Representatives who handle money shall be bonded; to the Committee on House Administration.

H. R. 2778. A bill to provide for the periodic auditing by the Comptroller General of the accounts of the Sergeant at Arms of the House of Representatives; to the Committee on Expenditures in the Executive Departments.

By Mr. ROSS:

H. R. 2779. A bill to provide loans to veterans attending school under the provisions of section VIII of Veterans' Regulation 1 (a); to the Committee on Veterans' Affairs.

By Mr. WOLCOTT:

H. R. 2780. A bill to amend section 502 (a) of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes"; to the Committee on Banking and Currency.

By Mr. TABER:

H. J. Res. 159. Joint resolution making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; to the Committee on Appropriations.

By Mr. BLATNIK:

H. J. Res. 160. Joint resolution initiating a request by the United States for an emergency meeting of the General Assembly of the United Nations to consider, investigate, and take appropriate action looking toward the resolution of, those situations in the Near East and Middle East areas which are endangering the peace; to the Committee on Foreign Affairs.

By Mr. VAN ZANDT:

H. Con. Res. 38. Concurrent resolution requesting the President to invite General MacArthur to visit the United States; to the Committee on Rules.

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 Utah, memorializing the President and the Congress of the United States urging the use of certain land and the transfer of certain buildings at the Tooele Ordnance Depot at Tooele, Utah, to the State department of public welfare; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BATTLE:

H. R. 2781. A bill for the relief of the Alabama Flake Graphite Co., a corporation; to the Committee on the Judiciary.

By Mr. BOGGS of Louisiana:

H. R. 2782. A bill for the relief of Charles C. Armbruster, Sr.; to the Committee on the Judiciary.

By Mr. GOFF:

H. R. 2783. A bill for the relief of Joseph MacGuffie and Eugene Rohrer; to the Committee on the Judiciary.

By Mr. JAVITS:

H. R. 2784. A bill for the relief of William H. Fagerstrom; to the Committee on the Judiciary.

By Mr. JENNINGS:

H. R. 2785. A bill for the relief of the New Amsterdam Casualty Co.; to the Committee on the Judiciary.

By Mr. MICHENER:

H. R. 2786. A bill for the relief of Carl W. Sundstrum; to the Committee on the Judiciary.

By Mr. McMILLAN of South Carolina:

H. R. 2787. A bill for the relief of Mrs. G. Wilden Eaddy; to the Committee on the Judiciary.

By Mr. POWELL:

H. R. 2788. A bill for the relief of Philip Sumampow; to the Committee on the Judiciary.

By Mr. SUNDSTROM (by request):

H. R. 2789. A bill for the relief of Vito Antonio Piccinnino; to the Committee on the Judiciary.

PETITIONS, ETC.

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

250. By Mr. CHURCH: Petition of Fred Brown Whitney, of Waukegan, Ill., with reference to nonintervention in Greece, and other matters; to the Committee on Foreign Affairs.

251. By Mr. LARCADE: Petition of Mrs. N. J. Amy, president, and members of the Eunice, La., WCTU, requesting passage of Senate bill 265; to the Committee on Interstate and Foreign Commerce.

252. By Mr. GRIFFITHS: Petition of the Lions Club, the Progress Club, and the Business and Professional Women's Club, of the village of Roseville, Ohio, for appropriations to complete the Roseville flood-control project; to the Committee on Appropriations.

253. By Mrs. ROGERS of Massachusetts: Petition of 136 citizens of Lowell, Mass., asking for immediate passage of House Concurrent Resolution 4; to the Committee on Foreign Affairs.

254. Also, petition of city of Lowell, Mass., in favor of continuance of rent control; to the Committee on Banking and Currency.

255. By the SPEAKER: Petition of the board of supervisors of the city and county of Honolulu, petitioning consideration of their resolution with reference to endorsement of House bill 857; to the Committee on the Judiciary.

256. Also, petition of Doroteo G. Soriano, petitioning consideration of his resolution with reference to arrears in pay and additional benefits; to the Committee on Veterans' Affairs.

SENATE

WEDNESDAY, MARCH 26, 1947

(Legislative day of Monday, March 24, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

In the name of Jesus Christ, who was never in a hurry, we pray, O God, that Thou wilt slow us down, for we know that we live too fast. If we are to burn ourselves out, may it be in causes worth dying for. With all of eternity before us, make us take time to live—time to get acquainted with Thee, time to enjoy Thy blessings, and time to know each other. Deliver us from wasting time and teach us how to use it wisely and well.

We ask these things in the lovely name of Jesus. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the legislative proceedings of Tuesday, March 25, 1947, 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.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2157) to define and limit the jurisdiction of the courts, to regulate actions arising under certain laws of the United States, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MICHENER, Mr. GWYNNE of Iowa, Mr. GOODWIN, Mr. CELLER, and Mr. WALTER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 1344. An act to admit the American-owned ferry *Crosline* to American registry and to permit its use in coastwise trade;

H. R. 2700. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies for the fiscal year ending June 30, 1948, and for other purposes; and

H. J. Res. 159. Joint resolution making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

ENROLLED JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled joint resolutions, and they were signed by the President pro tempore:

S. J. Res. 27. Joint resolution amending the Settlement of Mexican Claims Act of 1942 to provide for the consideration of any claim decided by the General Claims Commission in which the United States filed a petition for rehearing;

H. J. Res. 118. Joint resolution to strengthen the common defense by maintaining an adequate domestic rubber-producing industry; and

H. J. Res. 154. Joint resolution making an appropriation for expenses incident to the control and eradication of foot-and-mouth disease and rinderpest.

LEAVE OF ABSENCE

Mr. BALDWIN. Mr. President, I ask unanimous consent to be absent from the Senate this afternoon to fulfill a commitment which I made long before I undertook my duties here.

The PRESIDENT pro tempore. Without objection, leave is granted.

MEETING OF SUBCOMMITTEE OF COMMITTEE ON BANKING AND CURRENCY

Mr. BUCK. Mr. President, I ask unanimous consent that the Subcommittee on Housing and Rents of the Committee on Banking and Currency may meet this afternoon at 2 o'clock.

The PRESIDENT pro tempore. Without objection, the order is made.

CALL OF THE ROLL

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The PRESIDENT pro tempore. The Senator from Michigan [Mr. FERGUSON] has the floor. Does he yield for that purpose?

Mr. FERGUSON. I yield for that purpose.

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

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

Aiken	Hatch	O'Conor
Baldwin	Hawkes	O'Daniel
Ball	Hayden	O'Mahoney
Barkley	Hickenlooper	Overton
Brewster	Hill	Pepper
Bridges	Hoey	Reed
Brooks	Holland	Ravercomb
Buck	Ives	Robertson, Va.
Bushfield	Johnson, Colo.	Russell
Butler	Johnston, S. C.	Saltonstall
Byrd	Kem	Smith
Cain	Knowland	Sparkman
Capehart	Langer	Stewart
Capper	Lodge	Taft
Chavez	Lucas	Taylor
Connally	McCarran	Thomas, Okla.
Cooper	McCarthy	Thomas, Utah
Cordon	McClellan	Thye
Donnell	McFarland	Tobey
Downey	McGrath	Umstead
Dworshak	McKellar	Vandenberg
Eastland	McMahon	Watkins
Ecton	Magnuson	Wherry
Ellender	Malone	White
Ferguson	Martin	Wiley
Flanders	Maybank	Williams
Fulbright	Millikin	Wilson
George	Moore	Young
Green	Murray	
Gurney	Myers	

Mr. WHERRY. I announce that the Senator from Ohio [Mr. BRICKER] and the Senator from Oregon [Mr. MORSE] are absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER] and the Senator from Wyoming [Mr. ROBERTSON] are absent because of illness.

Mr. LUCAS. I announce that the Senator from West Virginia [Mr. KILGORE] is absent on public business.

The Senator from Maryland [Mr. TYDINGS] and the Senator from New York [Mr. WAGNER] are necessarily absent.

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

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

INTERNATIONAL BROADCASTING FOUNDATION—REFERENCE OF PROPOSED LETTER AND BILL

The PRESIDENT pro tempore. The Chair has received from the State Department a communication transmitting a draft of a bill to promote development of international radio broadcasting, to create an international broadcasting foundation, and for other purposes.

This is one of those situations, under the language of the Legislative Reorganization Act of 1946, where a choice of committee references is clearly possible within the mandate of the reorganization law; but it seems in this instance the reference could be either to the Committee on Foreign Relations or to the Committee on Interstate and Foreign Commerce. Inasmuch as the bill has to do primarily with the creation of a domestic corporation dealing with the subject of radio broadcasting internationally, it seems to the Chair that the radio phase overrides whatever the international character of broadcasting involves. Therefore, without objection, and unless there is an appeal to the contrary, the Chair will refer this communication and proposed legislation to the Committee on Interstate and Foreign Commerce.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAME

A letter from the Attorney General, withdrawing the name of Francisco Mora y Bovis from a report relating to aliens whose deportation he suspended more than 6 months ago, transmitted by him to the Senate on March 15, 1947; to the Committee on the Judiciary.

AUDIT REPORT OF FEDERAL CROP INSURANCE CORPORATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the audit of the Federal Crop Insurance Corporation for the fiscal year ended June 30, 1945 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

AMENDMENT OF CLASSIFICATION ACT OF 1923

A letter from the President of the United States Civil Service Commission, transmitting a draft of proposed legislation to further amend the Classification Act of 1923, as amended; to bring about uniformity and coordination in the allocation of field and departmental positions under the grades of the Classification Act of 1923, as amended; and for other purposes (with an accompanying paper); to the Committee on Civil Service.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Appropriations:

"Senate Joint Resolution 2

"Joint resolution relative to congressional support for flood-control projects

"Whereas the total flood-control needs in California as expressed in terms of current costs of projects authorized but for which funds have not been appropriated by Congress amounts to $555,000,000; and

"Whereas the allotment to California for the 1948 fiscal year for such projects recommended in the President's budget is only $5,000,000; and

"Whereas the economic justification of the immediate construction of the more vital flood-control projects in California is demonstrated by the fact that there would be an estimated annual flood-control benefit of $23,274,000 and the total reported flood damage for the 1937–38 winter season alone for the entire State was in excess of $100,000,000; and

"Whereas the President's recommended budget appropriation of $5,000,000 by the United States toward the total estimated cost of the authorized flood-control projects indicates that vital flood-control works necessary for the development of the State of California in the protection of lives and property will, under the contemplated rate of appropriation, be long deferred and will seriously interfere with the development of this State as required for its future progress and assimilation of rapidly increasing population, because of the yearly threat of flood damage; and

"Whereas all authorized flood-control projects for California will cost approximately 25 percent of all authorized projects for the United States and the portion of the President's budget of $189,000,000 for flood control to be allocated to California amounts to less than 3 percent thereof; and

"Whereas the State water resources board is supporting for 1948 Federal appropriation an amount less than California's proportionate need based on authorized projects; and

"Whereas the President's budget provides principally for the continuance of flood-control projects already commenced and not for commencement of authorized projects; and

"Whereas if this basis for appropriation is established and continued by the Congress it will mean that because money has not been appropriated in the past for projects in California, money will not hereafter be appriated therefor: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the governor and State water resources board are requested and directed to vigorously present to the Congress the need of California for additional 1948 Federal appropriations for authorized flood-control projects; and be it further

"*Resolved*, That the governor and State water resources board are requested to vigorously present to the Congress the need for those purely flood-control projects in California which have been heretofore authorized but for which no moneys have yet been appropriated for construction; and be it further

"*Resolved*, That the Congress of the United States be memorialized to enact legislation and make appropriations as above indicated; and be it further

"*Resolved*, That the legislature pledge its full support to the State water resources board in taking action as above requested and directed; and be it further

"*Resolved*, That the secretary of the senate forthwith transmit copies of this resolution to the governor, each member of the State water resources board, the State engineer, the President of the United States, the President pro tempore of the Senate and the Speaker of the House of Representatives and each Senator and Representative from California in the Congress of the United States and each member of the Appropriations Committee of the Senate and House of Representatives of the Congress of the United States."

A letter in the nature of a petition from Rafael Arjona Siaca, senator at large, Senate of Puerto Rico, relating to the political conditions in Puerto Rico; to the Committee on Public Lands.

A resolution of the Board of Supervisors of the City and County of Honolulu, T. H., favoring the enactment of the bill (H. R. 857) to remove the racial restrictions upon naturalization and to amend the immigration laws; to the Committee on the Judiciary.

By Mr. IVES:

A resolution of the Legislature of the State of New York, favoring the enactment of legislation to authorize the Veterans' Administration to acquire the St. Albans Naval Hospital to provide adjudication service, outpatient service, examinations, rehabilitation service, and as an orthopedic section; to the Committee on Armed Services.

(See resolution printed in full when laid before the Senate by the Acting President pro tempore on March 24, 1947, p. 2425, CONGRESSIONAL RECORD.)

A joint resolution of the Legislature of the State of New York; to the Committee on Finance:

"Senate Resolution 11

"Whereas the borough and county of Queens, State of New York, is larger in population than many of the States in the United States; and

"Whereas Queens does not possess adequate United States veterans' facilities for hospi-

talization of wounded and disabled veterans; and

"Whereas a large number of men formerly in the armed forces, who now require hospital, medical, or surgical treatment, came from localities in or contiguous to Queens and must travel great distances to receive proper attention: Now, therefore, be it

"Resolved (if the assembly concur), That the Senate and Assembly of the State of New York do memorialize Congress to establish a veterans' hospital and maintain suitable facilities for the hospitalization of such veterans in the borough of Queens, city of New York and State of New York; and be it further

"Resolved, That copies of this resolution be sent to the President of the United States, the Speaker of the House of Representatives, each member of Congress from the State of New York, and to the Administrator of the United States Veterans' Administration."

By Mr. WATKINS:

A joint memorial of the Legislature of the State of Utah, favoring the transfer of certain land and buildings on the military reservation of Fort Douglas, Utah, to the Federal Administrator of the Veterans' Administration; to the Committee on Armed Services.

(See joint memorial printed in full when laid before the Senate by the President pro tempore on March 25, 1947, p. 2522, CONGRESSIONAL RECORD.)

A memorial of the Legislature of the State of Utah; to the Committee on Armed Services:

"Senate Concurrent Memorial 4

"Concurrent memorial to the Military Affairs Committees of the Congress of the United States of America and to the Secretary of War, urging the use of certain lands and the transfer of certain buildings at the Tooele Ordnance Depot at Tooele, Utah, to the State department of public welfare

"Be it resolved by the Legislature of the State of Utah:

"Whereas the State of Utah, through the public welfare commission, in cooperation with the commanding officer of the Tooele Ordnance Depot, did establish at said depot on August 1, 1946, the Tod Training Center, a center for the education, training, treatment, and employment of boys between the ages of 16 and 21 years, who because of their problems must be removed from their natural homes; and

"Whereas the said program has been of great value in adjusting said boys to life and preparing them for useful citizenship; and

"Whereas the commanding officer of the Tooele Ordnance Depot has advised the State of Utah that the Tod Training Center must cease operation on or about April 15, 1947, because of lack of employment opportunities for said boys; and

"Whereas buildings, facilities, and equipment will be necessary if such substitute program is developed; and

"Whereas it appears that the Tooele Ordnance Depot will have no use for the buildings, facilities, and equipment now used by the Tod Training Center: Be it therefore

"Resolved by the Twenty-seventh Legislature of the State of Utah in session assembled, That necessary action be taken immediately to transfer from the jurisdiction and custody of the Tooele Ordnance Depot to the State department of public welfare the title to all buildings, facilities, and equipment now occupied and used by the Tod Training Center, together with the use of the land upon which such buildings are situated; be it further

"Resolved, That the secretary of the State of Utah forward copies of this memorial to the congressional delegation from the State of Utah, the President of the United States Senate, the Speaker of the United States House of Representatives, members of the Military Affairs Committees of the United States Congress, to the Secretary of War, and to the commanding officer of the Tooele Ordnance Depot."

(The PRESIDENT pro tempore laid before the Senate a memorial of the Legislature of the State of Utah identical with the foregoing, which was referred to the Committee on Armed Services.)

By Mr. CAPPER:

A petition of sundry citizens of Salina, Kans., praying for the enactment of Senate bill 265, to prohibit the transportation of alcoholic beverage advertising in interstate commerce; to the Committee on Interstate and Foreign Commerce.

PROTEST AGAINST INCREASE IN TAX RATES IN THE DISTRICT OF COLUMBIA

Mr. CAPPER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution adopted by the Graphic Arts Association of Washington, D. C., expressing their opposition to an increase in tax rates for the District of Columbia until the Federal Government contributes a fair amount of the cost of maintaining the District of Columbia.

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

Resolution opposing sales tax

Whereas the Federal Government has for many years failed to pay a fair proportion of the cost of operating the District of Columbia Government; and

Whereas the Congress of the United States has seen fit to declare large real-estate holdings in the District of Columbia tax exempt; and

Whereas the Congress of the United States has seen fit to exempt thousands of persons enjoying the benefits derived from residing in the District of Columbia from the payment of District of Columbia income taxes; and

Whereas the Federal Government, the owners of tax-exempt real estate, and the local residents exempt from the payment of District of Columbia income taxes enjoy and use all of the facilities and services offered by the District of Columbia, to the same extent as the individual District of Columbia citizen and taxpayer: Be it

Resolved, That this association condemns and opposes the enactment of a sales tax or any other new tax laws or the increase in the rates of any taxes now in effect until and unless the Congress of the United States provides that the Federal Government contribute a fair amount to the cost of maintaining the District of Columbia and until the Congress of the United States removes from the present status the real estate and incomes of those landowners and individuals now exempt from tax action.

Dated at Washington, D. C., this 17th day of March 1947.

GRAPHIC ARTS ASSOCIATION OF WASHINGTON, D. C., INC.,
ELMER M. PUSEY, *President*.

Attest:

C. E. SUMMERS,
Recording Secretary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GURNEY, from the Committee on Armed Services:

H. R. 1943. A bill to establish a permanent Nurse Corps of the Army and the Navy and to establish a Women's Medical Specialist Corps in the Army; without amendment (Rept. No. 77).

By Mr. SMITH, from the Committee on Labor and Public Welfare:

S. 526. A bill to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes; with amendments (Rept. No. 78).

Mr. SMITH. Mr. President, in connection with the report submitted by me from the Committee on Labor and Public Welfare of a bill to establish a National Science Foundation, I desire to say that I submit it in collaboration with the distinguished Senator from Utah [Mr. THOMAS], who joined with me in combining two bills which were introduced, in order that there might be one bill unanimously reported by the committee.

REPORT OF COMMITTEE ON CIVIL SERVICE

Mr. LANGER. Mr. President, from the Committee on Civil Service, I ask unanimous consent to report favorably without amendment the bill (S. 715) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for investigatory personnel of the Federal Bureau of Investigation who have rendered at least 20 years of service, and I submit a report (No. 76) thereon. The bill provides for the retirement of the employees of the FBI, and it is a unanimous report of that committee. I request that a letter from J. Edgar Hoover be printed as a part of the report.

The PRESIDENT pro tempore. Without objection, the report will be received, and the bill will be placed on the calendar, and, without objection, the letter will be printed as a part of the report as requested by the Senator from North Dakota.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, March 26, 1947, he presented to the President of the United States the enrolled joint resolution (S. J. Res. 27) amending the Settlement of Mexican Claims Act of 1942 to provide for the consideration of any claim decided by the General Claims Commission in which the United States filed a petition for rehearing.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore 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.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. TAFT, from the Committee on Labor and Public Welfare:

Francis A. O'Neill, Jr., of New York, to be a member of the National Mediation Board for the term expiring February 1, 1950; and

Carl E. Schwob, and several other candidates for appointment in the Regular Corps of the Public Health Service.

By Mr. GURNEY, from the Committee on Armed Services:

Col. Charles Joseph Barrett (lieutenant colonel, Field Artillery), Army of the United States, to be professor of modern languages at the United States Military Academy, with rank from date of appointment; and Col. John Will Coffey (lieutenant colonel, Ordnance Department), Army of the United States, to be professor of ordnance at the United States Military Academy, with rank from date of appointment;

Lt. Gen. Lucius DuBignon Clay (brigadier general, U. S. Army) to be general, Army of the United States, and Maj. Gen. Clarence Ralph Huebner (brigadier general, U. S. Army) to be lieutenant general, Army of the United States;

Maj. Harold Rathbun Turner and sundry other officers for promotion in the Regular Army of the United States;

Lt. Col. Charles Dayton Carle and sundry other officers for appointment, by transfer, in the Regular Army of the United States;

Admiral Jonas H. Ingram, United States Navy, to be placed on the retired list with the rank of admiral;

Roscoe F. Good, Jr., to be a second lieutenant in the United States Marine Corps from the 6th day of June 1947, and John J. Bozek to be a second lieutenant in the United States Marine Corps to correct his given name, James J. Bozek, as previously nominated and confirmed;

Eugene J. Ambrosio and sundry other officers to be second lieutenants in the Regular Marine Corps;

Arthur H. Ashton and sundry other officers for appointment in the line of the Navy; and

Harold B. Goodwin and sundry other officers for appointment in the Navy.

BILLS INTRODUCED

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

By Mr. WILEY:

S. 981. A bill for the relief of Carl W. Sundstrom to the Committee on the Judiciary.

By Mr. FLANDERS:

S. 982. A bill to provide seniority benefits for certain officers and members of the Metropolitan Police force and of the Fire Department of the District of Columbia who are veterans of World War II and lost opportunity for promotion by reason of their service in the armed forces of the United States; to the Committee on the District of Columbia.

By Mr. ECTON:

S. 983. A bill to authorize the Secretary of the Interior to sell certain lands in the State of Montana to Robert J. O'Connor; to the Committee on Public Lands.

EXTENSION OF SUGAR CONTROLS—AMENDMENTS

Mr. ELLENDER submitted an amendment in the nature of a substitute intended to be proposed by him to the Joint Resolution 58, to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. WHERRY submitted two amendments intended to be proposed by him to the joint resolution (S. J. Res. 58) to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar and for other purposes, which were ordered to lie on the table and to be printed.

JOINT COMMITTEE TO STUDY FARM LEGISLATION

Mr. THYE. Mr. President, on behalf of myself and my friends and colleagues, the senior Senator from Vermont [Mr. AIKEN] and the junior Senator from North Dakota [Mr. YOUNG], I ask unanimous consent to submit for appropriate reference a concurrent resolution. I shall state very briefly, by way of a prepared statement, the reason for submitting the resolution at this time.

In submitting the concurrent resolution providing for the re-creation of a joint committee of the Senate and House to study policies relating to agriculture and to recommend supporting legislation that will promote the stability of this great industry and enable it to go forward and assure a high level of production in the postwar years, I wish to draw attention to three important considerations:

First. The economic structure and well-being of the United States rests to such a great extent upon agriculture that this basic industry must be prosperous if the Nation as a whole is to prosper.

Second. Price supports under the Steagall amendment, which are a vital part of the present farm program, will end in less than 2 years, so that consideration of legislation to stabilize farm prices will be imperative.

Third. We must plan now to avoid the hardships and losses which the farming segment of our population experienced in a similar period immediately after World War I.

It is doubtful that any emergency legislation is needed to safeguard farm prosperity during the present levels of prices, production, and world food needs. However, when the parity price payments end on December 31, 1948, if we shall have failed to provide for the transition, through a sound farm program, it is certain that a crisis in agriculture will occur. It could result in serious damage to the agricultural economy before emergency legislation could be enacted.

I want the Congress to be fully aware of the needs of agriculture in this period. I am not worried about the specific method of arriving at the desired result. If we make a study of conditions now, I believe that such a joint committee of the Senate and House, as proposed, would suggest especially constructive means of determining what legislation is needed and would, at the same time, help to coordinate the legislative program for agriculture along desirable lines.

I do not regard this as a partisan proposal in any sense. In submitting the concurrent resolution I welcome the interest and support of my friends on the Democratic side who are as deeply concerned as I am in developing a sound and stable agricultural program.

Basically, what is proposed is a careful study of legislation to be considered in the next session of Congress, and a research into the agricultural economy to determine long-term needs. The latter is already in progress under the constructive provisions of the Research and Marketing Act of 1946. The work of the joint committee would supplement the research program with special emphasis on what needs to be done in the next year.

Mr. President, we dare not run the risk of permitting a recurrence of disastrous prices for agricultural products, as they were in the early thirties. We must not and we cannot afford to fail in planning an effective and coordinated program, for failure might lead again to such conditions as prevailed in 1932 when mortgage foreclosures increased to shocking totals and thousands of farm families lost their life's savings and thousands more became homeless because of the foreclosures.

Such adverse conditions in the next few years would lay an especially heavy burden upon young people, many of them veterans, who are only now, after long delay, establishing themselves in business and farm management They have assumed and are assuming heavy personal financial obligations, to say nothing of their share of the staggering national debt and the burden of taxation they will have to shoulder. Thoughtful planning and action by this Congress would bolster the hopes and opportunities of many young Americans who are seeking to find a satisfying livelihood in farming.

It is with these major considerations in mind, Mr. President, that I submit the concurrent resolution providing for the establishment of a joint congressional committee. From such a committee I am confident would come recommendations for legislation to provide, in ample time, a well-balanced and adequate plan for agriculture in this new period of transition through which we are passing.

There being no objection, the concurrent resolution (S. Con. Res. 11) submitted by Mr. THYE (for himself, Mr. AIKEN, and Mr. YOUNG) was received and referred to the Committee on Agriculture and Forestry, as follows:

Resolved by the Senate (the House of Representatives concurring), That there is hereby established a joint congressional committee to be composed of five members who are members of the Committee on Agriculture and Forestry of the Senate, to be appointed by the President pro tempore of the Senate, and five members who are members of the Committee on Agriculture of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee shall select a chairman and a vice chairman from among its members. A vacancy in the membership of the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as in the case of the original appointment.

SEC. 2. The committee shall make a thorough study and investigation of existing and pending agricultural legislation and of the trends, needs, and problems of agriculture in the United States, including, but not limited to—

(a) the effect of the expiration on December 31, 1948, of the period specified in section 8 (a) of the Stabilization Act of 1942, as amended (56 Stat. 767), and section 4 of the act entitled "An act to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes," approved July 1, 1941, as amended (55 Stat. 498), relating to price support for basic and nonbasic agricultural commodities, and the advisability of additional legislation on account of such expiration;

(b) methods of conserving the Nation's soil and forest resources, and encouraging the better use of land and more efficient cutting of timber;

(c) improvement of methods of production, marketing, and distribution of agricultural commodities to the end that present high levels of production may be maintained

and expanded and agriculture may assume its basic position in the national economy; and

(d) such other problems and subjects in the field of agriculture as the committee deems appropriate.

SEC. 3. The committee shall confer and consult with responsible leaders and experts in Agriculture, shall complete its study and investigation as expeditiously as possible, and shall forthwith thereafter (but not later than January 1, 1948) report to the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives the results thereof, recommending such legislation as may be necessary to assure and speed the transition from a wartime, to a sound, stable, and continuing prosperous, peacetime agricultural economy.

SEC. 4. For the purposes of this concurrent resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eightieth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed $10,000, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives, upon vouchers approved by the chairman of the committee.

EXTENSION OF TIME FOR REPORTS BY FORMER COMMITTEE ON PUBLIC LANDS AND SURVEYS

Mr. BUTLER submitted the following resolution (S. Res. 97), which was referred to the Committee on Public Lands:

Resolved, That the authority granted to the Committee on Public Lands and Surveys under Senate Resolution 315, Seventy-ninth Congress, agreed to July 30, 1946, relating to studies and investigations of matters referred to such committee, as heretofore extended, is hereby further extended to May 31, 1947, for the purpose of allowing additional time in which to make a report to the Congress.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred, as indicated:

H. R. 1344. An act to admit the American-owned ferry *Crosline* to American registry and to permit its use in coastwise trade; to the Committee on Interstate and Foreign Commerce.

H. R. 2700. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1948, and for other purposes; and

H. J. Res. 159. Joint resolution making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; to the Committee on Appropriations.

THE STEAMSHIP "MARTIN BEHRMAN"

Mr. WILEY. Mr. President, this morning's New York Times contains an advertisement regarding the steamship *Martin Behrman*. I ask that this advertisement, with its statement by the president of the Isbrandtsen Co., be reprinted in the RECORD at this point.

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

STEAMSHIP "MARTIN BEHRMAN," AN AMERICAN SHIP

This vessel, which has figured a great deal in the news lately, is owned by the United States Government and under charter to our concern. We are an American company, entirely American owned. We buy commodities in foreign countries, essential to our economy and sell American goods abroad.

We own and operate American vessels on regular trade routes and otherwise. We are inclined to be independent, and we follow the American way whenever possible.

On January 28, 1947, representatives of our firm concluded arrangements with responsible Indonesian interests and with Dutch Government authorities in Washington, and with full knowledge of our State Department, to have the *Martin Behrman* call at Cheribon, Java, a port controlled by the Indonesians to load a cargo of cinchona, sugar, rubber, and other scarce products on consignment to our firm. Under present regulations these goods would be disposed of to United States Government agencies, much interested in receiving them. In fact, President Truman has within the last few days asked for an extension of war powers in order to accumulate further materials of this character.

Simultaneously with the *Martin Behrman's* arrival in Cheribon, the Dutch authorities changed the rules by issuing various decrees and applying same to the *Martin Behrman*, contrary to prior assurances given us in writing. These decrees virtually established a blockade of all Indonesian controlled ports, thus stopping the flow of produce from Indonesia to the outside world.

After loading her cargo, the *Martin Behrman* was forcibly taken by the Dutch to Batavia, a Dutch-controlled port, purportedly for inspection, but actually for the purpose of unloading and seizing her cargo. According to news dispatches, our State Department protested this action, but at this writing the process of unloading is still going on.

Capt. Rudy Gray of the vessel and his men have resisted, as they naturally would, such high-handed action. They have been confronted with Japanese war prisoners rummaging through their ship and have met the humiliations offered them as best they could.

After weeks of delay and after much moral pressure being brought by public opinion, both here and out there, it has been suggested by the Dutch Government that they will supply the *Martin Behrman* with another cargo and compensate us for delay of the vessel, etc. That proposition would require us, as consignors, to abandon the interests of the original shippers with whom we made our agreements and to join forces with the people who have despoiled them. This may be good diplomacy, but it is not the American way of doing business. This will not be the first time where we might be involved in financial loss, because we find it hard to throw off the habits of a lifetime of fair dealing.

We can speak about our foreign trade and our merchant marine as much as we like. But unless we keep freedom of access to ports and freedom of trade we might as well stay home, both in peace and war.

If it was worth while for our young people to be sent out to maintain the open door, the old John Hay policy, we should not now return so soon to Old World subtle and legalistic diplomacy, which up to this time has chiefly involved us in wars, loss of life, and high taxes.

When we don't follow elemental simple rules, we do not keep faith.

HANS JEPPESEN ISBRANDTSEN,
President, Isbrandtsen Co., Inc.,
New York, N. Y.

SALES TAX ON LIQUOR ADVERTISING—STATEMENT BY DR. CLINTON N. HOWARD

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a statement by Dr. Clinton N. Howard favoring a sales tax on liquor advertising, which appears in the Appendix.]

TESTIMONY OF FRANKLIN D. ROOSEVELT, JR., ON HOUSING LEGISLATION

[Mr. SPARKMAN asked and obtained leave to have printed in the RECORD a statement relative to certain housing bills, made by Franklin D. Roosevelt, Jr., on behalf of the American Veterans' Committee before the Committee on Banking and Currency, which appears in the Appendix.]

CHANGES IN CLOTURE RULE

[Mr. KNOWLAND asked and obtained leave to have printed in the RECORD editorials from the Denver Post, the St. Louis Star-Times, the El Paso Times, the Virginian-Pilot (Norfolk, Va.), and the Citizen (Asheville N. C.), commenting on the desirability of a change in the cloture rule, which appear in the Appendix.]

INTERVENTION IN GREECE

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an article entitled "Fortnightly Commentary of the Value Line Investment Survey—Intervention in Greece," published in the New York Times, Sunday, March 23, 1947, which appears in the Appendix.]

EUROPEAN VOTING STATISTICS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a table entitled "Europe—Voting Statistics," dated March 12, 1947, which appears in the Appendix.]

OUR EXPANDING OIL INTERESTS—ARTICLE BY MALCOLM HOBBS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an article entitled "Our Expanding Oil Interests," written by Malcolm Hobbs and published by the Overseas News Agency, Inc., March 20, 1947, which appears in the Appendix.]

NOMINATION OF DAVID E. LILIENTHAL

Mr. FERGUSON. Mr. President——

The PRESIDENT pro tempore. Let the Chair state the parliamentary situation. The Senate is in legislative session, and the question is on agreeing to the first committee amendment to the Senate Joint Resolution 58 to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes.

The Senator from Michigan has the floor.

Mr. FERGUSON. Mr. President, yesterday I obtained the floor to speak upon the matter which was then under consideration in executive session, and I wish to speak upon that subject today.

I have sought long and earnestly to settle in my own mind the issues which are involved in the nomination of Mr. Lilienthal to be Chairman of the Atomic Energy Commission. I reviewed as carefully as time would permit the testimony produced in the hearings held by the Senate section of the Joint Atomic Energy Commission. I dipped back into certain testimony and reports on the TVA under Mr. Lilienthal's directorship. Wherever they were obtainable I read

Mr. Lilienthal's writings and public addresses. I made this personal investigation with an open mind, knowing that when this nomination came before the Senate I would have to stand and be counted, upon my own judgment and responsibility.

Today, the United States is farthest in advance of other nations in knowledge of the theory of atomic energy. Of equal importance is the further fact that we have the capacity to make practical application of this strange and terrible power. We gained that knowledge at great financial cost and under the bloody stimulus of war.

We possess this great force at a time in world history, as the President recently said, when "nearly every nation must choose between alternative ways of life." He referred to the great struggle going on all over the world between a way of life based upon individual liberty, free institutions, and the will of the majority, but with respect for minorities, and an opposing way of life founded upon oppression and upon the coercion of the majority by a ruthless minority. At bottom this is the age-old struggle between freedom and slavery, between democracy and totalitarianism, which has appeared over and over again in the course of civilization.

In this conflict the use or misuse of atomic energy is of crucial significance because of the range of its terrible destructive power. As a war weapon ruthlessly applied it can tip the balance in this struggle between freedom and slavery. Although the United States alone possesses the full power to use atomic weapons, it is practicing remarkable self-restraint by its willingness to devote the discovery to the benefit of all mankind. America asks only that there be proper safeguards against the destructive use of atomic energy by those who learn the secret at our expense and by our voluntary disclosure. We do not wish our generosity to become the instrument of our own destruction or the means by which others may enslave mankind.

National suicide and the enslavement of mankind can readily follow any disclosure of the practical use of atomic energy if time and proper safeguards are not used to prevent such tragic consequences. Other nations will require time to equip themselves with this destructive power; they cannot use it now because they do not have the equipment or the knowledge of how to use it. Eventually they will gain the knowledge and capacity, but if we wisely use the intervening time to build procedures capable of protecting mankind we may save rather than destroy civilization.

We cannot bottle up the development of atomic energy and put it on ice until the world is ready to use it safely. We have to continue with the development. Other nations will do the same in all the frenzied haste of which they are capable. Some nations may even be spurred to greater efforts by the diabolical dream of world domination which atomic weapons conjure in the mind. In any case we know that development will continue here and elsewhere throughout the world.

To do this in an orderly, safe fashion we have established a Commission into whose hands will pass the fundamental knowledge we now possess. A terrible responsibility rests upon the men who will compose this Commission. The Nation's trust—our lives, our possessions, and our fortunes—are literally in the hands of these Commissioners. They will hold the key to the world's future. On this account, we who are to confirm their authority have a solemn responsibility of our own.

This is the background with which I approached Mr. Lilienthal's nomination. What manner of man is he? How will he approach the trust we are asked to place in him? Where does he stand in this struggle between freedom in democracy as America knows it and oppression by minorities elsewhere in the world?

The Communist issue has been raised in this case. The implication has been made, if not the direct charge, that Mr. Lilienthal may be a Communist, or that he is a fellow traveler, and that at least he was tolerant of Communists when their presence was disclosed in a public enterprise directed by Mr. Lilienthal. The reference is to the Tennessee Valley Authority.

The theory of this charge is that we cannot afford to trust anyone with atomic energy development who is friendly or indifferent to communism when we know that Communists are in violent opposition to our conception of free democracy and that Communist-dominated Russia is striving intensively to learn atomic technology.

I should like to dispose of this charge. I am convinced Mr. Lilienthal is not a Communist. As to what are Mr. Lilienthal's thoughts on communism in United States, I cite what he has admitted. When his attention was drawn to the presence of some Communists in TVA he brushed the evidence aside as of no consequence. He considered the Communist "cell" too small and too unimportant in the vast TVA to bother about it.

This is an error in his judgment which causes me some concern. In the Canadian Communist spy ring there were involved only 16 persons. Ample testimony on Communist operations shows that it is part of Communist tactics to work in exceedingly small and disciplined minorities. When Communists took control in Russia back in 1917, they numbered about 25,000. In all the vast population of Russia, the Communist Party remains a mere fraction yet it rules the country with an iron hand. Sometimes a single person is a "cell" at some key point in an organization.

In ordinary circumstances there is excuse for remaining indifferent to minority groups in general. It might even be excusable in Government agencies like TVA and RFC, where any harm an ordinary minority group may do cannot wreck the country before it is checked. But Communist minorities are different than ordinary minority groups. Indifference to Communists is not excusable because of their tactics and because of the destructive nature to their movement. The smallness of their number bears no relation to their effectiveness and to the damage they can do. Certainly this would be the case in atomic energy development. A single person serving, let us say, as research director on the Atomic Energy Commission, or as editor of scientific studies, can be a leak of incredible and tragic proportions. One man or a chosen few could work great harm.

I believe, therefore, it was a grave error for Mr. Lilienthal to remain indifferent to Communists in TVA when he knew of their presence and was aware of the manner in which Communists operate. It raises a doubt in my mind about the wisdom of confirming him for the important post on the Atomic Energy Commission.

This does not make him a Communist or a fellow traveler and I would not reject him on those grounds. But it does raise the question in my mind of why Mr. Lilienthal was indifferent to Communists. This calls for further examination into his personal qualities and his thinking and the bearing they may have upon the trust we are asked to place in him.

I do not raise any question about his education or his administrative ability. The peculiar nature of the atomic force and the extraordinary powers of the Atomic Commission compel us to dig deeper into the type of men we place in charge of it.

We are required to go beyond surface generalizations in these appointments for another important reason; namely, the bearing of atomic energy development upon this struggle between two ways of life. The President described this struggle as one based upon rule by majority versus rule by minority. He did not elaborate upon these opposing forces except in general terms of political freedom versus political oppression. But we have to go deeper than that, as I hope to make clear to the Senate.

Minorities which rule by oppression, by controlled press and controlled radio, by fixed elections and the suppression of personal freedoms are rightly called totalitarian governments. But there are other identifying marks of totalitarianism than these. Those who push everywhere for government planning, government ownership, government controls, government paternalism are also traveling the road to totalitarianism. They may not know it. They may not intend it. They may argue otherwise. But in my judgment they move inevitably in the direction where the people exist only for the state which is the basic philosophy of totalitarian governments.

Considerable government activity is consistent with freedom, but when sufficient government ownership, planning, controls, and paternalism is achieved in any country, the people of the country lose their liberites, their free elections, their free institutions, and the representative character of their governments. This conclusion to me is logical; it is a reasonable one to make; it has been demonstrated many times in history; and the world's experience in the last 50 years documents it with many terrible examples.

Anyone professing to believe in the constant expansion of government—in planning, ownership, controls, and pa-

ternalism—heads in the direction of the authoritarian state. If such a person were to head atomic-energy development, every decision, every undertaking, every act in that regard would widen the framework of government domination. I am aware that the Atomic Energy Commission is itself to be a government monopoly. I am sorry that the nature of the force compels that form of development. I submit to government monopoly only because security makes it imperative until international agreement makes atomic development safe.

But I do not admit that the occasion should be one for using such a monopoly to extend government domination indefinitely and wherever the opportunity arises. But this is what those who believe in big government would do. Experience with the actions of such people show that they are possessed of a crusading spirit, that they are not scrupulous about the tactics they use, and that they follow the dangerous doctrine that the end justifies the means. Their operations are often sugar-coated by the intent to do good things, but the inevitable upshot of this thinking and these tactics is totalitarianism.

How does this bear upon Mr. Lilienthal? How should it bear upon our decision to confirm or reject his nomination?

It has been said that Mr. Lilienthal is a New Dealer. It is said that he is considerably to the left in his thinking and philosophy. Such labels are not disparaging, and in themselves are meaningless. What I want to describe, if I can, is the actual nature of his thinking and attitude on this question of Government planning, ownership, controls, and paternalism as I gather it.

From an examination of his writings, addresses, and activities at TVA, I am convinced that he is one who would push big government until Government dominated the lives and property of all its people. He is a crusader in that direction. He believes Government domination is necessary and inevitable in modern conditions. Let us admit he is sincere in his belief that on this road lies progress and the advancing welfare of the people. Wherever he has his choice between encouraging private and public enterprise, he will lean to public enterprise. He wants the Government to plan, to own, to control directly where possible and by money indirectly.

I do not believe Mr. Lilienthal would or could deny this. All of his acts as TVA Administrator travel in that one direction. As early as 1934 he was denouncing private business for what he described as its inaction in the depression. He then said:

> In this situation it became one of the new functions of Government to supply the necessary stimulus to industry. (Business and Government in the Tennessee Valley, Annals of the American Academy of Political and Social Science, vol. 172, March 1934, pp. 45–49.)

He did not then understand industry, and he does not now understand Government; for, thereafter, with 7 years of Government stimulus to industry on a colossal scale, the evils of which he spoke were not corrected until the war liquidated the depression of the 1930's.

As late as June 1946, in an address at the Utah State Agricultural College, Mr. Lilienthal declared:

> Only an antiquarian will fail to recognize that the country must entrust the Federal Government with extensive powers and responsibilities, and that these responsibilities will be broadened rather than narrowed as time goes on. (Appendix of the CONGRESSIONAL RECORD, vol. 92, pt. 11, p. A3500.)

Back in 1939, he was of the same opinion when he declared:

> The granting of additional responsibilities to the National Government has been a victory for clear thinking. (Address before the Southern Political Science Association, November 10, 1939, The TVA: An Experiment in the Grass Roots' Administration of Federal Functions.)

In a moment, I will challenge this victory for clear thinking.

I say that the vast extensions of Federal power in the 1930's did not solve our problems. It intensified and aggravated them. It did not solve the monopoly problem in economic life, but aggravated it. It did not solve the labor problem, but intensified it until today we have seen some labor challenge government itself. Big government did not solve the problem of purchasing power, but gave the consumer the largest dose of inflation his dollar ever took. Price and production controls of big government did not stabilize the economy, but created hopeless confusion which plagues us to this day.

All of these grants of power to the National Government are what Mr. Lilienthal describes as "a victory for clear thinking." Yet instead of solving our problems they have hopelessly confused and magnified them. Mr. Lilienthal and those who constantly push for greater government powers will never understand that there are many problems which cannot be solved by government fiat, by government planning, or by government control. Yet that is the only clear thinking they can offer; and they stick to it notwithstanding it has failed over and over again in their own lifetime and in all history. They stick to it too in the face of recent and historical experience which shows that progressive transfer of powers from the people to government eventually undermines the free foundations of the nation and destroys the freedom of the people.

A new name is needed to describe men like Mr. Lilienthal. His philosophy is what may be called social aristocrat. It is socialist because he believes in government ownership and controls. It its aristocratic because he believes that experts should be the new governing class.

It is because of these beliefs that he has been accused of communism. Communism has much in common with socialism, with government ownership and domination over economic life. Communism likewise believes in a special governing class with dictatorial powers. Mr. Lilienthal would extend government power, perhaps without calling it socialism, and certainly without subscribing to communism. He would do it for a good end—the people's welfare—and he would expect to achieve an advancement of the people's welfare short of communism and short of government oppression. But the end result would be benevolent despotism until it degenerated into tyranny.

The zeal of people like Mr. Lilienthal is so great that they are not overscrupulous about their tactics. I do not mean to imply that they are intentionally dishonest, although the thread here sometimes runs pretty thin. Acting as they do within the framework of crusading idealism for what they believe to be the highest public good, they make decisions and shade operations which will move them along toward those goals.

This disregard for scruple has occurred on many occasions in connection with TVA. In appraising the struggle between Dr. Arthur E. Morgan and Mr. Lilienthal which ended in Mr. Lilienthal's domination of TVA, the minority of the Joint Committee Investigating the TVA declared:

> We conclude, therefore, that the real issue back of this dissension in the Board was the question of whether this great public enterprise should be conducted on the highest possible plane, with clear, adequate, and thoroughly honest reporting as to what it was doing, or whether it should be conducted on a plane which involved using the methods, which were lacking in complete candor, and which would be condemned in the conduct of private business. (Minority Views, Report of Joint Committee Investigating the Tennessee Valley Authority, 79th Cong., 1st sess., p. 274.)

Dr. Morgan, this report continues, "objected to indirectness, concealment, manipulation, and indeed to all methods of carrying on the business of the TVA which, while within the pale of the law, could not be justified by a high standard of fair dealing." The majority of the TVA Board, on the other hand, did not give all the pertinent facts, took short cuts to make a favorable showing for TVA, and exaggerated their accomplishments. This congressional report further declared:

> Frequently the (TVA) administration has been arbitrary, dictatorial, and unbusinesslike. Its reports to the Congress, its releases to the public have not always represented the facts and have tended toward exaggeration. Its reports have not always been candid. Moreover, it has in many instances completely ignored the rights of the States and has impinged upon their sovereignty almost to the point where there is ground for the charge that the Tennessee Valley Authority was endeavoring to set up a sort of superstate in the Tennessee Valley area.

These are the words which the minority members of the congressional investigating committee used to describe the lack of scruple practiced by the TVA under Mr. Lilienthal's administration.

I do not rely alone on reports like these or upon representations of private power companies who have been hostile to the TVA program. I have been looking into some of these matters on my own and I am convinced that this lack of scruple I have described does exist.

I have here photostatic documents and other papers of a case which illustrates the lack of scruple on the part of the

TVA. This case concerns the Tennessee Valley Associated Cooperatives, Inc. This was a cooperative organization incorporated under the laws of Tennessee, January 23, 1934, "to promote, organize, establish, manage, finance, coordinate, and assist in any way whatsoever in the development of cooperative enterprises in the Tennessee Valley and contiguous areas through grants and loans of funds and management services."

The first thing to notice about this case is that while the organic law of the Tennessee Valley Authority itself gave the TVA no powers to form these cooperative corporations, the directors of the TVA found a way to get around the law and form the corporations anyway. I quote from the opinion by the general solicitor of the Tennessee Valley Authority dated January 18, 1934, which I have at my desk. They were trying to form these corporations. They could not do it under the law or under the authority of the TVA, but they got an opinion from the legal officer of the TVA, and this is how they did it:

> You will note that I have provided that the Corporation is to be formed—

They used the Government lawyer to do it—

> You will note that I have provided that the Corporation is to be formed by the directors of the Tennessee Valley Authority and not by the Tennessee Valley Authority itself. I do not believe the Tennessee Valley Authority is authorized under the act creating it to organize other corporations or to hold the stock itself. At best, the right is certainly very doubtful. It would be just as easy—

This is their own counsel, the Government counsel speaking—

> It would be just as easy for the directors to organize the Corporation and hold the stock in trust for the United States or to take the stock in the name of the United States, as we have done with the Electric Home and Farm Authority, Inc.

Without legal power to set up cooperative corporations in their capacity as directors of TVA, the directors, of whom Mr. Lilienthal was one, thereupon functioned as plain individuals to form the Tennessee Valley Associated Cooperatives, Inc., and became the stockholders—for the United States, without legal authorization—and officers of the cooperative corporation. What they could not do by direct authority of Congress, they did indirectly anyway. This, I assert, is an example of this lack of scruple I have been describing. It is also an example of the turn of thought which leads men like Lilienthal to turn to Government corporations and Government planning rather than to methods of private enterprise.

But this is not all that they did with this corporation. It is not the only demonstration of unscrupulousness. The cooperative corporation they formed was to be something of a cross between a holding company and an RFC for the purpose of creating a large number of cooperative enterprises. It had to have money to lend to these smaller cooperatives. Where was it to get the money? The one place that Mr. Lilienthal would look was to the United States Treasury to get the money. Not one cent could be obtained from private capital. It thereupon arranged to get this working capital by inducing the Governor of Tennessee to apply for a $300,000 grant from the Federal Emergency Relief Administration. In fact, Mr. Morgan, one of the directors, wrote to the FERA first about getting the $300,000.

Mr. McMAHON. Which Morgan was that?

Mr. FERGUSON. Mr. Arthur E. Morgan, I think.

The grant was made by the Federal Emergency Relief Administration; and thereafter the Cooperative Corporation went into business and thereafter launched nine smaller cooperatives.

In the course of time the General Accounting Office sought to audit the accounts of this cooperative corporation. In an amazing statement of evasion, the Cooperative Corporation denied the right of the General Accounting Office to audit these accounts. In a letter to the United States Comptroller General, the Cooperative Corporation took this position:

> Because of the fact that these funds were granted by the Federal Emergency Relief Administration to the State of Tennessee, and by the State of Tennessee to the Tennessee Valley Associated Cooperatives, Inc., and because no money has been put into the organization directly by the United States, we feel that this organization is not subject to the usual regulations affecting Government departments.

Later I shall show why they did not want the Comptroller General to look into their books.

So all the stock was owned by the United States Government, having been put into the organization by the Government. By the way, the $1,000 which was used to cover expenses of incorporation was obtained from the United States Treasury. They did not want to have their books audited, even though the organization was a Government corporation solely owned by the Government and not capable of being formed under the law. Mr. President, let me show why they did not want an audit made: Here, by a roundabout device conceived by Mr. Lilienthal and his friends, they first set up a cooperative corporation which they had no power to form as directors of TVA; and second, they obtained $300,000 capital for it in such a way as to give them technical grounds to deny that there was any United States money in the enterprise. They did deny the investment of Federal money, although the application of the Governor of Tennessee plainly stated "Title to all property bought with Federal funds is to be * * * held to the use and benefit of the Federal Emergency Relief Administration." The purpose of the denial was to give them a free hand.

They finally did allow the General Accounting Office to look at the books, and that brought to light some further interesting examples bordering upon the unscrupulous. The $300,000 granted by the FERA as relief funds became the working capital to finance and sustain a group of cooperative associations launched by the parent cooperative corporation. Executives paid by the Tennessee Valley Authority appropriations—those of a Government corporation—served this privately organized cooperative corporation. The administrative expenses of the cooperative corporation were also paid by the TVA, but were capitalized on the books of the TVA as "regional development." In other words, Mr. President, we have the counsel of the TVA telling them that the TVA could not do this, that they could not operate those services; but they simply set up their own little corporation, and used the FERA money which they obtained, and then started out to engage in that business.

Mr. KNOWLAND. Mr. President, will the Senator yield for a brief inquiry at this point, for the purpose of clarification?

Mr. FERGUSON. Yes; although I did not wish to yield.

Mr. KNOWLAND. What year was that?

Mr. FERGUSON. 1935 and 1936.

Mr. KNOWLAND. That was during the time that Dr. A. E. Morgan was Chairman of the Tennessee Valley Authority; was it not?

Mr. FERGUSON. That is correct; but Mr. Lilienthal was one of the directors.

Mr. HILL. Mr. President, if the Senator will yield for a further question, let me ask whether the FERA was a relief organization which was the predecessor of the WPA. It was, was it not?

Mr. FERGUSON. Yes; I think that is true.

Mr. HILL. That is correct.

Mr. FERGUSON. Mr. President, to digress for a moment from what I was about to say, let me state that this organization is referred to as being a relief organization. All during the war the small amount of money that was left from the $300,000 was being used by the Tennessee Valley Authority, and it is still being used. I propose to introduce a bill, some time later, to close this corporation and return these funds to the Treasury of the United States.

Mr. President, in the fiscal year 1935, TVA appropriations to the amount of $39,780.09 were again diverted to the cooperative corporation, but were capitalized on the books of the TVA as "construction work in progress, cooperation with TVAC" pending distribution to project investment accounts. The TVAC is what they called the new corporation. In 1936 the TVA again spent funds for these cooperative ventures to the amount of $54,866.61. In other words, they did not want to use the $300,000, which they had received, as money for these small corporations, but they were getting those funds from the TVA and were using them to operate the corporation—in other words, using Government funds in that way. Let me state how they listed it: The expenditure was innocently set up under the title "Cooperative Research and Experiment Division"; they were using $36,083.54 for the purpose of furthering the program of social and economic development, and the balance of $18,783.07 was used directly for the administration of TVAC affairs; in other words, for the affairs of the Tennessee Valley Association Cooperative.

This, to me, is a typical example of what I mean when I say that men like Mr. Lilienthal follow practices bordering upon the unscrupulous. It dis-

tinctly shows how they make decisions and shade operations to further their plans for government ownership and planning. It is an example of what the congressional investigating committee meant when it said that the Tennessee Valley Authority reports "were not always candid"—to phrase the matter delicately. So tenuous is the use of words today that it is always possible for persons like Mr. Lilienthal to explain away unscrupulous acts and to play up with convincing indignation the good ends they sought to achieve by saying, "Oh, yes; this is for the public welfare," with utter disregard of what has been accomplished by private initiative and private enterprise in building our magnificent industrial system, which has afforded greater opportunities for employment and advancement and brought about a higher standard of living than can be found anywhere else in the world. We hear Mr. Lilienthal extol the virtues of the Tennessee Valley Authority, but do we ever hear him extol the virtues of the great private industries of America? That is the test. The idea seems to be that what is done by TVA is for the public welfare and therefore it should be praised.

Mr. HAWKES. Mr. President, will the Senator yield to me?

Mr. FERGUSON. I prefer not to yield at this time. I would rather yield at the end of my remarks, because I know we wish to proceed with the sugar legislation.

Mr. HAWKES. Very well.

Mr. FERGUSON. Mr. President, these are the questionable practices we can expect if Mr. Lilienthal becomes Chairman of the Atomic Energy Commission. Practices like these may not be harmful so far as the TVA is concerned; but if carried over into the Atomic Energy Commission in dealing with other nations, such subterfuges may become tragic for the interests and even the security of the United States.

It is characteristic of Mr. Lilienthal and people who follow his philosophy to read greater powers into laws than were placed there. When they ask for authority, they ask it in broad terms; and that enables them to read a good deal more of their own powers into the law than Congress intended. We have seen this happen in the NRA, the WPA, FERA, AAA, lend-lease, the selective-service law, OPA, and dozens of other statutes over the last 15 years. Indeed, this is one of the most obvious characteristics of New Deal legislation, including the TVA.

Those who would govern us in this way subscribe to the belief that modern life has become too complex for the people to govern themselves. They believe that this is the day of experts, of a special managerial class to whom the people must grant broad powers. They imply, but do not say it in so many words, that they know best what is good for the people, and that the people are to do what they are told to do. Harry Hopkins, I believe it was, said that the people were just too dumb.

These experts want more than broad powers. They want us to set up a special Government authority, such as the TVA, for many great economic undertakings, and to entrust these authorities to experts. They want Government corporations, Government boards, Government commissions, and other Government agencies to be endowed with legislative, administrative, judicial, and enforcement powers combined. They want no one to interfere with them.

They want blank-check appropriations in huge amounts. They do not want to be hedged about in the use of money. They want the powers of eminent domain, so they may extend Government ownership to places where they want it extended. They want unrestrained power to plan things as they think best. They want to license, to control, and to order by directive. It is with this self-expressed philosophy of Mr. Lilienthal that I disagree.

Those who believe as Mr. Lilienthal does are impatient and dissatisfied with rule by the people through freely elected legislatures. They put up with Congress and with State legislatures only because they need them to get broad powers. It is a gesture to get popular support, just as the Nazi plebiscites were gestures of popular support, but otherwise meaningless.

Mr. Lilienthal prefers to operate in government by what is smoothly called modern management. What this would imply may be gathered from some of Mr. Lilienthal's views on this point. Writing in his book, TVA—Democracy on the March, Mr. Lilienthal declares:

> The policies of lawmaking in the immediate past have been largely regulatory and negative: This shall not be done. The atmosphere of the legislature has, therefore, been heavy with this regulatory spirit, expressed in carefully limited responsibility, lack of trust, and forever setting one man to watch and checkmate another.

That is what Mr. Lilienthal thinks of legislatures. In other words, he does not approve of our three departments of Government, which act as a check and balance upon each other. Mr. Lilienthal thinks it is a bad thing for lawmaking bodies to exercise limited powers over people. He thinks they are wrong when they enact laws in terms—as he says—"This shall not be done." He misses entirely the implications of this method in free government. By defining only what shall not be done, which the legislature does to protect the majority from the abuses of a few, the great majority of the people are left free to do all other things that are lawful and legitimate. This is the very essence of free government—a government of limited powers with all others reserved to the people.

Continuing his thinking, Mr. Lilienthal describes his preference for something like a managerial form of government in these terms:

> The tradition and climate of the skill of management, however, are remote from all such negation. Management is affirmative and initiatory: "This is to be done." It is in the process of defining, with skill and sense, what is to be done, and with it the fixing of responsibility for results, with wide freedom for judgment in the managers as to how it may best be done, that you have the essence of the best form of modern management.

He was talking about what kind of authority we should give to the managers of governmental corporations. This passage is a perfect gem of authoritarian thinking. Consider for a moment the sentence, "Management is affirmative and initiatory: 'This is to be done.'" Applied to government, this is the heart of the dictatorial process. It quickly becomes government by decree, as we have seen in Germany, Italy, and Russia. Surely Mr. Lilienthal was not advocating this, but what he was expressing in government leads to this, as is shown throughout history.

Take another phrase in this remarkable paragraph—"with wide freedom for judgment in the managers as to how it may best be done." Reflect on that phrase for a moment; it has two dangerous implications: One is that the people are to surrender their own freedom of judgment to a small body called managers. The other implication is that means can be separated from ends when the people direct something to be done. Both of these ideas—the people's surrender of their freedom to managers and the separation of means from ends—are marks of totalitarian government; they have no place in the operation of good government in a free society, as in America.

The people left the regulation of the price system to the managers in the OPA, and our economy was all but ruined. Yet, Mr. Lilienthal would have us turn our affairs over to managers, give them broad powers, and then be told by them, "This is to be done." In other words, he does not want the Government to say, "This shall not be done"; he wants the managers, men outside the legislative body, to say, "This shall be done." He is naive enough to believe that the people can reserve to themselves the right to "fix responsibility." The answer to that is written in the blood of people who have done so in recent history only to become the victims of persecutions, purges, and banishment to concentration camps when they complained against the managers who were trusted with power. When people surrender their freedom by broad grants of power to managers, presidents, fuehrers, or whatever we want to call them, they soon find themselves helpless to "fix responsibility." The grant of power soon makes protest impossible.

Mr. Lilienthal is enamored of government by experts. In the same book—TVA—Democracy on the March—Mr. Lilienthal says:

> The experts, using the term in its broad, modern sense, have a central role to play not only in the development of harmony between private interests and public interest, but in every facet of modern living. The people and the experts: The relation between them is of the greatest importance in the development of the new democracy. For people are now helpless without the experts—the technicians and managers (p. 108).
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> * * * * *
>
> This will require some drastic changes in the prevailing relations between experts and the people, both in industry and in government (p. 108).

What drastic changes? They are implicit in all of Mr. Lilienthal's writings. Give broad powers to the managers.

Leave them free to do what they think is best for us. Let the managers say: "This is to be done." Let them plan, control, and direct. Reserve to the people only the privilege to fix responsibility—that is, after the deed is done. That is the essence of his thinking.

It is also the perfect framework, not of democracy, but of the authoritarian state, the totalitarian state. It begins with good managers partially checked by the people. It progresses step by step to the point where the people are progressively the wards of the managers. Correspondingly the powers of the managers are enlarged, deepened, and strengthened by the institutions and bureaucracy they set up. In time it becomes benevolent despotism, and finally tyranny.

The most mystifying thing about this process is that it is called democracy. Russia at this very moment proclaims her methods to be democratic. Yet from every test we apply we know Russia is the opposite of a democracy. Her people have given all power to the commissars, who say "This is to be done"; they have given power to the experts who set up the 5-year plans; and now the Russian people are not free to "fix responsibility"; they cannot speak freely; they cannot write freely; they cannot even move freely about their own country; and if they are dissatisfied with all of this they cannot change their managers. Yet that is called democracy; and that is what comes when the people surrender the freedom to decide their own destiny. Mr. Lilienthal would shrink from such a system. He would be one of the first victims of it. Yet his whole approach to modern government will take us down the same tragic road.

In a TVA, an RFC, an OPA, and in other agencies of Government small enough to be subject to the greater power of Congress, the people have a check upon totalitarian trends. We can repair the harm if the pendulum swings too far in encroachment upon the people's liberties. Still in possession of reserved powers and exercising them democratically, the people can afford the luxury of some of these would-be czars who undertake to manage our lives for us. But extend the system step by step, turn more and more powers over to these experts and their managers, and the time will not be far distant when freedom will be wholly lost. We shall be told "This is to be done," and we shall be powerless to think or do otherwise.

Development of the atom bomb should not be in the control of people who are so naive as to think they can manage our affairs without also leading us down the road to tyranny. Why did we take this power out of the hands of the military and place it in civilian hands? We did it because many people were fearful of the military frame of mind. Well, I am fearful of the authoritarian frame of mind—of the people who would push Government ownership, planning, management, and control over our lives. I am convinced that no matter how good his intentions may be, Mr. Lilienthal falls within that group.

Having a crusading attitude, these experts drive toward goals of their own making even if they have to resort to twisted statistics, to subterfuge to get around the law, and to propaganda tactics. They make alliances with individuals and groups operating among the people in order to contrive a measure of support.

