d), or (e) as refers to section 112 (b) (3), (4), or (5)' and inserting in lieu thereof '112 (b) (3), (4), (5), or (10), or so much of section 112 (c), (d), or (e) as refers to section 112 (b) (3), (4), (5), or (10).'

"(e) Effective date: Provisions having the effect of the amendments made by subsection (a), subsection (c) (3), and subsection (d) (2), (3), (4), (5), and (6), shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1933, but shall not affect any tax liability for any taxable year beginning prior to January 1, 1943. Provisions having the effect of the amendments made by subsection (b), subsection (c) (1) and (2), and subsection (d) (1), shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1931."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 122. Reorganization by adjustment of capital structure prior to September 22, 1938.

"(a) In general: Section 113 (b) (relating to adjustments to the basis of property) is amended by inserting at the end thereof the following:

"'(4) Adjustment of capital structure prior to September 22, 1938: Where a plan of reorganization of a corporation, approved by the court in a proceeding under section 77B of the National Bankruptcy Act, as amended, is consummated by adjustment of the capital or debt structure of such corporation without the transfer of its assets to another corporation, and a final judgment or decree in such proceeding has been entered prior to September 22, 1938, then the provisions of section 270 of the National Bankruptcy Act, as amended, shall not apply in respect of the property of such corporation. For the purposes of this paragraph the term "reorganization" shall not be limited by the definition of such term in section 112 (g).'

"(b) Taxable years to which applicable: A provision having the effect of the amendment made by subsection (a) shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1935."

And the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 123. Gain from sale or exchange of property pursuant to orders of Federal Communications Commission.

"(a) In general: Section 112 is amended by adding at the end thereof a new subsection as follows:

"'(m) Gain from sale or exchange to effectuate policies of Federal Communications Commission: If the sale or exchange of property (including stock in a corporation) is certified by the Federal Communications Commission to be necessary or appropriate to effectuate the policies of the Commission with respect to the ownership and control of radio broadcasting stations, such sale or exchange shall, if the taxpayer so elects, be treated as an involuntary conversion of such property within the meaning of subsection (f) of this section. For the purposes of subsection (f) of this section as made applicable by the provisions of this subsection, stock of a corporation operating a radio broadcasting station, whether or not representing control of such corporation, shall be treated as property similar or related in service or use to the property so converted. The part of the gain, if any, upon such sale or exchange to which subsection (f) of this section is not applied shall nevertheless not be recognized, if the taxpayer so elects, to the extent that it is applied to reduce the basis for determining gain or loss upon sale or exchange of property, of a character subject to the allowance for depreciation under section 23 (l), remaining in the hands of the taxpayer immediately after the sale or exchange, or acquired in the same taxable year. The manner and amount of such reduction shall be determined under regulations prescribed by the Commissioner with the approval of the Secretary. Any election made by the taxpayer under this subsection shall be made by a statement to that effect in his return for the taxable year in which the sale or exchange takes place (or, with respect to taxable years beginning before January 1, 1944, by a statement to that effect filed within six months after the date of the enactment of the Revenue Act of 1943 in such manner and form as may be prescribed by regulations prescribed by the Commissioner with the approval of the Secretary) and such election shall be binding for the taxable year and all subsequent taxable years.'"

"(b) Taxable years to which applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1942."

And the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "124"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "TALC, BARITE,"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(A) In General:"

And the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Definition of Gross Income From the Property: Section 114 (b) (4) is amended by adding at the end thereof the following:

"'(B) Definition of Gross Income From Property: As used in this paragraph the term "gross income from the property" means the gross income from mining. The term "mining," as used herein, shall be considered to include not merely the extraction of the ores or minerals from the ground but also the ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products. The term "ordinary treatment processes," as used herein, shall include the following: (i) In the case of coal—cleaning, breaking, sizing, and loading for shipment; (ii) in the case of sulfur—pumping to vats, cooling, breaking, and loading for shipment; (iii) in the case of iron ore, bauxite, ball and sagger clay, rock asphalt, and minerals which are customarily sold in the form of a crude mineral product—sorting, concentrating, and sintering to bring to shipping grade and form, and loading for shipment; and (iv) in the case of lead, zinc, copper, gold, silver, or fluorspar ores, potash, and ores which are not customarily sold in the form of the crude mineral product—crushing, grinding, and beneficiation by concentration (gravity, flotation, amalgamation, electrostatic, or magnetic), cyanidation, leaching, crystallization, precipitation (but not including as an ordinary treatment process electrolytic deposition, roasting, thermal or electric smelting, or refining), or by substantially equivalent processes or combination of processes used in the separation or extraction of the product or products from the ore, including the furnacing of quicksilver ores. The principles of this subparagraph shall also be applicable in determining gross income attributable to mining for the purposes of sections 731 and 735.'"

And the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "A provision having the effect of the amendment made by subsection (c) shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1931;" and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: On page 34, line 12, of the Senate engrossed amendments, strike out "118" and insert "125"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: On page 36, line 11, of the Senate engrossed amendments, strike cut "120" and insert "126;" and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with amendments as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 127. Gain or loss upon the cutting of timber.

"(a) In general: Section 117 (relating to capital gains and losses) is amended by inserting at the end thereof the following new subsection:

"'(k) Gain or loss upon the cutting of timber:

"'(1) If the taxpayer so elects upon his return for a taxable year, the cutting of timber (for sale or for use in the taxpayer's trade or business) during such year by the taxpayer who owns, or has a contract right to cut, such timber (providing he has owned such timber or has held such contract right for a period of more than six months prior to the beginning of such year) shall be considered as a sale or exchange of such timber cut during such year. In case such election has been made, gain or loss to the taxpayer shall be recognized in an amount equal to the difference between the adjusted basis for depletion of such timber in the hands of the taxpayer and the fair market value of such timber. Such fair market value shall be the fair market value as of the first day of the taxable year in which such timber is cut, and shall thereafter be considered as the cost of such cut timber to the taxpayer for all purposes for which such cost is a necessary factor. If a taxpayer makes an election under this paragraph such election shall apply with respect to all timber which is owned by the taxpayer or which the taxpayer has a contract right to cut and shall be binding upon the taxpayer for the taxable year for which the election is made and for all subsequent years, unless the Commissioner, on showing of undue hardship, permits the taxpayer to revoke his election; such revocation, however, shall preclude any further elections under this paragraph except with the consent of the Commissioner.

"'(2) In the case of the disposal of timber (held for more than six months prior to such disposal) by the owner thereof under any form or type of contract by virtue of which the owner retains an economic interest in such timber, the difference between the amount received for such timber and the adjusted depletion basis thereof shall be considered as though it were a gain or loss, as the case may be, upon the sale of such timber.'"

"(b) Technical Amendment: Section 117 (j) (1) (relating to gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business) is amended by inserting at the end thereof the following: 'Such term also includes timber with respect to which subsection (k) (1) or (2) is applicable.'

"(c) Effective Date: A provision having the effect of section 117 (k) (2) of the Internal Revenue Code inserted by the amendment made by subsection (a) shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after February 28, 1913. The amendment made by subsection (b) shall be effective as if it were made by section 151 of the Revenue Act of 1942."

And the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "128"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "If (1) any person or persons acquire, on or after October 8, 1940, directly or indirectly, control of a corporation or (2) any corporation acquires, on or after October 8, 1940, directly or indirectly, property of another corporation, not controlled, directly or indirectly, immediately prior to such acquisition, by such acquiring corporation or its stockholders, the basis of which property, in the hands of the acquiring corporation, is determined by reference to the basis in the hands of the transferor corporation, and the principal purpose for which such acquisition was made is evasion or avoidance of Federal income or excess profits tax by securing the benefit of a deduction, credit, or other allowance which such person or corporation would not otherwise enjoy, then such deduction, credit, or other allowance shall not be allowed. For the purposes of clauses (1) and (2), control means the ownership of stock possessing at least 50 per centum of the total combined voting power of all classes of stock entitled to vote or at least 50 per centum of the total value of shares of all classes of stock

of the corporation"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and strike out the matter proposed to be stricken out by the Senate amendment and insert the following: "after December 31, 1943. The determination of the law applicable to prior taxable years shall be made as if this section had not been enacted and without inferences drawn from the fact that the amendment made by this section is not expressly made applicable to prior taxable years."; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 129. Disallowance of certain deductions attributable to business operated by individual at loss for five years.

"(a) In General: Supplement B of chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new section:

"'SEC. 130. Limitation on deductions allowable to individuals in certain cases.

"'(a) Recomputation of Net Income: If the deductions (other than taxes and interest) allowable to an individual (except for the provisions of this section) and attributable to a trade or business carried on by him for five consecutive taxable years have, in each of such years, exceeded by more than $50,000 the gross income derived from such trade or business, the net income of such individual for each of such years shall be recomputed. For the purpose of such recomputation in the case of any such taxable year, such deductions shall be allowed only to the extent of $50,000 plus the gross income attributable to such trade or business, except that the net operating loss deduction, to the extent attributable to such trade or business, shall not be allowed.

"'(b) Redetermination of Tax: Upon the basis of the net income computed under the provisions of subsection (a) for each of the five consecutive taxable years specified in such subsection, the tax imposed by this chapter shall be redetermined for each such taxable year. If for any such taxable year assessment of a deficiency is prevented (except for the provisions of sections 3801 and 3807) by the operation of any law or rule of law (other than section 3761, relating to compromises) any increase in the tax previously determined for such taxable year shall be considered a deficiency for the purposes of this section. For the purposes of this section the term "tax previously determined" shall have the meaning assigned to such terms by section 3801 (d).

"'(c) Extension of statute of limitations: Notwithstanding any law or rule of law (other than section 3761, relating to compromises), any amount determined as a deficiency under subsection (b), or which would be so determined if assessment were prevented in the manner described in subsection (b), with respect to any taxable year may be assessed as if on the date of the expiration of the time prescribed by law for the assessment of a deficiency for the fifth taxable year of the five consecutive taxable years specified in subsection (a), one year remained before the expiration of the period of limitation upon assessment for any such taxable year.'

"(b) Effective date of amendment: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1939, but shall not affect any tax liability for any taxable year beginning prior to January 1, 1944."

And the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment as follows: On page 43, line 2, of the Senate engrossed amendments, strike out "124" and insert "130"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows: On page 45, line 16, of the Senate engrossed amendments, strike out "125" and insert "131"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: On page 46, line 9, of the Senate engrossed amendments, strike out "126" and insert "132"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: On page 47, line 2, of the Senate engrossed amendments, strike out "127" and insert "133"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "134"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: On page 49, line 7, of the Senate engrossed amendments, strike out "129" and insert "135"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "136"; and the Senate agree to the same.

Amendment numbered 85: That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

"SEC. 137. Status for withholding at source on wages.

"Section 1622 (h) (1) (relating to withholding exemption certificates) is amended to read as follows:

"'(1) If furnished after the date of commencement of employment with the employer by reason of a change of status, shall take effect with respect to the first payment of wages made on or after the first status determination date which occurs at least thirty days from the date on which such certificate is furnished to the employer, except that at the election of the employer such certificate, if furnished by reason of a change of status occurring on or before July 1 of the calendar year, may be made effective with respect to any previous payment of wages made on or after the date of the furnishing of such certificate. For the purposes of this paragraph the term "status determination date" means January 1 and July 1 of each year.'"

And the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 209. Exempt corporations.

"(a) Corporations Subject to Title IV of the Civil Aeronautics Act of 1938: Section 727 (h) (exempting certain corporations subject to Title IV of the Civil Aeronautics Act of 1938) is amended by adding at the end thereof the following new sentence: 'Such exclusion from gross income for such year shall also be made in computing the unused excess profits credit adjustment for any other taxable year, but only for the purpose of determining whether the corporation is exempted by this subsection from the tax imposed by this Chapter for such other taxable year.'

"(b) Retroactive Effect: The amendment made by this section shall be effective as if it were a part of the Excess Profits Tax Act of 1940 on the date of the enactment of such Act."

And the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(2) Special rule in case of fiscal years beginning in 1941 and ending after June 30, 1942: In the case of a taxable year beginning in 1941 and ending after June 30, 1942, the credit under section 780 (a) for such taxable year shall not be greater than the excess of the tax paid under this subchapter to the United States for such taxable year (and not credited or refunded under the internal-revenue laws) over the amount of tax which would be payable to the United States under this subchapter if the portion of the tentative tax determined under section 710 (a) (3) (B) were reduced by 10 per centum.'"

And the Senate agree to the same.

Amendment numbered 126: That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows: On page 57, line 5, of the Senate engrossed amendments, strike out "fiscal" and insert "taxable"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 251. Technical amendment to credit for debt retirement.

"(a) In General: Section 783 (b) (2) (relating to a limitation on the credit for debt retirement) is amended to read as follows:

"'(2) An amount equal to 40 per centum of the amount by which (A) the amount of indebtedness as of September 1, 1942, or (B) the smallest amount of indebtedness as of the close of any preceding taxable year ending after September 1, 1942, whichever amount is the lesser, exceeds the amount of indebtedness as of the close of the taxable year.'

"(b) Taxable Years to Which Applicable: The amendment made by subsection (a) shall be applicable with respect to taxable years beginning after September 1, 1942.

"(c) Election With Respect to Prior Taxable Years: If by reason of the amendment made by subsection (a) a taxpayer would be entitled, had the election provided for in section 783 (a) of the Internal Revenue Code been duly made, to take any credit under such section with respect to a taxable year ended prior to the date of the enactment of this Act in any amount to which such taxpayer would not be entitled were it not for such amendment, the election of the taxpayer to take such credit in such amount may be made within ninety days after the date of the enactment of this Act."

And the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and on page 69 of the House bill, in the section column under "3465 (a) (1) (A)", insert "3465 (a) (1) (B) (insofar as it relates to domestic telegraph, cable, and radio dispatches)"; and the Senate agree to the same.

Amendment numbered 144: That the House recede from its disagreement to the amendment of the Senate numbered 144, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "20"; and the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "20"; and the Senate agree to the same.

Amendment numbered 180: That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Power of Secretary of Treasury to authorize exemption: Notwithstanding the amendments made by this section, the Secretary of the Treasury may authorize exemption from the taxes imposed by Chapters 19, 29, or 30 of the Internal Revenue Code as to any particular articles or services, or class of articles or services, to be purchased for the exclusive use of the United States, if he determines that the imposition of such taxes with respect to such articles or services, or class of articles or services, will cause substantial burden or expense which can be avoided by granting tax exemption and that the full benefit of such exemption, if granted, will accrue to the United States. This subsection shall not be applicable to any contract entered into on or after the first day of the first month which begins six months or more after the date of the termination of hostilities in the present war."

And the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows: On page 66, line 20, of the Senate engrossed amendments, strike out "310" and insert "311"; and the Senate agree to the same.

Amendment numbered 197: That the House recede from its disagreement to the amendment of the Senate numbered 197, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 92, lines 5 and 6, of the House bill, strike out "comparable corporations" and insert "corporations engaged in the same or a similar line of business"; and the Senate agree to the same.

Amendment numbered 199: That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 502. Certain discretionary trusts in connection with gift tax.

"(a) Amendment of the Internal Revenue Code: Section 1000 of the Internal Revenue Code (imposing the gift tax) is amended by inserting at the end thereof the following:

"(e) Certain Discretionary Trusts: In the case of property in a trust created prior to January 1, 1939, if on and after January 1, 1939, no power to revest title to such property in the grantor could be exercised either by the grantor alone, or by the grantor in conjunction with any other person not having a substantial adverse interest in the disposition of such property or the income therefrom, then a relinquishment by the grantor on or after January 1, 1940, and prior to January 1, 1945, of power or control with respect to the distribution of such property or the income therefrom by an exercise or other termination of such power or control shall not be deemed a transfer of property for the purposes of this Chapter. If such property was transferred in trust, the grantor not retaining such power to revest title thereto in himself, or if such power to revest title to such property in the grantor was relinquished, while a law was in effect imposing a tax upon the transfer of property by gift, this subsection shall apply only if (1) gift tax was paid with respect to such transfer or relinquishment, and not credited or refunded, or a gift tax return was made within the time prescribed on account of such transfer or relinquishment but no gift tax was paid with respect to such transfer or relinquishment because of the deductions and exclusions claimed on such return, and (2) the grantor consents, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, for all purposes of this Chapter to treat such transfer or relinquishment in the calendar year in which effected, and for all periods thereafter, as having been a transfer of property subject to tax under this Chapter. This subsection shall not apply to any payment or other disposition of income occurring prior to the termination of power or control with respect to the future disposition of income from the trust property."

"(b) Amendment of Revenue Act of 1932: Section 501 of the Revenue Act of 1932 (imposing a gift tax) is amended by inserting at the end thereof the following:

"'(c) Certain Discretionary Trusts: In the case of property in a trust created prior to January 1, 1939, if on and after January 1, 1939, no power to revest title to such property in the grantor could be exercised either by the grantor alone, or by the grantor in conjunction with any other person not having a substantial adverse interest in the disposition of such property or the income therefrom, then a relinquishment by the grantor on or after January 1, 1939, and prior to January 1, 1940, of power or control with respect to the distribution of such property or the income therefrom by an exercise or other termination of such power or control shall not be deemed a transfer of property for the purposes of this title. If such property was transferred in trust, the grantor not retaining such power to revest title thereto in himself, or if such power to revest title to such property in the grantor was relinquished, while a law was in effect imposing a tax upon the transfer of property by gift, this subsection shall apply only if (1) gift tax was paid with respect to such transfer or relinquishment, and not credited or refunded, or a gift tax return was made within the time prescribed on account of such transfer or relinquishment but no gift tax was paid with respect to such transfer or relinquishment because of the deductions and exclusions claimed on such return, and (2) the grantor consents, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, for all purposes of this title to treat such transfer or relinquishment in the calendar year in which effected, and for all periods thereafter, as having been a transfer of property subject to tax under this title. This subsection shall not apply to any payment or other disposition of income occurring prior to the termination of power or control with respect to the future disposition of income from the trust property.'

"(c) Interest on Overpayments: No interest shall be allowed or paid on any overpayment resulting from the application of this section."

And the Senate agree to the same.

Amendment numbered 202: That the House recede from its disagreement to the amendment of the Senate numbered 202, and agree to the same with an amendment as follows: On page 72, line 17, of the Senate engrossed amendments, strike out "503" and insert "504"; and the Senate agree to the same.

Amendment numbered 203: That the House recede from its disagreement to the amendment of the Senate numbered 203, and agree to the same with an amendment as follows: On page 73, line 2, of the Senate engrossed amendments, strike out "504" and insert "505"; and the Senate agree to the same.

Amendment numbered 204: That the House recede from its disagreement to the amendment of the Senate numbered 204, and agree to the same with an amendment as follows: On page 73, line 16, of the Senate engrossed amendments, strike out "505" and insert "506"; and the Senate agree to the same.

Amendment numbered 205: That the House recede from its disagreement to the amendment of the Senate numbered 205, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 507. Importation of standard newsprint paper.

"(a) In General: For the purposes of paragraph 1772 of the Tariff Act of 1930, as amended—

"(1) Paper which is in rolls not less than 15 inches in width shall be deemed to be standard newsprint paper insofar as width of rolls is concerned; and

"(2) Paper which weighs not less than 30 pounds (with a 5 per centum manufacturing tolerance permitted) per ream of 500 sheets 24 by 36 inches shall be deemed to be standard newsprint paper insofar as minimum weight is concerned.

"(b) Effective Period: The provisions of subsection (a) shall apply with respect to paper entered, or withdrawn from warehouse, for consumption, after the date of the enactment of this Act and while United States newspaper publishers are limited by law or by governmental order or regulation as to the amount of paper they may use in the publication of their newspapers."

And the Senate agree to the same.

Amendment numbered 206: That the House recede from its disagreement to the amendment of the Senate numbered 206, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 508. Exemption from tax on playing cards exported for use of armed forces outside continental United States.

"(a) In General: Section 1830 (relating to the exemption from the tax upon playing cards exported) is amended to read as follows:

"'SEC. 1830. Exemption in case of exportation.

"'Playing cards may be removed from the place of manufacture for export to a foreign country or for shipment to a possession of the United States (or, until the date on which the President proclaims that hostilities in the present war have terminated, to a territory of the United States for the use of members of the military or naval forces of the United States) without payment of tax, or affixing stamps thereto, under such rules and regulations and the filing of such bonds as the Commissioner, with the approval of the Secretary, may prescribe.'

"(b) Effective Date: The amendment made by subsection (a) shall be effective as of January 1, 1942."

And the Senate agree to the same.

Amendment numbered 207: That the House recede from its disagreement to the amendment of the Senate numbered 207, and

agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 27 of the House bill, after line 3, insert the following:

"SEC. 112. Deduction for losses on securities in affiliated corporations.

"(a) Stock Losses: Section 23 (g) (4) (B) of the Internal Revenue Code (relating to losses on stock of affiliated corporations) is amended to read as follows:

"'(B) more than 90 per centum of the aggregate of its gross incomes for all taxable years has been from sources other than royalties, rents (except rents derived from rental of properties to employees of the company in the ordinary course of its operating business), dividends, interest (except interest received on deferred purchase price of operating assets sold), annuities, or gains from sales or exchanges of stocks and securities; and'

"(b) Bond Losses: Section 23 (k) (5) (B) of the Internal Revenue Code (relating to losses on securities of affiliated corporations) is amended to read as follows:

"'(B) more than 90 per centum of the aggregate of its gross incomes for all taxable years has been from sources other than royalties, rents (except rents derived from rental of properties to employees of the company in the ordinary course of its operating business), dividends, interest (except interest received on deferred purchase price of operating assets sold), annuities, or gains from sales or exchanges of stocks and securities; and'

"(c) Taxable Years to Which Applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1941."

And the Senate agree to the same.

Amendment numbered 208: That the House recede from its disagreement to the amendment of the Senate numbered 208, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 509. Retroactive effect of section 169 of the Revenue Act of 1942.

"(a) In General: Section 169 (c) of the Revenue Act of 1942 (relating to the effective date of certain amendments to section 322) is amended by inserting at the end thereof the following: 'A provision having the effect of the amendment inserting section 322 (b) (3) of the Internal Revenue Code, and a provision having the effect of the amendment made by subsection (b) of this section, shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1923, but such amendments shall be effective with respect to taxable years beginning prior to January 1, 1942, only if on or at some time after the date of the enactment of the Revenue Act of 1943 the Commissioner may assess the tax for such taxable year solely by reason of having made (either before, on, or after the date of the enactment of the Revenue Act of 1943) an agreement with the taxpayer pursuant to section 276 (b) of the Internal Revenue Code or the corresponding provision of the applicable prior revenue law to extend beyond the time prescribed in section 275 or the corresponding provision of such prior revenue law the date within which the Commissioner may assess the tax.'

"(b) Certain Transferees: If a transferee of a taxpayer and the Commissioner executed an agreement to extend the time within which the liability with respect to the tax of the taxpayer for a taxable year beginning in 1936 might be assessed against such transferee, any overpayment of the tax of the taxpayer with respect to such taxable year which the Tax Court of the United States finds has been paid by such transferee shall, when the decision of the Tax Court of the United States has become final, be credited or refunded to such transferee. Such credit or refund shall not exceed the amount paid by the transferee with respect to the tax of the taxpayer for such taxable year within the four years immediately preceding the execution of such agreement."

And the Senate agree to the same.

Amendment numbered 212: That the House recede from its disagreement to the amendment of the Senate numbered 212, and agree to the same with amendments as follows: On page 81 of the Senate engrossed amendments, in line 2, strike out "513" and insert "512"; in line 3, after "(a)", insert "In General.—"; and in line 8, after "(b)", insert "Effective Date.—"; and the Senate agree to the same.

Amendment numbered 213: That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 513. Period of limitations in case of related taxes under chapter 1 and chapter 2.

"(a) In General: The Internal Revenue Code is amended by inserting at the end of chapter 38 a new section to read as follows:

"'SEC. 3807. Period of limitations in case of related taxes under chapter 1 and chapter 2.

"'(a) Definitions: As used in this section—

"'(1) The term "tax previously determined" shall have the meaning assigned to such term by section 3801 (d).

"'(2) The term "the same taxable year" shall include any taxable year which coincides in whole or in part with the taxable year for which the determination referred to in subsection (b) is made.

"'(b) Extension of Period of Limitations: If—

"'(1) under a determination in respect of a tax imposed by chapter 1 or chapter 2, a deficiency is assessed or a credit or refund of an overpayment is allowed, within the period of limitations properly applicable thereto, and

"'(2) the application of the law or facts determined in the ascertainment of such deficiency or overpayment to any other such tax of the taxpayer under chapter 1 or chapter 2 for the same taxable year would result in an increase or decrease in the amount of the tax previously determined in respect of such other tax, and

"'(3) on any date prior to the expiration of one year from the assessment of a deficiency or the allowance of a credit or refund in respect of the tax referred to in paragraph (1), the assessment of a deficiency or the allowance of a credit or refund in respect of the tax referred to in paragraph (2) is prevented (except for the provisions of section 3801 or 734) by the operation (whether before, on, or after the date of enactment of the Revenue Act of 1943) of any law or rule of law other than this section and other than section 3761 (relating to compromises)

then upon such date the increase or decrease in the tax referred to in paragraph (2) shall be considered a deficiency or an overpayment, as the case may be. Such deficiency may be assessed and collected or such overpayment may be credited or refunded as if on the date the deficiency is assessed or the credit or refund allowed in respect of the tax referred to in paragraph (1) one year remained before the expiration of the periods of limitation upon assessment or filing claim for refund in respect of the tax referred to in paragraph (2) for the same taxable year.

"'(c) Adjustment Unaffected by Other Items, Etc.: In determining whether an increase or decrease in the amount of the tax previously determined shall be considered to result from the application of the law or facts under a determination referred to in subsection (b) (1) changes shall be made in items which are the subject of such determination and in items which are affected thereby, and in no others. The amount which may be assessed or allowed as a credit or refund under subsection (b) shall not be diminished by any credit or set-off based upon any item which was not the subject of such determination or affected thereby. Such amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item which was not the subject of such determination or affected thereby, except in connection with a subsequent application of this section.

"'(d) Application to Affiliated Groups: As used in subsection (b) the term "any other such tax of the taxpayer" shall, if the taxpayer was a member of an affiliated group, also include any other such tax of any other member of the group.'

"(b) Taxable Years to Which Applicable: The amendment made by this section shall apply to taxable years beginning after December 31, 1939."

And the Senate agree to the same.

Amendment numbered 232: That the House recede from its disagreement to the amendment of the Senate numbered 232, and agree to the same with an amendment as follows:

On page 86, line 20, of the Senate engrossed amendments, strike out "and in the case of carry-overs and carry-backs".

On page 104 of the House bill, after the period in line 11, insert:

"'(C) Notwithstanding any of the provisions of this section to the contrary, no amount shall be allowed as an item of cost (i) by reason of a recomputation of the amortization deduction pursuant to section 124 (d) of the Internal Revenue Code until after such recomputation has been made in connection with a determination of the taxes imposed by Chapters 1, 2A, 2B, 2D, and 2E of the Internal Revenue Code for the fiscal year to which the excessive profits determined by the renegotiation are attributable or (ii) by reason of the application of a carry-over or carry-back under any circumstances. The absence of such a recomputation of the amortization deductions referred to in clause (i) above shall not constitute a cause for postponing the making of an agreement, or the entry of an order, determining the amount of excessive profits, or for staying the elimination thereof.

"'(D) Notwithstanding any of the provisions of subsection (o) (4) of this section to the contrary, in the case of a renegotiation which is made prior to such recomputation, there shall be repaid by the United States (without interest) to the contractor or subcontractor after such recomputation the amount of a net renegotiation rebate computed in the following described manner. There shall first be ascertained the portion of the excessive profits determined by the renegotiation which is attributable to the fiscal year with respect to which a net renegotiation rebate is claimed by the contractor or subcontractor (hereinafter referred to as "renegotiated year"). There shall then be ascertained the amount of the gross renegotiation rebate for the renegotiated year, which amount shall be an allocable part of the additional amortization deduction which is allowed for the renegotiated year upon the recomputation made pursuant to section 124 (d) of the Internal Revenue Code in connection with the determination of the taxes for such year and which is attributable to contracts with the Departments and subcontracts, except that the amount of the gross renegotiation rebate shall not exceed the amount of excessive profits eliminated for the renegotiated year pursuant to the renegotiation. The allocation of the additional amortization deduction attributable to contracts with the Departments and subcontracts, and the allocation of the additional amortization deduction to the renegotiated year shall be determined in accordance with regulations prescribed by the Board.

There shall then be ascertained the amount of the contractor's or subcontractor's Federal tax benefit from the renegotiation for the renegotiated year. Such Federal tax benefit shall be the amount by which the taxes for the renegotiated year under Chapters 1, 2A, 2B, 2D, and 2E of the Internal Revenue Code were decreased by reason of omitting from gross income (or by reason of the application of the provisions of section 3806 (a) of the Internal Revenue Code with respect to) that portion of the excessive profits for the renegotiated year which is equal to the amount of the gross renegotiation rebate. The amount by which the gross renegotiation rebate for the renegotiated year exceeds the amount of the contractor's or subcontractor's Federal tax benefit from the renegotiation for such year shall be the amount of the net renegotiation rebate for such year."

And the Senate agree to the same.

Amendment numbered 233: That the House recede from its disagreement to the amendment of the Senate numbered 233, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(5) The term "subcontract" means—

"'(A) Any purchase order or agreement to perform all or any part of the work, or to make or furnish any article, required for the performance of any other contract or subcontract, but such term does not include any purchase order or agreement to furnish office supplies; or"

And the Senate agree to the same.

Amendment numbered 249: That the House recede from its disagreement to the amendment of the Senate numbered 249, and agree to the same with amendments as follows:

On page 110 of the House bill, after the period in line 1, insert the following: "Any such agreement, if made, may, with the consent of the contractor or subcontractor, also include provisions with respect to the elimination of excessive profits likely to be received or accrued.";

On page 110, line 2, of the House bill strike out "such an agreement" and insert "an agreement with respect to the elimination of excessive profits received or accrued"; and the Senate agree to the same.

Amendment numbered 252: That the House recede from its disagreement to the amendment of the Senate numbered 252, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "in The Tax Court of the United States as proof of the facts or conclusions stated therein"; and the Senate agree to the same.

Amendment numbered 260: That the House recede from its disagreement to the amendment of the Senate numbered 260, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "in respect of amounts paid to the contractor from appropriations from the Treasury"; and the Senate agree to the same.

Amendment numbered 268: That the House recede from its disagreement to the amendment of the Senate numbered 268, and agree to the same with amendments as follows:

On page 90, line 19, of the Senate engrossed amendments, after "year", insert "(or if such fiscal year has closed on the date of the enactment of the Revenue Act of 1943, on or before the first day of the fourth month following the month in which such date of enactment falls)";

On page 90 of the Senate engrossed amendments, beginning in line 20, strike out "actual costs of production and such other information as the Board may by regulations prescribe" and insert "such information as the Board may by regulations prescribe as necessary to carry out this section";

On page 91 of the Senate engrossed amendments, beginning in line 4, strike out "required by the Board" and insert "which is determined by the Board to be necessary to carry out this section"; and the Senate agree to the same.

Amendment numbered 282: That the House recede from its disagreement to the amendment of the Senate numbered 282, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and on page 120, lines 23 and 24, of the House bill, strike out "and (b)"; and the Senate agree to the same.

Amendment numbered 290: That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows: Strike out the matter appearing in lines 22 and 23 on page 94 of the Senate engrossed amendments, and the matter appearing in lines 1 and 2 on page 95 of the Senate engrossed amendments, and insert:

"shall be—

"'(A) in the case of any contract or subcontract the performance of which requires more than twelve months, or in the case of any contract or subcontract with respect to which the powers of the Board are exercised separately pursuant to subsection (c) (1) rather than on a fiscal-year basis, the portion of the profits so derived which is determined by the Board to be equal to the same percentage of the total profits so derived as the percentage of completion of the contract prior to the termination date; and

"'(B) in all other cases, the profits so derived which are received or accrued prior to the termination date; and'"

And the Senate agree to the same.

Amendment numbered 295: That the House recede from its disagreement to the amendment of the Senate numbered 295, and agree to the same with an amendment as follows: On page 96, line 17, of the Senate engrossed amendments, strike out "(F)" and insert "(E)"; and the Senate agree to the same.

Amendment numbered 296: That the House recede from its disagreement to the amendment of the Senate numbered 296, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "(F)"; and the Senate agree to the same.

Amendment numbered 299: That the House recede from its disagreement to the amendment of the Senate numbered 299, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "(E), and (F)"; and the Senate agree to the same.

Amendment numbered 301: That the House recede from its disagreement to the amendment of the Senate numbered 301, and agree to the same with an amendment as follows: On page 126 of the House bill, after the period in line 23, insert "Notwithstanding any other provisions of this section there shall be excluded from consideration in determining whether or not a contractor or subcontractor has received or accrued excessive profits that portion of the profits, derived from contracts with the Departments and subcontracts, attributable to the increment in value of the excess inventory. For the purposes of this paragraph the term 'excess inventory' means inventory of products, hereinbefore described in this paragraph, acquired by the contractor or subcontractor in the form or at the state in which contracts for such products on hand and on contract would be exempted from this section by subsection (i) (1) (B) or (C), which is in excess of the inventory reasonably necessary to fulfill existing contracts or orders. That portion of the profits, derived from contracts with the Departments and subcontracts, attributable to the increment in value of the excess inventory, and the method of excluding such portion of profits from consideration in determining whether or not the contractor or subcontractor has received or accrued excessive profits, shall be determined in accordance with regulations prescribed by the Board. In the case of a renegotiation with respect to a fiscal year ending prior to July 1, 1943, the portion of the profits, derived from contracts with the Departments and subcontracts, attributable to the increment in value of the excess inventory shall (to the extent such portion does not exceed the excessive profits determined) be credited or refunded to the contractor or subcontractor, and in case the determination of excessive profits was made prior to the date of the enactment of the Revenue Act of 1943, such credit or refund shall be made notwithstanding such determination is embodied in an agreement with the contractor or subcontractor, but in either case such credit or refund shall be made only if the contractor or subcontractor, within ninety days after the date of the enactment of the Revenue Act of 1943, files a claim therefor with the Secretary concerned."

And the Senate agree to the same.

Amendment numbered 309: That the House recede from its disagreement to the amendment of the Senate numbered 309, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The amendments made by subsection (b) shall be effective only with respect to the fiscal years ending after June 30, 1943, except that (1) the amendments inserting subsections (a) (4) (C), (a) (4) (D), (i) (1) (C), (i) (1) (D), (i) (1) (F), (i) (3), and (l) in section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, shall be effective as if such amendments and subsections had been a part of section 403 of such Act on the date of its enactment, and (2) the amendments adding subsection (d) and (e) (2) to section 403 of such Act shall be effective from the date of the enactment of this Act."

And the Senate agree to the same.

Amendment numbered 310: That the House recede from its disagreement to the amendment of the Senate numbered 310, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE VIII—REPRICING OF WAR CONTRACTS

"SEC. 801. Repricing of war contracts.

"(a) As used in this section the terms 'Department', 'Secretary' and 'article' shall have the same meanings as in subsection (a) of the Renegotiation Act.

"(b) When the Secretary of a Department deems that the price of any article or service of any kind, which is required by his Department or directly or indirectly required, furnished, or offered in connection with, or as a part of, the performance or procurement of any contract with his Department or of any subcontract thereunder, is unreasonable or unfair, the Secretary may require the person furnishing or offering to furnish such article or service to negotiate to fix a fair and reasonable price therefor. If such person refuses to agree to a price for such article or service which the Secretary considers fair and reasonable, the Secretary by order may fix the price payable to such person for furnishing such article or service after the effective date of the order, whether under existing agreements or otherwise. The order may prescribe the period during which the price so fixed shall be effective and such other terms and conditions as the Secretary deems appropriate.

"(c) Any person aggrieved by an order fixing a price under this section may sue the United States in any appropriate court. In such suit, such person shall be entitled to recover from the United States the amount of any difference between (1) fair and just compensation for the articles and services furnished under the terms of the order and

(2) the price fixed for such articles and services by the order; but if the prices so fixed by the order are found to exceed fair and just compensation for such articles and services, such person shall be liable to the United States in such suit for the amount of this excess. Any such suit shall be brought within six months after the order by the Secretary on which it is based, or after the expiration of the period or periods specified in such order, whichever last occurs. Such a suit shall not stay the order involved.

"(d) Whenever any person wilfully refuses or wilfully fails to furnish any such articles or services at the price fixed by an order of the Secretary in accordance with this section, the President shall have power to take immediate possession of the plant or plants of such person and to operate them in accordance with section 9 of the Selective Training and Service Act of 1940, as amended.

"(e) The authority and discretion herein conferred upon the Secretary of each Department may be delegated in whole or in part by him to such individuals or agencies as he may designate in his Department, or in any other Department with the consent of the Secretary of that Department, and he may authorize such individuals or agencies to make further delegations of such authority and discretion.

"(f) Every purchase order or agreement, or contract to make or furnish any article or service of any kind, which is required by a Department or directly or indirectly required, furnished, or offered in connection with, or as a part of, the performance or procurement of any contract with such Department or of any subcontract thereunder, shall, if made thirty days or more after the date of the enactment of this Act, be deemed to contain a provision under which the person making or furnishing such article or service agrees that notwithstanding other provisions of the purchase order, agreement, or contract, he shall be entitled to receive for such article or service only the fair and just compensation provided for in subsection (c).

"SEC. 802. Effective date.

"(a) Section 801 shall be effective from the date of the enactment of this Act.

"(b) Section 801 shall not apply to any contract with a Department or any subcontract made after the date proclaimed by the President as the date of the termination of hostilities in the present war or the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, whichever is the earlier."

And the Senate agree to the same.

Amendment numbered 311: That the House recede from its disagreement to the amendment of the Senate numbered 311, and agree to the same with amendments as follows:

On page 105 of the Senate engrossed amendments, line 20, strike out "SEC. 902." and between lines 19 and 20 insert "SEC. 902. Appropriations to the trust fund."

Beginning in line 23, on page 105 of the Senate engrossed amendments, strike out "trust fund" and insert "Trust Fund"; and the Senate agree to the same.

R. L. DOUGHTON,
THOS. H. CULLEN,
JERE COOPER,
WESLEY E. DISNEY,
HAROLD KNUTSON,
DANIEL A. REED,
ROY O. WOODRUFF,
Managers on the part of the House.

WALTER F. GEORGE,
DAVID I. WALSH,
ALBEN W. BARKLEY,
TOM CONNALLY,
ROBERT M. LA FOLLETTE,
A. H. VANDENBERG,
JAMES J. DAVIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3687) to provide revenue, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This amendment changes the table of contents contained in the House bill. The House recedes with an amendment inserting a new table of contents.

Amendment No. 2: This is a clerical amendment; the Senate recedes.

Amendment No. 3: This is a clerical amendment; the House recedes.

Amendment No. 4: This amendment eliminates the provisions of the House bill increasing the normal tax rate to 10 percent and providing for a minimum tax of 3 percent of the net income in excess of certain credits against net income when such minimum tax would result in a greater amount of tax than the proposed 10 percent normal tax plus surtax. The House recedes.

Amendment No. 5: This amendment eliminates the provisions of the House bill relating to rates of surtax on individuals. The House recedes.

Amendment No. 6: This amendment eliminates the provisions of the House bill which change the table of alternative tax on individuals contained in section 400 of the code and amend section 404 of the code to deny to citizens of the United States entitled to the benefits of section 251 of the code the right to make a return under supplement T. The House recedes with amendments revising the tables under supplement T to make minor changes and to give effect to the repeal of the earned-income credit and to combine the Victory tax and the income tax and restoring the amendment to section 404 of the code contained in the House bill.

Amendment No. 7: This amendment eliminates the provisions of the House bill that repeal the Victory tax and that provide technical amendments necessitated by the repeal of the Victory tax. The House recedes.

Amendment No. 8: This amendment eliminates the provisions of the House bill relating to the amount and computation of the personal exemption and credit for dependents for the purposes of the minimum tax. The House recedes with a change in section number and the following further amendments which have the effect of substantially retaining certain provisions in the House bill:

Section 25 (b) (3) of the code (relating to change of status) is amended to provide that for the purposes of determining the amount of the personal exemption and credit for dependents, the status of the taxpayer shall be determined as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such status shall be determined as of the last day of the taxable year. This provision will have the effect described in the report of the Ways and Means Committee relating to the corresponding provision in the House bill.

Section 47 (e) of the code, relating to reduction of personal exemption and credit for dependents in the case of a short taxable year, is also amended to provide that such reduction shall apply only to a short taxable year resulting from the closing of the taxable year in case of jeopardy.

Amendment No. 9: This amendment eliminates the provisions of the House bill altering the return requirements of individuals. The House recedes with a change in section number and the following further amendments having the effect of retaining certain provisions that were in the House bill:

A new subsection (f) is added to section 51 of the code, relating to the return requirements of individuals, to provide that for the purposes of the return requirements of individuals, including fiduciaries, the determination of whether an individual is married and living with husband or wife shall be made as of July 1 of the taxable year, unless the taxable year does not include July 1, in which case such determination shall be made as of the last day of the taxable year.

Section 51 (b) of the code, relating to joint returns, is amended to provide that no joint return may be made if husband and wife have different taxable years. Since the return of a decedent who dies prior to the last day of the taxable year is a return for a short period and thus differs from the taxable year of the surviving spouse, the latter may not include the income of the deceased spouse in a joint return even though death occurred after July 1 of the taxable year.

Amendment No. 10: This amendment provides that the rate of the Victory tax shall be 3 percent rather than 5 percent, repeals the credits against Victory tax, and effects certain technical amendments made necessary by these substantive changes. The House recedes with an amendment changing the section number and adding the Victory tax imposed by section 450 of the code to the computation to be made in the case of a taxable year beginning in 1943 and ending in 1944, under section 108 of the code. This latter change is necessitated by the action eliminating the repeal of the Victory tax. (See amendment No. 7.)

Amendments Nos. 11 and 12: These amendments are clerical. The House recedes with an endments changing section numbers.

Amendment No. 13: This amendment, for which there is no corresponding provision in the House bill, amends section 22 (b) of the code to exclude from gross income amounts received during the taxable year as mustering-out payments with respect to service in the military or naval forces of the United States. The House recedes with a change of section number.

Amendment No. 14: This amendment affords to taxpayers using the elective inventory method the benefit of the involuntary liquidation and replacement provisions of section 22 (d) (6) of the code with respect to liquidations occurring in 1941, and effects three minor technical corrections in the wording of the existing law. There is no corresponding provision in the House bill. The House recedes with a change in section number.

Amendment No. 15: This is a change in section number. The House recedes with a further change in section number.

Amendment No. 16: This amendment, for which there is no corresponding provision in the House bill, serves to clarify the effect of the amendments made in 1942 relating to the deduction for worthless debts by restoring the language in the code prior to the Revenue Act of 1942, concerning deductions for partially worthless debts. The change made by the 1942 act with respect to totally worthless debts is not altered by this section. Inasmuch as the 1942 changes were made retroactive to taxable years beginning after December 31, 1938, the restoration of the law made by this section is likewise retroactive. The House recedes with a change in section number.

Amendment No. 17: This amendment, for which there is no corresponding provision in the House bill, adds a new section amending section 23 (q) of the code (relating to charitable and other contributions by corporations) by inserting "veteran rehabilitation service" after "scientific" in paragraph (2). The effect of this insertion will be to include contributions to or for the use of a corporation, trust, or community chest, fund, or foundation, organized and operated exclusively for veteran rehabilitation service among the charitable contributions for which a corporation may be allowed deductions.

This amendment further amends section 23 (q) by inserting after paragraph (2) a new paragraph (3) which adds another class of contributions to be considered in determining allowable deductions in the case of a corporation making charitable and other contributions within a taxable year. The new category consists of contributions to posts or organizations of war veterans, or auxiliary units of, or trusts or foundations for, any such posts or organizations, if such posts, organizations, units, trusts, or foundations are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual. The House recedes with a clerical amendment and a change in section number.

Amendment No. 18: This is a change in section number. The House recedes with a further change in section number.

Amendment No. 19: Section 26 (h) of the code provides that certain public utilities which pay dividends on their preferred stock during the taxable year shall have a credit against surtax net income in the amount of such dividend payments. This amendment provides that for the purposes of this credit the amount of dividends paid in a given taxable year shall not include any amount distributed in such year with respect to dividends unpaid and accumulated in any taxable year ending prior to October 1, 1942. It further provides that if any dividends in arrears are paid in the taxable year, such dividends will be presumed to have been paid with respect to the earliest year or years for which there are arrearages.

Section 26 (h) in defining preferred stock provides that such stock must have been issued prior to October 1, 1942. This amendment further provides that stock issued on or after October 1, 1942, shall be deemed to have been issued before that date for the purposes of the credit if it was issued by the same or another corporation in a transaction which is a reorganization within section 112 (g) (1), or which is a transaction to which section 112 (b) (9) is applicable, or which is a transaction subject to the provisions of supplement R of chapter 1 of the code, to refund or replace bonds or debentures issued prior to October 1, 1942, or to refund or replace other stock which is preferred stock within the meaning of section 26 (h) (2) (B). Such new stock, however, shall be considered to have been issued prior to October 1, 1942, only to the extent that the par or stated value does not exceed the par, stated, or face value of the securities which such new stock is issued to refund or replace.

This amendment is applicable to taxable years beginning after December 31, 1943, but the changes in existing law with respect to the definition of preferred stock are applicable to any transaction occurring on or after October 1, 1942, whether or not before January 1, 1944. No credit, however, for dividends paid on stock which is deemed to have been issued prior to October 1, 1942, solely by reason of this amendment will be allowed for a taxable year beginning prior to January 1, 1944.

The House recedes with technical and clerical amendments, including a change in section number and a change of reference to insolvency reorganizations.

Amendments Nos. 20, 21, 22, 23, 24, 25, 26, 27, and 28: The House bill required annual returns to be filed by tax-exempt organizations with certain exceptions. The Senate amendments made minor technical changes and broadened the exemption given by the House bill to certain educational organizations by including those normally meeting the conditions of the exemption in the House bill. It also exempted certain additional organizations from the annual return requirement, including organizations exempt as fraternal beneficiary societies, orders, or associations under section 101 (3), certain organizations for the prevention of cruelty to children or animals exempt from tax under section 101 (6) and those owned by the United States or its agencies or instrumentalities and exempt under section 101 (15). The House recedes as to these amendments with a change in section number and with an amendment to amendment No. 27 specifically limiting the exemption of fraternal organizations to those exempt from taxation solely under section 101 (3).

Amendment No. 29: This amendment, for which there is no corresponding provision in the House bill, eliminates paragraphs (3), (4), and (5) of section 294 (a) of the code, relating to additions to the tax for failure to file a declaration, for failure to make a timely payment of estimated tax, and for underestimating the tax, and inserts at the end of section 294 a new subsection (d) relating to such additions. The new penalties for failure to file and for failure to pay are applicable unless, in either such case, the failure is shown to be due to reasonable cause and not due to willful neglect. The penalty for failure to make and file a timely declaration consists of an addition to the tax in the amount of 5 percent of each installment due but unpaid and in addition 1 percent of the installment for each month (except the first) or fraction thereof during which the installment remains unpaid. Such addition to the tax with respect to any installment due but unpaid shall not exceed 10 percent of the unpaid portion of such installment. For the purpose of determining the addition to the tax in case of failure to make and file a timely declaration each installment shall be considered to be an amount equal to the amount that would have been due and payable if a declaration showing an estimated tax in the amount of the correct tax had been timely filed, and one such installment shall be considered due on the 15th day of the last month of that quarter of the taxable year in which the declaration is required to be filed, and another such installment shall be considered due on the 15th day of the last month of each succeeding quarter of the taxable year.

The penalty for failure to pay installments of declared estimated tax is applicable to delinquency in payment only where the penalty for failure to file is not applicable to the taxable year; namely, where a timely declaration of estimated tax is made and filed or the failure to so file has been shown to be due to reasonable cause. The penalty for nonpayment in such cases is based upon the declared amount, but otherwise is the same as the penalty for failure to file.

Paragraph (2) of subsection (d) retains the penalty provided in section 294 (a) (5) of existing law for substantial underestimate of estimated tax; with a limitation, however, designed to make such penalty inapplicable if taxpayers, under regulations prescribed by the Commissioner with the approval of the Secretary, make timely payment of estimated tax within or before each quarter in an amount at least as great as though computed under the law and at the rates applicable to the taxable year on the basis of the taxpayer's status at the time of filing the declaration, but otherwise on the basis of the facts relating to income and other matters shown on his return for the preceding taxable year. For the calendar year 1943, the quarters beginning prior to July 1, 1943, are included and, in the usual case, in order to receive the benefit of the relief provision, the declaration of estimated tax must have been filed on or before September 15, 1943, and at least one-half of the estimated tax must have been paid on or before September 15 and the remainder on or before December 15, 1943.

The House recedes with amendments to clarify and effectuate the policy of the Senate amendment.

Amendment No. 30: This amendment eliminates the provision of the House bill, adding a new section to the code to limit the tax attributable to back pay received or accrued by an individual during the taxable year. The House recedes with a change in section number and with the following amendment:

There is added to section 107 of the code a new subsection (d), which expands the definition of "back pay" to include all compensation received or accrued during the taxable year by an employee for services performed prior to the taxable year for his employer, which would have been paid prior to the taxable year but for the occurrence of one of the following events: (1) Bankruptcy or receivership of the employer; (2) dispute as to the liability of the employer to pay such remuneration, which is determined after the commencement of court proceedings; (3) if the employer is the United States, a State, a Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any of the foregoing, lack of funds appropriated to pay such remuneration; or (4) any other event determined to be similar in nature under regulations prescribed by the Commissioner with the approval of the Secretary. The term also includes retroactive wage or salary increases, received in respect of services performed in a prior taxable year, which have been ordered, recommended, or approved by any Federal or State agency. "Back pay" also covers payments arising out of an alleged violation by an employer of any State or Federal law (such as the National Labor Relations Act or the Fair Labor Standards Act of 1938) relating to labor standards or practices, to the extent such payments are determined to be attributable to a prior year. Any amount which is not includible in gross income under chapter 1 of the code shall not constitute back pay. Remuneration for personal services, including pensions, retirement pay, bonuses or commissions, which are paid in the current year in accordance with the usual practice or custom of the employer, are not "back pay", even though such amounts are received in respect of services performed in a prior year (or prior years). The term refers only to remuneration the payment of which has been deferred by reason of the unusual circumstances of the type specified in the definition.