Always the grand design is for expanded Government ownership, planning, spending, and controls. Always the direction is toward greater centralization in the hands of the expert few. Inevitably the result is progressive loss of the people's freedom and of free institutions. Behind the veneer of paternalism which marks this development lies the shadow of benevolent despotism so common in the history of the past. And benevolent despotism invariably passes into tyranny. We do not want this to happen here. When I look at this entire situation and consider my responsibilities to the people of Michigan and of the United States I cannot vote to confirm Mr. Lilienthal's nomination.

EXTENSION OF SUGAR CONTROLS

The Senate resumed the consideration of the resolution (S. J. Res. 58) to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes.

Mr. TOBEY. Mr. President, at long last the joint resolution relating to sugar is before the Senate. Probably no piece of legislation will affect more people individually and in groups than that which we are considering today. The history of the proposed legislation is that some weeks or months ago a measure was introduced and referred to the Committee on Banking and Currency, and considered by a subcommittee of that committee, of which the distinguished Senator from Vermont [Mr. FLANDERS] was chairman. The subcommittee held extensive hearings, and after their deliberations were concluded they reported a measure to the full committee. The full committee then met, considered the subject, and by a vote of 10 to 3, reported Senate Joint Resolution 58 which is now before the Senate.

For some time we have been trying to have this measure considered and acted upon by the Senate, but in vain. Now, if ever it can be said truly that time is of the essence, it can be said of this proposed legislation because of the fact that sugar controls expire next Monday, and sugar legislation passed by the Senate today must of necessity go to conference so that the differences between it and similar legislation passed last week by the House by a large majority may be reconciled. Time is rapidly passing, and so far as it is in my power I shall confine myself to as few remarks as possible, and I hope that will be the policy followed in connection with the consideration of the measure this afternoon.

Mr. President, the motivating factor which prompted me, at least, and I believe most, if not all of my fellow Members on the Senate Banking and Currency Committee to vote to report Senate Joint Resolution 58 favorably to the Senate, was the promise that under this measure the housewife and the members of her family would get a minimum of 35 pounds of sugar per capita for the coming year. That represents a general increase of about 10 pounds per capita over last year's rations.

I may interpolate that last year householders received a total of 25 pounds of sugar, 10 pounds being earmarked for canning. This year, the calendar year 1947, they will receive 35 pounds with no earmarking at all, which is an increase of 40 percent over the amount given them last year.

There are no definite statistics which indicate the exact amount used in home consumption before the war, but the Department of Agriculture has informed our committee that the best information available tends to indicate that 50 pounds per capita constituted the normal prewar home consumption figure.

Now, there is a possibility that the United States may receive, this year, an additional amount of sugar over that previously estimated. For instance, Mr. James H. Marshall, Chief of the Sugar Section, Department of Agriculture, in a telephonic conversation with sugar experts in Cuba on March 15, 1947, was informed that if the present weather conditions continue to be favorable in that country, there may be an increase of 300,000 short tons of sugar in the Cuban crop over the estimate upon which allocations from that source were made to the various countries by the International Emergency Food Council. That does not mean that the United States will receive those 300,000 short tons. The International Emergency Food Council, of which this country is a member, will allocate any increase to all countries to fill in that amount previously allocated to the various countries which was to come from undesignated sources. For instance, the United States was to receive 6,800,000 short tons of sugar, 200,000 short tons of which were to come from undesignated sources. The United States will receive their aliquot share to fill in that undesignated sources allocation. However, the fact remains that this country may receive from an increase in the Cuban yield or an increase in other sources, a larger amount of sugar than was previously estimated for the coming year.

Bearing these facts in mind, I desire to offer an amendment designed to achieve two desired results. First, I wish to convert the present promise of a 10-pound per capita increase into an assurance, written into the law, that the housewife and the members of her household shall not receive less than the promised 10-pound increase per capita. Secondly, in case there is an over-all increase there will be strong pressure, on the part of commercial sugar users, to obtain the benefit of that increase. To protect the Department of Agriculture against such pressure, this amendment would write into the law a requirement that any increase in the national sugar supply shall be allocated for home consumption until the prewar level of 50 pounds per capita is reached.

So, Mr. President, I now submit the amendment which I have outlined in my remarks as an amendment to the committee amendment.

The PRESIDENT pro tempore. The amendment submitted by the Senator from New Hampshire to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 2, line 20, before the period, it is proposed to insert a colon and the following: *"And provided further,* That refined sugar shall be allocated for home consumption at a rate of not less than 35 pounds per capita per calendar year, and any increase in the amount of sugar available for allocation in the calendar year 1947 over the amount recommended by the International Emergency Food Council for allocation to the United States for 1947 shall be allocated for home consumption until the allocation for such use equals 50 pounds of refined sugar per capita."

The PRESIDENT pro tempore. The question is on agreeing to the amendment by the Senator from New Hampshire to the committee amendment.

Mr. TOBEY. Mr. President, I also submit, as an amendment to the pending bill, an amendment covering and safeguarding the civil-service status of veterans of all wars as this transfer is made from the OTC, formerly the OPA, to the Department of Agriculture under Clinton P. Anderson, the Secretary.

The PRESIDENT pro tempore. The amendment submitted by the Senator from New Hampshire will be received, printed, and lie on the table.

Mr. TOBEY. Mr. President, at this point I should like to have printed in the RECORD several telegrams bearing on the need for speed and the urgency of continuing the sugar controls.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *March 26, 1947.*

Senator CHARLES W. TOBEY,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D. C.:

We urge you to do all in your power to see that pending legislation continuing sugar rationing is passed by Senate immediately. Untold hardship to some 24,000 small-neighborhood retail bakers will result otherwise, likewise householders and many other small industrial users of sugar will be affected. Your help will be appreciated.

FRANK G. JUNGEWAELTER,
Secretary, Associated Retail Bakers of America.

WASHINGTON, D. C., *March 26, 1947.*

Hon. CHARLES W. TOBEY:

We are gravely concerned over the delays in getting Senate action on Senate Joint Resolution 58, since March 31, 1947, is the dead line for the President to sign the law, making possible the orderly decontrol of sugar by March 31, 1948. It is the considered opinion of persons best qualified to forecast sugar trends that if the Senate fails to take favorable action immediately, April 1, 1947, will usher in the most disastrous period for growers, refiners, distributors, industrial users, and the many tens of thousands of small business dependent on sugar for their products. Under sudden decontrol now, the greatest scarcity and maldistribution would most likely occur in the distribution channels serving small business and the housewife. The resulting business failure, unemployment, and the loss of large outlets for many agricultural products can be avoided by prompt Senate action. We respectfully solicit your assistance.

American Bakers Association, American Bottlers and Carbonated Beverages, The American Bulk Condensed Milk Association, Associated Grocery Manufacturers of America, Associated Retail Bakers of America, Cocoa and Chocolate Manufacturers Association, Dairy Industry Committee, International Association of Ice Cream Manufacturers, National Association of Food Chains, National Association of Frozen Food Packers, National Association of Retail Ice Cream Manufacturers, National Candy Wholesalers Association, Inc., National Confectioners Association of the United States, National Preservers Association.

CHICAGO ILL., *March 25, 1947.*

Senator CHARLES W. TOBEY,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D. C.:

Control of sugar will end on March 31 with the ending of the Second War Powers Act. Joseph M. Creed testified before your committee for bakers, and many others testified for other industrial users and urged the continuation of sugar rationing in the interest of all consumers. We urge you to do all in your power to see that pending legislation continuing sugar rationing is passed by both Houses immediately. Untold dislocations and hardships will result otherwise. Your help on this extremely important matter will be greatly appreciated. Many thanks.

C. P. BINNER,
President, American Bakers Association.

Mr. TOBEY. Mr. President, I shall not speak further on this subject except to say that the distinguished Senator from Vermont [Mr. FLANDERS], who has very conscientiously and faithfully conducted the deliberations in the committee, will now, at the request of the committee, discuss the sugar situation as he sees it, presenting his views after conferences in the committee room.

Mr. FLANDERS obtained the floor.

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

Mr. FLANDERS. I yield.

Mr. TOBEY. I ask if the Senator from Vermont will yield so I may suggest the absence of a quorum. The subject before us is an important one. Only a bare handful of Senators are present. It is not the way to legislate.

The PRESIDENT pro tempore. Does the Senator from Vermont yield for that purpose?

Mr. FLANDERS. I yield for that purpose.

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

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

Aiken	Cooper	Hawkes
Ball	Cordon	Hayden
Barkley	Donnell	Hickenlooper
Brewster	Downey	Hill
Bridges	Dworshak	Hoey
Brooks	Eastland	Holland
Buck	Ecton	Ives
Bushfield	Ellender	Johnson, Colo.
Butler	Ferguson	Johnston, S. C.
Byrd	Flanders	Kem
Cain	Fulbright	Knowland
Capehart	George	Langer
Capper	Green	Lodge
Chavez	Gurney	Lucas
Connally	Hatch	McCarran
McCarthy	O'Conor	Taylor
McClellan	O'Daniel	Thomas, Okla.
McFarland	O'Mahoney	Thomas, Utah
McGrath	Overton	Thye
McKellar	Pepper	Tobey
McMahon	Reed	Umstead
Magnuson	Revercomb	Vandenberg
Malone	Robertson, Va.	Watkins
Martin	Russell	Wherry
Maybank	Saltonstall	White
Millikin	Smith	Wiley
Moore	Sparkman	Williams
Murray	Stewart	Wilson
Myers	Taft	Young

The PRESIDING OFFICER (Mr. YOUNG in the chair). Eighty-seven Senators have answered to their names. A quorum is present.

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

Mr. FLANDERS. I yield.

Mr. TOBEY. I should like to ask where the 87 Senators are. I suggest sending to the Bureau of Missing Persons.

Mr. WHERRY. Mr. President, will the Senator yield for a moment on that very point?

Mr. FLANDERS. I yield to the Senator from Nebraska.

Mr. WHERRY. I should like to have the RECORD show that four committees, namely, the Committee on Foreign Relations, the Committee on Banking and Currency, the Committee on Finance, and a subcommittee on housing and rents, have obtained unanimous consent to hold meetings this afternoon—and some of them through the entire week—during sessions of the Senate. It is becoming obvious that if we continue that practice there will not be a quorum in the Senate to transact business. I think it is sufficiently important at least for those who are responsible for conducting the Senate sessions to begin to object to such unanimous-consent requests.

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

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

Mr. STEWART. I think the Senator from Nebraska is entirely correct. At the beginning of this session of Congress, I thought the Senate would undertake to observe at least the intent of the Reorganization Act. It is not only embarrassing at times, but it is difficult for Members of the Senate to carry on committee work and keep up with what is going on in the Senate Chamber. I think the Senate should put a stop to this practice early in the session. Either the Senate should resume the program of meeting every other day, holding three meetings a week, permitting committees to work likewise on an every-other-day basis, or we should put a stop to this practice before it goes too far.

I agree with the Senator from Nebraska.

Mr. WHERRY. I should like also to include in my previous statement that the Subcommittee on Indian Affairs of the Committee on Public Lands is holding a hearing this afternoon. They have unanimous consent to meet this afternoon. Yet we have this important measure before us, which must be passed, as the distinguished chairman of the Committee on Banking and Currency has told us. I shall certainly bring this question up at our next policy meeting. We

must discontinue granting such unanimous-consent requests if we are to have a session of the Senate every day in the week.

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

Mr. FLANDERS. I yield to the Senator from New Hampshire.

Mr. TOBEY. Amplifying the remarks of the distinguished Senator from Nebraska, the pending legislation is of interest to every person in the United States. A large part of our national economy is involved in the proposed legislation. Very few Senators are in the Chamber, and yet the Senate as a whole must vote on the joint resolution. There is hardly a Senator who has read the hearings. Most of them rely upon what is said on the floor to guide them in their determination. How can they vote intelligently if they are not present to hear the evidence given by proponents and opponents of the legislation? It is possible to have a good cause lost or a bad cause thrust upon us because of inadequate information, due to the nonpresence of Members on the floor. I recognize the conflict because of special meetings of committees. But I agree with the Senator from Nebraska [Mr. WHERRY] that the question of policy should be determined.

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

Mr. FLANDERS. I yield.

Mr. CAPEHART. I should like to have the RECORD further show that this is additional proof that the Reorganization Act, for which I voted, and for which I am sorry, is unworkable.

Mr. FLANDERS. Mr. President, the joint resolution which is now before the Senate contains a number of provisions, but the overriding one is the authorization to extend sugar rationing and price control under the administration of the Secretary of Agriculture until March 31, 1948. The decision to report such a measure is the result of the collection of much data, long consideration, and thorough discussion. While the committee had a sizeable majority in favor of reporting the joint resolution to the Senate, opinion on this matter was by no means unanimous. The reasons for this are not far to seek. The subject is very complicated, and furthermore, some elements of judgment must enter into the final decision. It is comparatively easy to collect statistics on the production, distribution, cost, and pricing of sugar which all will agree, in general, to be reliable. It is likewise possible, with little disagreement, to review the facts of the results of sugar rationing and price control to date, and even to agree on some of the lessons to be drawn therefrom. But when an endeavor is made to extend past and present information into the future, and particularly when it is necessary to protect what the interests and desires of many millions of sugar users will be and how they will affect a given situation under controlled markets or free markets, we must forego the sure guide of mathematical logic and base our final conclusions on judgment. It is essential to get the most experienced and disinterested judgment possible in such a case.

As a basis for forming our own judgment, the committee held a series of three hearings. In the first of these we listened to Government officials. These included Mr. Francis A. Linville, of the State Department, whose responsibilities are concerned with the world-wide allocation of sugar under the International Emergency Food Council. There also appeared Mr. James H. Marshall, Director of the Sugar Branch of the Department of Agriculture, and Mr. George A. Dice, head of sugar rationing in the Office of Price Administration.

A second session was held to hear proponents of continued sugar rationing and price control. These included representatives of all branches of the industry, including producers, refiners, distributors, and industrial users in every important line of production. The third and last hearing was open to opponents of the program set forth in the joint resolution. These included a group of industrialists who were not in sympathy with the major group which attended the second hearing.

As a result of the hearings and subsequent discussion, the pending joint resolution has been prepared. As already stated, it was not reported unanimously, but by a substantial majority. For reasons already explained, this was not an unexpected result, since the subject of this proposed legislation is one on which reasonable men may not come to perfect agreement. It is important that the facts and reasoning back of the joint resolution be presented in some detail so that each Member of the Senate may have a basis on which to form his own judgment.

The purpose of the joint resolution itself is stated in the preamble:

Joint resolution to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes

Whereas the war has resulted in an acute shortage of sugar to an extent which is impairing the reconversion of the national economy from war to peace; and

Whereas it is in the interest of national defense and security to effectuate an orderly distribution of sugar at reasonable prices in order to prevent profiteering, hoarding, market manipulation, and speculation in sugar and waste or spoilage of perishable agricultural commodities and to prevent or eliminate other disruptive practices arising out of the scarcity of sugar: Therefore be it *Resolved*—

And so forth. Section 1 extends price control under the Price Control Act and the Stabilization Act of 1942, export control under the so-called Export Control Act, and allocation and rationing under title III of the Second War Powers Act, beyond their present termination dates of June 30, 1947, for price and export controls, and March 31, 1947, for allocation and rationing. Title XIV of the Second War Powers Act, relating to the utilization of certain vital war information, is extended until March 31, 1948. Section 1 of the joint resolution also authorizes the allocation of sugar without regard to the provisions of title II of the War Mobilization and Reconversion Act of 1944. In substance this permits the Secretary of Agriculture to use discretion in the allocation of available supplies.

Section 1 of the joint resolution, as received from the Senate, has been amended by the committee to provide that the authority contained therein shall not be deemed to permit the Secretary to exercise price, allocation, or rationing control of any product which was not controlled on February 18, 1947, except that allocation control of products imported into the continental United States could be exercised even though not controlled on that date.

Section 2 of Senate Joint Resolution 58, as amended, relates to decontrol of sugar and provides that the Secretary of Agriculture shall remove such controls when he determines that the supplies of sugar are sufficient to warrant such action. This decontrol provision supersedes the present decontrol provisions of the Price Control Act, including those relating to action by the Price Decontrol Board.

Section 3 vests in the Secretary of Agriculture sole responsibility for the administration of sugar controls carried out pursuant to the statutes extended by section 1. Section 3 also continues in full force and effect all orders, directives, rules, and regulations relating to the functions so transferred, until modified or revoked by the Secretary of Agriculture. Unexpended balances of appropriations and property available to the respective agencies in the exercise of the functions transferred are transferred to the Secretary of Agriculture. The last provision has been enlarged by the committee to include an amount to liquidate obligations against such appropriations incurred prior to transfer, and to authorize the transfer, on a temporary basis, of such personnel as may be needed in the exercise of the functions transferred.

Mr. SALTONSTALL. Mr. President, will the Senator yield at this point?

Mr. FLANDERS. I yield.

Mr. SALTONSTALL. I have received a letter from the American Legion office in Washington concerning the word "temporarily," on page 4, in line 18. They take the position that if that word is left in the joint resolution it will adversely affect veterans. I understand from the chairman of the committee that that word has now been deleted. The Senator from Vermont read it just now. Do I correctly understand that that word has been or will be removed?

Mr. FLANDERS. By an amendment which the Senator from New Hampshire will present, that word will be clarified in a way, I am sure, to preserve all the rights that veterans would have had if they had remained under OPA.

Mr. TOBEY. That amendment, Mr. President, has already been presented.

Mr. FLANDERS. Yes. It makes clear that no employees so transferred would have any retention rights in the Department of Agriculture when the functions transferred have terminated. Section 3 also continues all provisions of existing orders, directives, rules, and regulations pertaining to sugar, for the purpose of sustaining any proper suit, action, or other proceeding with respect

to violations, liabilities incurred, or appeals taken thereunder.

Section 4 provides that the provisions of the joint resolution shall become effective immediately upon its enactment.

Under the provisions of Senate Joint Resolution 58, as amended, the Secretary of Agriculture is given discretionary power to terminate price control and rationing of sugar at any time prior to March 31, 1948, if conditions warrant such termination. The committee is confident that Secretary Anderson will use this discretionary authority if it is possible to do so, and at the earliest possible date.

What are the purposes of the joint resolution thus briefly described? The obvious purpose of price control is to keep prices from going abnormally high. The obvious purpose of rationing is to insure an equitable distribution of the product. Is there danger that prices will become unreasonably high and that distribution will be seriously inequitable for any length of time if rationing is removed? These are the questions which have to be answered.

Of the sugar produced by us or allocated to us from foreign production, there are two principal classes of users—industrial users and household users. The categories of industrial users include bakers, soft-drink bottlers, ice-cream manufacturers, confectioners, and producers of jams, jellies, preserves, and other canned fruits. In general this group is satisfied with present rationing and price-control regulations, and would like to see them continued. This is not strange. At current costs of sugar and at the current price which sugar shortage has made possible, the possibilities of profit in these food and drink and confectionery industries are not only excellent but are stabilized. Most of the uncertainties are removed and the businessman engaged in the use of sugar can pursue the even tenor of his way without having to lie awake nights wondering whether to play his inventory close or to lay in a large stock in fear of anticipated rises or short supply.

In addition, there is a certain protection of his position, so far as new competition is concerned, although this protection is by no means 100-percent effective, since some provisions are made for new industrial users, particularly if they are veterans; and, in addition, new restaurants, hotels, and so forth, as well as some other categories of new enterprise, are allowed access to the supply of sugar.

All this adds up to saying that under present rationing and present prices, industries are safe, have a certain measure of protection from competition, and, for the most part, would prefer that safety to the scramble and uncertainty that would follow the end of a controlled market.

The housewife is in many respects in a different position. If her family is composed of adults, she has been on short rations throughout the war. If she has small children in the family, the present allowance has permitted more generous portions for the other people. If she lived in the city, the allowance may have been sufficient most of the time. Had she lived in the country she would have had to, and did, cut down on the canning and preserving which play such a large part in country families, and even in many village, town, and city families. In consequence of this decrease in her supply of preserving sugar she has been in the market for commercial preserves and canned fruits, for which she has had to pay, in terms of the sugar furnished, many times what would have been the case could she have done her own preserving.

The price at which she might have to buy her sugar, were controls removed, would be of importance to her; but its total effect on the family budget would still be comparatively small, since it is such a small item in the home. Her real concern under any reasonable price possibilities is to get what sugar she needs, when she needs it. This must furnish the basis of our judgment as to whether and how, controls shall be continued on sugar. Will the end of controls now so disrupt the distribution of this commodity that the housewife will have more trouble than now in getting as much as she wants, when she wants it? On the other hand, will continuation of controls, to the extent proposed, meet her desires more successfully in this respect?

Another question may well be raised at this point. With all of us convinced that controls are undemocratic and in the long run destructive of the interests and rights of the people as a whole, can we be assured that their continuance at this time will lead us in the future to a period when they may be more safely relinquished than now?

The sum of all this is that the key to our legislation on the pricing and rationing of sugar is the best interest of the American housewife. No other consideration compares with this in importance. Will continuance or immediate repeal be in her interests?

Everyone expects a period of disorganization in prices and supply immediately at the end of controls, even under the best conditions. A free market price and even distribution cannot come automatically into action immediately or even in a few days' or a few weeks' time after the end of control. It is easier to get hold of a bull's tail than to let go of it. It is easier to establish controls than it is to relinquish them. A lot of dust will be raised and some fast footwork will be necessary when it comes to letting go, and there may be some casualties.

The primary consideration is that there shall be enough sugar in primary stocks, in transportation, and on retailers' shelves throughout most of the Nation so that the housekeeper shall be able to purchase freely at a reasonable price. If controls are taken off when stocks are short or unevenly distributed the country over, and if the purchasers find that they cannot purchase as much as they desire, we are going inevitably to have a run on sugar which will both drive hundreds of thousands or even millions of tons out of circulation and at the same time increase its price far beyond that which would be reasonable under normal supply and demand conditions.

We have to admit that at least twice in our recent history the American family has exhibited a tendency to hoard sugar if the head of the household suspected that the supply was short. This was true in 1920. A run of purchasing and hoarding was initiated in 1939 and if supplies are not on hand in 1947 or 1948 or whenever controls are taken off, the same process will be repeated.

The conditions in some respects will be worse than they were in 1920. Available world supplies are less. The Philippines are not yet in full production. The sugar stocks of Java, now doubtless much depleted, are still surrounded by a blockade until political arrangements have been completed between the Dutch and Indonesian governments. There was far more destruction of the beet sugar production in Europe and consequently there will be a slower recovery. All of this is an added danger as compared with the situation in 1920.

It is not necessary to examine in detail the controversies about the various production and stocks figures to see the dangers of decontrolling sugar now or providing definitely for such termination on October 31. Most of the controversy about the production and stocks figures boils down to disputes about 300,000 or 400,000 tons of sugar at the outside. If international obligations are recognized, and if it is recognized that the 1947-crop beet sugar cannot be consumed before it is produced, the picture is clear. The Department of Agriculture has assured us that all the 1947-crop beet sugar which can be moved into consumption in 1947 will be so moved; however, the fact that beet sugar is not produced until the last quarter limits the quantity which can be moved into consumption before the end of the year, and therefore, there is necessarily a large increase in year-end stocks in a year when we are fortunate enough to have a large beet crop. It is also pointed out that the most optimistic estimates of the Cuban crop will not provide enough additional sugar to fill by itself the quantities already allocated from undesignated sources.

The gap between the 6,800,000 tons now indicated as available for the United States in 1947 and the estimated requirements under a free market is about 1,000,000 to 1,500,000 tons. Therefore, it is evident that even if we should be able to get a few hundred thousand tons of sugar in addition to the 6,800,000 tons, such additional quantities would not be sufficient to narrow the gap between supplies and requirements to a point which would prevent burdensome price increases, undue price fluctuations, and disorderly and inequitable distribution.

The compelling idea behind this bill is that there is not now enough stock, enough sugar in the warehouses, in transportation, or in the refineries to prevent a serious price rise; and, more seriously, a wild scramble for the available supply.

It is true that we are having bumper crops of sugar in Cuba. It is possible that the size of the crop previously estimated at 5,500,000 tons may be several hundred thousands of tons more than that amount when it is finally harvested and processed. The first priority on any increase in Cuban sugar production must

be to fill this 700,000-ton deficiency. Furthermore sugar is moving to our Atlantic and Gulf seaboard more slowly than normal due to transportation difficulties. At the best it will not begin to come through the refineries ready for distribution in any large volume before May and June if past history is any guide. We would therefore have at least two months of shortage and widespread hoarding before the new supply could make its effect and even then the new sugar would not come into a normal market but into one which had been depleted; and it would be doing so at the very time when the peak demand occurs due to the commercial and household preservation of fruit.

This would tend to spread the overbuying and hoarding of the well-to-do and fortunate buyers on the eastern border of the country, while the West, already using up its beet-sugar supply in the normal course of events, would all the more frantically join in the hoarding process. This would result in the added complication of shipping some of the Cuban sugar to the beet-sugar regions which normally depend upon their own supply, in this case hoarded because of a run on the market.

The expectation that this would occur during the summer, when the canning demand is at its highest, disrupts the situation so far as the American housewife is concerned, and she is our principal concern. It is she whom this measure is intended to protect. There is in the minds of the sponsors of the bill no doubt whatever that we would be doing her a disservice in removing controls at this time.

But when is a good time? To come to a proper judgment on this matter we can do no better than to suggest a close analogy between a run on sugar supplies and a run on the cash of a bank whose supply of cash is dubious.

In times past, when the American housewife has suspected a short supply of sugar she has bought more than she needed. This is no different than the natural impulse of the bank depositor to withdraw his cash if he suspects the bank has a short supply. The bank may well be solvent so far as normal operations are concerned, but can be made insolvent by a run of withdrawals.

That fear which leads depositors to begin withdrawals from a bank has been mitigated by the provisions of deposit insurance. An ample supply to meet an emergency has been made available through the Federal Reserve System. There is no sugar insurance, and there is no sugar-reserve system to draw on. In other words, there is no substitute for a well-distributed stock of the commodity when controls are taken off.

When can we have this well-distributed stock in the commodity of sugar which will warrant the removal of controls?

Most fortunately we can foresee the time. The unusual Cuban sugar crop expected this year will permit a more liberal distribution of sugar to consumers and at the same time leave some over to help fill the pipe lines and the shelves.

Mr. BUTLER. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Nebraska.

Mr. BUTLER. The Senator from Vermont just made the statement that there would be no controls over the movement of sugar in case present controls were removed. I should like to ask him this question: Suppose all controls were off as of any certain date, and those who had sugar for sale were not satisfied with the price that was available. There would be a tendency to hold back, would there not, just as in the case of any other commodity?

Mr. FLANDERS. There would be.

Mr. BUTLER. If the price were sufficiently interesting and profitable there would be a tendency to move the supply into the market. It is exactly the same control we have had over the movement of all commodities during all history, and it is, I think, the only control which the people of the United States want for a permanent diet.

Mr. FLANDERS. I agree with the Senator from Nebraska in saying that the control of supply is normally and properly through price. The question arises whether the price will be excessive, whether it will lead to a boom and bust as in 1920. Furthermore, I call attention to the fact that if sufficient supplies are not in sight it will begin to affect the distribution before controls are released, because, 1 month, 2 months, 3 months—heaven only knows how long—before an announced date for taking off controls, there will be inevitably a tendency on the part of those who possess sugar at any stage of production and distribution to hold it with the expectation of the higher price coming immediately after the relinquishment of control. So I still conclude, while agreeing with the Senator from Nebraska, that the evidence, physical evidence, statistical evidence, of a strong supply of the commodity is in the long run the only safeguard against its getting out of hand.

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

Mr. FLANDERS. I yield to the Senator from Nebraska.

Mr. BUTLER. I agree thoroughly with the statement made by the Senator from Vermont. I do not know at what date he is ultimately going to arrive, in his recommendation, but in that connection I personally state that I favor the date October 31, for the exact reason that the Senator from Vermont has just given: namely, the prospect of a good supply October 31 is just ahead of or at the beginning of the movement of the beet-sugar crop, and October 31 is only slightly ahead of the date the cane offshore crop begins to move. So we are removing controls at the time when there is the largest prospective movement or available supply of the commodity under consideration.

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

Mr. FLANDERS. I yield to the Senior Senator from Vermont.

Mr. AIKEN. I should like to ask my distinguished colleague if he does not think, inasmuch as there is going to be a tendency to withhold the commodity from the market in anticipation of the removal of price controls, that if we set October 31 as the date for removing the controls, the sugar would be withheld from the market at least 6 weeks prior to that date, or at the height of the canning season?

Mr. FLANDERS. I am glad to agree completely with the suggestion of the senior Senator from my State. I think the fall canning certainly, and very likely the summer canning, would be apt to be very seriously affected.

Mr. AIKEN. About the only worse time for removal of controls would be during September, or possibly October 1.

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

Mr. FLANDERS. I yield to the Senator from West Virginia.

Mr. REVERCOMB. I thank the Senator. The question asked by the senior Senator from Vermont has led very much to what I had in mind, namely the effect of the time of releasing controls. Of course, if October 31 is the date used for release, the canning season would have passed by that time. It might not have passed for the apple or the fruit season, but it would have passed for a part of the berry season throughout the country.

Mr. AIKEN. What I had in mind was 60 days or so prior to October 31. The months of August and September are the two important canning months.

Mr. REVERCOMB. I think it has been stated by the able Senator that the principal interest is in getting supplies for the domestic user—that is, the housewife—and I join in that. That is the principal concern I believe to most of us, to see that there is available an abundance of sugar for domestic use.

There are two questions I have in mind which I want to address to the Senator. The first is, What in his opinion, would be the amount of rise in the price of sugar per pound if it were released from control at the present time?

Mr. FLANDERS. I would like to inquire of the Senator from West Virginia how much the stock market will be up or down at any given time? The question is of the same sort.

Mr. REVERCOMB. It is as uncertain as that?

Mr. FLANDERS. I think so; yes, sir.

Mr. REVERCOMB. I am somewhat surprised to hear that, because I thought there was a rather definite knowledge of the sugar supply, which would indicate what the price might be.

Mr. FLANDERS. There is a definite knowledge also of the supply of stock on the market. The imponderable is the psychological element in the purchases, whether of sugar or of stocks. I might say that in one respect my analogy falls down, since we cannot be sure in advance whether the stock market is going up or down at a given time. We could be sure that sugar was going up.

Mr. REVERCOMB. May I say further to the Senator that of course there are a good many more factors entering into the rise and fall of the stock market than in the case of a staple product such as sugar? In a general way we know from its historical use the amount of sugar which will be used; we know how much we have on hand; and, as the Senator says, we know it will go up. But I take it from the Senator's answer that he

does not desire to indicate to what extent it would go up, even knowing what the sugar supply would be, and even knowing what the historical use of sugar has been in this country.

Mr. FLANDERS. I may say that testimony of various persons with experience in the industry has shown prices ranging from 15 to 30 or even 40 cents a pound. I am inclined to discount those very high prices. The Senator is asking me to guess on the stock market.

Mr. REVERCOMB. No, not on the stock market; I am interested in sugar.

Mr. FLANDERS. It is the same sort of question. I would be surprised if, under the worst conditions, the price of sugar should go above 30. It might be somewhere between 20 and 30. The point I am making is that we can so set the conditions that the price rise will be comparatively unimportant.

Mr. REVERCOMB. May I ask the able Senator another question?

Mr. FLANDERS. Certainly.

Mr. REVERCOMB. Does he feel that the price rise would be less if controls were extended a longer time, a matter of months, or a matter of a year, than if we released them today?

Mr. FLANDERS. It is my belief, sir, that if controls were released today there would be an unusually large price rise. I am not prepared to say what it would be, but my guess is it would be well over 20. Furthermore, I believe that we can find a time before the year has ended, when controls can be taken off and the price rise be somewhere around 15 cents, and then drop back again. But I am neither a prophet, the son of a prophet, nor the grandson of a prophet, and I am just talking hot air on that particular subject. So, I think, is everyone else.

Mr. REVERCOMB. Let me say to the Senator that I think the question of what the price rise would be is a very important guiding point in this discussion. That is the reason I make inquiry of those who have given particular study to this subject. We want to get rid of controls, but I think that in considering that question we must look into the subject of price rise. There will be a temporary rise, but if it were to be such a rise as is talked about here, of course, that would be most unfortunate. We want plenty of sugar, but we want it at reasonable cost, particularly to the domestic consumer, indeed, to all consumers. That is the reason I put the question to the Senator.

I believe that both those who advocate the views of the able Senator and those who advocate other views have taken the position that they primarily want the domestic consumer, or, as we say, the housewife, to have first consideration in the use of sugar and the supply of sugar in this country; is that correct?

Mr. FLANDERS. That is correct, sir.

Mr. REVERCOMB. It then comes down to a question of the better argument as between the two points of view, as to which course will give the domestic consumer more sugar, and I want to say that that will be largely guiding with me.

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

Mr. FLANDERS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I should like to ask the Senator from Vermont a question in furtherance of the statement made by the senior Senator from Vermont, concerning October 31 as a possible date of ending controls. In addition to the canning, is there not a very large seasonal business in ice cream and confectionery that would be adversely affected by the suspension of controls on that date? In other words, if we are going to suspend controls, is it not better to do it at the end of March than it is at the end of October? If we do it at the end of October, we are going to affect the housewife adversely, because all large industrial users are going into the market for what sugar they can get. Is that not correct?

Mr. FLANDERS. That is correct, sir, from my point of view.

Mr. ROBERTSON of Virginia. Mr. President——

Mr. FLANDERS. I now yield to the Senator from Virginia. I am trying to recognize Senators in proper firing order.

Mr. ROBERTSON of Virginia. Mr. President, is it not a fact that the Secretary of Agriculture informed the subcommittee of which the Senator from Vermont was chairman, that the bulk of our domestic production would not be available for distribution until after October 31; that at that time the stocks available for distribution in this country would be at their very lowest ebb, and therefore October 31 would be the very worst time to end control, if the Senate has in view the keeping of prices within the purchasing power of the average consumer, as the distinguished Senator from Massachusetts suggested, and protecting certain industries which are not in position to pay high prices for the sugar they need?

Mr. FLANDERS. That, sir, is, according to our best information, the fact. There are three important sections of the country, so far as the source of sugar supply and its consumption are concerned. The Pacific coast in general is taken care of by the continuous production of the Hawaiian fields, though that production suffered somewhat last year because of strikes. The great middle section of the country, roughly from the Sierras to the Alleghenies, is for the most part dependent on beet sugar. The eastern seaboard and a part of the South are dependent on Cuban sugar. A part of the South is dependent on the Louisiana cane. But in general there are those three regions. They stock up at different times. They are drawn down at different times. October 31 is about the worst date, because the heavy drains will have been made on the Cuban sugar on the eastern seaboard, and the beet sugar will have been pretty nearly completely drained away, leaving the total supplies to the country at their lowest point at that time.

I shall mention one other point, and that is that it may be feasible, or considered feasible if we get, for instance, a large stock of sugar from Cuba, and the beet sugar supplies are drawn down, to put Cuban sugar into box cars and transfer it to the beet-sugar regions, or under similar but reverse conditions we can bring it back. But that is the uneconomical way to do, and in view of the story told by our friend, the Senator from Kansas, concerning box cars, it is an unwise thing to do. The proper thing to do is to have in each of these regions a sufficient stock when the controls are taken off so that any price and distribution flurries will be of a minor degree and of short duration.

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

Mr. FLANDERS. I yield.

Mr. AIKEN. Since the Secretary of Agriculture has become so thoroughly involved in this discussion on sugar, and since the Senator from West Virginia has raised a hypothetical question as to what the price of sugar would be if controls were removed, I should like to say that in testifying before the Committee on Agriculture last month, about 6 weeks ago, the Secretary of Agriculture estimated that if controls were removed this spring the retail price of sugar would rise to between 30 and 40 cents a pound.

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

Mr. FLANDERS. I yield.

Mr. TOBEY. The Senator from West Virginia raised the question of price controls coming off immediately, and the effect which would be caused thereby. I point out that the Senator from Vermont [Mr. FLANDERS] answered him by discussing the price increase which would ensue. In the statement of the Senator from Vermont I concur; but I point out that it is not only the danger of a price increase that causes us concern. The fact remains that if controls were taken off today prices would soar, but beyond that it would result in crucifying the small businessmen, because, ergo, the large sugar users with ample means to finance their purchases would purchase large supplies of sugar and drive the price up and store the sugar away for themselves to the exclusion and detriment of the small businessmen.

I point out that about 8,000 veterans have availed themselves of the GI bill of rights to start small sugar-using businesses, such as soft-drink businesses, ice-cream businesses, candy businesses, pharmaceutical businesses, and businesses engaged in the production of gelatines and other types of desserts. When we express our interest in and compassion for the small businessmen, here is a very good opportunity to show our concern and regard for him in safeguarding against such increases, which I believe are a great probability and potentiality if we should remove controls now.

Mr. FLANDERS. Mr. President, I should like to say to the Senator from New Hampshire that I fully concur with him, that in the event of serious dislocation of prices and distribution it would be the small businessman, particularly the new businessman, and the housewife, who would be the sufferers.

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

Mr. FLANDERS. I yield.

Mr. ELLENDER. I want to say that I am for a continuation of controls on sugar. I shall in the course of this debate state my reasons why I believe October 31, 1947, should be the date at which controls should end.

I should like to ask the Senator from Vermont this question: If the controls are ended on March 31, 1948, will there not be a tendency on the part of the processors of sugar in this country—say, the Louisiana processors, the beet processors, those in Cuba and in Puerto Rico and Hawaii, who begin their grinding seasons in January—to retain their sugar and keep it from the market until after March 31, 1948, in order to obtain a larger price for their commodity?

Mr. FLANDERS. That, sir, is possible, but supposing we do have ample supplies when control is taken off, we can ride out those 2 or 3 months. But that is merely one more argument for assuring ample supplies before controls are taken off.

Before I yield again, I should like to make an observation to this effect: The distinguished Senators who have interrupted me are moving me rapidly through my prepared speech toward its latter end, and whether to thank them or whether to ask them to hold up a bit is beyond the possibility of my deciding at the present moment, but I think I shall let them proceed. I yield further to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, as I indicated a moment ago, it is true that on October 31 the supply of sugar is less than it is ordinarily, but if we stop controls at that time, is it not true that we are going to have a supply flowing in from continental producers and also from offshore producers who usually sell in this market?

Mr. FLANDERS. That is true, but the supply comes through only at the rate that the refining process can be carried on.

Mr. ELLENDER. Yes. The further point I wanted to make was that in the House measure, aside from controls which continue until October 31, there are the inventory controls, which extend until the 31st of March 1948. That would have a tendency to keep large industrial users from piling up great quantities of sugar, and would leave the housewives a greater supply from which to buy sugar.

Mr. FLANDERS. Inventory controls have a certain definite usefulness, but they do not go the whole way, for a number of reasons. In the first place, they are applicable only to the primary distribution from the refineries to the wholesaling warehouses and the large industrial users. To make such controls effective through to the smaller wholesalers and the retailers, and particularly to the housewives, would require the swarm of spies and functionaries which Thomas Jefferson so delightfully described in the Declaration of Independence. In other words, we would have to multiply our former OPA force by several times to have them really follow through to the stocks in which the hoarding would occur.

But there is another point. The large industrial users might not hoard their stocks of sugar as such. They might rush the sugar through to the finished products, and inventory it in the form of finished products. They might bring about that condition by increased working forces, night shifts, and overtime. At no time would they have more than the proposed 30 days' supply on hand. Inventory control has a usefulness, but it is a limited usefulness.

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

Mr. FLANDERS. I yield to the Senator from West Virginia.

Mr. REVERCOMB. I thank the Senator for yielding to me. I will not interrupt him further if I may ask two brief questions.

The Senator has just discussed the question of what would happen when sugar controls were taken off. The Senator from Louisiana [Mr. ELLENDER] spoke of sugar controls, and the result with respect to holding sugar back from the markets if we removed the controls on October 31, 1947. Let me put this question: Will there not be a holding back of sugar whenever the controls may be ended? We must end the controls at some time. Naturally there will be a holding back of sugar from the market on the part of some. The only way to get around that is to slip up on them quickly and end the controls; but we do not do things that way. Will there not be a holding back regardless of the date when controls are removed?

Mr. FLANDERS. The Senator from West Virginia is entirely correct as to what will happen. To what extent it will happen, and how serious the withholding and price rises will be, will depend upon how large a stock of reserve sugar we have when the controls are removed. If that stock is large, the dislocations will be comparatively small and of short duration, and the withholding will be comparatively small. If our stocks are small, the price increase will be large, the dislocations in distribution will be great, and the withholding from distribution in advance of the removal will begin at a much earlier date.

Mr. REVERCOMB. In the discussion by the Senator from New Hampshire [Mr. TOBEY] he spoke of great hardship being placed upon small business if controls were released. Am I to understand from that that the housewife, the domestic user, today is suffering shortage in part from the allocations under controls to business? There seems to be a question of balancing the use of sugar between business and the domestic user. If it goes to business, whether it be small business or large business, it naturally comes from the domestic user so long as there is a shortage in the supply of the domestic user. Am I to gather from the statement of the Senator from New Hampshire that under controls the small-business user, or any business user, is taking sugar to the detriment of the supply of the domestic user?

Mr. FLANDERS. Let me say a word to the Senator from West Virginia with regard to the status of the allocation as between industry and the household user to date. Approximately 80 percent of the industrial use is apportioned to industry based upon its normal prewar use. That allocation was based on a 75 percent basic allocation. At the end of the war a great many industrial users found themselves with enlarged plants and enlarged working forces. They made a plea to the sugar-control authorities that they be permitted to expand beyond the 75 percent of their historic basis, in order not to throw men into unemployment at that particular time. Those pleas were listened to, to the extent that some of them were given as much as 80 percent, and some 85 percent; but the average increase in all those cases amounted to an over-all 80 percent of the prewar use. This season's promised allocation to the housewife is 35 pounds, which figures out about 70 percent of her prewar use. So industry is getting a 10 percent larger distribution than is the housewife. However, I should like to invite attention to the fact that that allocation was given industry on the basis of maintaining employment, and for no other purpose.

Have I answered the Senator's question?

Mr. REVERCOMB. Yes.

Mr. ELLENDER. Mr. President, will the Senator permit me to make a comment on the first question asked by the Senator from West Virginia?

Mr. FLANDERS. I yield to the Senator from Louisiana.

Mr. ELLENDER. It is true that no matter when controls are taken off, no matter what date is fixed, there will be a tendency to hoard sugar. But that tendency would be further removed by fixing the date at October 31 than by fixing any other date that could be fixed, because today the Commodity Credit Corporation owns the entire Cuban crop which is now being harvested. It also owns the entire Puerto Rico crop which is now being produced. In other words the Government can better control distribution of the sugar it now owns.

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

Mr. FLANDERS. I yield.

Mr. REVERCOMB. Does the Senator from Louisiana mean that the holding back would be less if the date were fixed at October 31?

Mr. ELLENDER. Absolutely. There can be no question about it.

Mr. ROBERTSON of Virginia. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Virginia.

Mr. ROBERTSON of Virginia. On the point raised by the Senator from Louisiana, with regard to holding back sugar, whether the date be October 31, 1947, or March 1948, we must bear in mind these factors: There will be production of beet sugar in Europe this year, which may enable the international control to give us a larger percentage of sugar from Cuba, available by March of next year. We expect a substantial shipment of sugar from the Philippines by the spring of 1948, commencing perhaps in April. That statement is based upon the report of the Department of Agriculture. We expect that when the Dutch settle their political problems in Indonesia and other sugar-producing areas in that section of the Pacific, we shall get a substantial supply from that source, which will probably come to us by March of next year. So from every standpoint we shall be in a better position if we relax control in the spring of 1948 than if we were to end the controls in the fall of 1947.

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

Mr. FLANDERS. I yield to the Senator from Nebraska.

Mr. BUTLER. I appreciate the interruptions which the Senator has permitted, because I believe they have added to the information of all of us who are keenly interested in this subject.

The question centers for the moment around matters of production, in determining what date might be most propitious for decontrolling. We all admit that the decontrol date is approaching. The question is, what would be the most propitious time? I take it from the tone of the remarks which have been made by the distinguished Senator from Vermont, and perhaps by other Senators, that a continuation of control tends to give the answer to this whole question. The answer is production. Is not that correct?

Mr. FLANDERS. The answer is production and the building up of sufficient stocks.

Mr. BUTLER. Yes; the answer is production. Let me ask the distinguished Senator from Vermont what the record is in reference to the production of sugar under Government control.

Mr. FLANDERS. My personal knowledge of that is doubtless very much less than that of the Senator from Nebraska, who lives closer to the sugar-beet-producing areas than I do. I know however, that at times the Department has discouraged the production of beet sugar, but at the present time it is encouraging it by every means within its power.

Mr. BUTLER. For the information of the Senator from Vermont and other Senators. I may say that production of sugar in our own continental area is considerably reduced, especially as regards the production of sugar beets. It is almost 50 percent lower, in my own State today, than it was in the prewar era.

Mr. FLANDERS. What about the planting?

Mr. BUTLER. The planting has been under the control of the Department; and it is that form of control that the producers do not like. My prediction is that the sooner we get rid of control, the greater will be the production. In other words, the sooner we eliminate control, the sooner we shall find the answer to the problem.

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

Mr. FLANDERS. I yield.

Mr. TOBEY. I am referring now to the comments concerning the date of decontrol—whether October 31 or next March. Addressing myself briefly to that subject, in my opinion if the date were fixed as of October 31, the eastern seaboard probably would receive very little sugar, if any, during September and October, because the persons who had it to sell would know that rationing was being terminated at the period of greatest scarcity and that, therefore, prices probably would be bound to go up; and so they would withhold the sugar during the months of September and October, and not sell it to the merchants, but wait for the price rise which would be inevitable then.

On the other hand, if the date were fixed as of March 31, and if the Secretary saw that there was sufficient sugar to end rationing March 31, he could do it as of midnight of that date without any previous announcement; and the hoarding and speculating feature would not then enter the picture, so the people in the eastern half of the country would have sugar in September and October, which from the sugar standpoint are very important months to them.

Let me point out that Senate Joint Resolution 58 contains a section which makes it mandatory for the Secretary of Agriculture, Mr. Anderson, to decontrol whenever in his good judgment he finds he can do so.

I should like to point out to the Senator who referred to sugar from the Philippines—I think it was the Senator from Virginia [Mr. ROBERTSON]—that before the war we received a million tons of sugar a year from the Philippines, year after year. Of course, the war destroyed their refineries and plants, but now they are slowly being restored. In the last few years we have been exporting sugar to the Philippines; but as he stated—and I confirm it—in another year, by March or April, our receipts of sugar from the Philippines will be back to nearly the prewar basis.

Mr. FLANDERS. I thank the Senator from New Hampshire for putting his finger on the possibility of removing controls before March 31, and of doing it unexpectedly, because that is very much within the possibilities and within, in fact, as he has indicated, the mandatory provisions of the pending joint resotion. March 31 is the limit beyond which it must not go. As I shall show a little later, the possibilities of removing controls before that time are extremely hopeful.

I shall continue briefly on the subject of United States sugar-beet production. The average production in the period 1935 to 1939 was 1,520,000 tons; for the period 1944 to 1945, 1,056,000 tons; 1945–46, 1,278,000 tons; 1946–47 the crop, as estimated by the Department, is 1,541,000 tons—the largest in our history.

I do not know who is correct—the distinguished Senator from Nebraska [Mr. BUTLER], who lives in the sugar-beet area, or the departmental statisticians, who admittedly have not always been correct.

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

Mr. FLANDERS. I yield.

Mr. BUTLER. I should like to answer the distinguished Senator just to this extent: The figures quoted are average. The figures I quoted, showing that the production in the State of Nebraska was almost 50 percent under its former production, are approximately correct; in fact, I know they are correct. But to balance that, when we consider the increased allotments under the control program to other areas—I might mention the State of California as an example, in perfect good will, because none of us cares where sugar is produced, so long as we can obtain it—the point I am making is that we are not getting more than half the amount of sugar we could get from my State; and there are many other similar areas.

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

Mr. FLANDERS. I yield.

Mr. FERGUSON. After listening to the Senator from New Hampshire [Mr. TOBEY], I wish to have the record show that so far as beet sugar is concerned, the height of sugar production—that is, the time when there would be more sugar than at any other time—would be in October, rather than next March. So I think the record ought to be clear that, so far as the growers in America are concerned, there would be sugar to be sold at that time. If we make the date next March, we are likely to find that beet sugar will be held over until after March, so that the producers will get a higher price.

So I think we have to choose a date. So far as I can learn from the growers of sugar beets in Michigan, they would prefer the date in October, rather than the date in March, for the ending of these controls.

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

Mr. FLANDERS. I should like to say, first, in answer to the remarks made by the Senator from Michigan, that, of course, beet sugar does not become instantaneously available when the beets are harvested. They go to the sugar mills, and the sirup is extracted, and the sugar is drained off and refined. Doubtless the Senator knows more than I do about the duration of the process, but I should be surprised if the refineries were not working for at least 3 months on the fall beet crop.

Mr. FERGUSON. But during that entire period the sugar would be coming out and could be supplied directly to the market, and if the producers were being paid what they regarded as a fair price at that time, there would be no reason to withhold the sugar.

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

Mr. FLANDERS. I yield.

Mr. MAYBANK. Following up what the Senator from New Hampshire [Mr. TOBEY] so ably stated, what impresses me is that in voting for the March 31 date, we have to think of the movement of crops next fall, when cotton and every other crop will move, and we must realize that a tremendous car shortage is expected at that time. As the Senator well knows, in connection with the sugar-inventory cases which were brought up by the Secretary of Agriculture and others, the really serious situation will develop next fall when beet sugar and the other sugar will be distributed.

The shortage of cars is well known to the Members of the Senate. Approximately 65,000 cars in the last year, alone, passed out of use. The testimony throughout the hearings, by every witness in connection with the inventories, was that the distribution of the crops in the fall will present a most serious problem because of the boxcar shortage which will exist at that time.

Mr. FLANDERS. I thank the Senator from South Carolina for bringing out that point. It only emphasizes the necessity for having sufficient stocks of

sugar coming from each of the sources, in the regions which normally supply it, so that it will not be necessary to shuttle it back and forth across the country.

Mr. MAYBANK. Mr. President, if the Senator will further yield, let me say that the testimony also shows that there will have to be a tremendous shuttling movement in order to supply the points outside those where the Cuban sugar is available or where beet sugar is produced.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from Wyoming?

Mr. FLANDERS. I yield.

Mr. O'MAHONEY. I should like to ask the Senator from Vermont whether testimony was submitted to the committee, on behalf of the processers of sugar beets and on behalf of the growers, to the effect that the March date, rather than the October date, was more desirable from the point of view of the beet-sugar industry?

Mr. FLANDERS. Such testimony was offered.

Mr. O'MAHONEY. I am not at all surprised that it was, although I was not present at the committee meeting, because I know that in the Rocky Mountain beet-sugar area the program for the refining of sugar beets is not completed at all by the 31st of October. In some cases it is not completed until long after that time.

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

Mr. FLANDERS. I yield.

Mr. OVERTON. There are two or three questions which I should like to ask the able Senator from Vermont. The first is this: While it is true that the stock of sugar will be very low on October 31, nevertheless, beginning at about that time, from October on, a large supply of sugar commences to come into the market. Is not that correct? That is the first question.

The second question is this: Is it not true that the consumers' demand for sugar is larger at about March 31 than it is at any other time?

Mr. FLANDERS. I would say to the Senator from Louisiana that that is rather doubtful. The largest demand for sugar would naturally come in the summer, with its combination of the use of sugar for household canning, coca-cola, and other soft drinks, and ice cream.

Mr. OVERTON. We in Louisiana have coca-cola all the time.

Mr. FLANDERS. The Senator from Louisiana is fortunate.

Mr. OVERTON. And the use of sugar by confectioners, and for ice cream, and so forth, increases in the spring.

However, it is also true, is it not, that production begins immediately after October and November, and continues, with increasing quantities, from then on?

Mr. FLANDERS. In the beet-sugar regions beet sugar production begins in October; Louisiana production begins a little later, and subsequently the Cuban sugar begins to come in. That is the "firing order" of the production of those three separate production and consuming regions.

Mr. OVERTON. That is correct.

Mr. President, I should like to ask the Senator from Vermont another question: It is true, is it not, that for Louisiana cane-sugar production, the producer is paid the average of the market value of refined sugar from October 15 until January 31?

Mr. FLANDERS. That is as I have understood it. I would defer to the Senator from Louisiana as an authority, rather than attempt to give him any information. From what I know, the conditions are very much more favorable for the sugar-beet producers, who have the price turned back to them at whatever price the sugar leaves the refinery at any time during the year. I could only wish that the cane-sugar producers in Louisiana could be as enterprising or as fortunate as the beet-sugar producers are.

Mr. OVERTON. That has been the history of the method by which the cane-sugar producers are paid. For years and years in Louisiana they have been paid on the basis of the average market value from October 15 to January 31.

If control is retained until March 31, of course that will do a rank injustice to the sugarcane growers of Louisiana and Florida, as compared with removing control on October 31, for in the former case control would be held over sugar until the Florida and Louisiana sugar had been marketed, and then control would be released.

On the other hand, if it is released on October 31, that will afford an opportunity for the cane-sugar producers to receive the increase in the market price.

Mr. FLANDERS. I may say to the Senator from Louisiana, Mr. President, that there is no question that the cane-sugar producers of Louisiana and Florida will not be in as good a position so far as price is concerned as will the beet-sugar producers or the Cuban sugar producers. That is most unfortunate. It may properly be taken into account and doubtless will be so taken into account, in weighing the time when controls should be released, if it develops that they can be released very much earlier than the final date set.

However, I still wonder how the Louisiana cane-sugar producers got into a situation as disadvantageous to them as the existing situation is, as compared with that of the beet-sugar producers. The beet-sugar producers seem to have done very nicely by themselves.

Mr. OVERTON. The custom dates back so far into past times that I do not recall how it originated. The system under which the cane-sugar producers in Louisiana are paid has prevailed for years and years and years. Perhaps the junior Senator from Louisiana [Mr. ELLENDER] may be able to state how it originated. At any rate, that is the way it is. I think the answer the Senator from Vermont has made is very fair.

Mr. FLANDERS. However, Mr. President, there is this to be considered—and it is of real importance: If the final removal of controls is left to a time when there are ample stocks available, no one will make any great windfall of profits, either in the case of beet sugar or Louisiana and Florida cane sugar or Cuban cane sugar. That is the sum and substance of the matter, as I see it.

Mr. OVERTON. Of course, that brings up another question, namely, when will that event take place, or when could it take place?

Mr. FLANDERS. Mr. President, I say to the Senator from Louisiana that if I had a little encouragement, I would read further in my manuscript, and perhaps we could come to that subject.

Mr. OVERTON. I thank the Senator from Vermont, and I shall not interrupt him again.

Mr. FLANDERS. Mr. President, as I have said, most fortunately we can foresee the time when controls may safely be removed. The unusual Cuban sugar crop expected this year will permit a more liberal distribution of sugar to consumers, and at the same time will leave some over to help fill the pipe lines and the shelves. Encouragement is being given to the planting of sugar beets this year. It is hoped that the Senate will pass House bill 2102, permitting the importation of labor supplies so that this great crop can be planted, cultivated, and harvested. It is possible that the small supplies available in the Far East may be released before the year is over. It is hoped that the new Louisiana cane crop will be good. It should be noted that none of them will be available for filling the warehouses, pipe lines, and shelves until the very end of the year and the beginning of next year. Between now and then, Cuban sugar has to carry the full burden.

There are geographical and transportational difficulties in putting the whole burden on this source of supply. Ordinarily this sugar goes to the eastern seaboard and to such part of the South as is not completely taken care of by the Louisiana and Florida cane sugar. The great Midwest, clear to the Rocky Mountains, depends on beet sugar. Only on the Pacific slope is there the relatively constant supply of Hawaiian sugar whose last year's crop was diminished by strikes. It is clear, therefore, that dependence on the Cuban crop as a backlog after decontrol involves a large scale transportation of this sugar to areas which do not normally depend on it. And we may safely prophesy that any depletion of eastern reserves by premature lifting of controls will in turn at a later date require an unnatural flow of beet sugar to the seaboard. This unnatural distribution of sugar to take care of artificial scarcities comes in a country in which the boxcar shortage has passed the danger point even at a time of year when there is normally a surplus.

This situation applies particularly to one of the early dates frequently suggested, that is, October 31. A maldistributed Cuban supply will have been carrying the load for the whole country east of the Sierras. The new beet crop would be in the course of harvesting but not yet completely refined and moving from the refineries to meet customer requirements. It would be many weeks before this could effectively take place, particularly if this beet sugar had to move east to replace depleted stocks of Cuban, and it should be noted that this

eastern movement would be taking place at the same time as the railroad lines would be meeting the big demands for moving grain in the same direction. Again we are up against the boxcar shortage.

All of these questions point to a time past the end of the year as being the time when under proper control there will be enough sugar in warehouses, in transportation, and on the shelves to meet any run which may develop when the commodity is given over to a free market.

All this is in the interest of the American housewife, but what can we do for her in the period between now and this far-off end of controls?

Announcement has already been made that she will be allowed 10 pounds more of sugar per person this year than she had last. Last year she had 15 pounds regular, plus 10 pounds of canning allowance, making 25 pounds in all. This year she will have 35 pounds straight.

Throughout the countryside, in villages and small towns—even with many housewives of the great cities—the question of sufficient sugar for canning and preserving is a serious matter. The 10 pounds of last year was not enough. In many instances, indeed, the housewife did not get the 10 pounds due to the fact that when she went to the store, it was not there—thus emphasizing the point which has been emphasized so continuously in this argument, that plentiful stocks are an essential, not merely to the ending of controls, but for the continued purchase and use of sugar, whether under controls or not.

Last year the allocation for canning was intended to be used for this purpose only. It was soon found that it is impossible, administratively, to police the use of canning sugar. To do so would have required a great increase in the already existing number of unpopular, and at times offensive, OPA administrators and investigators. The prospect of adding to this already large force enough to do a good job of policing the use of canning sugar, is too terrible to contemplate. We may therefore easily agree with the rationing authorities that it is better to do as has been done this year: to lump the sugar all together rather than to put on a 10-pound coupon with the special requirement that it is to be used for canning. The net result is that the housewife will get 35 pounds per person instead of 25.

Feeling that something better than this might be possible if the Cuban crop is as large as or larger than has been expected, I have conferred with the Secretary of Agriculture as to the possibility of increasing the distribution of sugar to families during the summer canning season. I am glad to say that he has approved of the suggestion, and I shall read into the RECORD the letter on the subject which I have just received from him:

MARCH 24, 1947.

HON. RALPH E. FLANDERS,
United States Senate.

DEAR SENATOR: In connection with the pending proposals for the continuation of controls over sugar, you have expressed concern regarding the lack of sufficient sugar to give household users more than 35 pounds per person in 1947 and have asked for our views regarding further increases in allotments for household and industrial users out of any additional supplies of sugar which may become available this year above the supplies as now estimated.

As you know, it has been indicated that current supplies of sugar should be sufficient to give allotments to the so-called percentage industrial users at the rate of 75 percent of their 1941 base use for the remainder of 1947, in addition to providing 35 pounds per person for direct household use. Current estimates of production, particularly in Cuba, afford some basis to hope that increased supplies above the 6,800,000 tons, which has been used for allocation purposes, might become available in 1947. If such additional supplies become available, it will be our intent to provide further increases in sugar rations for direct household use before giving further general increases to industrial users. However, there is one important qualification which should be stated in relation to this intent. Because of our desire to prevent the wastage of perishable agricultural commodities, it may become necessary to provide minor quantities of sugar for certain commercial uses to save such agricultural commodities. The total amount of sugar required for such emergency cases will be very small in relation to the 375,000 tons of sugar required to give an additional 5 pounds per person for direct household use. I am sure you agree with this general policy of so using the relatively small quantities of sugar required to save perishable agricultural commodities.

Our fulfilment of this intent will also be dependent upon the provisions of the legislation enacted for the continuation of sugar controls, particularly the provisions relating to sugar for new users.

Sincerely yours,
CLINTON P. ANDERSON,
Secretary.

Mr. COOPER. Mr. President——

The PRESIDING OFFICER (Mr. BALL in the chair). Does the Senator from Vermont yield to the Senator from Kentucky?

Mr. FLANDERS. I yield.

Mr. COOPER. I did not understand the Senator's reference to 50 pounds.

Mr. FLANDERS. The Senator from New Hampshire [Mr. TOBEY] offered an amendment providing that no increased allotment should go to industrial uses until a total of 50 pounds per person had been given to household use, that being the normal prewar consumption of the American individual.

Mr. COOPER. That amendment is now pending?

Mr. FLANDERS. Yes.

Mr. COOPER. I noticed, during the thorough statement which has been made by the Senator, that the questions and answers have been directed to the source of supply for 1947. From reading the report it appears that in the year 1946 the supply amounted to 5,400,000 tons, approximately, according to one of the tables, and that the estimated sources of supply for 1947 amount to 6,800,000 tons, or an increase of 1,400,000 tons.

The Senator just stated that an increase of 5 pounds to each consumer would amount to about 325,000 tons; was that the figure?

Mr. FLANDERS. Three hundred and seventy-five thousand tons.

Mr. COOPER. The increase that has been granted, of 10 pounds, then, would amount to 750,000 tons, and according to the estimate there would still be a balance of some 650,000 tons.

Did the committee have any information as to whether or not that 650,000 tons would be used for the individual consumers, the housewives, whom all of us have particularly in mind, or would that go to industrial consumers?

Mr. FLANDERS. The supply of 6,800,000 tons is allotted in accordance with the 75-percent basic industrial allotment and the 35-pound household allotment. I do not have the figure at hand. I would have to figure it out again. But the prewar demand is figured at 6,700,000 tons. The increase in population requires an additional 800,000 tons, and the total needed to reach the prewar per capita is 7,500,000 tons, but there is now a deficit of 700,000 tons, which must be made up by the increase in the Cuban crop, sugar from other sources such as South America, possibly Philippine and Java sugar, and similar miscellaneous sources. Besides that there is an estimated quantity of a million tons needed to rebuild the stocks for safe decontrol. That leaves a deficit for that purpose of about a million tons. But all of these expected increases in production will go to meet that deficit and will be swallowed up by it. I am not sure that I answered the Senator's question.

Mr. COOPER. I probably did not make myself very clear. This was the point of my inquiry: In table 4 of the report, page 9, the recommended sugar allocations for 1947 for the United States are 6,800,000 tons. On page 4 of the report it is stated in the last paragraph that this represents an increase of 21 percent over 1946, which, roughly figured, would indicate that the allocation for 1946 was approximately 5,400,000 tons. That would mean that in 1947 there would be an increased allocation of 1,400,000 tons. The increase of 10 pounds to each housewife would use up 750,000 tons of that increase, leaving 650,000 tons; to which I have directed my question. Does the Senator know, or did the committee consider, whether that tonnage would be used for the individual consumer, or for the industrial consumer?

Mr. FLANDERS. There is an increase in allotment to the industrial consumer as well as to the housewife for this year. That is 5 percent, as I remember. There is a 5-percent increase in the allotment to the industrial user. That is from the basic 70 percent of his prewar use to 75 percent basic of his prewar use.

Mr. COOPER. Did the committee have any information whether or not it would be possible under the allocations to increase the allocation for the individual consumer to more than the 35 pounds?

Mr. FLANDERS. The sugar statisticians in the Department of Agriculture and the Secretary himself are hopeful that that may be done. They are very hopeful that 5 pounds extra may be allowed during the canning season, in which event it will be made available not by giving a new coupon but by moving forward to an earlier date the coupon which succeeds July 1, so that within that period the extra amount will be used up I think in 2 months instead of 3.

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

Mr. FLANDERS. I yield.

Mr. TOBEY. I may say to my friend from Kentucky that the amendment which I offered at the opening of my remarks meets with the approval of the Secretary of Agriculture and of my friend from Vermont, and it will take care of the situation he has in mind. If the supply increases a sufficient quantity will go to the individual consumer until his allotment of 35 pounds reaches 50 pounds, which is the amount estimated to have been used by the householder before the war. So, if adopted, the amendment, ought to safeguard that situation.

Mr. COOPER. I thank the Senator.

Mr. FLANDERS. The additional 10 pounds, plus the prospect, under certain conditions, of still more than this will, I believe, lead toward a great improvement in the sugar distribution to the household, and at the same time tend to mitigate the hoarding complex when controls are finally removed.

Will these controls have to go to March 31, 1948, as the bill proposes? It is the hope of your committee and a hope based on conversations with the authorities involved, that if all goes well the available supplies may be such that the controls can be taken off a month or two earlier than the final date set by the resolution itself. Such action on the part of the Secretary of Agriculture will be obligatory since section 2 reads: "Prior to the expiration of this act, the Secretary of Agriculture is hereby authorized and directed to remove any or all controls with respect to any product over which control is authorized by this act when he determines that the supplies of sugar are sufficient to warrant such action." The significant words here are "authorized and directed."

This leads us to a consideration of what is perhaps the most important element in this whole problem: What are the abilities, the purposes and the ruling ideas of the Secretary of Agriculture in whose hands the administration of this act is placed? This is a pertinent question. We have had so much experience with administrators who looked with affection on the idea of a controlled economy that we are gun-shy on the general subject of controls. Worse than this, we have seen perfectly respectable citizens, brought up in the atmosphere of free enterprise, succumb to the lure of controls when they were once given a hand in their administration. What is the record of this official to whom the administration of sugar controls is delegated?

It is not a bad record. It shows that his efforts since the day he became Secretary of Agriculture, have been clearly directed toward eliminating Government controls over the distribution of our food supply as rapidly as possible.

Speaking at an Agriculture-Industry Conference at Decatur, Ill., on September 20, 1945, soon after he became Secretary of Agriculture, Secretary Anderson said:

> I am glad to be able to report to you that the Department of Agriculture is clearing the decks by removing wartime controls as rapidly as possible. Many foods have been taken off the ration lists. Restrictions on the distribution and use of many commodities have been removed. Since VJ-day 25 war food orders have been lifted and those remaining will go at the earliest possible moment.

Six weeks later, speaking at Kansas State College—November 9, 1945—he said:

> The Department of Agriculture got into business in farm products in the depression and again in the war emergency it got into the food business in a big way. We want to get out of that business as quickly as possible and it will be a happy day for the Secretary of Agriculture when circumstances permit it. That is part of the future to which we look forward.

He has made many other public statements to the same effect.

A check-up on his record convinces me that Secretary Anderson meant what he said:

On July 1, 1945, a total of 92 War Food Orders were on the books. Included in this total were 16 orders on fats and oils, 10 on dairy products, 7 on fruits, 3 on grain, and 2 on sugar. The remaining 54 orders covered miscellaneous commodities, delegations of authority to the Office of Price Administration for rationing of food, requisitioning of foods, procedural regulations, and the like.

He immediately established the policy of terminating orders no longer needed for war or post war purposes. By January 1, 1946, in keeping with this policy, the number of orders effective had been reduced nearly one-half, to a total of 49.

The need for exporting huge quantities of foodstuffs in 1946, particularly grain, made necessary the issuance of several new orders, such as limitations on wheat and flour inventories; set-asides on flour, meat, and dairy products; and prohibitions against the use of grain in alcoholic beverages. The downward trend in the number of outstanding orders thus was interrupted in the summer of 1946. But by January 1 of this year the number of effective orders had declined to 20. On March 10, 1947, only 15 orders remained in effect.

His record in his recommendations to OPA on the removal of price controls is similar. He has consistently advocated the end of price controls and consumer subsidies at the earliest feasible moment, and has not hesitated to urge the raising of price ceilings when it was necessary to stimulate greater production.

Further proof is to be found in the fact that rationing of meat was discontinued in November of 1945, surely the earliest possible date, and rationing of fats and oils was terminated at the same time, even though they were recognized to be then in short supply.

Also, I am advised that the Secretary of Agriculture in August 1946 recommended to the Price Decontrol Board, that ceilings on beef be not restored after the price-control holiday last summer, but did recommend the reimposition of price controls on pork. I cite this to show he has tried to be discriminating, and I think the present pork prices indicate that he had facts behind his actions.

The Secretary and his Department are honestly loath to take on this job. It will get them no honor or glory. It will be full of headaches. To soothe the pain of one of the headaches involved, the committee has incorporated in section 3 (c) in connection with the transfer of personnel this provision:

> Any personnel so transferred shall not by virtue of their temporary employment in the Department of Agriculture acquire or be entitled to any right to employment in such Department in connection with the exercise of any function other than a function transferred under this act.

The purpose of the provision is obvious. It would be unfortunate if, in taking over such of the personnel of OPA into the Department of Agriculture, the Department would find itself with a new group of employees and officials possessed of seniorities and other rights in the Department superior to the regular organization. The provision is intended to be strictly just. It proposes to give to the various OPA employees all the rights, including veterans' rights, which they would possess had they remained in OPA until its dissolution. It gives them all these rights; no more, no less.

Let me, in closing, refer again to the all-important question of how much confidence we may place in the administration of the joint resolution by the Secretary of Agriculture. In my own mind this was a matter of compelling importance. The new administrator must be guided by the facts as they exist, by the best judgment he can bring to bear on the problems, and by a strong determination to end controls at the earliest possible moment. No temptation of power or of political advantage must sway his judgment to the slightest degree.

So important did I feel this question of the Secretary's character and abilities to be, that I sought for advice from a person whose judgment weighs heavily with me. I called ex-President Hoover on the telephone.

First, I inquired of him as to whether he felt that the domestic controls on sugar could be taken off at this time. His reply was that he did not feel himself sufficiently acquainted with the details of our present supply and future prospects to be able to answer that question. He was only sure that if domestic controls were removed, export controls must be continued.

I next asked him whether he felt I was safe in taking the advice of the Secretary of Agriculture as to whether controls should be lifted or continued. His reply was, in effect, that there was no one he knew of whose judgment would be better on this matter.

I finally asked him whether he would expect the Secretary to be moved by political questions or by any influences other than the best interests of the people of the country, as he saw them. His reply to this question was emphatically to the effect that Secretary Anderson was a man of complete honesty, as well as ability, and that the public good would be his guide.

This private telephone conversation with ex-President Hoover is divulged only because it has already been made public by a radio commentator and newspaper columnist who must have obtained his information through some telepathic means.

I have known Secretary Anderson for a number of years and during that time

have formed a high regard for his character and abilities. Nevertheless, the responsibilities laid upon his shoulders are so serious that I felt the need to be confirmed in those ideas if he were to be convinced that the joint resolution before us is really in the best interests of the people of the United States. That telephone call to Mr. Hoover gave me, as an individual, that assurance. As a result I have no doubt as to the wisdom of placing this serious responsibility in his hands.

I therefore, Mr. President, commend this bill to the Members of the Senate as being worthy of their support.

Mr. TOBEY. Mr. President, my first comment would be to express a word of very deep appreciation to my friend from Vermont for the very comprehensive and painstaking and thorough statement he has made. His presentation was well made. I think the Members of the Senate must appreciate the work he has performed in connection with this subject.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hatch	Myers
Ball	Hawkes	O'Conor
Barkley	Hayden	O'Daniel
Brewster	Hickenlooper	O'Mahoney
Bridges	Hill	Overton
Brooks	Hoey	Pepper
Buck	Holland	Reed
Bushfield	Ives	Revercomb
Butler	Johnson, Colo.	Robertson, Va.
Byrd	Johnston, S. C.	Russell
Cain	Kem	Saltonstall
Capehart	Knowland	Smith
Capper	Langer	Sparkman
Chavez	Lodge	Stewart
Connally	Lucas	Taft
Cooper	McCarran	Taylor
Cordon	McCarthy	Thomas, Okla.
Donnell	McClellan	Thomas, Utah
Downey	McFarland	Thye
Dworshak	McGrath	Tobey
Eastland	McKellar	Umstead
Ecton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	White
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Murray	Young

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. TOBEY] to the first committee amendment, adding at the end thereof certain language which the clerk will read.

The LEGISLATIVE CLERK. On page 2, at the end of line 20, it is proposed to strike out the period, insert a colon, and the following: *"And provided further,* That refined sugar shall be allocated for home consumption at a rate of not less than 35 pounds per capita per calendar year, and any increase in the amount of sugar available for allocation in the calendar year 1947, over the amount recommended by the International Emergency Food Council for allocation to the United States for 1947, shall be allocated for home consumption until the allocation for such use equals 50 pounds of refined sugar per capita."

Mr. TOBEY. Mr. President, the pending sugar-control legislation is brought to the floor of the Senate by a favorable report from the Senate Committee on Banking and Currency. The vote was 10 to 3. It is now before the Senate. It is an important, far-reaching measure. Weeks of work have been done by the committee. It has finished its job and made its report.

I understand that an effort is to be made this afternoon by the opponents of the legislation to do something which in my judgment is wrong. I am informed that a motion is to be made to lay the amendment on the table. I decry that method of legislating. This important legislation is so far-reaching that a motion to lay the amendment on the table would be manifestly unfair. When a Senator votes to table the amendment, he automatically votes to throw on the scrap heap behind the barn all the efforts of the committee, and to refuse to consider the problem on its merits. It is a vote to repudiate the judgment of the President of the United States, who yesterday, in a nonpartisan manner, stressed the importance of this legislation to the American people. It is a vote to repudiate the leadership of the Committee on Banking and Currency and of the subcommittee.

According to Cushing's Manual, a motion to lay on the table is not debatable. If it is to be made, I ask Senators to vote it down, and to consider the proposal on its merits, whatever their vote may be on final disposition.

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

Mr. TOBEY. I yield.

Mr. ELLENDER. Will the Senator kindly explain his amendment?

Mr. TOBEY. I shall be very glad to do so.

Mr. ELLENDER. As I understand, the purpose of it is to allow the housewife more sugar.

Mr. TOBEY. That is correct.

Mr. ELLENDER. Does the amendment guarantee the additional poundage or is it conditioned on greater production to be determined by the Secretary of Agriculture?

Mr. TOBEY. Let me explain. Realizing—and also hoping—that there will be an increased production of sugar, and that a greater available supply will come on the horizon sometime during the calendar year—perhaps tomorrow, or 3 months or 6 months from now—when and if that occurs, if the supply is greater than the normal supply which is now allocated to the commercial interests and the housewife, the Secretary of Agriculture, Mr. Anderson, is directed—it is mandatory—forthwith to allocate the excess amount and prorate it among the housewives of America. The amendment assures an allotment of 35 pounds, with a ceiling of 50 pounds, which is the amount per capita which was used by housewives before controls were established.

Mr. ELLENDER. In other words, 50 pounds is to be allowed only in the event production reaches a certain level.

Mr. TOBEY. The Senator is correct.

Mr. ELLENDER. Would it not be better to enact legislation to make certain that the housewife will receive 40 or 45 pounds, rather than to make the increase conditional, as the Senator proposes?

Mr. TOBEY. It is certain that housewives will receive 35 pounds directly from the allocation.

Mr. ELLENDER. That is correct. The pending measure does give authority to increase the allowance from 25 to 35 pounds.

Mr. TOBEY. It is also certain that housewives and individuals will receive from 5 to 8 pounds more through increasing patronage of bakeries, restaurants, and hotels.

Mr. ELLENDER. Under the proposal now pending the housewife would receive 35 pounds.

Mr. TOBEY. And that is 40 percent more than she received last year.

Mr. ELLENDER. I understand; but would it not be better to adopt an amendment to guarantee to the housewife 5 pounds, rather than the 35 pounds proposed to be provided in the pending resolution?

Mr. TOBEY. Where would the Senator take the extra 10 pounds from, if increased supplies did not show up on the horizon?

Mr. ELLENDER. Let the Secretary wrestle with the problem. I am of opinion that production estimates for this year will be considerably increased.

Mr. TOBEY. That is an appealing argument, and I go along with the sentiment behind the suggestion. I yield to no man in my desire to take care of the housewives. But we must have a balanced economy. The business interests and the home owners are a composite of the people of the United States.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. TOBEY. I was answering the question of the Senator from Louisiana.

Mr. WHERRY. I do not wish to interrupt the Senator.

Mr. TOBEY. The Senator may ask his question. I am but clay in the potter's hands.

Mr. WHERRY. As I understand, what the Senator's amendment does is to make mandatory a distribution to the individual user—we call her the housewife—of 35 pounds.

Mr. TOBEY. That is correct.

Mr. WHERRY. Prior to this time the allocation has been discretionary with the Department of Agriculture.

Mr. TOBEY. It has been a promise, but has not been translated into legislation.

Mr. WHERRY. With that observation, let me ask a further question: In answer to the distinguished Senator from Louisiana [Mr. ELLENDER], the Senator stated that his amendment did not mean granting the housewife an additional amount unless there was an increase in the supply from some source.

Mr. TOBEY. That is correct.

Mr. FERGUSON. Mr. President, will the Senator yield for a question?

Mr. TOBEY. I yield to the Senator from Michigan.

Mr. FERGUSON. The Senator may be able to answer both questions at one time. Is it not true that in the past the industrial users of sugar have had a 10-percent preferential over the housewives? In other words, industry has been receiving 10 percent more, based on historical use, than has the housewife. Could it

not be so arranged that in the future the housewives would be taken care of rather than industrial users?

Mr. TOBEY. I will say to the Senator it is quite correct that at the present time the industrial users of the country are receiving more than 50 percent and the housewives are receiving a little under 50 percent. That is the reverse of the situation which existed some years ago. I may at least make an answer which I hope will edify the Senator from Louisiana [Mr. ELLENDER]. I now address myself to the composite question posed by the three Senators——

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

Mr. TOBEY. I yield.

Mr. MAYBANK. Does the Senator intend also to explain the serious situation existing in the milk-producing sections of the country? The Secretary of Agriculture assured us that he would look after the milk producers throughout the country, so that supplies which have been wasted in the past would be saved this year. One of the main reasons for an increase in the sugar supply during the next few months is to take care of the milk producers in the West and in New England.

Mr. TOBEY. That is correct.

Mr. MAYBANK. That is where a large part of the sugar is going.

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

Mr. TOBEY. I yield to the Senator from Vermont.

Mr. FLANDERS. Will the Senator from South Carolina repeat his question?

Mr. MAYBANK. At the hearings the Secretary of Agriculture assured the subcommittee that he believed he would be able to look after the milk-producing areas of the country in the next few months, and that by so doing large quantities of milk would be saved by conversion to condensed milk. It would be a great boon to the milk producers. I asked the distinguished Senator from New Hampshire if that was not one of the best uses of sugar. It is essential to the farmer and the dairyman.

Mr. FLANDERS. In the letter which I read from the Secretary, he called attention to the desire and intention to allocate sufficient sugar to prevent the spoilage of foodstuffs. He said that this would affect the amount which it would be proper to allocate to housewives, but that he would allocate all that was possible, with that reservation as to food spoilage.

Mr. MAYBANK. According to the testimony, the main question of food spoilage related to milk.

Mr. FLANDERS. That is the worst situation.

I should like to make one further point. Any mandatory provision we might place in this joint resolution for decreasing the amount of sugar that goes to industry in order to give more to the housewife would, I am sure, be most unfortunate, indeed, because it would reduce employment in the food-processing industry and would perhaps reduce it more in connection with the smaller and newer undertakings than in the case of older and well-heeled ones. So the amendment which the Senator from New Hampshire proposes, which would hold the industrial allotment steady and build up the housewife's allotment, is better than any proposal which would reduce the industrial allotment.

Mr. MAYBANK. Would it not also take away much of what the Secretary of Agriculture now contemplates giving to the dairy industry throughout the country?

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. As I understand, the parliamentary situation is that the distinguished Senator from New Hampshire is offering an amendment to the committee amendment. Therefore, it is an amendment in the second degree.

The PRESIDING OFFICER (Mr. BALL in the chair). That is correct.

Mr. WHERRY. Therefore, it is not in order for me to offer an amendment to the amendment offered by the distinguished Senator from New Hampshire?

The PRESIDING OFFICER. The Senator is correct.

Mr. TOBEY. I am sorry, but that is true.

Mr. WHERRY. Will the Senator yield long enough for me to say that I should like to propose an amendment which contemplates what the Senator would like to have done, and I should like to have an opportunity to explain my amendment.

Mr. TOBEY. I will give the Senator the answer that Agrippa gave to St. Paul: "Almost thou persuadest me"—but not quite.

I have an answer to give to the three Senators who have asked a question. Then I shall be glad to answer the Senator's question. This is the answer:

I had considered the advisability of reducing the present industrial user's allotment to give more sugar to the housewife. Before drafting an amendment to accomplish this, I conferred with Secretary Anderson and Mr. James H. Marshall, Director, Sugar Branch, Department of Agriculture, to see what the effect of such a policy would be.

Secretary Anderson informed me that to withdraw, for instance, 5 pounds per capita of sugar for home consumption from the present allotments allowed to industrial users would mean a withdrawal of approximately 375,000 tons from the industrial users. That would mean that for the second half of this year, instead of obtaining 75 percent of their 1941 base period, industrial users would get between 50 to 55 percent of that base period allotment. 50 percent is the lowest that industrial users were ever reduced to throughout the whole rationing period, and that has occured for a very short period of time. When that did occur, several small sugar users were put out of business.

Secretary Anderson and Mr. Marshall pointed out the two main objections to such an amendment as is now proposed. The great majority of industrial users, while constantly requesting greater allotments, are satisfied that they are being dealt with fairly at the present time. They will cooperate, and cooperation of the industry goes a long way toward securing effective controls. Should this amendment be adopted, they will feel that they are being dealt with in an unfair manner and that will jeopardize the timely adoption of legislation and the effective administration of sugar controls.

Secondly, and this is the most important consideration, a large number of small industrial users will be put out of business with the serious effect that always has on our economy. It will mean reduction of employment. It will go contrary to the spirit of present-day legislation in aid to small business.

Let us not forget that industrial users are presently obtaining only 60 percent of the 1941 base period use. Several industrial users are rendering indispensable services. They are furnishing chocolate bars to the armed services and to the children of our country. Even bakers need a small amount for bread. Many couples are employed and must purchase their pastries, because they do not have the time for home cooking.

We must approach this problem of rationing, not from the demagog's viewpoint, but from the point of view of getting the utmost supply possible for the housewife consistent with the minimum needs of industrial sugar users.

Let us not forget that the people of the United States will get 35 pounds per capita as a minimum under the present bill, and all the sugar from hotels, restaurants, and all types of institutions, which amounts to another 5 pounds per capita.

From that aspect, it is true that the amount for home consumption is a little less than 50 percent. Conversely, it is true that commercial sugar users get a little more than 50 percent of the present supply of sugar. Before the war, the figures were reversed. There are no accurate figures available, but the Department of Agriculture believes that the best estimates are that a little more than 50 percent of the sugar supply went to home consumption.

The shift in figures can be explained as follows. The Department of Agriculture in making the allotments took notice of the facts that:

First. During the higher-income period that we are now in, there are many more persons purchasing pastries and sweets than in the prewar period.

Second. When the sugar allotment was, for a brief period of time, reduced to 50 percent of the current supply, a large number of small commercial users were put out of business.

Third. In the present food-scarcity period, it is wise to save all possible fruits, and commercial canners need a larger amount of sugar to do that, as they handle such a large bulk of food.

Fourth. Milk producers need four or five times more sugar than they did before the war, to preserve milk supplies. More people use canned milk for babies, and so forth, than they did before.

Fifth. The housewife does not keep a 15- to 25-pound supply on her shelves as before the war.

Mr. President, although we are advised to avoid vain repetitions, nevertheless I shall repeat something I said a while ago, for more Senators are now in the Chamber than were present at that time: I pointed out, for the benefit of

veterans, this truth: Approximately 8,000 veterans have availed themselves of the benefits of the GI bill of rights, which the Congress passed, to start small sugar-using businesses, such as soft-drink businesses, ice-cream businesses, bakeries, candy businesses, some pharmaceutical businesses, or businesses involving the production of gelatin desserts, or other types of desserts. We must not yield to any parliamentary motion or procedure which will put them and thousands of other small commercial sugar users out of business.

Mr. President, I yield the floor.

Mr. McCARTHY. Mr. President, the Senator from New Hampshire [Mr. TOBEY] has proposed an amendment based upon the thought that the sugar-rationing program will continue until March 31, 1948. There is considerable opinion to the effect that the pending measure will be amended so as to continue sugar rationing only to October 31 of the present year. The junior Senator from Ohio [Mr. BRICKER] and myself, who are on the subcommittee studying the sugar situation, felt at the end of those studies, and we still feel, that more sugar is available now than was available during any one prewar year. Accordingly, we drafted a measure to do away immediately with all sugar rationing, but to continue sugar-inventory controls. By way of a compromise, we agreed with a number of Senators on the other side of the aisle, and also with our Republican colleagues who differed with us, to draft an amendment providing for an October 31 end of sugar rationing. If that amendment prevails, then the amendment of the Senator from New Hampshire will be meaningless, for his amendment presupposes that rationing will continue until next March. If we vote to end sugar rationing as of October 31 of this year, then——

Mr. TOBEY. Mr. President, will the Senator yield to me for a correction?

Mr. McCARTHY. I prefer not to yield until I conclude this part of my remarks.

Mr. TOBEY. Does not the Senator wish to be set aright?

Mr. McCARTHY. Of course. I yield for that purpose.

Mr. TOBEY. I thank the Senator very much.

Mr. President, the Senator from Wisconsin has stated that my amendment presupposes that controls will continue until next March. My amendment presupposes nothing of the sort, I say to the Senator in all kindness. My amendment simply says that when, as, and if—whether it be in June, August, or September—there is any increase, the increase shall forthwith be passed on to the housewives. No date at all is set in the amendment.

Mr. McCARTHY. Mr. President, let me point out that the Senator's amendment provides for a 35-pound allotment for the year. If we end the controls as of October 31, then Mr. Dice, or whoever is administering the rationing program at that time, can allow any amount he wants to allow before October 31, and can say that they will receive the remainder after rationing is ended.

Mr. President, the Senator's amendment has considerable merit, but I believe we should not consider his amendment at this time. I believe he should wait and see whether we intend to end controls as of October 31 or as of March 31 of next year. I think the Senator from New Hampshire should wait, and should resubmit his amendment at the proper time, if necessary.

For that reason, Mr. President, I now move that the amendment submitted by the Senator from New Hampshire to the committee amendment be laid on the table until such time as it shall be properly brought before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wisconsin to lay on the table the amendment submitted by the Senator from New Hampshire to the committee amendment. The motion is not debatable.

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

The yeas and nays were ordered.

Mr. JOHNSON of Colorado. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hickenlooper	Murray
Ball	Hill	Myers
Brewster	Hoey	O'Conor
Bridges	Holland	O'Daniel
Brooks	Ives	O'Mahoney
Buck	Johnson, Colo.	Overton
Butler	Johnston, S. C.	Pepper
Byrd	Kem	Revercomb
Cain	Knowland	Robertson, Va.
Capehart	Langer	Russell
Capper	Lodge	Saltonstall
Chavez	Lucas	Sparkman
Cooper	McCarran	Stewart
Donnell	McCarthy	Taft
Dworshak	McClellan	Taylor
Eastland	McFarland	Thomas, Utah
Ecton	McGrath	Thye
Ellender	McKellar	Tobey
Ferguson	McMahon	Umstead
Flanders	Magnuson	Watkins
Fulbright	Malone	Wherry
Green	Martin	Williams
Gurney	Maybank	Wilson
Hawkes	Millikin	Young
Hayden	Moore	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present.

The question is on agreeing to the motion of the Senator from Wisconsin [Mr. McCARTHY] to lay on the table the amendment offered by the Senator from New Hampshire [Mr. TOBEY] to the first committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Ohio [Mr. BRICKER] are absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER] and the Senator from Wyoming [Mr. ROBERTSON] are absent because of illness.

The Senator from South Dakota [Mr. BUSHFIELD] is necessarily absent.

The Senator from Kansas [Mr. REED] is unavoidably detained. He has a general pair with the Senator from New York [Mr. WAGNER].

The Senator from Wisconsin [Mr. WILEY] is absent by leave of the Senate because of attendance at an important committee meeting. He has a pair with the Senator from Oregon [Mr. MORSE] who is absent by leave of the Senate. If present and voting the Senator from Wisconsin would vote "yea" and the Senator from Oregon would vote "nay."

The Senator from New Jersey [Mr. SMITH], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Oregon [Mr. CORDON] are absent by leave of the Senate because of attendance at an important committee meeting. If present and voting the Senator from New Jersey would vote "nay."

Mr. LUCAS. I announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Texas [Mr. CONNALLY], the Senator from Georgia [Mr. GEORGE], and the Senator from New Mexico [Mr. HATCH] are absent by leave of the Senate because of attendance at an important meeting of the Committee on Foreign Relations.

The Senator from California [Mr. DOWNEY], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

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

The Senator from Oklahoma [Mr. THOMAS] is absent on official business at one of the Government departments.

The Senator from New York [Mr. WAGNER] has a general pair with the Senator from Kansas [Mr. REED].

If present and voting, the Senator from Kentucky [Mr. BARKLEY], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Georgia [Mr. GEORGE], the Senator from New Mexico [Mr. HATCH], the Senator from West Virginia [Mr. KILGORE], and the Senator from New York [Mr. WAGNER] would vote "nay."

The result was announced—yeas 26, nays 48, as follows:

YEAS—26

Brooks	Hawkes	Overton
Butler	Ives	Revercomb
Cain	Kem	Taft
Capehart	McCarthy	Thye
Dworshak	McKellar	Watkins
Ecton	Malone	Wherry
Ellender	Martin	Williams
Ferguson	Moore	Wilson
Gurney	Murray	

NAYS—48

Aiken	Hill	Millikin
Ball	Hoey	Myers
Brewster	Holland	O'Conor
Bridges	Johnson, Colo.	O'Daniel
Buck	Johnston, S. C.	O'Mahoney
Byrd	Knowland	Pepper
Capper	Langer	Robertson, Va.
Chavez	Lodge	Russell
Cooper	Lucas	Saltonstall
Donnell	McCarran	Sparkman
Eastland	McClellan	Stewart
Flanders	McFarland	Taylor
Fulbright	McGrath	Thomas, Utah
Green	McMahon	Tobey
Hayden	Magnuson	Umstead
Hickenlooper	Maybank	Young

NOT VOTING—21

Baldwin	George	Smith
Barkley	Hatch	Thomas, Okla.
Bricker	Jenner	Tydings
Bushfield	Kilgore	Vandenberg
Connally	Morse	Wagner
Cordon	Reed	White
Downey	Robertson, Wyo.	Wiley

So the motion to lay on the table was rejected.

The PRESIDING OFFICER. The question now recurs on the amendment offered by the Senator from New Hampshire [Mr. TOBEY] to the first amendment of the committee.

TRIAL PIECES OF COINS

Mr. McCARRAN. Mr. President, on Monday, when the calendar was called, the Senator from Nevada objected to two numbers on Calendar No. 36, Senate bill 565, and Calendar No. 37, Senate bill 566. I now ask the attention of the Senator from Vermont [Mr. FLANDERS]. At that time I was not fully apprised or informed as to the purport of those bills. Since that time I have become conversant with the meanings of the bills.

I now ask unanimous consent that I be permitted to withdraw my objection to Calendar No. 37, Senate bill 566, and also to withdraw my motion to reconsider Senate bill 565, Calendar No. 36. If there is no objection, I should like to have those measures taken up.

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

Mr. WHERRY. Mr. President, that requires unanimous consent, does it not?

The PRESIDING OFFICER. It does.

Mr. McCARRAN. That is what I am asking.

Mr. WHERRY. Reserving the right to object, will the Senator restate his reasons for making the unanimous-consent request at the present time?

Mr. McCARRAN. When the calendar was being called on Monday, last, I objected to Calendar No. 37, Senate bill 566. Calendar No. 36, Senate bill 565, had at that time already been passed. I then moved to reconsider the vote by which S. 565 was passed. The bills pertain to silver, and I had not been advised as to the purport of them. Since that time, I have become conversant with them and I have no objection to their passage. I desire to withdraw my objection and my motion to reconsider.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada to withdraw his motion to reconsider the vote by which the bill (S. 565) to amend section 3539 of the Revised Statutes relating to taking trial pieces of coins was passed? The Chair hears none; the motion to reconsider is withdrawn, and the bill stands passed.

FINENESS OF SILVER INGOTS AND WEIGHT OF SILVER COINS

Mr. McCARRAN. Mr. President, I also request unanimous consent to withdraw my objection to Senate bill 566.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada? The Chair hears none. The Chair now inquires if there is objection to the present consideration of the bill?

There being no objection, the bill (S. 566) to amend sections 3533 and 3536 of the Revised Statutes with respect to deviations in standard of ingots and weight of silver coins, was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The bill as passed is as follows:

Be it enacted, etc., That section 3533 of the Revised Statutes (U. S. C., title 31, sec. 346) is amended by striking out the word "three-thousandths" and inserting in lieu thereof the word "six-thousandths."

SEC. 2. Section 3536 of the Revised Statutes, as amended (U. S. C., title 31, sec. 349), is amended to read as follows:

"In adjusting the weight of silver coins the following deviations shall not be exceeded in any single piece: In the dollar, six grains; in the half-dollar, four grains; in the quarter-dollar, three grains; and in the dime, one and one-half grains."

CENTRALIA COAL MINE DISASTER

Mr. WHERRY obtained the floor.

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

Mr. WHERRY. I yield to the Senator from Illinois.

Mr. BROOKS. Out of order, I ask unanimous consent to submit a resolution, and I ask that it be appropriately referred.

The PRESIDING OFFICER. Without objection, the resolution will be received.

Mr. BROOKS. Mr. President, I should like to state that the resolution is concerned with the tragic explosion in the Centralia Coal Co. mine No. 5, announced in today's newspapers. From all the reports, 131 miners were trapped at the bottom of the shaft, 9 of them have been removed and are alive, 1 was removed dead, and 14 accounted for as dead. It is feared that the others may perish. If they do it will be the worst mining tragedy in the United States in 19 years.

This mine was under the operation of the Federal Government, through the Secretary of the Interior. It has been stated that there were many violations, not only of the Federal safety rules, but of the rules for mine safety laid down by the State of Illinois.

The resolution I have submitted provides that the Committee on Public Lands, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the mine explosion which occurred at Centralia Coal Co. Mine No. 5, at Wamack, Ill., on March 25, 1947, with a view to determining the cause of such explosion, and whether adequate inspection was being maintained. The committee shall report its findings to the Senate as soon as possible, including its findings as to the negligence, if any, of any agency or official of the United States in connection with the explosion.

Mr. BRIDGES. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I am very glad to yield to the Senator from New Hampshire.

Mr. BRIDGES. I am very glad that the Senator from Illinois has submitted this resolution. When I picked up the newspaper this morning and read that a blast in a coal mine in Illinois had killed a large number of men, and that one-hundred odd more men were trapped, it concerned me, for it was a great tragedy. It is very important at this point to note that on November 4 to November 6, Mr. Frank Perz, a Federal coal-mine inspector, made an inspection of No. 5 Mine of the Centralia Coal Co. in Illinois, the mine at which the tragedy occurred. A report was submitted to the Coal Mines Inspector, Mr. Collisson, on November 26, 1946, and this report showed a widespread violation of the safety laws of the Federal Mine Safety Code.

The Krug-Lewis agreement was executed on May 29, 1946. The report of the inspector shows a wholesale infraction of the Federal Mine Safety Code, as a result of which, a death trap for some 130 men was created. To my mind, it is a disgrace for the Federal Government, in the operation of the coal mines, to permit a direct violation of all the safety codes to go on resulting in this great tragedy. I hold in my hand the recommendations of the inspector; first, his findings, and then his recommendations. They are amazing, and yet the man who assumed the great responsibility of properly and safely operating this mine, Mr. Krug, the Secretary of the Interior, is spending his time traveling all over the United States and all over the Pacific Ocean trying to build up a background for a Vice Presidential campaign. He is the man who, in great arrogance, a very short time ago, was reported as saying, "I don't care what the boys on the Hill do about appropriations, I can bring pressure enough to swing them into line."

That arrogant bureaucrat who heads the Department of the Interior is the man who today must assume the responsibility for this mine disaster because upon the basis of his inspector's report he could have ordered conditions corrected or closed the mine. At the present time he is in the process of removing the Director of Mines and putting in a man of his personal choice. The inaction of the Secretary or his representative preceding this great mine tragedy is a disgrace. The Senator from Illinois is performing a real service in demanding a complete Senate investigation. When the full story is told, it will be a tragic revelation of Federal bureaucracy at its worst. That is what we have in the operation of that mine in Illinois.

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

Mr. WHERRY. I yield.

Mr. CHAVEZ. I want to thank the Senator from Nebraska for his indulgence. I also want to thank the Senator from Illinois [Mr. BROOKS] and the Senator from New Hampshire [Mr. BRIDGES] for their interest in the miners of the United States. It seems, however, that it requires the happening of a tragedy such as this to call the attention of the Members of this body and of the other House to the bleak sufferings of the miners of this country. Sometimes it seems we only think about them when something happens such as the tragedy which occurred yesterday in Illinois. But when some of us try to obtain a small appropriation in order to hire inspectors to inspect the mines of New Mexico, Colorado, Wyoming, Nebraska, or West Virginia, Congress appears to get into an economical mood, and individual Members of Congress seem to suffer because of the tremendous Federal expenditures which would be involved in such an appropriation.

Mr. President, I hope this tragic accident in Illinois will be a lesson to us all. I hope in the future it will not require a

tragedy to make Members of Congress think about the miners. Only 2 or 3 months ago we were condemning the coal miners, at least some persons were condemning them, simply because they dared to express their rights as Americans. Then how our hearts bleed for them after they die in the guts of the earth. I hope this terrible tragedy will be a lesson to us all, and that the economically minded Senate will remember it when requests are made for appropriations to employ a few extra mine inspectors to protect the lives of miners.

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

Mr. WHERRY. I yield.

Mr. CAPEHART. The speech just made by the able Senator from New Mexico might be appropriate, though I question it. It certainly is not appropriate in this instance, because I hold in my hand the report made by the Federal inspector to the Secretary of the Interior, about which nothing was done. So it does not do any good to stand on the floor of the Senate and blame the Republicans or the Appropriations Committee in this instance, because in this case the Federal inspector was paid, and there was sufficient money to send him to the mine to make the inspection. He was sent there, he went there, he made the inspection and submitted a report, but nothing was done about it. More appropriations in this instance would have done no good whatsoever.

Mr. CHAVEZ. Mr. President, will the Senator again yield so I may make a reply to the Senator from Indiana?

Mr. WHERRY. I yield.

Mr. CHAVEZ. I did not condemn a particular party or any one individual. I was condemning the Congress of the United States. I do not care whether the blame for the accident lies with the Democrats or the Republicans. I am blaming the Congress for its failure to provide sufficient funds for inspection purposes.

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

Mr. WHERRY. I yield.

Mr. CAPEHART. In this instance I do not think the Senator from New Mexico should even blame the Congress of the United States, or any Member of it. The reason I say that is that I hold in my hand the report which was submitted by the inspector. If anyone is to be blamed in this instance it should be the administration. Blame those responsible for looking after the mines and the safety of the miners.

Mr. CHAVEZ. Whoever is to blame should receive the blame irrespective of party politics or party advantage. But I insist again that we should remember the miner at times other than when he suffers and dies.

Mr. CAPEHART. I agree with that statement. Not more than 10 days ago I read a letter which I received from the Secretary of the Interior, and a letter from the head of the miners' union, and asked Congress to take some action to bring together the miners, the operators, and officials of the Government to settle the mess we are in in respect to the coal-mining industry of America. I still think that should be done. Unless it is done I believe more accidents will occur. It is likewise true that the Federal Government cannot function without the continued operation of our major industries.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. JOHNSTON of South Carolina. We all regret the accident which happened yesterday in Illinois. There is no use in our trying to lay the blame for the accident on any particular party. We do not know what caused the accident. We do know that it is probable that if proper inspection had been made there would have been no accident in the mine.

Last year I introduced a mine safety bill which carried an appropriation of $5,000,000. The purpose was to arouse the industries of the United States to the need for reducing the accidents. The Committee on Education and Labor unanimously reported that bill. It came to the Senate floor. Objection was made to it on the floor, and it was never allowed to be voted upon in the Senate. A similar bill is now in committee. I believe if that bill is adopted it will result in reducing accidents in the United States, and greatly decrease the money losses which result from such accidents. The country is losing more than $2,000,000,000 a year by reason of accidents. Let us do something in the future about this problem; let us not argue about what has happened in the past.

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

Mr. WHERRY. I yield.

Mr. MYERS. I have just taken from the clerk's desk the original copy of the resolution offered by the Senator from Illinois, and I will say I am in wholehearted accord with the purposes of the resolution. Many miners have gone to their eternal reward while toiling in the mines. They have died in the earth, and their families have lost fathers or husbands or brothers. But in the face of such a great tragedy I do not believe politics should be allowed to enter into consideration of the question. Whether Federal inspectors, or whether Illinois State inspectors are at fault, is not the question before us. But now, simply because there has been a great mine disaster, because tragedy has entered the homes of many persons in Illinois, we find the Secretary of the Interior indicted, tried, convicted, and judged guilty right here on the floor of the Senate. Are we here to investigate this tragedy? I hope the Senate will adopt the resolution. Are we then going to have an impartial and a nonpolitical investigation? Or when an accident occurs, perhaps because an inspector has not performed his duty, or because someone in the Interior Department has not performed his, or even because the Secretary of the Interior may or may not have performed the duty devolving upon him, are we going to indict those individuals and try them the moment a resolution is submitted?

Mr. President, I say it is about time for us to forget partisan politics and to begin to get down to work for the people of America. There are tremendous issues pending before Congress. Why can we not debate them on their merits? The coal-mine accident presents to us a serious problem. Why not refer the resolution to the appropriate committee for proper action? I sincerely hope and trust that the Committee on Public Lands when it begins consideration of the resolution, consider it in the same frame of mind evidenced by some Senators before the matter is even before the Senate.

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

Mr. WHERRY. I yield.

Mr. DWORSHAK. The allegation was made a few minutes ago that the funds appropriated for coal mine inspection for the current year are inadequate. I have just checked with the clerk of the Appropriations Committee, and I am advised that the Bureau of the Budget a year ago requested $1,178,000 to take care of coal mine inspections this year. The House increased that figure to $1,483,000, which figure was later approved by the Senate. So that actually for the current year there is available for coal mine inspection $305,000 in excess of the amount requested by the Bureau of the Budget.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. O'MAHONEY. I am prompted to intervene to say that if I have correctly understood the Senator from Idaho, the information which he has just given to the Senate gives an incorrect impression. The Senate increased the fund available for coal mine inspection by $305,000 over that which was recommended by the Appropriations Committee because I had the opportunity myself to offer the agreement upon the floor of the Senate to increase that appropriation.

The Senator from New Mexico [Mr. CHAVEZ], the junior Senator from West Virginia [Mr. REVERCOMB], and the senior Senator from West Virginia [Mr. KILGORE] all joined with me upon the floor in urging the increased appropriation. It was the Senate and not the House which increased the appropriation.

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

Mr. WHERRY. I yield

Mr. DWORSHAK. I received this information from the clerk of the Appropriations Committee of the Senate. I reiterate that the Bureau of the Budget requested only $1,178,000. On the floor of the House during the consideration of the bill that body adopted an amendment raising the sum of $1,178,000 to $1,483,000. When the bill was considered by the Appropriations Committee of the Senate I understand that a reduction was made, because the Bureau had not requested the additional amount; but that on the floor, as the Senator from Wyoming has indicated, the original House language providing $1,483,000 was approved. Thus the House and Senate figures coincided on this item and the final appropriation approved by the Congress provided $305,000 more than the Bureau of the

Budget had asked for coal-mine inspection.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. O'MAHONEY. My point was to make clear that the Senate increased the appropriation above the amount reported by the committee. There was quite a lengthy discussion on the subject on the floor at that time. It is only necessary to refer to the RECORD to get the facts. I understood the Senator from Idaho to say that the increase had been made in the House above the Senate figure. If he did not make that statement, I misunderstood his remarks.

Mr. BRIDGES and Mr. REVERCOMB addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield, and if so, to whom?

Mr. WHERRY. I yield first to the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, this is not a question of appropriations. That is beside the point. Let us keep the record straight. From November 4 to November 6, Mr. Frank Perz, a Federal coal mine inspector, made an examination of the mine in which the disaster occurred last night, Mine No. 5 of the Centralia Coal Co., in Illinois. He reported various violations of the Federal Mine Safety Code. The report was submitted to his chief, Capt. N. H. Collisson, coal mine inspector, on November 26, 1946. The report showed widespread violations. I am told that there were probably 57 different violations of the Federal Safety Code which was agreed upon in the so-called Krug-Lewis agreement.

What happened? The Federal Government, the Department of the Interior, headed by Mr. Krug, failed to do anything. Yesterday a great tragedy occurred. Men are dying. Women and children are left widows and orphans as a result, probably, of failure on the part of the Federal Government, which is operating the mines, to live up to the recommendations of its own inspector.

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

Mr. WHERRY. I yield.

Mr. CHAVEZ. The Senator from New Mexico is not trying to accuse anyone connected with the Federal Government or any other agency who might have been responsible for the tragedy which occurred in Illinois. The point I was trying to make, and still insist on making, is that it requires a tragedy such as this to bring to our minds the trials and tribulations of those who delve under the earth for a living. If the Senator from Idaho, and other Senators, would only investigate the amount of money appropriated, in an effort to provide the necessary inspections for the protection of miners, and divide it among the mines of the United States, they would find that the Congress was very negligent, and that the amount was extremely insignificant.

I do not care who is to blame. Whoever is to blame in Illinois should be condemned. But we should not forget our own responsibility in the matter. We should try to think of the miner at other times than when he is to be buried.

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

Mr. WHERRY. I yield.

Mr. REVERCOMB. I had not intended to speak upon this subject. A great tragedy has occurred in a coal mine. The question has been raised as to responsibility. Some question has been raised as to appropriations for inspection of mines by the Congress. I think the Senator from Wyoming [Mr. O'MAHONEY] and the Senator from Idaho [Mr. DWORSHAK] have made it quite clear that the Congress appropriated for inspection an amount considerably in excess of what was requested by the executive department.

I recall very distinctly the action taken by the Senate. I joined with the Senator from Wyoming and other Senators in urging an increase in the amount for Federal inspection of mines. I joined in that effort because it was a safety measure. It was a course which I have always felt I should follow and which I have always followed. Wherever the safety of a man is involved, no chances should be taken.

It seems to me that when we discuss what we have appropriated, that is somewhat aside the point here. Although we made available money in excess of that requested, we should bear in mind the situation which exists in this case, whoever may be at fault. An inspection was made, and a report of the inspection was made to the Federal administrator. The accident followed that report, which showed faults and dangers in the mine, dangers known to the Federal administrator.

I hope that this investigation will be carried forward. While it cannot relieve the distress which arises from this tragedy, it may be of some help in preventing similar occurrences in the future.

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

Mr. WHERRY. I yield to the Senator from Idaho.

Mr. TAYLOR. Mr. President, I do not want to beat my breast over the tragedy which has occurred. It is deplorable. We all regret it exceedingly and want to do what we can to prevent such accidents in the future.

I feel that the statement of the Senator from New Hampshire, that Mr. Krug is responsible for this mine tragedy, is political drivel. Mr. Krug is not operating the mines in fact. We all know that all the Government did was to run up a flag over the mines. The operators are continuing to operate the mines, and if anyone has been negligent it is the mine owners. We know very well that the mine owners are receiving the profits from the mines, and shifting to the Federal Government the responsibility of operating them, because the operators are incapable of reaching an agreement with their workers.

Frankly, I believe that the idea that the miners are working for the Government or that the Government is actually operating the mines is a farce. Let us not, for political purposes, try to make it appear that Mr. Krug should be there with his cap and miner's lamp on, seeing how the mines are going. Federal operation is only figurative.

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

Mr. WHERRY. I yield.

Mr. FERGUSON. I believe that the subject which has been brought to the attention of the Senate by the able Senator from Illinois [Mr. BROOKS] is so important that I now ask unanimous consent to suspend the rule and immediately consider the resolution in order that it may be adopted.

The PRESIDENT pro tempore. The Senator from Michigan asks unanimous consent that the unfinished business be temporarily laid aside for the purpose of suspending the rule and considering at this time the resolution submitted by the Senator from Illinois [Mr. BROOKS]. Is there objection? The Chair hears none, and it is so ordered. The resolution will be read for the information of the Senate.

The resolution (S. Res. 98) was read, as follows:

Resolved, That the Committee on Public Lands, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the mine explosion which occurred at the Centralia Coal Mine No. 5, Womac, Ill., on March 25, 1947, with a view to determining the cause of such explosion, whether all mine safety requirements and provisions were being observed, and whether adequate inspection was being maintained. The committee shall report its findings to the Senate as soon as possible including its findings as to the negligence, if any, of any agency or official of the United States in connection with such explosion.

Mr. LUCAS. Mr. President, before voting I desire to say a word with reference to the resolution. I regret the awful tragedy which has occurred in my State. I think the resolution is perfectly appropriate and that an investigation should be made. However, I hope that while the Federal Government is now proceeding with such dispatch in making an investigation, the officials of the State of Illinois will also act with equal dispatch, because, if I correctly understand the situation, while there is a Federal Safety Inspection Act, its enforcement is left to the States. If I am not correct I should like to have someone like the able Senator from West Virginia [Mr. REVERCOMB], who comes from a coal-mining State, correct me.

In the past, attempts have been made in the Senate and in the House to pass a Federal safety inspection law with teeth in it, making examination and inspection and the enforcement of safety rules definitely a responsibility of the Federal Government.

Such proposed legislation has been defeated in the past. I think I am correct in saying that the only power the Federal Government has at the present time is inspection, examination, and recommendation, and that the real power of enforcement, so far as any penalties are concerned for failure to maintain a mine in proper condition, is a State matter. If I am wrong in that statement I should like to be corrected.

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

Mr. WHERRY. I yield to the Senator from West Virginia.

Mr. REVERCOMB. I shall have to challenge that statement. Under the present situation it is my understanding—and I believe the Senator from Wyoming [Mr. O'MAHONEY] is as familiar with the situation as I am—that while the mines are under the control of the Federal Government any measure of safety can be enforced by the Federal Government. The Federal administrator could have closed the dangerous mine. It is also my understanding—and I state this in reply to what was said about responsibility by the senior Senator from Idaho [Mr. TAYLOR]—that this report was made to the Federal department and could have been acted upon by the Federal department, and that no action was taken.

Mr. LUCAS. There can be no question that the agent of the Federal Government would make a report to the Federal agency which is handling the situation. But I should like to ask what the report shows as to recommendations in connection with the conditions found in this mine.

Mr. BRIDGES. Mr. President, I have before me a list of the violations and conditions which were found, and the recommendations.

Mr. LUCAS. What are the recommendations? I should like to have the Senator read the recommendations. It seems to me that they are very important.

Mr. BRIDGES. One of the inspector's findings was:

> Unsupported loose roof and overhanging ribs and brows were observed along practically all of the room-entry and intermediate haulageways. And unsupported loose roof was observed along the roadways in a large number of working places.

The inspector's recommendation was as follows:

> The loose roof and overhanging ribs and brows along the room-entry and intermediate haulageways and along the roadways and working places should be either timbered adequately or taken down.

There are 30 or 40 findings in the report.

Mr. LUCAS. Let us take that one. To whom was that recommendation made?

Mr. BRIDGES. To the Federal Government.

Mr. LUCAS. Where is the authority for the Federal Government to carry out the recommendation?

Mr. BRIDGES. The Federal Government is operating the mine.

Mr. LUCAS. Of course it is. But can the Federal Government supersede a State law, for instance, with respect to examination and safety regulations?

Mr. BRIDGES. The Supreme Court of the United States says that the Federal Government has been operating the mines. I do not want to take issue with the Supreme Court.

Mr. LUCAS. I am raising the question because I think it is very important, in view of the wild or exaggerated statement made about my good friend Mr. Krug.

Mr. REVERCOMB. Mr. President, it is my recollection that the law provided for Federal inspection, and certainly under Federal control the Administrator could act to the extent of closing down a mine and keeping men away if the conditions were found bad during the time of operation by the Federal Government.

Mr. LUCAS. The Senator may be correct, and I shall not challenge the statement. But I know the situation before the Government took over the mines and I know the arguments which have been made upon the floor of the Senate regarding the Federal Government's taking over and having complete control and jurisdiction as to inspection and examination and putting some teeth into the law, making mines safe from a Federal standpoint. Such legislation has been defeated in the past.

Mr. REVERCOMB, Mr. BRIDGES, and Mr. FERGUSON addressed the Chair.

Mr. LUCAS. I will yield further to the Senator from West Virginia, because the Senator and I are talking business.

Mr. BRIDGES. I thought the Senator would yield to me, because he cut me off.

Mr. REVERCOMB. The Senator from Illinois is discussing the general proposal which has been before the Senate with respect to the Federal Government taking over the inspection of coal mines and taking them entirely away from State inspection. That proposal has been before the Senate in years past. I think it arose before I came to the Senate. The appropriation made last year and referred to by the Senator from Wyoming [Mr. O'MAHONEY] provided for additional Federal inspectors, and the laws as I understand them to exist today provide for Federal inspection by the Department of the Interior, and there is power to close a mine if it is in a dangerous condition certainly while under Government ownership.

Mr. LUCAS. I shall not challenge the Senator. I hope to look up the law between now and tomorow. But the Senator will agree with me that if we have the power to close a mine it is because the Government is at the present time operating the mines, and that is the only power we have.

Mr. REVERCOMB. I should want to consult the statute as to that.

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

Mr. WHERRY. I yield to the Senator from Pennsylvania.

Mr. MYERS. Of course, the Senator is perfectly correct in the statement that there is no power in the Federal Government to enforce recommendations made by mine inspectors. There is technically that power in the case of coal mines, because the Federal Government happens to be in possession; but I hope that no Senator is of the opinion that these violations began to occur only when the Federal Government came into control of these properties. Violations have been occurring constantly, but the Federal Government never had and does not now have, except by reason of its technical position, any power to enforce the recommendations of its mine inspectors. The Federal operation is technical. I think every Senator knows that we have argued for years as to whether the Federal Government should be given power to enforce the recommendations of its mine inspectors. The operators in many areas of the country, to use a common expression, can thumb their noses at the recommendations of mine inspectors, except now probably, because of the technical possession by the Government.

I agree with the Senator that technically the Government could close down any mine. But what I object to is that before we even vote on the resolution or any amendment and before any investigation is made, some Senators attempt to place the responsibility on the Secretary of the Interior, and talk about a Vice Presidential candidacy. I hope this resolution will be adopted unanimously. I hope the committee will conduct a full-scale investigation both as to State and Federal action, and as to who may be at fault. We cannot restore to their families the men who have lost their lives, but probably we can do something to prevent the occurrence of similar catastrophes. Let us, however, do it practically, let us do it decently, and let us do it nonpolitically.

Mr. LUCAS. Mr. President, I thank the Senator from Pennsylvania for his contribution to the discussion. He is absolutely correct.

One of the primary reasons for injecting myself into the debate was because we know definitely that previous to the time when the Federal Government took over the mines, the inspection and examination of mines with respect to safety features and the imposition of penalties for violation of laws or regulations were strictly a State matter, and a State matter alone.

Now the Federal Government has taken over the mines, and has had control of them for some months. As the able Senator from Pennsylvania has said, these violations undoubtedly have been going on for some time.

Mr. BRIDGES and Mr. REVERCOMB addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Illinois yield; and if so, to whom?

Mr. LUCAS. I ask the Senators who have addressed the Chair to wait for a moment, please.

Mr. President, no doubt the violations have been going on for some time, as I have said. I venture to say that they were going on in the Centralia mine long before the Federal Government took it over—in view of all the violations which the able Senator from New Hampshire has pointed out were found to exist in that mine by the Federal inspectors.

But I wish to make the point that we do not want to leave the impression that during all these years the Federal Government has had under its charge the coal mine at Centralia, Ill. That is the impression which I am sure my able friend the Senator from New Hampshire would like to leave.

Mr. BRIDGES. Mr. President, I asked the Senator to yield to me for a minute, but then he shut me off.

Mr. LUCAS. I did so because I was asking the Senator from Pennsylvania a question, and I was afraid I might have

a little trouble with the Senator from New Hampshire.

Mr. BRIDGES. I have just two questions which I should like to ask. One is this: If we do not have effective regulation of the mines now—and I ask this question because the Senator from Illinois has referred to political parties—what party is responsible; what administration has been in power for the last 14 years, with overwhelming majorities?

Mr. LUCAS. That would be a hard question to answer. [Laughter.]

Does the Senator from New Hampshire wish to propound another question now?

Mr. BRIDGES. Yes.

Mr. LUCAS. Does the Senator wish to propound a question equally difficult to answer?

Mr. BRIDGES. My second question is this: If a Federal mine inspector inspected these mines in early November and made his report to his chief in the Bureau of Mines in the latter part of November, is it conceivable to the Senator from Illinois that any responsible Federal official, knowing that those dangers and violations existed and having had them called to his attention, would permit men to operate or work in a mine in which those dangers were found by the Federal Government's own representatives to exist. To me, it is inconceivable.

Mr. LUCAS. Mr. President, I more or less agree with the able Senator from New Hampshire that the conditions were such that certainly whoever had the responsibility of enforcing the safety regulations and seeing that the mines were in safe condition should have done so. But before I give the Senator from New Hampshire a final answer, I desire to examine the report carefully, and find out from Secretary Krug or someone in the Department just what has been done with respect to that matter. After I have done that, I may have something more to say about it, tomorrow.

Mr. BARKLEY. Mr. President, I merely wish to make this observation: There was a very disastrous mine explosion in my State, last year, which orphaned and widowed many persons, perhaps more than were affected by the grievous disaster of which we are speaking today. The mines were then in charge of the operators. I do not recall that any great hubbub was raised in the Senate in regard to that explosion, at the time when it occurred. Of course, the Federal Government was not even in technical charge of the mines at that time; and I suppose there was no disposition to criticize the operators. Furthermore, as I recall, the comment which was made regarding it revealed a conflict of authority, to some extent, between the Federal Government and the State government. The State governments heretofore have assumed primary responsibility for the enforcement of safety provisions for mines within their borders.

The Congress has provided modest funds—inadequate funds, I think—for the Bureau of Mines, in the Department of the Interior, to make inspections of the mines. That has been done for many years. All the Federal inspectors can do is make inspections. Conflicts have heretofore occurred between the jurisdiction of the Federal inspectors and the jurisdiction of State inspectors in regard to the inspection of mines. In any event, after the Federal inspectors have made their inspections, they submit their reports to the Department of the Interior. So far as I recall, the Department of the Interior has never had any authority to carry out the recommendations made by the Federal inspectors. The Department of the Interior has never been given by Congress any funds with which to install safety appliances, not even those recommended by Federal inspectors. It may be—and on this matter I am inclined to take the same position I have heretofore taken—that there is a Federal responsibility without regard to the question of technical operation of mines by the Federal Government in an emergency or on account of a strike.

When the investigation is made by the committee called for by the resolution—and I am sure it will be made, and I certainly want it to be made—I hope the committee will not only go thoroughly into the question of the responsibility for this particular disaster, but also will broaden the inquiry beyond that, and will report to the Senate and to the country regarding the inefficiency of mine safety appliances in mines throughout the United States. Regardless of whether such inefficiency is a responsibility of the States or of the Federal Government, I should like to have the committee report on the extent to which there is any conflict between the State authority and Federal authority in regard to safety conditions in the mines and the inspections made by mine inspectors.

I should also like them to report concerning whether the taking over of mines during an emergency, on the occasion of a threatened strike or during the existence of a strike, has resulted in the automatic withdrawal of the State authorities, who had a primary responsibility, from inspections and from enforcement of the State laws with respect to mine safety. I should like to have that done in order that we may determine the real responsibility which any State Government, not only of Illinois, but of Kentucky, West Virginia, Pennsylvania, and every other State, may be held to have for these matters in the future.

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

Mr. BARKLEY. I yield.

Mr. REVERCOMB. In view of the fact that the Congress passed an act appropriating money so that approximately 40 additional inspectors, as I recall—making a total of 202 Federal inspectors—might be employed by the Federal Government to inspect the coal mines in the United States, does the Senator from Kentucky think there is a primary obligation on the States to inspect the mines, inasmuch as the Federal Government, acting through the Department of the Interior, had control of the mines, furnished the money for the inspections, and employed the inspectors? I wonder whether the Senator from Kentucky means to imply that the State had any inspection duty higher than that of the Federal Government, in view of the fact that the Federal Government provides for employing inspectors, and employs them for that purpose.

Mr. BARKLEY. I was speaking of the responsibility of the State in a broad and general sense, independent of any operation of the mines by the Federal Government. I do not recall that Congress has given any greater authority to the Federal officers to enforce the recommendations for the installation of safety appliances in the mines while they are operated by the Government than they previously had.

A very proper question, it seems to me, is whether, notwithstanding technical Federal operation of the mines, which has extended longer than was expected, and longer than any of us desired, if the difficulty could have been composed before, the Department of the Interior had any funds with which it could, out of the Treasury of the United States, have installed safety appliances, or whether it had the right to reach into the treasury of the operating companies to carry out a recommendation made by a Federal inspector. Those are matters which I think should be looked into and reported to the Senate, so that we may know hereafter what the situation is, and assess the relative responsibility of both local governments and of the Federal Government, even during Federal operation, and certainly when there is no Federal operation.

Mr REVERCOMB. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. REVERCOMB. I hope that out of the proposed investigation will come recommendations with respect to inspection. I do not know of any provision whereby the Federal Government might install appliances, but there is no doubt, is there, I ask the Senator from Kentucky, that the Federal Government could have closed down that mine once it found it was unsafe?

Mr. BARKLEY. I suppose the Federal Government could close a mine for any reason, but I do not understand that by reason of the Federal operation of mines the State withdrew from the exercise of the police power it has always had under the laws of the State.

Mr. O'MAHONEY. Mr. President——

The PRESIDENT pro tempore. The Senator from Wyoming.

Mr. O'MAHONEY. The resolution authorizing the Committee on Public Lands to make an investigation of this unfortunate coal mine accident in Illinois is defective, as I have read it, in that it does not provide any funds to enable the committee to carry on the investigation.

The matter is of such grave importance, involving as it does weakness of State law and weakness of Federal law governing the inspection of coal mines, that I feel the committee should be authorized to spend a reasonable sum to conduct the investigation. Otherwise only a cursory and ineffective study can be made. Therefore, Mr. President, I

intend to offer this amendment, adding section 2 to the bill in the usual form provided in such cases:

SEC. 2. The expenses of the committee under this resolution, 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.

Before asking the Chair to put that amendment, however, I desire to advert to some testimony which was presented to the Committee on Appropriations last year when this matter was under consideration.

The CONGRESSIONAL RECORD for June 19, 1946, on page 7140, shows that a committee amendment was presented on that date to the Department of the Interior appropriation bill, under the heading "Bureau of Mines," to strike out the appropriation which was passed by the House of $1,483,000, and insert in lieu thereof $1,178,000. On that day, acting on behalf of a group of Senators, including the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. BARKLEY], the Senators from West Virginia [Mr. KILGORE and Mr. REVERCOMB], and myself, I resisted the committee amendment and urged that the 305,000 which was being stricken out should be restored to the bill. In support of that, I find that I had pointed out that there were some 3,100 coal mines in the United States, employing 25 miners or more each; and that the Bureau of Mines, which under the law is authorized to inspect these mines, had only 157 inspectors. The purpose of the amendment was to enable the Bureau to employ 45 additional inspectors. The committee amendment reducing the amount was rejected, so that the $305,000 was restored.

The Coal Mine Inspection Act was not enacted until 1941. It was approved May 7, 1941, and it amounts to little more than an authorization to the Bureau of Mines in the Department of the Interior to conduct investigations and inspections and to make reports. The law is chapter 87 of the Public Laws of the Seventy-seventh Congress, first session.

Dr. Sayers, who was at that time the head of the Bureau of Mines, was questioned by the Senator from Rhode Island [Mr. GREEN]. This appears on page 948 of the Senate hearings on the Interior Department appropriation bill for 1947:

Senator GREEN. What is the course of the report after an inspector makes it?