The new subsection provides that if the amount of such back pay exceeds 15 percent of the gross income of the individual for the taxable year, the part of the tax for such year which is attributable to the inclusion of the back pay in gross income shall not exceed the sum of the increases in the taxes which would result from the inclusion of the respective portions of the back pay in gross income for the taxable years to which such portions are respectively attributable as determined under regulations prescribed by the Commissioner with the approval of the Secretary.

Amendment No. 31: This amendment, for which there is no corresponding provision in the House bill, adds a provision (sec. 112 (b) (7)) to the nonrecognition of gain provisions of the code, under which, in certain complete liquidations of domestic corporations occurring within a calendar month of 1944, a limited portion of the gain is not recognized to certain qualified electing shareholders. The provision is similar to the provisions of section 112 (b) (7) of the Revenue Act of 1938, providing for a similar limited nonrecognition of gain to qualified electing shareholders of a domestic corporation completely liquidated within the month of December 1938. Section 113 (a) (18) of the code is amended to provide for the basis of property so distributed. The House recedes with a change in section number.

Amendment No. 32: This amendment, for which there is no corresponding provision in

the House bill, contains provisions designed to cover the reorganization transactions of certain insolvent corporations (other than railroad corporations) and to resolve some of the doubts and uncertainties which result from existing law as construed in the Supreme Court decisions. Subsection (a) of the section inserted by this amendment adds to section 112 (b) of the code paragraph (10), which provides the rule with respect to nonrecognition of gain or loss upon the transfer of property of the reorganizing corporation in a taxable year commencing after December 31, 1933. It is provided that no gain or loss shall be recognized upon the transfer of the property in pursuance of an order of the court having jurisdiction of the corporation in a receivership, foreclosure, or similar proceeding or in a proceeding under section 77B or chapter X of the Bankruptcy Act, to a corporation organized or made use of to effectuate a plan of reorganization approved by the court in such proceeding, in exchange solely for stock or securities in such other corporation. Where the consideration for the transfer consists of other property or money as well as stock or securities, this amendment, by making applicable section 112 (d) and (e) of the code, provides that gain is required to be recognized to the extent of the other property or money received, but no loss is recognized on the transaction. The amendment likewise makes applicable section 112 (k) of the code (relating to assumption of indebtedness). Thus the ordinary pattern of insolvency reorganizations in which the transferee corporation is required by the decree to provide cash or to assume liabilities for the payment of nonassenting creditors or reorganization expenses, or for the elimination of fractional shares is covered by the amendment through the operation of section 112 (d) or (e) and (k) in conjunction with the new paragraph (10) which is added to section 112 (b). The definition of "reorganization" contained in section 112 (g) (1) of the code is specifically made inapplicable to a reorganization covered by the provisions of the new section 112 (b) (10). It is intended, however, that only an actual reorganization of a corporation will be covered as distinguished from a liquidation in a bankruptcy proceeding and sale of property to either new or old interests supplying new capital and discharging the obligations of the old corporation. In other words, the type of transaction which was held not to be a reorganization under section 112 (g) (1) in the *Mascot Stove Co. case* (120 F. (2d) 153) or in *Templeton Jewelers Inc. case* (126 F. (2d) 251) would likewise not be covered under these amendments. It is also intended that the business purpose test enunciated in *Gregory* v. *Helvering* (293 U. S. 465), shall likewise apply to transactions under these amendments. This amendment has no application to reorganizations consummated by adjustment of the capital or debt structure of the insolvent corporation without the transfer of its assets to another corporation.

In subsection (b) of the section inserted by this amendment corollary rules are provided with respect to the basis of property acquired on reorganization transactions described in section 112 (b) (10). Section 113 (a) (21) of the code, which relates to the basis of the property acquired by a street, suburban, or interrurban electric railway corporation in a reorganization under section 77B of the Bankruptcy Act, as amended, is expanded and made applicable with respect to the basis of property acquired in reorganization transactions described in section 112 (b) (10). Section 113 (a) (21), as amended, provides that if the property is acquired by a corporation upon a transfer to which section 112 (b) (10) is applicable, the basis in the hands of the acquiring corporation shall be the same as it would be in the hands of the corporation whose property was so acquired, adjusted to reflect any gain recognized upon the acquisition where the receipt of other property or money would require the recognition of gain. It is specifically provided that section 270 of the National Bankruptcy Act shall not apply to reduce the basis by the amount of any indebtedness canceled in such proceeding.

Subsection (4) provides the effective dates of the amendments to existing law made by this amendment. Under this subsection the amendments relative to the recognition of gain or loss of the reorganizing corporation and the basis of its property in the hands of the successor corporation are made retroactive as if they were a part of the law back through the Revenue Act of 1934. Thus they become effective for taxable years beginning after December 31, 1933. For reasons of administration, however, it is provided that such amendments shall not operate to affect the tax liability for any taxable year beginning prior to January 1, 1940. Thus, for example, in the case of a corporation emerging from reorganization in 1936, although the amendments with respect to basis will have an indirect effect in that depreciation of assets for the taxable year 1940 and subsequent years will be computed as if the assets had been carried and depreciated at the transferor's basis throughout the intervening years, 1940 will be the first year under this amendment in which the transferor's basis, adjusted for theoretical depreciation sustained in intervening years, would properly constitute the basis for depreciation to the reorganized corporation to which this amendment applies.

Under this amendment it is contemplated that where the excess profits credit is determined under the invested capital method, the rule set forth in section 760 of the code will apply to the transferee corporation. In order that the transferee corporation should not be allowed the additional credit for new capital where the reorganization occurs after December 31, 1940, the amendment contains a provision which adds section 112 (b) (10) to the enumerated sections to which the new capital provisions do not apply.

The House recedes with amendments broadening the scope of the section to include provisions relative to the recognition of gain or loss and basis in the case of the security holders participating in a reorganization governed by the provisions of the Senate amendments and making changes relative to the effective dates of the new provisions. These changes necessitate rearrangement of the several subsections of the section. Subsection (b) of the Senate amendment provided the rule relative to the basis of property acquired in a reorganization governed by the provisions of new section 112 (b) (10). This was accomplished through an amendment to section 113 (a) (21) of existing law. Under the conference amendment the basis provisions are incorporated in new section 113 (a) (22), and section 113 (a) (21) of existing law is left unchanged. This rearrangement was necessary in order to avoid a conflict relative to the effective dates of the two provisions. The conferees have added a clarifying amendment to insure that the basis determined under new section 113 (a) (22) shall not be subject to adjustment under the provisions of section 113 (b) (3) on account of indebtedness canceled in pursuance of the plan of reorganization.

The technical amendments found in subsection (c) of the Senate amendment are retained in subsection (d) of the conference amendments.

Under the Senate amendment the provisions of sections 112 (b) (10) (relating to the recognition of gain or loss on the reorganization) and 113 (a) (21) (relating to basis of property acquired on the reorganization) were made effective for taxable years beginning after December 31, 1933, with the proviso that the amendments should not be applied to affect any tax liability for any taxable year beginning prior to January 1, 1940. Under the conference amendment the effective date of the amendments is retained, but it is provided that the amendments shall not affect the tax liability for any taxable year beginning prior to January 1, 1943.

Under the conference amendment subsection (b) of the section adds a new subsection (l) to section 112 of the code and provides that the effect shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1931. The new subsection provides for the nonrecognition of gain or loss to participating shareholders and creditors in a reorganization described in new section 112 (b) (10). Section 112 (l) provides that no gain or loss shall be recognized upon the exchange of stock or securities of the old corporation solely for stock or securities in the new corporation. In order to provide uniform treatment in all cases, regardless of the form of the particular transaction, the amendment provides that the relinquishment or extinguishment of the property or interest in the stock or securities of the old corporation in consideration for the acquisition of stock or securities in the new corporation is the exchange which is to be considered the taxable event in a situation of this character. No antecedent or component transaction in connection with such relinquishment or extinguishment and subsequent acquisition is recognized as a taxable event under this amendment. Thus the reorganization may take the form of a transfer of the property of the old corporation to its bondholders upon surrender of the bonds, and a subsequent transfer of the property to the new corporation in exchange for stock of such corporation, or the bonds may be transferred to the new corporation in exchange for stock of such corporation, and subsequently surrendered by the latter in exchange for the property of the old corporation. In either event, the net effect to the participating security holders is an exchange of securities of the old corporation for securities of the new corporation and the transaction is so considered by subsection (l).

Subsection (d) amends section 112 (c) to provide that if in addition to the stock or securities permitted to be received without the recognition of gain in a transaction governed by subsection (l) the taxpayer receives other property or money, the gain, if any, shall be recognized to the extent of such other property or money. This amendment also amends section 112 (e) to provide for the nonrecognition of loss upon an exchange described in subsection (l) if in addition to the stock or securities referred to in subsection (l) the taxpayer receives other property or money upon such exchange.

An exception to the general rule is provided in those cases in which the exchange described in subsection (l) occurred in a taxable year beginning prior to January 1, 1943. For such cases the recognition or nonrecognition of gain or loss upon the exchange is made to depend (1) if the tax liability for such taxable year has been finally determined, upon the treatment accorded such transaction in such final determination, or (2) if the tax liability for such taxable year has not been finally determined, upon the position last maintained by the taxpayer relative to the recognition or nonrecognition of gain or loss upon such transaction.

For the purpose of the application of the exception provided in clause (A) of subsection (l) there is a final determination in any case in which further change in the tax liability for the taxable year is prevented by reason of a decision of a court or The Tax Court, or a closing agreement, or the expiration of the statutory period of limitation upon the making of a claim for refund, or the issuance of a statutory notice of deficiency. The fact that the taxable year may be reopened for the purpose of the application of a special statute of limitations as in the case of bad debts or under a provision

such as section 3801 or 734, does not prevent a determination from becoming final within the meaning of this section. The statute applies, however, only in the case of a determination which becomes final before the ninetieth day after the date of the enactment of the Revenue Act of 1943. This provision affords a reasonable time for the application of the new provision with respect to the recognition or nonrecognition of gain or loss on the transaction before a determination is deemed final.

Clause (B) of subsection (1) relates only to taxable years for which there has been no final determination within the meaning of clause (A). Under this clause the recognition or nonrecognition of gain or loss upon the exchange depends upon the latest treatment accorded such exchange by the taxpayer prior to December 15, 1943. For such purpose the treatment accorded the exchange means the position formally maintained by the taxpayer relative to the recognition or nonrecognition of gain or loss in his return or amended return for the taxable year, in a claim for refund, in a proceeding before a court or the Board of Tax Appeals, or in some formal action taken in connection with a proposed determination of his tax liability for such taxable year.

Subsection (c) of this section, under the conference amendment, provides technical amendments making applicable section 113 (a) (6) of the Internal Revenue Code to determine the basis of property acquired by participating security holders upon a transaction governed by the provisions of new section 112 (1) of the code.

By subsection (e) provisions having the effect of the amendment adding section 112 (1) are deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1931.

Amendment No. 33: This amendment, for which there is no corresponding provision in the House bill, adds a new paragraph to section 113 (a) of the code to provide a rule which may apply at the election of the taxpayer to determine the invested capital and the basis of the assets of a corporation (other than a railroad corporation) following a bankruptcy or receivership reorganization under which the existing corporate entity is retained. The Senate recedes.

Amendment No. 34: This amendment, for which there is no corresponding provision in the House bill, adds to section 113 of the code a new paragraph to provide for the nonapplication of section 270 of the Bankruptcy Act, as amended, in the case of certain reorganizations occurring under section 77B of such act. The effect of the amendment is to prevent reduction of the basis of the assets of the reorganized corporation by the amount of the indebtedness canceled in the proceeding in those cases in which the reorganization is consummated by the adjustment of the capital or debt structure of the existing corporation, and the final judgment or decree in the reorganization proceeding was entered prior to September 22, 1938. Cases in which the reorganization is consummated by a transfer to another corporation of the assets of the corporation undergoing reorganization are not affected by the amendment. A provision having the effect of the amendment shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after December 31, 1935.

The House recedes with an amendment renumbering the section, technical amendments clarifying the language of the provision, and inserting the new provision as paragraph (4) of section 113 (b), relating to adjusted basis, instead of paragraph (23) of section 113 (a), relating to basis.

Amendment No. 35: This amendment, for which there is no corresponding provision in the House bill, permits an election by the taxpayer, upon certain conditions, to have gain not recognized upon sales or exchanges of radio broadcasting properties required by the Federal Communications Commission by order or as a condition to approval of certain applications. The House recedes with a change in section number and with amendments providing as follows:

In view of the fact that the Commission does not order or require any particular sale or exchange, it has been deemed more appropriate to provide that the election, subject to the other conditions imposed, shall be available upon certification by the Commission that the sale or exchange is necessary or appropriate to effectuate the policies of the Commission with respect to ownership or control of radio broadcasting stations. The subsection, however, is not thereby made applicable to cases of sales or exchanges made necessary not by reason of Commission policies as to ownership or control but as a result of other matters, such as operation of a broadcasting station either in a manner determined by the Commission to be not in the public interest or in violation of other Federal or State laws. The amendment as agreed to in conference also makes it clear that the property sold or exchanged or the property similar in service or use into which such property is converted may be stock, whether in a controlling amount or otherwise, in a corporation operating a radio broadcasting station, as well as broadcasting properties themselves. It has also been made clear that the election to treat the sale or exchange as an involuntary conversion under section 112 (f) and the election to reduce the basis of depreciable property remaining in the hands of the taxpayer are separate and distinct elections which may be exercised independently of each other. However, either election once made is binding as to the particular sale or exchange for the taxable year and all subsequent taxable years. An election to reduce the basis of property remaining in the hands of the taxpayer may not be made with respect to any portion of the proceeds of the sale or exchange used to establish a replacement fund pursuant to an election to have the benefits of section 112 (f) even though the entire amount of such fund is not subsequently expended in the acquisition of property similar or related in service or use to the property disposed of.

Amendment No. 36. This is a change in section number. The House recedes with a further change in section number.

Amendments Nos. 37, 38, 39, 41, 42, 45, and 46. These amendments made to section 114 of the House bill include talc and barite in the list of mines which are entitled to depletion at the rate of 15 percent of the gross income from the property (subject to other limitations in the code), and exclude talc and barite from the list of mines entitled to depletion based on discovery value. These amendments do not apply with respect to any taxable year beginning on or after the date of the termination of hostilities in the present war, as defined in subsection (e) of this section. The House recedes as to these amendments with a clerical amendment to amendment No. 37 changing the section heading.

Amendments Nos. 40, 48, and 50: These are clerical amendments. The House recedes as to these amendments with a clerical change in amendment No. 40.

Amendments Nos. 43, 44, and 51: Under section 114 of the House bill, potash mines and deposits were allowed percentage depletion in an amount equal to 23 percent of the gross income from the property (subject to other limitations in the code), and were excluded from the list of mines entitled to discovery value depletion; these provisions were not to be applicable to any taxable year beginning on or after the date of the termination of hostilities in the present war. These amendments provide that potash mines or deposits shall be allowed depletion based upon 15 percent of the gross income from the property, instead of 23 percent, and remove the restriction contained in the House bill which would make inapplicable such allowance for taxable years beginning on or after the date of the termination of hostilities in the present war. It is contemplated that the regulations to be issued by the Commissioner will provide that potash salts in solution are deemed to be a natural deposit. The House recedes.

Amendments Nos. 47 and 49: For the purposes of section 114 (b) (4) of the code amendment No. 47 defines the term "gross income from the property" upon which is based the allowance for percentage depletion. Thus "gross income from the property" means gross income from "mining," and "mining" is considered to include the ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products as well as the extraction of the ores or minerals from the ground. The costs of any process or service which does not constitute an ordinary treatment process is to be excluded in determining gross income from mining. Several specified processes have been listed as being included in the term "ordinary treatment processes." The principles set forth in this amendment are made expressly applicable to mining for the purposes of sections 731 and 735 of the code. Amendment No. 49 makes amendment No. 47 effective as if it were a part of the Internal Revenue Code and the Revenue Acts of 1938, 1936, 1934, and 1932 on the date of their respective enactments. The House recedes with amendments which strike out the next to the last sentence of the subparagraph added by amendment No. 47, which provided that the costs of any process or service which does not constitute an ordinary treatment process is to be excluded in determining gross income from mining, and with an amendment excluding electrolytic deposition, roasting, thermal or electric smelting and refining from the definition of "ordinary treatment processes" and which rephrase the retroactivity provisions in amendment No. 49.

Amendment No. 52: This amendment, for which there is no corresponding provision in the House bill, provides that, in computing percentage depletion under section 114 (b) (4) of the code in the case of potash (whether extracted from a mine or from a brine or other deposit), there shall be included in gross and net income from the property the income from other minerals or mineral salts extracted from such property. The Senate recedes.

Amendment No. 53: This amendment, for which there is no corresponding provision in the House bill, amends section 116 of the code (relating to exclusions from gross income) by adding at the end thereof subsection (j) which provides for the following three new classifications which are to be considered as exclusions from gross income: (1) In the case of a clerk or employee in the Foreign Service of the United States, amounts received as cost-of-living allowances under authority of section 3, as amended, of the act of February 23, 1931; (2) in the case of an ambassador, minister, diplomatic, consular, or Foreign Service officer, amounts received as post allowances under authority of section 12, as amended and renumbered, of the act of May 24, 1924; and (3) in the case of other civilian officers or employees of the Government of the United States stationed outside continental United

States, amounts received as cost-of-living allowances in accordance with regulations approved by the President. The House recedes with a change in section number.

Amendment No. 54: This amendment, for which there is no corresponding provision in the House bill, adds a new section to the bill limiting the definition of "capital assets" in section 117 (a) (1) of the code so as not to include stock or securities of any corporation subject to part I of the Interstate Commerce Act, when held by a corporation whose principal business is that of a common carrier by railroad or a corporation, the assets of which consist principally of stock in such corporations and which does not of itself operate a business other than that of a common carrier by railroad. The Senate recedes.

Amendment No. 55: Section 142 of the Revenue Act of 1942 added to the code section 112 (b) (9) (relating to nonrecognition of loss on certain railroad reorganizations) and section 113 (a) (20) (relating to basis of property acquired by railroad corporations in certain railroad reorganizations), applicable with respect to transactions occurring after December 31, 1939. By section 142 (d) of the Revenue Act of 1942, sections 112 (b) (9) and 113 (a) (20) were made applicable to taxable years beginning after December 31, 1939. Under this amendment, for which there is no corresponding provision in the House bill, sections 112 (b) (9) and 113 (a) (20), as added to the code by section 142 of the Revenue Act of 1942, are made applicable to transactions occurring after December 31, 1938, and section 142 (d) of the Revenue Act of 1942 is amended so as to make sections 112 (b) (9) and 113 (a) (20) applicable to taxable years beginning after December 31, 1938. The House recedes with a change in section number.

Amendment No. 56: This amendment, for which there is no corresponding provision in the House bill, adds a new subparagraph to section 710 (c) (3) to provide that if the basis of the property of a railroad corporation (as defined in section 77m of the National Bankruptcy Act, as amended) is prescribed by section 113 (a) (20), the acquiring corporation and the corporation whose property was acquired, within the meaning of section 113 (a) (20), shall be deemed to be the same taxpayer for the purposes of the unused excess profits credit adjustment. The Senate recedes.

Amendment No. 57: This amendment, for which there is no corresponding provision in the House bill, adds a new subsection (k) to section 117 of the code and amends section 117 (j). Section 117 (k) (1), as added by this amendment, provides that a taxpayer which has owned, or has had a contract right to cut, timber for a period of more than 6 months prior to the beginning of the taxable year may elect in his return for such year to treat the cutting of such timber during the year as a sale or exchange of such timber. If such election has been made, the timber shall be considered "property used in the trade or business" of the taxpayer for the purposes of section 117 (j), and gain or loss to the taxpayer shall be recognized in an amount equal to the difference between adjusted basis for depletion of such timber in the hands of the taxpayer and the fair market value of such timber as of the first day of the taxable year in which such timber is cut. Such fair market value shall thereafter be considered as the cost of such cut timber to the taxpayer for all purposes for which such cost is a necessary factor. An election made by a taxpayer under section 117 (k) (1) shall be applicable with respect to all timber owned by the taxpayer or which the taxpayer has a contract right to cut, and shall be binding upon the taxpayer for the taxable year for which the election was made and for all subsequent years unless the Commissioner, on a showing of undue hardship, permits the taxpayer to revoke his election. Such revocation shall preclude any further election under section 117 (k) (1) except with the consent of the Commissioner.

Under section 117 (k) (2), as added by this amendment, if a taxpayer who has owned timber for more than 6 months disposes of such timber under any form or type of contract by virtue of which the owner retains an economic interest in such timber, the difference between the amount received for such timber and the adjusted basis for depletion of such timber in the hands of the owner shall be considered as though it were a gain or loss, as the case may be, upon the sale of such timber. Such timber shall be considered "property used in the trade or business" of the owner for the purposes of section 117 (j).

Section 117 (j) (1) of the code is amended by including within the definition of "property used in the trade or business", timber as provided in section 117 (k). It is further provided that the amendments made with respect to the disposal of timber by the owner thereof under section 117 (k) (2) of the code, and section 117 (j) of the code as expanded by this amendment to the extent that it relates to such disposal, shall be effective as if they were a part of the Internal Revenue Code and of each prior revenue law on the dates of their respective enactments.

The House recedes with a change in section number and with an amendment to section 117 (k) (1) to provide that the cutting of timber (for sale or for use in the taxpayer's trade or business) during a taxable year by the taxpayer who owns, or has a contract right to cut, such timber (providing that he has owned such timber or has held such contract right for a period of more than 6 months prior to the beginning of such year) shall be considered as a sale or exchange of such timber cut during such year, if the taxpayer so elects upon his return for such year, with an amendment striking out the references to section 117 (j) from sections 117 (k) (1) and (2), and with a further amendment to section 117 (j) (1) to provide that the term "property used in the trade or business" includes timber with respect to which section 117 (k) (1) or (2) is applicable. As the result of the amendment to section 117 (j) (1), timber as to which an election has been made under section 117 (k) (1) or which is described in section 117 (k) (2) shall be governed by the provisions of section 117 (j) for all taxable years to which such latter section is applicable. The amendment made with respect to section 117 (k) (2) shall be deemed to be included in the revenue laws respectively applicable to taxable years beginning after February 28, 1913. The amendment made with respect to section 117 (j) (1) shall be effective as if it were made by section 151 of the Revenue Act of 1942.

Amendment No. 58: This amendment changes the section number and title; the House recedes with a further change in section number.

Amendments Nos. 59 and 60: These amendments change the section title; the House recedes.

Amendment No. 61: The House bill added a new section 129 to chapter 1 under which a deduction, credit, or allowance is disallowed (or allowed only in such part as is consistent with the prevention of the avoidance) in any case in which any person or persons acquire, on or after October 8, 1940, an interest in or control of a corporation or property, if the Commissioner finds that one of the principal purposes for which such acquisition was made or availed of is the avoidance of Federal income or excess-profits taxes by securing the benefit of such deduction, credit, or other allowance.

As amended by the Senate bill, section 129 disallows a deduction credit or allowance (or allows only such part as is consistent with the prevention of the evasion or avoidance) in any case in which any person or persons acquire, on or after October 8, 1940, control (more than 50 percent) of a corporation, if the principal purpose for which such acquisition was made is evasion or avoidance of Federal income or excess-profits taxes by securing the benefit of a deduction, credit, or allowance which such person would not otherwise enjoy, then such deduction, credit, or other allowance shall not be allowed.

The House recedes with a change of section number and with further amendment. Under the conference agreement, section 129 disallows a deduction, credit, or allowance (or allows only such part as is consistent with the prevention of the evasion or avoidance) in any case in which (1) any person or persons acquire on or after October 8, 1940, control of a corporation, or (2) any corporation acquires on or after October 8, 1940, directly or indirectly, property of another corporation (not controlled, directly or indirectly, immediately prior to such acquisition by such acquiring corporation or its stockholders) the basis of which property in the hands of the acquiring corporation is determined by reference to the basis in the hands of the transferor corporation, if the principal purpose for which such acquisition was made is evasion or avoidance of Federal income or excess profits taxes by securing the benefit of a deduction, credit, or allowance which such person would not otherwise enjoy. Under the conference agreement, "control" is specifically defined. The definition adds precision to the phrase "acquire, on or after October 8, 1940, * * * control" but does not change the primary meaning of "acquire" as used in the Senate amendment. Thus, if A, who, on October 7, 1940, and at all times thereafter, owns 40 percent of the stock of corporation X (having at such times only one class of stock outstanding), acquires on October 8, 1940, an additional 10 percent of such stock, an acquisition (within the meaning of such phrase) is made by A on October 8, 1940.

Under the conference agreement, the categories of tax evasion and tax avoidance selected for specific treatment under section 129 are those characterized either by the acquisition of control of a corporation, or by the acquisition of property (with a transferred basis) by one corporation from another not controlled immediately prior to such acquisition by such first corporation. As contrasted with the House bill, the conference agreement narrows the scope of the section, considered desirable in view of the extent to which the House provision overlapped the broad provisions of sections 45 of the code (control cases) and 141 of the code (affiliated cases), and of the principle of *Higgins* v. *Smith* (308 U. S. 473), and in order to emphasize the special function of the section, namely, to give tax enforcement agencies a clear basis for administration in those areas in which abuses are most apt to occur. The shifting within a controlled group of property or an enterprise in the attempt to preserve to the transferor, or the underlying interest, a deduction, credit, or allowance reasonably related to the property or enterprise once owned but since parted with, is governed by section 45, as is a similar shift designed to afford the new owner a deduction, credit, or allowance, having a reasonable relationship to the old owner but not with the new.

Section 128 as renumbered under the conference agreement is designed to make definite and clear that the evasion or avoidance arrangements within the section are legally

ineffective, to insure that the small minority who have indulged in these schemes take nothing by their artifice, and to protect the overwhelming majority of taxpayers who have refused to participate in such transactions. The intent under the conference agreement is that the section shall not be construed as in any way abrogating, delimiting, or superseding, the full application of (1) the principle established by the Supreme Court in *Higgins* v. *Smith* (308 U. S. 473), and applied in the numerous cases cited in the reports of the House and Senate committees; (2) or of the requirements of sections 45, 141, and other provisions of the code specifically dealing with the prevention of evasion or avoidance.

Amendments Nos. 62 and 65: These Senate amendments inserted the phrase "evasion or" in order to conform the language to that of Senate amendment No. 61. The conference agreement as to Senate amendment No. 61 retains the phrase "evasion or" in view of the use of the term elsewhere in the code and in order to make clear that the result denoted in section 129 by "evasion or avoidance" is that which would be referred to in ordinary usage either as "evasion" or as "avoidance" (including cases not cognizable under the criminal or administrative penalty provisions of law); the House recedes.

Amendments Nos. 63, 64, and 66: These Senate amendments strike the phrase "or availed of" appearing in the House bill in order to conform the language to that used in Senate amendment No. 61, under which the determination of the purpose for which an acquisition was made necessarily requires a scrutiny of the entire circumstances in which the transaction or course of conduct occurs, in connection with the tax result claimed to arise therefrom. The House recedes.

Amendment No. 67: This Senate amendment restricted the retroactivity of section 122 of the Senate bill (renumbered sec. 128) to all acquisitions made with fraudulent intent to evade tax. In the House bill the section was applicable to all taxable years beginning after December 31, 1939. The House recedes with an amendment.

An acquisition made with fraudulent intent to evade tax is incapable of having the legal effect of giving the benefit of a deduction, credit, or allowance to any taxpayer. Section 128 (c) under the conference agreement makes section 128 applicable to taxable years beginning after December 31, 1943, and explicitly states:

"The determination of the law applicable to prior taxable years shall be made as if this section had not been enacted and without inferences drawn from the fact that the amendment made by this section is not expressly made applicable to prior taxable years."

The conference agreement contemplates, as respects taxable years beginning prior to January 1, 1944, that tax administration for such taxable years will proceed upon the basis that existing law is fully operative, and that in such administration the circumstance that specific categories of tax evasion or avoidance are selected for specific statutory treatment for taxable years beginning after December 31, 1943, may not be treated as abridging, restricting, or limiting the full application of any applicable law or rule of law (whether explicit or implicit in the code, or in judicial decisions, or whether as yet applied to particular situations or as yet decided). The conference agreement on section 128 (as renumbered) further contemplates that, as respects any taxable year (beginning before, on, or after January 1, 1944), section 128 shall not be read as approving or validating by inference, implication, or otherwise, any tax avoidance or evasion device, action, or result (whether within or without the categories of sec. 128), or as diminishing in any manner the efficacy of any law or rule of law in the prevention of distortions or perversions.

Amendment No. 68: This amendment, for which there is no corresponding provision in the House bill, adds a new section 130 to the code, to limit in the case of individuals the amount of deductions attributable to a trade or business which are otherwise allowable in any given taxable year. If the deductions attributable to a trade or business carried on by an individual exceed the gross income from such business for each of 5 consecutive taxable years, regardless of the amount of such excess, the net income of such individual for each of such years is to be recomputed. In recomputing the net income for each of such years, deductions attributable to such trade or business shall be allowed only to the extent of $20,000 plus the gross income attributable to such trade or business. In making such recomputations, the net operating loss deduction provided in section 23 (s) of the code shall not be allowed. The House recedes with a change of section number and with an amendment revising the provisions of the new section 130 in the following particulars:

Under the Senate amendment, a recomputation is required if the deductions allowable to an individual and attributable to a trade or business carried on by him for 5 consecutive years have, in each year, exceeded the gross income therefrom. The conference amendment requires a recomputation only if such deductions, but not including taxes and interest, have in each of such years, exceeded by more than $50,000 the gross income derived from such trade or business.

The Senate provisions prescribe that in such recomputation of the net income of each of the 5 consecutive years the deductions shall be allowed only to the extent of $20,000 plus the gross income from the trade or business. The conference amendment raises this $20,000 figure to $50,000 and excludes from the deductions to be disallowed upon the recomputation the deductions otherwise allowable in respect of taxes and interest. On the basis of such recomputation of net income, the conference amendment provides for a redetermination of the tax imposed by this chapter. If for any such taxable year the assessment of a deficiency is prevented, except for the provisions of sections 3801 and 3807, by the operation of any law or rule of law other than section 3761, relating to compromises, any increase in the tax previously determined for such year shall be deemed a deficiency under this section. Notwithstanding any law or rule of law (other than section 3761), any amount deemed a deficiency under this section may be assessed as if on the date of the expiration of the time prescribed by law for the assessment of a deficiency for the fifth taxable year of the 5 consecutive taxable years, one year remained before the expiration of the period of limitation upon assessment for any of such years. However, in applying the provisions of section 130 to a taxable year open for assessment without regard to the limitation provisions of that section, the deficiency or overpayment will be the actual deficiency or overpayment.

The conference amendment provides that this new section shall be applicable to taxable years beginning after December 31, 1939, but shall not affect any tax liability for any taxable year beginning prior to January 1, 1944.

The amendment has no application to any occupation or activity which is not a trade or business regularly carried on by the taxpayer. The limitations placed upon the application of the provisions of the amendment are not to be used either directly or by implication as indicia in determining whether the occupation or activity is a trade or business or for the production of income.

Amendment No. 69: This amendment, for which there is no corresponding provision in the House bill, amends subsections (b) and (f) of section 131 of the code (which limit the credit allowed for taxes of foreign countries and possessions of the United States) to assure in all cases the technically correct formulas for relating the income of the taxpayer from foreign sources to the taxpayer's total income and for fixing the amount of taxes deemed to have been paid by a corporation on dividends received from its foreign subsidiary.

Existing formulas in 131 (b), in the case of corporate taxpayers, relate net income from a foreign country and from all foreign sources to normal-tax net income plus the credit for adjusted excess-profits net income under section 26 (e) of the code. The amendment effected by subsection (a) of this section would relate normal-tax net income from a foreign country and from all foreign sources to entire normal-tax net income. In determining normal-tax net income from such sources a portion of the credit under section 26 (e) is allocated to such income, determined by the relationship of the excess-profits net income from such sources to the entire excess profits net income. In the application of the provisions added to section 131 (b), as in the case of the related section 729 (d) providing for a credit for foreign tax against the chapter 2 E excess-profits tax, "entire excess-profits net income" will have to be determined in accordance with regulations, taking cognizance of problems presented by such sections as 721, 726, 731, and 736 (b) which affect the taxable excess-profits net income and the amount of the chapter 2 E tax against which the credit is taken under section 729 (d).

Subsection (b) of this amendment amends subsection (f) of section 131 to eliminate the proviso therein reading as follows:

"* * * *Provided*, That the amount of the tax deemed to have been paid by such domestic corporation under this subsection shall in no case exceed the same proportion of the tax against which credit is taken which the amount of such dividends bears to the amount of the normal-tax net income of the domestic corporation in which such dividends are included. * * *"

This proviso has the effect of confining the credit for the tax deemed to have been paid by a parent corporation on dividends received from its foreign subsidiary to the chapter 1 tax and preventing such tax deemed to have been paid from being available, in part, as a credit against any chapter 2 E tax.

The amendments made by subsection (a) of this section will be effective for taxable years beginning after December 31, 1941; the amendment made by subsection (b) of this section will be effective for taxable years beginning after December 31, 1939.

The House recedes with a change in section number.

Amendment No. 70: This amendment, for which there is no corresponding provision in the House bill, amends section 141 (e) of the code to provide that certain types of corporations, which under existing law would be exempt from the excess-profits tax if they were not members of an affiliated group filing consolidated returns, shall not be includible corporations entitled to join in the filing of consolidated returns (unless they have filed a required consent for any taxable year beginning after December 31, 1943, to be so included). Thus the exemption from excess-profits tax has been preserved to these corporations unless they elect otherwise by con-

senting to be treated as includible corporations. These corporations are personal-service corporations (sec. 725), personal-holding companies as defined in section 501 (sec. 727 (e)), certain domestic corporations satisfying the provisions of section 727 (g), and certain corporations subject to the provisions of title IV of the Civil Aeronautics Act of 1938 (sec. 727 (h)). The House recedes with a change in section number.

Amendment No. 71: This amendment, for which there is no corresponding provision in the House bill, reduces the rate of withholding at the source to 10 percent of the gross amount of the wages of nonresident alien individuals brought into the United States under the authority of the War Manpower Commission for temporary employment essential to the war effort. The House recedes with a change in section number.

Amendment No. 72: This amendment, for which there is no corresponding provision in the House bill, adds a new paragraph (4) to section 162 (d). Through application of section 162 (d) (2) and (3) (A) it is possible in some cases that the amount of the deductions allowed in computing the net income of an estate or trust, and required to be included in the net income of legatees, heirs, or beneficiaries, will exceed the net income of the estate or trust for its taxable year. Such excess deductions result in a form of double taxation which this amendment avoids, by providing that if the deductions allowed to an estate or trust solely by reason of section 162 (d), (2) and (3) (A) in respect of income payable to legatees, heirs, or beneficiaries exceed the net income of the estate or trust for such year, computed without such deductions, the amount of such excess shall not be included in computing the net income of such legatees, heirs, or beneficiaries. The floor amendment by the Senate to this section as reported out by the Senate Finance Committee merely clarified the language of the section without change as to substance or the applicability of the detailed discussion of section 127 contained in the Senate Finance Committee Report. The House recedes with a change in section number.

Amendments Nos. 73 and 74: These are clerical amendments. The House recedes with a further change in section number as to amendment No. 73.

Amendments Nos. 75, 76, 77, 78, and 79: The House bill added a new subsection (c) to section 167 of the code to provide that income shall not be taxable to the grantor under section 167 (a) of the code or any other provision of chapter 1 thereof merely because such income, under stated circumstances, may be applied or distributed for the support or maintenance of a beneficiary, such as the wife or child of the grantor, whom he is legally obligated to support, except to the extent that such income is actually so applied or distributed. Amendments Nos. 75, 76, and 77 are of a clarifying character, designed to carry out the original intention underlying new subsection (c). The House bill provided for the retroactive application of the amendments made thereby but forbade the allowance of refund or credit in those cases where such allowance was barred by any provision or rule of law. Amendments Nos. 78 and 79 authorize credit or refund notwithstanding any provision or rule of law (with certain stated exceptions) which would otherwise prevent such credit or refund. The House recedes.

Amendment No. 80: This section, for which there is no corresponding provision in the House bill, provides that mutual fire insurance companies exclusively issuing perpetual or refundable single premium policies, shall be taxed substantially as stock insurance companies other than life and mutual marine insurance companies under section 204 of the code instead of as at present under the provisions of section 207 of the code, applicable to mutual insurance companies other than life or marine. The House recedes with a change in section number.

Amendment No. 81: This amendment changes a section number. The House recedes with a further change of section number.

Amendment No. 82: This a clerical amendment. The House recedes.

Amendment No. 83: This amendment eliminates the provision of the House bill relating to the effective date of the amendments made by part II of title I of the House bill, relating to withholding at source on wages. The House recedes.

Amendment No. 84: This amendment eliminates the provisions of the House bill relating to definitions affecting status for withholding of tax at source on wages. The House recedes.

Amendment No. 85: This amendment eliminates the provisions of the House bill amending section 1622 of the code, relating to income tax collected at source. The House recedes with a change in section number and a further amendment as follows:

Section 1622 (h) (1) of the code, relating to withholding-exemption certificates, is amended so as to permit an employer to give immediate effect only to changes of status occurring on or before July 1, of the calendar year. Where a withholding-exemption certificate is furnished on account of a change of status occurring after July 1, of the calendar year, such change shall not be given effect until the first payment of wages made on or after January 1 of the succeeding calendar year.

Amendment No. 86: This amendment, for which there is no corresponding provision in the House bill, is designed to correct a technical drafting error made in section 710 (a) (1) (B) of the code, as added by section 202 of the Revenue Act of 1942, whereby a public utility would become subject to the 80 percent income and excess profits tax limitation and would have its excess-profits tax liability reduced by virtue of the credit for dividends paid on its preferred stock during the taxable year. The credit for dividends paid provided in section 26 (h) of the code, however, was intended as a credit only for purposes of the surtax. The amendment provides that for purposes of the 80-percent tax limitation, corporation surtax net income shall be computed without regard to 80 percent of the credit for dividends paid provided in section 26 (h). This not only corrects the error but also provides that a public utility subject to the 80-percent tax limitation obtains the same benefit from the payment of dividends on its preferred stock as a public utility which is not subject to the 80-percent limitation. The House recedes.

Amendment No. 87: This is a clerical amendment. The House recedes.

Amendments Nos. 88, 89, 90, and 91: Under the House bill, the excess-profits credit based upon an invested capital over $10,000,000 but not over $200,000,000 was $700,000 plus 5 percent of the excess over $10,000,000. Upon an invested capital over $200,000,000, the excess-profits credit was $10,200,000 plus 4 percent of the excess over $200,000,000. These amendments eliminate the separate provision of the House bill in the case of invested capital over $200,000,000, and provide that in the case of invested capital over $10,000,000, the excess-profits credit shall be $700,000 plus 5 percent of the excess over $10,000,000. The House recedes.

Amendment No. 92: This is a clerical amendment. The House recedes.

Amendments Nos. 93 and 94: These are technical amendments designed to permit the compilation by the Commissioner of cases in which relief under section 722 has been allowed, whether or not such cases relate to taxable years beginning after December 31, 1943. The House recedes.

Amendments Nos. 95 and 96: Under the House bill which included lessors within the scope of section 735 of the code, the term "lessor" was defined as a corporation which owns an economic interest in a mineral property or a timber block, and is paid in accordance with the number of mineral or timber units recovered from the mineral property or timber block by the producer to which such property or block is leased by the lessor. These amendments change the word "producer" to "person" and eliminate the requirement that such person must be the person to which the mineral property or timber block is leased by the lessor. Thus, individual lessees as well as sublessees are included within the purview of section 735 as respects lessors. The House recedes.

Amendments Nos. 97, 98, 99, 101, 103, 104, 106, and 107: Under the House bill, relief under section 735 was extended to natural-gas companies which were defined as corporations engaged in the withdrawal or transportation by pipe line of natural gas. In the case of a natural-gas company, any of the natural-gas property of which was in operation during the base period, the nontaxable income from exempt excess output for any taxable year was the amount equal to the excess output for such year multiplied by one-half of the unit net income for such year. The term "natural-gas property" was defined as the property of a natural-gas company used for the withdrawal, storage, and transportation by pipe line of natural gas, excluding any part of such property which is an emergency facility under section 124. In determining the excess output, which meant the excess of the natural-gas units for the taxable year over the normal output, the term "natural-gas unit" was defined as a unit of natural gas sold by a natural-gas company, and the term "normal output" was defined as the average annual natural-gas units sold in the taxable years beginning after December 31, 1935, and not beginning after December 31, 1939, of the person owning the natural-gas property (whether or not the taxpayer). The term "unit net income" in the case of a natural-gas property was defined to mean the amount ascertained by dividing the net income, computed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, from such property during the taxable year by the number of natural-gas units sold in such year.

The amendments added by the Senate extend relief to a natural-gas company only with respect to the income derived from the withdrawal of natural gas from natural-gas properties in which the natural-gas company owns an economic interest and do not extend such relief to any income attributable to storage, transportation, or distribution of such gas. Thus, amendments Nos. 97 and 98 redefine the term "natural-gas company" to mean a corporation engaged in the withdrawal of natural gas from natural-gas property in which it owns an economic interest and which was in operation during the base period. Amendments Nos. 106 and 107 provide that in the case of a natural-gas company the nontaxable income from exempt excess output for any taxable year shall be an amount equal to the excess output for such year from natural-gas properties in which it owns an economic interest multiplied by one-half of the unit net income for such year. For purposes of determining the excess output the term "natural-gas unit," as redefined by amendment No. 99, means a unit of natural gas withdrawn from a natural-gas property, and the term "normal output," as redefined by amendment No. 101, means the average annual natural-gas units withdrawn

in the base period (taxable years beginning after December 31, 1935, and not beginning after December 31, 1939) of the person owning the natural-gas property (whether or not the taxpayer). As redefined by amendment No. 103, the term "natural-gas property" means a gas well, the development and plant necessary for the withdrawal of natural gas therefrom, and so much of the surface of the land as is necessary for such withdrawal, excluding any part of such property which is an emergency facility under section 124. The definition of unit net income in respect of a natural-gas company, as changed by amendment No. 104, means the amount ascertained by dividing the net income, computed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, from the natural-gas property during the taxable year by the number of natural-gas units withdrawn from such property in such year. The Senate recedes.

Amendments Nos. 100 and 102: These amendments are technical amendments simplifying the use of the term "base period" in section 735 (a) (4), as amended. The Senate recedes.

Amendment No. 105: Under the House bill nontaxable income from exempt excess output from a coal mining or iron mining property or a timber block which was not in operation during the base period was an amount equal to one-sixth of the net income for such taxable year computed with the allowance for depletion from the coal or iron mining property or from the timber block, as the case may be. This amendment changes the allowance from one-sixth to one-half of such net income for the taxable year. The Senate recedes.

Amendment No. 108: The section of the House bill relating to nontaxable income of certain industries with depletable resources was made applicable to taxable years beginning after December 31, 1943, except that insofar as it related to lessors of mineral properties and timber blocks in operation during the base period and to natural-gas companies, it was applicable to taxable years beginning after December 31, 1941. The Senate amendment changes the applicability provisions to make all the amendments applicable with respect to taxable years beginning after December 31, 1941. The Senate recedes.

Amendment No. 109: Section 727 (h) of the code provides that a corporation subject to the provisions of title IV of the Civil Aeronautics Act of 1938 shall be exempt from the excess profits tax, if, after excluding from its gross income compensation received from the United States for the transportation of mail by aircraft, its adjusted excess profits net income for such year is zero or less. This amendment, for which there is no corresponding provision in the House bill, provides that the exclusion of air-mail compensation shall also be made in determining the amount of the unused excess profits credit for such year available under section 710 (c) as an offset to adjusted excess profits net income in other taxable years. To the extent, however, that the unused excess profits credit adjustment is attributable to the exclusion of mail pay, such credit is available to the taxpayer solely for the purposes of applying section 727 (h); i. e., only if such unused excess profits credit adjustment coupled with the exclusion required for the current year, again produces a zero adjusted excess profits net income. This amendment is effective as of the date of the enactment of the Excess Profits Tax Act of 1940. The House recedes with technical amendments serving to clarify the language of the provision, and to provide that the amendment made shall be effective as if it were a part of the Excess Profits Tax Act of 1940 on the date of its enactment.

Amendment No. 110: This amendment, for which there is no corresponding provision in the House bill, changes, for the purposes of part III of subchapter E of chapter 2 of the code, the definition under existing law of the term "tax imposed under this subchapter" in the case of taxable years beginning in 1941 and ending after June 30, 1942. Under the amendment the term means, in the case of such taxable years, the portion of the tentative excess profits tax determined under section 710 (a) (3) (B) of the code. The House recedes.

Amendments Nos. 111, 112, 113, and 114: These amendments are clerical. The House recedes.

Amendments Nos. 115 and 116: These amendments are technical. The House recedes.

Amendment No. 117: The House bill provides that, in case of a credit or refund of an overpayment of excess profits tax for a taxable year for which a post-war credit is provided, bonds issued with respect to a taxable year prior to that for which the overpayment is made may be made available for adjustment. By striking out the words "or a previous taxable year", this amendment has the effect of limiting the bonds subject to adjustment in such case to the bonds issued with respect to the taxable year for which the overpayment is made. This change in the provision with respect to the adjustment of the bonds makes such provision conform in this regard to the provision with respect to the adjustment of the post-war credit. The House recedes.

Amendments Nos. 118 and 119: These are technical amendments. The House recedes.

Amendment No. 120: This is a clerical amendment. The House recedes.

Amendment No. 121: This amendment, for which there is no corresponding provision in the House bill, adds a new paragraph (2) to section 781 (d) of the code. Section 781 (d) relates to the limitation on the post-war credit with respect to the excess profits tax. Paragraph (2) prescribes a special rule for the computation of the limitation on the post-war credit for a taxable year beginning in 1941 and ending after June 30, 1942. The House recedes with an amendment which corrects a technical imperfection in the Senate amendment.

The portions of the tentative excess profits taxes determined under section 710 (a) (3) (A) and (B) of the code are the portions of the tentative taxes prior to the credit under section 729 (c) and (d) of the code for tax paid or accrued to a foreign country or possession of the United States and prior to the adjustment under section 734 of the code on account of position inconsistent with prior income tax liability. The credit under section 729 (c) and (d) and the adjustment under section 734 are applied against the sum of the portions of the tentative excess profits taxes finally determined under section 710 (a) (3). Therefore, Senate amendment No. 121 fails to prescribe the proper rule for computing the limitation on the post-war credit for a taxable year beginning in 1941 and ending after June 30, 1942, whenever a credit under section 729 (c) and (d) or an adjustment under section 734 is involved. This imperfection is corrected by the conference amendment. The amount of tax which would be payable to the United States under subchapter E of chapter 2 of the code if the portion of the tentative tax determined under section 710 (a) (3) (B) were reduced by 10 percent, as used in the conference amendment, means the sum of (1) the portion of the tentative tax determined under section 710 (a) (3 (A), and (2) 90 percent of the portion of the tentative tax determined under section 710 (a) (3) (B), after proper allowance is made for any allowable credits or adjustments, such as a credit under section 729 (c) and (d) or an adjustment under section 734.

Amendment No. 122: This is a clerical amendment. The House recedes.

Amendment No. 123: This is a technical amendment. The House recedes.

Amendment No. 124: This is a clerical amendment. The House recedes.

Amendment No. 125: The House bill provides that the amendments made by subsections (a), (b), (c), and (d) of section 250 shall be effective as if made by section 250 of the Revenue Act of 1942. This provision as changed by amendment No. 125 provides that the amendments made by subsections (b), (c), and (d) of section 250 of the Senate bill, and the amendments made by subsection (e) of section 250 of the Senate bill (except with respect to credits or refunds made on or prior to the date of the enactment of this act) shall be effective as if made by section 250 of the Revenue Act of 1942. Subsections (b), (c), (d), and (e) of the Senate bill correspond to subsections (a), (b), (c), and (d) of the House bill. The change made by this amendment with respect to credits or refunds made on or prior to the date of the enactment of this act is substantive. Under the Senate amendment, section 781 (b) of the code in force under existing law rather than such section as amended will be applicable with respect to those cases where an overpayment of excess profits tax, for a taxable year for which a post-war credit is provided, is credited or refunded on or prior to the date of the enactment of this act. The House recedes.

Amendment No. 126: This amendment provides that the amendment made by section 250 (a) of the Senate bill, and the amendment made by section 250 (f) of the Senate bill inserting a new paragraph (2) of section 781 (d) of the code, shall be applicable with respect to taxable years begining in 1941 and ending after June 30, 1942. The House recedes with a technical amendment.

Amendments Nos. 127 and 128: These amendments are clerical. The House recedes.

Amendment No. 129: This amendment, for which there is no corresponding provision in the House bill, amends section 783 (b) (2) of the code, relating to one of the limitations on the credit against the excess profits tax for debt retirement in the case of taxable years beginning after September 1, 1942. Section 783 (b) (2), as amended, provides in effect that the credit for debt retirement with respect to the taxable year shall not exceed an amount equal to 40 percent of the amount by which (1) the amount of indebtedness as of September 1, 1942, or (2) the smallest amount of indebtedness as of the close of any preceding taxable year ending after September 1, 1942, whichever amount is the lesser, exceeds the amount of indebtedness as of the close of the taxable year. The amendment is made applicable with respect to taxable years beginning after December 31, 1942. The House recedes with an amendment.

The conference amendment clarifies the amendment to section 783 (b) (2) of the code by the use of more precise language. It further provides that the amendment to section 783 (b) (2) shall be applicable to taxable years beginning after September 1, 1942, instead of to taxable years beginning after December 31, 1942. The conference amendment also adds a new subsection (c) to this section of the bill. Section 783 (a) of the code makes the allowance of the credit for debt retirement conditioned upon an election to take such credit made by the taxpayer in its return for the taxable year with respect to which such credit is allowable. With respect to the election to take credit for debt retirement against the excess profits

tax imposed for a taxable year ended prior to the date of the enactment of this act, this conference amendment makes a special exception to the general rule under section 783 (a) as to when the election to take the credit must be made. The exception applies only to an election to take such portion of the credit with respect to a taxable year ended prior to the date of the enactment of this act as is attributable to the change in the limitation under section 783 (b) (2) made by this section of the bill. The new subsection (c) provides that such election may be made within ninety days after the date of the enactment of this act.