Dr. SAYERS. A copy of an abridged preliminary report is tacked up on a bulletin board outside the mine, within a short time (possibly within a few days) after the mine inspection has been completed.

Senator GREEN. Does it have to be approved by anyone?

Dr. SAYERS. Yes; it is approved by the engineer in charge of the district. Then another and more complete report is formulated for review by various supervising heads. The district engineer reviews it and then it is sent to Washington and again carefully reviewed. Copies of that final report, which is held to a reasonable minimum as to length, go to the State mine inspector, to the operator, and to the union, in its national, district, and local offices; in addition, a copy is retained at the district engineer's office of this Bureau and in the Washington office of the Bureau, and the copies in the Bureau's offices are at all times open to the public to read.

In this way they are all informed.

In addition, in order to comply with the law as to publicizing this report, it is abstracted and a news release is prepared and sent to the papers in the mine locality for publication and I assure you they are published regularly. In States where they have laws covering safety in coal mining, the State inspector of mines sees that wherever the law is being disobeyed as shown by Federal inspection reports, the offending mine is called upon to obey the law.

It will be observed from this that a difficulty is created by reason of the conflict of law. In some States there are effective mine-inspection laws, in some States the mine-inspection laws are very poor, and in some States there are none. So the problem of final enforcement in a State coal mine is always one of greatest difficulty, and heretofore, as one reads the testimony presented before the Appropriations Committee, it would seem that the reports of the inspectors had sanction only to the extent that publicity was given to the reports.

I feel that, great as this tragedy has been, it may prove to be the reason for an improvement of the law, both the Federal law and of the State law. In any event, it is clear, Mr. President, it seems to me, that the resolution ought to be amended so as to provide a sum of at least $5,000 from the Contingent Fund of the Senate, in order to carry on the investigation.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Wyoming.

Mr. REVERCOMB. Mr. President, may I address a question to the Senator from Wyoming? The testimony he has read bearing upon the question of the appropriation deals with the subject of the inspection laws under the Federal Government in ordinary times, and by ordinary times I mean when the operation of a mine was in the hands of its owner. It did not deal with the situation when the Government had charge.

Mr. O'MAHONEY. Oh, no; certainly not.

Mr. REVERCOMB. The question here raised is as to the power of the Government when it takes charge to close a mine upon a report made to it. The testimony read by the Senator from Wyoming deals with cases when a mine is in private ownership and private operation.

Mr. O'MAHONEY. That is correct. That is the only law we have. I might say that section 5 of title XXX of the United States Code, the original Bureau of Mines law, authorizes—

The Director of the Bureau * * * to prepare and publish, subject to the direction of the Secretary of the Interior, under the appropriations made from time to time by Congress, reports of inquiries and investigations, with appropriate recommendations of the Bureau, concerning the nature, causes, and prevention of accidents, and the improvement of conditions, methods, and equipment, with special reference to health, safety, and prevention of waste in the mining, quarrying, metallurgical and other mineral industries.

These reports, as the inquiry last year indicated, are made annually and in a complete form, but as I said, the law itself is defective in that it lacks the sanctions which would seem to be necessarily required to prevent the constant recurrence of these tremendous tragedies in the coal mines.

Mr. DONNELL. Mr. President, I feel, as do some of the other Senators who have expressed themselves this afternoon, that this is not the moment to decide the facts upon which the investigation is to proceed. I think the tragedy is an appalling one which requires Congress to make an investigation; certainly we desire that an investigation be made; but I have been interested in one or two observations which I think should be commented upon at this time.

In the first place, frequent reference has been made by some of those who have spoken to the alleged technical possession by the United States Government. I observe nothing in the statutes of the United States which refers to the possession which the United States Government has of these mines as being purely technical.

The Senator from Idaho said we all know that that is a method of conducting operations; that it is a technical possession only. If it is, Mr. President, I undertake to say that, as I understand the laws of the United States, the officials who have given back to anyone else the authority actually to operate these mines have themselves been guilty of violations of the laws of the United States. I know of nothing in the statutes of the United States which permits the President of the United States or any executive department of the Government to take merely a technical possession and then divest himself or itself of all responsibility, moral, legal, or otherwise, with respect to the purpose for which such possession has been taken.

It is my understanding that the possession of the mine in which this terrible disaster has occurred inured to the Government by virtue of the Smith-Connally Act. If I am in error on that, I shall be glad to be corrected.

I observe, Mr. President, by an inspection of that act at the moment, that it provides that the President is empowered to "take immediate possession of any plant upon a failure to comply with any such provisions, and the authority granted by this section for the use and operation by the United States."

I pause, Mr. President, to say that nothing is said there about any technical possession, about any technical operation.

The authority—

I read again—

granted by this section for the use and operation by the United States or in its interests of any plant of which possesison is so taken, shall also apply as hereinafter provided to any plant, mine, or facility equipped for the manufacture, production, or mining of any articles or materials which may be

required for the war effort or which may be useful in connection therewith.

Then it proceeds, Mr. President:

Such power—

It does not say anything about a technical power—

Such power and authority—

It says nothing, Mr. President, about a technical authority—

may be exercised by the President through such department or agency of the Government as he may designate, and may be exercised with respect to any such plant, mine, or facility whenever the President finds, after investigation, and proclaims that there is an interruption of the operation of such plant, mine, or facility—

And so forth. Mr. President, if the United States Government has taken possession of mines and facilities and then coolly disregards all of the responsibility, taking the position when a great disaster occurs involving the lives of a hundred or more men that all the responsibility it had was a little bit of a technicality which can be disregarded and thrown off upon the occasion of such a tragedy—I want to say if that is the position of the United States Government, Congress had better pass some further legislation, in my judgment, which will awaken the executive department of the Government to the fact that it does have, not a mere technical, but a legal and a moral obligation.

Mr. President, I shall consume but a very few moments more of the Senate's time. Some reference has been made to the question as to whether or not the Secretary of the Interior has any authority in connection with the operation of these mines to do anything. I have not had the time to make anything except a very cursory and hurried examination, and I am not undertaking to say that the language to which I shall call attention in a moment necessarily imposes any obligation upon the Secretary of the Interior. But I do say that the committee which I trust will be duly constituted in a few moments should take into consideration, among other things, the question as to whether or not the legislation to which I referred does impose an obligation on the Secretary of the Interior, and if it does not, that there should be sufficient new legislation recommended by the committee to impose such a responsibility upon some official at any rate, who shall have charge of the management of operation of such facilities.

I call attention, Mr. President, to 55 Statutes, at page 178, being a portion of the public laws enacted on May 7, 1941, and I quote this language from section 6:

The Secretary of the Interior, acting through the United States Bureau of Mines, is hereby authorized and directed—

* * * * *

(d) To expend the funds made available to him for the protection or advancement of health or safety in coal mines, and for the prevention or relief of accidents or occupational diseases therein, in such lawful manner as he may deem most effective in the light of the information obtained under this act to promote the accomplishment of the objects for which such funds are granted.

Mr. President, I call attention further, not, as I said, with a view of determining with any finality whether this language does or does not impose upon the Secretary of the Interior the responsibility to which I refer, but solely for the purpose of the committee taking this language into consideration with a view to recommending such, if any, additional legislation as may be needed.

I call attention to the fact that whereas the language which I have read refers to the expenditure of funds made available to the Secretary of the Interior for the protection or advancement of health or safety in coal mines, and so forth, in the act of Congress passed, and approved on July 1, 1946, namely, the appropriation bill for the Interior Department, and particularly the Bureau of Mines, there is appropriated $1,019,000 for various purposes, included in which is this:

For salaries and expenses necessary for the investigation and improvement of mine-rescue and first-aid methods and appliances and the teaching of mine safety, rescue, and first-aid methods; investigations as to the causes of mine explosions, causes of falls of roof and coal, methods of mining, especially in relation to the safety of miners, the possible improvement of conditions under which mining operations are carried on—

And so forth. In conclusion, Mr. President, I submit, first, that all the talk upon the floor this afternoon with respect to the United States Government, after having taken over a mine, having only technical possession and responsibility, is to my mind not founded upon any law, any section of the statutes, any paragraph, semicolon, or otherwise, in the statutes of the United States. If there is any conception on the part of the Federal Government that its duty is solely technical, one of two things should happen. Either the Government should have it called to its attention that its duty is not merely technical, or, if there should be additional legislation to make the duty other than technical, we should have such legislation.

Finally, as I have indicated, clearly from the excerpt which I have read from 55 Statutes, page 178, it has been the intention of Congress to place upon the Secretary of the Interior the privilege and the obligation to extend the funds made available to him for the protection or advancement of health or safety in coal mines in such lawful manner as he may deem most effective in the light of the information obtained under the act, to promote the accomplishment of the objects for which such funds are appropriated.

Finally, there is strong reason to believe that the language which I quoted from the appropriation act of last year may give him the authority to expend those funds. It it does not, Mr. President, we should have sufficient amplifying legislation to confer not only the power, but the duty upon him in the future.

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

Mr. DONNELL. I yield.

Mr. LANGER. In connection with the legislation which the Senator proposes, does he not also believe that when the committee makes an investigation it should recommend to the Congress an appropriation of sufficient funds so that the widows and children may be properly taken care of in case the Government is to blame?

Mr. DONNELL. I think that is a subject well worthy of the careful and thoughtful consideration of the committee. I thank the Senator.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I wish to offer an amendment to the resolution. I would not consume the time of the Senate even to offer an amendment, except for the fact that I think the resolution gives evidence of hasty draftsmanship. In my judgment it is not adequate to obtain all the facts which ought to be obtained if the investigation is to be made.

Personally, I do not believe that any person, agency, corporation, or other identifiable cause of this disaster should be overlooked or shielded. If this investigation is worth making—which I think it is—it ought not to be made with the purpose of shielding anyone, a Federal officer or otherwise.

In order that there may be sufficient background for the fullest possible investigation by the committee, I think a few additional words should be added to the resolution. In order that I may make clear what I have in mind, let me read the language of the resolution:

Resolved, That the Committee on Public Lands, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the mine explosion which occurred at the Centralia Coal Mine No. 5, Womac, Ill., on March 25, 1947, with a view to determining the cause of such explosion whether all mine safety requirements and provisions were being observed, and whether adequate inspection was being maintained.

After the word "provisions" I wish to add the words "Federal or local", so that that clause would read: "whether all mine safety requirements and provisions, Federal or local, were being observed, and whether adequate inspection was being maintained."

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

Mr. BROOKS. Mr. President, I think there will be no objection to the language, but before making a definite statement to that effect, I wish to express my great appreciation for the solicitude on the part of the minority leader that the resolution be all-encompassing. The wording of the resolution is:

Resolved, That the Committee on Public Lands, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the mine explosion which occurred at the Centralia Coal Mine No. 5, Womac, Ill., on March 25, 1947, with a view to determining the cause of such explosion, whether all mine safety requirements and provisions—

That certainly means "Federal or local," without adding the words "Federal or local."

I mention this point because I think it is very significant. For the past several

months we have heard ringing through the halls of Congress the statement that the Federal Government has become all-powerful in the past 15 years and taken unto itself control of the economics and lives of the American people. Every time a Member on this side wishes to investigate something because the Federal Government has control of it, we hear the cry of "politics" coming from the other side. In the words "Federal or local" in the amendment offered by the Senator from Kentucky we see an emphasis of that attitude.

I think it is high time to call a halt to politics on the other side, or challenging those of us on this side because we would like to have an investigation made. The local authorities do not operate the mines. Congress did not have the local authorities take over the mines. The purpose of the resolution is to investigate the operation by the Federal Government, which Congress authorized. We do not limit the investigation. We say: "All mine safety requirements and provisions."

The addition of "Federal and local" does not change the scope of the resolution, no matter how much the minority at this moment seek a fuller investigation.

Mr. BARKLEY. Mr. President, during the entire discussion this afternoon I have not mentioned the word "politics." I do not know who injected politics into this discussion, if it has been injected into it. A narrow-minded man might be prompted or goaded to say that the mere introduction of the resolution, in view of the fact that the Federal Government is in charge of the mine, was prompted by politics. I make no such statement. I have not even countenanced or encouraged any such statement, and I do not think any such statement has been made. But I do not see how anyone who wants a full investigation can object to it being a full investigation, including an investigation of every person, every agency, and every governmental authority which had any responsibility, whether it be a Federal or local authority.

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

Mr. BARKLEY. I yield.

Mr. FERGUSON. I agree with the able Senator from Kentucky that we want a full and complete investigation. Having that in mind, I moved to take up the resolution for immediate consideration, because I think it is vital that the men who are to do the investigating should be on the ground at the very earliest date following this great calamity. Knowing something about mines, I think that is a vital consideration.

The able Senator from Illinois [Mr. BROOKS] has provided for a full and complete investigation. I know of no words that we can add to the resolution which would require the committee to do more than make a full and complete investigation of everything connected with this subject.

The resolution provides that the committee shall make a full and complete investigation, including Federal agencies. I think the resolution as submitted by the able Senator from Illinois is complete. I have no objection to adding other words. The President pro tempore said yesterday that he was having lawyer trouble. It appears that we are having minority trouble here today in getting this resolution in satisfactory shape.

Mr. BARKLEY. If the language which I have suggested adds nothing to the scope of the resolution, the minority trouble about which the Senator from Michigan complains could be resolved by accepting the amendment.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I have one other amendment which is in harmony with the one which I have just suggested. The last sentence of the resolution is as follows:

> The committee shall report its findings to the Senate as soon as possible, including its findings as to the negligence, if any, of any agency or official of the United States in connection with such explosion.

I wish to add certain language to that sentence. After the word "States" in the last line I propose to add the following: "or any State, Government body, or any other person or corporation."

So the findings of the committee may fix the responsibility anywhere it may properly lie, whether it be in a Federal agency, an individual, or corporation, or some other authority set up locally. It seems to me that if we are to ascertain the facts and fix the responsibility, it ought to be fixed where it belongs.

I hope the Senate will adopt the amendment.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Kentucky.

Mr. BROOKS. Mr. President, I did not have any objection to the other words suggested and I have no objection to the amendment now proposed. I merely wish to point out that this proposed amendment adds nothing to the resolution. The resolution calls for a complete and full investigation and a report of the findings to the Senate. That is all-inclusive. In addition, it includes the one agency of Government which has control, and not merely technical control, of the mines. If we are to put into the hands of the Federal Government the responsibility of controlling enterprise in America, I think the Federal Government should be responsible for its negligence, especially when it takes human life to the extent that it apparently has done.

I have no objection whatever to including the State government. It had nothing to do with operating the mine, so far as control of it was concerned, except official investigations which it may make of a corporation.

I accept the amendment.

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

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

Mr. CAPEHART. When can something be fuller than full?

Mr. BARKLEY. When it is superfull.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the resolution as amended.

The resolution (S. Res. 98), as amended, was agreed to.

The resolution as amended is as follows:

> *Resolved*, That the Committee on Public Lands, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the mine explosion which occurred at the Centralia Coal Mine No. 5, Womac, Ill., on March 25, 1947, with a view to determining the cause of such explosion, whether all mine safety requirements and provisions, Federal, or local, were being observed, and whether adequate inspection was being maintained. The committee shall report its findings to the Senate as soon as possible, including its findings as to the negligence, if any, of any agency or official of the United States or of any State, governmental body, or any other person or corporation in connection with such explosion.
>
> SEC. 2. The expenses of the committee under this resolution, 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.

AMERICAN POLICY AS TO GREECE AND TURKEY—BROADCAST OF HEARINGS

Mr. TAYLOR. Mr. President, I should like to read an editorial from the Idaho Daily Statesman on the question of our policy in Greece and Turkey. The title of the editorial is "Give it to the UN." It reads:

> GIVE IT TO THE UN
>
> That the dead hand of the League of Nations—a hand weak, vacillating, unable to grasp a problem and settle it—should have stretched out from its grave and cast a shadow over the United Nations is an appalling fact.
>
> In the Greek crisis we have evidence of that. The League was destroyed within itself because the member nations were steeped in an aura of hypocrisy toward humanity. International politics and fear of one another so effectively blanked the League that it became nothing more than a debating society with about as much power as a feather trying to resist a whirlwind.
>
> The world has just reaped the whirlwind. The product of that catastrophe, that unbelievable failure of mankind to prevent mass destruction, is now fertilizing the bloody soil of Europe and the islands of the Pacific.
>
> Now we have the spectacle of a United Nations organization, an organization of the great and the small powers, supposedly imbued with the power and the deliberating function sufficient to quell war or its breeding wherever it appears, standing apparently immobile in the Greek situation.
>
> The United States, bless its heart, is going to put forth $200,000,000 as a starter to bail the Greeks out of their financial distress and will provide arms and ammunition with the avowed purpose of keeping communism out. The money is nothing. What's a mere $200,000,000 if it would stop the bloodspilling in Greece or anywhere else?
>
> That's not the point. The fact is that this is a problem for the United Nations. If the UN could step in and push the Greeks about and kick out the border intruders who have kept that unhappy land in a state of war these long months past the peace that ended the recent great struggle, it would justify its existence.
>
> It is a troublesome picture. Are the United Nations so far from anything resembling a general concord on the ideas of international justice and service to humanity? We are not so naive as to believe that the Golden Rule is uppermost in the minds of

those who control nations. But, by the eternal god of truth and wisdom, when will the peoples of the world be freed of seeing bodies created to a tongue-whipping frenzy of brotherly love, only to have them bog down the first time something occurs that takes concurrent action and international guts?

President Truman, the chief executive of the United States, is represented as declaring that communism must be kept out of Greece. He chopped off a handshaking tour of the Spanish Americas to go back to Washington and implement his decision.

Anybody who can read the newspapers knows that communism means Russia. Anybody who can look at a map knows that the Greek nation and archipelago is the key to the Middle East, the Dardanelles—which Russia wants—and lastly, to India.

Russia is also a member of the United Nations. Now is the time to find out if the United Nations is something with iron in its veins. Now is the time to put the problem before that group of nations and hammer it until something happens. If a decision is born, that is better than nothing, whatever the decision. But if the United Nations pushes it around the table, if the problem of fratricidal murder in Greece under the guise of a struggle between monarch King George and the Communists is merely shoved aside—if nothing happens—then we know where we stand.

We can put on our hats and say, "Good day, gentlemen. Let's go home."

It is not a question of bailing out the British, who have been keeping troops in Greece and who have been putting a basis of pounds sterling under the drachma. Britain says she's broke and can't keep it up.

We could help a neighbor with a loan; we have a lot of notes in the Treasury which have remained unpaid as a reminder of that American willingness to give the other chap a chance.

It's this business of our saying we will keep—we must keep—communism out of Greece. Because the Greeks willy-nilly inhabit a strategic spot from the question of global war, that single point in the offer of help to the British puts us squarely into this proposition:

Communism means Russia. Are we beginning a long-range blocking of Russia outside of the United Nations? Are we committed to a policy of beginning now the frustration of what some believe is Russian domination of militarily valuable sections of the earth?

Give it to the United Nations first. Let the Russians speak in open meeting. Hammer the table in front of Molotov and Gromyko. Hear what they say. If they hedge, that's enough. If nobody backs us up, the UN is through, finished, wiped out, and humanity has been double-crossed again.

Maybe our State Department and our President are tired of sending notes and of watching UN excursions investigate conditions in nations where injustice is being done.

The time to have become tired was before this postwar foundation for the Third World War was laid.

Mr. President, I wanted to call this editorial to the attention of the Congress, and let Congress know that Idaho, a State which in the past has been considered somewhat of an isolationist State, feels, as represented by its largest newspaper, that we are bypassing the United Nations in the proposal to extend aid to Greece and Turkey.

I had another editorial from another paper in Idaho in the same vein, and I shall ask later that that be printed in the RECORD

Mr. President, I was happy to learn that two radio networks broadcast parts of the opening sessions of the hearings now being conducted by the Senate Foreign Relations Committee on the Greek-Turkish plan. This is a vital issue, and deserves full public attention. When I heard of these broadcasts I immediately wired the president of the National Broadcasting Co. to express my congratulations and my hope and confidence that he would in all fairness broadcast later sessions of the same committee, at which witnesses opposed to the State Department plan would testify. At the opening day's hearing all the witnesses were official witnesses, who appeared in support of the Government plan.

Today, when I queried the National Broadcasting Co. to find out what consideration had been given to my request, I was shocked to learn that while NBC had made an attempt in good faith to round out its presentation by making additional broadcasts on which opposition witnesses could be heard, they were refused permission to do so.

I was informed that NBC employees, assuming they had blanket permission to broadcast all of the hearings, had begun to extend their lines from the caucus room to the finance committee room. I understand that the hearings were moved from the caucus room to the finance committee room, for what reason I do not know, after the proponents of the measure being considered had concluded. For the opponents the hearing was moved to a different room.

When a question was raised as to permission to install the equipment in the caucus room, the matter was taken up with the committee clerk, who in turn approached the chairman. Last evening the chairman, according to NBC officials, refused permission to broadcast these other hearings.

I was also informed that the Mutual Broadcasting System, which also had broadcast Government witnesses on the first day, requested permission to broadcast the opposition testimony of Mayor LaGuardia, and was also turned down.

We all know that the Communications Act of 1934 enjoins upon radio broadcasters the responsibility to make well-rounded rather than one-sided presentations of public issues. In this instance these two networks made a very honest and commendable effort to do so. Yet it appears that they were frustrated in this effort, and that against their will they were limited to broadcasting only one side of the committee hearings.

Mr. President, I desire to raise the question as to why this action was taken. I believe that the broadcasters and the public are entitled to know why room could not be found in the Finance Committee room for two microphones and a small amount of equipment, which takes up less space than two chairs. This Greek-Turkish plan is probably the most momentous issue in the history of the United States. The public is entitled to hear all sides, and to make its decision. It is entitled to have full information.

I would appreciate it if the distinguished chairman of the Foreign Relations Committee could clear up this matter for us.

The PRESIDENT pro tempore. With the indulgence of the Senate, the chairman of the Committee on Foreign Relations would like to state to the Senator from Idaho that he sought the caucus room for all the hearings. He was unable to secure the caucus room for Tuesday and Wednesday, because the Committee on Armed Services had obtained it for their hearing on the merger.

The witnesses heard on Tuesday, without broadcast, were Government witnesses. The Government was cut off from broadcast just as much as anyone else when we moved to the room of the Committee on Finance, which was the only other room available. There was no intent or purpose to cut off anyone from any privilege.

The chairman of the committee is under the impression that he has gone to extreme lengths in connection with this issue, to obtain all the facts, publicly, that are possibly available. The room of the Committee on Finance is a smaller room, where it was not deemed feasible to set up the broadcasting apparatus. That inhibition ran against Government witnesses on Tuesday just as much as against any on Wednesday. If and when we can return to the caucus room the chairman of the committee will be very happy to have the broadcasting continued.

Mr. TAYLOR. I think the distinguished chairman of the Committee on Foreign Relations for his explanation. I sincerely wanted to know the facts of the matter. When I had called the broadcasters, they simply told me that they had been unable to broadcast the testimony of the opponents. I am happy to have had the explanation. That is all I wanted.

Mr. GURNEY. Mr. President——

The PRESIDENT pro tempore. The Senator from South Dakota.

Mr. GURNEY. Due to the fact that the Armed Services Committee has now heard most of the top witnesses from the Army and Navy, I am sure we can hereafter take care of our hearing in a smaller room. Should the Committee on Foreign Relations or any other committee wish the caucus room tomorrow, or any day thereafter, I shall be glad to relinquish the room to whomever may want it.

BONUS ON WHEAT AND CORN

Mr. WILLIAMS. Mr. President, the Senate has on its calendar Senate bill 669, to provide for the payment of a bonus of 30 cents per bushel on wheat and corn produced and sold between January 1, 1945, and April 18, 1946. To my mind, this is one of the most flagrant raids on the Federal Treasury that has been proposed in recent years.

I have before me some figures showing the benefits to the various States and how the amounts will be distributed. In the first place, this bill is supposed to cost approximately $377,000,000. Last year, taking the figures of the Department of Agriculture, the country produced 3,000,000,000 bushels of corn and 1,000,000,000

bushels of wheat. Using these figures, it would cost around $1,200,000,000.

The bill was favorably reported from the Committee on Agriculture and Forestry. I shall go through the list of States and show the Senate what each one would receive under the provisions of the bill.

The first State I shall mention is North Dakota, which, under this bill, would receive a little more than $55,000,000. The proportional part of what North Dakota would pay on that amount, under this bill, using the percentage of the taxes paid by the State, would be $420,000.

Kansas would pay a little less than $4,000,000 and receive $84,000,000.

Minnesota would pay less than $6,000,000 and receive $71,000,000.

Iowa would pay less than $4,000,000 and receive $153,000,000.

Illinois would pay less than $40,000,000 and receive $120,000,000.

South Dakota would pay approximately $420,000 and receive $51,000,000.

Missouri would receive $36,000,000 against a payment of less than $10,000,000.

Oklahoma would receive $29,000,000 and pay $3,000,000.

Tennessee would receive $21,000,000 and pay $3,000,000.

North Carolina would receive $18,000,000 and pay $10,000,000.

Mr. President, to indicate not only the raid on the Treasury but what Eastern States would have to pay, the State of New York would pay $75,000,000 and receive $9,000,000.

The State of Pennsylvania would pay $30,000,000 and receive $24,000,000.

The State of Delaware would pay $3,000,000 and receive less than $1,000,000.

I am not even trying to argue that the farmers were not misled by the officials of the Commodity Credit Corporation when they advised the farmers to sell their grain and at the same time assured them that there would be no increase granted in the price ceilings; but what can be said in the interest of the wheat and corn growers of the West can likewise be said of the eastern dairy farmer and poultry grower. The eastern farmers are just as much entitled to a subsidy payment on their crops as are the western farmers, and, if this bill is to be passed, the eastern farmers should be included. But the Federal Treasury cannot stand such raids as this bill proposes; our eastern farmers realize that and are not asking for any additional payments, but they are not going to sit idly by, nor are their representatives, and see the Treasury raided by some other group, whose claims are no better than theirs.

I intend to oppose this bill or any similar bill introduced into the Senate.

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

Mr. WILLIAMS. I yield.

Mr. LANGER. Mr. President, I wish to say, first of all, that the Senator from Delaware has been absolutely unfair in his statement in reference to the bill. A similar bill was reported by a unanimous vote of the Committee on Agriculture at the last session.

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

Mr. WILLIAMS. I yield.

Mr. KEM. I should like to ask the Senator from North Dakota if there were not two dissenting votes—the vote of the Senator from Illinois, who stands next to the Senator from North Dakota, and the Senator from Missouri?

Mr. LANGER. The then Senator from Missouri, Mr. Briggs, voted for it at the last session. It was voted out, as can be proved by the chairman of the committee, the Senator from Oklahoma [Mr. THOMAS].

What are the facts in regard to the 30-cent bonus? I do not know why the question is brought up today. While the bill is on the calendar, no Senator has made a motion that the Senate consider it. But since it has been discussed, I should like to make absolutely clear the position of the Committee on Agriculture and Forestry.

Mind you, Mr. President, the Department of Agriculture set the price at $1.38 a year ago. The ceiling price was $1.51. Ninety percent of that is approximately $1.38. The farmers relied upon that price. At the time of threshing we wrote not one letter but many letters to the Department of Agriculture. We wanted to know if that price was to be raised. We were assured by the Department of Agriculture not once but many times that the ceiling price would be left exactly where it was. At the same time a great many of the farmers who needed money badly were assured by the Government that the ceiling price would not be raised. Many thousands of them in Montana, South Dakota, North Dakota, and, in fact, all over the West took out CCC loans upon their wheat. Those loans were not due until April 1. What happened? All of a sudden it was stated that in England wheat and corn were needed. So before the Senate Committee on Agriculture and Forestry there was produced letter after letter sent out by the Department of Agriculture calling some of the loans in January, some in February, and some in March. What could the poor farmers do? In the western part of my State the snow was 3 or 4 feet deep. The Department of Agriculture said, "Pay your note." The only way the farmer could pay it was by selling the pitiful amount of wheat he had. The farmers hired trucks to haul their wheat so that people in Europe would not starve. Those loans, mind you, Mr. President, were not due for a month or 2 months or 3 months; but, nevertheless, they were called in by the Government.

Then on the 18th day of last April, out of a clear sky, Mayor LaGuardia, who had been appointed head of UNRRA, and the new Secretary of Agriculture, Mr. Anderson, got into an airplane and went to Climax, Minn., and Fargo, N. Dak.; and there they said to all the farmers who had not hauled in their wheat, who had not brought in this "mercy wheat," "We are going to give you 30 cents a bushel more because you did not care whether the people over in Europe died. Even though you kept it, we are going to give you 30 cents a bushel more."

So, Mr. President, the farmer who was not patriotic received 30 cents a bushel more than the farmer who was patriotic received.

All we are trying to do by this measure is to see that the farmer who was patriotic is treated on an equal basis with and just as fairly as a farmer who was not patriotic.

Mr. President, that is not all. Eleven Senators, including the then Senator Briggs, of Missouri, went to the Department of Agriculture on the 21st of April, and protested. We said, "It is not fair," and we asked the Department to be so kind as not to pay the additional 30 cents a bushel.

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

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. LANGER. I decline to yield at this time.

The PRESIDENT pro tempore. The Senator from North Dakota declines to yield.

Mr. LANGER. As I was saying, Mr. President, we asked them to be so kind as not to pay the additional 30 cents a bushel. Mind you, Mr. President, the junior Senator from Nebraska made in that connection, before the Secretary of Agriculture, one of the best pleas I have ever listened to. Please bear in mind also, Mr. President, that in that delegation were both Democrats and Republicans. The distinguished Senator from Nebraska said this:

> We have in Nebraska thousands and thousands of cattle that are being fed corn in the feed lots, and there is only a 10-day supply of corn to feed to them.

He then cited the case of two farmers who were in partnership and who were feeding 7,000 head of cattle. He laid that fact before the Department of Agriculture and its Secretary, Mr. Anderson. He stated that in Nebraska there were thousands of farmers who had in the feed lots cattle for which they had paid big prices; and he stated that, among others, there were two farmers who had 7,000 head of cattle in the feed lots. At that time those of us in the delegation said, "The Government is going into the black market now and is paying 30 cents a bushel more than any farmer can pay to fatten those cattle." I myself said that to the Secretary of Agriculture, and so did other Senators.

But, Mr. President, what did the Secretary of Agriculture say? He said, "It is just too bad. The farmers who have bought those cattle will have to take a loss. The Government will pay 30 cents more, but any farmer who pays more than $1.20 will go to jail."

Mr. President, I ask any Senator whether my statement is correct. They will confirm what I have said. I shall be glad to yield to the distinguished Senator from Nebraska or to any other Senator who accompanied us over there. Eleven Senators, both Democratic and Republican Senators, attended that meeting.

Mr. President, on that committee last year there were economically minded

men, men who did not want to waste a dollar of money belonging to the Government. When they investigated they found that on the advisory committee of the Department of Agriculture dealing with "mercy wheat" was a man by the name of Tom Campbell, who at that time had 400,000 bushels of his own wheat at Hardin, Mont. He did not sell it when the Senator from Michigan [Mr. VANDENBERG] and the Senator from Texas [Mr. CONNALLY] were begging the farmers to sell the wheat; but he kept it. However, he was a member of that advisory committee. Yet just as soon as the 18th day of April came he hauled in every bushel of that wheat and made a profit of $120,000. But the poor farmer who had only 1,000 or 3,000 bushels of wheat, and whose loan had been made by the Government, and whose loan had been called in, did not get a single penny.

On the subject of the cost, I hate to say that my distinguished friend, the Senator from Delaware [Mr. WILLIAMS] is not correct; but the truth of the matter is that we received a letter on that subject, and it is in the possession of the Committee on Agriculture and Forestry, and we also had before the committee witnesses from the Department. That letter shows that the cost will be $331,000,000. That letter is signed by a responsible official of the Department of Agriculture.

Let me say, further, that when the witnesses were before the committee, we asked them to state the number of bushels that were sold by the farmers in each State, and we also asked them exactly what the payment of 30 cents a bushel would amount to.

Mr. President, I do not know why this matter was brought up today, out of a clear sky; but when the time comes and when this measure is before the Senate, at that time, I, for one, together with my distinguished colleague from North Dakota [Mr. YOUNG] propose to act together with various other Senators, including the senior Senator from Nebraska [Mr. BUTLER], who joined in that measure; the junior Senator from Nebraska [Mr. WHERRY], I believe; the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Kansas [Mr. CAPPER], and various other Members of the Senate, to bring the truth fairly and squarely before the Senate.

Mr. WILLIAMS. Mr. President, I wish to say merely a few words in response to the statement which has been made by the distinguished senior Senator from North Dakota [Mr. LANGER]. Let me state that the figures I have cited regarding this matter are, for the most part, taken from statistics published in 1946 by the Department of Agriculture.

Mr. LANGER. Mr. President, I wish to say in reply that before the committee we had representatives of the Department of Agriculture; and at that time we had, and we have now, letters signed by responsible officials of the Department of Agriculture stating that the total cost will be $331,000,000.

Mr. WILLIAMS. Mr. President, I am not questioning the information which the Senator received in the committee. It so happens, as the Senator knows, that the eastern section of the United States has only a very small representation on the Committee on Agriculture and Forestry. That fact has been pointed out several times. As we all know, there is only one Senator from the Northeastern States on the Committee on Agriculture and Forestry. So about the only way we can obtain desired information is by consulting the books or other publications.

Mr. President, all the figures are in the documents I have before me, and I think they can be fully substantiated. According to the Department of Agriculture, the United States produced 3,000,000,000 bushels of corn and 1,000,000,000 bushels of wheat during that period; and according to these figures, a payment of 30 cents a bushel for that production will amount to $1,200,000,000—unless it is proposed not to pay some of the farmers. However, if the payment is to be made to any, surely it should be made to all of them. If payment is made for all the wheat and corn which, according to the figures I have cited, was produced in that calendar year, the cost will be $1,200,000,000. On the basis of these figures, no other conclusion can be reached.

Mr. WHERRY obtained the floor.

Mr. KEM. Mr. President, will the Senator yield to me?

Mr. WHERRY. I am glad to yield for a question.

Mr. KEM. I wish to interrogate the distinguished Senator from North Dakota [Mr. LANGER] for a moment.

Mr. LANGER. I shall be delighted to have the Senator do so.

Mr. KEM. I wish to ask the Senator from North Dakota whether he has in mind that since a similar bill was approved by the Committee on Agriculture and Forestry in the Seventy-ninth Congress, a very significant thing has occurred—namely, the election of last November—and that the then Senator Briggs of Missouri, to whom the Senator from North Dakota has referred as having voted for that bill, is no longer a Member of the Senate, and that this Congress has received from the people of the United States a mandate to stand firm against pork-barrel legislation, of which this measure is a flagrant example and also a mandate to balance the budget and to use every possible means to reduce the expenditures of the Federal Government.

Mr. LANGER. Mr. President, let me say to my distinguished friend the Senator from Missouri, if the Senator from Nebraska will yield for that purpose——

Mr. WHERRY. I yield.

Mr. LANGER. Let me say to him that I do not know why former Senator Briggs is not now a Member of the Senate; but I do know that Senator LANGER, of North Dakota, who introduced this measure, is here, and I know that the measure has also been approved by various other Senators who likewise were reelected.

Mr. DONNELL. Mr. President, in response to the statement of the distinguished Senator from North Dakota as to why Mr. Briggs is not here, I will say that Mr. KEM was elected in Missouri in his place by a majority of 60,000 votes.

EXTENSION OF SUGAR CONTROLS

The Senate resumed the consideration of the resolution (S. J. Res. 58) to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. TOBEY], adding at the end of the first committee amendment certain words.

RECESS

Mr. WHERRY. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 27, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 26 (legislative day of March 24), 1947:

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons for appointment as Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service of the United States of America:

Elmer H. Bourgerie, of Maryland.
George A. Morgan, of the District of Columbia.
W. Leonard Parker, of New York.

The following-named persons for appointment as Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service of the United States of America:

James D. Bell, of New Mexico.
Frank P. Butler, of New Jersey.
Nat B. King, of Texas.
Harold H. Rhodes, of Washington.
Roy Richard Rubotton, Jr., of Texas.

The following-named persons for appointment as Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

David M. Bane, of Pennsylvania.
William G. Gibson, of New York.

The following-named persons for appointment as Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

Theo C. Adams, of Texas.
Slator C. Blackiston, Jr., of North Carolina.
William B. Connett, Jr., of the District of Columbia.
John I. Fishburne, of South Carolina.
John E. MacDonald, of New Hampshire.
Gilbert L. Newbold, of New Jersey.
John B. Young, of New Jersey.

IN THE NAVY

The following-named officers to the ranks indicated in the line of the Navy:

(*Indicates officers to be designated for EDO and SDO subsequent to acceptance of appointment)

ENSIGNS

Aeschbach, Warren E.
Anthony, Robert P.
Augenblick, Richard G.
Austin, William H., Jr.
Bagwell, Wallace B.
Barksdale, Allen D.
Beck, Lester H.
Bell, John, Jr.
Bennett, Walter F., Jr.
Best, Carl O.
Biscomb, Lloyd I., Jr.
Black, Owen J.
Bluestone, Max
Boland, Joseph P.
Bowden, John L., Jr.
Braid, Robert A.
*Brandenburg, Howard H.
Brewer, Norman E.
Brewington, William I.
*Britton, Beverly L.
Brooks, Claude C.
Brown, Louis F., Jr.
Bunger, Samuel J.
Burke, Edwin J.
Burt, Robert A.
Campbell, William M.
Carlin, Joseph W.
Chester, Raymond M.
Chronister, Irvin G.
Clark, Albert H.

Conditt, Leslie T., Jr.
Condon, Vernon W.
Conn, Robert H.
Craig, Robert M.
Cruse, Vernon E.
Cruser, Handford T., 3d
Cummings, Donald E.
Cundy, David R.
Davenport, Thomas T.
Davis, William J.
Day, Charles F.
DeCamp, Dwight E.
Deckert, Albert R.
DeLavergne, Cornelious B.
*Divine, Forrest M.
Doak, William C.
Dobyns, Robert E.
Dollard, Thomas J., Jr.
*Dowdell, James S.
Drabent, Eugene A.
Drum, Henry W.
Dura, Leon J.
Durden, Walter D.
Durkin, Michael F.
Dutton, Charles R.
Eadie, Charles J.
Eaton, Kenneth H.
Else, Leslie A.
Erdner, Lewis E.
Ernst, Francis C.
Erwin, David A.
Etcher, Robert W.
Ewald, Arden A., Jr.
Farris, George W.
Finley, John P., Jr.
Fish, Harold M.
Fisher, Paul E.
Fogg, John K.
Fullerton, Gordon W.
Galvin, Thomas F.
Gatts, William H.
Gebler, Gerald P.
Gibbs, Edward M.
Glowasky, William A.
Glusenkamp, Arthur F.
Gray, Leland T., Jr.
Grieb, "J" "C"
Gudal, Sigurd M.
Gurley, Walter P.
Gumb, Dana F.
Haecherl, Frank S.
Hahn, George C.
Hall, Donald M.
Handel, John W., Jr.
Hanson, Peter S.
Harper, John R.
Hebert, Frank C.
Henry, George L.
Herbert, Christopher A.
Herbert, Charles E.
Herzog, James H.
Hickman, Wilbur M.
Hill, Arnold M.
Hilton, Calvin E.
Hodges, Thomas V.
Hord, John W.
Howard, Donnell
Hubka, Verne R.
Hunter, Guy E.
Irving, Robert
Jackson, Lee S., Jr.
Janson, Richard H.
Johnson, Edwin H., Jr.
Johnson, John D., Jr.
Johnston, Joseph L.
Johnston, Richard C.
Jones, Grover C.
Kaluza, Martin S.
Kauffman, Allen P.
Keefe, William J., Jr.
Kenyon, Arnold O., Jr.
Kimble, Elbert D.
King, Harry W.
Kline, Edward C., Jr.
Knight, Thomas C
Koch, Don R.
Kohler, Frederick W.
Koster, Edwin R.
Lackore, Raymond C., Jr.
Lamson-Scribner, Frank H., Jr.
Larson, Ben R.
Larson, Wilfred C.
Lawrence, Harry B.
Leask, Joseph A.
Lee, Earl B.
Lennon, Gerard T.
Lienhard, Bernard A.
Lyons, James I.
MacDonald, Ivan L.
Magee, William M.
*Magennis, Edward G.
Mahar, Edward T.
Manly, Paul W.
Martin, Claude F., Jr.
Mason, Arthur A.
Mathews, James F.
Mathews, William R., Jr.
*McComb, Norris L.
McGowan, James V.
McKee, Richard L.
McMahon, James P.
Meadows, Roy L., Jr.
Miller, Donald L.
Mohler, Dallas F.
Montelone, Nunzio E.
Morin, Edward C.
Morris, Adrian B., Jr.
Moseley, Richard E.
Mount, Harold W.
Muller, David G.
Nelson, Hugh M.
Nelson, Richard H.
*Newlin, John W.
Noesen, Harold
O'Brien, Richard J.
Olson, Richard A.
O'Neill, John M.
Onofrio, Edward
Owens, Albert T.
Paffe, Fabian J., Jr.
Patch, Donald R.
Pierozzi, Constantino
Pollard, Robert D.
Powell, James A.
Powell, Robert A.
Price, Mood B., Jr.
Pros, Anton J., Jr.
Provost, William B., Jr.
Purcell, Stephen E., Jr.
Rauch, Robert P.
Reese, Walter "H"
Reichwein, Tremont E.
Rezzarday, Joseph, Jr.
Richardson, James P.
Riddick, John C.
Riebow, John F.
Riess, William C.
Roberts, Louis V.
Roetman, Orvil M.
Rogers, Edmund D., Jr.
Rose, Jack "D"
Roy, Robert I.
Ryan, Bayliss Q.
Sanders, Herman J.
Scheibner, Juergen G.
Schelb, William F.
Scherrer, David E.
Schimpf, Donald R.
Schubert, Allen H.
Schwan, Alfred P. G.
Scott, Howard T., Jr.
Scott, Kenneth G.
Sellman, Edmund W.
Shaner, Donald H.
Silvert, "M" E.
Sinfield, Charles P.
Smith, Albert J.
Smith, Burton E.
Smith, Harold L.
Smith, Wayne H.
Spruance, Owen E., Jr.
*Staley, Henry E.
Steen, Stuart M.
Stephens, Lawrence B.
Summitt, Charles K.
Sutter, Milton L., Jr.
Swanke, Charles C.
Thomas, Paul B.
Thorson, Robert L.
Tilley, Herbert S.
Tipping, William L.
Titcomb, Edmund B.
Toole, Wycliffe D., Jr.
Turner, Lee L.
Vose, Stephen J.
Walston, Claude E.
Waters, Alex "C"
Weaver, John K.
Weidman, William K
Weidner, Virgil C.
Wells, Marvin G.
Westmoreland, Arthur E.
Woodard, David A.
Woods, William L., Jr.
Wright, Merritt R.
Young, Austin V.
Zumwalt, Marvin W.
Carpenter, Benjamin, Jr.
Kline, John L., Jr.
Seligman, Irwin H.
Wilkinson, Thomas R.

The following-named officers to the grades and ranks indicated in the Medical Corps of the Navy:

SURGEONS WITH THE RANK OF LIEUTENANT COMMANDER

Bullwinkel, Henry G.
Sherwood, David W.
Whalen, John M.

ASSISTANT SURGEONS WITH THE RANK OF LIEUTENANT (JUNIOR GRADE)

Roberts, James A., Jr.
Tandy, Roy W.

The following-named officers to the grades and ranks indicated in the Supply Corps of the Navy:

ASSISTANT PAYMASTERS WITH THE RANK OF ENSIGN

Allan, Richard T.
Bishop, Merwood R.
Blassic, Robert S.
Britt, Ernest R.
Canton, Julian B.
Fisher, Robert D.
Ford, Robert G.
Fronke, Robert E.
Gardner, George H.
Gayle, James A.
Goetzmann, John C.
Herrick, Eugene G.
Huntress, James F.
Kramp, Henry F.
Kulow, Frederick C.
Lindsey, Bob R.
Martin, Robert W.
Matarazzo, Joseph D.
Mossing, Raymond L.
Orrill, Donald P.
Park, Eugene L., Jr.
Peterson, George W., Jr.
Peterson, Roger G.
Polk, Donald E.
Polk, Robert B.
Prosuch, Charles B.
Quinn, Gerard J.
Searcy, William C.
Sineath, William D.
Thompson, Edwin H.
Wagner, Robert L.
White, Francis H.
Bauman, Howard

The following-named officers to the grades and ranks indicated in the Civil Engineer Corps of the Navy.

ASSISTANT CIVIL ENGINEERS WITH THE RANK OF LIEUTENANT (JUNIOR GRADE)

Anderson, Donald N.
Atwater, Vern E.

ASSISTANT CIVIL ENGINEERS WITH THE RANK OF ENSIGN

Jones, Malcolm S., Jr.
Schmoker, Robert F.
Umble, George R.

The following-named officers to the grade and rank indicated in the Dental Corps of the Navy:

PASSED ASSISTANT DENTAL SURGEON WITH THE RANK OF LIEUTENANT

Friedrich, Eduard G.

ASSISTANT DENTAL SURGEON WITH THE RANK OF LIEUTENANT (JUNIOR GRADE)

Leberman, Odin F.

The following-named officers to the rank of commissioned warrant officers in the Navy in the grades indicated:

CHIEF BOATSWAINS

Cadaret, Albert J.
Dreman, Wesley C.

CHIEF AEROGRAPHER

Mullins, Jimmy

CHIEF PAY CLERK

Hancock, Charles F.

POSTMASTERS

The following-named persons to be postmasters:

ARKANSAS

Elwin K. Hurley, Alpena Pass, Ark., in place of Jewell Coxsey, removed.

COLORADO

Paul A. Lemke, Creede, Colo., in place of M. M. Lamb, resigned.

Mabel C. White, Rangely, Colo., in place of F. A. Nichols, resigned.

FLORIDA

Clyde L. Hillhouse, White Springs, Fla., in place of L. C. Pritchard, resigned.

GEORGIA

Sam D. Williams, Vidalia, Ga., in place of E. M. Davis, resigned.

ILLINOIS

Harold E. Hohenstein, Mount Auburn, Ill., in place of L. J. Smith, retired.

Joseph J. Smaron, Posen, Ill., in place of G. B. Livesay, resigned.

INDIANA

Walter H. Fried, Corydon, Ind., in place of G. C. Rainbolt. Incumbent's commission expired June 23, 1942.

Lorin Grant Tyler, Georgetown, Ind., in place of I. V. Tyler, transferred.

Alfred P. Collins, Rensselaer, Ind., in place of G. W. Strole, transferred.

IOWA

Ralph Wentzel, Malcolm, Iowa, in place of G. F. Eisele, resigned.

KENTUCKY

Hiter Q. Kennady, Munfordville, Ky., in place of A. G. Hubbard, transferred.

LOUISIANA

Ruth C. Barentine, Longville, La., in place of Berta Cobb, declined.

MARYLAND

Harry R. Ringler, Bishopville, Md. Office became Presidential July 1, 1945.

Alice A. Kellner, White Marsh, Md., in place of J. F. Elste, resigned.

MASSACHUSETTS

Francis A. Webb, Osterville, Mass., in place of A. J. MacQuade, resigned.

Hazel F. Tenney, West Townsend, Mass., in place of G. H. Tenney, retired.

MICHIGAN

Stanley R. Wattles, Colon, Mich., in place of J. G. Watson, retired.

August M. Huotari, Mass, Mich., in place of C. J. Maloney, resigned.

MINNESOTA

Alfred F. Ess, Hopkins, Minn., in place of F. D. Markham, resigned.

Edward S. Thomas, Nashwauk, Minn., in place of J. P. Lanto, resigned.

Henry E. Grube, Nassau, Minn., in place of E. D. Wills, transferred.

MISSOURI

Gertrude L. Duke, Dadeville, Mo. Office became Presidential July 1, 1946.

Henry E. Bowers, Langdon, Mo. Office became Presidential July 1, 1946.

Jefferson D. Marsh, Steelville, Mo., in place of A. E. Thurman, transferred.

MONTANA

Pauline E. Russell, Hot Springs, Mont., in place of M. S. Smith, deceased.

NEW JERSEY

Helen M. Iuliucci, Waterford Works, N. J., in place of M. D. Heggan, resigned.

NEW YORK

Harold G. Haines, Earlton, N. Y. Office became Presidential July 1, 1945.

Arnold D. Case, Hinsdale, N. Y., in place of D. B. Allen, retired.

Bessie A. Benjamin, Speonk, N. Y. Office became Presidential July 1, 1945.

OHIO

Stewart K. Nighswander, Maple Grove, Ohio, in place of I. M. Hepp, resigned.

Philip F. Dickerson, Scio, Ohio, in place of L. H. Duswald, resigned.

Harry A. Hahn, Waynesburg, Ohio, in place of H. C. Brubaker, resigned.

OKLAHOMA

Hettie O. Russell, Loco, Okla. Office became Presidential July 1, 1945.

Bertie N. Livingston, Sparks, Okla., in place of A. G. Stockton, resigned.

PENNSYLVANIA

Charles F. Mase, New Ringgold, Pa., in place of H. R. Miller, resigned.

Albert Elton MacKissic, Parker Ford, Pa., in place of B. H. Shade, retired.

Winifred C. Brendel, Reinholds, Pa., in place of S. E. Hornberger, retired.

Thurlow C. Brenneman, York Haven, Pa., in place of M. E. M. Busser, resigned.

SOUTH DAKOTA

Wilbur E. Prann, Timber Lake, S. Dak., in place of Agnes Schirber, resigned.

TEXAS

Samuel O. Cress, Sweetwater, Tex., in place of A. G. Lee, resigned.

UTAH

Sylvester C. Scott, Marysvale, Utah, in place of A. M. Long, deceased.

VIRGINIA

Mary H. Trevey, Big Island, Va., in place of J. T. Trevey, removed.

Samuel Trent Ranson, Bremo Bluff, Va., in place of W. H. Ranson, retired.

Oscar S. Chaplain, Princess Anne, Va., in place of N. J. B. Etheridge, removed.

WEST VIRGINIA

Glenn R. Mason, Aurora, W. Va., in place of Ernest Schrock, retired.

WISCONSIN

Frederick W. Jaeger, Black Earth, Wis., in place of W. A. Frome, transferred.

August E. Mecikalski, Pelican Lake, Wis., in place of M. A. Whalen, removed.

Gilbert H. Goldbeck, Wilton, Wis., in place of M. G. Tonn, transferred.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 26, 1947

The House met at 11 o'clock a. m.

Rev. W. Lowrey Compere, pastor, Northside Baptist Church, Jackson, Miss., offered the following prayer:

O God, our Father, we humbly and gratefully acknowledge Thy marvelous goodness to us. In spite of all our sins and shortcomings, Thou hast been gracious and merciful unto our land. May we prove worthy of the manifold blessings Thou hast bestowed upon us.

We pray now for the Members of this body as they deliberate today. Give them strength equal to their responsibilities, wisdom equal to the tremendous issues they face, and divine guidance equal to the decisions they must make.

May the righteousness that exalteth a nation prevail throughout this land of ours. May our people be true to Thee and to Thy great principles of human conduct, and may America fulfill her destiny in Thy great plans for the nations of the world.

These requests we make in the name of Thy Son our Saviour. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 154. Joint resolution making an appropriation for expenses incident to the control and eradication of foot-and-mouth disease and rinderpest.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 77. Joint resolution providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor.

COMMITTEE ON THE JUDICIARY

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the subcommittee of the Committee on the Judiciary may be permitted to sit today during general debate. This is in accordance with the custom and the precedents of the House. I have conferred about it with the Speaker and the two leaders.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. MUNDT (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an address he delivered at the UNESCO Conference in Philadelphia last night.

Mr. ARNOLD asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

SUPPLYING DEFICIENCIES IN CERTAIN APPROPRIATIONS

Mr. TABER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H. J. Res. 159) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes, namely:

INCREASED PAY COSTS

For additional amounts for appropriations for the fiscal year 1947, to meet increased pay costs authorized by the Acts of March 6, 1946 (Public Law 317); May 21, 1946 (Public Law 386); May 24, 1946 (Public Law 390); July 5, 1946 (Public Law 491); July 31, 1946 (Public Laws 567, 568, and 577); and August 1, 1946 (Public Law 582); and other legislation enacted during or applicable to said fiscal year authorizing increases in pay of Government officers and employees, as follows:

LEGISLATIVE BRANCH

Senate:

"Salaries, officers and employees, Senate," $1,013,725;

"Salaries and expenses, Joint Committee on Printing, to be disbursed by the Secretary of the Senate," $5,235;

"Compiling and preparing a revised edition of the Biographical Directory of the American Congress," $14,000;

"Salaries and expenses, legislative counsel," $15,000;

"Salaries and expenses, Senate policy committees," $11,000;

"Contingent expenses, Senate, reporting debates and proceedings of the Senate," $19,075;

"Contingent expenses, Senate, services in cleaning, repairing, and varnishing furniture," $760;

"Contingent expenses, Senate, expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee on Rules and Administration of the Senate, but not exceeding 25 cents per hundred words," $118,350: *Provided*, That no part of this appropriation shall be expended for per diem and subsistence expenses except in accordance with the provisions of the Subsistence Expense Act of 1926, approved June 3, 1926, as amended;

"Contingent expenses, Senate, folding speeches and pamphlets at a rate not exceeding $1 per thousand," $5,015;

"Contingent expenses, Senate, maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms," $790;

"Contingent expenses, Senate, miscellaneous items, exclusive of labor," $19,640;

"Contingent expenses, Senate, purchase, exchange, driving, maintenance, and operation of two automobiles, one for the majority leader of the Senate and one for the minority leader of the Senate," $760;

"Contingent expenses, Senate, purchase, exchange, driving, maintenance, and operation of an automobile for the Vice President," $770;

House of Representatives:

"Compensation of officers, clerks, messengers, and others," $675,000;

"Clerk hire, Members and Delegates," $1,675,000;

Contingent expenses of the House:

"Furniture," $17,500;

"Miscellaneous items," $6,000;

"Joint Committee on Internal Revenue Taxation," $37,500;

"Folding documents," $10,000;

"Preparing and editing a new edition of the Code of Laws," $12,000;

"Clerk's office, special assistance," $1,000;

"Speaker's automobile," $1,200;

"Capitol Police Board," $300;

Office of Legislative Counsel: "Salaries and expenses," $10,000;

Architect of the Capitol:

Office of the Architect of the Capitol: "Salaries," $9,176;

Capitol Buildings and Grounds:

"Capitol Buildings," $56,173;

"Capitol Grounds," $17,882;

"Legislative garage," $3,297;

"Senate Office Building," $52,898;

"House Office Buildings," $72,456;

"Capitol power plant," $50,478;

Library Buildings and Grounds:

"Salaries," $23,583;

"Salaries, Sunday opening," $1,850;

Botanic Garden: "Salaries," $20,298;

THE JUDICIARY

United States Supreme Court:
"Salaries," $97,000;
"Structural and mechanical care of the building and grounds," $18,631;
Court of Customs and Patent Appeals: "Salaries and expenses," $28,315;
United States Customs Court: "Salaries and expenses," $41,250;
Miscellaneous items of expense:
"Salaries of judges," $1,164,000;
"Salaries of clerks of courts," $190,000;
"Probation system, United States courts," $78,000;
"Salaries of criers," $11,800;
"Fees of commissioners," $95,000;
Administrative Office of the United States Courts: "Salaries," $40,000;

EXECUTIVE OFFICE OF THE PRESIDENT

Executive Mansion and grounds: "Care, maintenance, repair, and alteration," $18,250;
Bureau of the Budget: "Salaries and expenses," $350,500;
Office for Emergency Management:
Office of Defense Transportation: "Salaries and expenses," $62,400;
Office of Scientific Research and Development: "Salaries and expenses," $48,800;

INDEPENDENT OFFICES

Federal Trade Commission: "Salaries and expenses," $281,000;
Interstate Commerce Commission:
"General expenses," $793,100;
"Railroad safety," $56,500;
"Locomotive inspection," $52,100;
National Advisory Committee for Aeronautics: "Salaries and expenses," $1,040,000;
National Capital Housing Authority: "Maintenance and operation," $1,550;
National Mediation Board:
"Salaries and expenses," $16,000;
National Railroad Adjustment Board: "Salaries and expenses," $19,000;
Panama Railroad Company: "Administrative expenses" (increase of $85,000 in the limitation upon the amount of the corporate funds which may be used for administrative expenses);
Railroad Retirement Board:
"Salaries," $304,000;
"Miscellaneous expenses (other than salaries)," $31,000;
Securities and Exchange Commission: "Salaries and expenses," $572,000;
Smithsonian Institution:
"Salaries and expenses," $180,400;
"Salaries and expenses, National Gallery of Art," $101,000;
The Tax Court of the United States: "Salaries and expenses," $123,500;
Veterans' Administration: "Administration, medical, hospital, and domiciliary services," $48,272,500;

FEDERAL WORKS AGENCY

Public Buildings Administration:
"General administrative expenses," $201,500;
"Salaries and expenses, public buildings and grounds in the District of Columbia and adjacent area," $2,996,000;
"Salaries and expenses, public buildings and grounds outside the District of Columbia," $1,123,600;

POST OFFICE DEPARTMENT

(Out of the postal revenues)

Post Office Department, Washington, D. C.:
Office of the Postmaster General: "Salaries," $44,700;
Salaries in bureaus and offices:
"Office of Budget and Administrative Planning," $6,300;
"Office of the First Assistant Postmaster General," $137,900;
"Office of the Second Assistant Postmaster General," $110,900;
"Office of the Third Assistant Postmaster General," $158,200;
"Office of the Fourth Assistant Postmaster General," $78,000;
"Office of the Solicitor for the Post Office Department," $21,000;
"Office of the Chief Inspector," $31,300;
"Office of the purchasing agent," $9,800;
"Bureau of Accounts," $77,100;
Field Service, Post Office Department:
Office of Chief Inspector:
"Salaries of inspectors," $263,700;
"Clerks," $149,600;
Office of the First Assistant Postmaster General:
"Compensation to postmasters," $12,701,900;
"Compensation to assistant postmasters," $1,260,000;
"Clerks, first- and second-class post offices," $74,221,400;
"Clerks, third-class post offices," $5,954,000;
"Miscellaneous items, first- and second-class post offices," $200,400;
"Village delivery service," $51,600;
"City delivery carriers," $42,981,200;
"Special-delivery compensation and fees," $1,488,000;
"Rural-Delivery Service," $13,793,900;
Office of the Second Assistant Postmaster General: "Railway Mail Service," $13,055,200;
Office of the Third Assistant Postmaster General: "Manufacture and distribution of stamps and stamped paper," $3,600;
Office of the Fourth Assistant Postmaster General:
"Post office stationery, equipment, and supplies," $26,600;
"Equipment shops, Washington, District of Columbia," $193,800;
"Pneumatic-tube service, New York City and Boston," $61,300;
"Vehicle Service," $2,486,300;
Public Buildings, maintenance and operation: "Operating force," $7,074,700;

DISTRICT OF COLUMBIA

General administration:
"Executive office," $18,700;
"Office of the corporation counsel," $15,600;
"Board of Tax Appeals," $1,700;
Fiscal Service:
"Assessor's office," $51,700;
"Collector's office," $14,400;
"Auditor's office," $40,500;
"Purchasing division," $10,000;
Regulatory agencies:
"Alcoholic Beverage Control Board," $5,700;
"Board of Indeterminate Sentence and Parole," $4,800;
"Coroner's office," $3,700;
"Department of Insurance," $3,800;
"Department of Weights, Measures, and Markets," $9,700;
"License Bureau," $3,300;
"Minimum Wage and Industrial Safety Board," $5,700;
"Office of Administrator of Rent Control," $11,500;
"Office of Recorder of Deeds," $26,400;
"Poundmaster's office," $3,100;
"Public Utilities Commission," $12,200;
"Zoning Commission," $2,300;
Public Schools:
Operating expenses:
"General administration," $45,000;
"General supervision and instruction," $1,540,000;
"Vocational education, George-Deen program," $21,000;
"Operation of buildings and maintenance of equipment," $200,000;
Public Library: "Operating expenses," $99,500;
Recreation Department: "Operating expenses," $43,300;
Metropolitan Police: "Salaries and expenses," $553,500;
"Fire Department," $397,600;
Courts:
"Juvenile court," $14,200;
"Municipal court," $43,200;
"Municipal court of appeals," $4,100;
"Probation system," $1,700;
"Office of Register of Wills," $11,100;
"Commission on Mental Health," $4,300;
Health Department:
"Operating expenses, Health Department (excluding hospitals)," $158,400;
"Operating expenses, Glenn Dale Tuberculosis Sanatorium," $20,000;
Department of Corrections:
Adult Correctional Service: "Operating expenses," $163,000;
Public Welfare:
Office of the Director," $10,900;
Family Welfare Service:
"Operating expenses, child care," $15,800;
"Public assistance and children's services," $32,900;
"Operating expenses, institutions for the indigent," $14,700;
Juvenile Correctional Service:
"Operating expenses," $16,100;
Mental Rehabilitation Service:
"Operating expenses, District Training School," $48,500;
"Deportation nonresident insane," $2,200;
Public Works:
"Office of Chief Clerk," $6,400;
"Office of Municipal Architect," $11,100;
"Operating expenses, Office of Superintendent of District Buildings," $51,600;
"Surveyor's office," $4,600;
"Department of Inspections," $54,100;
"Central garage," $4,200;
"Department of Vehicles and Traffic (payable from highway fund)," $14,900;
"Reimbursements of other appropriations (payable from highway fund)," $109,500;
"Operating expenses, Refuse Division," $30,700;
"Operating expenses, Sewer Division," $39,500;
"Operating expenses, Water Division (payable from water fund)," $38,000;
Washington aqueduct:
"Operating expenses (payable from water fund)," $25,000;
"National Capital Parks," $87,600;
"National Capital Park and Planning Commission," $4,700;
"National Zoological Park," $39,100.