Amendment No. 130: The House bill increased the tax applicable to jewelry, etc., sold at retail, from 10 percent to 20 percent of the price for which so sold. The amendment makes the increased rate inapplicable to watches selling at retail for not more than $65, and alarm clocks selling at retail for not more than $5. The House recedes.

Amendments Nos. 131, 132, 137, 143, 149, 166, and 167: The House bill amended section 3268 of the Internal Revenue Code, which imposes on every person who operates a bowling alley, billiard room, or pool room a special tax of $10 per year for each bowling alley, billiard table, or pool table, to increase the tax with respect to billiard and pool tables to $20 per table. The House bill also suspended the tax imposed by section 3268 with respect to bowling alleys and imposed a tax equivalent to 20 percent of all amounts paid for the privilege of bowling at any bowling alley. The amendments increase the tax for each bowling alley to $20 per year, eliminate the tax on amounts paid for the privilege of bowling, and provide that no tax shall be imposed with respect to a billiard table or a pool table in a hospital if no charge is made for the use of such table. The House recedes.

Amendments Nos. 133, 134, 135, 136, 138, and 145: The House bill increased the tax on the amount paid within the United States for each international telegraph, cable, or radio dispatch or message equal to 10 percent of the amount so paid to 15 percent of such amount. The amendments restore the existing rate of 10 percent. The House recedes as to these amendments with a clerical amendment to amendment No. 135.

Amendment No. 139: The House bill increased the tax applicable to amounts paid for admission to any place from 1 cent to 2 cents for each 10 cents or fraction thereof of such amounts. The amendment substitutes a tax of 1 cent for each 5 cents or major fraction thereof. The House recedes.

Amendment No. 140: The House bill increased the tax applicable with respect to amounts paid at cabarets, roof gardens, etc., from 5 to 30 percent of such amounts. The amendment reduces the rate to 20 percent. The Senate recedes.

Amendment No. 141: The House bill increased the rate of the tax on fur articles sold at retail equivalent to 10 percent of the price for which so sold to 25 percent of such price. The amendment reduces the rate to 20 percent. The House recedes.

Amendment No. 142: The House bill increased the tax on toilet preparations sold at retail equivalent to 10 percent of the price for which so sold to 25 percent. The amendment reduces the rate to 20 percent. The House recedes.

Amendment No. 144: The House bill increased the tax applicable with respect to electric light bulbs and tubes from 5 percent to 25 percent. The amendment reduces the rate to 15 percent. The House recedes with an amendment increasing the rate to 20 percent.

Amendment No. 146: The House bill increased the rate of tax equivalent to 15 percent of the amount paid for leased wires, etc., to 20 percent of the amount so paid. The amendment further increases the rate to 25 percent. The House recedes.

Amendment No. 147: The House bill increased the rate of the tax equivalent to 5 percent of the amount paid for wire and equipment service to 7 percent. The amendment further increases the rate to 8 percent. The House recedes.

Amendment No. 148: This amendment, for which there is no corresponding provision in the House bill, reduces to 15 percent the tax on luggage, etc., sold at retail, which, as imposed by the House bill, was equivalent to 25 percent of the price for which so sold. The House recedes with an amendment fixing the rate at 20 percent.

Amendment No. 150: This amendment eliminates the tax imposed by the House bill on the conducting of parimutuel or totalizator wagering on any racing or other sporting event equal to 5 percent of the total amount wagered and received into the parimutuel or totalizator pool, to be paid by the person conducting or having control thereof. The House recedes.

Amendment No. 151: This amendment makes a change of section number; and the House recedes.

Amendments Nos. 152 and 153: These amendments relate to the exemption granted by the House bill from increased excise tax with respect to an article covered by a lease, contract of sale, conditional sale or chattel mortgage, where delivery was made before the effective date of title III of the Revenue Act of 1943. The amendment requires as a further condition to the exemption that a part of the consideration shall be paid before such date. The House recedes.

Amendments Nos. 154 and 155: These amendments change section numbers. The House recedes.

Amendment No. 156: This is a technical amendment. The House recedes.

Amendment No. 157: This amendment changes a section number. The House recedes.

Amendment No. 158: This is a technical amendment. The House recedes.

Amendments Nos. 159, 160, and 161: The House bill provided that the increase in the rate of tax with respect to billiard and pool tables shall be effective only with respect to the period beginning July 1, 1944. The amendments substitute a provision, covering bowling alleys, the tax on which was increased by another amendment, as well as billiard and pool tables, that the increase in the tax rate shall continue effective through June 30 next following the first day of the first month which begins 6 months or more after the date of termination of hostilities in the present war as defined in chapter 9A of the Internal Revenue Code added by the House bill. The House recedes.

Amendments Nos. 162, 163, and 164: These amendments deal with the time of application of increases in the rates of the taxes imposed by section 3465 (a) (2) and (3) of the Internal Revenue Code and relate such increases to the first day of the first month beginning after the effective date of title III of the Revenue Act of 1943, instead of the effective date of such title as provided by the House bill. The House recedes.

Amendment No. 165: This amendment adds a provision, for which there is no corresponding provision in the House bill, to exempt from the tax on amounts paid at cabarets, roof gardens, etc., any amount paid by himself or another for any patron or guest who is a member of the military or naval forces of the United States, or of any of the other United Nations, and is in uniform. The Senate recedes.

Amendments Nos. 168, 169, and 170: These amendments continue as to the American National Red Cross the exemptions, made inapplicable to the United States by the House bill, from taxes with respect to telegraph, telephone, radio, and cable facilities and the transportation of persons and property. The House recedes.

Amendment No. 171: This is a clerical amendment. The House recedes.

Amendments Nos. 172 and 179: The House bill terminated the tax exemption with respect to amounts paid for the transportation of property to or from the Government of the United States. These amendments continue the exemption with respect to amounts paid by or to the War Shipping Administration for the transportation of property by water from one point in the United States to another, except between points on the Great Lakes, for the period beginning December 1, 1943, and ending on the first day of the first month which begins 6 months or more after the date of the termination of hostilities in the present war. The House recedes.

Amendments Nos. 173 and 175: These are technical amendments. The House recedes.

Amendments Nos. 174, 176, and 178: The House bill terminated tax exemptions applicable with respect to certain articles sold by certain persons for the exclusive use of the United States but continued the exemptions as to articles sold pursuant to contracts entered into prior to the effective date of the amendments which terminated the exemptions. The amendments made to the House bill enlarge the provisions of the House bill relating to articles sold under contract to cover articles sold pursuant to any agreement or change order supplemental to such contract bearing the same Government contract number. The House recedes.

Amendment No. 177: This amendment corrects a clerical error. The House recedes.

Amendment No. 180: This amendment adds a new subsection, which provides that notwithstanding the termination of exemptions with respect to articles sold or services rendered to the United States, the Secretary of the Treasury may, under conditions stated, authorize exemptions from the taxes imposed by chapter 19, 29, or 30 of the code as to any particular articles or services to be purchased by the United States. The authorization to provide exemption does not include authorization of exemption from taxes such as those imposed by subchapter B of chapter 29, from which the United States has not been heretofore exempt; but any other statutory or executive authority to grant such exemption is not impaired. The subsection is not applicable to any contract entered into on or after the first day of the first month which begins 6 months or more after the date of the termination of hostilities in the present war. The House recedes with a technical amendment.

Amendment No. 181: The House bill increased the rate of draw-back of distilled spirits tax paid with respect to such spirits used in the production of certain nonbeverage products from $3.75 to $5 per proof gallon, this increased rate to be applicable for the period in which the war tax rates specified by code section 1650 are in effect. The amendment increases the $5 rate allowed by the House bill to $6. The House recedes.

Amendment No. 182: This is a technical amendment. The House recedes.

Amendment No. 183: This amendment adds to section 309 of the House bill another subsection designated (d). This additional subsection amends code section 3250 (1) (1), relating to eligibility for drawback on fully tax-paid domestic distilled spirits used in the manufacture of certain nonbeverage products. The amendment dispenses with one of the present requirements of eligibility, i. e., that such products be "sold or otherwise transferred for use for other than beverage

purposes." Under the amendment eligibility for the drawback is acquired as of the time the spirits are used in conformity with the statute. The House recedes.

Amendment No. 184: This amendment adds subsection (e) to section 309 of the House bill. This subsection provides that distilled spirits used prior to the effective date of title III in the production of certain nonbeverage products, and which are not covered by any claim filed in conformity with law prior to such effective date, shall be regarded as so used during the quarter in which such effective date occurs, and the claim filed by any person for such quarter shall include the drawback claimed with respect to such distilled spirits, but no claim shall be allowed which was barred by any provision of any prior law. The House recedes.

Amendment No. 185: This amendment eliminates the exemption allowed by the House bill of silver-plated flatware from the tax on jewelry, etc., sold at retail. The Senate recedes.

Amendment No. 186: This amendment exempts household type electric vacuum cleaners from the tax on electric, gas, and oil appliances sold by the manufacturer. The House recedes with an amendment renumbering the section.

Amendment No. 187: This amendment, for which there is no corresponding provision in the House bill, provides for refund, credit, or abatement of the tax on luggage, sold by the manufacturer, producer, or importer, prior to the effective date of the section relating to the retailers' excise tax on luggage, and held on such effective date by a dealer for sale. The Senate recedes.

Amendment No. 188: This amendment eliminates the increase made in the House bill of the rate of postage on all mail matter of the third class by an amount equal to the rate provided by existing law. The House recedes.

Amendments Nos. 189, 190, 191, 192, 193, 194, 195, and 196, inclusive: These amendments change section numbers. The House recedes.

Amendment No. 197: This amendment strikes out section 501 of the House bill. The House recedes with an amendment adding a new subsection (k) to section 811 of the code and changing present subsection (k) to subsection (l). New subsection (k) provides that if the value of stock or securities in a corporation cannot be determined with reference to sales prices or bid and asked prices by reason of the absence of sales thereof and their not being listed on an exchange, the value of such stock or securities shall be determined by considering, in addition to all other relevant factors, the value as of the applicable valuation date of stock or securities in corporations engaged in the same or a similar line of business which are listed on an exchange. The effect of this subsection is to clarify the consideration by the Commissioner, along with other evidentiary factors, of the value of listed stock or securities in corporations engaged in the same or a similar line of business. The Commissioner retains his present authority under the law to determine the precise weight to be accorded all pertinent factors affecting value, depending on the facts of each case.

Amendment No. 198: This amendment strikes out section 502 of the House bill. The House recedes. (See amendment No. 199.)

Amendment No. 199: This amendment adds, in lieu of section 502 of the House bill, a new subsection (e) to section 1000 of the code and a new subsection (c) to section 501 of the Revenue Act of 1932, designed to prevent inequities in certain instances affected by the decisions of the United States Supreme Court in *Estate of Sanford* v. *Commissioner* (308 U. S. 39) and *Rasquin* v. *Humphreys* (308 U. S. 54) (November 6, 1939). The House recedes with three amendments:

The first provides that the present rule whereby gift tax is imposed upon the payment of income to a beneficiary or upon some other disposition of the income is not affected as long as the grantor retains a power over future income from the trust property. For example, if a grantor created a trust in 1930, reserving a power to change the beneficiaries and their proportionate interests with respect to principal and income, but without retaining a power to revest the property in himself, and terminates his reserved power in 1944, so that he is no longer able to change the beneficiaries or their respective interests, the interim payment of income to any beneficiary or other surrender by the grantor of control over such income prior to such termination is nevertheless a taxable gift and to be treated accordingly. The same result follows if a similar trust was created while a gift-tax law was in effect and the grantor, prior to January 1, 1945, terminates the aforesaid reserved power, consenting to treat the original transfer in trust in the calendar year in which effected and for all periods thereafter as having been a transfer subject to gift tax. The second amendment, adding a new subsection (c) to the Senate provision, disallows interest on any overpayment resulting from the application of new section 1000 (e) of the code, or new section 501 (c) of the Revenue Act of 1932. The third amendment eliminates the final subsection of the Senate provision because it is unnecessary.

The conferees do not consider it necessary to insert any explicit provision relating to the relinquishment of such administrative powers as a power of investment or a power to vote stock constituting the principal of a trust, whether or not such powers are held in conjunction with a power to change the beneficiaries of the trust or to alter their respective interests, since a gift is completed, for purposes of the gift tax, upon the termination by the grantor of his power to recapture the trust property or otherwise modify the terms of the trust so as to make other disposition of the property (*Estate of Sanford* v. *Comm.*, 308 U. S. 39 (1939); *Smith* v. *Shaughnessy*, 318 U. S. 176 (1943); *Robinette* v. *Helvering*, 318 U. S. 184 (1943)).

Amendment No. 200: This amendment is clerical. The Senate recedes.

Amendment No. 201: This amendment eliminated the provision in the House bill authorizing the appropriation of sums necessary to pay those excise taxes with respect to which Government exemption has been terminated and which required certain reports to be filed pertaining to the tax paid for the transportation of persons on Government business. The House recedes.

Amendment No. 202: This amendment makes the special 7-year period of limitation for overpayments resulting from deductions for bad debts and worthless securities applicable with respect to taxable years beginning after December 31, 1937. The House recedes with a change in section number.

Amendment No. 203: This amendment, for which there is no corresponding provision in the House bill, extends, for estate and gift tax purposes, the time for effecting a tax-free release of a power of appointment created on or before October 21, 1942. The House recedes with a change in section number.

Amendment No. 204: This amendment provides for the repeal of section 6 (c) of the Current Tax Payment Act of 1943 (relating to additional increase in 1943 tax where income is substantially increased in comparison with income for base year), as well as section 6 (d) (4) of such act (relating to section 107 income attributed to base year), section 6 (d) (5) of such act (relating to partnership business formerly operated as corporation), and section 6 (e) (2) of such act (relating to extension of time for payment of increase in 1943 tax under section 6 (c) of such act). In addition the amendment effects technical amendments to section 6 (d) of such act (relating to rules for the application of subsections (a) and (b) of section 6 of such act). The House recedes with a change in section number.

Amendment No. 205: This amendment permits, from the effective date of the act and for the duration of the war and for 6 months thereafter, the importation free of duty of a lighter weight of newsprint paper than that permitted under the existing provision of paragraph 1772 of the Tariff Act of 1930. The amendment has no other effect on the existing law as to free-of-duty importation of standard newsprint paper as administered by the Treasury Department under the regulations promulgated by it than the particular changes in specifications set forth. The House recedes with an amendment as to the newsprint paper to be affected and a further amendment making the amendment applicable only so long after the effective date of the act as newspaper publishers continue to be limited by Federal law, regulations, or orders as to the amount of paper to be used by them in publication of their newspapers.

Amendment No. 206: This amendment, for which there is no corresponding provision in the House bill, amends, effective as of January 1, 1942, section 1830 of the Internal Revenue Code, which relates to tax-free exportation of playing cards, to permit tax-free shipment to a possession of the United States, and until the date on which the President proclaims that hostilities in the present war have terminated, tax-free removal of such cards for shipment to a Territory of the United States for the use of members of the military or naval forces of the United States. The House recedes with clerical amendments.

Amendment No. 207: This amendment, for which there is no corresponding provision in the House bill, effects an amendment to section 23 (k) (5) (B) of the code with respect to losses on securities in affiliated corporations. Under existing law a corporation is to be considered as an affiliate of the taxpayer for the purpose of the deduction involved only if more than 90 percent of the aggregate of its gross income for all taxable years has been from sources other than royalties, rents, dividends, interest, annuities, or gains from sales or exchanges of stock or securities. Two exceptions are made by the amendment: (1) Rents derived from rental of properties to employees of the corporation in the ordinary course of its operating business are excluded from the term "rents"; and (2) interest received on the deferred purchase price of operating assets sold is excluded from the term "interest." The amendment is made effective with respect to all taxable years beginning after December 31, 1941, the effective date of the provision amended. The House recedes with an amendment effecting a similar change in section 23 (g) (4) (B) of the code.

Amendment No. 208: This amendment, for which no corresponding provision appeared in the House bill, makes so much of section 169 of the Revenue Act of 1942 which added paragraph (3) to section 322 (b) of the Internal Revenue Code and subsection (b) of section 169 retroactively applicable in certain cases to taxable years beginning prior to January 1, 1942.

Under section 276 (b) of the code, the taxpayer and the Commissioner may agree in writing to extend beyond the period prescribed in section 275 the time within which the Commissioner may make an assessment. Paragraph (3) of section 322 (b) in effect automatically extends the period in such case within which the taxpayer may file claim for credit or refund, or within which credit or refund may be allowed or made if no claim is

filed. Such section likewise provides appropriate limitations on the amount of credit or refund which may be allowed or made in such case.

Section 169 (b) of the Revenue Act of 1942 amended section 322 (d) of the code in several particulars as to when credit or refund of an overpayment found by The Tax Court could be allowed or made. Such amendment permits an overpayment found by The Tax Court to be credited or refunded if The Tax Court determines as part of its decision that the amount to be credited or refunded was paid within 2 years of the time an agreement to extend the period of time within which an assessment might be made was executed by the taxpayer and the Commissioner, or within 3 years of the time such agreement was executed if such agreement was executed within 3 years of the time the return was filed by the taxpayer.

The above amendments were made applicable by section 101 of the Revenue Act of 1942 only to taxable years beginning after December 31, 1941. It has, however, been recognized that in numerous instances taxpayers have executed agreements extending the period of time within which assessments might be made with respect to taxable years beginning prior to January 1, 1942, and that there has been no similar extension of time within which a claim for credit or refund might be filed, or credit or refund allowed or made if no claim is filed. These amendments are, therefore, now made retroactively applicable to any taxable year beginning prior to January 1, 1942, if, and only if, on the date of the enactment of the Revenue Act of 1943, or on some future date, the Commissioner would be barred from making an assessment but for the fact that the taxpyayer and the Commissioner have executed an agreement under the provisions of section 276 (b) of the code or corresponding provisions of prior revenue laws to extend beyond the period provided in section 275 of the code or corresponding provisions of prior revenue laws the time within which the Commissioner may make an assessment.

The above amendments will not be applicable to any taxable year beginning prior to January 1, 1942, which was closed prior to the date of the enactment of the Revenue Act of 1943 in the sense that the Commissioner does not have the authority to make an assessment with respect to such year on such date or on some later date. The amendments likewise will not be applicable to any taxable year beginning prior to January 1, 1942, solely because the Commissioner has the authority to make the assessment with respect to such year on the date of the enactment of the Revenue Act of 1943, or on some later date, unless the Commissioner would be precluded from making such assessment but for the fact that an agreement of the type described above has been executed (whether before, on, or after the date of enactment of the Revenue Act of 1943) by the Commissioner and the taxpayer. The amendments will, however, be applicable to all taxable years beginning prior to January 1, 1942, if on the date of the enactment of the Revenue Act of 1943, or on some future date, the Commissioner would be barred from making an assessment with respect to such taxable year but for such an agreement. In such case the amendments will be applicable regardless of whether or not the Commissioner actually does make an assessment. The amendments will continue to be applicable to all taxable years beginning after December 31, 1941.

The House recedes with an amendment adding a new subsection (b) to provide that, notwithstanding any other period of limitation, if the transferee of a taxpayer has signed waivers extending the period within which the Commissioner might assess the liability with respect to the tax of the taxpayer for a taxable year beginning in 1936 against such transferee and if The Tax Court of the United States finds that such transferee has made an overpayment with respect to the tax of the taxpayer for such taxable year, such overpayment shall, when the decision of The Tax Court becomes final, be credited or refunded to the transferee. The amount of the credit or refund is not to exceed the amount paid by the transferee with respect to the tax of the taxpayer for such taxable year within the 4 years immediately preceding the date the transferee signed such waivers.

Amendment No. 209: This amendment, for which no corresponding provision appeared in the House bill, changes section 602 of the code, relating to the definition of net income for the purposes of the declared value excess profits tax, so as to exclude therefrom the excess of the net long-term capital gain over the net short-term capital loss. The amendment is applicable to taxable years beginning after December 31, 1943. The House recedes.

Amendment No. 210: Sections 812 (d) and 861 (a) (3) of the code now provide that any interest falling into a bequest, legacy, devise, or transfer to charity by reason of an irrevocable disclaimer of such interest by another beneficiary is deductible from the gross estate as a part of such bequest, legacy, devise, or transfer to charity, if the disclaimer is made prior to the date prescribed for the filing of the estate-tax return. This amendment, for which there is no corresponding provision in the House bill, adds a special provision to the effect that in the case of a decedent dying on or before October 21, 1942, an otherwise valid disclaimer will be recognized if made prior to September 1, 1944. The House recedes.

Amendment No. 211: This amendment, for which there is no corresponding provision in the House bill, adds a new subsection (f) to section 151 of the Revenue Act of 1942, so as to make retroactive subsections (a) and (b) of such section (relating to the exclusion of certain real property from the definition of capital asset and to gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business) as if they were a part of the Internal Revenue Code and title I of the Revenue Act of 1938 on the date of their respective enactments. The Senate recedes.

Amendment No. 212: Under this amendment, for which there is no corresponding provision in the House bill, the provision of section 115 (a) which defines a dividend to include, in addition to a distribution out of earnings and profits, any distribution of a personal holding company is qualified so as to apply to any distribution of a personal holding company only to the extent of its subchapter A net income, whether or not the distribution would be a dividend as otherwise defined in that section. This amendment is to be effective for all taxable years beginning after December 31, 1941. The House recedes with clerical amendments and a change in section number.

Amendment No. 213: Section 514 of the bill, as passed by the Senate (renumbered 513), proposed to add a new section 3807 to the Internal Revenue Code, relating to the period of limitations in case of related taxes under chapters 1 and 2 of the code. The conference committee made changes in the wording of such section in order properly to carry out the intent of the section.

All the taxes imposed under chapters 1 and 2 of the code are related in that they are based on income. The same items of income generally enter into the computations of the amount of income which is subject to the several taxes imposed under such chapters 1 and 2. Some of these taxes are also related in the sense that one tax may be a deduction in computing the amount of income which is subject to one of the other taxes, or the amount of income subject to one of such taxes may be a credit against net income for purposes of one or more of such taxes. A change in one tax may produce results in a second tax in either or both of the following ways: (1) The amount of the first tax (or the amount of income subject to such tax) may be altered and, therefore, the proper deduction (or credit) in computing the second tax should be correspondingly changed; and (2) if the change in the first tax consists of an adjustment of an item which likewise entered into the computation of the income subject to the second tax, a corresponding adjustment should properly be made in the amount of the income subject to the second tax. Similarly, a determination that a corporation is liable for one of the taxes, may result in exemption from another, or vice versa. For example, a determination that a corporation is liable for a personal holding company tax should result in exemption from the excess profits tax.

Under the present provisions of law each tax imposed by chapters 1 and 2 is considered a separate tax, each with its own substantive and administrative provisions. Each such tax has its own period of limitations for assessing such tax and for allowing credit or refund for an overpayment of such tax. Such periods of limitation do not necessarily expire at the same time in the case of the several taxes. The result of such different periods of limitations is that appropriate adjustments in the second tax even when the first tax has been changed sometimes cannot be made. This, in some cases, results in preventing the Commissioner from assessing a deficiency and in others in preventing the taxpayer from receiving a credit or refund. The Commissioner might likewise be barred from making an assessment, or the taxpayer from receiving a credit or refund by some provision of law or rule of law other than that relating to the statute of limitations.

Section 3807, as added to the code by this amendment, in effect provides that if as a result of a determination in respect of a tax imposed by chapter 1 or 2 a deficiency is assessed, or a credit or refund of an overpayment is allowed, within the period of limitation properly applicable thereto, certain adjustments of the types described above may be made for the same taxable year in any other tax imposed by chapter 1 or 2; that is, (1) if the application of the law or facts which was the subject of such determination to any other tax imposed by chapter 1 or 2 would result in an increase or decrease in the amount of such other tax as previously determined, and (2) if at any time within 1 year from the time the deficiency was assessed, or credit or refund allowed, in respect of the first tax, the assessment of the deficiency, or the allowance of a credit or refund, in respect of such other tax is prevented (except for the provisions of section 3801 or 734 of the code) by the operation of any provision of law or rule of law (other than this section 3807 or section 3761 of the code relating to compromises), then the increase or decrease in such other tax shall be considered a deficiency or overpayment, as the case may be. Such increase may be assessed as a deficiency even though in fact there is no actual deficiency in respect of the given taxable year, or such decrease may be refunded even though in fact there is no overpayment. If an assessment or refund is permissible under the law during part of such 1-year period without regard to section 3807, any assessment made, or refund allowed, during such part of the 1-year period must, of course, be the assessment of an actual deficiency or the refund of an actual overpayment.

In determining whether there is any such increase or decrease in the amount of tax

previously determined, changes shall be made only in the items which were the subject of the determination in respect of the first tax and items which are affected thereby. Thus, if for the taxable year 1940 the taxpayer should be allowed a refund of income tax based upon the determination that too small an amount had been deducted for depreciation, the changes which could be made in the excess-profits tax under the provisions of this section would include not only the amount which should be properly deducted as depreciation in computing excess profits net income, but also other items such as the amount of any deduction, credit, allowance, or adjustment which is limited, directly or indirectly, to or by the amount of net income or net income from the property, and also the amount which should properly be deducted, in computing excess profits net income, in respect of the income tax imposed under chapter 1.

Such increase or decrease, if paid or refunded, shall not be recovered by any suit on the ground that there was no actual deficiency or overpayment. Any amount paid as a deficiency, or refunded as an overpayment, under the provisions of this section can be recovered by a claim for refund or suit for refund or suit for an erroneous refund only if such claim or suit is based upon an item which was the subject of the determination in respect of the first tax or an item affected thereby, or can be recovered in connection with a subsequent application of this section 3807.

Any increase or decrease determined as described above may be assessed, or credited or refunded, as if on the date the deficiency is assessed, or credit or refund allowed, in respect of the first tax, 1 year remained before the expiration of the period of limitation upon assessment or filing claim for refund of overpayment of the tax in respect of which such increase or decrease is determined. All provisions of law, e. g., the suspension of the running of the statute of limitations under the provisions of section 277 of the code in case a deficiency notice is sent to the taxpayer, not inconsistent with the provisions of this section will be applicable to the assessment of such increase or the refunding of such decrease. Such increase may be assessed, or decrease refunded, notwithstanding any provision of law, such as section 272 (i) of the code, or any rule of law (e. g., res judicata), other than section 3807 itself or section 3761, relating to compromises. Section 3807 may, of course, operate several times upon the same tax, and likewise may operate simultaneously on several taxes.

Section 3807 is to be applicable to affiliated groups which file consolidated returns, and is to operate whether the determination in respect of the first tax is in respect of the tax reported on the basis of a consolidated return, or in respect of a tax reported on the basis of a separate return. In the case of a member of an affiliated group, the words "any other tax of the taxpayer" is to include any other tax imposed by chapter 1 or 2 upon any other member of the group, whether such tax is reported on the basis of a consolidated return or on the basis of a separate return. Thus, if a deficiency is assessed, or a refund allowed, in respect of a tax reported on the basis of a consolidated return, adjustments may be made in respect of the other taxes of the affiliated group reported on the basis of a consolidated return and also in respect of the taxes of all the members of such group not reported upon the basis of such a consolidated return. Similarly, if the deficiency or refund is in respect of a tax of a member of an affiliated group not reported on the basis of a consolidated return, adjustments may be made not only in other taxes of the given taxpayer, but also in any tax which such group reported upon the basis of a consolidated return. These adjustments may be made even though the several taxable periods involved are not the same if the taxable year for which the adjustments are made coincides in whole or in part with the taxable year for which the deficiency was assessed or a refund allowed.

Section 3807 is to apply to all taxable years beginning after December 31, 1939.

The application of section 3807 may be illustrated by the following examples:

(1) Corporation X on March 15, 1941, filed a return and paid a tax as a personal holding company for the calendar year 1940. The Commissioner within the proper period of limitations asserted a deficiency against corporation X in respect of the excess profits tax for such taxable year. On March 1, 1946, it was determined that corporation X was not a personal holding company and was therefore subject to excess profits tax. Corporation X paid such excess profits tax on March 1, 1946. Under the provisions of section 3807 corporation X may file a claim for refund of the personal holding company tax which it paid, or credit or refund may be allowed or made if no claim is filed, as if the period of limitation upon filing claim for credit or refund, or the allowing of credit or refund if no claim is filed, did not expire until March 1, 1947.

(2) Corporation X, which makes its tax returns upon the basis of the calendar year, joins an affiliated group on July 1, 1940. Such group likewise makes its returns on the basis of the calendar year. A consolidated excess profits tax return was filed for the group for the year 1940 on March 15, 1941. Likewise, corporation X filed an excess profits tax return for the short taxable year January 1, through June 30, 1940, and an income tax return for the calendar year 1940. Corporation X is allowed a refund of income tax, attributable, e. g., to a casualty loss, on December 1, 1945. Proper adjustments, though barred under other provisions of law or rules of law, may be made under section 3807 in the consolidated excess profits tax return (1) to reflect such loss, (2) to reflect any other deductions, credits, allowances, or adjustments which are limited to or by net income or net income from the property, and (3) to reflect the proper deduction for corporation X's income tax in computing consolidated excess profits net income. Similarly, such adjustments may be made in corporation X's separate excess profits tax return for the short taxable year January 1, through June 30, 1940. Adjustments may likewise be made in the taxes of other members of the group which were reported on the basis of a separate return. Any adjustment to taxes of other members of the affiliated group reported on the basis of a separate return which flow from the adjustments made in the consolidated excess profits tax, or from adjustments made to corporation X's separate taxes, may likewise be made. All such adjustments may be made as if the period of limitation upon assessment or upon allowance of refunds, as the case may be, did not expire until December 1, 1946.

If the deficiency or refund had been assessed or allowed in respect of the tax reported on the basis of the consolidated return, appropriate adjustments could be made in any tax reported on the basis of a consolidated return, or in any tax of any member of such affiliated group reported on the basis of a separate return.

The House recedes with amendments.

Amendment No. 214: This amendment makes changes in the priorities applicable to payments authorized and directed to be made in respect of awards of the Mixed Claims Commission under the Settlement of War Claims Act of 1928, as amended, and authorizes and directs the Secretary of the Treasury to make certain deposits in the German Special Deposit Account created under the provisions of section 4 of the act of 1928, as amended. The Senate recedes.

Amendment No. 215: This amendment of the Senate adds a provision to section 6 (e) (1) of the Current Tax Payment Act of 1943, relating to extension of time for payment of the 25 percent increase in 1943 tax under such act, which would permit a taxpayer who elects to postpone the payment of one-half such increase, to pay each one-half of such increase in four equal quarterly installments. The Senate recedes.

Amendment No. 216: This is a clerical amendment, pursuant to amendment No. 217. The House recedes.

Amendment No. 217. This is a clerical amendment, in conformity with amendment No. 289, which eliminates the repricing provisions from the Renegotiation Act. The House recedes.

Amendment No. 218. This amendment eliminates a phrase which would cast doubt on the includibility in the term "excessive profits", as used in the Renegotiation Act, of any portion of the profits derived from patent license agreements. The House recedes.

Amendment No. 219. Under the House bill, the factor of contractor efficiency, required to be taken into consideration in determining excessive profits, contemplated particular regard, inter alia, to economy in the use of raw materials. This amendment removes the restriction upon the character of materials of which the economical use is to be of significance in this connection. The House recedes.

Amendment No. 220. This is a clerical amendment, consequent on amendment No. 221. The House recedes.

Amendment No. 221: Under the House bill, the factor of reasonableness of costs and profits, required to be taken into consideration in determining excessive profits, contemplated particular regard to volume of production and normal pre-war earnings. This amendment adds comparison of war- and peace-time products to those objects of particular regard in this connection. The House recedes.

Amendment No. 222: This amendment includes "problems in connection with reconversion" among the factors required to be taken into consideration in determining excessive profits. The Senate recedes.

Amendment No. 223: This amendment required that one of the factors to be taken into consideration in determining excessive profits shall be whether the profits remaining after the payment of estimated Federal income and excess profits taxes will be excessive. The Senate recedes.

Amendment No. 224: This is a clerical amendment, pursuant to amendments Nos. 222 and 223. The Senate recedes.

Amendment No. 225: This amendment requires the factors (other than those specifically mentioned in the preceding clauses of the subparagraph), consideration of which the public interest and fair and equitable dealing may require in the determination of excessive profits to be published in the regulations of the War Contracts Price Adjustment Board from time to time as adopted. The House recedes.

Amendments Nos. 226, 227, and 228: These are technical amendments, based on amendments Nos. 276 and 285. The Senate recedes.

Amendment No. 229: This amendment strikes out the provision of the House bill disallowing as an item of cost any commission, percentage, brokerage, or contingent fee paid or payable by a contractor to any person for or in connection with the soliciting or securing of a contract, unless such person is a bona fide established commercial

or selling agency maintained by the contractor for the purpose of securing business. The House recedes.

Amendment No. 230: This amendment removes any qualification, by reason of any other provision of the Renegotiation Act, upon the allowance of Federal income and excess-profits-tax deductions and exclusions as items of cost in determining the profits derived from contracts and subcontracts. The House bill qualified the allowance with the phrase "except as otherwise provided in this paragraph." The House recedes.

Amendment No. 231: The deductions and exclusions for Federal income and excess-profits tax purposes allowed by the House bill in determining profits derived from contracts and subcontracts are limited to those "of the character allowed" as deductions and exclusions under chapters 1 and 2E of the Internal Revenue Code. This amendment eliminates any restriction upon the allowance of Federal income and excess profits tax deductions and exclusions as items of cost that may be implied in the phrase, "of the character" and, for the purpose of the allowance, substitutes for the amount of such deductions and exclusions allowed the amount thereof estimated to be allowable. The House recedes.

Amendment No. 232: This amendment specifically includes carry-overs, carry-backs, and recomputed amortization deductions among the items of deductions and exclusions to be allowed as items of cost, to the extent allocable to contracts and subcontracts. Carry-overs and carry-backs of net operating losses and unused excess profits credits are provided for by sections 122 and 710, respectively, of the Internal Revenue Code. Recomputation of the amortization deduction is provided for by section 124 of the code. The House recedes with an amendment eliminating the reference to carry-overs and carry-backs.

The purpose of this amendment is to provide for a refund of excessive profits eliminated for a prior year, to the extent that a recomputation of the amortization under section 124 (d) of the Internal Revenue Code for such year exceeds the deduction allowed in renegotiation for that year. Where a renegotiation is made prior to the termination of the amortization period, no allowance will be made to the contractor or subcontractor in the renegotiation for additional amortization which may later be allowed to the contractor or subcontractor for Federal income and excess-profits tax purposes, as a result of a recomputation of the amortization period prior to the end of the 60-month period. However, after a recomputation of the amortization deduction by the Bureau of Internal Revenue, the contractor or subcontractor will then be entitled to a refund from the Department making the renegotiation. This refund, however, will be of only that portion of the additional amortization which is allocable to performance in such prior year of renegotiable business. It cannot exceed the amount of the additional amortization deductions allowed for the year in respect of which the renegotiation was made, reduced by the amount of tax savings realized by the contractor or subcontractor by omitting from gross income that portion of the excessive profits which equals the amount of the additional amortization deduction.

For example, X Corporation has certificates of necessity covering emergency facilities with an aggregate cost of $500,000. $350,000 of such facilities are used exclusively in the performance of renegotiable contracts and subcontracts and $150,000 of such facilities are used exclusively in performing non-renegotiable business. X Corporation has made a refund of excessive profits for the year 1943 in an amount in excess of $14,000. X Corporation has taken $100,000 as a deduction for amortization under Section 124 (d) of the Internal Revenue Code in its tax returns for that year. As a result of recomputation of the amortization deduction pursuant to Section 124 (d) of the Code, the amortization deduction for the year 1943 is increased to $200,000. The operation of subparagraph (a) (4) (D) may be illustrated as follows:

1. Original amortization deduction	$100,000
2. Allocable to renegotiable business (70%) and allowed in renegotiation	70,000
3. Recomputed amortization deduction	200,000
4. Allocable to renegotiable business (70%)	140,000
5. Excess over amortization deduction originally allowed in renegotiation	70,000
6. Income and excess profits taxes assessable on such excess (80% rate assumed)	56,000
7. Net rebate pursuant to subparagrap (a) (4) (D)	14,000

A further purpose of subparagraph (a) (4) (C) is to create an exception from the effect of subparagraph (a) (4) (B) so that carry-overs and carry-backs which might constitute deductions for tax purposes shall not be required to be treated as items of cost or otherwise deductible in determining excessive profits in renegotiation.

Amendment No. 233: Under that part of the definition of "subcontract" contained in subsection (a) (5) (A) of the Renegotiation Act, as amended by the House bill, the term means any purchase order or agreement (other than a contract with a Department) to make or furnish, or to perform any part of the work required for the making or furnishing of, a contract item or a component article. For the purposes of the subparagraph, a contract item means any article, work, services, building, structure, improvement or facility contracted for by a Department; and a component article means any article which is to be incorporated in or as a part of a contract item. The amendment strikes out the entire text of the subparagraph and restores the language of existing law (the subject of settled administrative construction), which defines the term subcontract to mean any purchase order or agreement to perform all or any part of the work, or to make or furnish any article required for the performance of any other contract or subcontract. The House recedes with an amendment excluding office supplies from the articles within the purview of the definition. The specific exemption of subcontracts for office supplies, however, is not to be construed as denying the exemption to subcontracts for similar articles which are now exempt under departmental regulations interpreting existing law.

Amendment No. 234: Subparagraph (A) of subsection (a) (7) of the Renegotiation Act, as amended by the House bill, prescribes as one of the criteria of a standard commercial article that it be not specially made to specifications furnished by a Department or by another contractor or subcontractor. The amendment strikes out the subparagraph. The House recedes.

Amendments Nos. 235, 236, 237, 238, and 239: These are clerical amendments, pursuant to amendment No. 234. The House recedes.

Amendment No. 240: This amendment limits the required insertion of the terms of the contractor's agreement specified in the subsection to contracts involving an estimated amount of more than $100,000. Under the concluding sentence of the subsection, however, contracts and subcontracts to which subsection (c) of the Renegotiation Act is applicable are considered as having been made subject to such subsection in the same manner and to the same extent as if such terms had been inserted. The House recedes. (See amendment No. 246.)

Amendment No. 241: This is a clerical amendment, in conformity with amendment No. 289, which eliminates the repricing provisions from the Renegotiation Act, as amended by the House bill; and, with amendment No. 310, which authorizes the Secretary of a Department to fix a fair and reasonable price by agreement or order. The House recedes.

Amendment No. 242: Under subsection (b) of the Renegotiation Act, as amended by the House bill, one of the terms of the provision required to be inserted in each contract subject to the act is that the contractor insert in each subcontract a provision under which the subcontractor agrees to terms similar to those to which the contractor is required by the subsection to agree. The amendment limits the required insertion to subcontracts involving an estimated amount of more than $100,000, if of the kind described in subsection (a) (5) (A), defining subcontracts generally, and to subcontracts involving an estimated amount of more than $25,000, if of the kind described in subsection (a) (5) (B), defining so-called war broker subcontracts. Under the concluding sentence of subsection (b), however, contracts and subcontracts to which subsection (c) is applicable are considered as having been made subject to subsection (c) in the same manner and to the same extent as if the provisions had been inserted. The House recedes. (See amendment No. 246.)

Amendments Nos. 243 and 244: These are clerical amendments, in conformity with amendment No. 289, which eliminates the repricing provisions from the Renegotiation Act, as amended by the House bill; and, with amendment No. 310, which authorizes the Secretary of a Department to fix a fair and reasonable price by agreement or order. The House recedes.

Amendment No. 245: Under subsection (b) of the Renegotiation Act, as amended by the House bill, one of the terms of the provision required to be inserted in each contract subject to the act is that the contractor insert in each subcontract a provision under which the subcontractor agrees to insert in each of his subcontracts provisions corresponding to those to which he himself as required by paragraph (3) of the subsection to agree. The amendment limits the required insertion to subcontracts involving an estimated amount of more than $100,000 if of the kind described in subsection (a) (5) (A), defining subcontracts generally, and to subcontracts involving an estimated amount of more than $25,000, if of the kind described in subsection (a) (5) (B), defining so-called war-broker contracts. Under the concluding sentence of subsection (b), however, contracts and subcontracts to which subsection (c) is applicable are considered as having been made subject to subsection (c) in the same manner and to the same extent as if the provisions had been inserted. The House recedes. (See amendment No. 246.)

Amendments Nos. 246, 247, and 248: The last sentence of subsection (c) of the Renegotiation Act, as amended by the House bill, provides that whether or not the provisions required by the subsection are inserted in a contract or subcontract to which the subsection is applicable, such contract or subcontract, as the case may be, shall be considered as having been made subject to the subsection in the same manner and to the same extent as if such provisions had been inserted. Amendment No. 246 is a technical amendment, involving a change of reference to the applicable subsection; amendment No. 247 is a clarifying amendment, describing the provisions in reference as specified in, rather

than required by, the provisions of subsection (b); and amendment No. 248 is a clerical amendment, pursuant to amendment No. 246. The House recedes.

Amendment No. 249: Under the House bill, agreements between the War Contracts Price Adjustment Board and a contractor or subcontractor may be made with respect to the elimination of excessive profits realized or likely to be realized. The amendment strikes out the phrase "realized or likely to be realized" and substitutes "received or accrued." The House recedes with an amendment providing that any such agreement, if made, may, with the consent of the contractor or subcontractor, also include provisions with respect to the elimination of excessive profits likely to be received or accrued; and with a further amendment of which the effect is to restrict the issuance and entry of an order determining the amount of excessive profits to cases in which an agreement is not reached with respect to the elimination of excessive profits received or accrued.

Amendment No. 250: This is a clerical amendment, in conformity with amendment No. 276. The Senate recedes.

Amendment No. 251: The House bill requires the War Contracts Price Adjustment Board to exercise its powers with respect to fiscal years. This amendment permits such exercise with respect to such other periods as may be fixed by mutual agreement between the Board and the contractor or subcontractor. The purpose of the amendment is to effect an equitable result in cases of the renegotiation of long-term contracts. The House recedes.

Amendment No. 252: Under the House bill, the statement of the determination of excessive profits required to be furnished to the contractor or subcontractor by the War Contracts Price Adjustment Board is not to be used in The Tax Court of the United States in connection with its determination of excessive profits. In lieu of this prohibition, the amendment prohibits the use of such a statement in the Court of Claims as proof of the facts or conclusions stated therein. The House recedes with a technical amendment, consistent with its action on amendments Nos. 276 and 285, substituting The Tax Court of the United States for the Court of Claims.

Amendment No. 253: This is a technical amendment, pursuant to amendments Nos. 276 and 285. The Senate recedes.

Amendments Nos. 254, 255, 256, and 258: These amendments eliminate words which, by reason of the last sentence of the paragraph, are surplusage. The House recedes.

Amendment No. 257: This is a clarifying amendment. The House recedes.

Amendment No. 259: This is a clerical amendment, pursuant to amendment No. 289, which eliminates from the Renegotiation Act the substantive provisions of subsection (f). The House recedes.

Amendment No. 260: This amendment limits its coverage into the Treasury as miscellaneous receipts to money recovered from amounts previously expended from appropriations from the Treasury by way of repayment or suit under subsection (c). The House recedes with an amendment limiting the application of the provision to money recovered in respect of amounts paid to the contractor from appropriations from the Treasury, and of which the purpose is to prevent the depletion of certain revolving funds at the disposal of some of the contracting departments by the payment of recoveries into the Treasury.

Amendment No. 261: The House bill required the Secretary, upon the withholding of excessive profits or the crediting of excessive profits against amounts otherwise due a contractor, to transfer to the Treasury from appropriations of his Department to the credit of miscellaneous receipts an amount equal to the amount so withheld or credited by him. In lieu of such a transfer, the requirement of the amendment is that the Secretary certify the amount withheld or credited to the Treasury, the appropriations of his Department to be correspondingly reduced; and the amount of such reductions is to be transferred to the surplus fund of the Treasury. This amendment conforms the procedure to govern the disposition of excessive profits withheld or credited to the existing general accounting and bookkeeping procedure of the Treasury Department. The House recedes.

Amendment No. 262: The House bill required the Secretary of a contracting Department, in determining the amount of any excessive profits to be eliminated, to allow the contractor or subcontractor credit for Federal income and excess-profits taxes as provided in section 3806 of the Internal Revenue Code. Under the amendment this credit is allowed in eliminating, but not in determining, excessive profits. The House recedes.

Amendment No. 263: This is a clarifying amendment, fixing the period after which no proceeding to determine the amount of excessive profits shall be commenced. The House recedes.

Amendments Nos. 264, 265, and 266: These are clerical amendments, pursuant to amendment No. 268. The House recedes.

Amendment No. 267: This amendment has the effect of limiting the agreements provided for under paragraph (4) of subsection (c) to the elimination of, and the discharge of any liability for, excessive profits received or accrued on or before the date of making such agreements. The House recedes, in conformity with its receding with an amendment from its disagreement to amendment No. 249.

Amendment No. 268: Under subsection (c) (5) (A) of the Renegotiation Act, as amended by the House bill, every contractor and subcontractor holding contracts or subcontracts to which the provisions of the subsection are applicable is required to file with the War Contracts Price Adjustment Board, at such time or times and in such form and detail as the Board may by regulations prescribe, statements of actual costs of production and such other financial statements as the Board may by regulations prescribe. Any person wilfully failing to furnish any statement required of him under the subsection, or knowingly furnishing any such statement containing information which is false or misleading in any material respect, shall upon conviction thereof be punished by a fine of not more than $10,000 or imprisonment for not more than 2 years or both.

The amendment requires that a financial statement setting forth the actual costs of production and such other information as the Board may by regulations prescribe be filed with the Board on or before the first day of the fourth month following the close of the fiscal year. The amendment also requires that in addition to this statement any information, records, or data required by the Board of the contractor or subcontractor shall be furnished at such time or times and in such form and detail as the Board may by regulations prescribe. The penalty relating to the statement is extended to the information, records, or data required under the subsection.

The House recedes with an amendment providing that, if the contractor's or subcontractor's fiscal year has closed on the date of the enactment of the bill, the statement shall be filed on or before the first day of the fourth month following the month of enactment; with an amendment restricting the data to be set forth in the financial statement to such information as the Board may by regulations prescribe as necessary to carry out the Renegotiation Act; and with an amendment likewise limiting the information, records, or data to be furnished the Board to such as is determined by the Board to be necessary to carry out the act.

Amendment No. 269: This amendment provides that the War Contracts Price Adjustment Board shall consist of six members; the House bill provides for five members. The House recedes.

Amendment No. 270: This is a clerical amendment. The House recedes.

Amendment No. 271: This amendment provides that one of the members of the War Contracts Price Adjustment Board shall be an officer or employee of the War Production Board and shall be appointed by the Chairman of the War Production Board. The House recedes.

Amendment No. 272: In conformity with amendment No. 269, this amendment provides that four members of the War Contracts Price Adjustment Board shall constitute a quorum. The House recedes.

Amendment No. 273: The House bill permits the delegation by the War Contracts Price Adjustment Board to the secretary of a department of any power, function, or duty except the power, function, and duty to review orders determining excessive profits. The amendment strikes out this exception. The House recedes.

Amendment No. 274: Under the House bill, any contractor or subcontractor aggrieved by an order of an officer, agency, or division of the War Contracts Price Adjustment Board is entitled, upon request therefor made within such time as the Board may by regulations prescribe, to a review thereof by the Board. The Board is also authorized by the House bill to review any determination by any of its officers, agencies, or divisions on its own motion, and to provide by regulations that in the absence of a request for review of an order of such an officer, agency, or division within the time so prescribed such an order shall be deemed the order of the Board.

The amendment authorizes the Board to review any determination by any such officer, agency, or division on its own motion or in its discretion at the request of any contractor or subcontractor aggrieved thereby. It also provides that unless the Board upon its own motion initiates a review of such determination within 60 days from the date thereof, or at the request of the contractor or subcontractor made within 60 days from the determination date initiatees a review thereof within 60 days from the date of such request, such determination is to be deemed the determination of the Board.

The House recedes.

Amendment No. 275: This is a clerical amendment, pursuant to amendment No. 289, which eliminates from the Renegotiation Act the substantive provisions of subsection (f). The House recedes.

Amendment No. 276: This amendment substitutes the Court of Claims for The Tax Court of the United States as the forum with which petitions for redetermination of excessive profits may be filed. The Senate recedes.

Amendments Nos. 277, 278, 280, and 281: These are technical amendments, in conformity with amendment No. 289, which eliminates the repricing provisions from the Renegotiation Act, as amended by the House bill; and with amendment No. 310, which authorizes the Secretary of a Department to fix a fair and reasonable price by agreement or order. The House recedes.

Amendment No. 279: This is a technical amendment, in conformity with amendment No. 276. The Senate recedes.

Amendment No. 282: Subsection (e) (1) of the Renegotiation Act, as amended by the House bill, confers upon The Tax Court of the United States the powers and duties

necessary for the purposes of the subsection and provides for the payment of fees and mileage of witnesses and for the expenses of taking depositions.

The amendment strikes out these provisions and inserts in their stead a provision authorizing the Court of Claims to prescribe such rules of practice and procedure as it deems necessary to the exercise of its powers under the subsection. The amendment further provides that the court shall prepare and furnish the contractor or subcontractor, at his request, with a statement of any determination made with respect to the amount of excessive profits, of the facts used as a basis therefor, and of its reasons for such determination.

The House recedes with an amendment restoring the provisions of the House bill, except for the reference to section 1117 (b) of the Internal Revenue Code, imposing upon The Tax Court and each of its divisions the duty to include in its report upon any proceeding its findings of fact or opinion or memorandum opinion and requiring such report to be in writing.

Amendment No. 283: This is a clerical amendment, pursuant to amendment No. 289, which eliminates from the Renegotiation Act the substantive provisions of subsection (f). The House recedes.

Amendment No. 284: Under the House bill, any contractor or subcontractor (other than a subcontractor described in subsec. (a) (5) (B)) aggrieved by a determination of the Secretary made prior to the date of the enactment of the bill with respect to a fiscal year ending before July 1, 1943, as to the existence of excessive profits, is entitled to a court review of such determination, whether or not he has agreed to it. The amendment limits the review of such determinations to those which have not been agreed to by the contractor or subcontractor. The House recedes.

Amendments Nos. 285 and 286: These amendments substitute the Court of Claims for The Tax Court of the United States as the forum with which petitions for redetermination provided for under the paragraph may be filed. The Senate recedes.

Amendment No. 287: The House bill provides that upon the filing of a petition as provided in paragraph 2 of subsection (e), the court of review shall have the same jurisdiction, powers, and duties, and the proceeding shall be subject to the same provisions, as in the case of a petition filed with the court under paragraph (1), except that the amendments made to the Renegotiation Act by the bill (other than the amendment inserting par. (2)) shall not apply. Under the amendment, the amendments made by the bill which are not applicable as of April 28, 1942, or to fiscal years ending before July 1, 1943, shall not apply in the case of petitions filed under paragraph (2). The House recedes.

Amendment No. 288: This is a technical amendment, consequent on amendment No. 284. The House recedes.

Amendment No. 289: This amendment strikes out the text of subsection (f) of the Renegotiation Act, as amended by the House bill, relating to repricing, and inserts in lieu thereof a cross-reference to title VIII of the bill, a title added by amendment No. 310, to govern the repricing of war contracts. The House recedes.

Amendment No. 290: Under subsection (h) of the Renegotiation Act, as amended by the House bill, the act does not apply to any contract or subcontract made after the date proclaimed by the President as the date of the termination of hostilities in the present war, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, whichever is the earlier.

The Senate amendment strikes out the text of the subsection and inserts in lieu thereof a provision making the act apply only with respect to profits from contracts and subcontracts which are attributable to performance prior to the termination date. Such profits are defined, for the purposes of the subsection, as those determined by the Board to be equal to the same percentage of the total thereof as the percentage of completion of the contract or subcontract prior to the termination date. The termination date, for the purposes of the subsection, is defined to mean December 31, 1944; or, if the President not later than December 1, 1944, finds and by proclamation declares that competitive conditions have not been restored, such date not later than June 30, 1945, as may be specified in the proclamation; or, if the President not later than June 30, 1945, finds and by proclamation declares that competitive conditions have been restored as of any date within 6 months prior to the issuance of such proclamation, the date as of which the President in such proclamation declares that competitive conditions have been restored. In no event, however, is the termination date to be later than that provided in the House bill.

The House recedes with an amendment redefining profits attributable to performance prior to the termination date as those, in the case of any contract or subcontract the performance of which requires more than 12 months, or with respect to which the powers of the Board are exercised separately pursuant to subsection (c) (1) rather than on a fiscal year basis, the portion of the profits so derived which is determined by the Board to be equal to the same percentage of the total profits so derived as the percentage of completion of the contract prior to the termination date; and, in all other cases, the profits so derived which are received or accrued prior to the termination date.

Amendment No. 291: This amendment eliminates the exemption from the provisions of the Renegotiation Act of contracts and subcontracts for canned, bottled, or packed fruits or vegetables (or their juices) which are customarily canned, bottled, or packed in the season in which they are harvested. The House recedes.

Amendment No. 292: This amendment exempts from the provisions of the Renegotiation Act contracts and subcontracts for canned, bottled, packed, or processed dairy products or any products of which the principal ingredient is a dairy product. The Senate recedes.

Amendment No. 293: This amendment specifically includes natural resins in the term agricultural commodity as defined in the subparagraph. The House recedes.

Amendment No. 294: This amendment exempts from the provisions of the Renegotiation Act any contract or subcontract for durable machinery, tools, or equipment (having a useful life of more than 10 years) used in processing an article made or furnished under a contract or subcontract but which is not incorporated in or as a part of such article. The Senate recedes.

Amendment No. 295: This amendment exempts from the provisions of the Renegotiation Act any contract awarded as a result of competitive bidding for the construction of any building, structure, improvement, or facility. The House recedes with a clerical amendment relettering the subparagraph.

Amendment No. 296: This is a clerical amendment. The House recedes with a clerical amendment relettering the subparagraph.

Amendment No. 297: Under the provisions of subsection (i) (1) (G) of the Renegotiation Act, as amended by the House bill, any subcontract directly or indirectly under a contract or subcontract exempted from the provisions of the act, or to which the act does not apply by reason of subsection (i) (1) thereof, is exempt; this amendment limits the exemption of such subcontracts under subsection (i) (1) (G) to those which are directly or indirectly under contracts or subcontracts to which the Renegotiation Act does not apply by reason of subsection (i) (1). The House recedes.

Amendment No. 298: This is a clerical amendment. The House recedes.

Amendment No. 299: This amendment extends the authority of the War Contracts Price Adjustment Board to interpret and apply the exemptions provided for in subparagraphs (A), (B), (C), and (E) of subsection (i) (1) to the exemptions provided for in the subparagraphs added by amendments Nos. 294 and 295. The House recedes with a clerical amendment consequent on the Senate receding from its amendment No. 294.

Amendment No. 300: To insure equitable treatment of contractors or subcontractors producing minerals, oil or gas, or timber, and who process, refine, or treat such products to or beyond the first form or state suitable for industrial use, the House bill required the Board to prescribe such regulations as may be necessary to give the contractors or subcontractors a cost allowance substantially equivalent to the amount which would have been realized by him if he had sold such products in their first form or state. The Senate amendment substitutes the word "and" for the word "or" in the House bill phrase "to or beyond." The Senate recedes, in view of the action taken by the House on amendment No. 301.

Amendment No. 301: Subsection (i) (1) (B) exempts from renegotiation any contract or subcontract for the product of a mine, oil or gas well, or other mineral or natural deposit, or timber which has not been processed, refined, or treated beyond the first form or state suitable for industrial use. This provision is identical with subsection (i) (1) (ii) of the existing law.

Subsection (i) (1) (C) of the bill grants a similar exemption to any contract or subcontract for an agricultural commodity in its raw or natural state, or, if it is not customarily sold or does not have an established market in such state, in the first form or state in which it is customarily sold or in which it has an established market.

In order to place an integrated producer who acquires raw materials below this exemption line, or produces them initially, and processes them up to and beyond such line, on a parity with the producer who sells at the exempted form or state, the administrative agencies, by interpretation, have followed the practice of allowing such integrated producers a fair amount of cost for their raw materials at this exemption line.

Subsection (i) (3) incorporates this administrative interpretation into the bill; thus, approving and continuing the rule established by administrative practice. For clarity, this provision is made retroactive as if it has been a part of section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, on the date of its enactment (April 28, 1942).

The House recedes with an amendment relating to long inventories which is declaratory of existing law. The profits realized by a contractor or subcontractor by reason of the increment in value of his excess inventory of the materials described in subsections (i) (1) (B) or (i) (1) (C), in the form or state in which contracts therefor are exempted under such subsections, to the extent that such profits are applicable to contracts with the Departments or subcontracts, shall be excluded from consideration in determining excessive profits. The test as to whether or not any contractor or subcontractor has an excess inventory of such materials turns upon

whether or not the contractor or subcontractor has in inventory quantities of such materials in excess of the amount reasonably necessary to fulfill existing contracts or orders. The method of determining the portion of the profits applicable to contracts with the Departments or subcontracts realized by reason of the increment in value of an excess inventory and the method of excluding such portion of such profits from renegotiation will be set out in regulations prescribed by the Board. In the case of a renegotiation with respect to a fiscal year ending prior to July 1, 1943, the portion of the excess inventory (to the extent it does not exceed the excessive profits determined) shall be credited or refunded to the contractor or subcontractor. Where the determination of the excessive profits was made prior to the date of the Revenue Act of 1943, such credit or refund shall be made whether or not the determination is embodied in an agreement with the contractor or subcontractor. In all such cases the credit or refund will be made only if the contractor or subcontractor within 90 days after the date of the enactment of the Revenue Act of 1943, files claim therefor with the Secretary concerned.

The following example will show how the amendment operates. A has, through the purchase of long cotton, 600,000 pounds of cotton on hand on a particular date, which has a book cost of 10 cents a pound. On this date, A has future orders, which will consume only 100,000 pounds of such cotton. A, thus has a long position of 500,000 pounds of cotton. The next contract that A takes is for Government goods and requires the use of 500,000 pounds of such cotton. On the day A takes the Government contract, the current market price of such cotton is 15 cents a pound. In such a situation A has placed himself in a position to realize an inventory profit of $25,000. This inventory profit, if realized, is not a manufacturing profit but is in the nature of an investment or speculative profit which could be realized. It has no relationship to the profits to be derived from the Government contract, and, therefore, represents a profit from an excess inventory, which is excluded from renegotiation under the amendment.

The same situation might also apply in the case of a tobacco and cigarette manufacturer. Suppose for example, when the tobacco markets opened in the fall of 1942 A had on hand 20,000,000 pounds of tobacco of the 1940 crop, 20,000,000 pounds for the 1941 crops, and A then went into the market and bought some 20,000,000 pounds of 1942-grown tobacco, although his existing orders would not cause him to expect to manufacture more than 20,000,000 pounds into cigarettes. He thus has an excess inventory of 40,000,000 pounds of tobacco, and his case would fall within the amendment.

Amendment No. 302: Subsection (i) (4) of the Renegotiation Act, as amended by the House bill, authorizes the War Contracts Price Adjustment Board, in its discretion, to exempt from some or all of the provisions of the act any contract or subcontract for the making or furnishing of a standard commercial article, if, in the opinion of the Board, normal competitive conditions affecting the sale of such articles exist. Under the Senate amendment, any such contract or subcontract is exempt if, in the opinion of the Board, competitive conditions affecting the sale of the article are such as will reasonably protect the Government against excessive prices. The House recedes.

Amendment No. 303: This is a technical amendment, of which the effect is not to restrict the contracts or subcontracts exempt under the subparagraph to those not otherwise exempt. The House recedes.

Amendment No. 304: This amendment strikes subsection (j) from the Renegotiation Act as amended by the House bill. The Senate recedes.

Amendments Nos. 305 and 306: These are clerical amendment relettering subsections, pursuant to amendment No. 304. The Senate recedes.

Amendment No. 307: This amendment, for which there is no corresponding provision in the House bill, serves to clarify the application of section 3806 of the code to credits for income taxes of individuals for taxable years affected by the provisions of the Current Tax Payment Act of 1943 canceling the income tax liability of individuals for one taxable year. The House recedes.

Amendment No. 308: This is a clerical amendment renumbering the paragraph, pursuant to amendment No. 307. The House recedes.

Amendment No. 309: This amendment relates to the effective dates of various provisions. The House recedes with amendments.

Amendment No. 310: The existing law empowers the departments to renegotiate contract and subcontract prices to eliminate excessive profits likely to be realized and to reduce such prices under the statute. The House bill confers similar authority on the departments. Under it, the Secretary is authorized to refix prices by agreement or order subject to appeal to the courts.

In the interest of clarity, your committee proposes that the repricing authority be separated entirely from the renegotiation provisions. Under the Senate amendment, the Secretary of a Department is given full power to adjust prices for articles and services supplied by contractors with his Department or subcontractors thereunder. If this cannot be done by agreement the Secretary may do so by order. The contractor is protected, however, by an express right to sue the United States to obtain fair and just compensation for the articles or services supplied. The Department will pay to the contractor the full amount of the price fixed by an order and, if the contractor thinks the price thus fixed unfair, he may bring suit against the Government to recover the difference in the amount paid and the amount which he believes should have been paid. Any new price fixed under this section applies only to deliveries after the date of the order. Thus, these price adjustments are prospective only and do not involve recapture. Consequently this authority will not overlap the over-all renegotiation for the purpose of recapture of past profits. The provisions as to repricing become effective as to deliveries made after the date of enactment of this bill, and terminate with the termination of hostilities.

The House recedes with the following amendments:

1. The provision gives the President authority to seize the contractor's or subcontractor's plant for refusal to furnish the articles at the price fixed by the Secretary is retained, but the criminal penalty, which would impose a jail sentence upon the contractor or subcontractor for refusal to comply, is removed.

2. Subsection (f) provides that every purchase order, agreement, or contract described in subsection (a), made 30 days or more after the date of the enactment of the Act is to be deemed to contain a provision under which the person furnishing the articles or services in question agrees that notwithstanding other provisions of the purchase order, agreement, or contract, he will be entitled to receive only fair and just compensation. This provision recognizes the principle, applied in many cases by the Supreme Court, that the laws in force at the time and place of making a contract, and which affect its validity, performance, and enforcement, enter into and form a part of it as if they were expressly referred to and incorporated in its terms (*Von Hoffman* v. *Quincy*, 4 Wall. 535, 550; *Walker* v. *Whitehead*, 16 Wall. 314, 317; *Edwards* v. *Kearzey*, 96 U. S. 595, 601; *Northern Pacific Ry. Co.* v. *Wall.*, 241 U. S. 87, 91; *Southern Surety Co.* v. *Oklahoma*, 241 U. S. 582, 587).

Amendment No. 311: This amendment adds sections 901 and 902 to the House bill.

Section 901 postpones the increase in the rates of the taxes imposed by the Federal Insurance Contributions Act by providing that in the case of each such tax the 1-percent rate shall remain in force through the calendar year 1944, and that the 2-percent rate shall apply to wages paid and received during the calendar year 1945.

Section 902 amends section 201 (a) of title II of the Social Security Act, as amended. The existing section 201 (a) creates the Federal Old-Age and Survivors Insurance Trust Fund and provides that the fund shall, in addition to other items, consist of such amounts as may be appropriated to the trust fund. Amounts equivalent to 100 percent of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act are, under existing law, permanently appropriated to the trust fund. The amendment to section 201 (a) authorizes appropriations to the trust fund of such additional sums as may be required to finance the benefits and payments provided under title II of the Social Security Act, as amended.

The House recedes with clerical amendments.

R. L. DOUGHTON,
THOS. H. CULLEN,
JERE COOPER,
WESLEY E. DISNEY,
HAROLD KNUTSON,
DANIEL A. REED,
ROY O. WOODRUFF,
Managers on the part of the House.

Mr. DOUGHTON (interrupting the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection?

Mr. DISNEY. Mr. Speaker, reserving the right to object, in that connection I call attention to page 86 of the conference report, line 10, wherein it states "the Senate recedes." That is a clerical error, a printing error. It should be "the House recedes."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that the further reading be dispensed with?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, the bill before us yields about $2,300,000,000 of additional revenue, about five hundred million plus of that from increase in corporate taxes, about six hundred million from an increase in individual income taxes, and about $1 000,000,000 increase in excise taxes, with $100,000,000 increase in postal rates.

In general the Senate was in agreement with the main provisions of the House bill. The Senate was in agreement that at this time there should not be any increase in the rate on individual incomes, and substantially the same so far as rates on corporate incomes were concerned. I do not know that I care to make any general statement in explanation of the bill unless some Member desires to ask me some questions.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. I am sure the distinguished chairman of the Committee on Ways and Means would want to point out that there are no amendments reported in disagreement. It is a complete conference report. It is printed, and it is available to all Members.

Mr. DOUGHTON. That is correct. I thank the gentleman for his contribution. It is a unanimous conference report.

Mr. HARNESS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. HARNESS of Indiana. Mr. Speaker, I propound this question to the gentleman from Tennessee [Mr. COOPER]. You say the conference report is available to all Members. Are there any Members of the House who can understand it?

Mr. COOPER. Mr. Speaker, the statement of the managers on the part of the House is a clear statement of explanation. It is a simple narrative of what is in the report.

Mr. HARNESS of Indiana. We can understand the narrative if the gentleman on the committee can, but can we understand the effect of this on the general revenue laws and tax laws?

Mr. COOPER. I might say to the gentleman I have served on many conferences. I think it is a fair statement to say that a Member would experience about as little difficulty understanding the subject matter embraced in this conference report as any I have ever known.

Mr. DOUGHTON. Mr. Speaker, the tax laws are necessarily so technical in the way they are drafted and the language is necessarily so technical.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. JENKINS. I wish to confirm what the distinguished gentleman from Indiana says, that these reports and the conference reports are really terrifying when one starts to look at them, especially in the CONGRESSIONAL RECORD. I confess when I first saw this report and started to work it out it was so overwhelming that I abandoned it. Since I have gotten this new report I can say for the benefit of the gentleman from Indiana that the only key for the solution of this is if he will get H. R. 3687 and read these together. You will find all along there the amendments numbered, and that is a great help. If you have the longevity to stand it for about 3 or 4 hours you can work through this thing. It will never be easy because it is a very complicated subject.

Mr. DOUGHTON. I thank the gentleman for his contribution. I think if one would take the statement and read it carefully he will find that it is a comprehensive explanation of what is contained in the bill as agreed to by the conferees.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished minority leader.

Mr. MARTIN of Massachusetts. I would like to ask the distinguished chairman of the Committee on Ways and Means the following question: I understand this renegotiation feature of the report is a compromise. If it is a compromise I would like to ask if that is agreeable to the Army and to the administration in general.

Mr. KNUTSON. Mr. Speaker, will the chairman yield?

Mr. DOUGHTON. I yield.

Mr. KNUTSON. I think the Army and Navy are about the only people who are satisfied. Certainly, we are not satisfied. But we think that next year, when we are in control of the House, we will fix things up.

Mr. DOUGHTON. Mr. Speaker, I will state to the gentleman from Massachusetts that the report of the conferees is, on the whole, agreeable to the Army and Navy and Procurement Division, those that are primarily interested in handling renegotiation.

Mr. MARTIN of Massachusetts. And it is the attitude of the administration in general?

Mr. DOUGHTON. As the report says, those who appeared representing the War Department, and the Navy Department, and other departments, expressed their approval and appreciation of the work done in the House bill. As I have heard no complaint from them so far as the report of the conferees is concerned, it is my understanding, though I cannot speak definitely and specifically, they are satisfied with the action agreed upon by the two Houses.

Mr. MARTIN of Massachusetts. Mr. Speaker, I would like to ask the gentleman one more question.

Mr. DOUGHTON. I yield.

Mr. MARTIN of Massachusetts. It is not concerning this question of renegotiation, but if it embarrasses him I would not feel too badly if he does not answer. I would like to inquire if the gentleman knows there is a great deal of interest in the country about the simplification of the tax-return forms. Do I understand that the committee is planning, at an early date, to do something about that?

Mr. DOUGHTON. Yes, sir. You may understand, and I would like for the House and the country to understand that there has been considerable discussion of that matter among the members of the Committee on Ways and Means, and we are fully aware of the dissatisfaction throughout the country, much of it justified, as to the difficulty of making out income-tax returns. It is understood it is going to be the next principal work of our committee. We expect to get to that in a few days. I am hoping to confer with the chairman of the Senate Finance Committee and see if we can agree on a procedure and how we can do the best job in the shortest time with respect to simplification of the income-tax return. We are going to get to that as early as we can and do the very best job possible.

Mr. MARTIN of Massachusetts. I thank the gentleman. I know the committee will be anxious to do its full part. I was wondering if they were getting any cooperation from the Tax Division of the Treasury in that respect.

Mr. DOUGHTON. We are hopeful of getting cooperation from not only the Treasury but the Bureau of Internal Revenue, which actually administers the law and is confronted with the daily problems of the taxpayer. In this connection the Revenue Act of 1942 gives our Joint Committee on Internal Revenue Taxation authority to secure information directly from the Bureau.

As far as the negotiation provision of the conference report is concerned, it is my purpose to yield to the gentleman from Oklahoma [Mr. DISNEY], who is chairman of the subcommittee that made a special investigation and studied this matter and whose subcommittee made a very complete report on the subject. He would be in a position to explain, perhaps, all of the provisions of the bill relating to renegotiation better than myself. It is my purpose to yield to him a little later on this morning.

Mr. IZAC. Mr. Speaker, will the gentleman yield at this point?

Mr. DOUGHTON. I yield.

Mr. IZAC. Mr. Speaker, I have asked the chairman of the conferees to give me 5 minutes so I might take the opposition regarding the renegotiation features of this bill. Does the gentleman feel he will be able to give me that 5 minutes?

Mr. DOUGHTON. I hope to be able to do so. Perhaps, if we do not have enough time, we can get the time extended. It is not the purpose of the chairman to shut off any legitimate inquiry or discussion of this very important matter.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Michigan, a member of the committee.

Mr. DINGELL. Mr. Speaker, I would like to state now for the record that, of course, I am disappointed in the fact that on the Senate side, as usual, there originated another freeze of the social-security taxes. But I am mindful of the fact that so far as the Senate and House conferees are concerned there was perhaps nothing that could be done about it.

The bill provides a gross of about two and a quarter billion dollars of additional revenue. But unfortunately the subtraction of $1,400,000,000 in social-security taxes, reduces the net that the country will be called upon to pay to about $325,000,000. Sooner or later, Mr. Speaker, I think we are going to have to get to a point where we are going to have to build up this social-security reserve fund rather than to make attempts repeatedly to freeze what we, after due deliberation, have provided for its maintenance and expansion.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. I think it is only fair to call the attention of the House to the fact that there is a provision included in this bill providing that funds may be paid out of the General Treasury of the United States for this social-security purpose.

Mr. DINGELL. I want to make it clear that I am not criticizing the conference committee, because I think they have done, especially the Members of the House, the very best they could under the circumstances. But I do feel rather keenly about the action of the Senate in freezing the $1,400,000,000 of additional revenue which should have gone into the fund and which would have started pouring in January 1 if they had not taken such action.

Sooner or later we are going to have to make a direct appropriation to bolster the reserve fund and that because of these repeated freezes which weaken the entire plan.

Mr. COOPER. Of course, it has always been understood that this social-security fund should be kept self-sustaining. It was not contemplated that money would have to be taken out of the General Treasury of the United States to pay these benefits. But this provision, put in this bill in the other body, now provides for taking money out of the General Treasury of the United States to pay these benefits.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. LUDLOW. Do I understand that this conference report, in respect to postage rates, retains all of the House increases except the increase on third-class postage, which was thrown out?

Mr. DOUGHTON. That is correct.

Mr. LUDLOW. What did the committee do with reference to air mail? Did it increase the postage rate on air mail?

Mr. DOUGHTON. That was approved as the House passed it.

Mr. LUDLOW. Increased it 2 cents?

Mr. DOUGHTON. From 6 cents to 8 cents. Yes. All increases except the increase on third-class mail were agreed to just as the bill passed the House.

Mr. LUDLOW. I would like to ask the distinguished chairman this question. The Post Office Department tells me that on the basis of cost ascertainment they are prepared to submit a schedule of revised postal rates as a basis for legislation. I wonder if that was considered by the conference committee on the gentleman's bill, as to the advisability of leaving out the postal rates from the tax bill and having it decided on the basis of actual cost ascertainment by the Post Office Department.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Tennessee.

Mr. COOPER. As far as this conference report is concerned, there was only one item in conference, and that was the third-class mail. All of the other provisions of the House bill with reference to postage rates were adopted by the Senate, so that they were not in conference. The only thing in conference was this provision with respect to third-class mail and that was eliminated in conference.

Mr. LUDLOW. I would like to say that I appreciate the limitations of the jurisdiction of the conference committee, but I would like to ask the distinguished gentleman from Tennessee [Mr. COOPER] because I know his wisdom in these matters, Would it not be better to allow an adjustment of postage rates to be made on the basis of cost ascertainment by the Post Office Department, rather than to use it merely as a vehicle to go out and get some revenue? I have great respect for the Ways and Means Committee but I do not believe that a tax bill should be used as a vehicle for making changes in postage rates. I think that postage rates should originate in the Post Office Department, taking into consideration postal factors and not revenue requirements.

Mr. DOUGHTON. I would say to the distinguished gentleman from Indiana, we have waited a long time for the Committee on the Post Office and Post Roads to bring in a recommendation of that kind. It has been a subject before our committee on every tax bill we have had before us. It has been postponed and postponed. I am informed by the distinguished chairman of the Committee on the Post Office and Post Roads that they will be able to make a report on that soon.

Mr. LUDLOW. Indeed, it is a big task; but they have at last reached the point where they are ready to report.

Mr. DOUGHTON. We are thankful for that.

Mr. KNUTSON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. KNUTSON. The answer to the question of the gentleman from Indiana is that we have not closed the doors to the Committee on Post Offices and Post Roads to give further consideration to postal rates. They can take them up tomorrow if they want to bring in an entirely new set of rates. We have waited for them for 20 years to do something. They have not done anything as yet, so we took the bull by the horns and decided to do something about it ourselves.

Mr. DOUGHTON. We made a start, anyway.

Mr. CARLSON of Kansas. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Kansas.

Mr. CARLSON of Kansas. I just want to discuss for a minute this section 902. That is the section which the gentleman from Tennessee [Mr. COOPER] and the gentleman from Michigan [Mr. DINGELL] mentioned, which really rewrites a very important section on our social-security program. We definitely state in this bill that if and when the revenues received from the taxation of employer and employees does not suffice for payments the Federal Treasury will take care of them. To me that is an important step that I would not agree to if it were not for the fact that this is in a conference report. I think it is a dangerous step to take to have a social-security program that does not cover all the people of the Nation. We have millions who cannot qualify; and now you say in this language "if and when it becomes necessary we will take the money out of the Federal Treasury." I think we should go slow in taking a step of that kind.

Mr. DOUGHTON. In my opinion that "if and when" is very far away. I believe the fund is perfectly sound now. There is nothing to worry about because after the Senate adopted an amendment to our bill freezing the social-security tax, we conducted hearings on that phase of the bill. To my mind, if anyone will read the hearings and all the evidence contained in the hearings, I do not think they need lose any sleep or have the slightest uneasiness or fears with regard to what we have done in connection with this provision of the Social Security Act. There is not the remotest danger, because the payments have been much less and the receipts have been much greater than expected, and it is now more than three times what was estimated in order to keep the system sound. The tax is only frozen for the remainder of this year and I do not have the slightest apprehension that there is any danger of endangering the soundness of the fund.

Mr. CARLSON of Kansas. I think it is on sound ground now, but we are setting a precedent for some folks in this Nation to say, "Let us let the Federal Government share the contribution in the program that was supposed to be supported by employers and employees." I think we are opening the gates.

Mr. DOUGHTON. There is no one more opposed to that than the chairman of the Committee on Ways and Means, but at the same time, based upon the computations of the actuaries and those who are supposed to know, the fund is three times as large as they said was necessary. As long as the fund is larger, and at the same time the payments much less, I cannot see why any sleep should be lost about the soundness of the system.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. I think the important thing to bear in mind, as the gentleman from Kansas [Mr. CARLSON] has well pointed out, is the fact that Congress today is going on record in passing a law providing that these benefits for social security shall be paid out of the general funds of the Treasury. That is the provision in this bill.

Mr. KNUTSON. Oh, no, no.

Mr. COOPER. It provides in this bill that if and when——

Mr. KNUTSON. That certainly is not the intention.

Mr. COOPER. It provides in this bill that if and when the revenue from this tax is not sufficient to pay these benefits, they shall be paid out of the general funds of the Treasury. That means the Congress is now enacting a law providing for the payment of social security benefits out of the general funds of the Treasury.

Mr. DOUGHTON. I would remind the gentleman that that was in the original act. That is nothing new, as far as what we have done in this bill is concerned. That is only a second safeguard, in order that we may be assured that in case the fund should not be adequate, then, of course, they will appropriate money out of the general funds of the Treasury, as the law provides these payments must be made. However I have not the slightest fear that such a contingency will arise.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. DINGELL. Of course, I believe the conferees have done the best thing they could under the circumstances.

Mr. DOUGHTON. I thank the gentleman.

Mr. DINGELL. The error of the action as charged here has been taken on the Senate side, and this is true, that when the original Social Security Act was drawn, when we acted on it we calculated the needs of the fund, not for the day, not for 5 years in advance, but if I recall, the increase anticipated in the load was so great in the year 1965, and thereafter that we faced bankruptcy of the fund if we were not provident and careful. We have no American-experience mortality table as a guide upon which we can calculate what the future demands will be upon the fund, as we have in life insurance. So the safety margin was made great purposely. There is no rhyme or reason why the Senate, or any individual Senator should repeatedly propose freezing this social security tax. And that is what I object to. The conferees have pledged the faith and credit of the Treasury of the United States in the event of impairment of the fund, and that is to be said to their everlasting credit, they put in a prop, a safety provision in lieu of the tax but it is a substitute. I still disagree with the idea of constantly coming back and doing that which we in our wisdom thought was not the proper and sound thing to do at the time the Social Security Act was enacted.

Mr. COOPER. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. It should be clearly understood that this provision to which the gentleman from Kansas [Mr. CARLSON] has properly called attention, because the House should understand it, was not a part of Senator VANDENBERG'S amendment.

The amendment simply froze the tax for the remaining 10 months of this year.

This provision providing for payment of benefits out of the general fund of the Treasury was placed in the bill by an amendment offered on the floor of the Senate. It was not a part of Senator VANDENBERG'S well-thought-out and well-considered amendment to which the Senate Finance Committee and the House Committee on Ways and Means have both given consideration; this provision relating to providing for the payment of benefits out of the general fund of the Treasury was an amendment put in the bill on the floor of the Senate. This should be clearly understood.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. FITZPATRICK. About a year ago I introduced a bill to put second-, third-, and fourth-class-mail matter on a paying basis. As it is the taxpayers of the country give a subsidy to users of these three classes of mail of $130,000,000 a year. No action has yet been taken on that bill, yet it would save the taxpayers a great deal of money and take off of their shoulders the load of this second-, third-, and fourth-class special rates they are now supporting.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MARCANTONIO. What is the estimated loss to the social-security fund by this freezing?

Mr. DOUGHTON. One billion and four hundred million dollars for the full year.

Mr. HARNESS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. HARNESS of Indiana. I should like to find out what provision of this conference report relieves the individual taxpayer from that indefensible penalty that is in existing law whereby if he underestimates his income or overestimates it 20 percent he must pay a penalty.

Mr. DOUGHTON. We have cured that to a great extent because we have inserted a provision to the effect that if the return is made based on the income for the previous year the person is not subject to the penalty.

Mr. HARNESS of Indiana. Will the gentleman yield for a further question?

Mr. DOUGHTON. I yield.

Mr. HARNESS of Indiana. Is any relief provided in this bill for the small businessman, the small corporation, through providing some means whereby a reasonable reserve can be laid aside for post-war conversion and employing people and continuing in business?

Mr. DOUGHTON. That is already provided for. If you let every person, individual, and every corporation lay aside or plow back what they thought might be helpful to them in the post-war period, you would not be able to finance the war.

Mr. HARNESS of Indiana. The distinguished chairman of the Committee on Ways and Means does not mean that the present revenue act provides for that, does he?

Mr. DOUGHTON. I think we have shown great moderation in the taxes that were imposed both on corporations and individuals, for they do have something left for the post-war period.

Mr. HARNESS of Indiana. Then am I to understand that the gentleman means by that, that there is nothing in the bill to grant additional relief over existing law?

Mr. COOPER. If the gentleman will allow me, I may state that under present law provision is made for post-war reserves. That is not changed by this bill. There is also the net loss carry-over that is provided for under present law. There is included in this conference report a provision that will assist corporations to this extent, the specific exemption from excess-profits tax is increased from five to ten thousand dollars, it is just double. So to that extent this conference report is helpful along that line.

Mr. HARNESS of Indiana. That leaves this situation: The small corporation that has had perhaps a 25- or 50-percent increase in income will have left something like 21 percent, whereas the big corporation that has had from 50 to 100 percent increase in income will have left in excess of 50 or 60 percent.

Mr. COOPER. The only way, of course, by which an accurate picture of that can be visualized is to examine the structure of each corporation. There is no way of determining that at this point in the consideration of a conference report.

The gentleman may rest assured that all of the benefits with respect to the post-war reserves that are provided in present law are not disturbed in this bill, and there is the additional advantage of the specific exemption for excess-profits tax purposes being increased from $5,000 to $10,000, which is double.

Mr. HARNESS of Indiana. Does the gentleman believe that is adequate?

Mr. COOPER. It may be adequate in some instances, in some instances it may not be adequate, and in some instances it may be more than adequate. There is no way of determining these various questions, of course, in the consideration of a conference report.

Mr. DOUGHTON. I should like to say one thing about the Senate amendment which exempted from income tax the mustering-out pay of servicemen. That matter had not proceeded far enough when the bill was considered in the House that it could be considered here, but the Senate adopted such an amendment and the conferees were very glad to accede to it.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the distinguished gentleman from Ohio.

Mr. JENKINS. I should like to refer again to the social-security feature on the last page of the bill. The distinguished gentleman from Tennessee [Mr. COOPER] gave us the impression that this law was sufficient in itself to provide that the Treasury will supply the difference in case there should be a difference needed, but I understand that cannot be done by this bill. By this bill it still remains that the Congress through the

Appropriations Committee would have to appropriate the money.

Mr. COOPER. The gentleman is correct. This now authorizes that appropriation.

Mr. JENKINS. Yes; it is an authorization.

Mr. KNUTSON. That is merely done, if the gentleman will yield, for the purpose of assuring the country that the fund will not be weakened to the extent where it cannot meet its obligations.

Mr. COOPER. The provision in question consists of only three lines:

> There is also authorized to be appropriated to the trust fund such additional sums as may be required to finance the benefits and payments provided under this title.

Mr. JENKINS. I do not want the House to get the impression that this is a very immaterial matter, because it is a very material matter. This may be the opening wedge which in the future those who, when social security was established, took upon themselves the responsibility of maintaining—that means the employer and the employee undertook to do it will shift part of their load—it was assumed they would do it, they promised they would do it. If you carry this proposition clear through to the end it could mean that these employers and employees might never again be called upon to increase the amount they are paying now and the Treasury would have to assume that burden.

No such provision is needed at the present time because this fund is from five to seven times as large as it needs to be; it is in wonderful shape. It was placed high enough so that it could never be jeopardized. It went through the worst depression the country ever had and it never was jeopardized. As I say at the present time we have from five to seven times as much in the fund as we need. So this authorization provision is not necessary.

Let me say right here today that this matter was never considered by the Ways and Means Committee of the House or the Finance Committee of the Senate. If we adopt this proposition it will be one gigantic step in a direction we never intended when the Social Security Act was passed. It is a very important provision and the House should distinctly understand that this was a matter inserted on the floor of the Senate without its having been considered by either the Committee on Ways and Means of the House or the Finance Committee of the Senate. It might lead to very disastrous consequences.

Mr. CARLSON of Kansas. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CARLSON of Kansas. I am in thorough agreement with the gentleman from Ohio. I think it is an invitation to use at least one-third of the revenues of the Government for the carrying on of this social-security program through the Federal Treasury. That has been suggested by the American Federation of Labor. It is the first step, the entering wedge.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. I think both the gentleman from Ohio and the gentleman from Kansas are making a splendid contribution to this debate and rendering a real service to the people of the country in emphasizing the fact that this is a departure from the original concept of the whole social-security program. As the gentleman has well said it may be the entering wedge for a disturbance of this program on the basis that it has always been considered. Now, the employees, the workers, are willing for this increase in tax. The employers are the ones who are asking that it be frozen.

Now, then, if this provision of law is enacted whereby these funds may be taken from the General Treasury to pay the benefits, certainly that would be an encouragement in the future for people to say: "Let us quit paying this tax. Let it come out of the General Treasury of the United States."

Mr. DOUGHTON. Suppose they did say that, that is not any reason that the Congress would adopt such a policy.

Mr. COOPER. It is being adopted here today if this provision of the law authorizing the appropriation is agreed to.

Mr. JENKINS. Mr. Speaker, I am not making this little speech to detract from or to encourage anybody to refuse to adopt this report because we have to do it on account of the fact it is so big, it is so colossal, it is so important. Here is what might happen: At the present time the employer and employee are the guardians of this fund and they ought to see to it that it is administered properly and that unjust encroachment should not be permitted against it. In other words, they ought to see to it that a man who makes a claim does not make a claim when he is not entitled to it. They hould protect the fund because they have to pay it. If they come to believe that it makes no difference whether the fund is robbed or improper people may be paid, or some employer declines to pay what he should pay, that would be a mistake, because the Treasury will have to make it up. I want to hold them to the text of this, as it was solemnly agreed upon in the beginning that they get all the benefit and they must maintain it.

Mr. COOPER. I just want to say that my reason for making the observation is because in my opinion the House ought to fully understand what is involved here. That is my only purpose in making these observations. I think we should understand fully just what this provision means.

Mr. DINGELL. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Michigan.

Mr. DINGELL. I want to add at this point for the benefit of my distinguished friend from Ohio—I think he knows it very well—that on three different occasions the attempt was made, and successfully, to freeze what we previously had authorized and directed should be done for the safety and solvency of the social-security plan. I refer to the original action of Congress. Obviously, under circumstances such as this when a third successive raid has been made on the provision which obviously the conferees could do nothing about, the fund should be propped because in three successful raids the raiders have detracted from the strength the law provides. We know, and we knew at the time we worked on the social-security bill, and my friend from Ohio was a member of the committee at the time, that there would be a reserve accumulation as time went on.

We reckoned into 1965 and even 1985 to provide a sound fund. Now we are faced with the problem of the freezing provisions of the report, which is contrary to the bill we passed in the beginning.

Mr. JENKINS. I do not agree with the gentleman in his logic, but we do agree generally for this reason: It is not so important to put a prop under this fund now. It does not need any prop. It went through the worst depression in the history of the country, and it went through unscathed. There is more money there than there need be. We do not need this. This is the opening of a door that will enable somebody to neglect his obligation or what he obligated himself to do.

Mr. DINGELL. We did not reckon on the post-war period, when the bill was first passed, because we did not anticipate any war in 1935, yet there comes to us now a new liability.

The SPEAKER. The Chair desires to call the attention of the gentleman from North Carolina [Mr. DOUGHTON] that he has consumed 35 minutes of the hour.

Mr. EBERHARTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from North Carolina [Mr. DOUGHTON] yield for a parliamentary inquiry?

Mr. DOUGHTON. What is the parliamentary inquiry?

Mr. EBERHARTER. Mr. Speaker, I would like to know who has the floor? The gentleman from Ohio is yielding and the gentleman from North Carolina is yielding.

The SPEAKER. The gentleman from North Carolina has the floor.

Mr. EBERHARTER. Will the gentleman yield to me?

Mr. DOUGHTON. After the distinguished gentleman from Ohio gets through with his observations I will yield to the gentleman from Pennsylvania.

Mr. JENKINS. I thank the gentleman for his consideration. I agreed to yield to the gentleman from Ohio for a short observation.

Mr. BENDER. Mr. Speaker, I address these remarks to the gentleman from North Carolina. Is it not a fact we were supposed to have in reserve some four billion dollars in the social-security fund? Is it not a fact that this money has all been used by the Federal Government and expended by the Federal Government, transferred through a bookkeeping transaction, or an indication

that there has been a transfer of these funds to the general revenue?

Mr. DOUGHTON. It is handled like all other trust funds.

Mr. EBERHARTER. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Mr. Speaker, I want to call attention to the intimation that was left by the remarks of the gentleman from Ohio [Mr. JENKINS] when he called attention to the fact that this trust fund was 5 or 6 times perhaps the size that they would need. According to all the testimony which I heard before the committee, it was brought out very clearly that in the not-too-distant future, perhaps in 1950, or perhaps in 1960, the debt liability would rise to a sum at least equal, if not greatly beyond, the amount of the trust fund, and thereafter unless a greater trust fund was built up it would be necessary to draw on the general fund, in which event all of the people of the country will have to pay additional taxes in order to comply with the contracts which we made with the people of this country to pay them a social-security tax.

The first break in the contract that was made with the people of this country was when we did not make the additional 1 percent increase in the taxes as provided by the original bill. There is where the first break came. If we can violate the law, as it were, or change the law that was originally passed, and not put into effect the increases that were called for, by the same token we could next year say that no employer and no employee need pay any social security tax; we will just charge the taxes to all of the people and pay it out of the general fund. That is where the first mistake was made insofar as this act is concerned, that is, when we did not put into effect the increases called for by the original bill.

Mr. DOUGHTON. Of course, we could do that, but it is not in the realm of reason that we will do that. I had the honor of reporting out the original Social Security Act, which I have always been proud of. There is no one more anxious to keep the system sound and the fund adequate to pay the old-age benefits than I am. But you can only legislate by the information you have today. When this act was passed it was estimated the receipts would be so much and the payments would be so much, and that a certain required fund would be necessary to keep the system sound. The receipts have been many times greater than the payments and the payments less than estimated; consequently the fund to date is much larger than anticipated. I want to read from the testimony as to the adequacy of this fund and this is from the testimony when we conducted the hearings:

> If we did not collect another dime in taxes between now and December 31, 1947, if we paid up between now and the end of 1947 all of the benefits to be paid under the highest benefit estimates given by the Board of Trustees, then we would still have in our fund at the end of 1947 considerably more than three times the benefits to be paid out in that year 1947, which is the highest year of the current 5-year period.

If we did not collect another dollar, it would be more than three times the payment of benefits and if we collect the 1 percent that we are collecting now, it will be 10 times as much as the payments. I do not see any need for having a nightmare about the adequacy or sufficiency of this fund. That was the intent originally, and that intent has never been changed. The intent was that this fund shall be kept sound. There is no use of piling up money in the Treasury for one cause and appropriating for another cause. This money is being used for the general expenses of the Treasury. It is not necessary to question the soundness of the system. That has been proven by all the testimony.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman from whose testimony our distinguished chairman read also said quite plainly that the trust fund cannot be maintained for the payment of the debt liability against it at the same rate of taxation we are charging now. He admitted it would be absolutely necessary at some future date to raise the present rates.

Mr. DOUGHTON. Does not the law do that as it is, if it is not further amended?

Mr. EBERHARTER. Yes.

Mr. DOUGHTON. Of course, it does.

Mr. EBERHARTER. The question arises of when we should collect these taxes, when the country is prosperous or when we are in the midst of a depression.

Mr. DOUGHTON. This only freezes the rate for the remainder of this year.

Mr. Speaker, I now yield 5 minutes to the distinguished gentleman from Minnesota [Mr. KNUTSON].

Mr. CASE. Mr. Speaker, will the gentleman from Minnesota yield to me for a question?

Mr. KNUTSON. I yield to the gentleman from South Dakota.

Mr. CASE. May I ask the gentleman if it is not true that the amendment which has been under discussion merely authorizes to be appropriated to the trust fund such additional sums as may be required to finance the benefits and payments provided under this title of the Social Security Act and that it does not make any absolute requirement of an appropriation?

Mr. KNUTSON. The gentleman is correct. This is merely an authorization. I understand that the Senate wrote this section into the bill in order to give assurance as to the integrity of the fund. It would become applicable only when and if Congress failed to make proper provision for the maintenance of the fund by taxation, which we may assume will never be the case.

Of course, we have a very peculiar situation as regards the social-security trust fund. It is somewhat illusory, and operates very much like a saloon where the saloonkeeper is his own best customer. Every time he takes a drink he goes to the cash register, but he cannot make up his mind whether he is to ring up a sale or no sale. So it is every time Uncle Sam goes to the till of the social-security trust fund and takes out so many million dollars. He merely drops an I O U into the till. This means that when the money becomes due and payable the American people will have to be taxed again in order to replenish the fund. In other words, we are going to be taxed at least two times, and if the New Deal stays on indefinitely, God knows how many times we will have to be retaxed. But that is something in the future again.

I should like to call the attention of the House to the Senate report on the matter of freezing the pay-roll tax rate.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield for a question before he leaves that subject?

Mr. KNUTSON. I do not think I will. The gentleman looks like a cat getting ready to eat the canary.

I read from page 18 of the Senate Finance Committee report on the Revenue Act of 1943:

> In other words, Congress indicated that these contingent reserves are adequate whenever they exceed three times the highest cost of the system in any one of 5 subsequent years. Congress has twice applied this rule and, as a result, has twice postponed the statutory increase in pay-roll taxes.
>
> The committee has again applied this rule to the current situation. It finds that for the fiscal year ending June 30, 1943, $1,130,000,000 was collected in these particular pay-roll taxes; that the cost of benefits for the fiscal year was $149,000,000 plus $27,000,000 in administrative expenses; that the balance of $954,000,000 went into the contingent reserve; that this produced a reserve of $4,300,000,000 last June 30. The heaviest annual cost in benefits and administrative expenses from 1943 to 1948 is estimated by the Social Security Board from a low of $415,000,000 under normal circumstances to a high of $813,000,000 under abnormal circumstances. Thus the present reserve is about 11 (instead of 3) times the low and better than 5 times the highest.

Secretary Morgenthau, than whom there is no greater authority on this question, testified in 1939 that it was only necessary to keep a reserve of three times the highest benefit payments in the ensuing 5 years. Here we have several times the actual requirements, according to Dr. Altmeyer. So I do not believe the House need concern itself very much over the possibility of the social-security fund being depleted at an early date. The action of the Senate in freezing the present rate is only for 1 year; it automatically increases to 2 percent next January 1. Eventually, the rate increases to 3 percent under existing law, and Congress can always increase the rate further if the occasion arises.

Mr. MASON. Mr. Speaker, will the gentleman yield?

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

Mr. MASON. The Congress has by action frozen the social-security tax some two or three times.

Mr. KNUTSON. Twice.

Mr. MASON. But under the provisions of the Social Security Act it automatically unfreezes itself, and the new rates will take effect unless the Congress in the future decides there are plenty of funds in there and freezes it again.

Mr. KNUTSON. Precisely. As I said the freezing by the pending bill is only for 1 year.

Mr. MASON. The subsequent increase is automatic.

Mr. KNUTSON. Yes.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to the charming lady from Illinois.

Miss SUMNER of Illinois. The last tax bill caused great confusion, in my district, at least. I am reluctant to vote for anything that would increase that confusion, because the people cannot even find out what they owe. They are all being told that they face penalties, without being at fault. Is there any objection to our voting down this conference report long enough for those of us—and I think there are many of us—who do not understand to any great extent what is in the conference report to find out about it?

Mr. KNUTSON. It would be most unfortunate if the conference report were voted down. I hope that such a motion will not be made.

Miss SUMNER of Illinois. Why could it not go over a couple of days?

Mr. KNUTSON. The committee contemplates going into the matter of tax simplification this week. We hope to take up the simplification bill introduced by the gentleman from Kansas [Mr. CARLSON] or something along that line. Of course, I cannot speak for the chairman of the committee, but I can say that we are going to proceed immediately with the work of simplification.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I have received a great many letters and telegrams relating to the gains and losses provision with regard to timber owned and timber leased or to be cut.

Mr. KNUTSON. That is taken care of.

Mr. ROBSION of Kentucky. Is that satisfactory to the timber people?

Mr. KNUTSON. It is what they wanted.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. Does this bill take care of the credits against Federal unemployment taxes as applied to those people who had the tax assessed against them in the years 1940 and 1941?

Mr. KNUTSON. We have also taken care of them. Title VI of the bill, which covers the matter, was included on my motion.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from New York.

Mr. TABER. I have been quite disturbed about three units of the Treasury Department, because of their appearance before the Committee on Appropriations, and I have been wondering if they are the ones that are largely responsible for these complex and intricate tax blanks we are getting. One of them is the general counsel, one is the Division of Tax Research, and one is the tax legislative counsel. I am wondering if those units are not to a very large extent responsible for this mix-up and the fact that the tax returns are so complex. I suspect them from looking at them and the way they acted.

Mr. KNUTSON. Of course, the gentleman appreciates that this is the seventeenth tax bill Congress has been called upon to take action on since 1933. They have come to us so fast that it has not been possible to streamline them or to take out the wrinkles. We have had to slap one tax bill on top of another, and before the ink was dry, we had to start work on the next tax bill. The result has been that our committee experts have not had time to give to the matters of simplification; but this is the last revenue measure in this Congress and henceforth we are going to be able to devote ourselves exclusively to tax simplification. Of course, it is not possible to work out tax returns that are completely simple. There are so many exemptions and deductions and allowances involving methods of calculation that it is out of the question, but we can streamline the tax structure to a considerable degree. Primarily the duty of preparing these blanks rests with the Bureau of Internal Revenue. The Bureau of Internal Revenue is a part of the Treasury Department, and because of that fact we cannot deal with it direct. Everything that passes between the Ways and Means Committee and the Internal Revenue Bureau must clear through the Treasury Department.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. KNUTSON. As I said, everything must clear through the Treasury Department, and that is where the bottleneck exists. I am now having prepared a bill to completely divorce the Bureau of Internal Revenue from the Treasury Department.

Mr. TABER. And I venture the prediction, if the gentleman will yield, that the committee will have to do the simplification job, rather than the Treasury Department.

Mr. KNUTSON. We are going to proceed at once to do the job.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, it was stated here a few moments ago by the distinguished gentleman from Minnesota [Mr. KNUTSON] that this is the seventeenth new tax bill since 1933. These tax bills remind me very much of a Mexican grave. One tax bill has been piled on another as bodies are in a Mexican grave until the grave is filled, or else the stench becomes so great that they have to clean out the entire mess and start over again.

This bill does not carry quite as much revenue as some people in high authority feel it should. I think perhaps the committee has been circumspect in that regard. It is quite in accord now with American philosophy to quote English statesmen, so I shall refer to what Edmund Burke had to say. He said that the struggle for Anglo-Saxon liberty has always been fought on the battlefield of taxation, that the man who controls the money that is taken from the people in taxes is, in effect, a dictator, no matter what position he holds, irrespective of the form of government. And Napoleon once said, "Give me control of the purse strings of the nation, and you can have all of its armies."

When you consider that there has been taken from the people, since 1933, $118,422,000,000 in taxes and that the levy for this fiscal year will be $41,000,000,000, and in addition that there has been piled up a debt of $174,000,000,000, it becomes necessary to be cautious, even in time of war, as to how much money should be given to some persons who demand countless billions to spend. The first the committee heard about the amount of revenue that should be raised in this tax bill was $16,000,000,000. Then that figure was finally dropped and our committee was asked to raise $10,500,000,000. Later, Mr. Eccles came before our committee and suggested that the committee ought to raise about $16,000,000,000.