DIVISION OF EXPENSES

The sums appropriated in this act for the District of Columbia shall, unless otherwise specifically provided, be paid out of the general fund of the District of Columbia, as defined in the District of Columbia Appropriation Act, 1947.

SEC. 2. The restrictions contained within appropriations or affecting appropriations or other funds, available during the fiscal year 1947, limiting the amounts which may be expended for personal services or for other purposes involving personal services, or amounts which may be transferred between appropriations or authorizations, are hereby waived with respect to the foregoing items to the extent necessary to meet increased pay costs authorized by the acts of March 6, 1946 (Public Law 317), May 21, 1946 (Public Law 386), May 24, 1946 (Public Law 390), July 5, 1946 (Public Law 491), July 31, 1946 (Public Laws 567, 568, 577), and August 1, 1946 (Public Law 582), and other legislation enacted during or applicable to the fiscal year 1947 authorizing increased pay for civilian employees of the Government.

Mr. TABER. Mr. Speaker, this resolution has been reported by the Committee on Appropriations, providing for funds for certain agencies that need the money to take care of the pay increase provided for under Public Law 390 in the last Congress. These items, I might say, have been gone over very carefully, and only the undisputed items, which are absolutely necessary, are included.

Mr. Speaker, this resolution calls for $243,000,000. The big items involved are $176,000,000 for the Post Office Department and $48,000,000 for the Veterans' Administration. The other items are

small and include items which the committee has examined very carefully and has found cannot be reduced. As a matter of fact, I do not believe that those items I have referred to can be reduced. They are based on the pay act, and most of the departments are absorbing the entire cost of the pay act. Many of the others we have had hearings on, and will come up in the deficiency bill which we hope to present to the House on Friday and take up the first of the week. The resolution comes here with the unanimous report from not only the subcommittee but the full committee this morning, and we hope that it may go through the Senate just as it is so that the agencies may be supplied with the necessary funds.

The joint resolution 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.

A NURSE'S VIEW ON COMMUNISM

Mr. MATHEWS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MATHEWS. Mr. Speaker, this morning I obtained the opinion of a lady who is a registered nurse, and an experienced social-service worker, in regard to the President's plan for aid to Greece and Turkey. She said that she approved the giving of money, food, and other things to the people of these needy nations, but that to launch military campaigns, and by force or threat of force compel or attempt to compel the governments of these nations to become or remain democracies, would be doing exactly what we object to Russia doing. She said that she does not know just how far we should go in the expenditures of those moneys, but she does not think we should expend such enormous sums of money to combat communism elsewhere when we need to combat it very much in this country.

Tomorrow morning I hope to have another report for you.

EXTENSION OF REMARKS

Mr. CROW asked and was given permission to extend his remarks in the RECORD and include an editorial from Forbes magazine called Raise Wages by Tax Cut.

Mr. COLE of New York asked and was given permission to extend his remarks in the RECORD.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. SEELY-BROWN asked and was given permission to extend his remarks in the RECORD.

Mr. HAND (at the request of Mr. SEELY-BROWN) was given permission to extend his remarks in the RECORD.

Mr. REDDEN asked and was given permission to extend his remarks in the RECORD and include a petition which he received from some citizens in his district.

Mr. ROONEY asked and was given permission to extend his remarks in the RECORD in two instances and to include in one a newspaper editorial and in the other a newspaper article.

SPECIAL ORDERS GRANTED

Mr. MASON. Mr. Speaker, I ask unanimous consent that on Monday, April 7, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I be permitted to address the House for 30 minutes on the subject The Geneva Trade Conference Program.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent that on Tuesday next, following any special orders heretofore entered, I be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

OIL

Mr. MERROW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. MERROW. Mr. Speaker, failure to adopt the President's program for extending aid to Greece and Turkey means that Soviet Russia with her foreign policy of expansion and aggression will control the Mediterranean Sea and the Middle East. It is perfectly obvious that this will imperil American oil interests in the Middle East. To prevent this we must be firm and resolute. During World War II great inroads were made on the oil reserves in the United States. In the event of future trouble the almost illimitable supply of oil in Arabia will be of paramount importance to our national defense. To protect our national interests and to help guarantee our security we must not allow the Middle East to be overrun by a power whose actions clearly indicate an unfaltering determination to dominate all the earth.

When in 1950 the proposed 1,000-mile, 30- and 31-inch pipeline, at a cost of $115,000,000 extending from Saudi Arabia through Transjordan, Lebanon and Syria to the Mediterranean, is completed the production of oil will be stepped up from 200,000 barrels a day to 500,000 barrels a day.

I, for one, do not wish to see the security of the United States endangered by the possible cutting off of this oil supply. We must prevent the Mediterranean and the Middle East from falling into the hands of a power who refuses to honor her agreements and whose policy is, through Moscow-dominated Communist parties, to control the entire world.

CUSTOMS BUREAU

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. SNYDER. Mr. Speaker, yesterday there appeared in the Washington Times-Herald an editorial to the effect that by reason of the budget of the Customs Bureau being reduced, the staff at the port of New York had to be reduced from 840 to 100—that it was necessary to notify 740 of the staff at the New York port, including 600 veterans, of their dismissal.

This action on the part of the Customs Bureau is not understood. The Customs Service is receiving $3,165,000 more in 1948 than they received in 1947. In 1947 there was enough money to employ the necessary personnel at the New York port. In 1948, with more money, 740 have to be dismissed because there is not sufficient money. This does not make sense.

This matter should be checked into by the Committee on Expenditures in the Executive Departments and as a member of that committee, I am going to urge such action.

The Congress is appropriating sufficient money to carry on essential Govment activities. I believe it is imperative that the Congress follow through to see that the bureaus or agencies themselves do not sabotage the economic program. This action on the part of the Customs Bureau should be investigated, as well as like actions of other bureaus if they occur.

If any administrative or Government official is not efficiently and effectively carrying out his duty and responsibility, the matter should be brought to the attention of the Chief Executive of this Nation by appropriate action by the Congress.

FOR A FEDERAL SYSTEM OF TRAFFIC LAWS

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts.

There was no objection.

Mr. LANE. Mr. Speaker, they call us the United States of America, but when it comes to our prize product, the automobile, and the jungle of laws in the 48 States regarding traffic regulation, we appear to be the most disunited Nation on earth.

When drivers are not slaughtering others or themselves, they are being held up in every State across the Nation and summarily fined for infractions they did not commit by justices of the peace whose every whim is law.

We boast that we are the most peace-loving Nation on earth, yet the yearly toll of deaths and injuries on our highways reads like a major battle.

If you intend to make a transcontinental trip by car, you might just as well face the fact that each State you pass through, is like a separate nation in itself, with surprisingly different regulations concerning automotive traffic.

In this chaotic situation, even the best of drivers and the best of citizens will,

unwittingly, break some traffic law, endangering the lives of others, or becoming one of the 6,500,000 people who pass through municipal traffic courts each year. And, as far as the justices of the peace are concerned, the national average of traffic convictions before such hit-and-miss authorities is 98 percent. With them, revenue comes before justice.

To bring this antiquated system into line with the needs of modern motorists, I propose that we establish a uniform system of Federal traffic laws, so that the motorist from Maine will know his rights and obligations in California because they are the same there as in his home State, and vice versa.

When you consider this question, just remember that the traffic flow on our major highways in 1946, passed the volume of 1941, which was the prior peak year. This increase came with 1,800,000 fewer vehicles in operation. It does not take much imagination to comprehend that the situation, bad as it is, will become immeasurably worse as the new cars start rolling off the assembly lines and onto the highways.

The bill I hope to offer to you will establish a uniform system throughout the Nation, based on the motor vehicle code and the model traffic ordinances developed after careful surveys, by the National Conference on Street and Highway Safety.

EFFECT OF REDUCTION OF CERTAIN APPROPRIATIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I am very glad to hear my colleague on the Republican side, who is a member of the Committee on Expenditures in the Executive Departments, say he is going to ask the committee to investigate layoffs in the Customs Bureau. I had the same thought in mind, but being on the minority side I hesitated to suggest it to the committee because that will constitute an investigation of the action of the Republican Party in making available appropriations under the Treasury-Post Office appropriation bill. When that comes up I intend to pursue it all along the line, in relation to all agencies, particularly as to the effect of the provision carried in the various appropriation bills compelling furlough leave, leave employees have earned in the past, to be paid out of fiscal year 1947 appropriations instead of 1948 funds. I hope my friend will request the chairman of the committee, the gentleman from Michigan [Mr. HOFFMAN] to call a meeting of the committee at once, and I will join with him in having that investigation made forthwith.

PERMISSION TO ADDRESS THE HOUSE

Mr. KEATING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. KEATING addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. BEALL asked and was given permission to extend his remarks in the RECORD and include some letters relative to Mason and Dixon's line and to extend his remarks in another instance and to include an article by Rev. P. J. Bradley, of Frostburg, Md.

THE COPPER SITUATION

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I hold in my hand a 600-page report from the Federal Trade Commission on the copper industry of the United States and the international copper cartels. The second part of this report deals with the copper industry and the concentration of control by the three dominant companies. No one can read this report and square it with the present inadequate supply of copper in this country and not be terribly concerned about what is going on.

Today I am introducing a resolution calling for an investigation by the Interstate and Foreign Commerce Committee of the House to get the answer for the people, the investigation to follow this report and inform the people as to what is going on in the copper field, and which I suspicioned the other day when I raised the question as to the market price of copper and the manipulations of the market when the copper bill was under consideration on this floor.

EXTENSION OF REMARKS

Mr. CRAWFORD asked and was given permission to extend his remarks in the RECORD and include some editorials from a Panama newspaper.

DEBT AND TAX REDUCTION

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the gentleman from Massachusetts [Mr. McCORMACK], the whip of the minority, the gentleman who for the last 10 or 15 years has been so successful in guiding the legislative program of the administration through the House, and who perhaps has had more to do with the passage of legislation than any other man in the House, is more responsible for the laying of the foundation and the building of the first, second, third, fourth, fifth, and seventy-fifth stories and putting the roof on the structure which we now have, wants to investigate the governmental monstrosity that he has put up here in Washington. That is all right with me. He said he was going to ask me, as chairman of the Committee on Expenditures in the Executive Department, to investigate the action of the Customs Service. Just 1 week from today—and I recall that the minority withdrew a member of the committee and selected the gentleman from Massachusetts to go on the committee—there will be a regular meeting of that committee. If the gentleman will put his request in writing, we will start the investigation at once.

ANNOUNCEMENT

The SPEAKER. It is the desire of a great many Members that the tax bill be disposed of as promptly as possible tomorrow. Therefore, the Chair will not recognize any Member for 1-minute speeches tomorrow until after the tax bill has been disposed of.

INDIVIDUAL INCOME TAX PAYMENTS

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 161 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 1) to reduce individual income-tax payments, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to the said bill except the substitute amendment recommended by the Committee on Ways and Means now in the bill and such amendment shall be in order, any rule of the House to the contrary notwithstanding, but shall not be subject to any amendment except such amendments as may be offered by direction of the Committee on Ways and Means. At the conclusion of such consideration, the Committee shall rise and report the bill to the House and the previous question shall be considered as ordered on the bill to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH], and at this time I yield myself such time as I may require.

Mr. Speaker, as you know, this is a closed rule. It waives all points of order. It grants 6 hours' general debate, after which the bill will be read for amendment under the 5-minute rule, amendments to be offered only by the Ways and Means Committee.

To the new Members today I would explain that since I have been in Congress, almost 15 years, every tax bill has come before the House under a closed rule. It may be possible that later on some of my good friends on the other side will emphasize the fact that this is a closed rule. So I want you to bear in mind the fact that under the able leadership of my good friends the gentleman from Texas [Mr. RAYBURN] and the gentleman from Massachusetts [Mr. McCORMACK] for many years past, every tax bill that has come before this Congress has come under a similar rule to that under consideration here today.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. Yes; I yield.

Mr. McCORMACK. The gentleman recognizes there is one important distinguished feature, however, that the full Committee on Ways and Means always asked for it on those occasions.

Mr. ALLEN of Illinois. That shows that the Republican members were ready to cooperate under those most trying times.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. Yes. I will be happy to yield.

Mr. COX. As a member of the gentleman's committee, I want to say there is nothing extraordinary about the rule which he now presents. On every occasion heretofore, since I have been a member of that committee, a rule of this character has been requested on bills of the nature of the bill which the pending resolution proposes to make in order. The reason for requesting such rule and the justification of the gentleman's committee for always granting such rules has been that the bills are of such technical nature that they could hardly be well considered in any other manner. That is the position that I take. I have heretofore supported the granting of rules of this character. I can see no reason now for reversing the position that I have heretofore taken. I think it reasonable and fair and certainly it is consistent with the practice of this body that the gentleman should ask the House to adopt the rule which he now presents.

Mr. ALLEN of Illinois. I thank my good friend for his contribution.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. Surely, I yield to the gentleman from Texas.

Mr. RAYBURN. As far as I am concerned, I join with the gentleman from Georgia [Mr. Cox], and as far as I am individually concerned I shall not resist the rule. Fifteen Members on the Republican side have made the bill bad enough, and I fear if we turn it loose for amendment to 245 Members it may be impossible to write a bill.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. REED of New York. After 14 years' experience with bad bills, I think we are safe to proceed with this one. But I want to say further that the former distinguished chairman of the Ways and Means Committee was delayed and he called me on the telephone and asked me to convey to the Rules Committee that he favored this rule. The gentleman will recall that I conveyed that information to the committee.

Mr. ALLEN of Illinois. I thank the gentleman.

Mr. Speaker, having in mind, as indicated by our distinguished former Speaker, that we all have different ideas in regard to our tax structure, when I heard that the Ways and Means Committee contemplated a 20-percent reduction across the board I wrote the following letter to the chairman of the Ways and Means Committee:

FEBRUARY 13, 1947.

Hon. HAROLD KNUTSON,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D. C.

MY DEAR MR. CHAIRMAN: Within the next few days the Committee on Ways and Means will begin consideration of proposed legislation to reduce the burden of taxation that has been borne by the American people in recent years. Realizing that the time for hearings will be limited, I am addressing my recommendations to you, as chairman, for transmission to and consideration by the members of your committee.

I most earnestly urge that the committee, in their effort to prepare an income tax reduction bill which will be both profitable in result and equitable in imposition, give favorable consideration to my proposal for a reduction on a graduated scale of percentages.

As you and the members of your committee are aware, I have proposed a 20-percent reduction in taxes on incomes up to $2,500 per annum; 17 percent on incomes between $2,500 and $5,000; 15 percent on incomes between $5,000 and $10,000; and 10 percent on all incomes over $10,000 per annum. I believe this ratio would be most equitable to our taxpayers, and yet would work no hardship on our over-all economic situation. Cognizant of the complexities and the technical nature of tax legislation, I realize that the percentage figures indicated may be subject to variance as the judgment of your committee may determine.

While providing incentive, the plan I have proposed for a percentage tax reduction differentiation would tend to mitigate the greater comparative disparity in purchasing power of the lower income groups. In making this recommendation, I am more interested—and I am sure our people are more interested—in the load that is to be carried than in the vehicle that carries it. We now have a huge Federal debt. This debt must be paid to preserve the credit of the United States, and it can only be paid through taxation. Along with the determination of lowering taxes, must also come the actual reduction of Federal expenditures.

In the United States our legislation is made under a democratic system. Not everyone can have his way, but everyone can have his say. The meeting of minds is most surely to be reached through compromise. That is true democracy.

Being firmly persuaded that the principle I am advocating is perfectly sound and in the best interests of our country and the welfare of its people, I earnestly urge full and careful consideration of my proposal by your committee.

You will note in my letter to the chairman that I respectfully requested that the lower-income group receive a greater reduction than the higher-income group. I am happy indeed that the Committee on Ways and Means has seen fit to follow my suggestions.

Mr. Speaker, may I digress but for a moment and direct the attention of all members, and especially of my younger colleagues, to the great debt that we Congressmen and every American owe to these elder statesmen of the Ways and Means Committee, six of who have served this Congress more combined years than we have been a Nation. What a wealth of experience these men bring to this eightieth session of Congress. This bill is the fruit of their labors this session and represents the result of the wisdom these men have accumulated during their long years of service to our country. All honor to you, our elder statesmen—BOB DOUGHTON, HAROLD KNUTSON, DAN REED, ROY WOODRUFF, TOM JENKINS, JERRY COOPER, MILTON WEST, NOAH MASON, and all other members of the committee. As long as we are associated with such as these, we in this House cannot go far afield in legislating in behalf of our Nation's interests. How few of our constituency realize the long steady grind that goes on in our committees day after day, week after week, in honest endeavor to compound all differences and to perfect every bill before its presentation to this House. The record of the work being done every day by the House committees under the newly adopted Reorganization Act is one of which this body, this Nation can well be proud.

It is in full realization of all the foregoing that I am myself persuaded to lend my full suport to this bill as reported out of the Ways and Means Committee.

The bill, as reported, comes from the Ways and Means Committee with the unanimous support of the members of the majority party. It also has the full endorsement of all Republican members of the Rules Committee. It also redeems one of the pledges made by the Republican Policy Committee, appointed by our own honored Speaker, Hon. JOSEPH W. MARTIN, then Republican leader of the House. This bill sponsored by a Republican House has been calculated not alone to reduce the tax burden upon all classes, but also to provide sufficient revenue to carry on all necessary functions of Government in keeping with the reductions in Federal spending as covered by the revised Republican Budget, which received overwhelming approval by this body.

Mr. Speaker, this bill is popularly known as a bill to reduce income taxes, but it is actually, and in fact, a bill which will determine the rate of taxes which all Americans of all classes will have to turn over to their Federal Government next year. It was the Seventy-ninth Congress, under a Democratic President, which actually established the high rates which now exist. Republicans are convinced that the present rates are too high. We desire to cut unnecessary Federal expenditures and pass these savings on to the taxpayer in the form of tax relief. Would any deny that our people are entitled to this relief?

To those of you who would say that this bill is not equitable or just in its rates to any one class I would say: These rates are more favorable to the lower-income group than any tax bill ever enacted by a Democratic administration.

Reconciling my own views as to what might constitute the best revision of our tax law, I ask every member on both sides of the aisle to support this rule. Let us in that way give our expression of confidence to those who labored so ardently in the committee in bringing out this bill.

Mr. Speaker, besides a reduction in taxes, we Republicans must cut down Federal expenditures if we are to have economic stability.

Viewing in retrospect the mushroom growth of our Government during the past 14 years—with its usurpation of many powers that formerly belonged to the States; with its octopus-like tentacles reaching into every phase of our economic, our social, and even our personal lives; with its tremendous drain on our Treasury, and the financial burden on our citizens—would it not be wise to stop for a moment and revaluate the purpose of government.

Government is not an end in itself—as many foreign ideologies hold—government is a means by which the governed should be aided in attaining their own ends. What a government does to help its citizens realize happiness, is good—because it serves its end. What a government does to impede the happiness of its citizens, is bad. In other words, a government is good only so long as there exists a proper relationship between the needs of the people and the functions of the government. Government in itself is restrictive. Some restriction is good, however, so long as it contributes to the happiness of a greater number of our people. But each function of government in excess of the need is an unnecessary restriction on the governed. The continued spread of government will cause further distortion between the purpose of government and the function of government. It might be well to examine in concrete terms this relationship between the functions of government and the needs of the people.

When I first came to Congress 15 years ago, there was a peanut vendor across from the White House. I believe his name was Nick—but his name is unimportant—he was representative of many small businessmen. So I am going to use him as my example in attempting to bring out the distortion now existing between the needs for government and the extent of government. It is not a true story, of course, but it might bring the problem into clearer focus.

In the dark days of the depression, Nick was selling peanuts at his little stand across from the White House. He was not making much money, but he was able to support his family and enjoy a few comforts. One day he was approached by an unemployed personnel assistant—who was also somewhat of a salesman. We will call him Frank. Frank became conversant with Nick, and soon had him convinced that his peanut stand could be expanded into a major enterprise—and Frank volunteered to do the job. Nick had not much money, but he had good credit. Visualizing himself as a merchant prince, he hired Frank and borrowed money to pay his salary. Frank then pointed out that he would need a classification specialist to group all passers-by under the proper heading—that is, "Customer," "Prospective customer," or just plain "Non-peanut-eaters." Nick approved the idea, borrowed more money to pay the classification specialist's salary, and kept on selling peanuts.

The three of them were standing on the street corner one day when it started to rain. Frank pointed out that an embryonic merchandising empire could not conduct business in the rain, on a street corner. You guessed it—Frank persuaded Nick to borrow more money to rent an office building—but Nick kept on selling peanuts.

As he was no longer under Nick's direct supervision, Frank took it upon himself to make all the decisions. He started out by hiring two secretaries, two building guards, and a janitor. This, of course, necessitated a pay-roll clerk to pay the salaries. By this time Nick had been persuaded to set up an unlimited checking account in Frank's name—so there was no trouble with financing the expansion. One employee led to another, and one function necessitated another—until finally there were several hundred employees serving the interests of Nick, the peanut vendor.

Further expansion of the enterprise was planned, and a meeting of the administrative executives was called to work out some of the details. Nick was hopelessly in debt, and he wanted to put an end to the venture—so he decided to stop selling peanuts long enough to attend the meeting. After the grandiose plans had been explained and discussed, Frank, the chairman of the board of directors, rose from his plush chair, and inquired: "Are there any objections to the proposed plan for expansion?" Nick, whose small frame was obscured by the immensity of the meeting room, rose from his hard wooden chair in the far rear corner, and in a weak voice replied, "I object. This foolishness has gone far enough. Your schemes have bankrupted me."

Nick's small voice was drowned out by the buzz of whispers around the room. Everyone was asking who the strange little fellow could be. But no one seemed to know—not even the members of the board of directors. Frank recognized Nick, however. He rose and explained to the assembly rather casually: "Oh, him! That's Nick, the peanut vendor. We don't have to pay any attention to him. He probably thinks he should have something to say about the operation of this enterprise just because he financed it."

You might think this chain of events too ludicrous to be within the realm of possibility—but the point is, gentlemen, that it is not only possible—it is what actually happened. That is exactly how the number of Government employees was doubled in the 7-year period from 1932 to 1939. In 1939 there were approximately 925,000 persons on the Federal pay roll. On VJ-day this number had increased to 3,650,000—an increase of nearly 400 percent since 1939—and about 700 percent since 1932. The functions of Government must be expanded in wartime; and increased personnel was probably necessary. My criticism is directed to the fact that now—more than a year and a half since VJ-day—there are still 2,250,000 individuals on the Federal pay roll. This is nearly five times the number of Federal employees in 1932. So you can see that the story is not as ridiculous as it appears.

The functions, the powers, the personnel, and the expense of the Federal Government have grown in just such a manner as Nick's venture—and the people of the United States, who are paying the bill for this purposeless monstrosity we call Government, apparently can not stop it. They are dissatisfied—but they can not make their voices heard. This Government has become a bureaucracy—and its bureaucrats have become so far removed from the control of the people, that they have apparently forgotten that the people exist. And when the existence of the people is forcibly brought to their attention, they can say with impudence: "Oh, them! They are merely the people of the United States. We don't have to pay any attention to what they want. They seem to think they have something to say about the operation of this Government simply because they pay the bills."

The operating expense of the Federal Government now exceeds $50 a month for every employed person in the United States. But the tremendous cost is not the most dangerous aspect of this monstrous governmental machine. The real danger lies in the fact that the machine has become a Frankenstein—so powerful that its maker no longer controls it—so powerful that it could destroy its maker. The Federal Government has become so immense—has assumed so many functions—and has become so far removed from the people—that it now threatens the freedom it was created to insure.

Hatton W. Sumners, a sincere Democrat, and formerly chairman of the House Judiciary Committee, summed up the situation perfectly. When announcing his intention of retiring from Congress after 34 years' service, Representative Sumners said:

> By ignoring principles and the lessons of history, and accepting the theories of men and political expedience for our guidance, we have made vassals of our States and dependents of our people.
>
> By concentration of governmental power and drafts upon the Federal Treasury, we have now a financially "busted," great piled-up mass of governmental confusion—beyond human comprehension—impossible of democratic control—extravagant—wasteful—inefficient—and by its nature, the instrumentality of favoritism, tyranny—oppression and corruption, and the destroyer of the self-reliance and self-respect and governmental capacity of the people—qualities without which no people can remain free.

These words of a great American sum up the real danger that now confronts us because of the huge Federal bureaucracy. Bureaucracy—by its very definition—means Government by administrative officers who are not subject to the common law of the land. Neither citizens nor Congress have recourse from their decisions.

These Government officials who have never served in an elective office can issue regulations with the effect of law. It is the duty of this Congress to get rid of these bureaucrats.

To allow this system to become more firmly entrenched means greater regimentation of the lives and affairs of all

the people. The Senate Judiciary Committee has reported that 130 Federal bureaus and agencies are empowered to issue rules, regulations, and directives that have the force of law. It found that more than 100,000 such "laws" had been issued between 1933 and 1943. The committee estimated that it would require 18 months' work by a staff of experts to analyze only the most important classes of Executive orders and regulations, to determine whether they had any statutory authority and whether they provided necessary safeguards to the citizen. There lies the real danger of bureaucracy—the danger that the power of the people of the United States to govern themselves will be usurped completely by bureaucratic ukases.

I use the word ukase advisedly. In totalitarian Russia administrative orders, which have the force of law, are issued by bureaucrats similar to our own. Violations of these orders can carry penalties as severe as death, and yet the people of Russia have no recourse—no appeal from this arbitrary treatment—not even the protection of the courts. These administrative orders are called ukases. And ukase is exactly what I mean when I speak of the 100,000 orders and regulations issued by the bureaucrats now in control of our Government.

One of the most noteworthy developments in American life is the zeal with which machinery is designed and built by the Federal Government ostensibly to serve various public interests and undertakings, but in reality to control them. Perhaps in no other way is the decline of faith in liberty so clearly marked.

When anything appears to go wrong, or when any desirable movement seems to lag, a cry goes up for the creation of some new board or commission, and for an appropriation of public funds to maintain it in reasonable comfort. An infinite number of forms must be filled out and an infinite number of records must be kept, classified, and audited at steadily mounting costs.

So far as the Federal Government is concerned, there has been overcentralization for a long time past—overcentralization by assuming governmental functions that formerly, and rightfully, belonged to the individual States. Too many persons in the Federal Government are engaged in supervising, in inspecting, and in recording the work of other persons. There is too much machinery, and in consequence a steady temptation to lay more stress upon the form of government than upon its content and purpose. There are, in addition, too many laws and too many precise laws and not enough opportunity for those mistakes and failures due to individual initiative and experiment, which are the foundations of great and lasting success.

Another danger of the huge Federal governmental set-up is its exorbitant cost in the face of a huge national debt. Any excuse for expanding the personnel and functions of the Government passed with the cessation of hostilities. The time has long since passed when the emergency wartime functions of the Government should have been dispensed with.

There has been much double talk about liquidating wartime agencies. Actually, most of these wartime agencies with their functions, personnel, and funds have merely been transferred almost intact to regular old-line Government agencies.

For example, the Office of War Information, the Office of Inter-American Affairs, the Office of Strategic Services, and the Foreign Economic Administration were abolished sometime after the shooting war had ended. But these agencies were abolished in name only. In reality, almost all of their functions, personnel, and funds were transferred to the State Department. In August 1945, before the transfer was effected, the State Department had 11,188 employees. In March 1946 the State Department had 19,801 employees. This figure is interesting because it shows that State Department personnel increased in direct proportion to the decrease in personnel of the agencies which were supposedly liquidated. This is not an isolated instance—it is a general practice. The Senate Committee on Reduction of Nonessential Federal Expenditures brought out this point in a report on postwar Federal personnel. This report showed that personnel in emergency war agencies had been reduced nearly 100,000 in the first 6 months following VJ-day. But personnel in old-line Government agencies had been increased nearly 90,000 in the same period. According to the Senate committee, most of this increased personnel in the permanent agencies was occasioned by the transfer of functions from scattered war agencies which had been ordered transferred or liquidated.

For the entire period of our Nation's history, from 1789 to 1933, a period of 144 years, the sum total of all Federal expenditures, including the cost of World War I, was $110,896,000,000. At the rate of spending proposed in the budget submitted by President Truman to this Congress, this amount would not even pay the cost of government for 3 years.

In addition to the burden of meeting current operating expenses, the taxpayers of this country are also faced with a national debt which now stands at approximately $261,000,000,000. But the economic theorists in our Federal bureaus tell us that we have nothing to worry about. They point out that we have always had a national debt. They say a national debt is necessary to our economy. They admit that our national debt is bigger than ever before, but they contend that there are more people than ever before to pay the debt. The national debt can only be paid by the people. The only fair way to view this debt, then, is the burden it presents to each individual.

In 1790 the debt could have been wiped out had each living inhabitant of the United States paid in $19 to the National Treasury. After the War of 1812 each person would have had to pay in $15. Just after the Civil War the figure rose to $78; and after World War I, to $240. To extinguish the present national debt, each man, woman, and child in the United States would have to pay about $2,000. But every person in the United States cannot be classified as a taxpayer. The present national debt is more than $5,000 for every income taxpayer in the United States.

It has been our national tradition to pay down our war debts promptly. Our past record with respect to our national debt is good enough to encourage us, and poor enough to put us on guard. During the 155 years from 1792 through 1946, we have had 93 years of net surplus in our national budget, and 62 years of net deficiency.

Throughout our history, the greatest obstacles to national financial strength, and the most acute dangers of fiscal collapse have never been the result of inadequate or failing resources, but always the consequence of weak financial policies.

George Washington gave some good advice on the subject of public debt in his Farewell Address of September 1796. He said:

> As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burdens which we ourselves ought to bear.

It is apparent that in the immediate past, this Government has ignored the advice of our founding fathers—and has completely overlooked the needs of the people. Under our present bureaucratic system, our citizens are ruled entirely inconsistent with the purpose of government. Our Government has become an end in itself—it is no longer a means by which the governed are aided in seeking their own end.

Radical newspapers, left-wing orators, and New-Deal propagandists have recently been sniping at the new Republican Congress. They say that the Republicans have not yet brought forth one piece of important legislation. It must be remembered that those propagandists visualize important legislation as that giving the Federal Government more powers to hire more people—and spend more money—and do more things that the people of this country can do for themselves—and do them better than the Government could.

The new Republican Congress is working to bring about a sensible government in the United States. Its work is to bring back into harmony the needs of the governed and the extent of government. The Republican Congress is working to make the Government of the United States consistent with the purpose of government.

In setting about this job of revaluating the purpose of government, careful study must be given to each individual function of each individual unit, in each division, in each office, in each bureau, in each agency of the Federal Government. Those functions which are good—that is, those functions which serve the needs of the people—will be retained. And those

functions which exist for their own end—unnecessary functions, overlapping functions—will be cut.

It is the first duty of the Republican Congress to rip to pieces the superstructure of Federal Government—with its inefficiency, its waste, and its corruption—and reestablish a proper relationship between the Government and the governed, where a free people choose their lawmakers, and thereby protect themselves from arbitrary treatment by government.

Lindsay C. Warren, Comptroller General of the United States, has summed up the first duty confronting the Republican Congress. While testifying before a committee of the Senate some time ago, Lindsay Warren said:

> I am firmly of the opinion that if the present trend continues—that is, the creation of Government corporations—or if it is not curbed, we will soon have a government by Government corporations. A large segment of the Government is today operating independently of congressional control and free from accountability to the Executive. Indeed, this thing we call Government has reached such gargantuan proportions that it is sprawled all over the lot. It has become greater than Congress, its creator—and at times it arrogantly snaps its fingers in the face of Congress.

That is the way the Comptroller General of the United States defines the problem—and who should be in a better position to know the condition of Government than the person who audits its records? To solve the problem, Lindsay Warren advises:

> Duplications and overlapping are widely prevalent, and untold millions could be saved and efficiency increased to a high degree. Of course, there would be loud yelps and snarls, but that is always true when powers are curbed, consolidations made, or appropriations reduced or discontinued.
>
> The most necessary thing that I know of today along governmental lines is a thoroughgoing reorganization of the executive branch of the Government. It should be done scientifically, but once the decision is made, then a bush ax or a meat cleaver should be used. The only way to reorganize is to reorganize. It calls for great courage.

From this statement, you can see that it is not only Republicans who wish to set this Government on solid ground. It is a job for all patriotic Americans, regardless of their politics.

Well, gentlemen, there is the problem of this Congress—to give the people of the United States the kind and the amount of government they need, at a price they can afford to pay. It is going to be a big job—and we are going to have a lot of opposition from those who survive and prosper because of inefficiency in Government. But regardless of the obstacles, it is our job to eliminate these expensive functions of Government for which there is no excuse or purpose—and it is our duty to see that the people of the United States will be heard when they register complaints against the operations of the Government. After all, it is they who are paying the bill.

MOST DRASTIC GAG RULE EVER BROUGHT TO FLOOR OF HOUSE

Mr. SABATH. Mr. Speaker, I shall not oppose this rule, notwithstanding the fact it is the most drastic gag rule that has ever been brought to the floor of the House. It not only precludes any Member from offering amendments to improve the bill, if the bill could be improved, but it also precludes reading of the bill. As I stated, no amendments may be offered. So I feel that the 6 hours' general debate as provided by the rule is merely that much time and talk wasted.

I fully appreciate the statement made by my colleague the gentleman from Illinois [Mr. ALLEN], my chairman of the Rules Committee, that he urged improvement of the original bill, known as H. R. 1, but by no means is it an A No. 1 bill even now. The gentleman says, and I know he means it, that he asked for elimination of the more drastic provisions and tried to improve the bill after having given it consideration and having heard from the people at home. I commend him for his efforts, although he still has not succeeded in bringing in a bill which could be considered a fair bill.

THIS BILL NOT COMPLICATED

Yes, Mr. Speaker; on technical, complicated revenue-producing bills in the past we have brought in a closed rule, prohibiting amendments; but there is nothing complicated about this bill.

Instead of the present 30-percent reduction for small taxpayers, this bill can be easily and reasonably amended to provide a 40-percent relief in the lowest brackets; a 35-percent reduction to those earning $5,000 to $10,000; 30 percent to those earning from $10,000 to $15,000; and so on.

Or better yet, Mr. Speaker, exemptions could be increased from $500 to $750 or $1,000, as provided in the Forand and Ergle bills.

This bill, as reported, is expected to reduce tax revenues, roughly, $3,800,000,000, but, due to retroactive provisions, will reduce by $5,700,000,000.

But 60 percent of this saving of almost $6,000,000,000 will go to only the top 4 percent of income taxpayers, while 96 percent of the taxpayers will have to share the remaining 40 percent of the savings.

We have to take a bill that has been rushed through by the majority and reported to the House after only 2 days of hearings, at which only two witnesses appeared.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Michigan.

Mr. MICHENER. I am interested in the statement the gentleman just made that only two witnesses appeared. Since they were both Assistant Secretaries of the Treasury under the Roosevelt administration, I wonder if the gentleman questioned what they said.

SHOULD AWAIT MATURE JUDGMENT

Mr. SABATH. Well, they both, as I understood their views, felt that we should delay passage of a bill reducing our tax income by $5,880,000,000 until we can see whether it would be justified, and that we should first start to balance the budget and later reduce the indebtedness increased vastly by the last war.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I might say that they appeared in their individual capacities. No others of the public were permitted to appear and testify. They represented a tax association in New York. They are both very estimable men. I do not know how both of them have been politically, but I know one of them opposed the late President in 1940 and 1944.

Mr. SABATH. I thank the gentleman for the explanation. I was under the impression that my colleague, the gentleman from Michigan [Mr. MICHENER] had reference to the Secretary of the Treasury and the Commissioner of Internal Revenue who both felt there should be no action at this time; that we should wait a little until we see where we are.

Mr. MICHENER. Mr. Speaker, will the gentleman yield further?

Mr. SABATH. I yield.

Mr. MICHENER. Then the gentleman has already named four witnesses who did appear.

Mr. SABATH. I meant two for and two against.

Mr. MICHENER. So at least four appeared.

Mr. SABATH. Yes; two for and two against.

Mr. MICHENER. May I say to the gentleman from Massachusetts [Mr. McCORMACK] that these former Assistant Secretaries of the Treasury, or Under Secretaries, I think they were called, were familiar with the situation, and as soon as they found where the tax plan was leading us they were brave enough to come back to the Congress and state that they had been wrong.

Mr. SABATH. Well, I understood the gentleman. Only two supporting witnesses appeared, as the gentleman from Massachusetts has explained.

Due to the interruptions, Mr. Speaker, I ask unanimous consent to extend my remarks and include therein certain schedules and certain figures and articles, one appearing in the Chicago Sun.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield further?

Mr. SABATH. I yield.

Mr. McCORMACK. I want the RECORD to show that personally I respect both of these men. I was a member of the Committee on Ways and Means when they were Under Secretaries, as the gentleman from Michigan has said, but also, as I have previously stated for the RECORD—and I do not know about both of them, but I know one of them, and I liked them very well, I liked to see them; I have a friendship for them personally—one of them, I know, in 1940 and 1944, opposed President Roosevelt. But, I did not want the gentleman's very keen observation to remain in the RECORD without saying what the true facts are, and that from a committee, of which these two are prominent members, has emanated a very thick document on taxes, which I received a copy of and which I assume all the members of the Committee on Ways and Means received a copy of, and probably all the Members of the Congress. In any event, they are part of a tax committee located in New York and are making their recommendations having in mind that environment.

Mr. HERTER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. HERTER. In connection with the remarks made by my colleague, I might add that a third Under Secretary of the Treasury under Mr. Roosevelt, T. Jefferson Coolidge, a very distinguished constituent of mine, joined fully in the recommendations made by Mr. Hanes and Mr. Magill, and has so stated publicly.

Mr. SABATH. I presume these are able gentlemen, but they have not been free from service to special interests whose self-seeking propaganda and pressure brought about the adoption by the Committee on Ways and Means of this bill. They belong to and speak for those in the higher brackets who will be the chief beneficiaries of this bill.

WHY DO THEY NOW NEED FURTHER RELIEF?

This is not the first time that these persuasive gentlemen have been able to bring about substantial benefits to the wealthy and the powerful. In 1945 very substantial benefits in the way of carry-back provisions were given, and corporations were relieved of excess-profits taxes, all to the benefit of wealthy people. Approximately $9,000,000,000 in reduction of tax liability was accomplished making such changes in the wartime tax structure as was then deemed necessary. This, of course, is in addition to the six or seven billions of dollars in benefits which resulted from the tax-forgiveness features of the Ruml plan.

It is hard to believe, Mr. Speaker, that they now need further relief.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. If the gentleman will pardon me, I want to make an explanation.

Mr. KNUTSON. I think we need one.

Mr. SABATH. What does this bill do? I did not know whether I would get unanimous consent to extend my remarks and include therein some reports and statistics, so for the first time I have prepared my speech. I am not going to follow it because of the interruptions and because of my desire to answer any fair questions that may be put to me. I am going to disregard my prepared notes and proceed in my usual way to try to show that this bill will not give relief to the people who need relief most.

EMERGENCIES ARE NOT ALL PAST

I have felt and I still feel that the period of great emergency is not past. We do not know whether we can balance the budget within the tax revenues; we do not know if we can meet out of income the minimum needs our Army and Navy are seeking.

However, as long as the bill is here with all its imperfections, I cannot understand why, in the preparation of the committee report, you based your comparisons on the wartime revenue act of 1945 rather than on the more comparable act of 1939.

You know that the 1945 act was partial to big taxpayers and to corporations, and was unfair to the little people of small earnings.

You know that you, sir, and I now address myself to the chairman of the Committee on Ways and Means, because of your strategic position at that time, forced the enactment of a bill not desired by the Democratic leadership.

It was their desire to give first and primary relief to the small taxpayers; but to get any kind of a bill through they were forced to yield to you.

I contend, therefore, that the instant bill, H. R. 1 as amended, should be compared with the 1939 statute rather than with 1945. In that way you will see more clearly how unfair this bill is to the little people of America, and how it favors the people with big annual incomes.

At this point, Mr. Speaker, I insert the table from the minority report of the Ways and Means Committee which gives that comparison, and shows the inequities in percentage points of the present bill in relation to the 1939 schedule:

TABLE 5.—*Comparison of amounts of individual income tax under the Revenue Act of 1945 and under H. R. 1 as amended by the Committee on Ways and Means with 1939 taxes, for specified amounts of net income*

MARRIED PERSON—NO DEPENDENTS

Net income	1939	Amounts of tax		Percentage increase in tax	
		Revenue Act of 1945	H. R. 1 as amended [2]	Revenue Act of 1945	H. R. 1 as amended
				Pct.	*Pct.*
$1,000	$0	$0	$0	-------	-------
$1,200	0	38	27	-------	-------
$1,500	0	95	67	-------	-------
$2,000	0	190	133	-------	-------
$2,500	0	285	228	-------	-------
$4,000	44	589	471	1,238.6	970.5
$6,000	116	1,045	836	800.9	620.7
$10,000	415	2,185	1,748	426.5	321.2
$25,000	2,489	9,082	7,266	264.9	191.9
$50,000	8,869	24,795	19,836	179.6	123.7
$100,000	32,469	63,128	50,502	94.4	55.5
$500,000	304,144	407,465	342,074	34.0	12.5
$1,000,000	679,044	839,715	728,824	23.7	7.3
$5,000,000	3,788,994	[3]4,275,000	3,822,824	12.8	.9

[1] Assumes maximum earned net income.
[2] Assumes taxpayer is under 65 years of age.
[3] Taking into account maximum effective rate limitation of 85.5 percent.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to my colleague.

Mr. COX. Mr. Speaker, the courage I see displayed here on the floor here this morning by one who was so severely dealt with last Monday is something that commands my very great admiration.

Mr. SABATH. Mr. Speaker, I only yielded to the gentleman for a question.

Mr. COX. The gentleman misunderstood me, I wanted to praise and not damn him.

Mr. SABATH. I beg your pardon. I am afraid that again I failed to hear what the gentleman said. I am grateful to the gentleman for his kind words and his tribute. I am doing what I have to do.

And now I must return to the subject of my remarks.

Mr. Speaker, I have here a compilation showing the small savings to individuals with low incomes under this proposed tax bill.

For instance, a single man without dependents who earns $1,200 a year will find a saving of $11.40. At $1,500 a year he will save $28. At $1,800 a year he will save $45.60.

If, however, he earns $25,000 yearly his "take-home pay" after taxes will be increased by $2,816, while the man who earns $50,000 a year will have an extra $4,859 to spend.

A man who makes $500,000 a year will save $164,000.

But to make it clear I am inserting here a table showing the actual take-home pay under the 1939 Revenue Act and under H. R. 1 as revised, using a small number of specified incomes rounded off for ease in reading:

Original table showing "take-home pay" (spendable income) after paying personal income tax for a single person without dependents in 1939 and under H. R. 1 as amended, in 7 specified income grades

Income before personal exemption	1939 tax bil	Take-home pay after tax payment	Percent of income	Tax under H. R. 1 as amended	Take-home pay after tax payment	Percent of income
$1,200	$3	$1,197	99.5	$26	$1,174	96.1
$2,000	32	1,968	98.4	133	1,867	93.3
$4,000	104	3,896	97.4	471	3,529	88.2
$10,000	560	9,440	94.4	1,749	8,251	82.5
$25,000	2,804	22,196	88.7	7,266	17,734	70.9
$50,000	9,334	40,666	81.1	19,836	40,164	80.3
$500,000	305,224	194,776	38.9	342,704	157,296	31.5

Mr. Speaker, the following table shows what a family of four at various income levels now pays, what it would pay under the new Republican plan, the savings, and what the family paid in 1939:

Net income, before exemptions	Present tax	Proposed tax	Savings	1939 tax
$2,500	$95	$66.50	$29.50	None
$4,000	380	304.00	66.00	$12
$5,000	589	471.00	82.00	48
$10,000	1,862	1,490.00	372.00	343
$25,000	8,522	6,818.00	1,704.00	2,327
$100,000	62,301	49,841.00	11,560.00	31,997

To show the inequities of this tax reduction bill, I set forth a further table showing how a married couple with no children would fare under the revised income-tax reduction bill advocated by the Republicans. It clearly shows that the savings to the smaller taxpayers would be but a pittance as compared with the reductions allowed to taxpayers of higher income:

Gross income	Present tax	Knutson bill	Revised bill	Savings revised bill
$1,200	$38	$30.40	$26.60	$11.40
$1,500	95	76.60	66.50	28.50
$1,800	152	121.00	106.40	45.60
$2,000	190	152.00	133.00	57.00
$2,500	285	228.00	228.00	57.00
$4,000	589	----------	471.00	118.00
$6,000	1,045	----------	836.00	209.00
$10,000	2,185	----------	1,749.00	436.00
$25,000	10,082	----------	7,266.00	2,816.00
$50,000	24,795	----------	19,836.00	4,859.00
$100,000	63,127	----------	50,502.00	12,625.00
$500,000	407,464	----------	342,704.00	164,760.00

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SABATH. So, notwithstanding the efforts of my colleague the gentleman from Illinois [Mr. ALLEN], the chairman of the Committee on Rules, you see that it is manifestly unfair and the bill does not give the relief which the people are entitled to receive and justice would demand.

I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. The gentleman complains about the treatment ac-

corded to the lower income group. I cannot reconcile his reasoning with the facts of the situation. Under the present tax bill which was passed by a Democratic majority in the Congress, a man with a $2,000 income had to pay $285 in taxes. Under this bill sponsored by a Republican majority, the person who has an income of $2,000 does not pay $285 a year, but only pays $133 a year. Under the tax bill passed by the Democratic administration, anyone who earns $2,500 a year had to pay $380 taxes, and under this Republican bill, instead of paying $380, he pays $228. My question is: How can you say that this Republican Congress is not more fair to the lower income group than the tax bill now in existence which was passed by the Democratic Congress and under which they would have to pay twice as much? How can you answer that question?

Mr. SABATH. I explain that by saying that the last bill that was passed was a coalition bill and it was jammed through by the Republicans who forced the Committee on Ways and Means to report it. You know you really had control of that committee and you should not laugh.

Mr. KNUTSON. That is a reflection on the gentleman from North Carolina to say that the Republicans had control, and I resent it.

Mr. SABATH. The gentleman from North Carolina will explain that and he will give you the reasons why that bill came here. I am sure that he will not resent my remarks, for he knows I am right, and that no reflection against him is intended. He simply wanted some bill because of the urgency of the times; and, because you had almost as many members on that committee as the Democrats, he was obliged to yield and bring that bill in, not because he liked it, but because he was compelled to do so.

I should like most respectfully to suggest to my colleague the gentleman from Illinois, that he consult the tables showing the actual savings as shown in the minority report. Once more I invite attention to the fact that the $1,200-a-year man, under this bill now before us, would, if married but with no other dependents, save $11.40 a year; the $2,000-a-year man would save $57, more than 5 times as much; the $10,000-a-year man would save $436, or 40 times as much as the $1,200-a-year man; the $25,000 man would save $2,816, or 256 times $11; while the $500,000-a-year man saves $164,760, or 14,976 times as much as the $1,200-a-year man.

NEW DEAL BUREAUCRATS MADE COUNTRY PROSPEROUS

Yesterday, during debate on the appropriation bill, a good many gentlemen charged the New Deal and the bureaucrats with unspecified crimes which created conditions which, the gentlemen said, demanded improvement and reform.

May I not say to those gentlemen that under the New Deal and these bureaucrats, conditions are better today than ever before. Businessmen and the people generally are making more money than ever before.

The New Deal has done something in the interest of the people, in the interest of the masses. I know if you gentlemen will take the time to study the earnings of corporations and business in general, you will come to the conclusion, as I have, that they are more prosperous, that they have more money and are making more money than at any time in the history of our country.

PROFITS ARE INCENTIVE ENOUGH

The gentleman from New York [Mr. REED] says these businessmen need incentive, and that is the reason we must reduce the taxes of these big companies, and big interests, or rather these big men. They do not need any further incentive, since, as I have said, they are making more money than ever before. I know they will be only too pleased if 1947 and 1948 are as profitable to them as was 1946. I hope prosperity will continue, but we should tax those who can best afford to pay. Why should we put such burdens on the little fellow who has an income of twelve or fifteen or eighteen hundred dollars, when you take into consideration the 60 percent increased cost of living since you came into power, which really takes away from them 60 percent more of their earnings. But earnings have stood still. These are the people who need and deserve relief. They cannot exist upon what they are earning.

BILL WILL BE PASSED

However, I realize that you have the votes and you will pass the bill without permitting any amendments to aid those in the lower brackets. Of course, I am sorry that you have that majority and that you can and will do as you please; but I feel you will come to regret it.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the majority leader.

Mr. HALLECK. I would like to ask the gentleman whether he is in favor of tax reductions.

Mr. SABATH. Not at this time and in this way. I feel we should wait and see how far we can go. You have always urged balancing the budget. I want to balance the budget. I do not want to do anything that would deprive you of the honor and credit of helping to balance the budget.

Mr. HALLECK. Mr. Speaker, will the gentleman yield further?

Mr. SABATH. Yes.

Mr. HALLECK. I am glad to know of the gentleman's new-found conviction, that the budget ought to be balanced, because he and his party have gone along here for years with an unbalanced budget. We propose to balance the budget.

Mr. SABATH. And I am going to help you.

Mr. HALLECK. We are going to cut the cost of government and give the people of this country some much-needed tax relief and begin to pay on the national debt. We are going to do that. However, I would like to make this suggestion to the gentleman.

Mr. SABATH. Well, I yielded only for a question.

Mr. HALLECK. We will give you some additional time if you need it. I would like to make this additional suggestion, The gentleman has said he is not for tax reduction, at least at this time.

Mr. SABATH. Not at this time.

Mr. HALLECK. I have been reading the statements of people on his side, and, from all I can gather, they are not for tax reduction, with some possible exceptions. Now, that being true, it just strikes me that what you have to say about the kind of bill we have does not ring with that degree of sincerity with which the gentleman generally conducts himself.

EVERYBODY WANTS TAXES REDUCED

Mr. SABATH. I will say to the gentleman that this is the first time I have heard anyone say that no one wants tax reduction. My experience is that people at all times want tax reductions. If they did not have to pay any tax at all they would be still more pleased about it.

What I have in mind is that tax reduction should favor those who cannot afford to pay a heavy tax. We should not soak the poor and coddle the rich.

Mr. ROGERS of Florida. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. ROGERS of Florida. I wonder if the majority leader would not consent to the payment of these terminal-leave bonds in cash now and thereby reduce the public indebtedness? I should like to have an expression from the majority leader along that line.

Mr. SABATH. I presume he will answer the gentleman some day.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield, but I should like to get through.

Mr. ALLEN of Illinois. I am surprised at the gentleman because he is not for income-tax reduction for the lower-income people.

Mr. SABATH. That is what I am fighting for.

Mr. ALLEN of Illinois. I had always felt that the gentleman from Illinois [Mr. SABATH] was more or less a champion of those people in his district with low income.

Mr. SABATH. Yes; I am and shall continue to be.

Mr. ALLEN of Illinois. Here is a bill that cuts the taxes of the people of your district of low income, cuts them in half. Do I understand the gentleman to say he is opposed to cutting the taxes of the lower-income people of his district in half, thus reducing their taxes?

Mr. SABATH. I may say to the gentleman from Illinois that the people in my district are very patriotic people.

Mr. ALLEN of Illinois. And yet the gentleman does not want to cut in half the taxes of those lower-income people.

Mr. SABATH. I do; I do; that is what I am contending for, not only in half but to raise the exemptions.

Mr. ALLEN of Illinois. The gentleman does?

Mr. SABATH. Yes.

Mr. ALLEN of Illinois. Notwithstanding that, the gentleman is opposed to this bill.

Mr. SABATH. But this bill does not cut them enough.

Mr. ALLEN of Illinois. It cuts them in half.

SAVING OF 14 CENTS A DAY

Mr. SABATH. No, no. It does not cut them in half. It reduces them somewhat; but it still throws an undue burden on the people with small incomes. They are being taxed to death by the food profiteers, by the inflation encouraged and brought on by selfish business interests.

The savings under this bill to a single man without dependents and an income of $1,200 would be about 14 cents a day or $1 a week.

But the man with an annual income of $100,000 would save approximately $43 a day or $300 a week.

This bill would increase the take-home pay of a $1,200 a year man about 1 percent; but it would increase the take-home pay of a $50,000 a year man by almost 20 percent.

Yet this is the vaunted amendment for the benefit of the little man.

Mr. Speaker, under leave given me I am inserting at this point an enlightening editorial published this week in the Chicago Sun which points out that under this bill the higher the income, the greater the taxpayer's improvement of his position over the prewar Democratic revenue act.

A TAX-CUT JOKER SURVIVES

Having been spruced up a bit for the sake of public appearances, the Republican tax-reduction bill appears ready for passage in the House. Representative KNUTSON, who once roared that he would accept no alternative to his original proposal of a flat 20-percent cut for all taxpayers, has been gently induced to back down. As a result the new Republican plan is somewhat better than the old. But its central and gross inequity remains.

The main objection to the Knutson plan has always been that, under cover of what seemed to the uninitiated a rough justice, it undertook to carry out a deep and basic reform of the tax structure. Mr. KNUTSON pretended to be giving everybody the same break. The actual effect of his plan, however, was to reduce certain people's taxes far more drastically than other people's, in comparison with prewar distribution of the tax burden. This remains virtually unchanged in the plan now accepted by the GOP leadership.

Some might argue that such a fundamental change in the incidence of taxation is desirable. But if so, the bill should be debated on that issue, and the country should be told exactly what is being done and why.

The new House plan differs from the Knutson plan mainly in granting a tax cut of 30 percent to families in the lower-income brackets, while retaining the 20-percent cut for most of the others. The heavier cut would be extended to a family of four with a yearly income (before exemptions) of $3,300 or less; to a family of three with income of $2,750 or less; to a married couple with income of $2,200 or less, and to a single person with income of $1,650 or less.

From the viewpoint of sustaining mass purchasing power, the heavier cut in the lower brackets is a sound principle. But where 20,000,000 taxpayers would be so treated, nearly 33,000,000 would get the same flat-rate cut of 20 percent. It was in the broad range of the latter brackets that the Knutson plan's original inequities were most pronounced.

The following table shows what a family of four at various income levels now pays, what it would pay under the new Republican plan, and what it did pay in 1939:

Net income before exemptions	Present tax	Proposed tax	1939 tax
$2,500	$95	$66.50	None
$4,000	380	304.00	$12
$5,000	589	471.00	48
$10,000	1,862	1,490.00	343
$25,000	8,522	6,818.00	2,327
$100,000	62,301	49,841.00	31,997

A comparison of the proposed Republican plan with the taxes paid by each family in 1939 tells the story. At $4,000 of income, the family of four would pay 20 times what it paid before the war. At $5,000 it would pay 10 times as much. At $25,000 it would pay only three times as much, and at $100,000 only one and a half times as much. The higher the income, the greater the taxpayer's improvement of his position over prewar.

If the Republicans think such a change in taxation desirable, they should frankly say so and prove their case. They should explain why this method of tax reduction is more desirable than the fair and simple method of increasing everybody's exemptions by the same amount. But they ought to quit pretending that a flat-rate cut, even modified by a heavier cut in the lower brackets, gives the same treatment to everybody.

Due to the retroactive provisions of the bill the tax reduction will amount to $5,888,000,000. Of this amount 4 percent of the taxpayers will receive 60 percent of the reduction, amounting to $3,532,800,000, while 96 percent of the taxpayers will receive 40 percent of the reduction, amounting to $2,355,200,000, which is $1,177,800,000 less than the amount received by the favored 4 percent of the taxpayers. Can you Republican gentlemen on the other side honestly maintain that this is a fair tax reduction bill to the small taxpayers, or can you dispute that it is again a bill to give relief to the wealthy taxpayers?

Let me give you the facts again in a table showing the 1939 tax under a Democratic law and the tax under this bill:

TABLE 3.—*Comparison of spendable income in 1939 with present law and H. R. 1, as amended by the Committee on Ways and Means, for specified amounts of net income*

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Spendable income after tax				
	Amount			Percent of 1939	
	1939 [1]	Present law	H. R. 1 as amended [2]	Present law	H. R. 1 as amended
$1,200	$1,200	$1,162	$1,173	96.8	97.8
$1,500	1,500	1,405	1,433	93.7	95.5
$2,000	2,000	1,810	1,867	90.5	93.4
$4,000	3,956	3,411	3,529	86.2	89.2
$6,000	5,884	4,955	5,164	84.2	87.8
$10,000	9,585	7,815	8,252	81.5	86.1–4.6
$25,000	22,511	15,918	17,734	70.7	78.8
$50,000	41,131	25,205	30,164	61.3	73.3–18.7
$100,000	67,531	36,873	49,498	54.6	73.3
$500,000	195,856	92,536	157,926	47.2	80.6
$1,000,000	320,956	160,286	271,176	49.9	84.5
$5,000,000	1,211,006	[3] 725,000	1,177,176	59.9	97.2

[1] Assumes maximum earned net income.
[2] Assumes taxpayer is under 65 years of age.
[3] Taking into account maximum effective rate limitation of 85.5 percent.

Mr. ALLEN of Illinois. The Democratic administration was the one which put those high taxes on the low-income people of the gentleman's district. Now we want to cut them exactly in half.

Mr. SABATH. The Democratic administration?

If you believe that the great mass of people who receive pennies in savings will not look to those who are receiving thousands, you are mistaken.

They will recognize that you have given the big boys the cream and them only the skim milk.

Because of the costly world war, this country owes about $260,000,000,000.

One-third of the outstanding bonds representing this debt is owned by individuals, and we should safeguard their interests against depreciation by further inflation.

As I have so often pointed out, 98 percent of business establishments are making their highest profits, and the country is more prosperous than ever before.

Now is the time we should be paying off the national debt, to keep those bonds safe and sound, and at the same time discourage more inflation by reducing the amount of money available for luxury spending.

This bill will do the opposite.

During the consideration of the appropriation bill yesterday, nearly every one of you gentlemen criticized the New Deal and bureaucratic spending; but not one of you said that the greatest war in the history of the world had been fought and won.

No one mentioned the fact that vast and useless expenditures had to be made because of delays in defense preparations.

I will concede, and have before said, that some departments recklessly expended the taxpayers' money; but most of these bureaucrats you condemn, and the beneficiaries and profiteers who accumulated millions upon millions in profits, were members of your own Republican Party.

I also heard several gentlemen plead for free enterprise.

Not during the lifetime of any of you has business ever been so free to enlarge their plants, their businesses, and their profits as under this New Deal you criticize so often and so pointlessly.

I remember how you shed crocodile tears for these poor businessmen and manufacturers when you were jamming through the Ruml plan, the carry-back tax-evasion plan, and the bill to repeal the excess-profits tax in the effort to aid big business in the reconversion period.

There was much talk that we might have eight to ten million workers out of employment.

I predicted then that there would be little immediate unemployment, and that business did not need these millions of dollars for reconversion because manufacturers and businessmen had been effecting reconversion for the preceding 2 years at Government expense.

I will venture to say that the vast majority of fair-minded and patriotic businessmen will disagree with the gentleman from New York [Mr. REED] who feels that there should be no tax reduc-

tion at this time. This is evidenced by many letters which I have received from outstanding businessmen and, not wishing to encumber the RECORD, I shall insert as part of my remarks only one of them which I received from Mr. Edgar L. Schnadig, of the New Boston Store, of Chicago, which gives the honest businessman's viewpoint on the proposed legislation. It is as follows:

DEAR CONGRESSMAN: May I respectfully suggest that, if it becomes necessary, major consideration be given to reducing the tax of those in the lower income brackets (though myself one of those who profit by an across-the-border reduction of tax).

It is my considered opinion that the greatest benefit to our people and our country can come from reducing the tax in lower income brackets, even to eliminating it in the very low brackets. Not only will this improve purchasing power where it is most important, but it will also save a great deal of work for the Government and the employer.

EDGAR L. SCHNADIG

Now, Mr. Speaker, this bill is a political sop without much real meaning to the man in the lowest income brackets.

According to the committee report, a man with an income of $2,500 pays, at the present time, a tax of $95. Under this proposed bill he will pay a tax of $66. The saving will be $29.

Mr. McCORMACK. Is that a married man?

Mr. SABATH. Yes.

Mr. McCORMACK. That probably explains the difference.

Mr. SABATH. He will save $29. A married man with a $1,200 income will save only about $12. But the man with a $25,000 income will save $2,327, and the man with a $100,000 income will save 100 times as much in proportion as the man with the small income.

Mr. McCORMACK and Mr. CURTIS rose.

Mr. SABATH. I yield first to the gentleman from Massachusetts.

Mr. McCORMACK. Let us refresh our memories. It was only a few weeks ago that our friend the gentleman from Minnesota [Mr. KNUTSON] told us that unless there was a $6,000,000,000 cut in the President's budget we could not put through any tax-reduction bill. There has been no $6,000,000,000 cut. It is in conference. Nobody knows what it is now going to be. The chances are the real reduction will be less than a billion dollars. I am wondering just where this leaves my friend from Minnesota now. He said we could not have any tax reduction unless there is a reduction made in the President's budget. To date there has been none, yet we have this bill before us today.

Mr. SABATH. That is one of the reasons why I think this bill should not be considered or passed today.

I want to answer the gentleman from Indiana [Mr. HALLECK], who called attention to the national debt and the budget deficit. Does the gentleman recollect that when we had a Republican administration and while President Hoover was in office there was a deficit of $5,000,000,000 one year? There was no preparation for war at that time and no amount needed for that purpose; still there was this deficit. I am satisfied that we can balance the budget now if we use good judgment in not reducing those in the high brackets to the extent which this bill does.

MILLIONS SPENT FOR RELIEF

Does he not realize that when the New Deal came into power we had about 18,000,000 people out of employment and millions of others in distress and in want. That it became necessary for us to provide for them and find employment for them, and feed them, which cost us millions upon millions, farmers and businessmen were on the verge of bankruptcy. Yes, and the banks, insurance companies, and railroads we were obliged to aid. We had to rebuild and reconstruct the destruction brought about by 12 years of Republican misrule and reckless administration which, though it has done nothing for the people the last years, in 1932 had a deficiency of over $5,000,000,000. Later on the greatest war in the history of the world required billions and it was impossible then to balance the budget. I concede that sometimes money has been recklessly expended. Today defense costs and veterans' benefits are tremendous.

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

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I am somewhat amazed and shocked at the figures that have been inserted in tables by the minority and the figures that have been used on the floor here today. Under existing Democratic law an individual with a $25,000 surtax net income pays about 51 times as much as the individual with a $1,000 surtax net income. Under H. R. 1, as amended, that man is required to pay 58 times as much as the individual with a $1,000 surtax net income.

Mr. Speaker, the figures cited and referred to are misleading and I am naturally very much surprised that the minority inserted them in its report.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. VURSELL] and ask unanimous consent that he may speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. VURSELL. Mr. Speaker, doubtless several Members of the Congress during the past 24 hours have heard over the radio of the Centralia coal mine disaster which, according to early reports, is second only to the Cherry mine disaster some years ago in Illinois which was regarded as the worst the Nation had ever experienced.

I take a minute's time to refer to this matter today because this mine is located in my home county of Marion at Centralia, Ill. It is operated by the Bell & Zollar Coal Co., of Chicago, Ill. It was a great shock to me to learn of this unfortunate occurrence and it comes close to home to me because I have known the majority of these men for several years. For this reason I want to make a report, giving the Members the latest information I was able to obtain over the telephone between here and Centralia, Ill., an hour ago.

Twelve men who came out early Tuesday escaped. Shortly after they came out the explosion occurred. Rescue squads were rushed in and have been working all night, encountering considerable gas which has retarded their efforts. One hundred and fourteen men are known to be still down in the mine some 3,000 feet back from the main entrance. In the rescue work so far, 14 men have been found, all apparently killed by monoxide gas.

Governor Green and his State Mine Director, Robert Medill, who flew to Centralia, reports that there may be some hope that out of the 114 men yet unaccounted for, some may be alive. It is agreed that there is very little chance that few, if any men out of this number will be rescued alive.

I make this report because the safety of working conditions for miners Nationwide is the concern of Congress. You will recall that there is a Federal law which provides for certain standards of safety in mines and also provides for mine inspectors to assist in maintaining those standards. The Federal Government can only recommend the maintaining of these standards to mine managers and mine owners. There is no question but that conditions should be brought about either by the State or the Federal Government which will compel mine owners and operators to rigidly enforce better safety standards and working conditions for the miners. When the Government seized the mines some few months ago the question of better safety conditions had been agitated to the point where the Government was supposed to promulgate a certain code of safety standards.

It is presumed that Mr. Krug has laid down such standards, but evidently it had not reached the level of the Centralia No. 5 coal mine. This safety matter has been of deep concern to the miners because of the major loss of lives among their workmen.

There are two elements causing these disastrous explosions and fires in the mines. The accumulation of coal dust, because the mines are not kept properly cleaned up and rock dusted is the first element. The miners know that by the use of rock dust and proper cleaning up explosions can be held to a minimum. The next important matter is proper ventilation which would prevent gas from remaining in the mine which, when touched off, causes the explosion which invariably sets fire to the coal dust.

There should be one safety code for coal mine operations Nation-wide set up by the Government and which should be mandatory as to its enforcement in every mine in America. If we are to encourage young men to work in the mines in the future we must have better safety conditions regardless of the cost, because we must have the coal.

Statistics show that young men are not taking up coal mining as a vocation. Statistics show that the great majority of the men working in the mines today

range from 45 to 70 years of age; in fact, the average age of the coal miners today is 50 years. No other industry approaches this high age average in America.

Mr. Speaker, when I was in Centralia during the holidays representatives of the men working in mine No. 5 called upon me to talk over the labor situation generally. The four of them were fine reasonable good sound citizens. They were entirely satisfied with their wages, but they stressed to me time and again the great necessity for better safety conditions to protect their lives. Naturally they wanted to go back to a shorter workweek rather than to continue 9 hours a day, 6 days, or 54 hours a week. In fact, Mr. Lenzini who was spokesman mostly for the representatives said, "Try as we will, we old men just cannot work 9 hours at this hard work." He said, "They can shorten the hours and get just as much coal produced because a part of our time is wasted because of exhaustion in the long hours." Ironically, this explosion occurred at the ninth hour of the day. Had they had even 8 hours their lives would have been spared.

Mr. Speaker, we are at a critical point at the present time on this whole coal mine set-up. We must make progress in the right direction in the future. And in this connection, I am rather sorry to note that Dr. Sayers, who for many years has been one of the ablest directors of the Bureau of Mines this Nation has ever had, is leaving the service. I understand that his leaving the service was brought about or encouraged by Secretary of the Interior, Mr. Krug. You may have noted recently that a Mr. James Boyd of Colorado has been appointed to succeed him as Director of the Bureau of Mines. My information is that Mr. Boyd has had very little experience, if any, in coal-mining operations and, in a practical way, it would seem to me such experience would be necessary in this important position. I further understand that the coal miners of America have been disappointed in the retirement of Dr. Sayers and have protested the appointment of Mr. Boyd.

Mr. Speaker, it would seem that the mining industry and the workers should be consulted and at least their reaction and opinion obtained before such an important decision affecting the coal-mining business and the miners of the Nation was taken.

Mr. Speaker, this disaster at Centralia must again call to the serious attention of the Members of Congress the necessity for better safety conditions in the coal mines of America.

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

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. Today will mark the beginning of a new period in our history. The Republican Party, with dogged determination, is going to set the economy of our country straight, once and for the first time in a period of 16 years. This House controlled by the Republican Party, will pass a new tax bill before the sun sets on the dome of this Capitol tomorrow night, which bill will balance the budget, reduce taxes, and pay substantially on our national debt. This is essential for our national security. The confidence of the people in their Government must be restored. A new philosophy of government is going to be initiated and that is that it is the people's duty and obligation to support its Government rather than the New Deal parasitic philosophy of the Government supporting the people.

It is charged that the Republicans made this promise to their people during the last campaign. I am sure this promise will be kept and will be the beginning of platforms on which a party stands rather than merely a platform on which a party runs and then abdicates once the people have fallen for it.

Yes, Members of the House, this is an all-important day in the history of our country, for it not only marks the beginning of a new philosophy of Government, but in so doing, it sounds the death knell of the New Deal's philosophy of "tax and tax and tax; spend and spend and spend; elect and elect and elect."

This tax program is not only essential for assuring an all-important high national economy but necesary to the maintenance of it. Even though the tax rate is going to be reduced, the resultant effect will be a greater national income and thereby more tax revenue.

I now predict a greater payment on the public debt in 1948 than has so far been suggested.

For political reasons, the New Dealers have set out to wreck this program. They are going to bend every effort to throw our Republican balanced budget out of kelter. They are now aware of the fact that the Republican Party has the "know-how," the will, and the determination to carry out their promise to the people.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I was away on official business and did not have the opportunity to vote in the Committee on Rules for this rule. If I had been present I would have supported the rule, because I am very much in favor of this tax-reduction legislation.

May I say to the House that I have just returned from a little swing through several States, where I found a great deal of interest among the members of both political parties in this legislation. The people of the United States want and expect tax reduction. They believe that this measure—and I talked to hundreds of them—is a fair one; that it does gives a "break," or an advantage, to the lower-income groups, and my party, as the sponsor of this legislation as it comes to the House, is receiving a great deal of credit for it.

I believe that this is the first tax-reduction bill, with the exception of the 5-percent cut of last year, that we have had before us, in many years. I know that many citizens of America are expecting to use the savings made as the result of our lowering taxes for the purpose of expanding their business, or for buying those things which they need for their homes. So, Mr. Speaker, I am convinced that the enactment of this legislation will be of great aid to the economy of the Nation and, in turn, will result in a greater national income which, of course, in the final analysis, will bring more tax revenues into the Treasury.

I question very much that this measure will greatly reduce our tax income; at least not anything like the estimates that have been given, simply because of the great incentive that its enactment will give business activity throughout our country. I hope that this rule and the tax bill will pass. I am certain both will.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I am very happy to yield to the distinguished gentleman from Illinois. I always yield to him.

Mr. SABATH. In view of the fact that the gentleman has been away from here, may I call his attention to the fact that this bill as reported, contains a retroactive provision, and it will go back to January 1.

Mr. BROWN of Ohio. Every bit of tax legislation has been retroactive. When you raised taxes it was always retroactive. I assure the gentleman that if he will check as closely as I did in his home city of Chicago he will find that his own constituents are very much in favor of this legislation. It grieves me to realize that the gentleman, much as I admire him, is making the mistake of opposing this bill. I hope the gentleman from Illinois will reconsider and join with us in giving tax relief to the people of his own State, especially those in the lower income groups.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I think the gentleman is justified in his hope that the gentleman from Illinois [Mr. SABATH] may change his mind. I recall very well the morning when the gentleman opposed the loan to Britain, and he came in before the debate was over and inserted in the RECORD another speech in favor of it. So the gentleman does change his mind on occasion, and perhaps he will on this.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. SABATH. They say all big men or good men or sensible men sometimes change their views.

Mr. BROWN of Ohio. That is the reason why I am hopeful the gentleman will change his mind before the roll is called.

Mr. SABATH. I do not think the gentleman was in my district. I think he was in the Blackstone or one of the other high-priced hotels, and they are high priced.

Mr. BROWN of Ohio. Of course, the gentleman was not in Chicago.

Mr. SABATH. If I had been, surely I would have tried, notwithstanding the

report that I read about the gentleman as to his ability to get away with certain things.

Mr. BROWN of Ohio. I may say to the gentleman I was on State Street, which is in his district, and I found very many people there who were greatly interested in tax reduction, especially those in the lower income groups. I hope the gentleman will reconsider and join me in supporting this legislation for the benefit of the poor of his own district, as well as for those of the whole Nation.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. KNUTSON. 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. 1) to reduce individual income tax payments.

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. 1, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. KNUTSON. Mr. Chairman, I yield myself such time as I may need.

Mr. Chairman, I rise to discuss the provisions of H. R. 1, which was reported to the House by the Committee on Ways and Means on Monday.

The purpose of H. R. 1 is twofold:

First. To provide income-tax relief for all individual taxpayers who are still bearing the high and oppressive taxes of the war;

Second. To remove the deterrents to managerial efforts and to the investment of venture capital, which constitute so serious a threat to the maintenance of the present high level of production and employment, and to the business expansion of the future.

To explain how H. R. 1 accomplishes these objectives, I wish to divide taxpayers into five groups:

First. Those whose income—after deductions and exemptions—is $1,000 or less;

Second. Those whose income—after deductions and exemptions—is between $1,000 and about $1,400;

Third. Those whose income—after deductions and exemptions—exceeds $1,400 but is not in excess of about $303,000;

Fourth. Those whose income—after deductions and exemptions—is in excess of $303,000;

Fifth. Those individuals who have attained the age of 65.

The first group contains approximately 25,000,000 taxpayers. It includes single persons earning up to $1,667, married persons earning up to $2,222, and married persons with two dependents earning up to $3,333. Recipients of these small incomes have suffered most severely as a result of the rise in the cost of living during recent years. To them this bill brings a tax reduction of 30 percent.

The second group which consists of individuals whose income, after deductions and exemptions, is between $1,000 and $1,396, numbers around 6,000,000 taxpayers. The relief granted by the bill to this group ranges from a 30 percent reduction on a surtax net income of $1,000 to a 20 percent reduction at approximately $1,400.

The third group, consisting of taxpayers whose income, after deductions and exemptions, is in excess of $1,396 but not in excess of $302,396, includes 15,000,000 taxpayers. These receive a flat 20 percent reduction in the individual income tax payable under existing law.

The fourth group, which consists of taxpayers whose incomes after deductions and exemptions are in excess of $302,396, contains about 600 taxpayers. These receive a straight 20 percent reduction on the tax on the first $302,396 of income, and a 10½ percent reduction on the balance. Generally speaking, income in excess of $300,000 is unearned.

Estimates relating to the year 1945 show that salaries and wages made up only 5 percent of the total income received by those with net incomes of $300,000 and over and 79 percent came from dividends, interest, and from fiduciary sources, and 16 percent came from businesses and partnerships.

The fifth group receiving relief under H. R. 1 consists of taxpayers who have attained the age of 65. I have been particularly concerned over the plight of these individuals. Many of them, including retired school teachers, policemen, municipal workers, and others who have retired from private industry have as their sole source of livelihood, the small amount which they receive as a pension, annuity or retirement pay.

The incomes of such persons will not, in most cases, increase in an expanding economy, since many will be unable to engage in a gainful occupation. H. R. 1 allows to each taxpayer in this age group, an additional exemption of $500, making a total personal exemption of $1,000. This additional exemption will remove almost 1,400,000 taxpayers from the rolls.

Our committee provided an amendment to prevent this additional exemption from pyramiding where the pension, annuity or retirement pay was already exempt from taxation.

Under existing law, pay received by former Army and Navy officers retired by reason of military disability, annuities paid under the Social Security and the Railroad Retirement Acts, and a few other items are excluded from gross income.

The committee felt that the additional exemption granted to persons over 65 should be allowed only if they included in their income the first $500 of fully tax-exempt pensions, annuities and retirement pay. While this will not result in taxing income that is already exempt, it will prevent the recipient from getting a further benefit by applying the extra $500 allowance against taxable income.

The amendment does not require the taxpayer to include any part of his pension or annuity in his gross income if his income from other sources does not exceed $500. Veterans' pensions, which are exempt under the act of August 12, 1935, are not affected by this amendment.

H. R. 1 does not go as far as I would like it to go in providing income-tax relief. However, in view of the present high rate of Government spending and the magnitude of the public debt, the reductions in H. R. 1 are as great as I believe we can make at this time.

In the past few weeks, H. R. 1 has been criticized because some Members felt it did not provide adequate relief for the low-income groups. I believe that the bill, by allowing a 30 percent instead of a 20-percent reduction to the lowest income group, adequately meets any valid criticism from that angle.

Because most of the earnings in the low-income groups are required for food, clothing, and other necessities, our committee believed it proper and just to provide a larger reduction to that group than to the higher groups. This has aptly been termed a "cost-of-living allowance."

A table which I will insert at this point shows that 96 percent of the taxpayers have incomes under $5,000. This group receives about 80 percent of the net income but pays only 56 percent of the tax. The group above $5,000 has only 20 percent of the net income but pays 44 percent of the tax.

TABLE I.—*Estimated distribution of the individual income tax liability and taxpayers under present law compared with estimated distribution of total tax reduction under H. R. 1*

Net income class	Percentage distribution of—		
	Total taxpayers	Total tax paid under present law	Total reduction under H. R. 1
	Percent	*Percent*	*Percent*
$0 to $2,000	52.7	17.3	23.7
$2,000 to $5,000	43.3	38.4	37.3
$5,000 to $10,000	2.6	8.3	7.5
$10,000 to $25,000	1.1	12.0	10.6
$25,000 and over	.3	24.0	20.9
Total	100.0	100.0	100.0

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Of the tax reduction provided by this bill, 61 percent goes to persons receiving net incomes of $5,000 or less, and of this amount almost 71 percent goes to individuals with incomes under $3,000. This does not include the relief granted to individuals of 65 or over which is heavily concentrated in the lower-income brackets.

I cannot emphasize too strongly that if we are to give real relief to the low-income groups, we must not stop with tax relief in the bottom brackets. We must provide encouragement to business expansion and free competition.

By reducing the taxes in the middle and higher brackets, income is released for investment in new and expanding businesses, the managerial group is stimulated to greater efforts, low-income groups are benefited by a larger volume of output, more jobs, lower prices and reduced cost of living.

It is a blot on the present administration that in spite of all the lip service to the forgotten man under the New Deal the cost of living has risen over 60 percent since 1932.

In this connection, I have been advised by the Commissioner of Labor Statistics that—

The consumer price index for the average of large cities increased 42.7 percent between the average of the years 1932 and 1946, and 64.0 percent between December 15, 1932, and December 15, 1946.

H. R. 1 recognizes the importance of the cost-of-living factor by extending the 20-percent reduction to those who furnish the capital, material, and incentive for business production and expansion. Accordingly, under H. R. 1, 39 percent of the total reduction goes to the group with incomes of $5,000 and over.

The present tax rates have drastically reduced the spendable income of this group. I am inserting at this point a table which shows the spendable incomes of taxpayers receiving certain amounts of net income before exemptions under the rates now in effect and under those provided by this bill:

TABLE II.—*Comparison between spendable income under present law and H. R. 1*

SINGLE PERSON

Net income before personal exemption	Spendable income after tax		Percent of spendable income after tax to net income before personal exemption	
	Present law	H. R. 1	Present law	H. R. 1
			Percent	*Percent*
$500	$500.00	$500.00	100.00	100.00
$600	581.00	586.70	96.83	97.78
$700	662.00	643.40	94.57	96.20
$750	702.50	716.75	93.67	95.57
$800	743.00	7[illegible]0.10	92.88	95.01
$900	824.00	846.80	91.56	94.09
$1,000	905.00	933.50	90.50	93.35
$1,200	1,067.00	1,106.90	88.92	92.24
$1,500	1,310.00	1,367.00	87.33	91.13
$1,800	1,553.00	1,607.00	86.28	89.28
$2,000	1,715.00	1,772.00	85.75	88.60
$2,500	2,120.00	2,196.00	84.80	87.84
$3,000	2,515.50	2,612.40	83.85	87.08
$4,000	3,306.50	3,445.20	82.66	86.13
$5,000	4,078.50	4,262.80	81.57	85.26
$6,000	4,831.50	5,065.20	80.53	84.42
$7,000	5,565.50	5,852.40	79.51	83.61
$8,000	6,280.50	6,624.40	78.51	82.81
$9,000	6,976.50	7,381.20	77.52	82.01
$10,000	7,653.50	8,122.80	76.54	81.23
$11,000	8,311.50	8,849.20	75.56	80.45
$12,000	8,950.50	9,560.40	74.59	79.67
$13,000	9,565.75	10,252.60	73.58	78.87
$14,000	10,157.25	10,925.80	72.55	78.04
$15,000	10,729.75	11,583.80	71.53	77.23
$20,000	13,354.75	14,683.80	66.77	73.42
$25,000	15,637.75	17,510.20	62.55	70.04
$30,000	17,735.50	20,188.40	59.12	67.29
$40,000	21,574.75	25,259.80	53.94	63.15
$50,000	24,863.00	29,890.40	49.73	59.78
$60,000	27,752.25	34,201.80	46.25	57.00
$70,000	30,356.50	38,285.20	43.37	54.69
$80,000	32,675.75	42,140.60	40.84	52.68
$90,000	34,710.00	45,768.00	38.57	50.85
$100,000	36,459.25	49,167.40	36.46	49.17
$150,000	44,193.75	65,355.00	29.46	43.57
$200,000	51,448.50	81,158.80	25.72	40.58
$250,000	58,228.25	96,582.60	23.29	38.63
$300,000	65,003.25	112,002.60	21.67	37.33
$400,000	78,553.25	134,889.75	19.64	33.72
$500,000	92,103.25	157,539.75	18.42	31.51
$750,000	125,978.25	214,164.75	16.80	28.56
$1,000,000	159,853.25	270,789.75	15.99	27.08
$2,000,000	295,353.25	497,289.75	14.77	24.86
$5,000,000	725,000.00	1,176,789.75	14.50	23.54

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Table II brings out the fact that although an individual with $1,000 income has 90½ percent of his income left after taxes under existing law, an individual with an income of $100,000 is left with only 36.5 percent, and an individual with $200,000 income with only 25.7 percent.

Tax burdens of this size are an obstruction to the development of our country. Confronted with taxes of this size young men who otherwise might accumulate capital to build up new and productive enterprises become discouraged.

Men of experience and ability fail to take on the added responsibilities which the full utilization of their capacities requires. Responsible officials in the Government itself are subjected to very severe burdens—witness the fact that the President of the United States, after paying his Federal and State income taxes and food costs in the White House, has a take-home pay of less than $5,000 out of a salary of $75,000.

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

Mr. KNUTSON. Briefly.

Mr. FORAND. Is it not a fact that the condition at the White House is unique and should be remedied by way of additional appropriations for expenditures of the White House which the President himself should not be called upon to meet?

Mr. KNUTSON. I dare say that if the gentleman would examine the whole picture he would find it full of unique situations such as I have just mentioned.

From the point of view of the effect of a tax on initiative and investment, it is the rate in the top bracket of the individual's income which is of critical importance. It is the additional tax taken out of the extra dollar of income that added effort or greater assumption of risk will bring in, that determines whether or not it is worth while to make the effort or incur the risk.

I will insert in the RECORD at this point a table which shows how much additional tax the Government takes out of additional income received by taxpayers at certain income levels under existing law and under H. R. 1:

TABLE III.—*Comparison between the marginal rates of the individual income tax under present law and H. R. 1* [1]

Taxable income		Marginal rate	
From—	To—	Present law	H. R. 1
		Percent	*Percent*
$0	$1,000	19.0	13.3
$1,000	$1,395.83	19.0	20.0
$1,395.83	$2,000	19.0	15.2
$2,000	$4,000	20.9	16.7
$4,000	$6,000	24.7	19.8
$6,000	$8,000	28.5	22.8
$8,000	$10,000	32.3	25.8
$10,000	$12,000	36.1	28.9
$12,000	$14,000	40.9	32.7
$14,000	$16,000	44.7	35.8
$16,000	$18,000	47.5	38.0
$18,000	$20,000	50.4	40.3
$20,000	$22,000	53.2	42.6
$22,000	$26,000	56.1	44.9
$26,000	$32,000	58.9	47.1
$32,000	$38,000	61.8	49.4
$38,000	$44,000	65.6	52.5
$44,000	$50,000	68.4	54.7
$50,000	$60,000	71.3	57.0
$60,000	$70,000	74.1	59.3
$70,000	$80,000	77.0	61.6
$80,000	$90,000	79.8	63.8
$90,000	$100,000	82.7	66.2
$100,000	$150,000	84.6	67.7
$150,000	$200,000	85.5	68.4
$200,000	$300,000	86.5	69.2

[1] The rates shown on this table are the bracket rates (both normal and surtax) less the 5-percent credit in the case of present law and less the 33.5-, 24-, and 15-percent credits in the case of H. R. 1.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

This table shows that a man with a $32,000 income who receives a $6,000 raise in salary now has to return 62 percent, or almost two-thirds of his raise, to the Federal Government; a man with a $100,000 income who receives a $50,000 raise has to turn over approximately 85 percent, or $42,500, to the Government. This applies not only to salaries but also to earnings on capital.

Is there any wonder that business is having difficulty in getting executives to undertake new responsibilities, or in securing venture capital to expand old companies or create new ones?

Under H. R. 1 the rate applied to the extra $6,000 received by a man with a $32,000 income is cut from 62 percent to 49 percent. The rate in the extra $50,000 received by a man with an income of $100,000 is reduced from 85 percent to 68 percent. While the rates which remain are still very high, I believe that we are taking a step in the right direction.

The plan which the gentleman from Michigan [Mr. ENGEL] has advocated, of allowing a $2,000 exemption to married persons, $1,000 exemption to single persons, and $500 credit for dependents, would remove 20,000,000 taxpayers from the rolls. It would cost nearly $6,000,000,000, and on top of that it would perpetuate the present system of discriminating against initiative, investment, production, and the creation of new jobs.

By providing practically no relief for investment in new and productive enterprises, it would confirm old ventures in their monopolies. Because of this, it would continue high prices and impose high living costs upon the less fortunate.

I, for one, will never agree that the boy in the foxhole should not have the same chance and opportunity as was afforded Cyrus McCormick and Henry Ford when they were young men. Anyone who knows the history of the Ford Motor Co. must realize that that company, as well as many other corporations, got its start through local capital raised in the local community.

There were 12 original Ford stockholders who organized the company in June 1903. At the outset, this company had patents worth $40,000, machinery worth $10,000, and contracts valued at $1,000. It was a small company with a small capital. Now it has grown to great proportions. It built up to its present size only because it was permitted to accumulate its earnings for expansion.

Let me say that neither Henry Ford nor any other man could start out today from scratch, as Ford did in 1903, and create an industrial enterprise that gives employment to several million, directly and indirectly, develop a new market for raw materials that runs into the hundreds of millions of dollars and at the same time build up a pay roll that runs into the billions of dollars, not to mention the fact that the automobile industry through the use of venture capital has pushed back the horizon way, way beyond where it had ever been. Today the American who has not seen at least one coast to this great and glorious country is a most unusual individual.

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

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. DONDERO. I think the gentleman might well have added that he also provided transportation for the poor man, or the common man.

Mr. KNUTSON. I am glad the gentleman interrupted to make that observation.

All the industries that we have in this country were made possible by venture capital, capital that came from the brackets of $10,000 on up, but in the last 15 years we have been squeezing those taxpayers dry. There has been no venture capital. None of you can cite any new industries that have grown up in this country in the last 15 years. Had it not been for the war, our economy would have remained static.

Our present high taxes take away the incentive of the man in a small community to risk his capital. If the venture should turn out to be a success, his profit after taxes will be so small that in most cases the venture will not be worth the try. As a result, the small businessman must go outside this community to big business and large banks in order to secure venture capital. Eventually this results in taking control of local business away from the local community. Does the gentleman from Michigan [Mr. ENGEL] or his colleague the gentleman from Michigan [Mr. DINGELL], want to make it impossible for another Ford to rise in Michigan? If so, then they must not believe in free competition but in the continuance of monopolies.

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

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. DINGELL. I, of course, want to say that I am not going to interpose an obstacle to the rise of any individual who might become another Ford in Michigan. I have never done anything like that since I have been in Congress. But what I want to say to my friend from Minnesota is this: He just expressed the opinion that much of the venture capital came from the high brackets. Well, in the supplemental views of the minority in connection with the tax bill of 1945, signed by the present chairman of the Committee on Ways and Means, the gentleman from Minnesota [Mr. KNUTSON], two paragraphs on page 40 of the report refer specifically to the fact that venture capital comes from the little fellow. How does the gentleman reconcile his reversed attitude now?

Mr. KNUTSON. Well, of course, "little" is a comparative term. Certainly, the gentleman would not contend that the bulk of venture capital comes from those below the $5,000 income group.

Mr. DINGELL. In these low-income groups the gentleman refer to?

Mr. KNUTSON. Let me say to the gentleman that I did not read the report when I signed it. As a matter of fact, I have no recollection of having signed it. Do you not see that the firm of DINGELL, ENGEL, and GORE do not want tax reductions? We do. The Republican Party promised the country tax reduction, and I hope we are going to be able to give it to them.

Few people today realize the burden of taxation which now falls upon the middle and high income groups. The Gallup poll published on January 24, 1947, contained some interesting information. People were asked what they thought the tax now is on an income of $10,000. On the average they thought it was $1,000 instead of $1,700. They thought the existing tax on an income of $50,000 was $9,000 instead of $24,000.

These same people were also asked what they thought the tax ought to be. On an income of $3,000, they thought it should be $50 instead of $131; on an income of $10,000, $900 instead of $1,720; on an income of $50,000, $7,500 instead of $24,000.

I am particularly concerned over the statement made by my Democratic colleague, the gentleman from Tennessee [Mr. GORE], several weeks ago, that in advocating a 20-percent reduction in income taxes, straight across the board, I was abandoning the ability to pay principle. I certainly hold no brief for the present confiscatory individual income-tax rates which were adopted by his party and not mine. While there was some justification for these excessive and discriminatory rates during the war, there is not the least justification for continuing them during peacetime.

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

Mr. KNUTSON. I yield to the gentleman from Tennessee.

Mr. GORE. Does the gentleman want to forget that we have not yet paid the war debt? What is the gentleman going to do with the war debt? Is he going to transfer that debt to the low-income and middle-income groups?

Mr. KNUTSON. Let me say to my good friend from Tennessee that the time to have been concerned over that debt was when you were piling it up by taxing and taxing and electing and electing. That was the time to have expressed concern; not when the debt got to be so stupendous that it threatens the very solvency of the Republic.

I cannot yield any further. I was simply trying to set the gentleman straight.

I certainly hold no brief for the present confiscatory individual income-tax rates, which were adopted by his party, not mine. While there was some justification for these excessive and discriminatory rates during the war, there is not the least justification for continuing them in peacetime.

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

Mr. KNUTSON. I yield to the gentleman from Rhode Island.

Mr. FORAND. The gentleman has just made a statement that the tax bill was passed by our party and not his. That is in direct contradiction to the statement made to me in committee when he said we had a coalition government at that time.

Mr. KNUTSON. We did on certain occasions. It was not ironbound, I will say to the gentleman, neither was it founded on any treaties.

However, if the gentleman from Tennessee [Mr. GORE] is of the opinion that the present progressive system is a fair measure of one's ability to pay, then a uniform percentage reduction will keep the share of the total burden levied on a particular taxpayer the same as at present. Thus, if A pays, under existing law, 10 times as much tax as B, he continues to pay 10 times as much as B after the uniform percentage reduction.

On the other hand, if we raise exemptions or reduce rates for one group in preference to another, the effect is to disturb the existing ratio. For instance, under present law an individual receiving an income of $50,000 pays a tax which is 27 times as high as that paid on an income of $5,000. Under a flat 20-percent tax reduction, the $50,000 man still pays 27 times as much as the $5,000 man. If, instead, exemptions are raised to $600, he will pay 28 times as much, and if exemptions are raised to $1,000, he will pay 31 times the tax paid by the $5,000 individual.

One more illustration will make my point quite clear. Under existing law the recipient of an income of $300,000 pays 255 times as much as the person with a $5,000 income. Under a flat 20-precent cut he will still pay 255 times as much. However, with an increase of exemptions to $600 he will pay 262 times the tax on a $5,000 individual, and with an exemption of $1,000 he will pay 294 times as much.

It has been estimated that on a full year's basis H. R. 1 will reduce revenues by approximately $3,800,000,000. But this is the most pessimistic side of the picture. It makes no allowance for the stimulating effect the bill will have upon production and upon the national income, out of which the taxes are paid. In answer to a question by my colleague, the gentleman from Nebraska [Mr. CURTIS], as to how long it takes for a tax reduction to be reflected in enterprise and job opportunities in this counery, Secretary Snyder said: "It could very easily come within a very short time." Upon further questioning the Secretary indicated that a "short time" might mean a "year."

In a press release in December I called attention to the fact that the reductions through the 1920's actually resulted in increasing instead of decreasing the revenues. I wish to insert in the RECORD at this point my statement setting forth the experience with tax reduction in the 1920's:

EXPERIENCE WITH TAX REDUCTION IN THE TWENTIES

In the period of the twenties, when the Republicans were in control, there were four reductions made in internal revenue taxes. The first tax reduction was made in 1921, when the country was in the depression of 1920–21. The reductions were made to relieve the people from the oppressive tax burdens of the First World War, in order to stimulate business recovery and employment. The acts providing for such reductions were the Revenue Act of 1921, applicable to 1921, 1922, and 1923, the Revenue Act of 1924, applicable to 1924, the Revenue Act of 1926, applicable to 1925, 1926, and 1927. The Revenue Act of 1928, applicable to 1928 and 1929, did not provide for any tax reduction but liberalized the earned income

credit. However, House Joint Resolution 113 reduced individual normal taxes and corporate income taxes for the calendar year 1929.

The reductions made by these acts were very extensive. Individual income taxpayers were granted three reductions in normal tax rates, three reductions in surtax rates, successive increases in personal exemptions, a 25 percent reduction in 1923 income tax, payable in 1924, a credit for earned income and a maximum tax on capital gains of 12½ percent. The war profits and excess profits tax on corporations was repealed and practically all the war excise taxes were removed. Despite these reductions, tax revenues continued to rise so that there was ample surplus to provide for sizable reductions in the national debt.

The following figures taken from statistics of income of the Bureau of Internal Revenue show the increase in individual receipts for the calendar years 1921 to 1929, inclusive. The individual income tax receipts for 1923 were sufficiently large to permit a 25-percent reduction which accounts for the revenue figure of $662,000,000:

Calendar year:	*Individual income tax receipts*
1921	$719,000,000
1922	861,000,000
1923	662,000,000
1924	704,000,000
1925	735,000,000
1926	732,000,000
1927	831,000,000
1928	1,164,000,000
1929	1,001,000,000

Average annual receipts in the above table, for the first 5 years of the period, totaled approximately $736,000,000, while in the last 4 years of the period they totaled $746,000,000.

Corporate income-tax receipts during this period continued to rise, despite the reductions in corporate income tax. This is shown by the following table:

Calendar year:	*Corporation income-tax receipts*
1921	$366,000,000
1922	775,000,000
1923	937,000,000
1924	881,000,000
1925	1,170,000,000
1926	1,229,000,000
1927	1,130,000,000
1928	1,184,000,000
1929	1,193,000,000

Due to the slight business recession in 1924, there was a decrease in corporate receipts of $55,000,000, and a decline of $90,000,000 in 1927. But this was small compared to the decline in corporate receipts during the depression of 1919 to 1921, when the Government revenues were reduced by $378,000,000.

Total internal revenue receipts held to a steady level during this period, annual revenue surpluses were recorded and substantial reductions were made in the public debt as shown in the figures below:

Fiscal year	Total internal-revenue receipts	Gross public debt	Annual surplus
1920	$6,695,000,000	$24,299,000,000	$212,000,000
1921	5,625,000,000	23,977,000,000	87,000,000
1922	4,109,000,000	22,963,000,000	313,802,000
1923	4,007,000,000	22,350,000,000	310,000,000
1924	4,012,000,000	21,251,000,000	505,000,000
1925	3,780,000,000	20,516,000,000	251,000,000
1926	3,963,000,000	19,643,000,000	378,000,000
1927	4,129,000,000	18,512,000,000	636,000,000
1928	4,042,000,000	17,604,000,000	399,000,000
1929	4,033,000,000	16,931,000,000	185,000,000
1930	4,178,000,000	16,185,000,000	184,000,000

The experience in the twenties shows the fallacy of trying to secure revenue through continuing unfair and oppressive rates. We must remove the tax shackles in order that business may go ahead with full production, expansion, and employment.

Calendar year	Maximum rates		Receipts from individuals
	Normal tax	Surtax	
	Percent	*Percent*	
1921	8	65	$719,000,000
1922	8	50	861,000,000
1923	[1] 8	[1] 50	662,000,000
1924	6	40	704,000,000
1925	5	20	735,000,000
1926	5	20	732,000,000
1927	5	20	831,000,000
1928	5	20	1,164,000,000
1929	4	20	1,001,000,000

[1] Less 25 percent.

NOTE.—Tax credit of 25 percent provided in Revenue Act of 1924 applicable to 1923 liabilities.

The fact that tax reductions have a tendency to increase collections by raising national income can be illustrated also by the experience of the State of New York. This State reduced its tax on individual incomes by a flat 25 percent for the years 1941 to 1944, inclusive, and by a flat 50 percent for 1945. Another 50-percent cut has been recommended for the fiscal year 1946.

Nevertheless revenues have increased from $465,000,000 in 1940 to $682,000,000 in 1946, and a deficit in 1940 has given place to an unbroken series of surpluses, the largest of which occurred in 1946. In spite of the 50-percent cut, a surplus of $60,700,000 is estimated for the fiscal year 1947. I am inserting at this point a table which summarizes the New York experience:

TABLE IV.—*New York State revenues, expenditures, and surplus, 1940–48*

[In millions of dollars]

	1940	1941	1942	1943	1944	1945	1946	1947 (estimated)	1948 (estimated)
Total revenues	464.8	501.2	495.6	283.8	532.0	617.4	682.4	660.5	667.3
Expenditures	466.0	464.1	448.5	268.9	437.9	460.8	494.6	599.8	663.0
State government	196.7	196.5	192.1	139.0	197.4	210.6	--------	--------	--------
Local (including share in State taxes)	269.3	267.6	256.4	129.9	240.5	250.2	--------	--------	--------
Surplus	[1] 1.2	37.0	47.1	14.8	94.1	156.6	187.8	60.7	4.3

[1] A deficit.

Source: This table was prepared by the Legislative Reference Service of the Library of Congress on the basis of the Annual Report of the Comptroller for the fiscal year ended Mar. 31, 1945, p. 113, and the budget message of Feb. 1, 1947 (New York Times, Feb. 2, 1947, p. 48).

The experience of Australia in recent years furnishes additional evidence supporting my contention that an income-tax reduction fosters an increase in national income which in time tends to increase tax collections. Since the end of World War II, Australia has reduced its income tax twice.

The tax program which included the first of these reductions was estimated at the time to cost between £2,000,000 and £3,000,000. Instead the tax reductions were followed by an increase in revenues of £17,000,000.

Hence the Government was able to come forward with a proposal to reduce the income tax a second time with an estimated loss of revenue of £17,500,000.

At this point the leader of the opposition argued that no real tax cut was being proposed since the Government was merely distributing the surplus which it had failed to estimate in the previous year when the first of the two tax cuts was being made.

The method for reducing taxes used in H. R. 1 is by no means new, either in the history of Federal or State taxation. In the Revenue Act of 1945, the Congress adopted a flat 5-percent reduction in individual income taxes. In 1924, we had a tax reduction of 25 percent for taxes payable in 1924. Many of the States adopted the flat-tax-cut method as the easiest and fairest way of reducing taxes.

In his budget message of January 26, 1942, the then Governor Herbert H. Lehman advised the New York Legislature:

I recommend a 25-percent reduction in each individual's personal-income taxes payable this spring * * * I recommend a similar 25-percent reduction in each individual's income taxes payable in the spring of 1943.

This method of tax reduction was continued by Governor Dewey, except that in 1945 and 1946 he recommended a 50-percent instead of a 25-percent reduction.

Mr. LYNCH. Mr. Chairman, will the gentleman yield for a question?

Mr. KNUTSON. I am glad to yield to the gentleman, a member of the committee.

Mr. LYNCH. I presume the chairman knows that when that recommendation was made we had a surplus in the Treasury of the State of New York. We have no surplus in the Treasury of the United States at the present time, and it is not likely we are going to have any.

Mr. KNUTSON. I do not think we will have a surplus in the Treasury until we have had a change of administration.

Mr. LYNCH. If you are not going to have a surplus in the Treasury, how do you expect to have debt reduction and how do you expect to balance the budget?

Mr. KNUTSON. Well, the gentleman knows, being a member of the great Ways and Means Committee, of which he is a very valuable member, that the receipts for this year will probably total two and a half or three billion in excess of the estimates.

Mr. LYNCH. Well, the gentleman knows that the gentleman at the other end of the Capitol in charge of the Finance Committee estimates that this bill will cost $5,700,000,000.

Mr. KNUTSON. Well, I cannot be responsible for what they say at the other end of the Capitol.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. EDWIN ARTHUR HALL. I would like to commend the gentleman's reference to New York State and to say that the legislature for the past few years has come in at the last minute and passed a reduction bill, to which the gentleman has referred, and it has come more or less as a present to the taxpayers of the State. Therefore, after we have made out our income taxes, we divide the total amount by 2 or 4 and we have our reduction.

Mr. KNUTSON. On March 11 you made another 25-percent cut in the State income taxes of New York.

Mr. EDWIN ARTHUR HALL. I understand it is 50 percent.

Mr. KNUTSON. I am advised it is 50 percent. Why cannot the Congress do as much for the people of the United States as the Governor of New York can do for the people of that State?

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

Mr. KNUTSON. I yield.

Mr. COOPER. The distinguished chairman made the statement that we would not have a surplus until there was a change of administration. Was that just about what the gentleman said?

Mr. KNUTSON. I think that is substantially correct.

Mr. COOPER. How much surplus did the gentleman's party turn over when they went out the last time?

Mr. KNUTSON. We did not turn over any.

Mr. COOPER. I did not think so.

Mr. KNUTSON. How much surplus did the gentleman's party turn over to us in 1921?

Mr. COOPER. There was a deficit then, when the gentleman's party went out.

Mr. KNUTSON. That is true. I grant that, and that deficit was due to the war that the gentleman's party promised to keep us out of back in 1916.

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

Mr. KNUTSON. I yield.

Mr. JENNINGS. According to my reading of American history, the last time a Democratic President left a surplus in the Treasury when he went out of office was Andrew Jackson, of Tennessee, and that is so far in the distant past that the memory of man runneth not to the contrary.

Mr. KNUTSON. And they have been celebrating his birthday ever since as an outstanding and unusual Democratic President.

But let us keep this debate on a higher plane. I do not want any politics in this discussion.

Now, let us take another State. Maryland, under a Democratic Governor, reduced its taxes. You see I am willing to give credit no matter on what side of the aisle it goes.

Under Democratic Governor O'CONOR, Maryland reduced its individual income taxes by a flat 33⅓ percent in 1942 and later increased the cut to a flat 50 percent. Iowa has allowed a flat 50-percent cut in its individual income tax since 1942.

Our friends on the Democratic side may tell you that this is not the time to reduce taxes. We must wait until we know how much the Administration is going to spend, and what boondoggling will cost before it is safe to even think about reducing the tax burden of the American people. Yet when my friend from New Jersey [Mr. KEAN], offered an amendment to my bill to further reduce the tax burden of the very lowest income group, which will result in a further tax cut of approximately $380,000,000, what do you think occurred? Why our Democratic friends on the Ways and Means Committee voted unanimously for this amendment, voted unanimously to further reduce taxes by approximately $380,000,000, and yet they tell you this is not the time to reduce taxes.

I think one of the things that has kept you folks in power so long is your indifference to consistency—and it is a great gift sometimes.

I hope our Democratic colleagues will vote to give the country the tax relief that it needs and demands. I, for one, have never been in favor of deficit spending, and our study of the budget for 1947 and 1948 clearly indicates, the other end of the Capitol to the contrary notwithstanding—may I say parenthetically that I do not want to violate the rules of the House. Every building, of course, has two ends. I think this is the front end—but our study of the budget for 1947 and 1948 clearly indicates that there is ample surplus to provide both for tax relief and debt relief, even disregarding the impetus which H. R. 1 will give to the production of increased income.

I know there are some who advocate that all the surplus should be applied toward the payment of the national debt. But, I believe that a proper approach is to provide for both tax reduction and debt reduction.

In the President's budget message for the fiscal year ended June 30, 1948, it was estimated that the public debt at the end of the fiscal year ending June 30, 1948, would be $260,200,000,000, and that the cash balance at the end of the year would be $2,100,000,000.

It now appears that on March 20, 1947, the debt had already been reduced to $259,000,000,000 and that cash balance existed of $5,900,000,000.

After payment of Treasury notes and certificates maturing on March 15, 1947, and April 1, 1947, the Treasury cash balance should still be at least $4,000,000,000.

It appears that more of this cash could be applied toward reduction of the debt in the hands of the public. By the end of fiscal 1947, we should be well ahead of schedule in debt retirement.

This will necessarily reduce the interest charge now being borne by the Treasury with respect to the national debt.

I was deeply disappointed at the President's budget message calling for expenditures of $37,500,000,000 for the fiscal year 1948, which under his budget left practically nothing for debt or tax reduction.

Any novice should know that this is the most opportune time to provide for debt relief and tax reduction.

Tax receipts are at a high level and there is practically no unemployment. Indeed, it is most fortunate for the country that the Congress, and not the Executive, with his confused advisers, controls the purse strings.

Under the Reorganization Act passed last year, a committee of the House and Senate, composed of both the Appropriation and Tax Committees has called a halt to governmental waste and extravagance by putting an over-all ceiling on Federal expenditures for the fiscal year 1948 of $31,500,000,000.

Under the House action which approved the report of this committee a surplus of $6,800,000,000 exists even if the budget committee's estimate of receipts of $39,100,000,000 is used. If present levels of production and income continue, receipts will be substantially higher. They might reasonably be expected to exceed $43,000,000,000.

As I have indicated the estimated revenue loss from H. R. 1 is about $3,840,000,000. Applying this against the conservative $39,100,000,000 estimate of revenues used by the legislative budget committee we would still have $3,000,000,000 left for debt retirement or other purposes. With full employment continuing throughout fiscal 1948, as the Secretary of the Treasury indicated it would at the hearings on this bill, a surplus of $11,500,000,000 would appear. This would leave something like seven billion available for retirement and other purposes after giving full effect to H. R. 1.

Yes, this bill is fair, but it is only a start in the right direction. As we clear away the dead wood in the executive branch and restore efficiency in government there will be further tax relief. Remember, we are beginning to reverse a trend that has been snowballing for 14 years.

It is a fair bill because it recognizes that the "little fellow" is having a hard time. Sixty-one percent of the reduction provided goes to persons receiving net incomes of $5,000 or less, and of this amount 71 percent goes to individuals with incomes of less than $3,000 a year.

It is a fair bill because it recognizes the unfortunate situation of some of our senior citizens. It gives to taxpayers 65 years of age and older a special $500 exemption, making a total personal exemption of $1,000. Nearly 1,400,000 persons by that provision will be removed from the tax rolls. This is a practical way to attack the gloom of want that haunts some of the aged and infirm.

It is a fair bill because it will help resurrect for the rising generation—war veterans, youngsters going to schools, and others—an incentive to start a small business or enter the professions of law, medicine, and so forth, with the knowledge that they will have an opportunity in the well-proven American way to grow, contribute to their country, and provide jobs.

It is a fair bill because it puts the ax to punitive taxes designed by alien minds and whizzed through subservient Congresses—a tax program that fitted neatly into the New Dealers' master plan to put ceilings over all Americans and make of this a nation of automatons.

For these reasons tax reduction now is imperative. The people in last November's election made it unmistakably plain

that they had had enough of the way the Government at Washington was being mismanaged, so they voted for a thorough housecleaning.

Until then they had enthusiastically borne the back-breaking taxes necessary to win the war. Remember those sky-high rates were imposed on the almost annual increases in taxes since 1933.

I hope the Democratic Members of Congress will join the Republicans in reversing the trend of higher and higher taxes, because it is the right thing to do.

For years we Republicans have been warning that the short-haired women and long-haired men of alien minds in the administrative branch of the Government were trying to wreck the American way of life and install a hybrid oligarchy at Washington through confiscatory taxation.

I am glad to see that President Truman by his recent order for a loyalty test of Government employees recognizes as sound the warnings by our Speaker MARTIN and other Republican leaders these many years against the un-American infiltration of the Democratic administration.

Let us all hope that the President will follow through in cleaning out these rascals. Let us also hope that the President, though he acted belatedly on his loyalty test, will see the wisdom of the Republican Party in giving the people immediate relief from a tax levy that cannot be defended in peacetime.

Through enactment of this tax bill our country will be strengthened for its heavy responsibilities in a troubled world. When Congress votes a reduction in taxes it will give new hope in all the peace-loving nations of the world. It will be an inspiration to those countries that are now struggling to reach the highway of prosperity and happiness because they know that their hope lies in a solvent and prosperous America.

The CHAIRMAN. The Chair will advise the gentleman from Minnesota that he has consumed 46 minutes.

Mr. DOUGHTON. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I shall endeavor to state my position in respect to the pending bill, as did my distinguished colleague from Minnesota, although he spent more of his time defending than explaining the bill. It will be my purpose to discuss the bill and its effects on taxation in the United States and not discuss tax laws in Australia, Czechoslovakia, and Spitzbergen.

Mr. Chairman, it is with considerable regret that I find myself unable to support the pending bill. I sincerely wish that it were a measure that I could support. During the years when I was chairman of the Committee on Ways and Means, every effort was made to keep politics out of tax legislation. Revenue bills were drafted with the fullest cooperation with minority Members, and very rarely, if ever, was a tax problem decided along party lines. Instead it was our earnest effort to formulate fiscal policies and write our tax bills strictly on the merits of the issues as developed by the witnesses before the committee and the technical experts of the Treasury and the Staff of the Joint Committee on Internal Revenue Taxation. Moreover, it was our usual practice to set aside sufficient time for public hearings to enable all interested parties to present their views. Only after receipt of this testimony, and consideration of the advice of our technical experts in executive session, did we proceed to draft a tax bill.

The former well-known practice of the Committee on Ways and Means while under Democratic control is related in order to point out the drastic change in the origin and consideration of H. R. 1. This tax bill seems to be predicated upon promises made in the 1946 campaign rather than upon analysis of the fiscal and economic conditions necessary to be taken into account in formulating a sound tax policy.

But even more significant, and of real personal concern to me, is the precedent established by the majority members of the Committee on Ways and Means in rushing through a tax bill without opportunity for adequate study and consideration by all the members of the committee.

While I have the greatest respect for my friend, the distinguished chairman of the Committee on Ways and Means, as well as all the members of our committee, I can only view with alarm this departure from precedent in precluding the full membership of the committee in the preparation of revenue legislation. This departure from precedent was carried even further by the majority membership of the committee in setting aside only 2 days for public hearings, and in hand-picking the only two witnesses permitted to testify, other than Treasury officials.

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

Mr. DOUGHTON. I yield to the distinguished gentleman from Minnesota.

Mr. KNUTSON. My good friend, the gentleman from North Carolina [Mr. DOUGHTON], is always fair and affable and generous.

Mr. DOUGHTON. I thank the gentleman.

Mr. KNUTSON. But I do at this point want the RECORD to show that we did not bring any witnesses, outside of the Treasury, before the committee except two very outstanding Democrats, both of whom endorsed the action of the committee 100 percent.

Mr. DOUGHTON. If the gentleman was never more accurate in some of his statements or his consistency, I would pity him. I do not like to get into personalities, but I am reliably informed that the key witness, who was hand-picked and brought here at the gentleman's invitation, is a registered Republican voter in New York City. I do not think that can be challenged.

Mr. KNUTSON. Well, he has seen the light, then.

Mr. DOUGHTON. I am informed he never has voted, at least in the last 15 or 16 years, for a single Democrat. I do not know about the other one. If the gentleman challenges a statement of mine, he ought to be careful.

Mr. KNUTSON. I should gladly state that a reformed Democrat makes an excellent Republican.

Mr. DOUGHTON. The gentleman means a renegade.

This exclusion, over the protests of the minority, of other witnesses fully as informed and learned in tax matters as the gentlemen selected is something entirely new in the history of the Committee on Ways and Means in recent years. Historically, it has become the custom of the House to entrust the drafting of tax bills to the committee on the theory that revenue legislation is too complex to be satisfactorily amended and perfected on the floor of the House, and because it was known that tax bills were reported only after the fullest, fairest, and politically impartial consideration by the members of the committee. Consequently, the practice of considering tax bills under a closed rule has developed. The bill, unlike any tax measure reported to this House in recent years during Democratic control, is, in my opinion, nothing more than a hurriedly conceived, untimely, discriminatory, and unsound patchwork of political expediency.

Mr. Chairman, to remove any possible doubt as to my views on tax reduction, let me say at the outset that the Democratic members of the committee have a clear and convincing record of reducing taxes when it is practicable to do so. I refer to the Revenue Act of 1945—the most recent major tax legislation passed by the Congress. The 1945 bill was designed to aid both individuals and business in the difficult transition from war to peace. It gave me great personal satisfaction to be able to aid initiating this first step to reduce wartime taxes and in reporting the bill to the House. That act made major reductions in both corporation taxes and individual income taxes, and a minor reduction in excise taxes. The excess-profits tax, capital-stock tax, and declared value excess-profits tax were repealed, and corporate surtax rates were reduced, with a net tax benefit estimated at that time at $3,100,000,000. Individual tax liabilities were reduced by an estimated $2,800,000,000, through an increase in normal tax exemptions, a reduction in individual income-tax rates and also removal of $12,000,000 low-income taxpayers from the rolls. In the field of excises, the use tax on automobiles and boats was repealed.

A good deal is said about low-income taxpayers and great concern is expressed for them. My friend becomes a fountain and his eyes become great rivers of water pleading for the low-income taxpayers, but he fails to remind you that in the 1945 bill we removed from the tax rolls 12,000,000 low-income taxpayers, while in the bill under consideration not a single low-income taxpayer is removed from the tax rolls, other than some of those over 65 years of age. I suppose they had John D. Rockefeller and Henry Ford, Sr., in mind when they made that reduction. We removed 12,000,000 low-income taxpayers from the tax rolls, those unable to pay taxes, but

they do not remove a single one from the tax rolls.

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

Mr. DOUGHTON. I yield to the gentleman from New Jersey.

Mr. KEAN. Does the gentleman believe it is a good idea?

Mr. DOUGHTON. It is not a question of what I believe, it is a question of what we know.

Mr. KEAN. Does the gentleman believe we should continue to take people off the tax rolls so that only a very few pay taxes?

Mr. DOUGHTON. I do not. We have already gone as far as we can at this time.

Mr. KEAN. The gentleman is criticizing us for not having taken people off the tax rolls.

Mr. DOUGHTON. When the condition of the Treasury and our national economy justify it then the first consideration should go to the low-income taxpayers.

Mr. KEAN. That is just what we have done here.

Mr. DOUGHTON. Oh, no.

Mr. KEAN. Oh, yes.

Mr. DOUGHTON. Somebody spoke about the minority members voting for the amendment offered by my distinguished friend. We did that to reduce the inequities as much as possible, but the gentleman knows and my good friend from Minnesota also knows, the minority members voted against reporting the amended bill. We were trying to improve it some, bad as it was.

The estimated amount of the over-all tax reduction, which was spread over the entire tax structure, at present income levels amounts to a cut of $9,000,000,000. This should prove conclusively that we, the minority members, were interested in encouraging risk capital and business incentive in the difficult period of transition from war to peace, and we still are interested in these objectives.

And it also gives me much satisfaction to recall that the revenue bill of 1945 was drafted in the committee room with the full participation of all the members—majority and minority alike. As further proof of my sincere and earnest efforts to keep politics out of tax legislation—please indulge me for a moment regarding my record in this House on the Revenue Act of 1943. You will recall that the 1943 bill, which became law in 1944, was passed by both Houses of Congress after the usual careful consideration by the Committee on Ways and Means and the Committee on Finance. When presented for Executive approval, it was vetoed by the President because it did not carry as great increases as he had recommended. At that time I had a most unpleasant decision to make bu. the final answer was to support the work of the committee and the action of the Congress. I had to break with my own administration on that issue to support passage over the veto of the President.

It is because I see this splendid spirit of nonpartisan cooperation in the Committee on Ways and Means being destroyed that I feel it necessary to advise the House that H. R. 1 has not received the customary, careful, nonpartisan consideration, and should not be hastily passed.

Mr. Chairman, it has always seemed axiomatic that a person heavily in debt was expected to pay something toward his debts when he was able to do so. It had been my understanding that the same principles were applicable to Government.

A sound fiscal policy at this time calls for the following priorities: First, the budget should be balanced; second, a substantial payment toward debt retirement should be made; third, and only after fulfillment of the first two objectives, taxes should be reduced.

The majority report at page 1 states that—

> A reduction estimated at $3,800,000,000 is provided in this bill, leaving between $2,300,000,000 and $3,800,000,000 available for debt retirement.

Upon what assumptions do they give us these figures? Are they reliable assumptions? Certainly not.

Section 138 of the Legislative Reorganization Act of 1946, enacted with a bipartisan support, prescribed the method for establishing a legislative budget. It provides that—

> If the estimated receipts exceed the estimated expenditures, such report shall contain a recommendation for a reduction in the public debt.

No mention in the act is made of tax reduction. It is significant that this act of Congress fixes joint responsibility, a responsibility rejected by the majority in its headlong dash toward tax reduction.

At the present moment the conference committee on the legislative budget has had but one meeting, at which exactly nothing was accomplished, and I seriously doubt whether anything will come from a subsequent meeting, if one is ever held.

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

Mr. DOUGHTON. I am glad to yield to the distinguished gentleman.

Mr. KNUTSON. Am I to understand that the gentleman objects to the treatment we have given to taxpayers in the lower brackets?

Mr. DOUGHTON. No. If this bill is enacted, of course, I am glad if they are benefited, but my point is that the complaints are not coming from those in the lower brackets. I have not heard a word of complaint from those who pay a small amount of taxes to help defray the expenses of the war and pay some of the interest on the national debt. The complaints I have had are from those in the high income-tax brackets. That is where you will find that the complaints originate.

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

Mr. DOUGHTON. I yield to my distinguished friend, the gentleman from Wisconsin.

Mr. KEEFE. In the consideration of this tax bill, has the gentleman received any evidence which convinces him that in the present fiscal year the budget will be balanced and that revenues will exceed expenditures by nearly $2,000,000,000?

Mr. DOUGHTON. No. There is some estimate of that kind, based on the highest possible revenue receipts and the lowest expenditures. It is based on revenue receipts of January 1947, which none of us can give any assurance will be maintained. That is what it is based on.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. DOUGHTON] has expired.

Mr. DOUGHTON. Mr. Chairman, I yield myself 10 additional minutes.

Will the gentleman please state his question again?

Mr. KEEFE. As the gentleman well knows, I may say I have always taken the position that there should be a balancing of the budget first, then debt retirement, then tax reduction. I would like to know from the gentleman whether or not it is not true that in the current fiscal year 1947, we will not only have a balanced budget but in addition will have created a surplus sufficient not only to provide for some debt retirement, but also to provide for tax reduction.

Mr. DOUGHTON. No one can answer that question. The gentleman thinks it answers itself and that is the reason he asked it, I think; but no one can tell. It is mere guesswork. I say that the estimates made, upon which the gentleman bases his statement that we will have a surplus, are estimates of the highest possible receipts that anyone can imagine and the lowest possible expenditures. They take both extremes, the extremes on receipts on the one hand, the highest they can get, and disbursements on the other hand just as low as they can get them. Now, I will ask my friend if he thinks it is safe to legislate on that hypothesis.

Mr. KEEFE. May I ask the gentleman this question?

Mr. DOUGHTON. Certainly.

Mr. KEEFE. The gentleman says this bill relates to fiscal 1948.

Mr. DOUGHTON. Yes.

Mr. KEEFE. As I understand the bill, it proposes to relate back to January 1, 1947. Is that not right?

Mr. DOUGHTON. Yes. It is retroactive and that is one objection I have to it. It makes it that much more difficult. But you cannot tell, and the gentleman knows you cannot tell, what will be the situation within the next few months. It will change, perhaps very greatly. The estimates in the last 2 months have varied something like $2,000,000,000. They may go down within the next 2 months. Is that not a possibility?

Mr. KEEFE. Yes; I think it is. The whole situation is based upon projecting into the future the estimates which are based upon trends.

Mr. DOUGHTON. May I ask the gentleman this question? Does the gentleman think it is best to proceed recklessly in such matters, or cautiously?

Mr. KEEFE. I believe we should proceed cautiously. And the reason I have asked the gentleman the question is because, sitting on another committee that has to provide appropriations, we have had certain testimony as to the ideas of expenditures and the ideas of revenue receipts. I may say to the gentleman it has been my understanding from the proof

that has come before the committee on which I serve that the Treasury itself has boosted its estimates as to revenues by over $2,000,000,000, and in addition to that, that we will have a balanced budget in the fiscal year 1947.

Mr. DOUGHTON. Let me ask the gentleman this question: He accepts this estimate of the Treasury of the receipts for 1948. Now, is he willing to accept the estimate of the Treasury on the budget, and the expenditures that will be necessary?

Mr. KEEFE. No; I am not willing to.

Mr. DOUGHTON. Of course not, because that disproves the gentleman's position.

Mr. KEEFE. I am not willing to do that.

Mr. DOUGHTON. Of course not. Why do you take the other, then?

Mr. KEEFE. Well, because——

Mr. DOUGHTON. The gentleman must have undergone a change of heart, because I had reason to believe about 10 days ago that the gentleman was definitely opposed to any tax reduction or tax bill at this time. I say, I was led to believe that.

Mr. KEEFE. Now, the gentleman wants to be perfectly fair, I assume.

Mr. DOUGHTON. Yes; I do. The gentleman will not deny that, will he?

Mr. KEEFE. I shall not deny any such statement. I have been quoted publicly in the press and have talked on the radio and everything else, so the gentleman is not expressing anything new as to the gentleman's attitude based upon the real value of a 20-percent cut across the board.

Mr. DOUGHTON. I have great admiration for the gentleman.

Mr. KEEFE. Will the gentleman give me this information——

Mr. DOUGHTON. I will if I have it; yes.

Mr. KEEFE. I am only asking for information, that is all I want.

Mr. DOUGHTON. Perhaps I can give the gentleman information. He is already gifted with understanding, but if I can give him information I will be glad to give him any I have.

Mr. KEEFE. Does the gentleman understand that the reason we claim a balanced budget in 1947 is because of the rescissions that have been made in appropriations plus an unexpected increase in our revenues?

Mr. DOUGHTON. The gentleman talks about rescissions. We are not through with appropriation bills. I think those rescissions the gentleman talks about are more in imagination and extravagant claims than they are in reality, in my opinion. I will get to that a little later.

Mr. KEEFE. I am not talking about reductions in appropriations, I am talking about rescissions, which are quite a different thing.

Mr. DOUGHTON. All right. What does the gentleman mean by rescission?

Mr. KEEFE. I mean the rescission of an appropriation, the canceling of an appropriation that was available for expenditure in 1947. Many of those we rescinded.

Mr. DOUGHTON. What has that got to do with this tax bill?

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield that I may ask the gentleman from Wisconsin a question?

Mr. DOUGHTON. I yield.

Mr. KEEFE. What is the gentleman's question?

Mr. ROGERS of Florida. I wish to ask the gentleman from Wisconsin when he talks about balancing the budget and bringing in a surplus of some $2,000,000,000 to apply against reduction of the public debt, whether the gentleman is agreeable to paying off the terminal-leave bonds if the boys want them now and thus reduce that much of the public debt?

Mr. KEEFE. I am not answering that question now because I do not think that is a matter that is before the Committee at this time. We have voted the gentleman's bill and it is now the law; and I voted for it.

Mr. ROGERS of Florida. But the gentleman will admit that these bonds are a public debt and that they are drawing 2½-percent interest. Will not the gentleman agree that this is a debt that should come before bonds held by people who do not want to part with them?

Mr. KEEFE. I do not think that is a question that is before the Congress.

Mr. DOUGHTON. A direct answer to the question the gentleman has asked as to the balancing of the budget and having a surplus is Section 138 of the Legislative Reorganization Act of 1946 for which most of you voted but I did not. It was of course a sugar-coated proposition to increase the salaries of Members but I do not object to that. It was a bi-partisan measure. But this Legislative Reorganization Act prescribed a method of establishing the legislative budget. It provides:

> If the estimate of receipts exceeds the estimate of expenditures, such report shall contain a recommendation for a reduction on the public debt.