There is a limit to the tax load that the people can carry until they become adjusted to the load. Certainly you are not going to take an athlete and run him 5 miles the first time he goes into training, or take a soldier and pile on too heavy a load the first time he starts on a long march. If you do, you will ruin them both. Our country is different from others. Over a period of time the people have bought on the installment plan, and they were told by the administration that we were going to keep out of war, and every piece of legislation that was brought here was proclaimed as a means of keeping out of war, so our people kept on making their purchases and payments under the installment plan. Millions of them did that, and once you start in doubling the taxes year after year, as has been done for 17 times in about 10 years, you are going to break the morale of millions of people, when you strip them of all of the household goods they have bought and partly paid for on the installment plan. So, we have to use common sense when it comes to a question of raising money by taxation.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. Yes.

Mr. KNUTSON. I think the gentleman should call attention to the fact that a pseudo tax expert took to the air the other day and deplored the fact that Congress had not levied as much as the Treasury asked for, and the RECORD should further show that if Congress were to accede to this fantastic demand, it would result in taking 40 percent out of every man's pay envelope.

Mr. REED of New York. I am sorry to say that I have not the slightest idea to whom the gentleman refers.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I cannot yield.

Mr. COCHRAN. If the gentleman would like to know, I could tell him his name.

Mr. REED of New York. I realize you could ask questions all afternoon on this tax bill. Heretofore on the tax bills that we have prepared, an analysis of them by question and answer has been prepared and included as a part of my remarks instead of taking up the time of the House in answering questions. Therefore, I ask unanimous consent to extend my remarks by including some 45 questions and answers relating to this particular tax bill, which I think will anticipate most of the questions that would be asked if I were to yield for that purpose.

The SPEAKER. Is there objection?

There was no objection.

Mr. REED of New York. First, before entering upon the questions and answers, I shall insert the following table:

Taxes collected under New Deal

Fiscal year:	*Net receipts*
1933	$2,080,000,000
1934	3,116,000,000
1935	3,800,000,000
1936	4,116,000,000
1937	5,029,000,000
1938	5,855,000,000
1939	5,165,000,000
1940	5,387,000,000
1941	7,607,000,000
1942	12,799,000,000
1943	22,282,000,000
1944	41,186,000,000
Total	118,422,000,000

Despite this terrific tax burden, the national debt has increased from $22,000,000,000 to $174,000,000,000 since 1933.

QUESTIONS AND ANSWERS ON THE REVENUE ACT OF 1943

PART I. GENERAL SCOPE

1. Question. Does the new tax bill affect final returns on 1943 individual income, to be made on or before March 15, 1944?

Answer. In general, the individual income tax changes affect only returns for the taxable year 1944 and subsequent years.

2. Question What is the general scope of the Revenue Act of 1943?

Answer. In brief, the principal changes are as follows:

Victory tax: The Victory tax is reduced from 5 percent to 3 percent, with no postwar credit allowance and no adjustment for family or dependency status. The present $624 exemption is not changed. (See part II).

Individual income tax: The regular income-tax rates and exemptions remain at present levels, and there is no change in the rates and exemptions under the withholding provisions. The earned-income credit is repealed and the deduction for Federal excise-tax payments is discontinued. (See part III).

Corporate excess-profits tax: The corporate excess-profits tax is increased from 90 percent to 95 percent; the specific exemption thereunder is increased from $5,000 to $10,000; and the excess-profits credit based on invested capital is reduced by 1 percentage point in the intermediate brackets. No change is made in the corporation income-tax rates, applying to so-called normal earnings. (See part IV).

Administrative changes affecting individual and corporate income tax: A number of administrative changes are made which directly or indirectly affect the tax burden. (See parts V and VI).

Excise taxes: Many excise-tax rates are increased. (See part VII).

Postal rates: Various postal rates are increased. (See part VIII).

Tariff status of newsprint paper: The free entry of newsprint paper is extended to include lighter weight newsprint (rolls not less than 15 inches in width and sheets weighing not less than 30 pounds per ream). (See part IX).

Credit for unemployment taxes: The time within which credit may be taken against the Federal unemployment tax for contributions to State unemployment funds is extended. (See part X).

Social-security tax: The pay-roll tax on employers and employees under the old-age and survivors insurance provisions of the Social Security Act is frozen at 1 percent for 1944. (See part XI).

Renegotiation of war contracts: The law relating to the renegotiation of war contracts and repricing is amended in certain particulars. (See parts XII and XIII).

Revenue yield

3. Question. What is the increased revenue yield of the new law?

Answer. This is shown in the following table:

Estimated tax liability under the revenue bill of 1943 (H. R. 3687) as agreed to in conference, as compared with the tax liability under the present law, for a full year of operation [1]

[In millions of dollars]

General and special accounts and net postal revenue	Yield of present law	Yield of H. R. 3687	Increase (+) or decrease (−) of H. R. 3687 yield over yield of present law
1. INTERNAL REVENUE			
(1) *Income and excess-profits taxes*			
Corporation:			
Income [2]	4,734.6	4,667.6	−67.0
Excess-profits tax	10,888.8	11,521.8	633.0
Declared value excess-profits tax	105.6	105.0	−.6
Total corporation (gross)	15,729.0	16,294.4	565.4
Less post-war credit	1,088.9	1,152.2	63.3
Total corporation (net)	14,640.1	15,142.2	502.1
Individual:			
Net income tax	14,105.5	14,830.4	724.9
Victory tax (net)	3,491.8	3,431.8	−60.0
Total individual	17,597.3	18,262.2	[3] 664.9
Total income and excess-profits taxes	32,237.4	33,404.4	1,167.0
(2) *Miscellaneous internal revenue*			
Capital stock, estate, and gift taxes:			
Capital stock tax	365.0	365.0	
Estate tax	522.4	522.4	
Gift tax	40.2	40.2	
Total capital stock, estate, and gift taxes	927.6	927.6	

See footnotes at end of table.

Estimated tax liability, etc.—Continued

[In millions of dollars]

General and special accounts and net postal revenue	Yield of present law	Yield of H. R. 3687	Increase (+) or decrease (−) of H. R. 3687 yield over yield of present law
1. INTERNAL REVENUE—Continued			
(2) *Miscellaneous internal revenue*—Continued			
Taxes on commodities and services:			
Liquor taxes:			
Distilled spirits (domestic and imported) (excise tax) [2] [4]	735.2	1,101.2	366.0
Fermented malt liquors [2]	504.0	574.0	70.0
Rectification tax [2]	11.5	11.5	
Wines (domestic and imported) (excise tax) [2]	36.6	54.6	18.0
Special taxes in connection with liquor occupations	11.0	11.0	
Container stamps	9.4	9.4	
Floor-stocks taxes	.6	.6	
All other	1.6	1.6	
Total liquor taxes	1,309.9	1,763.9	454.0
Tobacco taxes:			
Cigarettes (small) [2]	892.8	892.8	
Tobacco (chewing and smoking) [2]	45.0	45.0	
Cigars (large) [2]	31.7	31.7	
Snuff	7.0	7.0	
Cigarette papers and tubes	1.3	1.3	
All other [2]	.1	.1	
Total tobacco taxes	977.9	977.9	
Stamp taxes:			
Issues of securities, bond transfers, and deeds of conveyance	25.0	25.0	
Stock transfers	19.0	19.0	
Playing cards [2]	7.5	7.5	
Silver bullion sales or transfers	(5)		
Total stamp taxes	51.6	51.6	
Manufacturers' excise taxes:			
Gasoline	251.1	251.1	
Lubricating oils	54.3	54.3	
Passenger automobiles and motorcycles	.9	.9	
Automobile trucks, busses, and trailers	3.5	3.5	
Parts and accessories for automobiles	25.0	25.0	
Tires and inner tubes	40.0	40.0	
Electrical energy	48.5	48.5	
Electric, gas, and oil appliances	3.6	3.6	
Electric light bulbs and tubes	5.0	20.0	15.0
Radio receiving sets, phonograph records, and musical instruments	3.5	3.5	
Refrigerators, refrigerating apparatus, and air-conditioners	1.1	1.1	
Business and store machines	2.8	2.8	
Photographic apparatus	11.9	11.9	
Matches	10.5	10.5	
Luggage [6]	5.0		−5.0
Sporting goods	2.0	2.0	
Firearms, shells, pistols, and revolvers	.8	.8	
Total manufacturers' excise taxes	469.5	479.5	10.0

See footnotes at end of table.

Estimated tax liability, etc.—Continued

[In millions of dollars]

General and special accounts and net postal revenue	Yield of present law	Yield of H. R. 3687	Increase (+) or decrease (−) of H. R. 3687 yield over yield of present law
1. INTERNAL REVENUE—Continued			
(2) *Miscellaneous internal revenue*—Continued			
Retailers' excise taxes:			
Jewelry, etc	89.2	161.3	72.1
Furs	38.2	74.7	36.5
Toilet preparations	35.0	69.3	34.3
Luggage,[6] handbags, wallets, etc	--------	46.7	46.7
Total retailers' excise taxes	162.4	352.0	189.6
Miscellaneous taxes:			
Telephone, telegraph, radio, and cable facilities, leased wires, etc	121.2	171.1	49.9
Telephone bill, local service	97.8	146.7	48.9
Transportation of oil by pipe line	14.5	14.5	--------
Transportation of persons	141.8	216.8	75.0
Transportation of property	170.3	170.3	--------
General admissions, etc	163.5	289.0	125.5
Cabarets, etc	19.4	110.7	91.3
Club dues and initiation fees	6.2	11.3	5.1
Leases of safe-deposit boxes	6.5	6.5	--------
Use of motor vehicles and boats	115.5	115.5	--------
Coconut and other vegetable oils processed [2]	2.0	2.0	--------
Oleomargarine, etc., including special taxes and adulterated butter	3.1	3.1	--------
Sugar tax	61.0	61.0	--------
Coin-operated amusement and gaming devices	12.2	12.2	--------
Bowling alleys and billiard and pool tables	1.8	3.8	2.0
All other, including repealed taxes [7]	1.2	1.2	--------
Total miscellaneous taxes	938.0	1,335.7	397.7
Total taxes on commodities and services	3,909.3	4,960.6	1,051.3
Total miscellaneous internal revenue	4,836.9	5,888.2	1,051.3
(3) *Employment taxes*			
Employment by other than carriers:			
Federal Insurance Contributions Act	2,599.0	1,399.0	−1,200.0
Federal Unemployment Tax Act	207.0	207.0	--------
Total	2,806.0	1,606.0	−1,200.0
Taxes on carriers and their employees (chap. 9, sub-chap. B of the Internal Revenue Code)	262.7	262.7	--------
Total unemployment taxes	3,068.7	1,868.7	−1,200.0
Total internal revenue	40,143.0	41,161.3	1,018.3
2. RAILROAD UNEMPLOYMENT INSURANCE CONTRIBUTIONS	12.1	12.1	--------
3. CUSTOMS	400.0	400.0	--------
4. MISCELLANEOUS RECEIPTS [8]	577.5	577.5	--------
Total yield, general and special accounts [9]	41,132.6	42,150.9	1,018.3

See footnotes at end of table.

Estimated tax liability, etc.—Continued

[In millions of dollars]

General and special accounts and net postal revenue	Yield of present law	Yield of H. R. 3687	Increase (+) or decrease (−) of H. R. 3687 yield over yield of present law
5. NET POSTAL REVENUE [9]			
First class:			
Local delivery letters	25.9	69.9	44.0
Other than local delivery letters	140.2	140.2	--------
Air mail, domestic	−3.1	7.9	11.0
Second class	−86.0	−86.0	--------
Third class	−24.0	−24.0	--------
Fourth class	−17.9	−13.4	4.5
Special services:			
Registry	−8.3	−3.8	4.5
Insurance	−1.5	5.0	6.5
Collect on delivery	−4.5	0.9	5.4
Special delivery	−0.6	−0.6	--------
Money order	−6.7	14.3	21.0
Other	−22.1	−22.1	--------
Total net postal revenue	−8.6	88.3	96.9
Total yield, general and special accounts, and net postal revenue	41,124.0	42,239.2	1,115.2
Net appropriation to Federal old-age and survivors insurance trust fund	−2,599.0	−1,399.0	1,200.0
Net yield, general and special accounts, and net postal revenue	38,525.0	40,840.2	2,315.2

[1] Estimates of the yield of H. R. 3687 and of present law are at levels of income and business activity estimated for the calendar year 1944, and do not take into consideration nonrecurring changes in revenue, or those caused by the termination of governmental excise tax exemptions which are completely offset by changes in expenditure.

[2] Collections for credit to trust funds are not included.

[3] Excludes a nonrecurring loss of $195,000,000 over calendar years 1943-48 owing to the repeal of certain provisions of the Current Tax Payment Act of 1943 (so-called second windfall tax).

[4] These estimates are after allowances for draw-backs of $23,700,000 under H. R 3687, and $14,800,000 under present law.

[5] Less than $50,000.

[6] The tax on luggage has been changed from a manufacturers' excise to a retailers' excise tax.

[7] Includes collections from taxes on narcotics, taxes under the National Firearms Act, and the tax on hydraulic mining, all of which are effective currently. In addition, includes collections from repealed taxes not reinstated by the Revenue Act of 1941; and collections from the following excise taxes repealed by the Revenue Act of 1942; rubber articles, electric signs, optical equipment, and washing machines.

[8] Excludes postal surplus, if any, shown separately below.

[9] Excess of revenue over expenditure; based upon the Cost Ascertainment Report for the Fiscal Year 1942, of the Post Office Department; nonpostal services excluded.

NOTE.—Figures are rounded and will not necessarily add to totals.

Staff of Joint Committee on Internal Revenue Taxation, February 4, 1944.

II. VICTORY TAX

4. Question. What is the purpose of changing the Victory tax to a flat 3 percent for all taxpayers?

Answer. This change (Sec. 106) is solely for the purpose of simplifying the computation of the Victory tax on the return. Under the old law, the tax was imposed at a rate of 5 percent on income in excess of $624 annually, but against the gross tax the taxpayer was entitled to a credit of 25 percent but not more than $500 if single; 40 percent but not more than $1,000 if married or the head of a family; and 2 percent but not more than $100 for each dependent. Thus the net effective rate in the case of single persons was 3.75 percent, and in the case of married persons or heads of families it was 3 percent or less. By changing the tax to a flat 3 percent for all taxpayers, without reference to family or dependency status, the computation of the tax is simplified and the tax return is made less complex.

5. Question. Will this change in the law affect final returns on 1943 income?

Answer. It applies only to the taxable year 1944 and subsequent years. Thus it must be taken into consideration in filing the declaration of estimated tax for 1944, but not in connection with the filing of the final return on 1943 income.

III. INDIVIDUAL INCOME TAX

6. Question. Is the individual income tax burden increased by the new law?

Answer. Not directly, since the rates and exemptions are unchanged. However, the repeal of the earned income deduction, and the disallowance of Federal excise tax payments as a deduction (except where incurred in connection with a trade or business) will indirectly increase the burden to some extent.

REPEAL OF EARNED INCOME CREDIT

7. Question. Why is the earned-income deduction repealed?

Answer. In the interest of simplification. Under the old law, the earned income deduction was allowed for purposes of the normal tax but not for purposes of the surtax, thereby necessitating separate computations of the normal tax and surtax. Additional complications were involved in the computation of the earned-income deduction. The elimination of the allowance (Sec. 107) will permit simplification of the returns without substantially increasing any person's tax, since in no case could the present tax saving be more than six-tenths of 1 percent of the earned income, with a maximum possible saving of $84 at the $14,000 income level. This results from the fact that 10 percent of the earned income (not counting earned income in excess of $14,000) was exempted from the 6 percent normal tax under prior law.

Elimination of deduction for Federal excise taxes

8. Question. How will the elimination of the deduction for Federal excise tax payments affect individual taxpayers?

Answer. Under existing law, individual taxpayers may deduct, in computing their income tax, Federal excise taxes paid during the taxable year in those cases where the tax is levied directly on the taxpayer, as in the case of the admissions tax, the jewelry tax, etc. Under the new law (sec. 111), such Federal excise-tax payments can no longer be taken as a deduction, except where the taxpayer is in a trade or business and such taxes are otherwise deductible as a business expense. The net effect of the disallowance of these taxes as a deduction will be to increase the taxpayer's taxable income to the extent of such disallowance.

Exemption of mustering-out pay

9. Question. What provision does the new law make with respect to the taxation of mustering-out allowances paid to members of the armed forces upon their discharge?

Answer. It exempts such allowances from Federal income tax (sec. 109).

Blind persons

10. Question. Is any special provision made for the blind in the new tax law?

Answer. Yes; blind persons are allowed a special deduction of $500 in addition to their regular income-tax exemption (sec. 115). For purposes of the law, the test of blindness is to be the same as under the Social Security Act provisions relating to the blind.

Back pay

11. Question. Is any relief given under the new law in cases where back pay is received which is attributable to one or more prior taxable years?

Answer. Yes; under section 119 it is provided that in such cases it shall not be taxable at a greater rate than would have been payable if the income attributed to each prior

year had been actually received in that year. The provision is only to apply, however, where the back pay exceeds 15 percent of the gross income for the year.

Cost-of-living allowances

12. Question. How does the new law treat cost-of-living allowances paid to civilian officers or employees of the Government stationed outside the continental United States?

Answer. Such allowances, which are paid in order to make adjustment for inflated living costs in certain foreign countries, would be exempted from income tax under section 125 of the new law.

Business operated by an individual at a loss for more than 5 years

13. Question. What happens under the new law where an individual operates a business at a loss for 5 or more consecutive years?

Answer. In effect, he is prevented from deducting such business losses from his other income to the extent that they exceed $50,000 in each year. This new provision (sec. 129) is to prevent continued losses from so-called "hobby" enterprises from being used for the purpose of reducing the individual's tax on income from other sources. While the change in the law is made applicable to taxable years beginning after December 31, 1938, it is provided that no deficiency shall be assessed for any taxable year beginning prior to January 1, 1944.

Determination of marital and dependency status

14. Question. What change does the new law make with regard to the date upon which the status of the taxpayer for purposes of the personal exemption and credit for dependents shall be determined?

Answer. Under the old law, the personal exemption and credit for dependents was prorated according to the number of months during the taxable year the taxpayer was single or married or was entitled to a dependency exemption. In the interest of simplicity, the new law (section 103) makes July 1 the status determination date. Hence a person who is single on July 1 will be treated as a single person for the entire taxable year, and one who is married on July 1 will be treated as a married person for the entire taxable year. Likewise, a child born on or before July 1 will be treated as a dependent for the entire year, but one born after July 1 cannot be counted as a dependent until the succeeding taxable year. This change does not affect final returns for 1943, but will apply to returns for 1944 and subsequent years.

Amendments to current tax payment act

15. Question. Does the new law make any changes in the current tax payment act?

Answer. No change is made in the withholding provisions, but certain other provisions are retroactively changed, as follows:

Penalty for failure to file declaration or pay installment of estimated tax: Under section 118 of the new law, the penalty for failure to file a declaration or pay an installment of estimated tax when required to do so is moderated slightly. It is provided that unless such failure is shown to be due to reasonable cause and not to willful neglect, there shall be added to the tax 5 percent of each instalment due and unpaid, plus 1 percent thereof for each month after the first month during which the delinquency continues. In no event, however, is the aggregate addition to the tax to be more than 10 percent of the unpaid portion of such unpaid installment. (Under the old law, the penalty in such cases was 10 percent of the tax for failure to file a declaration plus $2.50 or 2½ percent of the tax, whichever was greater, for each installment due and unpaid.)

Penalty for substantial underestimate of estimated tax: Under the same section of the new law, the penalty for substantial underestimate of estimated tax is amended to provide that the penalty shall not be applicable where the taxpayer makes a timely payment of estimated tax in an amount at least equal to an amount computed on the basis of the net income shown on his return for the preceding year.

Repeal of so-called second windfall provision: Under section 506 of the new law, the so-called second windfall provision of the Current Tax Payment Act is retroactively repealed. This was the section requiring a taxpayer to pay a windfall tax in cases where the amount of his 75 percent abatement for 1942 or 1943 exceeded a hypothetical tax on the total of his highest base-year income plus $20,000. The provision was eliminated with the approval of the Treasury in the interest of simplification and to avoid administrative difficulties and prevent hardship in certain cases.

IV. CORPORATION TAXES

16. Question. Does the new law make any changes in the rate of the corporation income tax?

Answer. The tax rate applying to corporate income other than excess profits is not changed by the new law.

17. Question. Is the rate of the corporate excess profits tax increased under the new law?

Answer. Yes; from 90 percent to 95 percent, effective January 1, 1944. The limitation that the total corporate income and excess-profits tax shall not exceed 80 percent is retained.

18. Question. Is the $5,000 specific exemption under the excess-profits tax changed?

Answer. Yes; it is increased to $10,000 in order to ease the burden of the new 95-percent rate as applied to smaller corporations.

19. Question. Is any change made in the excess-profits credit based on average earnings?

Answer. No.

20. Question. What change is made in the excess-profits credit based on invested capital?

Answer. The percentage of return on the intermediate invested capital brackets is lowered, as shown in the following table:

Invested capital credit

Invested capital	Old law	New law
	Percent	*Percent*
First $5,000,000	8	8
$5,000,000 to $10,000,000	7	6
$10,000,000 to $200,000,000	6	5
Over $200,000,000	5	5

V. MISCELLANEOUS AMENDMENTS RELATING TO INDIVIDUAL AND CORPORATE INCOME TAX AND CORPORATE EXCESS-PROFITS TAX

20. Question. What are some of the more important administrative amendments which are included in the new law?

Answer. Among the administrative amendments of general interest are the following:

Deductibility of corporate contributions to veterans' organizations: Under section 114, it is provided that corporations henceforth will be entitled to deduct, in computing their net income, contributions made to veterans' organizations. Under the old law, corporations could only take a deduction for contributions to Federal, State, or local Governments, or to religious, charitable, scientific, literary, or educational organizations, up to 5 percent of their net income. Gifts to veterans' organizations will come within this same limitation.

Filing of information returns by tax-exempt organizations: Under section 117, it is provided that corporations and other organizations which are exempt from tax under section 101 of the Internal Revenue Code must nevertheless file an information return stating their gross income, receipts, and disbursements, and such other pertinent information as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. The organizations affected include labor, agricultural, and horticultural organizations, business leagues, chambers of commerce, civic leagues, clubs, farm cooperatives, etc. Religious and charitable organizations, certain educational organizations, fraternal societies specified in section 101 (3) of the code, and Government-owned corporations, would be exempted from filing the information returns. Other tax-exempt organizations would be required to file such returns for taxable years beginning on or after January 1, 1943. No tax would be imposed, however.

Reorganization of insolvent corporations: Section 121 provides for the nonrecognition of gain or loss where an insolvent corporation, pursuant to a court order in a bankruptcy or receivership proceeding, transfers property to another corporation (organized or made use of to effectuate a court-approved plan of reorganization) in exchange solely for stock or securities of the other corporation. In such cases, the property transferred is to have the same tax basis in the hands of the transferee corporation as it had in the hands of the transferor corporation. It is further provided that no gain or loss shall be recognized to the security holders participating in a reorganization. This new provision involves relief similar to that granted railroad corporations under section 142 of the Revenue Act of 1942. It covers transfers taking place after December 31, 1933, but the relief is made effective only as to the taxable year 1943 and subsequent years.

Extension of percentage depletion to certain minerals: Under section 124, the list of mines and deposits entitled to percentage depletion is extended to include flake graphite, vermiculite, potash, beryl, feldspar, mica, talc, lepidolite, and spodumene. In such cases, the allowance is to be 15 percent of the gross income from the property, less rents and royalties paid in respect of the property.

As regards flake graphite, the section is made effective with respect to taxable years beginning on or after January 1, 1943. With respect to the other items, it is effective January 1, 1944.

The extension of percentage depletion to all the above items except potash is limited to the duration of the war. The same limitation is made applicable to fluospar, ball, and sagger clay, and rock asphalt, which were extended the privilege of percentage depletion under the Revenue Act of 1942.

Subsection (c) of section 124 includes in the percentage depletion provisions a definition of the term "gross income from the property," under which the term "mining" is to be considered to include not merely the extraction of the ores or minerals from the ground but also the ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products. This provision is made retroactive to 1932 and all subsequent years.

Gain or loss upon the cutting of timber: Section 127 permits a taxpayer who owns or has a contract right to cut timber to elect to treat the cutting of the timber as a sale or exchange of property used in a trade or business. By so doing, any gain will be treated as a capital gain rather than ordinary income, and be subject to a maximum tax of 25 percent. Losses, on the other hand, would be deductible in full against other income. Gain or loss would be recognized in an amount equal to the difference between the adjusted basis for depletion of the timber in the hands of the taxpayer and the fair market value of the timber as of the first day of the taxable year in which the timber is cut. In order to obtain the benefit of this section, the taxpayer must have owned the timber or

held a contract right with respect to the timber for more than 6 months prior to the beginning of the taxable year, and an election once made by the taxpayer is binding for all subsequent taxable years unless the Commissioner of Internal Revenue, upon a showing of undue hardship, permits the taxpayer to revoke his election. The section applies only to the taxable year 1944 and subsequent years. Timber owners who lease their property under a contract whereby they retain an economic interest in the timber are extended the benefit of the same treatment with respect to amounts they receive, and in their case the relief is made retroactive to all taxable years.

Acquisitions to evade or avoid income tax: Section 128 provides for the disallowance of any deduction, credit, or other allowance in cases where, after October 8, 1940, any person or persons acquire control of a corporation, or any corporation acquires property or another corporation, and the principal purpose of the acquisition is to evade or avoid income or excess-profits tax by securing the benefit of such deduction, credit, or other allowance. The amendment is made effective only with respect to taxable years beginning on or after January 1, 1944. However, it is possible that the courts may hold that existing law requires the disallowance of such deductions, credits, or other allowances for past years where a fraudulent intent to evade tax is involved.

Exemption from excess-profits tax of income from mining of certain strategic minerals: Section 207 adds to the list of strategic minerals the income from the mining of which is exempt from excess-profits tax, the following: Fluor spar, flake graphite, and vermiculite. With respect to flake graphite, the exemption is to be effective with respect to taxable years beginning on or after January 1, 1943. In the other two cases, it is to be effective only with respect to the taxable year 1944 and subsequent years.

Excess-profits treatment of timber, coal, and natural gas: Section 208 extends to lessors of mineral property or timber blocks the same exemption from excess-profits tax as is already given to other producers in the case of excess output and bonus income from such properties. Similar relief is also extended to income from the excess output of natural-gas pipe lines. The section also extends relief from excess-profits tax to the excess output of new coal and iron mines and new timber blocks not in operation during the base period, treating as exempt excess output an amount equal to one-sixth the net income from the new coal or iron property or timber block, as the case may be.

VI. AMENDMENTS RELATING TO ESTATES AND TRUSTS

21. Question. What amendments are made by the new law in regard to the taxation of estates and trusts?

Answer. These amendments include the following:

Valuation of unlisted stock and securities for estate-tax purposes: Section 507 provides that in valuing unlisted stocks and securities of a corporation for estate-tax purposes, consideration shall be given, in addition to other factors, to the value of stock or securities of corporations engaged in the same or similar line of business which are listed on an exchange.

Trusts for maintenance or support of certain beneficiaries: Section 134 overrules a decision of the Supreme Court in the case of *R. Douglas Stuart* (317 U. S. 154), involving the taxation of trusts for the benefit of minor children or others whom the grantor of the trust is under a legal obligation to support. In that case, the court held that a father who had created an irrevocable trust containing a provision that the income thereof might, in the discretion of the trustees, be used for the support and maintenance or education of the minor children, was taxable on the entire trust income even though it was not actually used for such purposes but was accumulated in the trust. Prior to this decision, the Bureau of Internal Revenue and the lower courts had held that under such a trust, only the amount of income actually distributed for the support and maintenance of such beneficiaries was taxable to the grantor. Section 134 restores the rule in effect prior to the Stuart decision. A clarifying amendment is added to make it certain that trust income is not taxable to the grantor in those cases where the discretion to apply or distribute the income is in another person, the trustee, or the grantor acting as trustee or cotrustee.

Nontaxability under gift tax of release of power to change beneficiaries under certain trusts: Section 502 is designed to prevent inequities in connection with certain trusts affected by the decisions of the Supreme Court in the *Sanford case* (308 U. S. 39) and the case of *Rasquin* v. *Humphreys* (308 U. S. 54). In these cases, the court held that where a grantor of a trust retained a power to change the beneficiaries or their interests, but reserved no power to revest the property in himself, the gift was incomplete, and would only be completed and the gift tax apply upon the relinquishment of such retained power. Prior to these decisions, a number of grantors assumed that in such cases the gift was completed for purposes of the gift tax when the trust became irrevocable.

Section 502 restores the rule which was understood to be in effect prior to the abovementioned court decisions. It provides that a relinquishment of the power to name new beneficiaries or change their interests on or after January 1, 1939, and prior to January 1, 1945, shall not be deemed a transfer of property for gift-tax purposes.

Extension of time for release of powers of appointment: Section 505 extends from March 1, 1944, to January 1, 1945, the time within which powers of appointment may be released without liability for estate tax. It also provides that such a release shall not be subject to gift tax. The time has been extended twice heretofore in order to permit reexamination of the provisions of the Revenue Act of 1942 dealing with this subject, but a further extension is necessary since the matter cannot be dealt with until the next tax bill.

VII. EXCISE TAXES

22. Question. What changes are made in excise tax rates under the new law?

Answer. These changes (which begin with sec. 301) are shown in the following table:

Excise tax changes

Item	Old rate	New rate
Admissions	1 cent for each 10 cents or fraction.	1 cent for each 5 cents or major fraction.
Permanent use of boxes or seats.	11 percent	20 percent.
Sales of tickets outside box office.	do	Do.
Cabarets	5 percent of bill	30 percent of bill.
Dues or membership fees.	11 percent	20 percent.
Initiation fees	do	Do.
Jewelry (except watches retailing for not more than $65, alarm clocks retailing for not more than $5, and silver-plated flatware).	10 percent of retail price.	20 percent of retail price.
Watches retailing for not more than $65 and alarm clocks retailing for not more than $5.	do	10 percent of retail price.
Silver-plated flatware.	do	Repealed.
Furs	do	20 percent of retail price.
Toilet preparations	do	Do.

Excise tax changes—Continued

Item	Old rate	New rate
Distilled spirits	$6 per proof gallon.	$9 per proof gallon.
Drawback on spirits used for nonbeverages purposes.	$3.75 per proof gallon.	$6 per proof gallon.
Imported perfumes containing distilled spirits.	$6 per wine gallon.	$9 per wine gallon.
Still wines:		
Not over 14 percent alcohol.	10 cents per gallon.	15 cents per gallon.
14 to 21 percent	40 cents per gallon.	60 cents per gallon.
21 to 24 percent	$1 per gallon	$2 per gallon.
Sparkling wines, etc.:		
Champagne or sparkling wine.	10 cents per half-pint.	15 cents per half-pint.
Artificially carbonated wine.	5 cents per half-pint.	10 cents per half-pint.
Liqueurs, cordials, etc.	do	Do.
Beer and other fermented malt liquors.	$7 per barrel	$8 per barrel.
Billiard and pool tables.	$10 per year per table.	$20 per year per table.
Bowling alleys	$10 per year per alley.	$20 per year per alley.
Electric light bulbs and tubes.	5 percent of manufacturer's price.	20 percent of manufacturer's price
Local telephone service.	10 percent	15 percent.
Long-distance telephone calls.	20 percent	25 percent.
Domestic telegraph, cable, and radio messages.	15 percent	Do.
Leased wires	do	Do.
Wire and equipment service.	5 percent	8 percent.
Transportation of persons.	10 percent	15 percent.
Seats, berths, etc.	do	Do.
Luggage	10 percent of manufacturer's price.	20 percent of retail price.
Purses, handbags, key cases, etc.	No tax	Do.
Vacuum cleaners	10 percent of manufacturer's price.	Repealed.

Effective date of excise tax changes

23. Question. When do these excise-tax changes become effective?

Answer. Except as otherwise provided, they become effective the first day of the first month which begins more than 10 days after the date of enactment. Thus if the act becomes law by February 19, most increases will go into effect March 1. The exceptions are as follows:

Cabaret tax increase—10 a. m. on the first day of the first month which begins more than 10 days after the date of enactment.

Billiard and pool tables and bowling alleys—July 1, 1944.

Long distance telephone, telegraph, radio and cable facilities—Amounts paid for services rendered on or after the first day of the first month which begins more than 10 days after the date of enactment.

Leased wires, wire and equipment service, and local telephone bills—Amounts paid pursuant to bills rendered on or after the first day of the first month following the month in which excise tax increases generally become effective. Where bills rendered on or after such first day include charges for services previously rendered, the increased rates shall not apply to such services as were rendered more than 2 months before such first day.

Increases effective only for duration of war

24. Question. Are the increased excise rates made permanent?

Answer. No, they are to apply only for the duration of the war and 6 months thereafter. Thereupon, the rates will revert to the levels prevailing under previously existing law.

Floor stocks tax on alcoholic beverages

25. Question. Are floor stocks on hand when the increased rates go into effect

to be subjected to a special floor stocks tax?

Answer. Only in the case of alcoholic beverages. The tax on such floor stocks will be equal to the amount of the increase in the rate.

Time of allowance of draw-back on nonbeverage alcohol

26. Question. What change is made in the draw-back provisions relating to the use of alcohol for nonbeverage purposes?

Answer. Under section 309 (d) it is provided that draw-back shall be allowed at the time the fully tax-paid alcohol is used in the manufacture of a nonbeverage product rather than at the time the finished product is sold, as heretofore. Since the product may be held by the manufacturer for a considerable time before it is sold, the old law worked a hardship by delaying the draw-back until such time of sale.

Exemption of billiard and pool tables in hospitals

27. Question. What change is made in the tax on billiard and pool tables when such tables are in hospitals and no charge is made for their use?

Answer. In such cases, section 508 of the new law provides for an exemption from the tax, effective July 1, 1944.

Exemption of playing cards from tax when exported for use of armed services

28. Question. Does not the new law also provide a special exemption with respect to the tax on playing cards where such playing cards are exported for use by members of the armed forces outside the continental United States?

Answer. Yes. Under section 508 the exemption applying to exported playing cards is broadened for the duration of the war to include shipments to a territory of the United States for use by members of the armed forces.

Federal exemption from excise taxes

29. Question. Why is the excise-tax exemption heretofore in effect with respect to articles sold to or for the use of, and services rendered to, the United States removed by the new law in certain cases?

Answer. This was done at the request of the President to save the manpower utilized both in the Government and private business for the administration of these exemptions. However, at the request of the service departments, certain of the exemptions (relating to articles and services used in the war effort) are continued. In addition, the Secretary of the Treasury is given the authority, for the duration of the war, to continue or restore the Federal exemption wherever he determines that the imposition of any of the taxes in question will cause substantial burden or expense and that the full benefit of the exemption, if granted, will accrue to the United States. The new law continues these exemptions insofar as they apply to the American Red Cross.

VIII. POSTAL-RATE CHANGES

Effective date

30. Question. When do the postal-rate increases provided in the new law take effect?

Answer. On the thirtieth day after the date of enactment.

First-class rates

31. Question. What change is made in the rate on first-class postage?

Answer The present 2-cent rate on first-class local mail is raised to 3 cents. No change is made in the present 3-cent rate on out-of-town first-class mail. In other words, under the new law, all first-class mail will require 3 cents postage, whether for local or out-of-town delivery.

Air-mail rate

32. Question. Is any change made in the rate on air mail?

Answer. Yes; it is increased from 6 cents for each ounce or fraction to 8 cents.

Second- and third-class rates unchanged

33. Question. Are second- and third-class postage rates increased by the new law?

Answer. No.

Miscellaneous postal increases

34. Question. What other changes are made in postal rates?

Answer. The other postal changes are shown in the following table:

Miscellaneous postal increases

Class	Old rate	New rate
Fourth class (parcel post).	Various	Present rate increased by 3 percent, or 1 cent, whichever is greater.
Registered mail	15 cents to $1 per article.	20 cents to $1.35 per article.
Insured mail	5 to 35 cents per article.	10 to 70 cents per article.
C. O. D. mail	12 to 45 cents per article.	24 to 90 cents per article.
Money orders	6 to 22 cents	10 to 37 cents.

IX. TARIFF STATUS OF NEWSPRINT PAPER

35. Question. What is the purpose of section 507, relating to newsprint paper?

Answer. Standard newsprint paper is free of duty under the provisions of paragraph 1772 of the Tariff Act. Under the Treasury regulations, standard newsprint paper is defined so as to permit free entry only to newsprint paper weighing 32 pounds or more per ream, including rolls 16 inches or more wide. In view of the present shortage of newsprint paper, necessitating Government restrictions on its use, it is deemed desirable to allow the importation free of duty of newsprint of lighter weight, which is now subject to a prohibitive duty. Accordingly, section 507 provides that so long as the present Government restrictions obtain, newsprint weighing not less than 30 pounds per ream of 500 sheets 24 by 36 inches with a 5 percent manufacturing tolerance, and newsprint in rolls not less than 15 inches in width, shall be entitled to free entry as standard newsprint paper.

X. CREDIT FOR UNEMPLOYMENT TAXES

36. Question. Is anything done under the new law to relieve employers from the drastic penalty which results when they fail to pay their State unemployment tax in time to receive the 90 percent credit against the Federal unemployment tax?

Answer. Yes; both as regards past and future delinquencies. Under title VI, sections 601–602, it is provided that where the State tax is not paid by the due date of the Federal unemployment tax return, but is nevertheless paid within 4 years of the time of actual payment of the Federal unemployment tax, the employer will be entitled to a refund or credit, up to 81 percent of the Federal tax, for contributions paid to the State unemployment fund for the year in question. This change, which is permanent law, in effect reduces the penalty for delinquency from 90 percent to 9 percent.

37. Question. Does the foregoing provision remove the penalty for all past years?

Answer. Only to the extent that the 4-year statute of limitations applicable to refunds and credits is still open.

XI. FREEZING OF SOCIAL SECURITY TAX

38. Question. Is anything done under the new law to postpone the increase in social security tax which would otherwise go into effect March 1?

Answer. Yes. It will be recalled that under a prior measure, enacted last December 1943, the present 1 percent social security tax on employers and employees was frozen at the existing rate during January and February. Section 901 of the new law makes the freezing of the 1 percent rate effective throughout 1944.

XII. AMENDMENTS TO THE RENEGOTIATION OF WAR CONTRACTS LAW

39. Question. What changes does the revenue bill make in the law relating to the renegotiation of war contracts?

Answer. The changes may be summarized as follows:

Over-all exemption: Increased from $100,000 to $500,000.

Specific exemptions: List of exempt contracts and subcontracts broadened to include (1) contracts with organizations exempt from income tax; and (2) construction contracts entered into as a result of competitive bidding.

Standard commercial articles: List of exemptions which the renegotiation authority may grant at its discretion is broadened to include contracts or subcontracts for the making or furnishing of a standard commercial article, if, in the opinion of the board, competitive conditions affecting the sale of such article are such as will reasonably protect the Government against excessive prices. For the purpose of the act, a standard commercial article is defined to be an article which is identical in every material respect with an article which was manufactured and sold, and in general civilian, industrial, or commercial use prior to January 1, 1940; which is a competitive product sold by more than one manufacturer; and for which a maximum price has been established or which is sold at a price not in excess of the January 1, 1941, selling price. It should be emphasized that the granting of this exemption is solely within the discretion of the renegotiation authority, and is not mandatory even if it should be found that normal competitive conditions have been restored.

Definition of subcontracts: The act retains substantially the same definition as under existing law. Subcontracts covering office supplies are excluded, however.

Standards for determining excessive profits: The act sets up certain factors to be considered by the renegotiation authority in determining whether profits are excessive, including efficiency of the contractor, reasonableness of costs and profits, amount and source of public and private capital, extent of risk assumed, nature and extent of contribution to the war effort, character of the business, and such other factors the consideration of which public interest and fair and equitable dealing may require.

Creation of War Contracts Price Adjustment Board: The act provides for the creation of a joint board of six members, representing all the agencies concerned, to exercise over-all control of renegotiation. It is authorized to delegate any of its powers, functions, or duties to the Secretary of a Department, and to divide itself into divisions of one or more members. It may review any determination by any officer, agency, or division exercising delegated authority, either on its own motion, or in its discretion at the request of a contractor or subcontractor.

Appeal: Any contractor or subcontractor aggrieved by a decision of the renegotiation authority may appeal to the Tax Court of the United States, where the case will be reexamined de novo (anew). The right of appeal extends to all contractors and subcontractors who have been renegotiated, except those who have signed an agreement regarding the amount of excessive profits to be recovered.

Termination date: The act provides that the renegotiation statute shall expire December 31, 1944, except that the President is given the authority to terminate the statute 6 months earlier if he finds that competitive conditions have been restored, or 6 months

later if he find that competitive conditions have not been restored. In no event, however, is the statute to continue beyond the termination of hostilities, as proclaimed by the President or specified in a concurrent resolution of Congress.

XIII. REPRICING

40. Question. What is the nature of the so-called repricing statute which is included in the revenue law?

Answer. The present renegotiation law, in addition to giving the departments the authority to recapture excessive profits, empowers them to reduce future prices. Sec. 801 divorces the repricing authority from renegotiation by setting up such authority under a separate title under which the Secretary of a Department (as defined in the Renegotiation Act), when he deems that the contract price for an article is unreasonable or unfair, may require the contractor or subcontractor to negotiate to fix a fair and reasonable price. If the contractor or subcontractor refuses to agree to the price fixed by the Secretary, the Secretary may issue an order fixing the price payable for the article or service after the effective date of such order.

41. Question. Does the contractor have the right of appeal in cases where he refuses to agree to the price fixed for the article or service?

Answer. Yes; he may sue the United States in any appropriate court to recover fair and just compensation for the article or service. In such case, the department would pay the price fixed by the Secretary, and the contractor's suit would be for the difference between the price so fixed and the amount which he believes should be paid. The ultimate decision as to the fair price would rest with the court.

42. Question. What happens if the contractor refuses to furnish the article or service at the price fixed by the Secretary?

Answer. Under such circumstances, the President would have the power to take possession of the plant and operate it in accordance with the provisions of section 9 of the Selective Training and Service Act of 1940.

43. Question. What is the difference between repricing and renegotiation?

Answer. Renegotiation is based on the over-all war profits of the contractor during the fiscal year, and involves recapture of excessive profits. Repricing applies with respect to the individual article or service, and applies only to future deliveries.

44. Question. Do the repricing provisions carry with them the same exemptions as apply under the renegotiation statute?

Answer. No. There are no exemptions under repricing.

45. Question. What is the effective date of the repricing provisions?

Answer. They become effective as to deliveries made after the date of enactment of the revenue act, and terminate with the cessation of hostilities.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that debate upon this report be extended 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COCHRAN. Mr. Speaker, there is one provision of this conference report that does not appeal to me and I think the House conferees made a grave mistake in accepting the Senate amendment, although the amount was raised from $20,000 to $50,000. I am referring to the so-called hobby amendment. At the outset it was always referred to as the Marshall Field amendment. It seems that some wanted to tax properties of Mr. Field, especially his newspaper enterprises. When the matter was debated in the Senate it was shown beyond doubt by the Senator from Kentucky [Mr. BARKLEY] that the amendment would not affect Mr. Field's newspapers. I might say that this was confirmed by one of the outstanding authorities on income tax law in the Treasury Department. So far as I can find no hearings were held by either the House or Senate on this subject.

This amendment, in my opinion, places a penalty on progress as well as science. It affects thousands of individuals in this country who have hobbies. As a result of these hobbies from time to time great benefits have come to the people of the United States. Further than that, the money spent by the rich on their hobbies is, in my opinion, an avenue which results in the redistribution of wealth. The individual or individuals take from their strong boxes tax-exempt securities or other holdings and spend that money on their hobbies. When salaries are paid, they are taxable. When the necessities of life are purchased by the employees, the retail merchants must pay taxes on the profits, and also when the retailer buys from the wholesaler, it increases the business of the wholesaler, which likewise increases his profits which are taxable. In other words, it places money in circulation that is eventually subject to the tax laws of the United States that would not be in circulation if it were not for the hobbies.

Great benefits accrue from hobbies. As a result of hobbies we have today as fine beef and dairy cattle as there is in the world; likewise the finest breed of hogs, chickens, and other agricultural products. We have the finest thoroughbred horses in the world, due to the great breeding farms throughout the country. This has all been developed through hobbies, but aside from that, there are private laboratories all over the country doing research work. Years are spent in trying to work something out in these laboratories that eventually become beneficial to all, if successful.

Simply to briefly illustrate what has happened in the past, consider the amount of money that was spent by Edison on his hobbies. I also recall the hobby of Adolphus Busch I, although it goes back some 40 years or more. It was Mr. Busch and a Mr. Sulzer of Switzerland that financed Dr. Diesel, who invented the first Diesel engine. Mr. Busch bought the American patent rights, constructed a large laboratory in St. Louis, and later a great manufacturing plant. For years he experimented and spent millions of dollars until finally a real Diesel engine was perfected. By that time, however, the patent rights had run out and great corporations immediately entered the picture and started to manufacture Diesel engines. He never lived to make a dollar on his expenditures. After the death of Mr. Busch his son and later his grandsons carried on this great plant, not only perfecting a better marine Diesel engine but also an outstanding stationary Diesel engine that is today used all over the United States by municipalities, towns, counties, and corporations to generate power. They now give employment to thousands.

Only in the last few months another outstanding example of a hobby that will bring great benefits to the masses of the people is disclosed. The president of a great corporation manufacturing radios decided to manufacture a hearing device. Over a period of years he experimented and spent a tremendous amount of money. This device has now been placed upon the market. This became the hobby of the president of this corporation because of the fact that he, himself, had defective hearing. You might say, what benefit is that to the people when we already had hearing devices available? The benefit is that he placed his device on the market at a price of $40 while other outstanding hearing devices available could not be secured for $140. You have no doubt seen the page advertisements in the metropolitan newspapers and magazines during the past month relative to this hearing device.

Another outstanding example of what a hobby will produce is Mr. Henry Ford and the soybean. Due to his long experiments and research he has developed uses for the soybean that will mean millions to the farmers of the country as well as employment for thousands in great factories that will carry on after the war.

I came in contact with an institution very recently that has been most beneficial to unfortunate people. Nearly 30 years ago, then a young man, a New York gentleman conceived what is now the Institute for the Crippled and Disabled in New York City. It would be impossible to even estimate the amount of money that has been put into this institution by this gentleman and others during the period of its existence. The building it occupies alone cost at least $1,000,000. Due to the activities of the institute it has brought happiness to thousands of disabled people who have been rehabilitated. At the end of the year it is never in the black but always in the red, the deficit being made up by the founder and others. This is a hobby with the founder and his associates. I do not know whether this amendment will affect this great institution, the language is very broad, but I pray it will not, because I have a personal knowledge of the benefits that come to the crippled and disabled. During Christmas week I spent 5 hours a day for 5 days in this establishment, and what I received there, together with instructions, warrants me in saying that some day I will be able to walk on crutches.

I might say that this institution is cooperating with the Government 100 percent at the present time in an effort to assist in working out plans for the rehabilitation of those in the armed forces who become disabled. While I was there I met 50 noncommissioned officers of the Rehabilitation Division of the Air Corps who were taking instructions of every character that will be beneficial to the officers and men in the Air Corps who are returned disabled.

Many of our outstanding inventions today are the result of hobbies, perfected at great cost. What a godsend it would be if in the near future something is developed that will be in demand all over the country. Look at the employment that would result. The automobile, the Frigidaire, the radio, everything of that character had to be developed, and many outstanding inventions were due to some rich man's hobby. In all, to me this is a most dangerous amendment as it might retard the great advances that this country has been making.

Mr. Speaker, my vote against this conference report will not be based solely upon this amendment that I have referred to. In all my campaigns I have pledged the people that I represent that I would oppose profiteering in times of war. I can never forget what was disclosed after the close of World War No. 1. We had over 20,000 millionaires in this country who became millionaires because of the profits they made out of World War No. 1. I do not want that to happen again. The Army and Navy, Maritime Commission, and other Government agencies have been doing wonderful work in connection with the renegotiation of contracts, many of them made at the outset because time was essential. There was no opportunity to secure competitive bidding. I think if we would leave the renegotiation feature as it is, place no limitations on the amount involved in contracts that could be renegotiated, we will bring back to the Treasury far more money than will be realized by the new taxes provided for in this bill.

There is another very dangerous feature which is worthy of most careful consideration and that is the provision that freezes the social-security tax for another year. That alone would not disturb me so much, but the provision adding that in the event it is necessary, money can be advanced from the general fund in the Treasury Department disturbs me. At the outset it was specifically provided that the social-security taxes in the law passed by the Congress was a law that would enable employer and employee to create a fund that would guarantee social security to the employees. It was clearly understood that the employer and the employee should maintain that fund. In order to build up that fund, the Congress provided for social-security taxes. That money belongs to the employees who contributed. They will be the sole beneficiaries. We must remember there are millions and millions of people in this country who are not covered by the social-security taxes who will never receive any benefits as a result of the law unless it is amended. It is not fair that any of the taxes that those people pay that goes into the general fund should be used for social-security purposes. I am confident that the employees that will now benefit and the employers are satisfied to maintain this fund and that they would not expect others who do not participate in the fund to make up any deficit that might result. Personally, I do not feel there is going to be a deficit, but the provision that is in the bill will not apply only for the present year but in future years if it becomes a law and is not later repealed.

Mr. CRAWFORD. Mr. Speaker, I wish to ask our distinguished chairman this question. The gentleman from Minnesota [Mr. KNUTSON] stated that this would be the last tax bill in this session of Congress. There are some of us of the minority, and I do not hesitate saying so, that do not believe this tax bill raises as much revenue as our people should put into the tax box at this time. Before voting for or against this report, as sympathetic as I am to the problems of the committee and to the complications that enter into this question, I want to ask the chairman if he is in a position to say whether or not this is the last tax bill for this session of Congress?

Mr. DOUGHTON. I cannot say whether it is or is not. That is a bridge that Congress will have to cross when it comes to it. That is a matter to be determined largely by conditions and by the judgment, certainly, of the majority of the Committee on Ways and Means.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. PATMAN. How will this bill, if enacted into law, affect the renegotiation of war contracts? It is my understanding you have a period of time in which contracts may be renegotiated but after that no contract may be renegotiated. Is that true or not?

Mr. DOUGHTON. Contracts that are completed after December 31——

Mr. PATMAN. Of this year?

Mr. DOUGHTON. Contracts that are completed after December 31, will not be subject to renegotiation unless the President may extend the time, which would automatically extend the time for 6 months.