No mention whatever is made of tax reduction, not a word. It is significant, I think, that this act of Congress places joint responsibility on the Committee on Ways and Means for debt retirement and that responsibility is now met by the majority by rushing headlong into tax reduction first before they get the legislative budget. Our first responsibility should be the fixing of the limit expenditures, yet the majority party rushes headlong into tax reduction without waiting for the report of the committee. The only budget guide we have is the recommendation sent down by the President. This bill is brought out here, notwithstanding, and hurried through. Now, the majority must be afraid of the report. They do not know what the report will be, they do not know what the budget is going to be, they cannot tell. My good friend from Wisconsin cannot tell. He has labored earnestly, I have no doubt, and I have great respect for those on this side of the House too who are trying to cut down the debt by eliminating unnecessary expenditure of public moneys. I am just as earnest in that as he is so long as proper regard can be had for essential Government services needed by the American people or in their behalf. Up to the present moment the committee of conference on the legislative budget has had but one meeting since we appointed conferees on March 3. What happened since then? The conferees have had but one meeting and absolutely nothing was accomplished. Why not wait? Is not some criticism justified for rushing this tax reduction bill through before we know what the recommendation of this committee is going to be and what will be the size of the budget we may expect for 1948? I would like for some Member to answer that question.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON. Mr. Chairman, I yield myself 10 additional minutes.

The CHAIRMAN. The gentleman from North Carolina is recognized for 10 additional minutes.

Mr. DOUGHTON. So to date we have only the President's budget estimates to guide us. Now, I am for every economy measure that can be made consistent with maintenance of the essential functions of Government and fulfillment of our present and prospective international responsibilities and commitments. But can anyone honestly contend that he thinks it practicable, in view of the requirements for relief for devastated areas, not included in the budget, of the amounts recommended by the President for aid to Greece and Turkey, and the active consideration of legislation for benefit payments to agriculture of some $300,000,000, which does not appear in the budget—can anyone actually be so unrealistic as to assume that the amount of the President's budget can be reduced by $6,000,000,000 or even $4,500,000,000, as recommended by the Senate, or even below the President's estimates. I repeat that I am for economy—I voted for the $6,000,000,000 cut in the estimate of the President—but certainly my eyes are not closed to the changes that have come to pass since then.

There is a strong possibility that even the amount included in the President's budget may be exceeded when all of the appropriation bills for the fiscal year 1948 have been passed.

Would it not be far better for the majority and for the entire country to relieve them of their campaign pledges than to plunge our Nation into so hazardous a fiscal policy as H. R. 1 must entail?

In order to reach their conclusion that it now is possible to reduce taxes and to balance the budget, the majority members of the Committee on Ways and Means use as the basis for estimated receipts for fiscal year 1948 the current high rate of income payments to individuals—the highest in our Nation's history. In contrast, they close their eyes to the facts of life in a war-torn world and to our obligations as a victorious power, and profess to believe that the drastic cuts of $4,500,000,000 to $6,000,000,000 still are attainable. Assuming

the highest national income and a minimum level of expenditures obviously unattainable, the majority eke out a bare $3,000,000,000 for debt retirement in the event H. R. 1 should be enacted.

On the precedent of the Treasury-Post Office appropriation bill, as it passed the House, the $37,500,000,000 requested by the President would only be cut to $36,000,000,000.

The start has been made on the precedent of the first appropriation bill passed by the House. I have not considered the one acted on yesterday. All those 65 years of age and those who have paid taxes through withholding or otherwise would have to have refunds, and that was not estimated in the present budget; not taken into consideration at all. A lot of these things open our eyes, and I think we had better look and listen and think as we go along before we just go blindly ahead and take the responsibility for action. The credit of the Government and the solvency of the Government and the interest of 85,000,000 bondholders are all involved. There is something more than politics involved in this, or redeeming campaign promises.

A total of a billion dollars not included in the President's budget, for relief, aid to Greece and Turkey, and additions to the farm program would raise the total expenditures for 1948 to $37,000,000,000. The most recent estimates for the Treasury Department are for a revenue yield of $39,000,000,000, in which event $2,000,000,000 would be available for debt retirement in 1948 under the present law. Passage of H. R. 1 would reduce revenues by approximately $4,000,000,000 and would leave us with a deficit of $2,000,000,000 and nothing to pay on the debt.

Where are the spokesmen for better business in government? Who are the reckless advocates who would speed us toward insolvency—when the war-incurred debt is over six times the prewar level? Are these the same Republicans who prate about a solvent America? Is this the party which pledged itself in its 1944 platform in these words: "We shall reduce that debt as soon as economic conditions make it possible." Does the majority now propose to break faith with the 85,000,000 war bondholders to grant special consideration to the 48,000,000 taxpayers?

I submit in all sincerity, if under the highest national income in our history, tax reduction is given priority over debt retirement, when can we hope to begin payment on the public debt? I submit that sound fiscal policy for the American Nation at the present critical hour is but poorly served by the determination of the majority to slash blindly at the Government's revenues as is done in H. R. 1.

To date, hopes of a balanced Federal budget still are but hopes. Only when payments are made on the debt from the proceeds of taxation will we be able to feel that the Nation actually is on its way out of the fiscal wilderness into which the war plunged us.

The majority, in their ill-advised rush to slash taxes at this time, find themselves making contradictory assertions in their report on H. R. 1. As I have indicated, their conclusion that we can both balance the budget, pass H. R. 1, and still make a payment of $3,000,000,000 on the public debt, is based upon an assumption of a level of expenditures that cannot reasonably be realized. It also assumes that the national income will remain at the January 1947 peak—the highest in history.

A recession of business, as I will mention later, was mentioned by one of the key witnesses called by the majority before our committee. He said a recession was not at all improbable. When the Democrats are in power and business is bad, they call it recession, and the Republicans call it depression. When the Republicans are in power and business is bad, they call it recession, and the Democrats call it depression. That is the difference.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON. Mr. Chairman, I yield myself 10 additional minutes.

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

Mr. DOUGHTON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman will recall that both the distinguished witnesses we had before the committee, former Under Secretaries of the Treasury, Mr. Magill and Mr. Hanes, ventured the statement that there was probably a recession ahead of us, and being good Democrats they used the word "recession." Of course, if the Republicans were in, they would call it a depression. At any rate, what I was trying to say was that they both said positively that a tax reduction at this time might avert a recession, or at least soften the blow.

Mr. DOUGHTON. They labored trying to justify their position. I have never seen a man labor as Dr. Magill did. He first talked the round system and then the flat. When they pinned him down and made him do it—you had to pin him down and make him do it—he would talk about a depression, and he would also say that if you could only do one, make a reduction in the debt or reduce taxes, you should have debt reduction. But this bill is predicated on the other assumption of continued high levels of income. Certainly if you pass this bill, you get tax reduction, whether you get any debt payment or not. You just reverse what Dr. Magill's philosophy was; the record shows that.

I cannot yield further to the gentleman.

Mr. KNUTSON. I will give the gentleman additional time. I will give him anything I have.

Mr. DOUGHTON. I hope the gentleman will agree to an extension of time for debate tomorrow so that we can have more time for Members who desire to speak.

Mr. KNUTSON. Certainly we do not want to deprive the House and the gallery of this great spectacle.

Mr. DOUGHTON. These hypotheses developed on page 7 of the report, however, are controverted on page 11 by the argument there made that the passage of H. R. 1 is necessary to provide additional spendable consumer income and incentives for business expansion because of the fear of a recession.

If a recession is feared by the majority, then how can they advise tax reduction based upon the peak levels of national income? Is not this the most reckless sort of fiscal management and almost certain to result in a further deficit?

If we enact H. R. 1, it means that we are departing from a policy of safety and fiscal prudence. The sound and intelligent policy briefly is this: To balance the Federal budget not in theory, not in expectation, but in undeniable fact; when revenues are sufficient to balance the budget and have produced a surplus of revenues over expenditures, to apply that surplus first and foremost to reduction of the public debt; after payments of substantial amount have been made on the debt from surplus revenues, to determine from careful and thorough study of the national economy and of the entire tax structure, including excise, estate and gift, and corporate income taxes, what downward revisions of taxes could and should be made.

Has the budget been balanced? No Member of this House can answer that question in the affirmative.

No report has reached this House on the legislative budget called for under the Legislative Reorganization Act.

Only a beginning has been made at completing congressional action on the appropriation bills for the fiscal year 1948.

The level of the Government's tax collections at the present moment is high; employment remains most satisfactory; the national income is unprecedented. Yet doubts still cloud the future for the average man. Yes, even the majority of the committee have their doubts for they speak about a recession and their key witnesses at the hearings expressed fear of a possible recession. On the other hand the fabric of wholesale and retail prices is yet far from stabilization; inflation threats still confront us at almost every turn.

I am mystified as never before in my long experience in the halls and chambers of this Capitol that under circumstances such as now prevail over the Nation and the world, men with a record of having cried loudly in days gone by for conservative fiscal policies should at the moment be pursuing a course so plainly unsound.

The majority expresses the hope—and that is the best case that possibly can be made of it—that the budget will be balanced; they also express the hope that a payment of some size or other can be made on the public debt. The minority, however, calls upon the Congress to pause and reflect. In view of present uncertain economic conditions and the great uncertainty of the amount of expenditures for 1948, especially when we consider the size of the public debt, it is our view that tax reduction at this time, as proposed in the bill under consideration, cannot be justified.

Tax reduction should not be made without an over-all study and revision of the entire tax structure. The Secretary of the Treasury recently called the attention of the Committee on Ways and

Means to 16 important items of postwar tax revision which have been under study. They include issues recognized by both sides of this House as vital. Among them are such issues as the overhauling of our schedules of excise taxes; the removal of inequities in the treatment of family income under the individual income tax; allowances for life insurance premiums and other forms of savings, also under the individual income tax; the double taxation of dividends under the corporate and individual income taxes; the averaging of incomes over good and bad years; the taxation of American corporations doing business in foreign lands.

Substantial losses of revenues may be involved in any attempt to solve the problems of tax reform which these issues present. H. R. 1, with its heavy cut into the present yield of the individual income tax, may, and probably will, if it becomes law, preclude indefinitely any further reduction, and so make it impossible to carry out any equitable, comprehensive tax revision.

The point is, Mr. Chairman, that nobody knows with any reasonable degree of certainty what our expenditures will be; nor what the revenues for 1948 are likely to be. A $10,000,000,000 drop in national income would reduce revenues by $3,000,000,000, and a $20,000,000,000 income drop by nearly $6,000,000,000. When we consider that the highest prewar national income was somewhat less than $100,000,000,000, some reduction from the 1947 level of $166,000,000,000 appears not unlikely. It is important to bear in mind that even a $10,000,000,000 decline in national income would wipe out entirely the margin which the majority contends would still be available for debt retirement under H. R. 1, assuming a five and one-fourth to six-billion-dollar cut in the President's budget, which I do not believe possible of realization.

When the state of the Government finances clearly warrants tax reduction, downward revision of the individual income-tax rates merits the fullest consideration. But the broad field of the individual income tax presents many important opportunities for revision and improvement, wholly aside from the question of rates. H. R. 1 has been written without reference to faults of the present law outside the rate schedules—and wholly, of course, without reference to challenging demands for excise-tax adjustments and far-reaching changes in the taxation of corporations.

In conclusion, the passage of H. R. 1, in my opinion, would be a great mistake, for this bill embarks upon a reckless, ill-timed, and ill-considered fiscal policy. It cuts taxes at a time when the public is best able to pay, and when any possible budgetary surplus should be applied against the public debt. Only when the budget has been balanced and a substantial amount set aside for debt retirement, should we consider tax reduction. And when that happy day arrives, whether later in this session of Congress or at some later time, instead of concentrating solely on rate reduction in the individual income tax, let us proceed to make a careful and comprehensive study of the Federal tax structure to provide the most equitable, permanent, peacetime tax law possible. Taxpayers confronted with the obligation of repayment of a $260,000,000,000 national debt are entitled to the most equitable and the soundest fiscal structure in our power to devise.

We should, therefore, recommit H. R. 1 for further study by the Committee on Ways and Means. We would do well to heed the admonition contained in an editorial in the Washington News of March 21, 1947, which stated:

Taxpayers in all brackets would be much better off if Congress held to the present tax rates this year, and used all surplus revenues collected to start paying off the public debt. With prices and living costs still rising, due largely to the Government's continued spending of borrowed money, this is no time to cut taxes. Now may be a good time to start working on a sensible tax cut to become effective next year, after the budget has been balanced and prices stabilized.

We certainly do not know, at present, enough about the subject on which we are attempting to legislate. We should defer action on tax reduction until more of the appropriation bills are acted upon by the Congress—both House and Senate. Until we know more about the consequences of the action the Congress will likely take respecting foreign commitments and obligations, we should not take precipitate action that might throw the budget out of balance for 1948 and would certainly make any substantial repayments on the public debt impossible.

[From the Washington (D. C.) News of March 21, 1947]

TAXATION FOR VOTES ONLY

House Republican leaders have agreed on a tax reduction bill. It provides:

A 30-percent cut for those with taxable income up to $1,000, comprising—and not by coincidence—the largest number of voters.

A cut of 20 percent for the next largest number of voters, those with taxable income between $1,000 and $302,000.

And 10.5 percent for the handful whose income is above $302,000 and who are presumed to vote Republican anyway.

This bill, if passed, will diminish the Government's revenues by $3,840,000,000 at a time when the Government's debt is $260,000,000,000, when the budget is still unbalanced, when demands for national security expenditures at home and around the world are rising.

Taxpayers in all brackets would be much better off if Congress held to the present tax rates this year, and used all surplus revenues collected to start paying off the public debt. With prices and living costs still rising, due largely to the Government's continued spending of borrowed money, this is no time to cut taxes. Now may be a good time to start working on a sensible tax cut to become effective next year, after the budget has been balanced and prices stabilized.

[From the Washington (D. C.) Post of March 23, 1947]

ILL-TIMED TAX RELIEF

The revised Knutson tax-reduction bill reported out by the Ways and Means Committee is an improvement over the earlier plan to make a uniform 20-percent cut in taxes for all but a very few rich taxpayers. The present bill would provide a substantial measure of relief for individuals in the low-income tax brackets without dropping millions from the tax rolls by liberalizing exemptions. For the time being, retention of a broadly based system of income taxation affords much-needed popular support for retrenchment that will make it feasible to increase personal exemptions at a later date, despite the resultant large loss of revenue.

Bad timing, however, remains a formidable objection to the Knutson bill. From present indications the measure will be railroaded through the House this week before the House and Senate have reached an agreement as to the amount of over-all reductions in expenditure to be aimed at. The House and Senate are also at odds concerning the question whether debt reduction should take priority over tax reduction. The Senate has already allocated $2,600,000,000 of the expected 1948 surplus to tax reduction. Since enactment of the Knutson bill would result in an estimated revenue loss of $3,800,000,000 during the next fiscal year, the possibility of combining these two objectives seems remote. Moreover, the Knutson bill makes the proposed tax reductions retroactive to January 1, 1946, thereby taking a substantial slice out of the revenues of the current fiscal year. Probably the result would be to dash the hopes recently voiced by Secretary Snyder of achieving a balanced budget for the fiscal year 1947.

We had supposed that the Republicans were even more eager to balance the budget than to provide tax relief. At any rate, promises of tax reduction have always been predicated on a balancing of the budget. Yet Speaker MARTIN has indorsed the Knutson bill in toto and is urging its passage as evidence that the party is keeping faith with the American people.

We trust that the Senate will be less rash and take cognizance of Representative DOUGHTON's warning that "we very easily could get into the red" if Congress votes for tax reductions without adequate knowledge of expenditure requirements. There is a good chance that the Senate will at least insist on dropping the retroactive feature of the Knutson bill. And it is to be hoped that it will delay final action on the rest of the tax-reduction program until more information is available concerning the Government's future commitments. By making tax reduction a partisan issue the Republicans have been tempted to act precipitately and have forfeited an opportunity to present the people with a balanced, well-timed system of tax relief that would have earned them the thanks of all the people.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, it is unnecessary for me to say that we are here to consider H. R. 1, a tax reduction bill. I realize that it comes as a shock to my New Deal friends on my right, because for the last 14 years they have been accustomed to bringing in, in a great majority of cases of 17 total tax bills, bills to raise revenue. Apparently, it has become a habit to spend and tax and spend.

My background is a little different, of course, than some of those who are here. I came here as a young Congressman nearly 30 years ago, just after the First World War. I remember very vividly the conditions that prevailed in this country at that time. In the first place, the labor situation was quite desperate. It was estimated at that time that some six or seven million people were idle. There was no smoke coming out of the chimneys of the factories of this country. My town is a small town. The men in it were idle. Not only that, but soup kitchens were being erected to take care of the people. An election came along,

much like the one we had in November. The people realized that we had been on a great spending spree during the war. They realized also that except for that war, the First World War, things were bogging down completely before the war came along to open up the factories to manufacture war materials. They made up their minds it was time for a change and they made a change.

There were some very able men in the Wilson administration. I do not think anyone will question the ability of Secretary Carter Glass or Mr. Houston, and certainly they would not question the ability of Mr. Coolidge. Those men were recommending, as a postwar proposition, a terrific retrenchment in governmental expenditures. I remember the loud howl that went up as a result of it, but the Republicans cut to the bone. It was a tough job. They thought we were going to ruin the country because we were cutting so deep. They said we would not be able to pay anything on the national debt, that we would retrench so much it would ruin the country. I remember it very well and there are a few men here today who will remember the opposition of the Democrats to the program of tax reduction. But after the retrenchment and during the retrenchment, when the new Congress came into power, taxes were reduced. They were reduced moderately, as they are in this bill. The stimulation to business enterprises was almost instantaneous. Almost overnight the factories started to open. Furnaces that had been dead were again supplied with coal, and it was not long before you saw idle men starting back to the factories. I am telling you they were a happy lot. There was one tax reduction and that was the effect of it. The revenue increased, for some reason or other, and it increased to a very marked degree. That was in 1921. And, much to the surprise of everybody, the budget was balanced in 1921. Then they reduced taxes again. The reduction in 1921 was for 1922 and 1923. Then another bill came along reducing taxes in 1924. Of course, they were not paying taxes currently then, and they reduced the taxes by 25 percent, applicable to 1923. Still the revenues increased. It became possible to pay a billion dollars on the national debt as a result of increased revenue from lowering the taxes, not only a billion dollars one year but it kept up every year over a period of 10 years. That was not all. Industry increased, labor's wages increased, farmers who had been bankrupt down in the Southwest came to Washington to thank the President of the United States for what he had done for the farmers. That was true of four governors from the deep South. They were not worried about tax reduction, not at all; they were getting all the benefits of tax reduction. The tax was reduced four times, again in 1926 and again in 1928. Still the revenue increased. And every year from 1921, of course, the budget was balanced and there was a surplus for debt reduction.

And you recall that we had the program of building the hospitals for the soldiers of World War I, and we carried on housing projects without the Government interfering with it, and we built units enough to take care of everybody. We did not have any of these controls that create scarcity of materials, not at all.

We have now come down to the question following this war after having the experience of lowering the taxes and paying a billion dollars a year on the national debt for 10 years, reducing the national debt from $20,000,000,000 to $10,000,000,000——

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

Mr. REED of New York. In just a moment. I wish to proceed. I will yield a little later, but I have very little time.

Times were splendid in this country. There never were 10 years in which this country enjoyed such wonderful prosperity as we enjoyed then, with wages up, not down. The people have again registered their will that the Republicans take over in the hour of the Republic's peril. I realize that our background as a party is considerably different than the one on the other side. The Republican Party can never be charged with having overlooked the necessity of protecting this Republic. The Republican has never been a party of slavery and it is not going to be a party of tax slavery. Physical slavery is one thing, but tax slavery can become almost as bad. We had to carry on a great fight, a deplorable fight in order that millions might not be enslaved. We must now see to it that we are not enslaved by a tax system that is crushing to hope or incentive. The tax load during the present war has become unbearable. Men are not going to have any initiative to go into enterprise if 85 cents out of every dollar they earn is taken from them by the Government.

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

Mr. REED of New York. In just a few minutes.

Many a GI has already tried to start in business but he has found it useless under present conditions. Let me illustrate my statement that these high taxes are sapping initiative. A man earning $12,000 a year pays almost 50 cents out of every dollar to the Government. He really does not have any initiative to earn any more because if he gets up in the high figures paid managerial experts who are responsible for creating pay rolls, taxes will take 75 cents out of every dollar he earns.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield at that point?

Mr. REED of New York. I yield, but I would rather not.

Mr. KNUTSON. It might be well to call attention to the fact that over half of the States have income-tax laws of their own.

Mr. LYNCH. Mr. Chairman, will the gentleman yield to me now?

Mr. REED of New York. Yes; I will yield.

Mr. LYNCH. The gentleman has described the glorious days from 1920 to 1928 but forgot to go on. I wonder if he would describe 1929, 1930, and 1931?

Mr. REED of New York. Yes; I will be very glad to mention them. It is a fact that there was a world-wide depression at that time. I do remember that it became necessary for Mr. Hoover to borrow $2,000,000,000, and it was all in recoverable loans, and every dollar of it was recovered under the New Deal; but every dollar of it was spent by the New Deal and never applied to the discharge of those debts. You boondoggled it away. That is the way you have operated all the time.

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

Mr. REED of New York. No; I cannot at this time.

Mr. DINGELL. They did not recover the Dawes millions. Those were stinking dollars, too.

Mr. REED of New York. They restored all of the banks to solvency.

Speaking on the question of incentive to go into business, I received a letter which I will put in the RECORD. It comes from a Democratic city; it comes from the State of New York; it comes from the member of a prominent firm. This gentleman states:

DEAR SIR: Let an old line, anti-New Deal Democrat, who never voted for Roosevelt on any of the four occasions when he ran for President, tell you how the present income-tax dispensation works out in his particular case, resulting in diminishing returns for the Government:

1. Weary of working largely to turn my earnings over to the collector, my firm's partnership articles have been amended, effective January 1 of last year, so as to cut in two my share of the firm's net profits, the other one-half thereof being apportioned, by way of bonus, among those employees whose income-tax brackets are lower than mine.

2. When asked some time ago in a questionnaire put out by the magazine Fortune as to whether I would work 2 or 3 hours per day longer if it would result in doubling my income, the answer was emphatically in the negative, on the ground that any such increase would go mainly to the tax collector.

3. As a voting trustee of stock in a corporation which operates at a loss, I have declined to accept remuneration, and am rendering my services free of charge, since a large percentage of such compensation, if paid to me, would be diverted to the Public Treasury from the corporation which has no taxable net income.

4. For the same reason, I function biennially without compensation as a member of an examining committee of a tax-exempt corporation.

5. Before last year's first break in the bull market, I could have realized a profit of some $44,000 on securities purchased in the past few years, but as $11,000 would have gone to the collector under the guise of an income tax on capital gains, I will hold the securities until they go below the prices which I paid for them before submitting to any such extortionate tax.

6. This week I shall be in receipt of a quite substantial sum upon the retirement of preferred stock of Electric Bond & Share, with an inevitable capital-gains tax to pay next year on the transaction. The problem of what to do with the proceeds of the retirement I am solving by leaving the same on deposit in my bank account where my bank will probably loan it out at seven-eighths of 1 percent. Certainly there is no incentive for me to try to invest the proceeds in other securities yielding the current low return, and whatever small income may accrue to me from reinvestment would be to a great extent handed over to the tax collector. So, what's the use?

Perhaps a revenue-minded tax court, circuit court of appeals, and Supreme Court will hold me to a tax on what might have

been payable to me under items 3 and 4 (above), on the theory that the power to command income creates a tax liability (*Harrison* v. *Schaffner*, 312 U. S. 579, 582).

Or on the ground that the dominant purpose of the income tax is "the taxation of income to those who earn or otherwise create the right to receive it and enjoy the benefit of it when paid" (*Helvering* v. *Horst*, 311 U. S. 112, 119; *Com'r* v. *Tower*, 327 U. S. 280, 283).

Such being my situation, it is likely that there are many others similarly situated who, but for the existing tax rates, would be disposed to invest their funds and direct their business activities in such a way as to contribute toward the increased production which the country's economic well-being so sorely needs.

Do not stop to reply to this letter.

Yours truly.

Of course, I have removed his name. I shall write to him, however, even though he does not ask me to do so. The last speaker was worrying much about this question of reducing expenditures and complaining about the ceiling that has been fixed. I am not going into that in great detail, but let me say that I hold in my hand print No. 2 of the Postwar Economic Policy and Planning Committee, under House Resolution 60. There are some very eminent citizens on this committee, including Members of the House. I certainly have great respect for all of them: Mr. Cooper, Mr. Walter, Mr. Zimmerman, Mr. Voorhis of California, Mr. Murdock, Mr. Lynch, Mr. O'Brien of Illinois, Mr. Fogarty, Mr. Worley, Mr. Gifford, Mr. Reece of Tennessee, Mr. Welch, Mr. Wolverton, Mr. Hope of Kansas, Mr. Wolcott, Mr. LeFevre, and Mr. Simpson of Illinois.

Then, they had some of the very ablest economists, a large number of them: Mr. Marion B. Folsom, director of staff; Henry B. Arthur, economist; and A. D. H. Kaplan, economist. Mr. William Y. Elliott, Mr. Edwin B. George, Mr. Robinson Newcomb, Mr. Theodore W. Schultz, Mr. Vergil D. Reed, Mr. C. A. Sienkiewicz, Mr. Lloyd A. Metzler, Mr. Robert J. Landry, all consultants.

I find in here some very interesting material where that committee recommends the retrenchment of expenditures down to $30,000,000,000, and payment on the public debt and the reduction of taxes. Now, that committee, I thought, was worthy of following. I studied these reports from end to end because of the high character of the men on here and the economists which they had, and I knew that there were no more able men in the House than these men, and that they were selected for their ability and high character.

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

Mr. REED of New York. I yield to the gentleman from Texas.

Mr. WORLEY. I believe, if the gentleman will read that report carefully, he will find that the committee recommended that the budget be balanced before any tax reduction was made.

Mr. REED of New York. I do not have the time to read it here on the floor for the RECORD but I will ask unanimous consent when we are in the House, as part of my remarks, to insert the material to which I have referred.

Be it enacted, etc., that this act may be cited as the "Individual Income Tax Reduction Act of 1947."

SEC. 2. Reduction in Normal Tax and Surtax on Individuals.

(a) Reduction in normal tax on individuals: Section 11 of the Internal Revenue Code (relating to the normal tax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent", and by adding at the end of such section a new sentence to read as follows: "If aggregate of tentative normal tax and tentative surtax is not more than $279.17, see section 12 (i), and if more than $250,000, see section 12 (g)."

(b) Reduction in surtax on individuals: Section 12 (b) of the Internal Revenue Code (relating to the rate of surtax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent."

Section 2 (a), (b), Internal Revenue Code 11; Internal Revenue Code 12 (b): The Revenue Act of 1945 granted a 5-percent reduction. The further reduction of 20 percent granted by the bill, applied to the tax now in effect, makes the aggregate deduction 24 percent. Five percent plus 20 percent multiplied by 95 percent equals 24 percent.

(c) Tentative tax more than $250,000: Section 12 (g) of the Internal Revenue Code (relating to tax on large incomes) is hereby amended to read as follows:

"(g) Tentative tax more than $250,000: If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than $250,000, the combined normal tax and surtax shall not be less than such aggregate reduced by the sum of (1) 24 percent of the first $250,000 thereof plus (2) 15 percent of the amount thereof in excess of $250,000, but in no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year. In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

Section 2 (c), Internal Revenue Code 12 (g): Two hundred and fifty thousand dollars is the existing tax on a net income (after credits) of $302,395.61. The 15 percent reduction includes the 5 percent reduction granted under the Revenue Act of 1945 and the 10.526 percent reduction under the bill. Five percent plus 10.526 percent multiplied by 95 percent equals 15 percent.

The lower percentage of reduction allowed where the tax is $250,000 or more prevents the tax burden under the bill from falling below what it was in the prewar period 1936–39.

The existing tax burden is limited to 85½ percent of the net income. The bill reduces this limit to 76½ percent. This 76½ percent is arrived at by reducing the existing 85½ percent by the same percentage thereof—10.526 percent plus—as is applied in reduction of the existing tax in these high income brackets—$302,395.61 and above.

The credits provided in sections 31, 32, and 35 of the Internal Revenue Code are, respectively, for: Foreign taxes; taxes withheld at the source—on tax-free covenant bond interest and on payments to nonresident aliens; and taxes withheld at the source on wages.

(d) Tentative tax not more than $279.17: Section 12 of the Internal Revenue Code is hereby amended by adding at the end thereof a new subsection to read as follows:

"(i) Tentative tax not more than $279.17:

"(1) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is not more than $200, the combined normal tax and surtax shall not be greater than such aggregate reduced by 33⅓ percent thereof.

"(2) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than $200 but not more than $279.17, the combined normal tax and the surtax shall not be greater than such aggregate reduced by $67.

"(3) In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

Section 2 (d), Internal Revenue Code 12 (i): Thirty-three and one-third percent is the sum of 5 percent—the reduction already in effect—and 28½ percent—the 30-percent reduction under the bill applied to the existing basis of 95 percent.

Two hundred dollars is the tax on a net income of $1,000—after credits—before either the previous 5 percent reduction or the reduction under the bill.

Two hundred seventy-nine dollars and seventeen cents is the amount of which 24 percent is $67. This $67 is 33⅓ percent of $200—the tax on $1,000 before any reduction.

A reduction of 24 percent based on $279.17 amounts to $67. Since $279.17 is the tax—before any reduction—on $1,395.85, the effect of Internal Revenue Code 12 (i) (2), proposed to be added by section 2 (d) of the bill, is to give a net income of that amount the same reduction as a net of $1,000. Otherwise, the reduction for net incomes between $1,000 and $1,395.85—the exact figure is $1,395.83⅓—would be less than the reduction for net income of $1,000.

(e) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

Section 2 (e): The effect of this subsection and of section 6 is to make the reductions under the bill effective January 1, 1947. If that date falls within a taxable year—it would rarely do so because there are only a very few individuals on a fiscal-year basis—the tax under the bill is the sum of proportionate parts of tax under existing law and the tax under the bill. The apportionment is on the basis of the number of days of the taxable year which are governed by the old law and the number which will be governed by the new.

SEC. 3. Individuals With Adjusted Gross Incomes of Less Than $5,000.

(a) In general: The tax table in section 400 of the Internal Revenue Code (relating to optional tax on individuals with adjusted gross incomes of less than $5,000) is hereby amended to read as follows:

"Individuals with adjusted gross income of less than $5,000—

If adjusted gross income is—		And the number of exemptions is—					If adjusted gross income is—		And the number of exemptions is—								
At least	But less than	1	2	3	4	5 or more	At least	But less than	1	2	3	4	5	6	7	8	9 or more
		The tax shall be—							The tax shall be—								
$0	$550	$0	$0	$0	$0	$0	$2,275	$2,300	$237	$145	$74	$8	$0	$0	$0	$0	$0
550	575	1	0	0	0	0	2,300	2,325	240	149	77	11	0	0	0	0	0
575	600	4	0	0	0	0	2,325	2,350	244	154	80	14	0	0	0	0	0
600	625	7	0	0	0	0	2,350	2,375	247	158	83	17	0	0	0	0	0
625	650	10	0	0	0	0	2,375	2,400	251	163	86	20	0	0	0	0	0
650	675	13	0	0	0	0	2,400	2,425	254	167	89	23	0	0	0	0	0
675	700	16	0	0	0	0	2,425	2,450	257	172	92	26	0	0	0	0	0
700	725	19	0	0	0	0	2,450	2,475	261	176	95	29	0	0	0	0	0
725	750	22	0	0	0	0	2,475	2,500	264	181	98	32	0	0	0	0	0
750	775	25	0	0	0	0	2,500	2,525	268	185	101	35	0	0	0	0	0
775	800	28	0	0	0	0	2,525	2,550	271	190	104	38	0	0	0	0	0
800	825	31	0	0	0	0	2,550	2,575	275	194	107	41	0	0	0	0	0
825	850	34	0	0	0	0	2,575	2,600	278	199	110	44	0	0	0	0	0
850	875	37	0	0	0	0	2,600	2,625	281	203	113	47	0	0	0	0	0
875	900	40	0	0	0	0	2,625	2,650	285	208	116	50	0	0	0	0	0
900	925	43	0	0	0	0	2,650	2,675	288	212	119	53	0	0	0	0	0
925	950	46	0	0	0	0	2,675	2,700	292	216	122	56	0	0	0	0	0
950	975	49	0	0	0	0	2,700	2,725	295	219	125	59	0	0	0	0	0
975	1,000	52	0	0	0	0	2,725	2,750	298	222	128	62	0	0	0	0	0
1,000	1,025	55	0	0	0	0	2,750	2,775	302	226	131	65	0	0	0	0	0
1,025	1,050	58	0	0	0	0	2,775	2,800	305	229	135	68	1	0	0	0	0
1,050	1,075	61	0	0	0	0	2,800	2,825	309	233	139	71	4	0	0	0	0
1,075	1,100	64	0	0	0	0	2,825	2,850	313	236	144	74	7	0	0	0	0
1,100	1,125	67	0	0	0	0	2,850	2,875	317	240	148	77	10	0	0	0	0
1,125	1,150	70	3	0	0	0	2,875	2,900	321	243	153	80	13	0	0	0	0
1,150	1,175	73	6	0	0	0	2,900	2,925	324	246	157	83	16	0	0	0	0
1,175	1,200	76	9	0	0	0	2,925	2,950	328	250	162	86	19	0	0	0	0
1,200	1,225	79	12	0	0	0	2,950	2,975	332	253	166	89	22	0	0	0	0
1,225	1,250	82	15	0	0	0	2,975	3,000	336	257	171	92	25	0	0	0	0
1,250	1,275	85	18	0	0	0	3,000	3,050	341	262	178	96	30	0	0	0	0
1,275	1,300	88	21	0	0	0	3,050	3,100	349	269	187	102	36	0	0	0	0
1,300	1,325	91	24	0	0	0	3,100	3,150	356	276	196	108	42	0	0	0	0
1,325	1,350	94	27	0	0	0	3,150	3,200	364	282	205	114	48	0	0	0	0
1,350	1,375	97	30	0	0	0	3,200	3,250	371	289	213	120	54	0	0	0	0
1,375	1,400	100	33	0	0	0	3,250	3,300	379	296	220	126	60	0	0	0	0
1,400	1,425	103	36	0	0	0	3,300	3,350	386	303	227	132	66	0	0	0	0
1,425	1,450	106	39	0	0	0	3,350	3,400	394	310	234	141	71	5	0	0	0
1,450	1,475	109	42	0	0	0	3,400	3,450	401	318	241	150	77	11	0	0	0
1,475	1,500	112	45	0	0	0	3,450	3,500	409	325	247	159	83	17	0	0	0
1,500	1,525	115	48	0	0	0	3,500	3,550	416	333	254	168	89	23	0	0	0
1,525	1,550	118	51	0	0	0	3,550	3,600	424	340	261	177	95	29	0	0	0
1,550	1,575	121	54	0	0	0	3,600	3,650	431	348	268	186	101	35	0	0	0
1,575	1,600	124	57	0	0	0	3,650	3,700	439	355	275	195	107	41	0	0	0
1,600	1,625	127	60	0	0	0	3,700	3,750	447	363	282	204	113	47	0	0	0
1,625	1,650	130	63	0	0	0	3,750	3,800	454	370	288	212	119	53	0	0	0
1,650	1,675	133	66	0	0	0	3,800	3,850	462	378	295	219	125	59	0	0	0
1,675	1,700	137	69	2	0	0	3,850	3,900	469	386	302	226	131	65	0	0	0
1,700	1,725	141	72	5	0	0	3,900	3,950	477	393	309	233	140	71	4	0	0
1,725	1,750	146	75	8	0	0	3,950	4,000	484	401	317	240	149	77	10	0	0
1,750	1,775	150	78	11	0	0	4,000	4,050	492	408	324	247	158	83	16	0	0
1,775	1,800	155	81	14	0	0	4,050	4,100	499	416	332	253	167	89	22	0	0
1,800	1,825	159	84	17	0	0	4,100	4,150	507	423	340	260	176	95	28	0	0
1,825	1,850	164	87	20	0	0	4,150	4,200	514	431	347	267	185	101	34	0	0
1,850	1,875	168	90	23	0	0	4,200	4,250	522	438	355	274	194	107	40	0	0
1,875	1,900	173	93	26	0	0	4,250	4,300	529	446	362	281	203	113	46	0	0
1,900	1,925	177	96	29	0	0	4,300	4,350	537	453	370	288	212	119	52	0	0
1,925	1,950	182	99	32	0	0	4,350	4,400	544	461	377	295	219	125	58	0	0
1,950	1,975	186	102	35	0	0	4,400	4,450	552	468	385	301	225	131	64	0	0
1,975	2,000	191	105	38	0	0	4,450	4,500	559	476	392	309	232	139	70	4	0
2,000	2,025	195	108	41	0	0	4,500	4,550	567	483	400	316	239	148	76	10	0
2,025	2,050	200	111	44	0	0	4,550	4,600	574	491	407	324	246	157	82	16	0
2,050	2,075	204	114	47	0	0	4,600	4,650	582	498	415	331	253	166	88	22	0
2,075	2,100	209	117	50	0	0	4,650	4,700	589	506	422	339	260	175	94	28	0
2,100	2,125	213	120	53	0	0	4,700	4,750	597	513	430	346	266	184	100	34	0
2,125	2,150	216	123	56	0	0	4,750	4,800	605	521	437	354	273	193	106	40	0
2,150	2,175	220	126	59	0	0	4,800	4,850	612	528	445	361	280	202	112	46	0
2,175	2,200	223	129	62	0	0	4,850	4,900	620	536	452	369	287	211	118	52	0
2,200	2,225	227	132	65	0	0	4,900	4,950	627	544	460	376	294	218	124	58	0
2,225	2,250	230	136	68	2	0	4,950	5,000	635	551	467	384	301	225	130	64	0"
2,250	2,275	234	140	71	5	0											

(b) Taxable years to which applicable: The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

Section 3: Adjusted gross income is gross income minus business deductions and losses from the sale or exchange of property.

Section 400 of the Code contains a table which sets forth the tax payable on specified adjusted gross incomes of less than $5,000. The number of adjusted gross-income brackets so specified is 139. Below $3,000 the range in each bracket is $25; for $3,000 and above, the range is $50.

The amounts of tax shown in the table have been computed on the basis of the standard deduction—10 percent—of the mean adjusted gross income in the bracket. The table obviates the need for itemizing deductions—that is to say, it provides a short form of return for the taxpayer. Its use is optional with the taxpayer.

The new table is to be effective January 1, 1947, and the same provision is made for fiscal-year taxpayers using the short form of return as for those who compute their tax on the basis of itemized deductions.

SEC. 4. Additional Credit Against Net Income for Normal Tax and Surtax

(a) Exemption for age: Section 25 (b) (1) of the Internal Revenue Code (relating to credits against net income for normal tax and surtax) is hereby amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and by adding after subparagraph (C) a new subparagraph, to read as follows:

"(D) If the taxpayer has attained the age of 65—

"(i) an additional exemption of $500;

"(ii) in the case of a joint return by husband and wife under section 51, an exemption, in lieu of the exemption provided in clause (i) of this subparagraph, of $500 for each spouse who has attained the age of 65, and whose gross income (computed without regard to section 22 (o)) for the taxable year is $500 or more;

"(iii) for limitation on exclusion from gross income of retirement pay, etc., see section 22 (o)."

Section 4 (a), Internal Revenue Code 25 (b) (1) (D): This provision allows a new credit against net income for normal tax and surtax purposes. This credit will be allowed only to individuals at least 65

years of age on the last day of their taxable year. In the case of a joint return, the credit will be allowed to each spouse who is 65 years old or more and whose gross income—without regard to certain exclusions—is $500 or more.

To prevent aggravation of the existing discrimination, for Federal income-tax purposes, in favor of certain pensions, annuities, retirement pay, old-age and survivors' benefits, and similar payments excluded from gross income, this new exemption will offset such excluded payments—with certain stated exceptions—to the extent of its amount, $500.

(b) Determination of age: Section 25 (b) (2) of the Internal Revenue Code is hereby amended by adding at the end thereof a new sentence to read as follows: "For the purposes of paragraph (1) (D) the determination of the age of an individual shall be made as of the last day of the taxable year."

Section 4 (b), Internal Revenue Code 25 (b) (2): Internal Revenue Code 25 (b) (1) (D), referred to here, is the new provision for the additional $500 exemption for individuals 65 years of age or over.

(c) Limitation on exclusion from gross income of retirement pay, etc.: Section 22 of the Internal Revenue Code (relating to gross income) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(o) Retirement pay, etc., of individuals 65 or over: If an individual entitled to the exemption provided in section 25 (b) (1) (D) (relating to individuals who have attained the age of 65) receives during the taxable year any amount (other than a lump-sum benefit) as pension, annuity, retirement pay, old-age or survivors' benefit, or similar payment, with respect to services rendered by him or another person, and the whole of such amount would, but for this subsection, be excluded from gross income, then only the excess over $500 of the aggregate of such amounts shall be excluded from gross income, despite any provisions of this title or of any other law. This subsection shall not require the inclusion of any such amount as gross income unless the gross income, computed without regard to this subsection, is $500 or more. This subsection shall not apply—

"(1) to amounts excluded from gross income under section 22 (b) (5); except that this subsection shall apply to amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, unless such amounts are also excluded from gross income by a provision of law other than section 22 (b) (5); or

"(2) to amounts excluded from gross income under section 3 of the act entitled 'An act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay and insurance, and for other purposes,' approved August 12, 1935, as amended (U. S. C., 1940 ed., title 38, sec. 454a); or

"(3) to amounts excluded from gross income under section 3 of the act entitled 'An act to establish in the War Department and in the Navy Department, respectively, a roll, designated as "the Army and Navy medal of honor roll," and for other purposes,' approved April 27, 1916, as amended (U. S. C., 1940 ed., title 38, sec. 393)."

Section 4 (c), Internal Revenue Code 22 (o): This provision requires that pensions, annuities, retirement pay, old-age or survivors' benefits, and similar payments, now wholly excluded from gross income, be included in the gross income of an individual entitled to the new exemption of $500, to an amount not in excess of $500 in the aggregate. The effect of the provision is to offset the new exemption by the existing exclusion, the maximum offset to be $500.

To prevent the inclusion of amounts now excluded from operating to require the filing of a return where none is now required, no such inclusion will be required unless the gross income is otherwise $500 or more.

But there are certain payments now excluded from gross income which will not be affected by the new limitation on excludibility. These payments are of three kinds: First, pensions, annuities, and similar allowances for disability incurred in the active armed service of any country, unless such allowances are excluded by some provision other than Internal Revenue Code 22 (b) (5); second, payments to or for the account of a beneficiary under any act relating to veterans—excluded by section 3 of the act of August 12, 1935; and third, payments to persons on the Army and Navy medal of honor roll—excluded by section 3 of the act of April 27, 1916.

(d) Technical amendment: section 22 (b) (5) of the Internal Revenue Code (relating to exclusion from gross income of compensation for injuries or sickness) is hereby amended by striking out "and amounts" and inserting in lieu thereof: "and (except as provided in subsection (o) in the case of individuals 65 or over) amounts."

Section 4 (d) Internal Revenue Code 22 (b) (5): This provision qualifies the exclusion of armed service disability payments under Internal Revenue Code 22 (b) (5) in accordance with the new subsection (o), added to Internal Revenue Code 22 by section 4 (c) of the bill.

(e) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

Section 4 (e): This provision makes the new exemption effective January 1, 1947, and provides for its proration in the case of a taxable year beginning in 1946 and ending in 1947.

SEC. 5. Reduction in Withholding of Tax at Source on Wages.

(a) Percentage method: Section 1622 (a) and section 1622 (b) (1) of the Internal Revenue Code (relating to percentage method of withholding) are hereby amended to read as follows:

"(a) Requirement of withholding: Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the sum of the following:

"(1) 12 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); or

"(B) the amount shown in the second column in the table in subsection (b) (1);

"(2) 18 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the sum of—

"(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(ii) the amount shown in the second column in the table in subsection (b) (1); or

"(B) the amount shown in the third column in the table in subsection (b) (1);

"(3) 14 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the sum of—

"(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(ii) the sum of the amounts shown in the second and third columns in the table in subsection (b) (1); or

"(B) the amount shown in the last column in the table in subsection (b) (1);

"(4) 15 percent of the amount by which the wages exceed the sum of—

"(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(B) the sum of the amounts shown in the second, third, and last columns in the table in subsection (b) (1).

"(b) (1) The table referred to in subsection (a) is as follows:

"Percentage method withholding table

"Pay-roll period	Amount of one withholding exemption	Maximum amount subject to 12 percent rate	Maximum amount subject to 18 percent rate	Maximum amount subject to 14 percent rate
Weekly	$11.00	$21.00	$9.00	$13.00
Biweekly	22.00	43.00	17.00	25.00
Semimonthly	23.00	46.00	19.00	28.00
Monthly	46.00	93.00	36.00	56.00
Quarterly	139.00	278.00	110.00	168.00
Semiannual	278.00	556.00	219.00	336.00
Annual	556.00	1,111.00	440.00	671.00
Daily or miscellaneous (per day of such period)	1.50	3.00	1.00	2.00"

Section 5 (a), Internal Revenue Code 1622 (a), (b) (1): This provision amends the existing percentage withholding rates to conform to the reduced tax payable under the bill.

NOTE.—The matter in line 19 and following, on page 22 of the bill, should follow line 14.

(b) Wage bracket withholding: The tables contained in section 1622 (c) (1) of the Internal Revenue Code (relating to wage bracket withholding) are hereby amended to read as follows:

"If the pay-roll period with respect to an employee is weekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
$0	$11	12% of wages	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$11	$12	$1.40	.10	0	0	0	0	0	0	0	0	0
$12	$13	1.50	.20	0	0	0	0	0	0	0	0	0
$13	$14	1.60	.30	0	0	0	0	0	0	0	0	0
$14	$15	1.70	.50	0	0	0	0	0	0	0	0	0
$15	$16	1.90	.60	0	0	0	0	0	0	0	0	0
$16	$17	2.00	.70	0	0	0	0	0	0	0	0	0
$17	$18	2.10	.80	0	0	0	0	0	0	0	0	0
$18	$19	2.20	.90	0	0	0	0	0	0	0	0	0
$19	$20	2.30	1.10	0	0	0	0	0	0	0	0	0
$20	$21	2.50	1.20	0	0	0	0	0	0	0	0	0
$21	$22	2.60	1.30	0	0	0	0	0	0	0	0	0
$22	$23	2.80	1.40	.10	0	0	0	0	0	0	0	0
$23	$24	2.90	1.50	.30	0	0	0	0	0	0	0	0
$24	$25	3.10	1.70	.40	0	0	0	0	0	0	0	0
$25	$26	3.30	1.80	.50	0	0	0	0	0	0	0	0
$26	$27	3.50	1.90	.60	0	0	0	0	0	0	0	0
$27	$28	3.70	2.00	.70	0	0	0	0	0	0	0	0
$28	$29	3.80	2.10	.90	0	0	0	0	0	0	0	0
$29	$30	4.00	2.30	1.00	0	0	0	0	0	0	0	0
$30	$31	4.20	2.40	1.10	0	0	0	0	0	0	0	0
$31	$32	4.30	2.50	1.20	0	0	0	0	0	0	0	0
$32	$33	4.40	2.60	1.30	.10	0	0	0	0	0	0	0
$33	$34	4.60	2.80	1.50	.20	0	0	0	0	0	0	0
$34	$35	4.70	3.00	1.60	.30	0	0	0	0	0	0	0
$35	$36	4.90	3.20	1.70	.40	0	0	0	0	0	0	0
$36	$37	5.00	3.40	1.80	.50	0	0	0	0	0	0	0
$37	$38	5.10	3.50	1.90	.70	0	0	0	0	0	0	0
$38	$39	5.30	3.70	2.10	.80	0	0	0	0	0	0	0
$39	$40	5.40	3.90	2.20	.90	0	0	0	0	0	0	0
$40	$41	5.50	4.10	2.30	1.00	0	0	0	0	0	0	0
$41	$42	5.70	4.20	2.40	1.10	0	0	0	0	0	0	0
$42	$43	5.80	4.40	2.50	1.30	0	0	0	0	0	0	0
$43	$44	6.00	4.50	2.70	1.40	.10	0	0	0	0	0	0
$44	$45	6.10	4.00	2.90	1.50	.20	0	0	0	0	0	0
$45	$46	6.30	4.80	3.10	1.60	.30	0	0	0	0	0	0
$46	$47	6.40	4.90	3.20	1.70	.50	0	0	0	0	0	0
$47	$48	6.60	5.00	3.40	1.80	.60	0	0	0	0	0	0
$48	$49	6.70	5.20	3.60	2.00	.70	0	0	0	0	0	0
$49	$50	6.90	5.30	3.80	2.10	.80	0	0	0	0	0	0
$50	$51	7.00	5.40	4.00	2.20	.90	0	0	0	0	0	0
$51	$52	7.20	5.60	4.10	2.30	1.00	0	0	0	0	0	0
$52	$53	7.30	5.70	4.30	2.40	1.20	0	0	0	0	0	0
$53	$54	7.50	5.90	4.40	2.60	1.30	0	0	0	0	0	0
$54	$55	7.60	6.00	4.50	2.80	1.40	.10	0	0	0	0	0
$55	$56	7.80	6.20	4.70	2.90	1.50	.20	0	0	0	0	0
$56	$57	7.90	6.30	4.80	3.10	1.60	.40	0	0	0	0	0
$57	$58	8.10	6.50	4.90	3.30	1.80	.50	0	0	0	0	0
$58	$59	8.20	6.60	5.10	3.50	1.90	.60	0	0	0	0	0
$59	$60	8.40	6.80	5.20	3.70	2.00	.70	0	0	0	0	0
$60	$62	8.60	7.00	5.40	3.90	2.20	.90	0	0	0	0	0
$62	$64	8.90	7.30	5.70	4.20	2.40	1.10	0	0	0	0	0
$64	$66	9.20	7.60	6.00	4.50	2.70	1.40	.10	0	0	0	0
$66	$68	9.50	7.90	6.30	4.80	3.10	1.60	.30	0	0	0	0
$68	$70	9.80	8.20	6.60	5.10	3.40	1.90	.60	0	0	0	0
$70	$72	10.10	8.50	6.90	5.30	3.80	2.10	.80	0	0	0	0
$72	$74	10.40	8.80	7.20	5.60	4.10	2.30	1.10	0	0	0	0
$74	$76	10.70	9.10	7.50	5.90	4.40	2.60	1.30	0	0	0	0
$76	$78	11.00	9.40	7.80	6.20	4.70	3.00	1.50	.30	0	0	0
$78	$80	11.30	9.70	8.10	6.50	5.00	3.30	1.80	.50	0	0	0
$80	$82	11.60	10.00	8.40	6.80	5.20	3.70	2.00	.70	0	0	0
$82	$84	11.90	10.30	8.70	7.10	5.50	4.00	2.30	1.00	0	0	0
$84	$86	12.20	10.60	9.00	7.40	5.80	4.30	2.50	1.20	0	0	0
$86	$88	12.50	10.90	9.30	7.70	6.10	4.60	2.80	1.50	.20	0	0
$88	$90	12.80	11.20	9.60	8.00	6.40	4.90	3.20	1.70	.40	0	0
$90	$92	13.10	11.50	9.90	8.30	6.70	5.10	3.60	1.90	.70	0	0
$92	$94	13.40	11.80	10.20	8.60	7.00	5.40	3.90	2.20	.90	0	0
$94	$96	13.70	12.10	10.50	8.90	7.30	5.70	4.20	2.40	1.10	0	0
$96	$98	14.00	12.40	10.80	9.20	7.60	6.00	4.50	2.70	1.40	.10	0
$98	$100	14.30	12.70	11.10	9.50	7.90	6.30	4.80	3.10	1.60	.30	0
$100	$105	14.80	13.20	11.60	10.00	8.40	6.80	5.30	3.70	2.00	.80	0
$105	$110	15.60	14.00	12.40	10.80	9.20	7.50	5.90	4.50	2.70	1.40	.10
$110	$115	16.30	14.70	13.10	11.50	9.90	8.30	6.70	5.20	3.60	2.00	.70
$115	$120	17.10	15.50	13.90	12.30	10.70	9.10	7.40	5.80	4.40	2.60	1.30
$120	$125	17.80	16.20	14.60	13.00	11.40	9.80	8.20	6.60	5.10	3.50	1.90
$125	$130	18.60	17.00	15.40	13.80	12.20	10.60	9.00	7.30	5.70	4.30	2.50
$130	$135	19.30	17.70	16.10	14.50	12.90	11.30	9.70	8.10	6.50	5.00	3.30
$135	$140	20.10	18.50	16.90	15.30	13.70	12.10	10.50	8.80	7.20	5.70	4.20
$140	$145	20.90	19.30	17.60	16.00	14.40	12.80	11.20	9.60	8.00	6.40	4.90
$145	$150	21.60	20.00	18.40	16.80	15.20	13.60	12.00	10.40	8.70	7.10	5.60
$150	$160	22.70	21.10	19.50	17.90	16.30	14.70	13.10	11.50	9.90	8.30	6.70
$160	$170	24.20	22.60	21.00	19.40	17.80	16.20	14.60	13.00	11.40	9.80	8.20
$170	$180	25.70	24.10	22.50	20.90	19.30	17.70	16.10	14.50	12.90	11.30	9.70
$180	$190	27.30	25.60	24.00	22.40	20.80	19.20	17.60	16.00	14.40	12.80	11.20
$190	$200	28.80	27.10	25.50	23.90	22.30	20.70	19.10	17.50	15.90	14.30	12.70
		15 percent of the excess over $200 plus										
$200 and over		29.50	27.90	26.30	24.70	23.10	21.50	19.90	18.30	16.60	15.00	13.40

"If the pay-roll period with respect to an employee is biweekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
$0	$20	12% of wages	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$20	$22	$2.50	0	0	0	0	0	0	0	0	0	0
$22	$24	2.80	.20	0	0	0	0	0	0	0	0	0
$24	$26	3.00	.40	0	0	0	0	0	0	0	0	0
$26	$28	3.20	.70	0	0	0	0	0	0	0	0	0
$28	$30	3.50	.90	0	0	0	0	0	0	0	0	0
$30	$32	3.70	1.20	0	0	0	0	0	0	0	0	0
$32	$34	4.00	1.40	0	0	0	0	0	0	0	0	0
$34	$36	4.20	1.60	0	0	0	0	0	0	0	0	0
$36	$38	4.40	1.90	0	0	0	0	0	0	0	0	0
$38	$40	4.70	2.10	0	0	0	0	0	0	0	0	0
$40	$42	4.90	2.40	0	0	0	0	0	0	0	0	0
$42	$44	5.20	2.60	0	0	0	0	0	0	0	0	0
$44	$46	5.50	2.80	.30	0	0	0	0	0	0	0	0
$46	$48	5.90	3.10	.50	0	0	0	0	0	0	0	0
$48	$50	6.20	3.30	.70	0	0	0	0	0	0	0	0
$50	$52	6.60	3.50	1.00	0	0	0	0	0	0	0	0
$52	$54	7.00	3.80	1.20	0	0	0	0	0	0	0	0
$54	$56	7.30	4.00	1.50	0	0	0	0	0	0	0	0
$56	$58	7.70	4.30	1.70	0	0	0	0	0	0	0	0
$58	$60	8.00	4.50	1.90	0	0	0	0	0	0	0	0
$60	$62	8.30	4.70	2.20	0	0	0	0	0	0	0	0
$62	$64	8.60	5.00	2.40	0	0	0	0	0	0	0	0
$64	$66	8.90	5.30	2.70	.10	0	0	0	0	0	0	0
$66	$68	9.20	5.60	2.90	.30	0	0	0	0	0	0	0
$68	$70	9.40	6.00	3.10	.60	0	0	0	0	0	0	0
$70	$72	9.70	6.40	3.40	.80	0	0	0	0	0	0	0
$72	$74	10.00	6.70	3.60	1.10	0	0	0	0	0	0	0
$74	$76	10.30	7.10	3.90	1.30	0	0	0	0	0	0	0
$76	$78	10.50	7.40	4.10	1.50	0	0	0	0	0	0	0
$78	$80	10.80	7.80	4.30	1.80	0	0	0	0	0	0	0
$80	$82	11.10	8.20	4.60	2.00	0	0	0	0	0	0	0
$82	$84	11.40	8.40	4.80	2.30	0	0	0	0	0	0	0
$84	$86	11.60	8.70	5.10	2.50	0	0	0	0	0	0	0
$86	$88	11.90	9.00	5.40	2.70	.20	0	0	0	0	0	0
$88	$90	12.20	9.30	5.80	3.00	.40	0	0	0	0	0	0
$90	$92	12.50	9.50	6.10	3.20	.70	0	0	0	0	0	0
$92	$94	12.80	9.80	6.50	3.50	.90	0	0	0	0	0	0
$94	$96	13.10	10.10	6.80	3.70	1.10	0	0	0	0	0	0
$96	$98	13.40	10.30	7.20	3.90	1.40	0	0	0	0	0	0
$98	$100	13.70	10.60	7.60	4.20	1.60	0	0	0	0	0	0
$100	$102	14.00	10.90	7.90	4.40	1.90	0	0	0	0	0	0
$102	$104	14.30	11.20	8.20	4.70	2.10	0	0	0	0	0	0
$104	$106	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0	0
$106	$108	14.90	11.70	8.80	5.10	2.60	0	0	0	0	0	0
$108	$110	15.20	12.00	9.10	5.50	2.80	.30	0	0	0	0	0
$110	$112	15.50	12.30	9.30	5.90	3.10	.50	0	0	0	0	0
$112	$114	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0	0
$114	$116	16.10	12.90	9.90	6.60	3.50	1.00	0	0	0	0	0
$116	$118	16.40	13.20	10.20	6.90	3.80	1.20	0	0	0	0	0
$118	$120	16.70	13.50	10.40	7.30	4.00	1.50	0	0	0	0	0
$120	$124	17.20	14.00	10.80	7.80	4.40	1.80	0	0	0	0	0
$124	$128	17.80	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0
$128	$132	18.40	15.20	12.00	9.00	5.40	2.80	.20	0	0	0	0
$132	$136	19.00	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0
$136	$140	19.60	16.40	13.20	10.10	6.90	3.70	1.20	0	0	0	0
$140	$144	20.20	17.00	13.80	10.70	7.60	4.20	1.70	0	0	0	0
$144	$148	20.80	17.60	14.40	11.20	8.30	4.70	2.10	0	0	0	0
$148	$152	21.40	18.20	15.00	11.80	8.80	5.20	2.60	.10	0	0	0
$152	$156	22.00	18.80	15.60	12.40	9.40	5.90	3.10	.50	0	0	0
$156	$160	22.60	19.40	16.20	13.00	9.90	6.60	3.60	1.00	0	0	0
$160	$164	23.20	20.00	16.80	13.60	10.50	7.40	4.00	1.50	0	0	0
$164	$168	23.80	20.60	17.40	14.20	11.00	8.10	4.50	2.00	0	0	0
$168	$172	24.40	21.20	18.00	14.80	11.60	8.60	5.00	2.40	0	0	0
$172	$176	25.00	21.80	18.60	15.40	12.20	9.20	5.70	2.90	.40	0	0
$176	$180	25.60	22.40	19.20	16.00	12.80	9.70	6.40	3.40	.80	0	0
$180	$184	26.20	23.00	19.80	16.60	13.40	10.30	7.10	3.90	1.30	0	0
$184	$188	26.80	23.60	20.40	17.20	14.00	10.80	7.80	4.40	1.80	0	0
$188	$192	27.40	24.20	21.00	17.80	14.60	11.40	8.50	4.80	2.30	0	0
$192	$196	28.00	24.80	21.60	18.40	15.20	11.90	9.00	5.40	2.80	.20	0
$196	$200	28.60	25.40	22.20	19.00	15.80	12.50	9.50	6.10	3.20	.70	0
$200	$210	29.70	26.50	23.20	20.00	16.80	13.60	10.50	7.40	4.10	1.50	0
$210	$220	31.20	28.00	24.80	21.50	18.30	15.10	11.90	9.00	5.40	2.70	.20
$220	$230	32.70	29.50	26.30	23.00	19.80	16.60	13.40	10.30	7.20	3.90	1.40
$230	$240	34.20	31.00	27.80	24.50	21.30	18.10	14.90	11.70	8.80	5.10	2.60
$240	$250	35.70	32.50	29.30	26.00	22.80	19.60	16.40	13.20	10.10	6.90	3.70
$250	$260	37.20	34.00	30.80	27.60	24.30	21.10	17.90	14.70	11.50	8.60	4.90
$260	$270	38.70	35.50	32.30	29.10	25.80	22.60	19.40	16.20	13.00	9.90	6.70
$270	$280	40.20	37.00	33.80	30.60	27.30	24.10	20.90	17.70	14.50	11.30	8.40
$280	$290	41.70	38.50	35.30	32.10	28.80	25.60	22.40	19.20	16.00	12.80	9.80
$290	$300	43.20	40.00	36.80	33.60	30.40	27.10	23.90	20.70	17.50	14.30	11.10
$300	$320	45.50	42.30	39.00	35.80	32.60	29.40	26.20	23.00	19.80	16.50	13.30
$320	$340	48.50	45.30	42.10	38.80	35.60	32.40	29.20	26.00	22.80	19.50	16.30
$340	$360	51.50	48.30	45.10	41.80	38.60	35.40	32.20	29.00	25.80	22.60	19.30
$360	$380	54.50	51.30	48.10	44.90	41.60	38.40	35.20	32.00	28.80	25.60	22.40
$380	$400	57.50	54.30	51.10	47.90	44.70	41.40	38.20	35.00	31.80	28.60	25.40
		15 percent of the excess over $400 plus										
$400 and over		59.00	55.80	52.60	49.40	46.20	42.90	39.70	36.50	33.30	30.10	26.90