Mr. PATMAN. In other words, after June 30, 1945, next year, there can be no more renegotiation of contracts?

Mr. DOUGHTON. I think that was satisfactory, so far as I know, to the War Department and Navy Department. We heard no objection to it.

Mr. PATMAN. I am very sorry that you have that language in there.

Mr. DOUGHTON. The President can extend the time 6 months, but anyway, under no conditions, for more than 6 months after the end of the war, or after the cessation of hostilities, I should say.

Mr. PATMAN. It will make it possible for a lot of people to unduly profit by reason of this war, which I oppose.

Mr. DOUGHTON. Well, we will try to take care of that.

Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Georgia [Mr. VINSON], who has spent a good deal of time and the most careful study, so far as the renegotiation feature of this bill is concerned.

Mr. VINSON of Georgia. Mr. Speaker, I rise to support the conference report on the revenue bill which is before us, and particularly to express my deep satisfaction with the agreement which the conferees have been able to effect in regard to that portion of the pending legislation which seeks to amend the law dealing with the renegotiation of war contracts. There were times, I am frank to confess, during the passage of this bill through the two Houses, when I was gravely concerned over the kind of legislation which would finally evolve in regard to this controversial question. I was afraid that the renegotiation law would be so amended and so restricted that it would no longer be effective to control war profits. Fortunately this is not the case. The conferees, under the able leadership of the distinguished gentleman from North Carolina and the great chairman of the Senate Finance Committee [Mr. GEORGE], have brought in a report which preserves the essential strength of the renegotiation process and at the same time corrects many of its imperfections.

In the form that the bill passed the Senate, it contained several provisions which were not conducive to the effective control of war profits. There was a provision requiring the renegotiators, in determining excessive profits, to give consideration to the amount of income and excess profits taxes paid by the contractors. In effect, this would have permitted those businessmen who have been fortunate enough to obtain huge Government orders, under which they have been able to accumulate these excessive profits, to avoid bearing their fair share of the heavy tax burden made necessary by the increased cost of war. It would have thrown the entire pricing structure out of line; the contractor's taxes would have had to be added to what normally would be a fair price to the Government for the articles purchased.

Another section which was subject to serious criticism was one requiring an allowance for post-war reconversion. Once allowed, there was no restriction upon the use of the money; it could have been declared out in dividends, or otherwise dissipated without restraint. There was no guidance as to how such a reconversion allowance should be determined; indeed, I doubt if many manufacturers could have forecast with any degree of accuracy what their post-war needs would be. It would have been of no benefit to those who were not fortunate enough to obtain profitable war contracts; only those who had made admittedly excessive profits would have benefited.

Another provision would have permitted the reopening of all those cases which have already been renegotiated and settled by voluntary agreement, and which have resulted in a saving of some $5,000,000,000 to the Government. This would have been a veritable jackpot—the medium through which the Treasury could have been raided of vast sums by these war profiteers.

Again, the retroactive exemption of the machine-tool industry not only would have permitted such companies to conduct their future operations free of profit restrictions, but also would have restored to them millions of dollars of admittedly excessive profits which they had already disgorged to the Public Treasury.

All of these provisions, Mr. Speaker, have now been eliminated from the bill as a result of the untiring efforts and devotion to the public interest of the

conference committee. Once again the public good has prevailed over the hue and cry of the selfish interests. While I do not pretend that the bill as it is now amended is perfect in every respect, at least there have been eliminated from the bill those provisions which I, and many others who are equally insistent upon an effective wartime profit control, could under no circumstances have supported or in good conscience have voted for. In preserving renegotiation, as he has, as a potent instrument in dealing with war profits, the chairman of the Ways and Means Committee and the able Senator from Georgia have once again rendered another of those great public services with which we have become so accustomed to associate them.

In many respects the Renegotiation Act, as it will be amended by this conference report, will be a better law than it now is. There will be written into it provisions required by any concept of fair dealing between the Government and its contractors, but which, because of the haste in which the original statute was adopted, are missing from the present law. There have been incorporated into the bill provisions which insure to the contractor a judicial review of the decision of the administrative agency. He is now to receive, when he requests it, a statement of the reasons which impelled the Board to determine that he had made excessive profits. There are clearly written into the law the standards which the Board is to follow in reaching its decision as to the existence and amount of excessive profits. All of these are calculated to eliminate much of the criticism that has been leveled at the law.

Renegotiation was made necessary by the very nature of wartime procurement. When it was first enacted, it was prompted by a great public demand for some measure which would control the unconscionable profits which we had learned were being made out of the war. If we had not had to act so quickly, we might have fashioned a scientific measure containing all of the checks and balances which spell out the freedoms and due processes which we like to think of as the American way. Acting hastily, our indignation brought about a large delegation of power to officers in the executive departments, without the curbs and restrictions which we usually impose. It is, I think, a credit to those officials that, in the almost 2 years in which they have possessed that power, they have not abused it, but instead, have performed their duties in a most creditable fashion. There have been many who have criticized the law, there have been many who said that the members of the Price Adjustment Boards have been given too much power, but there are only a very few who have ever said that the members of those Boards abused the trust which was given them. And those few, on examination, have turned out to be the very ones who are profiting most from the war, and who, devoid of any desire to share the sacrifices expected of us all, are motivated only by their selfish greed and a desire for wealth of which they had not even dreamed until the Nation's distress afforded them their golden opportunity.

Other changes in the law which will result from the adoption of this conference report are procedural, and will have the effect of speeding up the renegotiation process and making it more efficient. Such requirements as the filing of annual financial reports by war contractors, and the coordination of the work of the various departments through the establishment of a joint board, can have nothing but a healthy effect upon renegotiation and the control of war profits.

I feel a certain amount of pride, Mr. Speaker, in the belief that some contribution to this disposition of the problems of renegotiation may have been made by the Committee on Naval Affairs, which devoted a considerable portion of its time for a period of several months to as careful and searching a legislative study as I have seen in all of the years that I have been a Member of this House. A major share of the credit, however, must necessarily go to those splendid statesmen and my good friends, the distinguished gentleman from North Carolina and the senior Senator from Georgia, upon whom rested the ultimate responsibility for bringing forth a good and a satisfactory bill.

Mr. Speaker, undoubtedly you are aware of the fact that for some months or more the Committee on Naval Affairs last summer conducted an investigation in regard to the application of the law known as the renegotiation law. The Committee on Ways and Means had jurisdiction of the subject matter, but in view of the fact that the Navy was so deeply concerned about the renegotiation statute, we felt it was incumbent upon us to make an investigation. Now the only criticism that I make of the entire situation visualizing it as a whole, is this: In all probability it would have been far better if the renegotiation bill had appeared on the floor of the House as a separate measure and never been incorporated in a tax bill. It would enable the House to have perfected it and made it more workable than probably it is today. But suffice it to say, in view of the situation the bill got into in the House and in the Senate, this measure now presented by the conference report, is a very workable, fair, and equitable approach to the renegotiation law. The conferees and the distinguished gentleman from North Carolina [Mr. DOUGHTON] are entitled to the thanks of the House for bringing in this conference report, which meets the approval of the Navy Department; and I am advised it meets the approval of the War Department through Judge Patterson.

Mr. CASE. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield with pleasure.

Mr. CASE. As the gentleman knows I have followed the course of the amendments to the renegotiation statute with a good deal of interest. I want to add a word to what the gentleman from Georgia has said. Personally, I am glad that so many of the crippling amendments that were at one time under consideration have been eliminated or modified and that the final result more closely follows the work of the subcommittee of the Committee on Ways and Means of the House, which was headed by the gentleman from Oklahoma [Mr. DISNEY]. I am also glad to see that in this form it incorporates the four principal amendments which I discussed with the Committee on Ways and Means at the time that I appeared before them.

Mr. VINSON of Georgia. May I say that the renegotiation section of the bill was improved in a great many respects by the Senate. On the other hand, the conferees have improved a great deal on what the Senate had in its bill. So the House can rest assured of one thing: Under this conference report you have an equitable renegotiation bill. It is fair to the Government, it is fair to the manufacturer, and I am glad to say that the conferees agreed to a cut-off date because, after consideration of the matter, I advised the Navy Department and Judge Patterson that I thought—and both concurred—that the Departments would be in a position to make better contracts at least by July 1, 1945, when the law goes off the statute books, if the President sees fit, at the end of 1944 to extend it for 6 months.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MARCANTONIO. That is just the point I want to make. This law goes off the statute books at the end of this year?

Mr. VINSON of Georgia. At the end of this year, 1944.

Mr. MARCANTONIO. The best that can be done is for the President to extend it for another 6 months?

Mr. VINSON of Georgia. Exactly.

Mr. MARCANTONIO. Does the gentleman, as chairman of the Committee on Naval Affairs, who has had so much experience with respect to this problem, feel that that time of limitation is going to be adequate?

Mr. VINSON of Georgia. The Navy Department and the War Department both have advised me that by that time, by the end of 1944, they will know enough about prices to enter into an agreement as to the correct prices for an article.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield with pleasure.

Mr. PATMAN. In order to presume that, would you not also have to presume there will be no new weapons needed?

Mr. VINSON of Georgia. Now, in connection with the fact that some new article might have to be manufactured, under the terms of the contract which the Navy Department and War Department make with the manufacturer, they can write in there "In view of these facts we consent to repricing of the article."

So, Mr. Speaker, I hope the House will adopt this conference report as far as it relates to renegotiation.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Speaker, the slogan, "No war millionaires in this war" certainly is given full play in these re-

negotiation amendments. The departments have for 2 years had the power of life and death over a contractor, and these amendments practically continue it. Candor requires it to be said that most of them are along the line of helpfulness and fairness. The law still remains subject to the objection made by Mr. Karker that the law is un-American.

But we tried to get a bill that would become law, so most liberal concessions had to be made.

Mr. Speaker, when the soldiers return, they will want and need jobs. They can only get jobs from people and companies who have money to employ them. It is the part of reason and sound foresight to handle renegotiation with that end in view. I cannot assure the House that that is being done.

STANDARDS FOR DETERMINATION OF EXCESSIVE PROFITS

The standards prescribed in the House bill for the determination of what profits are to be considered excessive are all contained in the conference report. The Senate bill added two additional standards of a controversial nature: First, that the Board should take into consideration problems of reconversion to peacetime production, and second, that it should consider whether the profits remaining after the payment of Federal income and excess-profits taxes are excessive. The Senate receded on the addition of these two factors, and hence the conference report contains no standards for determining excessive profits which were not contained in the House bill.

ALLOWANCE OF TAX DEDUCTIONS AS ITEMS OF COST

Both the House bill and the bill as passed by the Senate provided that items of deduction allowed for tax purposes should be allowed as items of cost in determining the profits subject to renegotiation. The Senate bill, however, unlike the House bill, provided for the allowance of carry-overs and carry-backs and the allowance of the additional amortization deduction. The allowance of carry-overs and carry-backs, in addition to imposing a tremendous administrative burden on the departments concerned, would have resulted in discriminations as between contractors, and the conference report provides that they will not be allowed as cost items. The conference report does, however, provide for the allowance as a cost item of the recomputed amortization deduction, and makes this allowance retroactive. In making it retroactive, the conference report also provides for the reopening of closing agreements already made to give effect to the allowance.

The provision in the House bill disallowing amounts paid to contract brokers as cost items is omitted in the conference report since the contract broker himself is subject to renegotiation on these amounts.

DEFINITION OF SUBCONTRACTORS

Under the House bill, a subcontractor was defined as one who made an article which actually became a part of or became incorporated in the article called for under the prime contract. This had the effect of excluding from renegotiation all persons furnishing machines and tools required to make the article called for under the prime contract, and all office supplies. The bill as passed by the Senate reverted to the existing-law definition of subcontract, but provided for the exemption from renegotiation of subcontracts for machinery and equipment having an ordinary useful life of more than 10 years. The conference report adopts the Senate definition of subcontract, omits the exemption of subcontracts for such machinery and equipment, but provides for the exemption of subcontracts for office supplies.

STANDARD COMMERCIAL ARTICLES

The House bill provided for a discretionary exemption from renegotiation of contracts and subcontracts for furnishing standard commercial articles. The bill as passed by the Senate made the exemption of such articles mandatory. The conference report adopts the provisions of the House bill in this respect.

COURT REVIEW

The House bill provided for review of determinations of excessive profits in the Tax Court of the United States. The bill as passed by the Senate provided for review in the Court of Claims. The conference report adopts the provisions of the House bill in this respect.

Under the bill, both as passed the House and Senate, the review is required to be treated as a de novo proceeding in which all questions of fact and law may be decided. The conference report makes no change in this regard, but it may be noted that, under the power of The Tax Court to prescribe rules governing its hearing and disposition of these cases, The Tax Court will have control of the question of what must be stated in the petition for review if the court is to entertain the petition. In short, the court may require the petitioner to state some cause of action.

With respect to cases decided by the departments under the old law, the House bill granted the contractor a right of review whether or not he had signed a closing agreement in which he consented to the decision. Under the bill as passed by the Senate, this review was limited to cases in which the contractor had not signed an agreement. The conference report adopts the provisions of the bill as passed the Senate in this respect. It is not believed there will be any great volume of cases. Less than 300 probable unilateral decisions, which might precipitate court reviews, are now pending before the departments, out of the thousands of determinations in excessive profit cases.

WAR CONTRACTS PRICE ADJUSTMENT BOARD

The House bill created an interdepartmental board, to be known as the War Contracts Price Adjustment Board, and placed all responsibility for renegotiation upon this Board. The Board was authorized to delegate its powers to the various renegotiating departments and agencies with one exception. It was not authorized to delegate its power to review the departments' determinations of excessive profits where the contractor requested review by the Board. The bill as passed by the Senate added a representative of the War Production Board to this new board, and made review of the departmental determinations discretionary with the Board. The conference report adopts the Senate provisions in these respects.

TERMINATION DATE

The House bill did not change the termination date provided in existing law. The bill as passed by the Senate prescribes December 31, 1944, as the termination date, but authorizes the President to extend the law to June 30, 1945, or to terminate it at any time prior to that date. In no event under the Senate provision was the termination date to extend beyond the termination of hostilities. The Senate provision also provided that only those profits which were attributable to performance by the contractor prior to the termination date would be subject to renegotiation. The conference report adopts the substance of the Senate provisions.

EXEMPTIONS

The House bill provided for the exemption of contracts and subcontracts for certain canned fruits and vegetables. The bill as passed by the Senate added an exemption of certain canned and processed dairy products. The conference report omits both of these exemptions. The bill as passed by the Senate exempted contracts for the construction of buildings and other facilities, entered into as a result of competitive bidding. There was no similar exemption in the House bill. The conference report adopts the Senate provisions in this respect.

The other exemptions which were contained in the House bill, such as the agricultural and raw-material exemptions, are also contained in the conference report.

LONG INVENTORIES

The conference report provides that profits attributable to the increment in value of inventories of agricultural products and raw materials, acquired in the exempt stage by a contractor, in excess of those reasonably necessary to fulfill existing contracts or orders, are in no event to be considered renegotiable profits. This provision is made retroactive, and closing agreements heretofore made may be reopened to give it effect.

REPRICING OF WAR CONTRACTS

The House bill authorized repricing of war contracts to fix a fair price, and provided that the fair price should be determined in accordance with the same standards as those applicable to the determination of excessive profits. Where repricing was done by order, the contractor was given a right of review in The Tax Court. The bill as passed by the Senate contained a separate title dealing with repricing, and followed generally the principles of section 9 of the Selective Training and Service Act of 1940, under which the contractor is given the right to go into a district court on the question of just compensation as in the case of a requisition. The conference report adopts the substance of the Senate provisions on repricing with these exceptions:

First. The criminal penalty provided in the Senate bill is omitted from the

conference report, inasmuch as existing provisions of law adequately deal with this situation.

Second. Specific provision is made to assure that all contracts and subcontracts hereafter made will be deemed to contain a provision under which the contractor consents to repricing. The provision recognizes the principle, applied by the Supreme Court in many cases, that all laws affecting the making and performance of contracts which were in effect at the time the contract was made are considered a part of the contract just as if they had actually been incorporated in its terms.

Mr. Speaker, I most strenuously opposed the so-called hobby amendment, but it remains in the bill, modified to a great extent. In my judgment it lays a ban on business incentive, and puts a prohibition on initiative—not in accord with the American system.

Mr. CASE. Mr. Speaker, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. CASE. I would like to add just a word to what the gentleman from Georgia has said with regard to the repricing feature. The present law, and in fact the bill as it left the House, would have provided that the renegotiation feature was an automatic feature of every contract regardless of whether it was stated in the contract or not.

Mr. DISNEY. After 30 days it is deemed to be in the contract and the contractors have notice that the contracts are made with existing law as part of the contract.

Mr. CASE. Under the amendment that a cut-off date after the expiration of the statute is established, there is nothing in the amendments that prevents either the War or the Navy Departments from placing in a contract at the time it is negotiated any repricing provision?

Mr. VINSON of Georgia. Of course, that is right. That is an agreement between the Government and the manufacturer and can be embodied in the contract.

Mr. CASE. And in the light of the experience that the War and Navy Departments have had on the whole problem of production, it is safe to say, I think, that wherever the character of an article is such that repricing may be necessary, they will continue to carry such a clause in a contract as a matter of negotiation at the time the contract is entered into.

Mr. DISNEY. That is the only really legal way that renegotiation can be had anyway, by having it a matter of contract rather than permit the abrogation of a contract, which the Government cannot legally do. As to repricing there is no necessity for renegotiation at the end of a contract, if during the life of the contract repricing has been had. I feel the Departments can determine what the correct price is, so that renegotiation at the end of a repricing contract would be rather a nullity. I feel sure the conferees had in mind that in the acceptance and adoption of the repricing section, title VIII, that there would be no renegotiation at the conclusion of a repricing contract, because it would not be necessary.

Mr. CASE. I want to express my appreciation of the work the gentleman has done in preserving this repricing feature, because Secretary Patterson has told us that the repricing of commodities is probably the most important feature of the whole renegotiation proposition.

Mr. DISNEY. Yes, and perhaps the most workable.

Mr. PATMAN. Mr. Speaker, will the gentleman yield.

Mr. DISNEY. I yield.

Mr. PATMAN. Under the proposal advanced by the gentleman, is it contemplated that this renegotiation clause that may be placed in the contract will permit the price to be increased as well as decreased?

Mr. DISNEY. Yes, under the repricing section the price must be held excessive before it can be adjusted.

Mr. PATMAN. It will permit more profits to be granted or it will take more profits away?

Mr. DISNEY. If you will remember the Selective Service Act, it conforms to that in general terms, leaving out the criminal penalties.

Mr. PATMAN. It will not permit increases?

Mr. DISNEY. No; it will not. I did not understand your question at first.

Mr. PATMAN. How will the small concerns compete with the big ones?

Mr. DISNEY. In that connection, Judge Patterson and other witnesses appeared before the Ways and Means Committee and testified that under the War Powers Act they do have the right to raise prices, if it is fair to the contractor. Not only that, but that authority has been exercised in a few instances.

Mr. PATMAN. Under this proposal is not the gentleman afraid that the large concerns will have an advantage over the smaller ones?

Mr. DISNEY. Well, I do not believe so. We attempt to adopt general principles in law. We are trying to be fair to both large and small.

Mr. CASE. Will the gentleman yield further?

Mr. DISNEY. I yield.

Mr. CASE. Under the total volume of business the small contractor is protected?

Mr. DISNEY. Oh, yes. Contracts under $500,000 aggregate, are not renegotiable. That came from a specific recommendation of both departments involved. They did not want to deal with the smaller contracts. Now, I cannot make an extended statement in the limited time I have. If there are any further questions I shall be glad to attempt to answer them.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. CRAWFORD. Under this proposal, from here on, in all contracts let, there will be carried the repricing clause?

Mr. DISNEY. No. I did not mean to say that. Personally I think it should be required, but under title 8 of the repricing clause, after 30 days it is deemed to be in the contract. The contractor must presume that that right on the part of the department is carried in the contract he has made, any contract made after 30 days after this law's enactment. The gentleman is familiar with the decisions of the court, that the law is part of the contract.

Mr. PATMAN. Will the gentleman yield?

Mr. DISNEY. I yield.

Mr. PATMAN. I am afraid the record is not clear as to whether or not this renegotiation clause will permit an increase in price in the event it is not necessary. I would like to have the chairman of the committee answer whether or not it will be permitted.

Mr. DISNEY. Not specifically, but the departments say that under the present law—and this amendment does not change that—they do have the right, under the War Powers Act, to raise the price that they are paying a contractor, in furtherance of justice, and they have exercised that right in some instances.

Mr. PATMAN. And upon that theory you believe this will not interfere with it?

Mr. DISNEY. I am willing to let it go along as it has operated in the past.

Mr. ANGELL. Mr. Speaker, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. ANGELL. What provision is there here with reference to standard articles?

Mr. DISNEY. Standard articles are defined as best we could. It is impossible to define standard commercial articles exactly, but we defined them as best we could in five categories and left it discretionary with the departments.

Mr. ANGELL. That would exempt those, under the definition?

Mr. DISNEY. Oh, no, no. It would be in the discretion of the department to exempt those standard commercial articles.

Mr. ANGELL. Standard articles are not exempted by statute?

Mr. DISNEY. That is true except in the discretion of the departments.

The SPEAKER. The time of the gentleman from Oklahoma [Mr. DISNEY] has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. IZAC].

Mr. JENKINS. Will the gentleman yield?

Mr. IZAC. In 2 minutes I cannot yield very well.

Mr. JENKINS. I would like to ask that the gentleman have more time.

Mr. Speaker, this distinguished gentleman from California, is opposed to this matter and I think he should have a little more time. While I am asking for more time for him I would like to have some time for myself.

I ask unanimous consent that the time for debate be extended 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio, that the time for debate on the conference report be extended for 10 additional minutes.

There was no objection.

Mr. DOUGHTON. I yield the gentleman from California 3 additional minutes.

Mr. IZAC. Mr. Speaker, I am sorry that I have to differ with my distin-

guished chairman of the Committee on Naval Affairs.

Let me tell you something about renegotiation. Under this conference report, we are saying the end of renegotiation comes at the end of this year unless the President extends it 6 months. Do you know what that means? That means that any contract that is ended up to that time—not that is begun at that time, but that is ended, completed at that time or any portion thereof that is completed, can be renegotiated up to the end of that time, but no other contracts such as those entered into before that date.

In other words, it is reasonable to suppose that the war is going on for, say, 2 or 3 years more. So we say to the war racketeers in the latter part of the war it is all right for you to make billions of dollars in excess profits, but it is not all right in the first few months of the war. Now, that is the truth about this and I think you should know it before you vote.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. IZAC. No; I do not.

Now, secondly, this bill exempts everybody who has contracts totaling under $500,000. Do you know what happens under that provision? They are refusing to take Government contracts now if they amount to more than $500,000. The present bill exempts contracts up to $100,000, but under this conference report it is raised to $500,000.

Mr. DOUGHTON. That limitation was put in at the express request of the War and Navy Departments.

Mr. IZAC. I am simply telling the gentleman what I think Members of the House should know, because already we have one contract that is under $500,000, where the contractor charged up $90,000 in salary and he made $200,000 in profits. Still, under this bill, we cannot renegotiate him. Think of what you are doing.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. IZAC. No; I cannot yield.

Another provision in the conference report relates to provisions for court review. We of the Naval Affairs Committee suggested that they have recourse to the district courts of the land, but disregarding our recommendations it was decided to put it first in the Claims Court, and finally in The Tax Court. That means for the next 50 years you will have everybody who has had excessive profits taken away from him fighting in The Tax Court to get them back, and every case is to be decided de novo. Whatever the Price Adjustment Board of the Army or the Navy or the Maritime Commission finds will not amount to anything. The Tax Court, under the wording in this conference report, cannot even consider the departmental finding of excessive profits.

Renegotiation is limited at the present time to certain departments of the Government. It does not apply to many kinds of lend-lease contracts. It does not apply to the Office of Strategic Services. It does not apply to the $3,000,000,000 which the Department of Agriculture now contracts for each year.

These are all big loop holes, and here are other loop holes.

All of those contracts that were taken over from the British, French, and other nations will not be renegotiated. Douglas Aircraft, for instance, are going to be renegotiated on contracts for the planes furnished us, but on the planes they furnish under contract to the British we cannot renegotiate them, even though we have taken over those contracts and paid for those planes with United States funds. That company or any other can make its millions in excess profits and no one can say a word.

Finally, Mr. Speaker, let us not when we vote on this bill deceive ourselves, for we are voting to give excess profits to these contractors in time of war. My only purpose in being down here and differing with the chairman of my Committee on Naval Affairs and with the chairman of the Committee on Ways and Means, is to show that I believe there should not be any excess profits in time of war. I think the people are all agreed on that, but very few of us say anything about it, we just take it for granted that somebody is standing fast and preventing excess profits being made. We are the ones who should be standing fast here today to prevent excess profits being made at the expense of the taxpayers of our country and I warn against the consequences if we fail in that duty. When the soldiers and sailors come back they are going to ask: What did you do to prevent these excessive profits, the making of so many millionaires as happened in the First World War? Let us be able to say that we at least recognized our responsibility and objected to that feature of the present tax bill.

The SPEAKER. The time of the gentleman from California has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, it is quite a compliment to the House that such a large membership has seen fit to stay in the Chamber while we discussed this rather abstruse proposition. I do not expect to take my full 5 minutes but I wish to call attention to one or two very salient facts developed under these proceedings. When the House concluded its consideration of the renegotiation feature and passed the bill there were several outstanding factors, one being the time limit. Time for renegotiation was fixed and that is a very important thing. That has been discussed and I shall say nothing further about it. Another proposition in which the House was very much interested and insisted upon was the limitation of $500,000 instead of $100,000; in other words, that no concern with contracts aggregating less than $500,000 would be renegotiated. That is still in the bill. I think it is a very fine thing and those of you who are interested in small contractors will realize that this is one break we have given them, because it leaves them out and they will be free once more from the frequently unnecessary excursions made into their private business by those not so much interested in finding out whether they made profits as in finding out what the business consisted of.

Another thing we provide for is court review. You will remember that as the bill left the House it provided for court review. That is what the contractors wanted and what the businessmen wanted and what the Government should have been willing to give them, a straight out competent court review. We provided that the review should be conducted by the Court of Tax Appeals, an organization eminently qualified. The Senate amended it by providing that the review should be conducted by the Court of Claims. I am glad the House conferees stood their ground and were able to bring back a recession on the part of the Senate and a concession to our views in that respect.

Many Members were very much interested in the definitions of standard commercial articles. I am sorry to say to you that the amendments brought back do not do very much in that respect. The definitions put in by the House are still there. They are sort of a skeleton on which some pretty clothes should have been hung, but the clothes were not hung. They are our guide post or will show those who are going to administer this law what Congress thinks they ought to do in administering it. Summing up, this bill comes back to us in pretty good shape. If the board wants to be sincere they know now what Congress intended, what the House intended, what the Senate intended. They have now had repercussions from the people the bill will affect. They know their efforts were not entirely satisfactory but were very severely criticized. As one who has been very much interested in this bill, I am sorry to say it is not as good as we would like to have it, but it is a whole lot better than we started out with.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. KNUTSON. The gentleman from California made a very serious statement to the effect that he knows of a certain company which paid its president $90,000 a year and put a profit of $200,000, all on a contract involving less than $500,000. I think the name of that company should be placed in the RECORD so that the proper officials up town may take cognizance of it.

Mr. IZAC. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. IZAC. The gentleman from California already has placed in the RECORD several names similar to that. See the CONGRESSIONAL RECORD of January 11.

Mr. VINSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. VINSON of Georgia. That is not so serious as the statement made by the gentleman from California to the effect that manufacturers refused to take contracts over $500,000 because under that they are exempt from renegotiation. I ask the gentleman from California to put in the RECORD the names of the manufacturing concerns who refused to take

contracts because they exceeded the $500,000 exemption.

Mr. IZAC. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. IZAC. The gentleman from California will be very glad to prove that the procurement officers of the Army and the Navy have met with just such opposition in that these firms do not want to take contracts over $500,000 and will accept them only up to $490,000.

Mr. VINSON of Georgia. I challenge the statement of the gentleman from California. He cannot justify it by giving the names of any contractors.

Mr. SPEAKER. The time of the gentleman from Ohio has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, I am constrained to vote against this conference report. It can be very properly described not as a tax bill but as a relief bill. It is a relief-for-corporate-interests bill. It certainly does not meet the requirements of the times. It contains loopholes through which corporations can crawl to escape their responsibility. It does not prevent undue profits during this period of war. It freezes the social-security tax. It falls far short of the test set by the President in his message to Congress of January 11, that is, "a realistic tax law" and a bill that will "distribute equitably the burden of taxation." This bill does not distribute equitably the burden of taxation. It places the load on the shoulders of the average American while corporate and special interests are well taken care of.

This tax bill is against the interests of the American people and not in the interests of the war effort. It does not measure up to the requirements of this war. I refuse to force our soldiers to pay for this war after they come back. This bill places on them and their generation the cost of this war and permits those who are profiting from it to evade their duty to pay their equitable share of its cost. I urge you to vote down this conference report.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Speaker, it is no disrespect to the Committee on Ways and Means nor its very distinguished chairman for me to say to the House that I am going to vote against this conference report. I am going to do it for several reasons including two primary reasons: First of all let me say I have been disturbed by some of the features of the bill bearing on renegotiation. I believe my colleague [Mr. IZAC] has rendered the House a service in pointing out some of the dangers in this regard. Some of the changes I believe are all right. Others may, I fear, lead to opportunities for profiteering which it is my duty to prevent. Furthermore, Mr. Speaker, I believe this bill to be wholly inadequate considering our Nation's present needs. As a matter of fact it is estimated to raise two and one-quarter billions of dollars, but the freezing of the social-security tax means a net reduction in taxes which otherwise would be collected of $1,400,000,000; in other words, the net increase of the tax revenue in this bill is only $850,000,000 at the outside. I am convinced, Mr. Speaker, that our country could come a lot closer to paying for this war as it goes along. I believe we should do our utmost in that direction. I do not believe we are, in this bill. I am convinced that we could find many billions of dollars to decrease the public debt. I believe we ought to be doing so. But we are not doing so in this bill. It would not be easy—nothing in a war like this can or should be easy—but taxes on both corporate profits and also on individuals could go up at a higher rate without really doing harm to anyone.

My vote is a vote of principle, Mr. Speaker. Taxes are at a time like the present the best way of preventing national debt increases. Taxes afford the only fundamental answer to the problem of inflation. We have our chance here to meet that problem at its roots, whereas the work of some of the regulatory agencies of Government is cutting at it only in its branches.

My second reason for opposing this report is that I think if there ever was a time in all the history of our country when it was right and proper and sound policy to extend the social-security program, when it was logical to provide an increase of these taxes in order that the people might have the best possible kind of savings laid away against a day after this war when the Nation will need support for consumer purchasing power and the people will need protection against the exigencies of life, that time is now. We should not reduce the social-security tax but instead should provide an expansion of the social-security program.

I think such an expansion of social security should have been provided in this bill instead of freezing the taxes as has been done here. The day will come when every Member of this House and millions of people throughout our country will wish we had done so.

Mr. Speaker, it is my judgment that by means of a tax bill that would at the same time raise more revenue than this one does, and include the simplification of taxes that the committee is going to work on, we would more nearly meet the desires of our own people, even those who would have to pay higher taxes, than we can do with an inadequate measure like the present one now before us.

These are some of the reasons I am voting "No" on this conference report.

The SPEAKER. The time of the gentleman has expired. All time has expired.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. PATMAN and Mr. MARCANTONIO) there were—ayes 125, noes 36.

Mr. PATMAN. Mr. Speaker, I object to the vote on the ground a quorum is not present.

Mr. MARCANTONIO. Mr. Speaker, I also object to the vote on the ground a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 237, nays 102, not voting 88, as follows:

[Roll No. 21]

YEAS—237

Abernethy	Grant, Ala.	Pittenger
Allen, Ill.	Grant, Ind.	Ploeser
Anderson, Calif.	Green	Plumley
Andrews	Gregory	Poage
Auchincloss	Griffiths	Powers
Barrett	Gross	Price
Barry	Gwynne	Rabaut
Bates, Ky.	Hall,	Ramey
Bates, Mass.	Edwin Arthur	Ramspeck
Beckworth	Hall,	Randolph
Bender	Leonard W.	Rankin
Bennett, Mo.	Halleck	Reece, Tenn.
Bishop	Hancock	Reed, Ill.
Blackney	Harness, Ind.	Reed, N. Y.
Bloom	Harris, Ark.	Rees, Kans.
Bolton	Harris, Va.	Rivers
Boren	Hendricks	Rizley
Boykin	Herter	Robertson
Bradley, Mich.	Hill	Robinson, Utah
Brehm	Hinshaw	Robsion, Ky.
Brown, Ga.	Hoch	Rockwell
Brown, Ohio	Hoffman	Rodgers, Pa.
Bryson	Holmes, Wash.	Rogers, Mass.
Buffett	Hope	Rohrbough
Bulwinkle	Horan	Rolph
Burch, Va.	Howell	Rowe
Burgin	Jarman	Russell
Busbey	Jeffrey	Sasscer
Butler	Jenkins	Satterfield
Byrne	Jennings	Schiffler
Camp	Jensen	Scott
Carlson, Kans.	Johnson,	Scrivner
Carrier	Anton J.	Shafer
Carson, Ohio	Johnson,	Sheppard
Case	Calvin D.	Short
Celler	Johnson,	Sikes
Chenoweth	Luther A.	Simpson, Ill.
Chiperfield	Johnson, Ward	Simpson, Pa.
Church	Jones	Slaughter
Clark	Jonkman	Smith, Maine
Clason	Kean	Smith, Ohio
Clevenger	Kilburn	Smith, Va.
Cole, Mo.	Kinzer	Smith, W. Va.
Colmer	Knutson	Sparkman
Compton	Kunkel	Spence
Cooley	LaFollette	Springer
Cooper	Lambertson	Sullivan
Costello	LeCompte	Sumners, Tex.
Cravens	LeFevre	Sundstrom
Crawford	Lewis	Taber
Cunningham	Lynch	Talbot
Curtis	McCord	Talle
Davis	McCormack	Tarver
Day	McCowen	Thomas, Tex.
Dewey	McGregor	Thomason
Dies	McMillan	Tibbott
Dingell	McWilliams	Towe
Disney	Maas	Treadway
Dondero	Mansfield, Tex.	Troutman
Doughton	Martin, Iowa	Vinson, Ga.
Drewry	Martin, Mass.	Vorys, Ohio
Durham	Mason	Vursell
Eaton	Merrow	Walter
Eberharter	Michener	Ward
Elliott	Miller, Mo.	Wasielewski
Ellis	Mills	Weaver
Ellsworth	Monkiewicz	Weichel, Ohio
Elston, Ohio	Mott	Welch
Engel, Mich.	Mundt	Wene
Fellows	Murray, Tenn.	Whelchel, Ga.
Fenton	Newsome	Whittington
Fisher	Norman	Wickersham
Forand	Norrell	Wigglesworth
Gathings	O'Brien, Mich.	Willey
Gavin	O'Brien, N. Y.	Wilson
Gibson	O'Hara	Wolcott
Gilchrist	O'Neal	Wolfenden, Pa.
Gillette	Peterson, Fla.	Wolverton, N. J.
Gillie	Peterson, Ga.	Woodruff, Mich.
Goodwin	Pfeifer	Woodrum, Va.
Graham	Philbin	

NAYS—102

Allen, La.	Heidinger	Murdock
Andersen, H. Carl	Hoeven	Murphy
Andresen, August H.	Hull	Murray, Wis.
Angell	Izac	O'Brien, Ill.
Arnold	Johnson, Ind.	O'Connor
Bland	Johnson, J. Leroy	O'Konski
Bonner	Johnson, Lyndon B.	Outland
Brooks	Johnson, Okla.	Pace
Burdick	Judd	Patman
Canfield	Kearney	Patton
Cannon, Mo.	Kee	Phillips
Capozzoli	Keefe	Poulson
Cochran	Kefauver	Priest
Coffee	King	Richards
Courtney	Kirwan	Rogers, Calif.
Cox	Landis	Rowan
Crosser	Lanham	Sabath
D'Alesandro	Larcade	Sadowski
Dilweg	Lemke	Sauthoff
Dworshak	Lesinski	Schuetz
Ellison, Md.	Ludlow	Smith, Wis.
Engle, Calif.	McGehee	Stefan
Fitzpatrick	McKenzie	Stevenson
Fogarty	McMurray	Stewart
Folger	Madden	Sumner, Ill.
Fulbright	Mahon	Taylor
Gearhart	Manasco	Vincent, Ky.
Gordon	Mansfield, Mont.	Voorhis, Calif.
Gore	Marcantonio	Weiss
Granger	Miller, Conn.	West
Hagen	Miller, Nebr.	Whitten
Hale	Monroney	Winstead
Harless, Ariz.	Mruk	Worley
Hartley		Wright
		Zimmerman

NOT VOTING—88

Anderson, N. Mex.	Flannagan	Lea
Arends	Ford	Luce
Baldwin, Md.	Fuller	McLean
Baldwin, N. Y.	Fulmer	Magnuson
Barden	Furlong	Maloney
Beall	Gale	May
Bell	Gallagher	Merritt
Bennett, Mich.	Gamble	Miller, Pa.
Bradley, Pa.	Gerlach	Morrison, La.
Brumbaugh	Gifford	Morrison, N. C.
Buckley	Gorski	Myers
Burchill, N. Y.	Gossett	Norton
Cannon, Fla.	Hare	O'Leary
Carter	Hart	O'Toole
Chapman	Hays	Pracht
Cole, N. Y.	Hébert	Scanlon
Cullen	Heffernan	Schwabe
Curley	Hess	Sheridan
Dawson	Hobbs	Snyder
Delaney	Holifield	Somers, N. Y.
Dickstein	Holmes, Mass.	Stanley
Dirksen	Jackson	Starnes, Ala.
Domengeaux	Kelley	Stearns, N. H.
Douglas	Kennedy	Stockman
Elmer	Keogh	Thomas, N. J.
Fay	Kerr	Tolan
Feighan	Kilday	Wadsworth
Fernandez	Kleberg	White
Fish	Klein	Winter
	Lane	

So the conference report was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Cullen with Mr. McLean.
Mr. Magnuson with Mr. Arends.
Mr. Hart with Mr. Dirksen.
Mr. Curley with Mr. Wadsworth.
Mr. Morrison of Louisiana with Mr. Brumbaugh.
Mrs. Norton with Mr. Gifford.
Mr. Kennedy with Mr. Schwabe.
Mr. Delaney with Mr. Thomas of New Jersey.
Mr. Furlong with Mr. Fish.
Mr. Hobbs with Mr. Elmer.
Mr. Fay with Mr. Beall.
Mr. Keogh with Mr. Holmes of Massachussetts.
Mr. O'Toole with Mr. Miller of Pennsylvania.
Mr. Baldwin of Maryland with Mr. Gale.
Mr. May with Mrs. Luce.
Mr. Burchill of New York with Mr. Stearns of New Hampshire.
Mr. Kilday with Mr. Gerlach.
Mr. Somers of New York with Mr. Bennett of Michigan.
Mr. Kerr with Mr. Winter.
Mr. Feighan with Mr. Gallagher.
Mr. Klein with Mr. Carter.
Mr. Heffernan with Mr. Douglas.
Mr. Bell with Mr. Gamble.
Mr. Kleberg with Mr. Stockman.
Mr. Hare with Mr. Baldwin of New York.
Mr. Buckley with Mr. Hess.

The result of the vote was announced as above-recorded.

A motion to reconsider was laid on the table.

The doors were opened.

GENERAL LEAVE TO EXTEND REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks in the RECORD on the conference report just adopted.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain addresses extending an invitation from the Fourteenth Congressional District in particular, and the people of Detroit and Michigan in general, to the Democratic National Committee to hold the 1944 national convention in Detroit.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to insert in the RECORD a brief poem by A. P. Herbert, as part of my own remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a recent radio speech.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks and include a newspaper article.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CLASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Springfield Republican.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURPHY. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. WEISS] be permitted to extend his remarks in the Appendix of the RECORD with two separate insertions.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my remarks and to include an article on juvenile delinquency.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COLMER. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include an editorial on the subject of the soldiers' vote.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a very thoughtful article by Raymond A. FitzGerald, of Cambridge, Mass., on the soldiers' vote.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROGERS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include therein a speech made by Miss Eleanor Rathbone, a member of the British House of Commons.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a record of agricultural production in Pennsylvania during the past year.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. FELLOWS. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein an editorial from the Indianapolis News of January 20, 1944, entitled "The F. C. C. and Liberty."

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FARM LABOR

Mr. CANNON of Missouri. Mr. Speaker, I call up the conference report on House Joint Resolution 208, a joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944, and I ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 208) "making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 17, 19, 32, and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 21, 23,

24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 38, 39, 41, 44, and 45, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"TITLE I—DEPARTMENT OF AGRICULTURE

"WAR FOOD ADMINISTRATION

"For assisting in providing an adequate supply of workers for the production, harvesting, and preparation for markets of agricultural commodities essential to the prosecution of the war, $30,000,000, which sum, together with the amount appropriated in the Act of April 29, 1943 (Public Law 45), shall be merged into one fund, to remain available until December 31, 1944, and to be expended by the War Food Administrator (hereinafter referred to as the "Administrator"), appointed pursuant to Executive Order Numbered 9334, dated April 19, 1943, as follows:."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: ", including the furnishing of health and medical services to (a) agricultural workers and their families housed in any labor supply center operated as a part of this program, or (b) migratory agricultural workers and their families who, without recruitment or assistance of any Government agency, have entered the area served by any such labor supply center and are engaged in agricultural work in such area, and to whom adequate health and medical services are not otherwise available"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: ", the repayments from employers for such advances to be credited to the funds available to the Administrator; (4) determination and payment of claims (not exceeding $50 in any one case) of workers recruited in foreign countries (a) who, in preparation for transportation to or from the United States and subsequent failure of such transportation, have suffered losses, or (b) who have been transported to the United States and during said transportation, including embarkation and debarkation, have suffered the loss of or damage to personal effects"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the figure "(4)" in said amendment, insert the following: "(5)"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the matter stricken out by said amendment, insert the following:

"(b) The Administrator is authorized and directed to enter into agreements with the agricultural extension services of the land-grant colleges in the respective States to furnish, on behalf of the United States, for domestic interstate agricultural workers and their families and foreign agricultural workers and their families, while such workers are employed within any such State, any or all of the following services or functions which such State extension services are willing to undertake: Health and medical and burial services, training, subsistence, allowances, supervision, protection and shelter, maintenance and keeping of records of compliance with contracts and international agreements or treaties respecting such workers, and health and medical services for agricultural workers and their families encompassed by clauses (a) and (b) of subsection (a) (2) of this section. The Administrator may require the modification or termination of any agreement with any such extension service whenever he finds such action to be necessary in order to carry out the terms of any treaty or international agreement to which the United States of America is signatory. Whenever a satisfactory agreement cannot be negotiated with any such extension service, or pending the negotiation of an agreement, or whenever the Administrator finds it necessary to terminate an agreement, he shall carry out the foregoing responsibilities and functions with respect to such workers and their families by direct expenditure by the War Food Administration. The Administrator shall allocate to any State extension service from the amount made available by this section, in the manner provided in section 2 of this title, such funds as may be necessary to carry out the duties and responsibilities agreed upon by the Administrator and such State extension service under the provisions of this subsection. The Administrator is further authorized, in connection with the purposes of this subsection, to loan to any State any labor supply center and the facilities and equipment thereof, owned by the United States, under such terms and conditions as he may specify."

And the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the figure proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "one and one-half per centum"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "or seasonal agricultural products"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be stricken out by said amendment and the matter proposed to be inserted by said amendment, insert the following: "title, except as otherwise provided herein,"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: At the end of the matter inserted by said amendment, insert the following:

"For the purposes of this title the War Department may utilize the Administrator and the Extension Services in the respective States to make such investigations and certifications with respect to the need for utilizing prisoners of war and the emergency use of soldiers of the United States and with respect to the terms and conditions of employment, as may be required by the War Department in order to assure that the terms of such treaties or international agreements are complied with."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"(k) The Act of April 29, 1943 (Public Law 45), as amended, is hereby further amended by striking out 'January 31, 1944' and inserting 'the date of enactment into law of House Joint Resolution 208 of the Seventy-eighth Congress'. All obligations incurred during the period between January 31, 1944, and the date of the enactment into law of this Act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms of such Public Law 45, as amended."

And the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In line 13 of the matter inserted by said amendment and after the words "agricultural products," insert the following: "including the timber and lumber industries, and", and in line 53 of the matter inserted by said amendment before the colon and the words "Provided further", insert the following: "for which provision is made in title I of this Act"; and the Senate agree to the same.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
D. LANE POWERS,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
GERALD P. NYE,
RUFUS C. HOLMAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 208) entitled "Joint resolution making an appropriation to assist in providing a supply and distribution of farm labor for the calendar year 1944" submit the following statement in explanation of the effect of the action recommended and agreed upon in the accompanying conference report as to each of such amendments, namely:

Nos. 10, 17, 19, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 34, 35, 36, 39, 40, 41, 44, and 45, are technical amendments and have been adjusted in accordance with the action of the conferees on amendments of substance.

Nos. 1, 2, and 3: Appropriates $30,000,000 plus the unexpended balances of previous appropriations, instead of $27,000,000 plus such balances as proposed by the House and $30,000,000 plus such balances as proposed by the Senate. Expands the purpose of the joint resolution, to include the provision of workers for the "preparation for markets" of agricultural commodities.

Nos. 4, 5, 6, 7, 8, and 9, relating to intrastate labor: Provides that not less than $14,000,000 as proposed by the Senate, and not more than $18,500,000 as proposed by the Senate instead of not more than $17,500,000 as proposed by the House, under the 2-year program, shall be apportioned to the States for expenditure by the State extension services for the recruiting, transporting, housing, feeding, etc., of domestic intrastate labor. Limits to $100,000, as proposed by the Senate, instead of $200,000 as proposed by the House, the portion of the allocation which may be used for construction of labor supply centers and fixes the maximum amount for any one center at not to exceed $20,000 as proposed by the Senate instead of not to exceed $40,000 as proposed by the House; strikes out, as proposed by the Senate, provisions in the

House bill for recruitment within the State of recruitment for employment elsewhere, transportation from State to State and within the State of recruitment for employment elsewhere, and authority to credit to State allocations the repayments by employers of advances by the United States of sums due to workers from employers.

Nos. 11, 12, 13, 14, 15, 16, 18, 20, and 21, relating to funds for domestic interstate workers and foreign workers: Provides that the amount for this purpose shall be available for expenditure by the Administrator, as proposed by the Senate, instead of being allotted to the Federal Office of Extension for expenditure, as proposed by the House; strikes out the provision in the House bill limiting to $200,000 the amount proposed for administrative expenses for the Federal Office of Extension; strikes out the provisions in the House bill limiting recruiting and transportation expenses to "foreign" workers and limiting subsistence, shelter, and other expenses for foreign workers to such workers while en route; makes provision, as proposed by the House and by the Senate, in modified form, for health and medical services for agricultural workers and their families who have not been recruited or transported by the United States but who are either housed in a labor supply center or are engaged in agricultural work in the area served by the center and to whom adequate health and medical services are not otherwise available; restores the authority of the House bill, stricken out by the Senate, for crediting to the appropriation the repayments from employers for advances made by the United States to workers for sums due them from employers; strikes out, as proposed by the Senate, provision in the House bill for payments in lieu of taxes on labor supply centers; restores the provision in the House bill, stricken out by the Senate, for determination and payment of claims of workers recruited in foreign countries in amounts not to exceed $50 in any one case; limits the amount for administrative expenses to 1½ percent, instead of 2 percent as proposed by the Senate and not more than $200,000 for obligation in the calendar year 1944 as proposed by the House. The House bill contained provision for allocation to State extension services, from amounts available for direct expenditure by the administrator, for labor supply centers and feeding of domestic interstate workers and foreign workers while employed in such State. The conference agreement provides, in section 3 (b), that the Administrator shall enter into agreements with the agricultural extension services of the land-grant colleges in the respective States to furnish, on behalf of the United States, for domestic interstate workers and their families and foreign workers and their families, while such workers are employed within any such State, any or all of the following services or functions which the State extension services are willing to undertake: Health and medical and burial services, training, subsistence, allowances, supervision, protection and shelter, maintenance and keeping of records of compliance with contracts and international agreements or treaties respecting such workers, and health and medical services to workers and their families who, though not recruited or transported by the United States, are provided such services by the United States under the terms of the joint resolution as agreed upon. Provision is made for the termination of any such agreement with an extension service if the Administrator finds such action necessary in order to carry out the terms of any treaty or international agreement to which the United States is signatory. Provision is also made for the performance of these services by direct expenditure by the Administrator pending the negotiation of agreements with the State extension services, after the termination of any agreement, or when a satisfactory agreement cannot be negotiated. Funds available to the Administrator are made allocable by him to State extension services for carrying out the agreements made with the State extension services. Provision in the House bill for the loan to the States of labor supply centers and facilities and equipment, owned by the United States, is restored.

No. 29: Inserts the Senate amendment prohibiting use of any of the funds for farm labor supply for the establishment or maintenance of regional offices. The conferees understand that such provision will not exclude the maintenance of field operational offices.

No. 33: Restores the provision in the House bill, stricken out by the Senate, which credits to the appropriation the receipts from the furnishing of subsistence to workers and makes them available for reexpenditure for replenishment of subsistence supplies and expenses incident to the furnishing of subsistence.

No. 37: The House bill contains provision authorizing the use of workers under the program in the packing, canning, freezing, drying, or other processing of perishable or seasonal fruits and vegetables. The Senate modified the provision by making it applicable to perishable agricultural products. The conference agreement makes the provision applicable to perishable or seasonal agricultural products.

No. 38: The House bill contains provision for continuing available to the War Manpower Commission certain funds for the current migration of Mexican or Canadian nationals for industrial and railroad purposes. This provision was stricken out by the Senate and the conference agreement adopts the Senate amendment. The continuance of the funds has been provided by section 2 of Public Law 217, approved December 23, 1943.

No. 42: The Senate amendment authorizes the War Food Administrator and the agricultural extension services of the respective States to negotiate directly with the War Department for the use of prisoners of war and the emergency use of soldiers of the United States for the production and harvesting of agricultural commodities within the several States. The conference agreement adopts the Senate amendment modified so as to enable the War Department to utilize the services of the Administrator and the respective State extension services to make investigations and certifications with respect to the need for the use of prisoners of war and soldiers of the United States and with respect to the terms and conditions of employment in order to assure that treaties or international agreements are complied with.

No. 43: The Senate amendment makes the funds in title I retroactive to February 1, 1944, to cover the period between January 31, 1944, the date of expiration of the previous law, and the date of enactment of this joint resolution. The House accepts the Senate amendment in modified form.

No. 46: Title II of the joint resolution, inserted by the Senate, provides an appropriation of $1,359,200 to the War Manpower Commission for the temporary migration of workers from foreign countries within the Western Hemisphere for employment in continental United States with industries and services essential to the preservation, marketing, or distribution of agricultural products. The conference agreement accepts the Senate amendment modified as to include within the scope of "agricultural products" the timber and lumber industries and to exclude from the appropriation the recruitment or transportation of workers for employment in agriculture for which provision is made in title I of the joint resolution.

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D. LANE POWERS,
Managers on the part of the House.

The SPEAKER. The gentleman from Missouri [Mr. CANNON] is recognized for 1 hour.

Mr. CANNON of Missouri. Mr. Speaker, one of the basic problems of the war is the production of food. Food is one of the few munitions of war of which we do not have adequate stock piles. And we are on notice from the military authorities that in the coming year more food will be needed than was produced last year.

To complicate the situation, there is a growing scarcity of farm labor. Since April 1, 1940, approximately 4,000,000 actual or potential farm workers have left farms or have taken nonfarm jobs while continuing to live on farms. Approximately 1,000,000 of these persons entered the armed forces. Some replacements have been made, of course, but a very great part of the loss consisted of young men who were highly skilled in the operation of complicated farm machinery and in the care of livestock.

To compensate for this loss of experienced, able-bodied manpower, the American farmer was driven to extreme measures in 1943; he increased his working hours, which were already long, and brought his wife and children more fully into the working force. Great credit is due American farmers for their efforts to meet their labor needs from their own resources. It must be recognized, however, that it would have been impossible for farmers to do the production job expected of them without additional help.

They were given material assistance through the farm labor supply program, established by the War Food Administration under authority of Public Law 45. Under this legislation, assistance was given in the informal organization of work and machinery exchanges between neighbors. The more than 6,000 placement offices maintained by the Agricultural Extension Services made approximately 4,000,000 placements in-including persons placed for a few hours, or a few days, and other placements of longer duration—a few weeks, a few months, and some year-round. In many localized areas within the several States, due to weather, crop yields, and other conditions, it was necessary to supply out-of-State labor. The War Food Administration, therefore, established and maintained a mobile task force of experienced able-bodied men who could be shifted on short notice to save threatened crops in critical areas. This mobile task force included 52,098 Mexicans, 8,828 Jamaicans, 4,698 Bahamians, and 14,124 domestic interstate workers. The foreign workers particularly were used throughout the season, many of them

having been placed from 5 to 8 times within 30 labor-shortage States.

In addition to this mobile task force, the War Food Administration made arrangements for farmers to use 12,600 Japanese evacuees; 2,500 conscientious objectors; approximately 45,000 prisoners of war; and about 55,000 members of the armed forces, working on limited 1-, 2-, and 3-day passes.

As an integral part of the program to supply farmers with needed labor, the War Food Administration operated 434 labor camps in labor-shortage areas where housing facilities were inadequate. Many of these camps were moved several times.

This has been a difficult program in which many emergency situations had to be met. It was necessary to move with speed, to improvise here, and to adapt there, in order to meet unusual conditions which no one could foresee. On the whole, a creditable job was done. The crops were produced and harvested.

The food-production job to be done in 1944 is a bigger job than the one which had to be done in 1943; the need for food will be tremendous. We may reasonably expect that more food will be needed for our armed forces as they advance; a larger volume of food will have to be shipped abroad to meet the requirements and to provide temporary relief for the liberated people of occupied countries. The needs of our Russian allies will be greater until they can get reoccupied territory back into production. There will be a need for more food than we can produce.

Assuming favorable weather conditions, it is estimated that approximately 71,900,000 more man-days of farm labor will be required in 1944 than in 1943, if the 1944 production goals are to be achieved. This additional work-load will require the equivalent of 287,600 additional men each working 250 10-hour days per year.

The outlook with respect to labor supply in 1944, in view of the increased agricultural production goals and in view of the increased requirements for industrial war production, appears more stringent than in 1943. The War Manpower Commission recently estimated that 800,000 additional men will have to be found for the armed forces during the last half of the fiscal year 1944, exclusive of battle replacements. It also estimates that war industries will need 600,000 new workers during the same period. Obviously, with such a prospective shortage of industrial and military manpower, additional demands will be made upon persons engaged part-time and full-time in agriculture, thus making it more difficult than ever to meet seasonal agricultural labor peaks.

The bulk of the nonfarm production must come as it always has—from the million or so productive farmers. We cannot expect that the operators of these highly productive farms can meet any substantial portion of their added 1944 labor needs by a further increase in their working hours or in those of the members of their families or hired help. Farm operators in such typical areas as Iowa, Maine, Wisconsin, Michigan, and in most of the other agricultural States worked an average of more than 13 hours a day during the summer of 1943.

The margin of labor supply on most of the Nation's commercial farms is very narrow. It is so narrow that unfavorable weather conditions or other emergencies may at any time create seasonal needs that cannot be met by local labor resources.

Under the proposed legislation, provision is made for the maintenance of a mobile task force of 126,000 able-bodied experienced interstate and foreign workers. These workers will be shifted from area to area of critical need as required to assist local labor forces in the production and harvesting of essential food and fiber necessary to the successful prosecution of the war. As emergency crop harvesters, they will not remain permanently in any community.

The 1944 farm-production season has already commenced. Important agricultural operations are now being carried on in southern California, Arizona, and Florida. We have at the present time approximately 12,000 foreign workers in California, 5,000 in Florida, and 1,000 in Arizona. California is desperately in need of an additional 10,000 Mexican workers at the present time, and Florida will need an additional 1,500 within the next 30 days.

If it is important to get the maximum possible food production in 1944, then early action on this farm labor supply bill is imperative. Farmers are now making their plans and one of the most important factors on which they want reassurance is the question of labor supply.

It is clear that every effort must be made to produce all of the essential agricultural products that can be produced; 1944 is believed to be a crucial year of the war. It is the year in which the United Nations expect to bring to bear against the enemy the full weight of their military and economic strength. As stated above, there will be need for more food than can be produced. The chances of meeting our vital 1944 production goals depend in large measure upon the vigorous prosecution of a realistic farm-labor program. Establishing and maintaining a mobile task force of the type used in 1943 is extremely expensive; it costs money to import the foreign workers, and it costs money to ship them from one area of the country to another, but the important consideration is not the money; it is the production of food which is urgently needed to assist in the successful prosecution of the war. Accordingly, we recommend a continuation of the current program with a slightly increased appropriation. Whereas total funds for this purpose for the calendar year 1943 amounted to $32,294,000, of which $26,100,000 was provided in the farm labor bill for that year, the pending bill carries $30,000,000 in direct appropriations and the unexpended balance from 1943, estimated to amount to about $6,500,000, a total of $36,500,000 for 1944.

The entire program is under the control and direction of the War Food Administration. Under the supervision of the War Food Administrator the Office of Labor, in the Department of Agriculture, recruits, enlists, transports, and allocates to the States, and from State to State, all foreign and interstate labor. The extension service within the State recruits and mobilizes all intrastate labor. In addition it places, houses, provisions, hospitalizes, and otherwise handles and directs all interstate, international, and intrastate labor within the State. The principal difference between the set-up this year and last year is that instead of two agencies maintaining and operating labor camps, all labor centers in the State are placed under one agency, the extension service, with a view to eliminating conflicting and overlapping jurisdiction and duplication of activities and personnel, thereby securing, not only increased efficiency, but material economy.

We therefore submit this conference report as embodying, in our opinion, most practical solution of one of the pressing problems of the war.

The SPEAKER. The gentleman from Missouri has consumed 5 minutes.

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this bill comes here with a unanimous report from the conferees. The gentleman from Missouri [Mr. CANNON] has described the situation to you. I just wanted to call attention to two or three things and to serve notice on the Department of Agriculture and the War Food Administrator that I want to see this thing managed decently.

It appears that they have 102 people on their roll in the Department right now in connection with this set-up, and that they propose to have 187.9 man-years, or about 250 positions when they get to the peak.

Some cuts were made in this appropriation because anyone who thinks will know that they do not need any such help in the Department. There was also in their original estimate provision for 1,394 out in the field. It was the old Farm Security crowd who are pretty good at bottoming chairs and not much good at anything else. They do not need half that number of people. If they would manage the thing right, they would not have to have half of them. We have made these cuts, believing that a cut in the departmental services, in the personnel, and in the field services in the personnel, will improve the standard of efficiency. We hope that the bill will be administered along that line and we know that if it is they can do it inside of the $30,000,000 that we have carried in the conference report, and have plenty of money to bring in all the outside labor and move all the interstate labor that is needed.

Mr. SHORT. Will the gentleman yield?

Mr. TABER. I yield.

Mr. SHORT. Can the gentleman inform the Members of the House approximately the wage range or the salary range of those employees?

Mr. TABER. I understand that these people in California, were being paid as high as $1 an hour for farm labor. That was on the fruit farms where the stuff was right on the ragged edge of spoiling

if they did not have it. We are advised by very competent people in that territory, like the gentleman from California [Mr. ANDERSON] who is a large pear grower, and the gentleman from California [Mr. ELLIOTT] and the gentleman from California [Mr. PHILLIPS] that it is absolutely necessary, if we are going to have results in harvesting the fruit crop, to supply this labor.

Mr. SHORT. I believe the gentleman from New York misunderstood my question. I have no objection to the increased wages paid these farm laborers; certainly not when laborers in munition factories are drawing such enormous wages. What I asked the gentleman was if he could give the House any information as to the salary range of these Government employees who administer this set-up.

Mr. TABER. Oh, they run as high as six, seven, and eight thousand dollars a year. As I stated in the beginning, they already have doubled the number they ought to have, and they propose to have doubled the number both in the Department and in the field, that they should have. We figure that they could cut the number in the Department and the number in the field in two and save some money, and that is why we made the cut in this appropriation.

Mr. SHORT. Under what Government agencies has this set-up been operated?

Mr. TABER. Under the War Food Administration, but they have been using that old Farm Security gang, which is no good.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include a letter of transmittal and four tables from the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY of Wisconsin. Mr. Speaker, this may not be directly in connection with this farm-labor bill, but I should like in all humility today to call the attention of the Members to this letter of transmittal and to these four tables I was just granted permission to put in the RECORD at this point.

The matter referred to follows:

FEBRUARY 4, 1944.

Hon. REID F. MURRAY,
House of Representatives.

DEAR MR. MURRAY: In accordance with your letter of January 3 to Mr. O. V. Wells and our recent conversations, we are transmitting herewith information on typical commercial family-operated farms by type.

The information given is for 3 years, 1936, 1939, and 1942, which should indicate some of the variations in returns and differences in organization among farms.

At least two points should be kept in mind in studying these figures: First, the information represents conditions on typical farms of a given type and size. It does not represent averages as obtained from a large number of farms of various types and size in a given area. Second, the differences in returns among types of farms for the 3 years given cannot be assumed to be the differences generally obtained. Some of these farms are in high risk areas as compared with other farms. The winter wheat farm operators, for example, obtained fairly good returns during the past few years compared with dairy-farm operators. But in 1932 the return per hour to all labor was 5 cents on winter-wheat farms compared with 20 cents on central New York dairy farms. During 1938 and 1939 a combination of factors resulted which gave a labor return of only 6 cents per hour on wheat-corn farms compared with 28 cents on central New York dairy farms.

We trust that the information will be appropriate and hope we can assist you again.

Sincerely yours,

WYLIE D. GOODSELL,
Principal Agricultural Economist,
Division of Farm Management and Costs.

[Enclosures, 4.]

Estimated returns per hour of man-labor on typical commercial family-operated farms: by type

Item	Unit	Dairy farms					
		Southern Wisconsin			Central New York		
		1936	1939	1942	1936	1939	1942
Land in farm	Acre	112	114	114	137	144	146
Land in crops	do	76	78	79	52	55	56
Total man labor	Hour	5,953	6,077	6,438	4,564	5,016	5,094
Investment in land and buildings	Dollar	6,832	7,068	7,296	4,802	5,058	5,245
Investment in machinery and livestock	do	3,900	3,963	5,072	3,149	3,388	4,005
Total farm income [1]	do	2,790	2,569	4,618	2,986	3,063	4,909
Total farm expense	do	1,233	1,096	1,648	1,524	1,613	2,331
Net farm income	do	1,557	1,473	2,970	1,462	1,450	2,578
Total cash and non-cash income to all labor and investment [2]	do	1,775	1,726	3,490	1,544	1,605	2,889
Total cash income to all labor and investment [3]	do	1,267	1,272	2,794	1,061	1,155	2,328
Net return to investment [4]	do	315	378	463	300	270	255
Net cash and noncash return to all labor	do	1,460	1,348	3,027	1,244	1,335	2,634
Net cash return to all labor	do	952	894	2,331	761	885	2,073
Net cash and noncash return to all labor, per hour	do	.25	.22	.47	.27	.27	.52
Net cash return to all labor, per hour	do	.16	.15	.36	.17	.18	.41

Item	Unit	Corn Belt farms								
		Hog-dairy			Cash-grain			Hog-beef raising		
		1936	1939	1942	1936	1939	1942	1936	1939	1942
Land in farm	Acre	132	134	139	209	217	223	160	163	181
Land in crops	do	80	79	84	165	164	171	86	83	89
Total man labor	Hour	5,089	5,121	5,631	4,233	4,094	4,246	3,882	3,818	4,169
Investment in land and buildings	Dollar	8,819	9,536	10,671	21,318	23,870	27,925	7,458	7,489	8,031
Investment in machinery and livestock	do	2,722	2,992	3,926	2,727	3,077	3,914	2,436	2,596	3,500
Total farm income [1]	do	2,953	2,526	4,654	4,246	4,197	7,458	1,984	1,964	3,700
Total farm expense	do	1,139	1,190	1,765	1,545	1,609	1,974	764	860	1,133
Net farm income	do	1,814	1,336	2,889	2,701	2,588	5,484	1,220	1,104	2,567
Total cash and noncash income to all labor and investment [2]	do	2,029	1,590	3,456	2,819	2,694	5,671	1,283	1,173	2,720
Total cash income to all labor and investment [3]	do	1,618	1,218	2,948	2,345	2,286	5,166	922	861	2,276
Net return to investment [4]	do	500	572	710	836	924	1,092	512	504	771
Net cash and noncash return to all labor	do	1,529	1,018	2,746	1,983	1,770	4,579	771	669	1,949
Net cash return to all labor	do	1,118	646	2,238	1,509	1,362	4,074	410	357	1,505
Net cash and noncash return to all labor, per hour	do	.30	.20	.49	.47	.43	1.08	.20	.18	.47
Net cash return to all labor, per hour	do	.22	.13	.40	.36	.33	.96	.11	.09	.36

[1] Receipts from sales of crops and livestock plus Government payments, credit for food and fuel used for human consumption on farms were grown and a nominal allowance for rental on farm dwelling.

[2] Net farm income plus amount paid for hired labor.

[3] Total cash and noncash income to all labor and investment less contributions to family living from the farm.

[4] Interest on livestock and machinery and equipment at 6 percent plus net rental on land and buildings.

Estimated returns per hour of man-labor on typical commercial family-operated farms: by type—Continued

Item	Unit	Winter-wheat farms								
		Wheat			Wheat-corn			Wheat grain-sorghum		
		1936	1939	1942	1936	1939	1942	1936	1939	1942
Land in farm	Acre	600	615	625	550	565	570	615	630	640
Land in crops	do	471	433	404	376	348	329	424	385	445
Total man labor	Hour	3,056	2,931	3,075	3,830	3,872	4,025	3,146	3,211	3,547
Investment in land and buildings	Dollar	13,800	13,530	13,125	23,100	23,730	23,370	10,455	10,080	10,880
Investment in machinery and livestock	do	2,146	2,273	3,257	1,990	2,300	3,150	2,215	2,595	3,387
Total farm income [1]	do	3,584	3,016	7,214	3,434	2,764	5,977	3,112	3,110	6,651
Total farm expense	do	1,055	1,061	1,237	1,322	1,297	1,525	1,005	1,012	1,273
Net farm income	do	2,529	1,955	5,977	2,112	1,467	4,452	2,107	2,098	5,378
Total cash and noncash income to all labor and investment. [2]	do	2,571	1,990	6,040	2,174	1,532	4,599	2,141	2,127	5,468
Total cash income to all labor and investment. [3]	do	2,295	1,756	5,687	1,891	1,295	4,230	1,907	1,922	5,151
Net return to investment [4]	do	628	762	920	1,041	1,143	1,226	477	512	737
Net cash and noncash return to all labor	do	1,943	1,228	5,120	1,133	389	3,373	1,664	1,615	4,731
Net cash return to all labor	do	1,667	994	4,767	850	152	3,004	1,430	1,410	4,414
Net cash and noncash return to all labor, per hour.	do	.64	.42	1.67	.30	.10	.84	.53	.50	1.33
Net cash return to all labor, per hour	do	.55	.34	1.55	.22	.04	.75	.45	.44	1.24

Item	Unit	Cotton farms								
		2-mule-Georgia			Mississippi Delta			Black waxy—Texas		
		1936	1939	1942	1936	1939	1942	1936	1939	1942
Land in farm	Acre	81	87	91	41	40	40	116	120	123
Land in crops	do	49	48	49	28	30	30	76	71	73
Total man-labor	Hour	3,389	3,730	3,436	2,981	3,020	3,126	4,818	4,354	4,429
Investment in land and buildings	Dollar	1,458	1,740	2,093	1,804	2,055	2,390	4,788	5,192	5,734
Investment in machinery and livestock	do	509	527	622	374	410	478	739	938	1,340
Total farm income [1]	do	761	814	1,349	1,209	1,022	1,662	1,529	1,333	1,891
Total farm expense	do	207	252	318	482	380	488	547	510	646
Net farm income	do	554	562	1,031	727	642	1,174	982	823	1,245
Total cash and noncash income to all labor and investment [2]	do	566	594	1,071	804	703	1,252	1,057	864	1,320
Total cash income to all labor and investment. [3]	do	318	377	734	498	452	845	844	644	974
Net return to investment [4]	do	167	259	300	174	240	273	388	426	462
Net cash and noncash return to all labor	do	399	335	771	630	463	979	669	438	858
Net cash return to all labor	do	151	118	434	324	212	572	456	218	512
Net cash and noncash return to all labor, per hour.	do	.12	.09	.22	.21	.15	.31	.14	.10	.19
Net cash return to all labor, per hour	do	.04	.03	.13	.11	.07	.18	.09	.05	.12

See footnotes on p. 1363.

Division of Farm Management and Costs, Bureau of Agricultural Economics.

It does seem to me that we must, in a constructive way, not only approach this farm-labor problem, but the time has come when we had better be thinking about its relationship to all the 1944 food-production program. If you are interested in these tables, and they are fairly up to date, they will show you certain conditions existing in different parts of the United States. For example, you will find that in one part of the United States in 1944 labor return was 19 cents an hour for certain types of farm. You will find it going as high as $1.67 per hour in other systems of farming. There are two approaches to this: First, its relationship to the agricultural appropriation bill this distinguished committee will soon bring in for our consideration, and secondly, in connection with the subsidy program. I personally feel that if we are really interested in the food program for 1944 we must in all fairness, first to the agricultural people, and second, to the Food Administrator, come to some agreement on the C. C. C. legislation. This subsidy question should be settled one way or the other, if we are to expect the best obtainable 1944 food production.

Mr. SHORT. Mr. Speaker, will the gentleman yield briefly?

Mr. CANNON of Missouri. Certainly.

Mr. SHORT. As I understood my colleague from Missouri, he stated in his original statement that there had been overlapping and duplication of agencies and of effort and that was the question I was going to propound to the gentleman from New York [Mr. TABER] when his time expired; I wanted to know under what Government agencies this program has been operating.

Mr. CANNON of Missouri. The Office of Labor in the Department of Agriculture has control of the recruitment and transportation of foreign labor, and the Extension Service has control within the States.

Mr. SHORT. It is going to be placed under one head. That will result in economy and efficiency.

Mr. CANNON of Missouri. It is expected to result in economy and increased efficiency.

Mr. SHORT. Am I correct in understanding that some of these higher salaried employees of the Government receiving six or ten thousand dollars a year receive time and a half for overtime?

Mr. CANNON of Missouri. I recall no such salaries, but such salaries as they receive are in the same status as those of other Government employees.

Mr. SHORT. They do not receive time and a half for overtime?

Mr. CANNON of Missouri. They get only the overtime provided for all Government employees.

Mr. SHORT. If they did I would propose that it would be a good thing for the workers on our farms to be given equal consideration.

Mr. CANNON of Missouri. I would join the gentleman in that proposition if such situation should ever arise.

Mr. SHORT. I am quite sure my friend from Missouri, who is loyal to the farmers, will agree with me. Let us hope the freedom of the laborers everywhere, on farm and in factory, is not destroyed.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

By unanimous consent, all Members who spoke on the conference report were given permission to revise and extend their remarks.

TREASURY-POST OFFICE APPROPRIATION BILL, 1945

Mr. LUDLOW. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the

state of the Union for the consideration of the bill (H. R. 4133) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1945, and for other purposes; and pending that I ask unanimous consent that general debate continue throughout the afternoon without limitation, half of the time to be controlled by the gentleman from New York [Mr. TABER] and half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Indiana.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4133, the Treasury-Post Office appropriation bill, 1945, with Mr. CLARK in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. LUDLOW. Mr. Chairman, I yield myself 40 minutes to explain the bill.

The CHAIRMAN. The gentleman from Indiana is recognized for 40 minutes.

Mr. LUDLOW. Mr. Chairman, in drafting this bill covering appropriations for the Treasury and Post Office Departments for the fiscal year 1945 our subcommittee has made deep cuts in the estimates. We have tried to reflect what we believe is the sentiment of the country that we should cut nondefense expenditures to the very bone. There are 116 separate appropriation items in this bill. We cut the Budget estimates on 67 of these items, or more than three-fifths of the entire number, and we did not raise the Budget estimate on any item. We have sought diligently to eliminate every unnecessary dollar of expenditure and at the same time we have tried to avoid doing harm to any essential governmental activity. We have not always found it easy to determine the limit of justifiable reduction in estimates and if it turns out that in a few specific instances we have cut too deeply the officials concerned will have an opportunity to present their claims for deficiency appropriations.

It perhaps is true that among all of the regular supply bills this one providing the funds for the Treasury and Post Office Departments presents the most difficulties in respect to retrenchment, and that is because both Departments are primarily service establishments and the money carried in this bill is almost entirely for payment of personnel required to render essential and indispensable services.

The mail volume has increased and is increasing prodigiously and it is axiomatic that the mails must be moved and we must provide in our appropriations for the great service groups of clerks, carriers, and others, to move them. The war has increased to vast proportions the volume of checks, accounts and records which must be handled by the Treasury Department. The Internal Revenue Bureau, a branch of that Department, is feeling the heavy impact of new tax legislation in its personnel requirements. The bureau estimates that 16,000,000 persons will be entitled to refunds of withholding taxes and that operation alone will require a large block of personnel.

Nevertheless by the closest scrutiny and in the face of rising demands we present a bill which is less by $22,783,718 than the amount which the Bureau of the Budget requested us to appropriate for the two Departments. The total of the estimates proposed by the Budget Bureau for both Departments was $1,341,363,390.

The amount carried in this bill is $1,318,519,672.

For the Treasury Department the Budget Bureau proposed appropriations amounting to $227,439,400.

This bill carries $212,882,089 for that Department.

The appropriations asked by the Budget Bureau for the Post Office Department totaled $1,113,923,990.

This bill carries $1,105,697,583 for that Department.

On a basis of comparable items the appropriations carried in this bill for both Departments for 1945 are $19,248,158 in excess of the total obligations of the two Departments for 1944. The bill appropriates for the Treasury Department $1,690,090 less on a comparable basis than the total obligations of that Department in 1944. For the Post Office Department, with its tremendous increase of business, the bill shows an increase of $20,938,248 on comparable items.

VALUE OF INVESTIGATORIAL STAFF

In arriving at our judgments in respect to the various appropriations to be included in this bill we had the advantage for the first time of a new instrumentality of service, the investigatorial staff of the Appropriations Committee. At the head of that staff is a very competent investigator, Mr. Robert Laughlin, who has been loaned to the Appropriations Committee by the Federal Bureau of Investigation. The panel of investigators originally comprised between 100 and 200 men carefully picked from personnel of the various departments for their specialized knowledge and demonstrated qualifications. The number has since been somewhat reduced by calls to military service but it is still an important and sizable force. Members of the panel are subject to call from the chairman of the Appropriations Committee, the gentleman from Missouri [Mr. CANNON], as he receives requests from subcommittees asking that certain specified matters of administration be investigated.

Our subcommittee requested an investigation of the Treasury Department, particularly with reference to overstaffing and administrative methods. On account of the time element, the investigation was necessarily limited and hurried, and the report in many respects was inconclusive, but it was informative and helpful to us in our deliberations. I think I speak the unanimous sentiment of our subcommittee when I say that we have now seen enough of the work of the investigatorial staff to be convinced that it is a very valuable adjunct of the appropriating system and that its work should be extended so that it will be making a constant and permanent check on such matters as personnel and administrative methods in all of the Government departments and activities. We commend it as a committee agency which we believe will be capable of accomplishing much good, both in respect to simplifying and improving administrative methods and effectuating economies which are so much needed in the public service.

There was a fine spirit of cooperation and harmony in our subcommittee in laboring to achieve the common objective of holding down expenditures to the lowest level consistent with good and efficient administration and I would like to express my personal debt of gratitude and appreciation to the members of our subcommittee, Messrs. O'NEAL, MAHON, CURLEY, TABER, KEEFE, and DWORSHAK for their splendid service to the Nation, as well as to our clerk, Mr. Arthur Orr, for his faithful and valuable assistance. We began our hearings on November 29 and finished marking up the bill on January 18, with the usual Christmas intermission.

Secretary of the Treasury Morgenthau and Postmaster General Walker came before us in person and their testimony in the printed hearings will be found to be most interesting and illuminating. Following them came many witnesses from both departments to explain the needs of the various bureaus and activities.

MR. CANNON AND MR. TABER

It requires no rare gift of vaticination to forecast that the Chairman of the Appropriations Committee in the Seventy-ninth Congress will be one of two men, depending upon whether the Democrats or the Republicans carry the House in the November election—Mr. CANNON of Missouri or Mr. TABER of New York. Both men have the most comprehensive knowledge of the Government in all of its ramifications. Both men have had long and valuable experience in governmental affairs. Both men are foes of waste and extravagance in public expenditures. Both men are guided by sound principles in respect to appropriations and the financing of the Government. The chairmanship of the Appropriations Committee, the committee that controls the purse strings of the Nation, is a position of enormous power and responsibility and whoever occupies it exercises much influence affecting the Nation's welfare. The prospect that the chairman of the committee in the next Congress will be the present able occupant, Mr. CANNON, or the present ranking minority member, Mr. TABER, should, I think, be pleasing and reassuring to the entire country.

Getting down to cases, I will advise that the very first cut we made in the estimates was in the office of the Secretary of the Treasury. That office is, of course, a focal point in a great department and many messengers are necessarily assigned to work out of it, but it seemed to us that a staff of 27 messengers for the Secretary of the

Treasury's office was somewhat excessive, so we reduced the number to 18.

As I have already stated, the Appropriations Committee sent a staff of investigators into the departments to determine whether there was overstaffing and to submit recommendations looking toward economy. In respect to the messenger force under the Secretary's office, the investigators reported as follows:

As a general proposition, the employees in this (the Secretary's) office appear to be fully occupied, with the possible exception of the messenger force. There are 27 messengers attached to this office, many of whom occupy desks in the corridors. They do not seem to be particularly busy. It would appear that the messenger service could be reorganized to function efficiently with fewer employees; however, the low salaries paid to these employees and the high salary levels of the officials they serve, and to whom they are constantly available, may justify the large number carried on the rolls.

Various important offices of the Department which are integrated with the Secretary's office, as well as the Secretary's office, are serviced by these messengers, but it seemed to us that 18 messengers can do all of the work if fully occupied, and we allowed for that number. We approved the full Budget estimate for the other personnel of the Secretary's office.

FOREIGN FUNDS CONTROL

For the operation of the Foreign Funds Control we allowed $4,250,000 against a Budget estimate of $4,500,000. The cut of a quarter of a million dollars in the estimate gives the Control $424,153 above the total amount allowed it in the fiscal year 1944.

Mr. KEEFE. Mr. Chairman, a point of order. We have here a bill which involves $12,000,000,000 and 12 people are on the floor of the House. I suggest the absence of a quorum.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 22]

Anderson, N. Mex.	Elmer	Kilburn
Andrews	Fay	Kilday
Arends	Feighan	Klein
Baldwin, Md.	Flannagan	Lane
Baldwin, N. Y.	Fogarty	Luce
Barden	Ford	Lynch
Beall	Fulbright	McLean
Bell	Fuller	McMillan
Bennett, Mich.	Fulmer	Maas
Bradley, Mich.	Furlong	Magnuson
Bradley, Pa.	Gale	Maloney
Brumbaugh	Gallagher	Mason
Buckley	Gamble	May
Burch, Va.	Gifford	Merritt
Burchill, N. Y.	Gore	Miller, Pa.
Camp	Gorski	Monroney
Canfield	Hare	Morrison, La.
Cannon, Fla.	Hart	Morrison, N. C.
Carter	Hartley	Myers
Celler	Hays	Norton
Chapman	Hébert	O'Brien, N. Y.
Cole, N. Y.	Heffernan	O'Leary
Cullen	Hess	O'Neal
Curley	Hobbs	O'Toole
Dawson	Holmes, Mass.	Pace
Delaney	Jackson	Phillips
Dewey	Jennings	Pracht
Dickstein	Johnson, J. Leroy	Rizley
Dilweg	Kefauver	Rockwell
Dirksen	Kelley	Sabath
Domengeaux	Kennedy	Sadowski
Douglas	Keogh	Scanlon
Eaton	Kerr	Schuetz
Schwabe	Starnes, Ala.	Treadway
Shafer	Stearns, N. H.	Vursell
Sheridan	Stockman	Wadsworth
Simpson, Pa.	Sumner, Ill.	Welch
Snyder	Thomas, N. J.	West
Somers, N. Y.	Thomas, Tex.	White
Spence	Tolan	Winter

The CHAIRMAN. The Committee will rise.

Thereupon the Committee rose; and the Speaker having resumed the chair, Mr. CLARK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 4133, and finding itself without a quorum, he caused the roll to be called; when 307 Members answered to their names, a quorum; and he submitted herewith a list of the absentees to be printed in the RECORD.

The SPEAKER. The Committee will resume its session.

The CHAIRMAN. The gentleman from Indiana [Mr. LUDLOW] is recognized.

Mr. LUDLOW. Mr. Chairman, I take pleasure at this time in yielding to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Chairman, I hold before you an article appearing in the Chicago Daily News, of Friday, February 4, which states that the Republican national leaders met in Chicago to map arrangements for the Republican National Convention to be held in Chicago commencing June 26.

I am certain that every Member of this body, irrespective of party, is happy to know that the Republican committee on arrangements has selected our respected friend, Minority Leader JOSEPH W. MARTIN, Jr., as permanent chairman. I know that all of you join me when I state that the proceedings of the convention under his guidance will be conducted in a most able, fair, and equitable manner.

I know also that all of you will agree that the delegates could do much worse than nominate him the G. O. P. Presidential standard bearer.

Mr. LUDLOW. All of the Members of this House, regardless of political affiliation, love the gentleman from Massachusetts [Mr. MARTIN]. I know that we all join in rejoicing that this distinguished honor has come to him.

Mr. Chairman, I wish at this point to express my appreciation to the gentleman from Wisconsin [Mr. KEEFE] for his kindness in calling for a quorum. This bill, as he has so aptly said, is an enormous one, covering many items. Necessarily my presentation of it shall be rather prolonged and I shall be happy if you will lend me your indulgence and patience while I cover at least some of its main features.

When the roll was called I was discussing the appropriation proposed for the Foreign Funds Control, and I had stated that we have allowed $424,453 for that activity above the total amount required by it in the fiscal year 1944.

This increase is justified by the tremendous expansion of the Control's activities in foreign fields and the inevitable but unpredictable responsibilities it must assume as vast sections of the earth are liberated from Axis control. On the domestic side, the Control is responsible for the conservation and management of $8,500,000,000 worth of assets belonging to 34 blocked countries. This work has become systematized and simplified so that much of it that formerly required special licenses is now being operated under a general license system. The number of special licenses has been reduced from 190,000 in the fiscal year 1943 to an estimated 120,000 in the fiscal year 1944 and a heavy cut is possible in the operation of the Domestic Branch, but this is more than offset by the expanding operations in the liberated areas.

The liberation of territory which has previously been under enemy domination always imposes new responsibilities upon Foreign Funds Control. By order of the President the Treasury Department, operating through this activity, is responsible for comprehensive financial, economic, and property controls in each rewon area. Currency systems must be set up and economic order must be brought out of chaos. Foreign Funds Control must assist the armed forces in immediately developing and administering policies relating to banking, money, public finance, and financial and property administration. Staffs must be established for each area to develop necessary factual backgrounds of information, to establish policy, and to coordinate activities with other interested agencies. The scope of the operations of Foreign Funds Control in this field will be in direct relation to the success of the military advance. When the Foreign Funds Control officials were before us on November 20 there were 904 persons on its roll. We have allowed for a moderate increase to meet increasing duties and we have approved a request that the entire personnel be placed under civil service.

DIVISION OF RESEARCH AND STATISTICS

The Division of Research and Statistics, which serves as a technical staff for the Secretary of Treasury and other Treasury officials in connection with the Treasury's financial operations, has personnel in about equal proportions on its salaries roll and on the expenses of loans roll. As of December 1 it had 64 persons on its salaries roll and 63 on expenses of loans. The investigators of the Appropriations Committee said:

The work of the Division is highly technical and it is impossible to make any definite statement as to whether it is overstaffed. The size of the staff required for an operation of this nature could be determined only by the judgment of the responsible officials who require its services.

We reduced the salaries estimate for this Division from $201,500 to $181,500, and we are convinced that by judicious management it can get along with the lesser amount.

For the Division of Personnel we allowed $191,495 to maintain the existing force and to care for statutory increases. This is a reduction of $25,505 below the Budget estimate. The Treasury Department now has 84,000 employees, as compared with 61,000 2 years ago, and there are naturally more promotions, more status changes, and more disciplinary actions, but the turn-over of personnel is

decreasing, due to two causes—the overtime pay, which has enabled the Department to hold its people, and the new War Manpower Commission regulations, which make it difficult for employees to secure transfers.

We have authorized the Chief Clerk of the Treasury Department, Mr. Frank A. Birgfeld, to appoint a new executive assistant relating to budget matters, a grade CAF-10 employee at $3,500 a year. In explanation of the need of this permanent addition to the personnel of his office, Mr. Birgfeld told our subcommittee:

The position of executive assistant was created approximately 2 years ago as a temporary situation in connection with certain administrative functions relating to Foreign Funds Control performed by the office of the Chief Clerk, and, up to the present time, has been maintained by funds appropriated to the Control.

During the past 18 months, however, in order to strengthen the budget services of the Chief Clerk's office and with the knowledge and consent of the Bureau of the Budget, the services of this administrative assistant have been utilized almost entirely on matters pertaining to the Chief Clerk's regular functions. The position, therefore, should be established as a part of the regular force. The Bureau of the Budget has, for several years, recognized the necessity for strengthening the administrative staff of this office, and approval of this position as a part of the regular force will, as previously stated, insure closer supervision over the Chief Clerk's budget, and unquestionably result in economies in administration.

RECRUITMENT DIFFICULTIES

In both the Treasury and the Post Office Departments we found in numerous instances that there were considerable numbers of vacancies on the rolls due to the inability of the activity, whatever it might be, to recruit up to the authorized number of its positions. Especially is this true where talent of a special or technical nature is sought. Many persons who ordinarily might be interested in Government employment have been taken into the military services or are in a draft status that makes it inadvisable for them to change their present positions pending the expected call. Many already have been attracted to lucrative positions in private or public employment and are not interested in other offers. It did not seem to your subcommittee that there was any sound sense in appropriating the full estimates for additional positions when it appeared to be manifest that the positions could not be filled or that the appointments would have to be staggered through the next fiscal year, thus reducing the salary obligation. It was this reasoning that led us to reduce from $594,600, as estimated, to $580,000 the salaries of the operating force of Treasury buildings where nine vacancies are now being carried. The same reasoning prompted us to make a number of other cuts, some of which were much larger than this one, in personnel items in both departments.

BUREAU OF PUBLIC DEBT

Our subcommittee allowed an appropriation of $5,900,000 for the Bureau of the Public Debt as against an estimate of $7,000,000 submitted by the Budget Bureau. The combined obligations for the fiscal year 1944, including a supplemental appropriation of $1,300,000 now pending, are $6,161,600. We are not unmindful of the heavy burden of work imposed on this office. There has been an enormous increase in the issues and retirements of public-debt securities. In the fiscal year 1943, 231,620,499 pieces were issued as against 64,396,824 in the fiscal year 1942. The retirements in 1943 amounted to 29,786,291 pieces as against 3,800,154 in 1942.

While the volume of work continues unabated we were impressed with a report made by our committee investigators which holds forth a promise of the possibilities of large savings through the introduction of modern methods and devices in this office. Significant paragraphs from the investigator's report may be quoted as follows:

There was some indication, particularly in the Washington activities, that procedures had been established many years ago that were still being followed, such as the manual entering of ledger accounts, manual accounting of securities and distinctive papers and an excessive amount of checking and double-checking. * * *

It was found that a detailed study had been made by a committee within the Bureau of the Public Debt concerning the operations of the office of Register of the Treasury, which it was felt duplicated records being kept elsewhere, such as the Accounts and Audits Division, and recommendations were made after a 5 months' study in 1940, estimated to save $43,000 per year in salaries and $49,000 in cost of space. These recommendations have not been accomplished and Commissioner Broughton stated that the reason therefor was primarily because the receipt of the recommendations coincided with the problem of the tremendous growth of the Bureau, combined with a shortage of personnel, and it had not been possible to take any further action with regard to these recommendations.

As an indication of what might be done throughout the Bureau it was found that in one small unit of 18 persons (the Accounts Division) the total personnel had been reduced to 6 persons at the present time through the introduction of modern machine methods of keeping records. At the time the change-over was made the unit was considerably behind in its work and within 2 months after the change and with a force one-third the size of the previous force, the work had been brought up to date and has been maintained in current status since. This same ratio of savings in personnel would not apply to all units, of course, but it does indicate that the introduction of modern methods of bookkeeping could well be the subject of a serious study throughout the entire department.

As a further indication of the need for this study, it was found that in the Chicago operations, which are concerned entirely with the War Savings bonds and which are handling by far the largest amount of work from the standpoint of pieces of material that the officials have more or less been forced to institute modern methods through the use of bookkeeping machines, card-punch equipment and like labor-saving devices. The comparison between the Chicago operations and Washington operations, again, cannot be made on a straight basis since they are basically different, the Washington operations being concerned with the regular Treasury issues and the operations in Chicago with the War bond issues, which render themselves more readily to production methods of handling.

BROUGHTON A GOOD OFFICIAL

William S. Broughton, the Commissioner of the Bureau of the Public Debt, is recognized as a hard working, faithful, and capable official and it was the thought of our subcommittee that by directing his attention to a revision and modernization of the archaic procedures and methods of the Bureau, as suggested by the investigator's report, he will get along with the $5,900,000 which we allowed. If he finds that impossible he will have the opportunity to come up to Capitol Hill for a deficiency appropriation, though we do not believe that will be necessary. We are satisfied that by giving his personal attention to the problem he can install improved methods and machinery in his office that will work out very advantageously in reducing expenditures. For reasons similar to the foregoing we cut the estimate of the Bureau of Disbursement from $4,000,000 to $3,750,000. The investigators' report pointed out the possibility of a considerable saving by paying employees in cash rather than by check. A study that has been made shows $0.04228 as the unit cost of paying in cash and $0.07835 as the unit cost of paying by check. All of the disbursing regional offices in the field are now issuing card checks by use of I. B. M. equipment, but the Washington office is still using paper checks. A change from paper checks to the card system in the Washington office will bring about substantial savings.

EXPENSES OF LOANS

For the indefinite appropriation "Expenses of loans" we fixed a limitation of $109,500,000 as compared with the Budget estimate of $112,500,000. The testimony shows that we are on solid ground in reducing the estimate $3,000,000. It was proposed under the estimate to employ 19,631 persons during the fiscal year 1945, but so far the Public Debt Service has been unable to recruit up to within 5,000 of that total. An appropriation to cover 19,631 would therefore seem to be an overappropriation. This, of course, is an important activity, and if subsequent developments should show the need of more funds the deficiencies subcommittee no doubt will meet the situation properly.

For the office of Treasurer of the United States, salaries and expenses, an estimate of $4,750,000 was sent to us by the Budget Bureau. This involved a proposed consolidation with the Treasurer's office of the title which we have heretofore carried in the bill under the head of "Contingent expenses, office of the Treasurer of the United States," which carried an appropriation of $160,000 for the current fiscal year. We disapproved the consolidation and directed that the two titles be kept separate so that the Appropriations Committee can keep a closer eye over expenditures. It is contemplated that during the present fiscal year certain Government disbursing offices in the field will accomplish a change-over from the issuance of paper checks to card checks and that a very large saving will be accomplished thereby, so that we believed we were justified in reducing the appropriation

for salaries of the Treasurer's office to $4,075,000.

For the salaries and expenses of the Bureau of Customs we allowed $25,500,000 as against a Budget estimate of $26,000,000. During the last 3 years there has been a continuous decline in both customs receipts and entries from receipts of $391,870,013 and 2,374,967 entries in 1941 to receipts of $324,290,778 and 1,921,917 entries in 1943. The number of employees on the pay roll decreased in the same time from 8,996 to 8,219.

REFUNDS TO BE INDEFINITE APPROPRIATION

While reflecting in our cut the decline in the business of the Bureau, we yielded to an insistent and oft-repeated appeal of the Commissioner of Customs that the usual specific appropriation which we have carried for customs refunds and draw-backs be changed to an indefinite appropriation. Importers have long been clamoring for this change, claiming that they have been unjustly penalized by having to wait for their money until Congress can pass deficiency appropriations. Unlike internal revenue refunds, customs refunds and drawbacks do not bear interest. Congress, a few years ago placed internal revenue refunds on an indefinite appropriations basis, and there did not seem to be any good reason for making fish of the one and fowl of the other.

REASONS FOR REVENUE BUREAU CUT

For salaries and expenses of the Bureau of Internal Revenue we have allowed $135,400,000, which is $9,500,000 below the Budget estimate of $144,900,000. This cut, we believe, is fully justified by circumstances which obviously will make it impossible for the bureau to recruit by July 1, the beginning of the next fiscal year, if at all, the number of persons whose salaries were covered in the Budget estimate. On pages 439 and 440 of the hearings, we find the testimony of Frederick I. Evans, the budget officer of the bureau, that on October 31, 1943, there were 40,968 employees under the Internal Revenue Bureau, and that 48,770 positions were asked for under the budget estimate. This is an increase of 7,802 positions over the actual number the Bureau had been able to appoint. The utter futility of trying to recruit that many qualified employees before July 1 next was revealed time and again in the voluminous testimony of bureau officials before our subcommittee. This testimony showed that the losses from employees going into military service or other employment were enormous, and that recruitment was falling far behind the needs of the service. On page 481 is the testimony of Assistant Deputy Commissioner William T. Sherwood, in charge of the important Income Tax Unit, who stated that the total losses of his unit in the fiscal year 1942 were 261; that the losses increased to 582 during the fiscal year 1943, and that during the first 4 months his unit lost 173 employees. He was asked:

How successful have you been in replacing them with competent timber?

And he replied:

We have not been so successful as we would like to be. It is impossible to get people of that type at this time. It requires at least 2 years to train a man to do the work that a revenue agent does. But we are doing the best we can, and we are getting people when they are available to us. We have asked the revenue agents to contact accounting schools and other places where they might be able to get people of the type we need, and we have gone to the Civil Service Commission with our problem. We are undertaking to reach into the veterans' hospitals to get rehabilitated men who may have the qualifications we need. We are trying to get men wherever we can.

AN ENORMOUS LOAD

There is no doubt that the Internal Revenue Bureau has an enormous load, but its situation cannot be helped by our appropriating for positions that cannot be filled. With the recruitment problem as difficult as it is, we realized that we are not in a dreamland, and considered it to be our duty to face conditions realistically, and to appropriate to meet the reasonable requirements, leaving it to the Bureau to come up to Congress for a deficiency or supplemental appropriation if and when it finds that it needs more money.

We have continued internal revenue refunds as an indefinite appropriation, as these refunds are statutory, and must be paid, and no worth while purpose would be served by placing a definite limitation on the amount. The Bureau estimates the total refunds for the fiscal year 1945 at the astounding figure of $781,620,000, compared with $386,170,000 in the current fiscal year. The fact that 16,000,000 persons will receive withholding tax refunds is a staggering prospect. Many of these refunds will be small, but the smallest will have to be processed as meticulously as the largest.

REALLOCATIONS DENIED

The Commissioner of Narcotics, Mr. Antslinger, and the Chief of the Secret Service, Mr. Wilson, presented to us an appeal for reallocation of their field investigational agents so as to raise them to the C. A. F.-9 grade, carrying a salary of $3,200 a year. Mr. Anslinger asked for $47,753 to elevate 178 officers from grade C. A. F.-8, paying $2,900, to grade C. A. F.-9. Mr. Wilson asked for $44,250 to reallocate 152½ positions in the higher grade. Both made a very impressive argument, stating that they are losing many of their very best agents because of bids from private industry and because other Federal agencies toll them away with higher salaries.

We have lost about one-half of the force since the war started—

Said Chief Wilson—

and because of those losses I am greatly concerned right now when I send out some of our really difficult cases to be handled in the field. About one-half of the agents are what I would term new men, men appointed since the war, to replace those who have left, and I am afraid that someday some of these new men may fail to handle correctly some important case.

While we had no lack of sympathy for these appeals, we felt that it was beyond our province on an appropriation bill to correct inequalities in salaries that have become maladjusted because of the war conditions. To do so would enter a very large field beyond the legitimate province of an appropriations committee. As the same, or similar, conditions must obtain in other governmental establishments we believed the proper course would be to present the matter to the regular legislative committee so that a solution might be reached that would be fair and equitable to all concerned.

We now come to title 2 of the bill, which is the Postal Service, and I yield myself 20 additional minutes.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield before he leaves the Treasury Department?

Mr. LUDLOW. I yield.

Mrs. ROGERS of Massachusetts. I am very much interested in the appropriation for the Secret Service, for they have done such a fine piece of work. I have been wondering whether, with the tremendous growth of the F. B. I. in the last few years, this organization has encroached upon the work of the Secret Service. I was wondering if the F. B. I. had taken any of their personnel.

Mr. LUDLOW. That did not develop in the hearings. I have heard nothing which causes me to believe that the F. B. I. is taking away the personnel of the Secret Service.

Mrs. ROGERS of Massachusetts. I thank the gentleman very much.

POSTAL ESTABLISHMENT A BILLION-DOLLAR INSTITUTION

Mr. LUDLOW. The United States Postal Service continues to be the biggest business in the world, growing by leaps and bounds. From the little string of 62 post offices on the Atlantic seaboard gathered together by Benjamin Franklin in 1775 and called a postal system, with two employees in the central office and a total personnel of only a few hundred, the organization has developed until there are now 42,680 post offices and 1,815 classified stations and branches and the number of persons required to operate the Service is 324,617, the equivalent of the population of a large city. On military leave alone there are 31,605 postal employees, all of whom are assured of their former positions when they return from the war. The volume of mail has attained staggering proportions, having increased more than 4,000,000,000 pieces during the last 2 years, from a grand total of 29,235,791,328 pieces in the fiscal year 1941 to a grand total of 33,392,314,802 in the fiscal year 1943, and postal volume is still swelling like a rolling snowball.

Financially, the postal picture is very bright. In the present fiscal year the Post Office Department has reached a landmark by becoming for the first time in its history a billion-dollar institution. The estimated postal revenue for the fiscal year 1944 is $1,072,000,000 and the estimated postal expenditures are $1,085,357,520, leaving an estimated deficit for the year of $13,357,520. In the fiscal year 1943, for which the final figures are now available, there was an over-all postal surplus of $1,332,849.51. Based on all dependable factors of information the Department estimates that in the fiscal year 1945 it will go into

the black again, with an estimated postal surplus for that year of $10,411,010. The definite estimated figures for fiscal year 1945 are as follows: Accrued expenditure, $1,114,588,990; postal revenue, $1,125,000,000.

FROM RED TO BLACK

This transition from the red to the black in postal operations is being accomplished notwithstanding a great gorge of penalty mail is being put out by the Departments, bureaus, and other activities which brings in no postal revenue, and notwithstanding there is a vast amount of free soldier mail, exceeding 2,500,000,000 pieces on which the postage at normal rates would be $75,000,000 a year. Postmaster General Walker told our subcommittee that of the entire volume of mail handled by the Department, it is estimated that 1 piece in 7 is now carried free.

PENALTY MAIL

This brings up the subject of the penalty mail, which has created so much comment. The testimony brought out before our subcommittee on this subject was voluminous and all contributed to the impression that many of the Government establishments, especially those of mushroom growth, are running hog wild in the matter of the issuance of free mail. Under existing law the sky is the limit on the use of penalty mail by the departments and activities of the Government. The number of pieces of free penalty mail issued during the fiscal year 1943 was 1,956,073,568, on which, if postage had been paid at regular rates, the estimated revenue would have been $103,485,392. This is the all-time high for penalty mail. In 1938, only 5 years ago, the loss of revenue on account of penalty mail was $34,166,751, or less than one-third of the loss in the fiscal year 1943. In the fiscal year 1942, when the number of pieces of penalty mail was 1,516,015,444, the estimated loss of revenue was $67,334,355. In other words, the penalty mail loss increased $36,151,037 in the last fiscal year, compared with the fiscal year 1942. Franked mail, the mail of Members of Congress, which receded to the low figure of 24,460,040 pieces in 1942, with an estimated loss of revenue of $767,028, increased to 29,248,405 pieces in 1943, with an estimated postage equivalent of $1,157,122. It is still running low as compared with some former years. In the fiscal year 1940, the last Presidential election year, the volume of franked mail was 45,136,539 pieces on which the postage at regular rates would have been $1,217,561.

ABUSES NEED CORRECTION

The extent to which the penalty mail is being abused, as revealed in voluminous testimony taken before our subcommittee, indicated that it has reached a point where Congress should do something about it, but that is another story, as the initiation of legislation to curb penalty mail rests primarily with the House Committee on the Post Office and Post Roads, of which the distinguished gentleman from Virginia [Mr. BURCH] is chairman. Mr. BURCH and several of his associates of that committee conferred with our subcommittee in executive session, and as a result there was a meeting of minds which prompts me to predict with confidence that a reasonable solution of the penalty-mail problem may be expected at this session of Congress. The House already has started a corrective measure on the way to enactment. This measure passed the House by unanimous consent today. The nub of the proposal is that the bureaus shall be required to submit to Congress specific estimates for penalty mail to bring their postal requirements under close scrutiny by the Appropriations Subcommittees, which will then be in a position to make drastic cuts in penalty-mail operations which seem to be unreasonable and excessive. The War and Navy Departments probably will be exempted from whatever restrictive regulations may be adopted so as to avoid any interference with the war effort. This may be done with good grace, as those Departments are not among the serious offenders.

TEN INSPECTORS ALLOWED

We were faced with an estimate for 150 additional post-office inspectors at $2,600 each, or a total salary obligation of $390,000 annually. To that estimate we gave the utmost consideration, not only because of its importance per se, but because of the insistence with which it was urged by Mr. Walker, the Postmaster General, Jesse M. Donaldson, the chief of post-office inspectors, and other officials. Mr. Donaldson testified that the work load would justify 318 additional inspectors. The Post Office Department has a rule that every post office in the country should be inspected at least once a year, but this rule is a dead letter because of a lack of inspection personnel and some post offices have not been inspected for years, Mr. Donaldson told our subcommittee:

> Whenever an office is not visited annually or more frequently, the personnel in the office, responsible largely for the condition of the office, become more or less, let us say, careless in their efforts to keep on their toes with reference to operating the office in accordance with instructions of the department, and irregularities creep in. Our inability to reach these offices and inspect them each year and consult and advise with postmasters and employees as to methods and procedures, frequently results in embezzlements or bad conditions in the post offices.

DONALDSON "TOPS" AS OFFICIAL

There is no more capable official in the Postal Service than Mr. Donaldson, the chief inspector, and our subcommittee has the highest respect for his efficiency and zeal. He is a career man who has come up through the ranks, learning the Postal Service the hard way. Studiously inclined, he has mastered postal problems by intense application until he is recognized throughout the country as an outstanding authority on every branch and phase of the Postal Service.

But there were considerations which made us hesitate about adding such a large group of inspectors to the permanent salary roll of the Government, especially at a time when we feel that we should be zealously seeking ways to hold down appropriations to the lowest level.

Mr. JENSEN. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Iowa, a former member of the Committee on Post Offices and Post Roads, and an expert on postal matters.

Mr. JENSEN. I would like the gentleman to give the House the information as to how many additional inspectors are finally allowed the Post Office Department in this bill.

Mr. LUDLOW. We allowed 10 additional. They asked for 150 additional.

Mr. JENSEN. Just 10?

Mr. LUDLOW. Yes. If the gentleman will bear with me I will discuss that in just a moment.

Mr. JENSEN. I want to compliment the committee on cutting down the request of the Post Office Department because, certainly, when the manpower problem is so serious we cannot justify adding the number that they requested.

Mr. LUDLOW. I thank the gentleman for his contribution which I think is well founded in wisdom.

The inspection force already is a sizable force—800, to be exact. It is true that the opportunities of this force for service are practically unlimited and if the force were doubled or trebled there probably would still be unexplored avenues of useful employment, but it is an expensive force, since the salaries of inspectors is only one item, and for each additional inspector there must be added the cost of clerical assistance and travel allowance, mounting to a large figure in the aggregate. We have fewer post offices now than in 1914, when we had only 390 inspectors, though, of course, the inspection picture is a changing one, and the war has brought added responsibilities.

It cannot be said that we have not been liberal in building up this force. Over a period of years increases have been allowed in the force, as follows:

	Increase
1921	13
1923	50
1928	5
1937	35
1938	10
1939	7
1940	15
1941	35
1942	100
1944	50

Of the 150 additional inspectors estimated for by the Budget Bureau it was proposed to assign 4 to work in connection with military operations. We decided to authorize the appointment of these 4 and we allowed 6 additional for general assignments. This will build the force up to a total of 810 which we believe is as high as it should go at this time.

BUDGET PERSONNEL ESTIMATES APPROVED

For the great groups of postal personnel, the clerks at first- and second-class post offices, the carriers, the clerks at third-class post offices, the Rural Mail Service and the Railway Mail Service, we adopted the policy of allowing the Budget estimates. Past experience has shown that this is a sound policy and a wise procedure, as with the mails booming and the obligations of the Service constantly increasing the Budget estimates almost invariably prove to be below the actual requirements, making deficiency appropriations necessary. The officials who

are charged with the responsibility of keeping the mails moving are permitted to meet those responsibilities as the necessity arises by putting on the additional personnel that is absolutely necessary and later they submit their estimates for the added costs to the Deficiencies Subcommittee when they have a better understanding as to exactly what is needed. This arrangement has been found to be satisfactory and it has the full approval of the Post Office Department. In this bill we have allowed the following amounts for the large postal personnel groups:

Clerks, first- and second-class post offices, $309,970,500.

City delivery carriers, $199,000,000.

Clerks, third-class post offices, $11,500,000.

Rural Delivery Service, $103,315,000.

Railway Mail Service, $80,248,000.

As of November 30 last, there were 85,186 clerks, special clerks, and supervisors, and 59,347 city delivery carriers in the Service. The number of rural delivery carriers on July 1 last was 32,105.

RURAL DELIVERY MAIL

The amount we have allowed for the Rural Delivery Mail Service provides for the establishment of the following additional service during the next fiscal year:

Extensions, 4,000, at a cost of $275,360.

New routes, 175, at a cost of $285,250.

Increased frequencies, 20 routes, at a cost of $15,443.

Total for new service, $576,053.

This program for new service is substantially the same as during the fiscal years 1942 and 1943. The average annual cost of a new route is $1,630 and the average cost of an extension is $68.84. There are now 940 rural carriers in the military service whose places are being filled by temporary carriers.

STAR ROUTE SERVICE

We reduced the appropriation for Star Route Service from $19,803,000, as estimated, to $19,600,000, which still leaves $607,000 available for new routes, extensions, and increases in frequencies.

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

Mr. LUDLOW. I yield to the gentleman from Iowa.

Mr. JENSEN. Did the gentleman say the amount for Star Route Service had been decreased?

Mr. LUDLOW. The Budget estimate was decreased from $19,803,000 to $19,600,000, but this still leaves $607,000 available for new routes, extensions, and increases in frequency. However, this is an increase of $4,850,000 over the appropriation for 1944, made necessary largely, as I recall, by the prospect of large advances when the new contracts are let.

Mr. JENSEN. The reason I am asking the gentleman to yield on that point is simply that the star-route carriers up to this time, at least, have received very moderate pay compared with other postal services.

Mr. LUDLOW. That is right.

Mr. JENSEN. I am not saying that any of them receive too much, because I certainly know the postal employees are doing a wonderful job and are earning their money. What I am interested in, and I am sure the gentleman who now has the floor is also interested in it, is to be fair to these star-route carriers who up to this time have received very small compensation for their services. While I know that all of us are trying to hold down expenses as much as possible, we do want to be fair to those who are working for Uncle Sam. I am wondering just what these new contracts will contain and how you have gone about it to give reasonable compensation to the star-route carriers.

Mr. LUDLOW. The gentleman will find elaborate testimony on that in the hearings. Every time there has been a reletting in recent times it has met increased cost. The gentleman is entirely right in everything he says. During the period of depression there was such cut-throat competition among bidders for these contracts that they were often accepted on an unconscionable low basis. The result was that approximately 2,500 of these contractors went into bankruptcy.

Mr. JENSEN. Yes; I understand that.

Mr. LUDLOW. It was thought that, with a view to alleviating this situation, we should put considerably more money into this bill for the next fiscal year than for the current fiscal year. We had considerable discussion, on and off of the record, in regard to transferring this Service from a contractual basis to a regular service to be performed by a salaried personnel comparable to city and rural delivery carriers but we found Department officials lukewarm to the proposal, due to the peculiarities of the Service which they seemed to believe lend themselves better to a contractual arrangement. The Star Route Contract Service has been one of many headaches. In the period of depression competition was so keen that many contractors submitted bids below the cost of operation and hundreds of them went to the wall financially. It would seem that the situation might well receive legislative treatment but that is a matter outside the province of our committee, which is concerned only with appropriations.

Mr. JENSEN. I understand that. I know a bill is pending before the Committee on the Post Office and Post Roads concerning that situation.

Mr. LUDLOW. I recall that the gentleman from Texas [Mr. MAHON] has introduced a bill to place this Service on a regular basis and to remove it from the contractual arrangement that now exists. The gentleman from Texas [Mr. MAHON] has given much thought to this matter, and I think has very sound and wholesome views on the subject.

Mr. JENSEN. That is right. I may say for the RECORD that I have examined the bill of our distinguished colleague, the gentleman from Texas [Mr. MAHON] and am strictly in favor of its provisions. It is fair and just, and I think it should have the full support of the Congress of the United States in order that we may be fair to this class of very fine patriotic Americans, who are trying to do and are doing a good job and who want to keep their routes. However, they will have to quit them and the Service will suffer unless we can do something for them. I have received letters from star-route carriers who tell me they have to borrow each month $10 to $20 in order to pay their living and operating expenses, to keep going. This is a condition that I believe is really disgraceful.

Mr. LUDLOW. I am in complete sympathy with the gentleman's position in regard to the matter. I think he has described the conditions that exist very truthfully. I hope, as he does, that the matter will be approached from the legislative angle and that the proper remedy may be found.

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

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

Mr. BISHOP. Being an ex-postmaster and having had to do with many of the star route contract lettings in my part of the country, I am sure this is one of the vital issues that faces the Post Office Department. I am very happy to hear that you are making arrangements to take care of this situation. May I ask the gentleman if that is intended to be taken care of by bids or will it be taken care of by examination, or will those who have the contracts now, and who have been operating at a loss, have a chance to continue?

Mr. LUDLOW. That does not come before our committee, it comes before the legislative Committee on the Post Office and Post Roads. I am not familiar with the details of the bill and cannot answer the gentleman's specific question.

Mr. BISHOP. I call to the gentleman's attention the fact that at one time a man who had served the routes for three terms of 2 years each submitted a bid of $3,270, and because another man underbid him 50 cents he lost the contract, although he had equipment worth several thousand dollars. That is one of the main reasons this matter should be handled correctly.

RAILROAD TRANSPORTATION

Mr. LUDLOW. With mail volume constantly increasing we could see no reason for reducing the Budget estimate of $138,180,000 for railroad transportation and mail messenger service. The amount we allowed for the current fiscal year, $118,000,000, proved inadequate, and a deficiency appropriation of $19,695,000 was required.

FOREIGN MAILS BY SURFACE

The surface transportation of foreign mails has been entirely changed by the war. Some of it has been cut off entirely. The War Shipping Administration has taken over large operations, the cost of which is no longer charged to postal appropriations. In 1940 the appropriation for this purpose was $3,250,000. On account of the altered conditions we were able to reduce the appropriation to $575,000, which is the lowest ebb it has yet reached. We were able to eliminate one route entirely. That is the service between San Juan and the Virgin Islands, which has been operated at a cost of $27,787 a year.

FOREIGN MAILS BY AIR

For foreign air mail transportation, for which we appropriated $16,055,979 in 1943, we allowed $3,785,000 in this bill. This reduction is mainly due to two

causes. The Navy and War Departments have taken over the operations in the Pacific, Alaskan, and Atlantic areas, and the cost of those operations is no longer reflected in postal appropriations. The other contributing cause is a reduction of rates ordered by the Civil Aeronautics Board amounting to $1,224,943 in the fiscal year 1944. As against an estimated postal cost of $3,785,000 for the foreign air mail service in 1945 we have an estimated revenue of $15,941,185, but this is a lopsided and inaccurate fiscal picture as a large undetermined amount of the actual cost is borne by the Navy and War Departments. The Army and the Navy have recently taken over the entire task of transporting all trans-Atlantic air mail.

AIR MAIL SOARING

For domestic air-mail service we have allowed $35,000,000, which is $2,312,000 below the Budget estimate, of $37,312,000. Before we started to mark up the bill Mr. Purdum, the Second Assistant Postmaster General, brought us the gratifying information that we could reduce this estimate in the net amount of $2,018,911.90 due to new rate orders which are in process of being put into effect in the compensation paid to the Western Air Lines, Inc., Hawaiian Airlines, Ltd., Delta Air Corporation, Northwest Airlines, Inc., and Chicago & Southern Airlines, Inc. In view of the prospect that there may be further reductions by early rate readjustments we felt justified in making a small additional cut, as indicated. The appropriations agreed upon provide $531,855 for new routes and extensions and $1,076,543 for the restoration of service temporarily suspended. The amount of $3,406,257 is allowed for an anticipated increase in the volume of mail to be handled. By all of the criteria by which the domestic air-mail service can be judged it is now on a sound, self-sustaining basis. The sale of air-mail stamps is exceeding all expectations. The air-mail postage revenue has gone upward at a dazzling rate from $23,920,465 in 1941 to $60,485,434—estimated—in 1943 and the estimate for the fiscal year 1945 is $97,381,549. With revenues so satisfactory and so promising for the future, Second Assistant Postmaster General Purdum, whose office has jurisdiction over air mail, is opposed to the proposal in the pending tax bill to increase the air-mail postage rate from 6 cents to 8 cents an ounce. "I believe that the air-mail rate is sufficiently high at this time," he told our subcommittee.

This bill covers far-reaching services and a vast variety of details, and in the sketchy presentation I have made I could do scarcely more than point to its highlights. Our subcommittee has devoted many arduous hours of toil to the preparation of the bill before you and has tried very hard to adhere to the standards of justice, both in relation to those who have to perform these many services and the taxpayers who have to foot the bills. We believe that our bill will stand the most critical analysis, and we hope it will be acceptable to the House and to the country.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CLARK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 4133) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1945, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial from the Commercial Appeal of Memphis, of the issue of January 26, 1944.

The SPEAKER. Is there objection?

There was no objection.

Mr. GWYNNE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a declaration of First Principles of any Post-War World, prepared by Msgr. F. S. Legowski, of Toledo, Ohio, in his capacity as a member of the Readjustment Planning Commission, Department of Ohio, the American Legion.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent that tomorrow, after the regular business and all special orders, I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under previous order of the House the Chair recognizes the gentleman from Florida [Mr. SIKES] for 10 minutes.

THE MARCH OF DEATH

Mr. SIKES. Mr. Speaker, I quote from the sixth chapter, second and twenty-first verses, of the Book of Joshua:

And the Lord said unto Joshua, "See, I have given unto thine hand Jericho, and the king thereof and the mighty men of valor."

And they utterly destroyed all that was in the city, both men and women, young and old, and ox, and sheep, and ass, with the edge of the sword.

And from the eighth chapter, first and twenty-sixth verses:

And the Lord said unto Joshua, "Fear not, neither be thou dismayed; take all the people of war with thee, and arise, go up to Ai; see, I have given into thy hand the king of Ai, and his people, and his city, and his land."

For Joshua drew not his hand back, wherewith he stretched out the spear, until he had utterly destroyed all the inhabitants of Ai.

Then I turn to the nineteenth chapter of Deuteronomy, twenty-first verse:

And thine eye shall not pity; but life shall go for life, eye for eye, tooth for tooth, hand for hand, and foot for foot.

And to the twentieth chapter, thirteenth verse.

And when the Lord thy God hath delivered it into thine hands thou shalt smite every male thereof with the edge of the sword.

Mr. Speaker, I see in my mind a picture of that terrible 85-mile march of death without food or water endured by the pitiable survivors of Bataan and Corregidor. I see a broken, exhausted soldier, burning with fever, begging for water. And I see grinning Jap guards thrust a knife down his throat, twisting it, jeering "Drink that." I see a boy with both legs gone, dragging himself along on his hands and stomach until he can no longer go, then left to die. I see American officers hung up by their arms for days, beaten time and again into insensibility, then beheaded. I see the sick and wounded staggering along until they fall by the wayside, then crushed by tanks and trucks or buried alive.

Mr. Speaker, I think we may well turn back to the Old Testament and take joy in the fact that the Lord God of Israel could be a fierce God who delivered up the enemies of his people for extermination. And, Mr. Speaker, I propose and I strongly urge that the administration of justice to the defeated Japs be in the hands of the survivors of those tragic battalions of death.

Few things have happened which so shocked the American people as the Jap atrocities on the heroic defenders of Bataan and Corregidor. Actual accounts of the mass murder of thousands of American and Filipino troops after the surrender were brought back by American officers who escaped to tell the awful truth. Deliberate murder of helpless captives by starvation, torture, and neglect; the fiendish glee of Jap ghouls who harrowed their prisoners to their deaths, all seem too terrible for belief. But these things are true.

In this country there is a mighty surge of indignation. Our sympathy goes out to all the families of the victims who fought and suffered and died for us. We are choked by wrath against the bestial criminals.

But our anger will not help the dead, will not hurt the guilty Japs. Emotion is not enough. We must do something about it, more than swear or weep.

Here at home we may feel there is nothing much we can do. But there is. Nothing very dramatic and nothing heroic, certainly. But we can help win the war. The fighting front does depend on the home front, and we are the home front—all of us little people, doing little jobs which add up to such a vastly important total.

We make the home morale which sustains or undermines the spirit of our fighting men at sea and in the skies and in the fox holes and in the prison camps. We can strengthen that morale. We can be ashamed to think, much less speak, of our own petty inconveniences and minor sacrifices compared with the real sacrifices. We can refrain from the partisan bickering that wears away national unity.

We can put an end to strikes and slowdowns that hold back production. We can stop the profiteering and selfish

maneuvering for business advantage. We can speed up the flow of planes and munitions and ships without which our Army and Navy cannot avenge the victims of prison camps in the Philippines.

Mr. Speaker, with silent supplication for the will and the power with which to destroy this foul foe and all his works, we can steel ourselves for the long wait until the death blow can be delivered. What a blessed relief it would be if we could turn on those Jap fiends who have starved and tortured and murdered our men in the prison camps and wipe them out tomorrow. But blind anger will not finish the job. It may only delay the final destruction of the enemy. Our task will be long and hard. There is no quick and easy way. The steady way is the sure way.

But in the meantime, Mr. Speaker, let us not forget for one instant that broken, helpless American boys are dying of Jap brutalities, starvation, and disease. And some of us here at home still complain, strike, play politics as usual, and grab for everything in sight, when we need unity, hard work, self-denial, and bond buying on the home front to carry to our foes an unmistakable picture of the avenging wrath to come. It will take more than talk and anger to free the men of Bataan and Corregidor, Mr. Speaker. I pray God that we may find the strength to be worthy of the terrible sacrifies those men have made in our name.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. POULSON] is recognized for 15 minutes.

POST-WAR PLANNING

Mr. POULSON. Mr. Speaker, of the burdens imposed upon this Nation by the war, there is one which is second only to victory. I speak of the burden of planning now that the brave men who are fighting for our freedom throughout the world will not return to a chaos of unemployment and bread lines.

It is a perplexing truth that while all yearn for peace, yet millions fear it. They fear a return of the familiar specter of unemployment and want, of closed opportunity, of social and political upheaval brought on by rampant economic forces. Yet, like most fears, when we face them we find we are afraid only of our own weakness. Unemployment and want and chaos need not pursue victory if we now have the intelligence and courage to plan against them. We need no new theories.

Theories, even my friends on the other side must admit, have let this Nation down. Cold, practical facts, drawn from experience, are the steel and concrete we need to bridge the chasm of post-war conversion and to carry us into the new and better era that beckons beyond.

I wish today to review these facts and to discuss the architecture they suggest for the immediate post-war period. In later addresses I will expand this outline. First, let us look at our national assets. We have a labor force of approximately 70,000,000, including those workers now in uniform. We have the greatest communication, transportation, and productive plant in the world. In the crucible of war we have largely burned away the dross of antiquated production methods. We have, to some extent, refined our system of distribution. We have invented new materials and techniques which in themselves open up a whole new world of opportunity and better living.

Spiritually, we have renewed our faith in America and in ourselves. We are emerging from this frightful war a younger, more confident Nation. We have been forced to strike boldly into new fields. In 2 years we have progressed a generation in conquering the air, to cite only one example.

These are splendid, inspiring assets. America is strong and young, and it has the tools to match its strength.

Let us look at the job before us. Disregarding for the moment the tremendous reconstruction job in other lands, our own Nation will emerge from the war with the greatest replacement market in world history. We will need everything—new homes, furniture, clothing, automobiles, factories, freeways, airports—billions of dollars' worth of new goods and services. We have the manpower and the materials and the know-how to provide them. We have a pent-up reservoir of purchasing power to buy them.

We need only a few other ingredients to convert these factors into a working, happy, and prosperous peacetime Nation.

One of these is a national climate in which the enterprise system may thrive and expand to its full potentialities. To me it is interesting to note that the Communists in Russia during this war have given the enterprise system its greatest endorsement.

They have found that men and women work and produce best when they are not reduced to a common level. They have found that individual enterprise must be encouraged through opportunity for gain, in order to bring progress and full production. America may relearn, from Russia's experience, the value of incentive. And here is one of the most important lessons for Government. Our enterprise system must be unshackled, when the war is won, from bureaucratic regimentation, from stifling taxation, from huge new public debts, and all other encumbrances which threaten to crush it.

No one seeks a return to the freebooter days of financial plundering and unlicensed monopoly. These evils were never more than fungus growths on our enterprise system. Their removal must be permanent. But the system itself must survive, and the American people are beginning to doubt the skill of the political tree surgeons who are sawing at the trunk to remove the fungus.

American enterprise can win the battle of the peace as it has won the war, if Government, management, and labor working together will create the climate in which enterprise may flourish.

There is another ingredient needed in the formation of our new America, and it blends with the first. This is planning now for the conversion period. One reads various estimates of immediate unemployment when the war factories are stilled. They range from twelve to twenty-six million workers being dislocated at that time. Huge unemployment insurance funds will melt quickly under any such widespread dislocation. In addition, there will be millions of men and women leaving their uniforms once more to don working clothes.

From 3 to 18 months will be required to convert most factories to peacetime production, even though some conversion may be practicable while the war is still on.

Many women, no doubt, will leave their jobs and return to the home. Many service industries, now operating with limited manpower, will expand their pay rolls to re-employ men and women who left for war jobs or service in the armed forces. But we must realistically face the possibility that there may be more unemployed when the war ends than the 13,000,000 who were jobless during the recent depression, unless we plan now against such a national crisis and disgrace. Let us look for a moment at the point of view the returning servicemen will have. This time, there will be millions of "Johnnies come marching home." They will have survived history's bloodiest and most savage war. Will such men, hardened by battle, meekly accept the proposition that they starve knee deep in wheat? It is not likely.

Mr. Henry J. Kaiser is quoted as saying, wisely, that the post-war offers America two alternatives: Evolution or revolution. These are not words to be brushed aside.

We will have evolution if the free enterprise system now so orders its immediate future that America may expand and develop into the fullest use of its manpower and resources. Our Government has the obligation of creating a climate in which the system may do this. If we choose the path of evolution, we will be perfecting the basic formula which has brought greater personal liberty and opportunity and a far higher living standard than any formula yet developed. We know what we can do for ourselves and our children under this formula.

We will have revolution if the free enterprise system fails to plan and to fulfill its obligation toward our returning soldiers, and if either through design or stupidity our Government fails to create that climate in which American enterprise may flourish and grow. Revolution offers the terrors of the unknown, the certainty of a long period of strife and readjustment, and the grave question if, after all, we would be trading the most humanitarian system of government and the most effective economic system history has yet known for anything better.

I should like now to bring these general propositions down to a specific case, and one that deserves, in my opinion, the fullest consideration by my colleagues in the Congress.

I wish to speak of the Nation's great construction industry and its peculiar importance to all of us at this time. This is the Nation's second largest industry in dollar volume. It is the largest industry that has no post-war conversion problem. The same men and equipment, the same experience and know-how, that have performed so mag-

nificently in building our war plants and our defenses in record time, can shift immediately into peacetime construction.

And every worker at the construction site means 3 more must be employed off the site to provide materials and equipment. The construction industry can employ not less than 8,000,000 American workers immediately, when our military situation permits, and this includes a tremendous portion of those who may be otherwise idle while the rest of industry converts to peacetime production. We always have turned to construction, primarily public-works construction, to tide us over unemployment crises.

Furthermore, the construction industry during the war has developed amazing new techniques and splendid labor-management teamwork and organization. These, together with the inherent ingenuity and boldness of the engineer, architect, and builder, are held out to America to build the foundations of a new era.

But the construction industry cannot employ the millions at its high American wage levels, and it cannot bring to the post-war world the benefits of its war experience and its know-how unless both industry and the Government cooperate toward this end. Working together, they can stock the shelves now with plans and specifications which will provide useful work immediately. Government agencies, from the smallest utility district to the largest Federal bureaus, must attend now to the engineering, the financing, and the acquisition of sites and rights-of-way for sound public works, so bids may be called immediately when the military situation permits and manpower and materials are available.

All business and industry have this same obligation, to make certain that the blueprints are ready for the construction crews. Government has another obligation with regard to the construction industry. It should give assurance now, to the hundreds of thousands of men in the Navy Seabees and in the Army Corps of Engineers, and to the construction industry from which they came, that these men will not be held in uniform when hostilities cease. These two splendid military organizations are the largest construction crews in the history of the world. We are proud of them. But let us not forget both men and officers came out of our construction industry, and they carried into the war the know-how and ingenuity trained into them by our system of free enterprise. They want to return to that industry, and the industry needs them.

Furthermore, the Army and Navy have amassed a tremendous amount of construction equipment. It is being used throughout the world. Natives of other countries who had never seen a bulldozer are learning to operate them. These other nations will need that equipment to rebuild and to improve their own lands after the war. Why not leave it there, on a lend-lease basis, when the war is over? It will not only aid the reconstruction, it will create new customers for modern American equipment.

Assurance should be given by the Government not only that we shall demobilize the men of the Navy Seabees and the Army engineers and permit them to return to civilian life and private industry, but that the Government will return its surplus construction equipment to normal nonmilitary, non-Government construction enterprises, through dealers and regular channels.

Such assurances should be given that the Government will not launch a new global W. P. A. and will not liquidate the construction industry through tax-supported competition. Then, by a joint industry and Government drive to reduce public and private post-war construction to the blueprint stage, we shall have insured that these two benefits will follow:

First. A large reservoir of useful work at good American wages will be ready immediately after victory. There will be no menace of a new W. P. A., doles, and politics.

Second. One of the pillars of the American enterprise system, the construction industry, will be assured its right to use its genius and experience in helping to create the new America that all of us want.

The SPEAKER pro tempore. The time of the gentleman has expired.

Under previous order of the House the gentleman from West Virginia [Mr. RANDOLPH] is recognized for 10 minutes.

STRIKES IN ESSENTIAL WAR PLANTS

Mr. RANDOLPH. Mr. Speaker, the present strike of the Mechanics Educational Society of America involves far more than the 25,000 to 40,000 men reported to be out on strike. Members of this union are the most highly skilled in our entire war industry. They are the tool and die makers. Numerically they are small.

In Willys-Overland, where the strike started, they comprise but 800 out of 14,000 employees. Yet their work is so essential to plant operation that when they leave their jobs as they have done, they are able gradually, and in some instances speedily, to force the entire plant to be shut down. Since this proportion of workers, approximately 6 percent is not unusual, this strike directly affects and prevents war production by roughly 400,000 workers. Serious as this may seem, and it is serious, it is but the beginning of the effect.

The M. E. S. A. membership is primarily in Cleveland, Toledo, and the Detroit areas, where the manufacture of the component parts of airplanes, engines, landing barges, jeeps, tanks, and trucks is highly concentrated. The list of these component parts is long and it includes such items as the generators and forgings.

Think, Members of this body and citizens of the country, what a stoppage means in the manufacture of what we know as the most essential parts. Without them no airplane, no landing barge, no tank engine, can be completed. The manufacture of Army jeeps has already stopped. Production lines of our fighter and our bomber planes are in grave danger if the strike continues for 10 days. The War Production Board has given landing craft the highest priorities, yet their manufacture is stopped for a lack of these component parts.

Of course, the Allies realize the importance of stopping German component-part production to the extent that 60 flying fortresses and 593 skilled airmen in the Schweinfurt raid was considered a small cost for the results obtained. This present strike can win for Germany more than the Schweinfurt raid won for us, but with this difference. In this instance Germany has lost nothing; only we, the American people, have lost.

It is reported by the newspaper stories of yesterday that one of the leaders of this strike, that has such disastrous implications, is a man who has lived in the United States for many, many years; made a declaration of his intent to become a citizen, but as of the date when he calls this strike, is not a citizen of the United States.

And so was added another name to a long list of individuals who, with false tongues, are leading the honest working men and women of America into a shutdown of production channels necessary to victory. Such men sacrifice their adopted country in a sabotaging effort. They are not even citizens of the Republic which has given to them the privilege and the profit and the protection of our institutions of government. It is tragic that such persons can command perverted power in labor ranks.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Nebraska.

Mr. CURTIS. The gentleman from West Virginia is entitled to the commendations of many Americans for his forthright denunciation of this procedure. I believe that no one has a right to strike against the public safety. You have very well said that we are risking millions and millions of dollars in bombers and precious lives of our boys to create a stoppage in Germany, now equaled by this unwarranted shutdown. The gentleman should be congratulated for the position that he has taken.

Mr. RANDOLPH. I appreciate, of course, the generous remarks of my colleague. Had the House version of anti-strike legislation passed in the same terms in the Senate, we would find today the withdrawing of the rights under prior labor acts, in which I believe. If a strike of this type, jurisdictional in nature, occurred, the privileges of organized labor which I aided to passage, would be curtailed. This House, at least, can be commended for having attempted sensibly and courageously to cure the defects in existing law.

Mr. CURTIS. Is it not also true that ultimate victory is just as much dependent on the making of a tank or gun or plane as the driving of it?

Mr. RANDOLPH. Oh, it is true. The fighting front and the home front are welded together in this effort. In one instance a man uses an instrument by which we fight our foes and in another instance it was fashioned or forged and placed in his hands. I do not want to be misunderstood. I have warned of these conditions on many occasions since 1940, when I stood in the well of the House in

November of that year, and denounced what was then the first strike of the defense program of America at the Vultee aircraft factory at Downey, Calif.

I repeat today that the seriousness of this strike cannot be overlooked. It may prove to be the most disastrous since America has gone to war. There are many plants affected. I shall not take the time to list them all—some 40 in number—or list in certain sections the men and women who are away from work because of what has been done. I should like to call your attention, however, to one of these plants, the Eaton Manufacturing Co. of Cleveland, where 2,900 workers are away from their work today. This plant makes crankshafts for the Pratt & Whitney aircraft engines. These go into Navy planes and are vitally needed.

Mr. Speaker, the following wire was sent to the Willys-Overland plant, where the strike originated by the M. E. S. A. I will not read it in full. It says:

Our union is involved in a very crucial difficulty—

Listen to these further words:

To us it is a fight for our organization's right to survive.

In other words, it is indicated by such a statement that the organization's right to survive is placed above the right of the United States to survive in the waging of an all-out war effort against enemies who appear far from defeated.

Mr. Speaker, I think we all agree that the right to strike in peacetime is a precious right in private industry and any person who would attempt to abrogate such a condition is not a friend of the men and women who toil. By and large in wartime those who belong to organized and unorganized labor, have contributed greatly to the tremendous flow of manufactured products with which we wage this war. I commend such a contribution and have done so often in the past. It is wrong for me or any other Members of this Congress or administration to keep quiet when a strike condition of this type arises.

A right which existed in peacetime ceases to exist with our Republic at war.

I trust we will continue to have the courage and fortitude to attempt, at least, to rectify conditions which would allow such a strike as this to sweep our Nation in the crucial stages of this global conflict.

The SPEAKER pro tempore (Mr. WRIGHT). The time of the gentleman from West Virginia [Mr. RANDOLPH], has expired.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. BALDWIN of New York (at the request of Mr. MAAS), indefinitely, on account of illness.

To Mr. GALE (at the request of Mr. MAAS), for 1 week, on account of serious illness in the family.

To Mr. STARNES of Alabama, for 3 days, on account of official business.

To Mr. STOCKMAN, for the balance of the week, on account of illness.

To Mr. HARE (at the request of Mr. RICHARDS), for an indefinite period, on account of illness.

To Mr. DOMENGEAUX (at the request of Mr. MCKENZIE), for 3 weeks, on account of official business.

To Mr. ANDERSON of New Mexico (at the request of Mr. FERNANDEZ), for an indefinite period, on account of illness.

EXTENSION OF REMARKS

Mr. IZAC. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Appendix of the RECORD.

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

There was no objection.

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a letter I have received from the chairman of the executive committee of the Association of Washington Cities, and my reply thereto.

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

There was no objection.

(By unanimous consent, Mr. MURDOCK was granted permission to extend his own remarks in the Appendix of the RECORD.)

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 21 minutes p. m.) the House adjourned until tomorrow, Tuesday, February 8, 1944, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10 a. m., on Tuesday, February 8, Wednesday, February 9, and Thursday, February 10, 1944, in the caucus room of the Old House Office Building, for the consideration of post-war planning.

COMMITTEE ON FOREIGN AFFAIRS

The Committee on Foreign Affairs will hold public hearings on Tuesday, February 8, 1944, at 10 a. m., on House Resolutions 418 and 419, relative to the Jewish national home in Palestine.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing on Thursday, February 10, 1944, at 10 a. m., on H. R. 2652, to amend section 222 (e) of subtitle "Insurance of Title II of the Merchant Marine Act, 1936," as amended.

COMMITTEE ON THE PUBLIC LANDS

The hearings on H. R. 2596, to protect Naval Petroleum Reserve No. 1, will be continued on Friday, February 11, 1944, at 10:30 a. m.

There will be a meeting of the Committee on the Public Lands at 10:30 a. m., Monday, February 14, 1944, to consider H. R. 1688, a bill relating to the administrative jurisdiction of certain public lands in the State of Oregon, also the companion bill, S. 275, and such other matters as may properly come before the committee.

COMMITTEE ON FLOOD CONTROL

SCHEDULE OF HEARINGS ON FLOOD CONTROL BILL OF 1944, BEGINNING TUESDAY, FEBRUARY 1, 1944, AT 10 A M.

The Flood Control Committee will conduct hearings on flood-control reports submitted by the Chief of Engineers since the hearings conducted in June 1943, and on amendments to existing law. The committee is definitely committed to the view that flood-control projects for post-war construction will be among the most satisfactory public works and the committee plans an adequate backlog of sound flood-control projects available following the war.

1. Tuesday, February 8: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers and proponents and opponents of projects in the Los Angeles area along the Sacramento River and tributaries, and along the San Joaquin River and tributaries.

2. Wednesday, February 9: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers, and the Director of the Bureau of Reclamation, and proponents and opponents of projects along the Kern River and tributaries in the Kern River area and along the Kings River area and tributaries in the Kings River area, and including other streams in the San Joaquin Valley.

3. Thursday, February 10: Continuation of the projects discussed on February 9.

4. Friday, February 11: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers, and proponents and opponents of projects in the upper and lower Ohio River and tributaries, including Salt River, Taylorsville, Ky., the Potomac River and tributaries, the New England region, including the Connecticut and Merrimack Rivers, and the Middle Atlantic region, including New York, Pennsylvania, and New Jersey, and the South Atlantic region, including rivers flowing into the Atlantic Ocean and Gulf of Mexico east of the Mississippi River.

5. Tuesday, February 15: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers, Gen. M. C. Tyler, president of the Mississippi River Commission and division engineer, and proponents and opponents of projects along the lower Mississippi River and tributaries, including the Red and Arkansas Rivers, Conway County, Ark., and Purgatoire (Picket Wire) River, Colo., the White, St. Francis, and Yazoo Rivers.

6. Wednesday, February 16: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers, Col. Miles Reber, former division engineer, Missouri River division, Omaha, Nebr., and proponents and opponents of projects along the Missouri River and tributaries.

7. Thursday, February 17: Continuation of the projects discussed on February 16.

8. Friday, February 18: General Reybold, General Robins, Colonel Goethals, other representatives of the Office of Chief of Engineers, and proponents and opponents of projects in other regions in the United States.

9. Tuesday, February 22: Representatives of the Department of Agriculture, the Weather Bureau, Bureau of Reclamation, and other governmental agencies.

10. Wednesday, February 23: Senators and Representatives in Congress.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1153. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Federal Security Agency, Social Security Board, amounting to $11,350,000, for the fiscal year 1944 (H. Doc. No. 398); to the Committee on Appropriations and ordered to be printed.

1154. A communication from the President of the United States, transmitting three supplemental estimates of appropriations, totaling $2,029,000, and a draft of a proposed provision affecting an existing appropriation for

the Department of Agriculture for the fiscal year 1944 (H. Doc. No. 399); to the Committee on Appropriations and ordered to be printed.

1155. A communication from the President of the United States, transmitting a proposed provision pertaining to the appropriation for the fiscal year 1945 for "Conservation and use of agricultural land resources, Department of Agriculture" (H. Doc. No. 400); to the Committee on Appropriations and ordered to be printed.

1156. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the Federal Security Agency for the fiscal year 1944 in the amount of $3,200,000 (H. Doc. No. 401); to the Committee on Appropriations and ordered to be printed.

1157. A communication from the President of the United States, transmitting a proposed provision pertaining to an appropriation for the Veterans' Administration contained in the Independent Offices Appropriation Act, 1944 (H. Doc. No. 402); to the Committee on Appropriations and ordered to be printed.

1158. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, Library of Congress, fiscal year 1945, involving an increase of $31,960, in the form of amendments to the Budget for said fiscal year (H. Doc. No. 403); to the Committee on Appropriations and ordered to be printed.

1159. A communication from the President of the United States, transmitting drafts of proposed provisions pertaining to existing appropriations for the fiscal year 1944, relative to the Selective Service System (H. Doc. No. 404); to the Committee on Appropriations and ordered to be printed.

1160. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Petroleum Administration for War (H. Doc. No. 405); to the Committee on Appropriations and ordered to be printed.

1161. A letter from the Secretary of the Navy, transmitting a report of land acquired by the Navy, with the cost thereof, as of December 31, 1943; to the Committee on Naval Affairs.

1162. A letter from the Acting Secretary of the Interior, transmitting tabulations, submitted by the Commissioner of the General Land Office, showing the withdrawals and restorations made under the act (An act to authorize the President of the United States to make withdrawals of public lands in certain cases) during the period from January 1, 1943, through December 31, 1943, and the areas embraced in the withdrawals in effect at the end of the period; to the Committee on the Public Lands.

1163. A letter from the War Food Administrator, transmitting a draft of proposed legislation to amend section 32 of Public Law 320, Seventy-fourth Congress, to provide specific authority for the operation of a school-lunch program; to the Committee on Agriculture.

1164. A letter from the Archivist of the United States, transmitting report on records proposed for disposal by various Government agencies; to the Committee on the Disposition of Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 3552. A bill to release reversionary rights of the United States to certain property in Stockton, Calif.; without amendment (Rept. No. 1081). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. DIRKSEN:

H. R. 4136. A bill to provide an emergency disability allowance for enlisted members of the land and naval forces discharged on account of disability, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. GEARHART:

H. R. 4137. A bill to require certain persons to renounce all allegiance to Japan and the Japanese Emperor; to the Committee on Immigration and Naturalization.

By Mr. LEMKE:

H. R. 4138. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MAY:

H. R. 4139. A bill to provide for further appointment to the office of General of the Armies of the United States, and for other purposes; to the Committee on Military Affairs.

By Mr. DICKSTEIN:

H. R. 4140. A bill to amend section 334 (c) of the Nationality Act of 1940, approved October 14, 1940 (54 Stat. 1156–1157; 8 U. S. C. 734); to the Committee on Immigration and Naturalization.

By Mr. ROWAN:

H. R. 4141. A bill to recognize service in the land and naval forces performed on or after September 8, 1939, but prior to December 7, 1941, as service performed during the present war; to the Committee on Invalid Pensions.

By Mr. HOLIFIELD:

M. R. 4142. A bill to facilitate the receipt of hospital treatment and domiciliary care by former members of the armed forces at institutions nearest to their places of residence; to the Committee on World War Veterans' Legislation.

H. R. 4143. A bill to provide for a United States Air Mail postal card; to the Committee on the Post Office and Post Roads.

By Mr. SASSCER:

H. Res. 429. Resolution for the relief of Mrs. Helen Young Mitchell; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States to enact appropriate legislation to prevent the discharge of all disabled persons from the armed services of the United States until full opportunity has been afforded them to present and prosecute claims for disability benefits in the Veterans' Administration and until the adjudication of such claims; to the Committee on Military Affairs.

Also, memorial of the Legislature of the Republic of Peru, memorializing the President and the Congress of the United States, expressing its great satisfaction over the heroic and fruitful victory of the allied armies in defense of human rights; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ABERNETHY:

H. R. 4144. A bill for the relief of Brig. Gen. Louis J. Fortier; to the Committee on Claims.

By Mr. JOHNSON of Indiana:

M. R. 4145. A bill granting an increase of pension to Wesley G. Walden; to the Committee on Invalid Pensions.

By Mr. LESINSKI:

H. R. 4146. A bill for the relief of Filip Nicola Lazarevich; to the Committee on Immigration and Naturalization.

By Mr. OUTLAND:

H. R. 4147. A bill for the relief of the State compensation insurance fund, State of California; to the Committee on Claims.

By Mr. SNYDER:

H. R. 4148. A bill granting an increase of pension to Elizabeth Klink; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

4716. By Mr. ANDREWS: Resolution adopted by the Sisterhood of Temple Beth El with 350 members in meeting at Buffalo, N. Y., relative to granting unrestricted immigration of Jews into Palestine; to the Committee on Foreign Affairs.

4717. Also, recommendations of the Joint Legislative Committee on Interstate Cooperation of the State of New York to the council of State governments on the subject of aviation and House bill 3420; to the Committee on Interstate and Foreign Commerce.

4718. By Mr. CLASON: Resolution of the city council of the city of Springfield, Mass., recommending the establishment of an office of the Veterans' Administration in Springfield; to the Committee on World War Veterans' Legislation.

4719. Also, resolution of the city council of the city of Springfield, Mass., favoring the passage of legislation which shall make proper provision for members of the armed forces to vote in a secret ballot free from inspection or examination by other than duly constituted election officials; to the Committee on Election of President, Vice President, and Representatives in Congress.

4720. Also, resolution of the City Council of the City of Springfield, Mass., recommending the establishment of an office of the Navy emergency relief in Springfield; to the Committee on Naval Affairs.

4721. By Mr. COCHRAN: Petition of the St. Louis Chapter, American Zionist Emergency Council, I. R. Goodman, chairman, St. Louis, Mo., urging the passage of House Resolutions 418 and 419; to the Committee on Foreign Affairs.

4722. Also, petition of Carl M. Dubinsky, Wainright Building, St. Louis, Mo., national grand master of the Progressive Order of the West, urging adoption of House Resolution 418, and House Resolution 419; to the Committee on Foreign Affairs.

4723. By Mr. FISH: Petition of 14 members of the Netherwood Baptist Church of Salt Point and Hyde Park, N. Y., urging the passage of House bill 2082, a measure to promote national efficiency and to hasten the winning of the war through the elimination of the liquor traffic; to the Committee on the Judiciary.

4724. By Mr. FITZPATRICK: Petition signed by sundry residents of the State of New York, particularly Bronx County, protesting against the enactment of any and all prohibition legislation; to the Committee on the Judiciary.

4725. Also, petition of the Joint Legislative Committee on Interstate Cooperation of the State of New York to the council of State governments on the subject of aviation and specifically House bill 3420; to the Committee on Interstate and Foreign Commerce.

4726. By Mr. GRAHAM: Petition of 50 residents of Butler County, Pa., urging the enactment of House bill 2082 which would stop the manufacture and sale of alcoholic beverages for the duration of the war and during demobilization; to the Committee on the Judiciary.

4727. By Mr. HANCOCK: Petition of the Onondaga County Taxpayers Local Option Committee, containing approximately 6,000 signatures, opposing prohibition legislation; to the Committee on the Judiciary.

4728. By Mr. HOEVEN: Petition of Rev. H. Colenbrander and 239 other citizens of Orange City, Iowa, urging enactment of House bill 2082, known as the Bryson bill; to the Committee on the Judiciary.

4729. By Mr. JONKMAN: Petition of sundry citizens of Spring Lake, Holland, Zeeland, Coopersville, Marne, Nunica, Sparta, Casnovia, and Kent City, Mich., urging passage of the Worley-Green-Lucas bill for servicemen's vote; to the Committee on Election of President, Vice President, and Representatives in Congress.

4730. By Mr. MERROW: Petition signed by 15 residents of Somersworth, N. H., urging defeat of the Austin national service bill; to the Committee on Military Affairs.

4731. By Mr. POULSON: Petition of Lulu Willott Adams and others, urging the passage of the Bryson bill, H. R. 2082, prohibiting the manufacture, sale, or transportation of alcoholic liquor in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

4732. By Mr. ROLPH: Resolution of the Pacific Hebrew Orphan Asylum and Home Society, San Francisco, Calif., relative to the abrogation of the Chamberlain White Paper and urging the establishment of a Jewish homeland in Palestine; to the Committee on Foreign Affairs.

4733. Also, resolutions of the Mountain-Pacific States Conference of Public Service Commissions, at San Francisco, urging repeal of Federal land-grant rate provisions; opposing House bill 3420 and similar bills, providing for amendments to the Civil Aeronautics Act of 1938; and opposing pending bills before Congress providing for uniform classification and uniform scales of railroad freight rates; to the Committee on Interstate and Foreign Commerce.

4734. Also resolution of the California Lodge No. 163, B'nai B'rith, San Francisco, Calif., relative to the abrogation of the Chamberlain White Paper, and urging the establishment of a Jewish homeland in Palestine; to the Committee on Foreign Affairs.

4735. By Mr. WADSWORTH: Petition of E. Koveleski of Rochester, N. Y., and others, protesting against prohibition legislation; to the Committee on the Judiciary.

4736. By Mr. WILLEY: Petition of sundry citizens of the State of Delaware, opposing House bill 2082; to the Committee on the Judiciary.

4737. Also, petition of sundry citizens of the State of Delaware, opposing any prohibition legislation; to the Committee on the Judiciary.

4738. Also, petition of sundry citizens of the State of Delaware, opposing any prohibition legislation; to the Committee on the Judiciary.

4739. Also, petition of sundry citizens of the State of Delaware, opposing any prohibition legislation; to the Committee on the Judiciary.

4740. By Mr. BRYSON: Petition of Carl Asmus and 100 citizens of Salem, Ohio, urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4741. Also, petition of Maye Heanena and 85 citizens of Patoka, Ill., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4742. Also, petition of Lizzie M. Stump and 210 citizens of Yoe, Pa., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4743. Also, petition of Ruth N. Cole and 105 citizens of Batavia, N. Y., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4744. Also, petition of Ruth Sharron and 101 citizens of Evans City, Pa., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4745. Also, petition of Mrs. George Saufferer and 234 citizens of Faribault, Minn., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4746. Also, petition of H. B. Battis and 115 citizens of Wilmington, Del., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4747. Also, petition of Irene Cronkhite and 411 citizens of Owosso, Mich., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4748. Also, petition of Charlotta Randall and 150 citizens of Oakdale, Calif., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4749. Also, petition of Rev. John F. Woollett and 168 citizens of Dinuba, Calif., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4750. Also, petition of Mrs. Neva Gibson and 278 citizens of Norristown, Pa., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4751. Also, petition of Esther I. Foley and 128 citizens of Rockledge, Pa., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4752. Also, petition of George L. Rote and 370 citizens of Philadelphia, Pa., urging enactment of House bill 2082, a measure to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on the Judiciary.

4753. By the SPEAKER: Petition of the chairman, the College of Social Workers, Puerto Rico, petitioning consideration of their resolution with reference to expressing their satisfaction for the efforts that are being made to amend the present Organic Act of Puerto Rico; to the Committee on Insular Affairs.

4754. Also, petition of the assistant city clerk, City of Minneapolis, Minn., petitioning consideration of their resolution with reference to permitting members of our armed forces, both in the United States and overseas, to vote; to the Committee on Election of President, Vice President, and Representatives in Congress.

SENATE

TUESDAY, FEBRUARY 8, 1944

(Legislative day of Monday, February 7, 1944)

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

Bishop Edwin F. Lee, of the Methodist Church, Singapore-Manila area, offered the following prayer:

Almighty God our Heavenly Father, we approach Thee reverently today, first to express our gratitude for Thy bountiful care in the provision for our needs day by day. In humility we plead for forgiveness for sin, and pray for the spiritual uplift which may make possible the turning away from low-flying hours to complete moral victory as individuals and, we dare to hope, as a Nation. We remember that only righteousness exalteth a nation.

Fervently we pray for the President of the United States and for all who direct the great departments of our Government. Especially do we pray for the Members of the United States Senate and for all who carry legislative responsibility. In these crucial days of national and world responsibility, may balance of judgment, that is divinely inspired, be brought to bear upon all decisions.

As we envision a rehabilitated world, following the early victory of our Allied Nations, who will restrain aggressors