"If the pay-roll period with respect to an employee is semimonthly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
$0	$22	12% of wages	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$22	$24	$2.80	0	0	0	0	0	0	0	0	0	0
$24	$26	3.00	.20	0	0	0	0	0	0	0	0	0
$26	$28	3.20	.50	0	0	0	0	0	0	0	0	0
$28	$30	3.50	.70	0	0	0	0	0	0	0	0	0
$30	$32	3.70	.90	0	0	0	0	0	0	0	0	0
$32	$34	4.00	1.20	0	0	0	0	0	0	0	0	0
$34	$36	4.20	1.40	0	0	0	0	0	0	0	0	0
$36	$38	4.40	1.70	0	0	0	0	0	0	0	0	0
$38	$40	4.70	1.90	0	0	0	0	0	0	0	0	0
$40	$42	4.90	2.10	0	0	0	0	0	0	0	0	0
$42	$44	5.10	2.40	0	0	0	0	0	0	0	0	0
$44	$46	5.40	2.60	0	0	0	0	0	0	0	0	0
$46	$48	5.70	2.90	.10	0	0	0	0	0	0	0	0
$48	$50	6.00	3.10	.30	0	0	0	0	0	0	0	0
$50	$52	6.40	3.30	.60	0	0	0	0	0	0	0	0
$52	$54	6.70	3.60	.80	0	0	0	0	0	0	0	0
$54	$56	7.10	3.80	1.00	0	0	0	0	0	0	0	0
$56	$58	7.50	4.10	1.30	0	0	0	0	0	0	0	0
$58	$60	7.80	4.30	1.50	0	0	0	0	0	0	0	0
$60	$62	8.20	4.50	1.80	0	0	0	0	0	0	0	0
$62	$64	8.50	4.80	2.00	0	0	0	0	0	0	0	0
$64	$66	8.90	5.00	2.20	0	0	0	0	0	0	0	0
$66	$68	9.20	5.20	2.50	0	0	0	0	0	0	0	0
$68	$70	9.40	5.50	2.70	0	0	0	0	0	0	0	0
$70	$72	9.70	5.80	3.00	.20	0	0	0	0	0	0	0
$72	$74	10.00	6.20	3.20	.40	0	0	0	0	0	0	0
$74	$76	10.30	6.50	3.40	.70	0	0	0	0	0	0	0
$76	$78	10.50	6.90	3.70	.90	0	0	0	0	0	0	0
$78	$80	10.80	7.30	3.90	1.10	0	0	0	0	0	0	0
$80	$82	11.10	7.60	4.20	1.40	0	0	0	0	0	0	0
$82	$84	11.40	8.00	4.40	1.60	0	0	0	0	0	0	0
$84	$86	11.60	8.30	4.60	1.90	0	0	0	0	0	0	0
$86	$88	11.90	8.70	4.90	2.10	0	0	0	0	0	0	0
$88	$90	12.20	9.00	5.10	2.30	0	0	0	0	0	0	0
$90	$92	12.40	9.30	5.40	2.60	0	0	0	0	0	0	0
$92	$94	12.70	9.60	5.60	2.80	0	0	0	0	0	0	0
$94	$96	13.00	9.80	6.00	3.10	.30	0	0	0	0	0	0
$96	$98	13.30	10.10	6.30	3.30	.50	0	0	0	0	0	0
$98	$100	13.60	10.40	6.70	3.50	.80	0	0	0	0	0	0
$100	$102	13.90	10.70	7.10	3.80	1.00	0	0	0	0	0	0
$102	$104	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0	0
$104	$106	14.50	11.20	7.80	4.30	1.50	0	0	0	0	0	0
$106	$108	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0	0
$108	$110	15.10	11.70	8.50	4.70	2.00	0	0	0	0	0	0
$110	$112	15.40	12.00	8.90	5.00	2.20	0	0	0	0	0	0
$112	$114	15.70	12.30	9.10	5.20	2.40	0	0	0	0	0	0
$114	$116	16.00	12.60	9.40	5.50	2.70	0	0	0	0	0	0
$116	$118	16.30	12.90	9.70	5.80	2.90	.20	0	0	0	0	0
$118	$120	16.60	13.20	9.90	6.10	3.20	.40	0	0	0	0	0
$120	$124	17.10	13.60	10.40	6.70	3.50	.70	0	0	0	0	0
$124	$128	17.70	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0
$128	$132	18.30	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0
$132	$136	18.90	15.40	12.00	8.80	5.00	2.20	0	0	0	0	0
$136	$140	19.50	16.00	12.50	9.40	5.40	2.70	0	0	0	0	0
$140	$144	20.10	16.60	13.10	9.90	6.10	3.10	.40	0	0	0	0
$144	$148	20.70	17.20	13.70	10.50	6.80	3.60	.90	0	0	0	0
$148	$152	21.30	17.80	14.30	11.00	7.50	4.10	1.30	0	0	0	0
$152	$156	21.90	18.40	14.90	11.60	8.30	4.60	1.80	0	0	0	0
$156	$160	22.50	19.00	15.50	12.10	8.90	5.10	2.30	0	0	0	0
$160	$164	23.10	19.60	16.10	12.70	9.50	5.50	2.80	0	0	0	0
$164	$168	23.70	20.20	16.70	13.30	10.00	6.30	3.20	.50	0	0	0
$168	$172	24.30	20.80	17.30	13.90	10.60	7.00	3.70	1.00	0	0	0
$172	$176	24.90	21.40	17.90	14.50	11.10	7.70	4.20	1.40	0	0	0
$176	$180	25.50	22.00	18.60	15.10	11.70	8.40	4.70	1.90	0	0	0
$180	$184	26.10	22.60	19.20	15.70	12.20	9.10	5.20	2.40	0	0	0
$184	$188	26.70	23.20	19.80	16.30	12.80	9.60	5.70	2.90	.10	0	0
$188	$192	27.30	23.80	20.40	16.90	13.40	10.20	6.40	3.30	.60	0	0
$192	$196	27.90	24.40	21.00	17.50	14.00	10.70	7.10	3.80	1.10	0	0
$196	$200	28.50	25.00	21.60	18.10	14.60	11.30	7.80	4.30	1.50	0	0
$200	$210	29.60	26.10	22.60	19.10	15.60	12.20	9.00	5.10	2.40	0	0
$210	$220	31.10	27.60	24.10	20.60	17.20	13.70	10.40	6.70	3.60	.80	0
$220	$230	32.60	29.10	25.60	22.10	18.70	15.20	11.80	8.50	4.80	2.00	0
$230	$240	34.10	30.60	27.10	23.60	20.20	16.70	13.20	10.00	6.20	3.20	0
$240	$250	35.60	32.10	28.60	25.10	21.70	18.20	14.70	11.30	8.00	4.40	1.60
$250	$260	37.10	33.60	30.10	26.70	23.20	19.70	16.20	12.70	9.60	5.60	2.80
$260	$270	38.60	35.10	31.60	28.20	24.70	21.20	17.70	14.20	10.90	7.40	4.00
$270	$280	40.10	36.60	33.10	29.70	26.20	22.70	19.20	15.70	12.30	9.10	5.20
$280	$290	41.60	38.10	34.60	31.20	27.70	24.20	20.70	17.20	13.70	10.50	6.80
$290	$300	43.10	39.60	36.20	32.70	29.20	25.70	22.20	18.70	15.30	11.90	8.60
$300	$320	45.40	41.90	38.40	34.90	31.40	28.00	24.50	21.00	17.50	14.00	10.70
$320	$340	48.40	44.90	41.40	37.90	34.50	31.00	27.50	24.00	20.50	17.00	13.60
$340	$360	51.40	47.90	44.40	40.90	37.50	34.00	30.50	27.00	23.50	20.00	16.60
$360	$380	54.40	50.90	47.40	44.00	40.50	37.00	33.50	30.00	26.50	23.10	19.60
$380	$400	57.40	53.90	50.40	47.00	43.50	40.00	36.50	33.00	29.50	26.10	22.60
$400	$420	60.40	56.90	53.50	50.00	46.50	43.00	39.50	36.00	32.60	29.10	25.60
$420	$440	63.40	60.00	56.50	53.00	49.50	46.00	42.50	39.10	35.60	32.10	28.60
$440	$460	66.40	63.00	59.50	56.00	52.50	49.00	45.50	42.10	38.60	35.10	31.60
$460	$480	69.50	66.00	62.50	59.00	55.50	52.00	48.60	45.10	41.60	38.10	34.60
$480	$500	72.50	69.00	65.50	62.00	58.50	55.00	51.60	48.10	44.60	41.10	37.60
		15 percent of the excess over $500 plus										
$500 and over		74.00	70.50	67.00	63.50	60.00	56.60	53.10	49.60	46.10	42.60	39.10

"If the pay-roll period with respect to an employee is monthly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
$0	$44	12% of wages	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$44	$48	$5.50	0	0	0	0	0	0	0	0	0	0
$48	$52	6.00	.40	0	0	0	0	0	0	0	0	0
$52	$56	6.50	.90	0	0	0	0	0	0	0	0	0
$56	$60	6.90	1.40	0	0	0	0	0	0	0	0	0
$60	$64	7.40	1.90	0	0	0	0	0	0	0	0	0
$64	$68	7.90	2.40	0	0	0	0	0	0	0	0	0
$68	$72	8.40	2.80	0	0	0	0	0	0	0	0	0
$72	$76	8.90	3.30	0	0	0	0	0	0	0	0	0
$76	$80	9.30	3.80	0	0	0	0	0	0	0	0	0
$80	$84	9.80	4.30	0	0	0	0	0	0	0	0	0
$84	$88	10.30	4.80	0	0	0	0	0	0	0	0	0
$88	$92	10.80	5.20	0	0	0	0	0	0	0	0	0
$92	$96	11.30	5.70	.20	0	0	0	0	0	0	0	0
$96	$100	12.10	6.20	.60	0	0	0	0	0	0	0	0
$100	$104	12.80	6.70	1.10	0	0	0	0	0	0	0	0
$104	$108	13.50	7.10	1.60	0	0	0	0	0	0	0	0
$108	$112	14.20	7.60	2.10	0	0	0	0	0	0	0	0
$112	$116	14.90	8.10	2.60	0	0	0	0	0	0	0	0
$116	$120	15.70	8.60	3.00	0	0	0	0	0	0	0	0
$120	$124	16.40	9.10	3.50	0	0	0	0	0	0	0	0
$124	$128	17.10	9.50	4.00	0	0	0	0	0	0	0	0
$128	$132	17.80	10.00	4.50	0	0	0	0	0	0	0	0
$132	$136	18.30	10.50	5.00	0		0	0	0	0	0	0
$136	$140	18.90	11.00	5.40	0		0	0	0	0	0	0
$140	$144	19.40	11.60	5.90	.40	0	0	0	0	0	0	0
$144	$148	20.00	12.40	6.40	.90	0	0	0	0	0	0	0
$148	$152	20.50	13.10	6.90	1.30	0	0	0	0	0	0	0
$152	$156	21.10	13.80	7.40	1.80	0	0	0	0	0	0	0
$156	$160	21.60	14.50	7.80	2.30	0	0	0	0	0	0	0
$160	$164	22.20	15.20	8.30	2.80	0	0	0	0	0	0	0
$164	$168	22.70	16.00	8.80	3.20	0	0	0	0	0	0	0
$168	$172	23.30	16.70	9.30	3.70	0	0	0	0	0	0	0
$172	$176	23.80	17.40	9.70	4.20	0	0	0	0	0	0	0
$176	$180	24.40	18.00	10.20	4.70	0	0	0	0	0	0	0
$180	$184	24.90	18.60	10.70	5.20	0	0	0	0	0	0	0
$184	$188	25.50	19.10	11.20	5.60	.10	0	0	0	0	0	0
$188	$192	26.10	19.70	12.00	6.10	.60	0	0	0	0	0	0
$192	$196	26.70	20.20	12.70	6.60	1.10	0	0	0	0	0	0
$196	$200	27.30	20.80	13.40	7.10	1.50	0	0	0	0	0	0
$200	$204	27.90	21.30	14.10	7.60	2.00	0	0	0	0	0	0
$204	$208	28.50	21.80	14.80	8.00	2.50	0	0	0	0	0	0
$208	$212	29.10	22.40	15.60	8.50	3.00	0	0	0	0	0	0
$212	$216	29.70	22.90	16.30	9.00	3.40	0	0	0	0	0	0
$216	$220	30.30	23.50	17.00	9.50	3.90	0	0	0	0	0	0
$220	$224	30.90	24.00	17.70	9.90	4.40	0	0	0	0	0	0
$224	$228	31.50	24.60	18.30	10.40	4.90	0	0	0	0	0	0
$228	$232	32.10	25.10	18.80	10.90	5.40	0	0	0	0	0	0
$232	$236	32.70	25.70	19.30	11.50	5.80	.30	0	0	0	0	0
$236	$240	33.30	26.30	19.90	12.30	6.30	.80	0	0	0	0	0
$240	$248	34.20	27.20	20.70	13.30	7.00	1.50	0	0	0	0	0
$248	$256	35.40	28.40	21.80	14.80	8.00	2.50	0	0	0	0	0
$256	$264	36.60	29.60	22.90	16.20	9.00	3.40	0	0	0	0	0
$264	$272	37.80	30.80	24.00	17.70	9.90	4.40	0	0	0	0	0
$272	$280	39.00	32.00	25.10	18.80	10.90	5.30	0	0	0	0	0
$280	$288	40.20	33.20	26.30	19.90	12.20	6.30	.70	0	0	0	0
$288	$296	41.40	34.40	27.50	20.90	13.60	7.20	1.70	0	0	0	0
$296	$304	42.60	35.60	28.70	22.00	15.10	8.20	2.70	0	0	0	0
$304	$312	43.80	36.80	29.90	23.10	16.50	9.20	3.60	0	0	0	0
$312	$320	45.00	38.00	31.10	24.20	17.90	10.10	4.60	0	0	0	0
$320	$328	46.20	39.30	32.30	25.30	19.00	11.10	5.50	0	0	0	0
$328	$336	47.40	40.50	33.50	26.50	20.10	12.50	6.50	.90	0	0	0
$336	$344	48.60	41.70	34.70	27.70	21.20	14.00	7.40	1.90	0	0	0
$344	$352	49.80	42.90	35.90	28.90	22.30	15.40	8.40	2.90	0	0	0
$352	$360	51.00	44.10	37.10	30.10	23.40	16.80	9.40	3.80	0	0	0
$360	$368	52.20	45.30	38.30	31.30	24.50	18.10	10.30	4.80	0	0	0
$368	$376	53.40	46.50	39.50	32.50	25.60	19.20	11.40	5.70	.20	0	0
$376	$384	54.60	47.70	40.70	33.70	26.80	20.30	12.80	6.70	1.20	0	0
$384	$392	55.90	48.90	41.90	35.00	28.00	21.40	14.30	7.70	2.10	0	0
$392	$400	57.10	50.10	43.10	36.20	29.20	22.50	15.70	8.60	3.10	0	0
$400	$420	59.20	52.20	45.20	38.30	31.30	24.40	18.10	10.30	4.70	0	0
$420	$440	62.20	55.20	48.20	41.30	34.30	27.30	20.80	13.50	7.10	1.60	0
$440	$460	65.20	58.20	51.20	44.30	37.30	30.30	23.60	17.10	9.50	4.00	0
$460	$480	68.20	61.20	54.30	47.30	40.30	33.40	26.40	20.00	12.40	6.40	.80
$480	$500	71.20	64.20	57.30	50.30	43.30	36.40	29.40	22.70	16.00	8.80	3.20
$500	$520	74.20	67.20	60.30	53.30	46.30	39.40	32.40	25.40	19.10	11.20	5.60
$520	$540	77.20	70.30	63.30	56.30	49.40	42.40	35.40	28.50	21.80	14.80	8.00
$540	$560	80.20	73.30	66.30	59.30	52.40	45.40	38.40	31.50	24.60	18.20	10.40
$560	$580	83.20	76.30	69.30	62.30	55.40	48.40	41.40	34.50	27.50	21.00	13.70
$580	$600	86.20	79.30	72.30	65.30	58.40	51.40	44.40	37.50	30.50	23.70	17.30
$600	$640	90.80	83.80	76.80	69.90	62.90	55.90	49.00	42.00	35.00	28.10	21.50
$640	$680	96.80	89.80	82.80	75.90	68.90	61.90	55.00	48.00	41.00	34.10	27.10
$680	$720	102.80	95.80	88.90	81.90	74.90	68.00	61.00	54.00	47.10	40.10	33.10
$720	$760	108.80	101.90	94.90	87.90	81.00	74.00	67.00	60.10	53.10	46.10	39.20
$760	$800	114.80	107.90	100.90	93.90	87.00	80.00	73.00	66.10	59.10	52.10	45.20
$800	$840	120.90	113.90	106.90	100.00	93.00	86.00	79.10	72.10	65.10	58.20	51.20
$840	$880	126.90	119.90	112.90	106.00	99.00	92.00	85.10	78.10	71.10	64.20	57.20
$880	$920	132.90	125.90	119.00	112.00	105.00	98.10	91.10	84.10	77.20	70.20	63.20
$920	$960	138.90	132.00	125.00	118.00	111.10	104.10	97.10	90.20	83.20	76.20	69.30
$960	$1,000	144.90	138.00	131.00	124.00	117.10	110.10	103.10	96.20	89.20	82.20	75.30
		15 percent of the excess over $1,000 plus										
$1,000 and over		147.90	141.00	134.00	127.00	120.10	113.10	106.10	99.20	92.20	85.20	78.30

"If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—										
$0	$1.50	12% of wage	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$1.50	$1.75	$0.20	0	0	0	0	0	0	0	0	0	0
$1.75	$2.00	.20	.05	0	0	0	0	0	0	0	0	0
$2.00	$2.25	.25	.05	0	0	0	0	0	0	0	0	0
$2.25	$2.50	.30	.10	0	0	0	0	0	0	0	0	0
$2.50	$2.75	.30	.15	0	0	0	0	0	0	0	0	0
$2.75	$3.00	.35	.15	0	0	0	0	0	0	0	0	0
$3.00	$3.25	.40	.20	0	0	0	0	0	0	0	0	0
$3.25	$3.50	.40	.20	.05	0	0	0	0	0	0	0	0
$3.50	$3.75	.45	.25	.05	0	0	0	0	0	0	0	0
$3.75	$4.00	.50	.30	.10	0	0	0	0	0	0	0	0
$4.00	$4.25	.55	.30	.15	0	0	0	0	0	0	0	0
$4.25	$4.50	.60	.35	.15	0	0	0	0	0	0	0	0
$4.50	$4.75	.65	.35	.20	0	0	0	0	0	0	0	0
$4.75	$5.00	.65	.40	.20	.05	0	0	0	0	0	0	0
$5.00	$5.25	.70	.45	.25	.05	0	0	0	0	0	0	0
$5.25	$5.50	.75	.50	.30	.10	0	0	0	0	0	0	0
$5.50	$5.75	.75	.55	.30	.15	0	0	0	0	0	0	0
$5.75	$6.00	.80	.60	.35	.15	0	0	0	0	0	0	0
$6.00	$6.25	.85	.65	.35	.20	0	0	0	0	0	0	0
$6.25	$6.50	.90	.65	.40	.20	.05	0	0	0	0	0	0
$6.50	$6.75	.90	.70	.45	.25	.05	0	0	0	0	0	0
$6.75	$7.00	.95	.75	.50	.30	.10	0	0	0	0	0	0
$7.00	$7.25	1.00	.75	.55	.30	.10	0	0	0	0	0	0
$7.25	$7.50	1.05	.80	.60	.35	.15	0	0	0	0	0	0
$7.50	$7.75	1.05	.85	.65	.35	.20	0	0	0	0	0	0
$7.75	$8.00	1.10	.85	.65	.40	.20	.05	0	0	0	0	0
$8.00	$8.25	1.15	.90	.70	.45	.25	.05	0	0	0	0	0
$8.25	$8.50	1.20	.95	.75	.50	.25	.10	0	0	0	0	0
$8.50	$8.75	1.20	1.00	.75	.55	.30	.10	0	0	0	0	0
$8.75	$9.00	1.25	1.00	.80	.60	.35	.15	0	0	0	0	0
$9.00	$9.25	1.30	1.05	.85	.60	.35	.20	0	0	0	0	0
$9.25	$9.50	1.35	1.10	.85	.65	.40	.20	.05	0	0	0	0
$9.50	$9.75	1.35	1.15	.90	.70	.45	.25	.05	0	0	0	0
$9.75	$10.00	1.40	1.15	.95	.75	.50	.25	.10	0	0	0	0
$10.00	$10.50	1.45	1.25	1.00	.80	.55	.30	.15	0	0	0	0
$10.50	$11.00	1.55	1.30	1.10	.85	.65	.40	.20	0	0	0	0
$11.00	$11.50	1.60	1.40	1.15	.90	.70	.45	.25	.05	0	0	0
$11.50	$12.00	1.70	1.45	1.25	1.00	.75	.55	.30	.15	0	0	0
$12.00	$12.50	1.75	1.55	1.30	1.05	.85	.65	.40	.20	0	0	0
$12.50	$13.00	1.85	1.60	1.40	1.15	.90	.70	.45	.25	.05	0	0
$13.00	$13.50	1.90	1.70	1.45	1.20	1.00	.75	.55	.30	.15	0	0
$13.50	$14.00	2.00	1.75	1.55	1.30	1.05	.85	.65	.35	.20	0	0
$14.00	$14.50	2.05	1.85	1.60	1.35	1.15	.90	.70	.45	.25	.05	0
$14.50	$15.00	2.15	1.90	1.70	1.45	1.20	1.00	.75	.55	.30	.15	0
$15.00	$15.50	2.20	2.00	1.75	1.50	1.30	1.05	.85	.65	.35	.20	0
$15.50	$16.00	2.30	2.05	1.85	1.60	1.35	1.15	.90	.70	.45	.25	.05
$16.00	$16.50	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55	.30	.10
$16.50	$17.00	2.45	2.20	2.00	1.75	1.50	1.30	1.05	.85	.65	.35	.20
$17.00	$17.50	2.50	2.30	2.05	1.80	1.60	1.35	1.15	.90	.70	.45	.25
$17.50	$18.00	2.60	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55	.30
$18.00	$18.50	2.65	2.45	2.20	2.00	1.75	1.50	1.30	1.05	.85	.60	.35
$18.50	$19.00	2.75	2.50	2.30	2.05	1.80	1.60	1.35	1.15	.90	.70	.45
$19.00	$19.50	2.80	2.60	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55
$19.50	$20.00	2.90	2.65	2.45	2.20	1.95	1.75	1.50	1.30	1.05	.85	.60
$20.00	$21.00	3.00	2.75	2.55	2.30	2.10	1.85	1.65	1.40	1.15	.95	.70
$21.00	$22.00	3.15	2.90	2.70	2.45	2.25	2.00	1.80	1.55	1.30	1.10	.85
$22.00	$23.00	3.30	3.05	2.85	2.60	2.40	2.15	1.95	1.70	1.45	1.25	1.00
$23.00	$24.00	3.45	3.20	3.00	2.75	2.55	2.30	2.10	1.85	1.60	1.40	1.15
$24.00	$25.00	3.60	3.35	3.15	2.90	2.70	2.45	2.25	2.00	1.75	1.55	1.30
$25.00	$26.00	3.75	3.50	3.30	3.05	2.85	2.60	2.40	2.15	1.90	1.70	1.45
$26.00	$27.00	3.90	3.70	3.45	3.20	3.00	2.75	2.55	2.30	2.05	1.85	1.60
$27.00	$28.00	4.05	3.85	3.60	3.35	3.15	2.90	2.70	2.45	2.20	2.00	1.75
$28.00	$29.00	4.20	4.00	3.75	3.50	3.30	3.05	2.85	2.60	2.35	2.15	1.90
$29.00	$30.00	4.35	4.15	3.90	3.65	3.45	3.20	3.00	2.75	2.50	2.30	2.05
		15 percent of the excess over $30 plus										
$30.00 and over		4.45	4.20	3.95	3.75	3.50	3.30	3.05	2.85	2.60	2.35	2.15"

Section 5 (b), Internal Revenue Code 1622 (c) (1):

NOTE.—The tables beginning on page 23 of the bill should follow the words in line 18, page 22.

This provision contains the new wage bracket withholding tables, conforming to the reduced tax payable under the bill.

(c) Effective date: The amendments made by this section shall be applicable only with respect to wages paid on or after June 1, 1947.

Section 5 (c): This subsection makes the new withholding rates effective June 1, 1947.

SEC. 6. Fiscal-Year Taxpayers.

(a) Income taxes: Section 108 of the Internal Revenue Code is hereby amended by striking out "(d)" at the beginning of subsection (d) and inserting in lieu thereof "(e)," and by inserting after subsection (c) the following:

"(d) Taxable years of individuals beginning in 1946 and ending in 1947: In the case of a taxable year of an individual beginning in 1946 and ending in 1947, the tax imposed by sections 11, 12, and 400 shall be an amount equal to the sum of—

"(1) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1946, were applicable to such taxable year, which the number of days in such taxable year prior to January 1, 1947, bears to the total number of days in such taxable year, plus

"(2) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1947, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1946, bears to the total number of days in such taxable year."

Section 6 (a), Internal Revenue Code 108 (d), (e): The present Internal Revenue Code 108 (d) is relettered as (e), and a new subsection (d) is inserted. This new subsection (d) provides, in effect, that if the taxable year of an individual begins in 1946 and ends in 1947, his tax liability for that year shall proportionately reflect the tax reduction effective January 1, 1947. That result is accomplished by computing a tax under existing law, a tax under the bill, taking a fraction of each tax and adding the fractions together. The denominator of each fraction is the number of days in the taxable year. The numerator of the fraction applicable to the existing tax is the number of days in the 1946

portion of the taxable year; the numerator applicable to the tax under the bill is the number of days in 1947 portion.

H. R. 1, as reported Mar. 24, 1947

Reduction	Taxable returns affected	Tax reduction
30 percent	24,596,302	$877,000,000
30 to 20 percent	6,555,257	365,000,000
20 percent	15,531,673	2,411,000,000
20 to 10.5 percent	567	43,000,000
Total	46,683,799	3,696,000,000

In addition to the above reduction, the $500 exemption for persons 65 years of age or over is estimated to result in a further reduction of $140,000,000.

The total reduction under the bill, therefore, is estimated at $3,836,000,000.

Turn over then to page 16. I am not going to read it all but I am going to put it in the RECORD a little later, together with the bill, so that any time you want to answer any questions—and I know that these are worked out accurately—you can write to your people and know that you are giving an accurate explanation of the bill. You will find this explanation on pages 12, 14, 15, 16, 19, 21, and 23, and then again a little farther over, one on page 22 and another on page 29, and those I am going to put in the RECORD.

One of the fine things about this bill is that it is going to do in a measure what the tax bills did for the Republic after the First World War. We are going to begin to supply venture capital. I think a great many people are not aware of the extent to which venture capital is necessary to create industry. In Gastonia, N. C., a survey was made of that city and all its industries. It was made by the United States Chamber of Commerce and another organization studying these affairs. Much to my surprise I found, on going through the whole list of industries, that it requires an investment per man in a barber shop of over $2,000. That is the investment to give one man a job. They went along up to three, four, five, six, seven, eight, nine thousand dollars per man. One industry in Gastonia, N. C., required an investment in order for a man to have a job of over $48,000.

What I want to point out here is that it works two ways. We are releasing the $3,800,000,000, which can properly be called an increase in the pay of the people who earned that income, or you can put it another way and say that much of it is going to be released as venture capital, it is going into industry, it is going to create more pay rolls; and more pay rolls will create more revenue to the Government, and the income from more property will be available to be taxed. That is the reason we are going to get more revenue from tax reduction. Then later on, when we frame a new tax bill, a long-range tax bill, further reductions can be made, because we will soon see the effects of this bill and we will go on paying on the national debt substantially, as well as relieving the people of this terrific war-tax load.

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

Mr. REED of New York. I yield to the gentleman from Kentucky.

Mr. ROBSION. I wish to commend the distinguished gentleman from New York for his very clear understanding and fine presentation of the tax bill. They say history repeats itself. The gentleman referred to the proceedings of the House in 1921 in writing a tax bill. Does not the gentleman see the parallel between what happened on the Republican side in 1921 and what happened on the Democratic side and what is happening now? They contended then very much what they are contending here today, and the Republicans are contending now what they contended then. The Republicans in 1921 still had the high wartime taxes, about the same period of time after the war as this is after the war, when we still have our high war taxes. The gentleman took the floor at that time with others and claimed that a tax-reduction bill would open up business and bring in revenue, which turned out to be so.

Mr. REED of New York. I thank my distinguished colleague.

Mr. ROBSION. There was no effort made at that time to reduce what was then regarded as and was the greatest national debt this country had ever had. We did not talk about paying the national debt but to reduce taxes and encourage business and create jobs and prosperity and bring in more revenues. That is the very thing that happened, and that is what the gentleman says is going to happen now.

Mr. REED of New York. Speaking frankly, I would say if I were new in the Congress and had not been here at the time taxes were cut in the twenties, and the same arguments had been put out against reducing taxes and the same forces had been at work as are at work here trying to frighten the people and frighten the Congress, I might have felt some hesitation. But after the experience of the twenties, I feel no hesitation in cutting the taxes now.

We all know, as a statesman once put it, I think it was Edmund Burke, that Anglo-Saxon liberty was fought out on the battlefield of taxation. What we do here means everything in maintaining the liberty of the citizens under a free-enterprise system. We have to keep in mind what these high taxes can mean to the Government because it has been said, and truly said, that the power to tax is the power to destroy.

I remember in 1938 the Congress passed a bill over the protest of the Republicans who were then in the minority. That was the tax on undistributed profits. Anyone who cares to do so can read the minority report on that bill in which we predicted a tailspin in business with accompanying unemployment as a result of such legislation. Only a small part of the roots of that cancer still prevail in our Internal Revenue Code. But it had to be removed in order to restore the confidence of the people generally and the confidence of business people in particular so that they could at least have the benefit of the so-called seed corn to create new industries and expand old ones. There is an example of an unwise piece of legislation which in a short time deprived the country of venture capital which is absolutely necessary to keep the country prosperous and to keep existing industries in operation so that they could expand and have ever-increasing pay rolls.

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

Mr. REED of New York. I yield.

Mr. ROBSION. Our Democratic friends realized that and brought in a bill to repeal that legislation.

Mr. REED of New York. Absolutely.

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

Mr. REED of New York. I yield to my distinguished former chairman of the Ways and Means.

Mr. DOUGHTON. May I apologize to the gentleman from New York [Mr. REED] for taking up his time. There is no abler member of our committee and no finer gentleman than the gentleman from New York, my good friend [Mr. REED]. The gentleman from Minnesota [Mr. KNUTSON] in his statement said, and we all think it is true, that we have practically full employment and production is at a high peak. The only trouble now seems to be with reference to the material and manpower to implement what industry we already have. If by this law we release risk capital and increase our industries, and now we are speaking of 1948, where are we going to get the manpower and where are we going to get the material to implement these new industries if we are already up to the maximum limit?

Mr. REED of New York. I am not at all disturbed by that situation. In the first place, it will not be so very long before we are going to have an outpouring from the colleges and schools of our soldiers who were away during the war fighting for their country and who are now trying to make up time getting their education. They will be wanting jobs. By the time this tax bill gets on the books I hope this Republican Congress will have removed all of the bureaucratic obstacles which now are a country-wide hindrance to production so that the materials can begin to flow. They have been strangled by the legislation coming from your party, and the result is, of course, we are short of material. Whenever you start to regulate, as has been done heretofore, you begin to throttle production. Production has been effectively throttled. When you once begin to give free enterprise a chance by lowering taxes and by releasing these strangleholds on our economy, then the country will go forward as it always has under a Republican administration.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, I request that the Chair advise me when I have consumed 15 minutes.

Mr. Chairman, it had been my hope that the Republican majority now in control of both Houses of Congress

would adopt a sound fiscal policy, and place the welfare of the country ahead of politics. But it soon became apparent that this hope was not to be realized. It is clearly apparent that purely political considerations have guided the majority in bringing the pending bill, H. R. 1, to the House and urging its passage.

Nine of the ten minority members of the Committee on Ways and Means have joined in a minority report on this bill, to which I invite your attention. I believe this report contains ample reasons for opposing the pending measure.

It should be remembered that one very important tax-relief bill has already been enacted into law since the close of the recent war. The Revenue Act of 1945 reduced wartime taxes by about $9,000,000,000. It made considerable reductions in corporate taxes and individual income taxes, and some reductions in excise taxes. Its main purpose was to ease the transition from wartime to peacetime economy of the country. This transition was made with far less decline in business activity than had been anticipated. Any further tax reduction at this time to stimulate business activity cannot be justified. Business conditions are now the best we have ever known in the history of this Nation. In 1946 employment was the highest in the history of our country. Some 10,000,000 of our returning veterans had received employment in civilian activities by the end of 1946. Production reached the highest point in peacetime in the entire history of the Nation, being 50 percent greater than the last peacetime year, 1939, and only about 15 percent less than the highest point reached during the war. Our national income is the highest in all history. It reached $165,000,000,000 in 1946, and the estimate is for an even higher national income in 1947.

With those favorable conditions existing, it is certainly the proper time to give attention to our national debt. Therefore, the minority has taken the position that the first objective to be accomplished is the balancing of the Federal budget, which has not been balanced since 1930. Then, it is our position that after that there should be substantial payment on the national debt, and then, if our situation justifies it, a reduction in individual income taxes. Not only that, but a complete review of our entire tax structure, as has been done in the past when the matter of tax relief was given consideration. The cost of World War II was an enormous sum. From 1939 to 1946 our Federal expenditures amounted to more than $400,000,000,000 and we know that during a good part of that time 96 cents out of every tax dollar that was collected was for the cost of the prosecution of the war. We now find that we have a national debt of $260,000,000,000. We have 85,000,000 individual bondholders in this country. Certainly we realize that there is an obligation that we owe to those 85,000,000 bondholders. We take the position that during the war when patriotic fervor was up to such a high point and we made the appeal to the school children and all the people of the land to buy war stamps and war bonds, we now owe the obligation to them to see to it that that investment in their Government is always sound.

So I take the position, as does the minority on this occasion, that the first obligation of the Congress is to see to it that this Government of ours follows a sound fiscal policy. I have never known of but one way to discharge an honest debt, and that is to pay it. The best time to make a payment on a debt is when you have the money, and it so happens that the Government at this time because of the favorable business condition existing in the country is in a position to look forward to the balancing of the budget with greater encouragement than we have ever looked before, and at the same time to be able to pay a substantial amount on the public debt.

It must be remembered that we have much heavier expenses to meet than we ever had before the recent war. The Federal budget for the fiscal year 1947 embodies a very important and what might well be considered a permanent change from prewar conditions. This 1947 budget includes three items, the largest three items in the budget, which alone amount to more than three times the total expenses of the Federal Government before the war. It includes about $15,000,000,000 for military expenditures, which is about 12 times the prewar level. It includes about $7,000,000,000 for veterans' benefits, which is about 12 times the prewar amount. It includes about $5,000,000,000 for interest on the public debt, which is about 5 times the prewar requirements. It is interesting to observe that in the 1948 Federal budget to which attention is now being given, the last two items remain about the same and the item for military expenses is reduced to about $11,000,000,000, which will still be about 9 times greater than the prewar level. We are unable to know at this time what our budget situation may be by the end of the year. We know the changes that have occurred in a little more than two months of time that have elapsed since the President's budget was submitted to the Congress.

We know that the present Democratic President of the United States, looking to the welfare and the interests of this country of ours, has found it necessary to recommend a rather large additional expenditure, including about $400,000,000 for the Greek and Turkish situations. The last Republican President, Mr. Hoover, has, during that period of time, recommended to the Congress in appearance before standing committees of this House that some $400,000,000 plus be used to help care for the starving and destitute people of the war-torn countries of Europe. Therefore, it can be seen that something approaching a billion dollars has been requested during the short period of time that has elapsed since the President's budget was submitted to the Congress.

It is impossible for us to know now just what these budget requirements may amount to, but it does occur to me it is the part of wisdom to proceed cautiously and not to rush in here and purely for political considerations reduce taxes and thereby endanger balancing of the budget and run the risk of not being able to make payment on the public debt of the country.

If the time comes, and we hope it will come soon, that we can be able to make a reduction in taxes in this country, certainly I would welcome the opportunity to vote for tax-reduction measures. I am sure we all feel that way. We want to give tax relief to our people as soon as possible, but we should not embrace an opportunity to do that until it is in keeping with sound fiscal principles that are in the best interests of the fiscal affairs of the Nation.

The pending bill, H. R. 1, cannot be defended upon the essential basis of fairness or equity. I simply invite your attention to the chart appearing on page 35 of the report accompanying this bill. How anybody can examine that chart appearing on page 35 of this report and feel justified in voting for this measure is more than I can understand.

Some gentlemen say that if your present graduated-tax system is fair and sound, it is likewise fair and equitable to reduce that by a definite percentage, as in this instance 20 percent. If that is sound, if they can sustain that proposal, why is it that they have three different graduations provided in this bill? Simply because a position of that kind cannot be justified; it cannot be sustained.

Now, what has happened? Our distinguished friend, the chairman of the Ways and Means Committee, first came forward advocating a 20-percent reduction in individual income taxes straight across the board from top to bottom of the income-tax schedules. That was his position, so announced. Then the light of day was turned upon the proposal, and it was seen it could not be justified. What would it have meant? It would have meant that some of the wealthiest taxpayers of this country would have been paying less taxes than they paid in 1939 before the war.

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

Mr. COOPER. Mr. Chairman, I yield myself five additional minutes.

You will see this chart on page 35. It shows the line 1939 and the original proposal of a 20-percent reduction straight across the board, and from top to bottom shows that that would reduce the high income taxpayers below the 1939 level. Then the gentleman from Minnesota revised his plan and provided that above $302,000 the percentage of reduction would not be 20 percent, as he had promised, straight across the board, but would be 10½ percent, and if you will notice what that curve does, that curve brings the 10½-percent application right back down to about the 1939 level. That means, then, that these high-income taxpayers under this pending bill will be relieved of the increases that were necessary since 1939.

But look what happens to the low-income taxpayers. See how high and how steep the curve goes with respect to them, and then if you get yourself a real strong magnifying glass and look carefully enough you may be able to find where this 30 percent comes in in the

dotted line down there. It is so infinitesimal, it is so small that you almost have to have a magnifying glass to be able to find it.

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

Mr. COOPER. I yield to the gentleman from Kentucky.

Mr. CHELF. First of all, I am for reducing taxes, but not at the expense of the Army and the Navy. As the gentleman knows, to show my good faith on the subject, I have a bill in now to raise the income tax bracket exemptions for the little fellow to $2,500 on single persons and $5,000 on married folks. I condemned on the floor of the House not very long ago this particular bill as being a rich man's bill, and I repeat that charge today. It is a rich man's bill—if there be any doubt, look at the chart of this so-called 30 percent cut. A man who has an income of $1,200 a year gets a measly credit of $12, a saving of $1 a month, less than the cost of a carton of cigarettes. The man that has a $2,000 income saves $57 a year, which is less than $5 a month, yet the man that has a $250,000 income saves over $38,000, and the fellow or corporation that has a million-dollar income saves $110,000. How are you going to justify that before the people of this country? So, I am against your bill.

Mr. JENKINS of Ohio. Mr. Chairman, if the gentleman will yield, the trouble with the gentleman is that his figures are not correct.

Mr. COOPER. I appreciate the contribution by the gentleman from Kentucky.

But, Mr. Chairman, the whole point is, after our good friends of the majority on the committee found that even after the bill had been doctored and changed, after the original 20 percent across the board from top to bottom had been altered to the extent that it should apply only up to about $302,000, and from there on the reduction should not be 20 percent, but 10½ percent, then further realizing that they were not doing anything to speak of for the little man, they were not giving proper relief to the man in the small-income tax bracket, then they had to have a meeting of their own with the Republican steering committee of the House, and they then finally came forward with this great 30-percent idea: Give the little man some benefit and some relief, and give him 30 percent instead of 20 percent for the $300,000 man or 10½ percent for the million-dollar man.

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

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Is it not a fact also that this small 30-percent crumb was not granted to the low-income taxpayers until it was obvious that a revolt was threatened on the majority side, and they could not pass the bill without it?

Mr. COOPER. Well, there is some indication of that.

Mr. DOUGHTON. Everybody knows it is true.

Mr. COOPER. At any rate, at the last moment they made that change, which does not amount to enough to really call it a change. It is not worthy of it

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Is it not a fact that if this bill is enacted, the inflation caused by its enactment will wipe out the so-called savings of the little folks?

Mr. COOPER. Well, there is danger of that, but the main point is that any one of you who votes for this bill, thinking that you are providing relief for the little fellow, you just go home and try to find that fellow who is able to find what relief you gave him. He will never be able to find it under this bill.

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

Mr. COOPER. Mr. Chairman, I yield myself 3 additional minutes.

Instead of giving thorough and careful consideration to tax relief on the basis it should be given, to see whether the fiscal condition of the Government would justify it, they bring in here a political gesture and ask the Members of the House to pass it in the name of tax relief, and try to claim that real consideration has been given to the low-income taxpayers. By the time he worries himself half crazy trying to figure out the application of the notch provision in this bill, he will be criticizing every man who ever claimed he was giving him any relief under this measure. The idea of having to provide a complicated notch system to give the little man some tax benefits. The effective way to afford tax relief for the little man is to increase the exemptions. Under the Revenue Act of 1945, by increasing the exemptions, and two other definite changes that were made in that measure, 12,000,000 of our low-income taxpayers were relieved not only from paying a tax but from having to file a tax return. As the situation now stands, a single man making $10 a week or a married man making about $20 a week has to file a tax return to his Government. Think how low that carries you down among the wage-earners in this country, $10 a week, yet he has to make a tax return, and with just a few dollars more than that he has to pay a tax to his Government. So the position we take on this side is that this is not an opportune time to provide for tax relief, until we know more about the requirements of our Budget and more about our international requirements and that when the time does come to give tax relief, we should really advise the tax structure of this country and afford relief that is worthy of the name.

Mr. REED of New York. Mr. Chairman, it is perfectly evident from the statement just made by the distinguished gentleman from Tennessee, Representative COOPER, neither he nor his party desire to give any relief, regardless of age or income, to anybody. All they want to do is to continue the New Deal program of spending, taxing, and sometimes electing on that theory.

Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, I have read the report of the minority on H. R. 1 with considerable amusement and some amazement. Rarely have I seen a document so thoroughly permeated with a Micawber-like attitude toward the finances of this country, and so thoroughly laced with peculiar statistics. According to the minority the fact that our economic system is now operating well removes all necessity for making provision that it shall continue to do so in the future. Yet the President's economic advisers recently warned us of the grave danger of a recession during the fiscal year 1948. This warning was repeated recently by the Bureau of Agricultural Economics of the Department of Agriculture. We hear similar words of caution continuously from economists and professional business analysts. Yet the minority goes blithely on its way, assuming that the full employment of today will automatically recur in the future, and that the problem at hand is not the avoidance of a recession, but the checking of an inflation which gives every indication of having spent its main force. Apparently the minority thinks it is time enough to take action when a recession is already upon us.

One of the major political planks set out in the minority report seems to be that debt retirement is more important in all cases than the preservation of a prosperous and fully employed America, which is what we mean by a "solvent" America. We are all aware of the size of our present Federal debt, and the need for its reduction. We are planning for a reduction, but we are unwilling to ignore the fact that there is also a need for a relief from the stultifying effects of the individual income tax rates. In our judgment, this tax reduction is just as important at the present time to the preservation of a solvent America as the retirement of the national debt.

The minority argues as though the enactment of H. R. 1 would preclude debt retirement. They base this conclusion in part on an estimate of receipts of $39,000,000,000, which is the figure used in the legislative budget, and which allows for a possible recession during the fiscal year 1948. Yet they contend that we face an inflation, not a recession. If this forecast is correct, the estimate of receipts ought to be substantially larger. Forty-three billion dollars would be a conservative estimate.

On the expenditure side the minority assumes that the reduction which Congress will make in expenditures set out in the President's budget can be no greater percentagewise than the percentage reduction in the appropriations for the Treasury and Post Office Departments. I suspect they really must know better than this. Everyone must realize that these particular appropriations contained a large proportion of the fixed obligations of the Federal Government. They include such items as $5,000,000,000 for interest payments, and the expenditures necessary for tax refunds.

Let us take for a moment the most conservative reduction in the over-all expenditures which either House of Congress is now considering, the Senate pro-

posal of a ceiling of $33,000,000,000. Let us compare this to receipts of $43,000,000,000, which represents a conservative estimate, if the minority is correct, in forecasting a continuation of the present level of employment. On this basis there would be $10,000,000,000 available for debt retirement and tax reduction. Certainly the moderate tax reduction proposed in this bill would leave ample room for substantial debt retirement.

Much of the minority's difficulty appears to arise out of its assumption that the transition from a wartime to a peacetime economy has been completed. The minority also assumes that our economy will continue to prosper under the handicap which the existing rate structure of the individual income tax imposes upon the free flow of venture capital and the exercise of managerial initiative. The transition to a peacetime economy has not yet been completed. Expenditures have not yet reached their postwar plateau, and the tax system has not yet been corrected to remove the deterrents to a fully employed economy which were necessitated by the extreme financial pressure imposed by the war.

The minority contends that even if this were the time for tax reduction, H. R. 1 is not a fair means of distributing relief. They call the 30-percent reduction for those in the lowest income bracket mere sugar coating. Yet I recall that the minority voted unanimously for this feature of the present bill. Moreover, I do not believe that a provision which brings a 30-percent reduction to the 24.6 million taxpayers receiving taxable incomes of $1,000 or less and constituting 52.7 percent of the total number of income taxpayers can be dismissed as mere sugar coating.

Even more perverse is the minority's inability to understand the effect of a uniform percentage reduction in the amount of the tax due upon the rate of progression under the individual income tax. Elementary arithmetic will tell you that if a man is paying 10 times as much tax as his neighbor and their taxes are both reduced by uniform percentage, the first individual will still be paying 10 times as much tax as the second. This is what progression means. Let me illustrate this with two specific cases. Under existing law, a single person with a net income of $300,000 before personal exemption pays a tax which is 255 times the tax paid by a single individual with a net income of $5,000 before exemption. Under the tax reduction of 20 percent provided by H. R. 1 for incomes of these sizes, the individual with a $300,000 income will still pay 255 times the tax paid by the individual with a $5,000 income. Similarly, under existing law an individual with a net income of $50,000 before exemption pays 27 times the tax of the $5,000 individual. Under the rate reductions provided by H. R. 1, the individual with a $50,000 income would still pay 27 times the tax imposed on the individual with a $5,000 income.

The minority seems to believe that a reduction of a uniform number of percentage points will maintain the existing scale of progression. The absurdity of this can be shown by the following illustration: A single individual with a net income of $100,000 pays a tax under present law which is four and two-tenths times as great as the tax paid by a single individual with $2,500 of net income.

If a 20 percentage point reduction were to be made, the individual with a $2,500 income would pay no tax at all, while the individual with $100,000 of net income would still have an effective rate of around 44 percent. Whereas under existing law the man with the $100,000 net income pays four and two-tenths times the tax of the man with the $2,500 net income, the 20 percentage point reduction makes his tax infinitely larger than that of the $2,500 individual. Clearly a change of this sort will alter the rate of progression embodied in the existing law.

The minority alleges that the special exemption of $500 provided by House Resolution 1 for persons who have attained the age of 65 is merely another "sop" to the lower-income brackets. The minority maintains that age is not related to ability to pay, that the $500 exemption constitutes class legislation, and above all that it represents an innovation. If legislation is bad because the ideas embodied in it are innovations, then most of the changes made in the income tax since its inception in 1913 are tarred with the same brush.

The special exemption for the aged is justified by the fact that as a group persons over 65 are handicapped in an economic sense. While the minority report states that age alone is not a factor in determining ability to pay, the next sentence which follows this statement contains an admission that this group is a handicapped one. That this is a fact is indicated by the heavy concentration of small incomes in this age group. The Congress has already recognized the economic handicaps of this age group in the social-security legislation enacted in 1935. Moreover, it is clear that the events of the past few years have borne with unusual severity upon persons over 65. Unlike younger people, they were not able to adjust themselves to the rise in prices and the tax changes of the war period by accepting full-time employment at prevailing high rates of wages.

The minority's belief, that the $500 exemption sets a pattern for discrimination in favor of particular groups, is contrary to fact. By granting full exclusion to particular types of income, such as the annuities received by railroad retirement and social security beneficiaries, and the retirement pay of former Army and Navy officers retired by reason of medical survey, existing law has already established a discrimination against recipients of other types of income. This fact was taken into consideration in drafting H. R. 1. The $500 exemption has been set up in a manner which tends to reduce existing discrimination among persons who have attained the age of 65, but who receive different types of income.

The minority suggests that if relief is to be granted to persons who have attained the age of 65, it should also be extended to individuals who are physically handicapped irrespective of age. It is worth pointing out that the blind already receive a deduction of $500. If it should prove possible to set up a working definition of a crippled person, an extension of a concession to persons in that category similar to that provided to persons of 65 or over in H. R. 1 would be a logical and desirable procedure.

In several places in the minority report a plea is made for postponing action on a tax reduction. It is contended that no action should be taken until the conferees have agreed upon a ceiling on expenditures, until all appropriations have finally been made, and until the Treasury Department has time to study fully and report upon some twenty-odd complicated and controversial subjects. These are stalling tactics only. With respect to the ceiling on expenditures set by the legislative budget committees, I should like to stress the relatively small area of disagreement which remains between the House and the Senate conferees. It is only a choice between a ceiling of $31,500,000,000 and $33,000,000,000. Either way, as it is set forth in the majority report, there will be sufficient funds available for the tax reduction proposed under H. R. 1 and for debt retirement.

The argument that tax reductions should await final action on appropriations is indeed a strange one. I fail to recall that the Democratic majority has followed this procedure during recent years. The tax reduction in the Revenue Act of 1945, for example, was enacted even before the President's budget had been submitted.

The minority makes the further point that the Legislative Reorganization Act of 1946 which set up the procedure for establishing expenditure ceilings, made specific provision for a recommendation by the budget committee concerning appropriate reductions in the public debt, but that "No mention in the act is made of tax reduction." Does this mean that the minority believes no tax reduction should ever be made, or does it suggest that the framers of this bill were already aware of the fact that the House Ways and Means Committee and the Senate Finance Committee were already charged with responsibility for tax legislation?

I think we all are obligated to the minority for including in its report certain very illuminating tables and charts. Chart 1 on page 35 compares the tax burden under present law and H. R. 1 with that which existed in 1939 at various income levels. In its report the minority seems to think that this chart shows that the lower income groups do not fare as well as they should under this bill. Yet it is clear from Chart 1 that under H. R. 1 an individual with a net income of $60,000 is still paying 22 percent more than he did in 1939, while an individual with a net income of $2,000 is only paying 7 or 8 percent more than he did in 1939.

Chart 2 on page 37 adds nothing to what has been presented in Chart 1, as can be seen by holding chart 2 upside down and looking at it in a mirror.

Table IV of the minority report shows spendable income remaining after taxes under present law and under H. R. 1. It also shows the percentage increase in spendable income resulting from H. R. 1.

The point the minority is trying to make is that H. R. 1 increases disproportionately the spendable income of the higher income groups.

In reality this is nothing but a statistical trick. This can be shown by representing spendable income by X and taxes by Y. When Y is already small, relative to X, a decrease in Y could have only a small effect on X. This is what is happening under H. R. 1 in the lower income brackets and accounts for the small percentage increase in spendable income. If Y is large in comparison to X, a decrease in Y will of necessity have a substantial effect on X. This, in effect, is what is happening under H. R. 1 in the higher income brackets, and accounts for the large percentage increase in spendable income.

To show the absurdity of the minority's table, it is only necessary to consider the case of a person with a net income of $500. He at the present time pays no tax and, therefore, when a tax reduction is made there is no increase in his spendable income. Thus, in his case the increase in spendable income resulting from the enactment of H. R. 1 must of necessity be zero. Thus, a uniform increase in spendable income would require payments on the part of the Federal Government to those in the lower income groups.

Reference to table 5A in the majority's report will show that even under H. R. 1, a person with a $10,000 income retains only 81 percent of it after paying his income tax; a person with an income of $30,000 retains only 67 percent; and a person with an income of $100,000 retains only 49 percent. On the other hand, a person with a net income of $600 retains almost 98 percent after the reduction provided in H. R. 1.

The minority has characterized H. R. 1 as economically unsound and inequitable. I am afraid that the facts of the matter demonstrate that my Democratic colleagues are in error on both counts.

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

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I wonder how many of my colleagues remember that fanciful era when a man could print up fancy imitations of securities and peddle them under equally phony prospectuses to unsuspecting widows? Eventually we woke up to the fact that there was nothing in the American system of free enterprise which licensed swindlers. Under a Democratic administration we outlawed securities swindling.

What, in good conscience then, can we say about H. R. 1? Here is a $4,000,000,000 swindle which will prove to be a scaffold built by you Republicans which will be used by the irate electorate to hang you, come next election day.

H. R. 1 started out with beguiling simplicity to do justice to all downtrodden taxpayers. It would give each a 20 percent flat reduction in his income tax.

It did not take long for even responsible members of the majority party in this House to recoil from this arithmetical fraud.

H. R. 1 has had some decorations added to it since, in the hope of its sponsors to disguise its wickedness. Reneging on some of their millionaire patrons, the sponsors of this bill now offer only 10½ percent cut in the top income brackets.

But you and I have worried more about the little fellow—the fellow that might use his tax cut for household necessities and for plain everyday groceries.

The sponsors of H. R. 1 held out for a long time, but now they have some bait for the little fellow, too—it might be swallowed if not examined too closely. The bill now proposes a 30 percent reduction for the man with less than $1,000 income over and above his exemptions and deductions. The most wicked thing about this bill is its deceitful appearance. If you do not think about it, this bill sounds almost decent. A 30 percent cut for the little fellow, a 20 percent cut for the middle fellow, and a 10½ percent cut for the big fellow.

I may add here parenthetically that the 30 percent added to the 20 percent is like adding an extra 10 percent to near nothing. It still constitutes near nothing in the total amount of additional groceries.

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

Mr. DINGELL. I yield to the gentleman from Rhode Island.

Mr. FORAND. The magnanimous gift that is made to the little fellow is represented by this bill which shows a married man with no dependents whose income is $1,200 a year will have 22 cents a week less tax to pay. He can buy a package of cigarettes every week now.

Mr. DINGELL. That is correct; and that is the sum total of his relief. But the illustration gets worse, I may say to the gentleman from Rhode Island, as you go up the ladder. When you get to the million-dollar per annum income taxpayer that is when the illustration is really beautiful and worth while to the recipient. That is the element for whom this tax bill is being enacted.

Mr. FORAND. I do not have the million-dollar income in this table, but the man with a $300,000 income would get a relief of $902 each week.

Mr. DINGELL. That is correct. That is per week.

Mr. FORAND. That is as compared with the 22 cents a week for the little fellow.

Mr. DINGELL. I will cover that in my remarks if the gentleman will indulge me.

But let me tell you, the American people are not dumb. They know, and you know, that you cannot eat percentages. Any child in elementary school can tell you that percentages mean nothing unless you relate them to something. But what happens when you use these nice-sounding percentages? What happens to the oily promises of justice with which this bill is annointed?

I would like to give you a few illustrations. Strip the bill of its complicated arithmetic, and here is what happens:

The little man with the big family who now pays $100 of tax will save, under this bill, the magnificent sum of $30.

The man who now pays $1,000 in tax will save, under this bill exactly $200 or 6⅔ times as much.

The man who now pays $10,000 in tax will save, under this bill the sum of $2,000, or 66⅔ times as much.

The man who now pays $100,000 in tax will save under this bill, a mere $20,000, or 666⅔ times as much.

The man who now pays $1,000,000 in tax will save, under this bill, approximately $150,000 or 5,000 times as much.

Now, I ask the House, tell me what justice lies in the fancy percentages of H. R. 1? Thirty dollars saving for the little fellow. One hundred and fifty thousand dollars saving for the big fellow. Five thousand times as much for the big taxpayer.

But I beg the House not to misunderstand me. This is not the only deceit in H. R. 1. Why is this bill before us at all? Are we so free of debt, so rolling in surpluses, that we must hasten to slough off our revenues?

Oh, no. We have a war debt of $260,000,000,000. Is costs us $5,000,000,000 in interest alone to carry that debt. The sponsors of H. R. 1 are willing to let that debt and those interest charges run on. They are willing to trade a deceitful income tax cut now for the privilege of paying extra taxes the balance of our lives and the lives of our children so that the interest on the public debt may be prolonged.

Times are prosperous now. Now is the time to pay on the national debt to maintain Uncle Sam's credit rating and the value of the outstanding bonds. Now is not the time to cut taxes, much as each of us may desire it. Even if H. R. 1 were rewritten so that the tax cut was spread about in some semblance of fairness, no thinking man should vote for such a bill before he considers the future.

I say, and I doubt if any will dispute me, this tax cut will cost the taxpayers money in the long run.

The little fellow who is going to be saved the grandiose sum of $30 by this bill is the fellow who in a few years should be exempted from paying any income tax at all. That can be done when the national debt is whittled down to some extent. But instead, the price of his $30 saving, if this bill is enacted, is that he will probably have to keep on paying taxes the rest of his life so that he can pay the interest on the public debt that could be paid off now.

The pity of the whole thing is that the little fellow probably will get no benefit even now for his $30 saving from H. R. 1. The inflationary fires that already threaten our homes will be fanned by this bill. This bill will free nearly $4,000,000,000 of money for bidding up the prices the people have to pay. Last week the price of bread went up. If we would only let them, rents would go through the roof. Clothing is up. Everything seems headed in the same direction.

If this inflationary legislation should cause an increase in the cost of living as little as 60 cents a week—60 cents a week, I repeat—it will wipe out the generous $30 tax saving which H. R. 1 holds out to him.

There is one more aspect to H. R. 1 upon which I cannot refrain from speaking. You and I and everyone has complained bitterly for many years about

the complexity of the tax laws and the tax forms. We have seen with dismay the inequalities that exist in particular situations. We have waited with ill-concealed impatience for the day when some committee of the Congress would sit down and, in the name of sanity, overhaul our tax laws to make them simpler and more fair.

You do not have to be a Philadelphia lawyer to know that H. R. 1 is not the answer to this prayer. In their haste to distribute rewards to their millionaire patrons, the sponsors of H. R. 1 have only further complicated the tax laws and forms. They have frozen the many inequities that cry for remedy.

When, during the war, we needed every dime to fight for survival, tax laws had to be tuned to high revenues. We could not afford the nice adjustments which would solve and simplify every problem.

If we could spare the revenue now, you would think the committee would look to these grievances first. Should we enact H. R. 1—which I hope never comes to pass—we will not be able to afford the revenue loss that will be necessary to work justice and simplicity.

Many of you have heard the learned leaders of the majority jibe at the complicated task of filling out a tax return. I ask them how much simpler the task will be if H. R. 1 becomes law.

They will not answer. They dare not answer. Under this bill, they must know, there are four computations where two now suffice.

We have heard the distinguished members of the appropriations committee talk in this House scarcely a week ago about reducing Treasury expenditures. This bill increases Treasury expenditures by complicating the computations that have to be made.

When we debated the Treasury appropriation bill, we were told that large savings could be made because legislation was expected materially reducing the number of taxpayers and the number of tax forms. This bill does not eliminate a single taxpayer or eliminate a single tax form.

When we debated the Treasury appropriation bill, we were told that the Treasury could reduce tax refunds by $800,000,000, another glaring fraud of course. This bill increases tax refunds by more than a billion dollars and the amount of the refund to the average small taxpayer will not be worth much more than the check paper it is written on, and the cost of the refund to the Treasury will, in many instances, exceed the refund itself.

The most damaging document against H. R. 1 even in its present amended form is the statistical form prepared by the staff of the Joint Committee on Taxation by direction of Chairman Knutson. I invite your careful study of this data and of the tables contained in the majority and minority reports. You will be stunned by impact of the facts presented as you realize who will be the beneficiaries. I will include some tables to give graphic illustration to statistical facts and I would like to refer to some of the tables which the Republicans do not dare to use or even refer to after ordering their preparation. But these graphs, tables and factual figures cannot be ignored for they will follow you like your shadow and will haunt you to and beyond your political grave.

I urge you to study all the tables but above all else concentrate upon table 8, page 23, and table 4, page 38, covering take-home pay; they are an encyclopedia of valuable information.

The graph on page 35 is a most informative bit of evidence offered in condemnation of H. R. 1 even with its many amendments and changes.

Table 4, take-home pay, and table VIII follows:

TABLE 4.—*Comparison of spendable income under present law and under H. R. 1, as amended by the Committee on Ways and Means, for specified amounts of net income*

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Spendable income after tax		Increase in spendable income after tax under H. R. 1 as amended
	Present law	H. R. 1 as amended [1]	
			Percent
$1,200	$1,162	$1,173	1.0
$1,500	1,405	1,433	2.0
$2,000	1,810	1,867	3.1
$4,000	3,411	3,529	3.5
$6,000	4,955	5,164	4.2
$10,000	7,815	8,252	5.6
$25,000	15,918	17,734	11.4
$50,000	25,205	30,164	19.7
$100,000	36,873	49,498	34.2
$500,000	92,536	157,926	70.7
$1,000,000	160,286	271,176	69.2
$5,000,000	[2] 725,000	1,177,176	62.4

[1] Assumes taxpayer is under 65 years of age.
[2] Taking into account maximum effective rate limitation of 85.5 percent.

TABLE VIII.—*Comparison between the estimated individual income-tax liability under present law and H. R. 1, calendar year 1947 (with assumed income payments of $165,000,000,000)*

[Money amounts are expressed in millions]

Net income class (in thousands)	Taxable returns		Net income		Tax liability under [1]				Decrease in tax over present law					
					Present law		H. R. 1		Amount			Percent		
	Number	Percentage distribution	Amount	Percentage distribution	Amount	Percentage distribution	Amount	Percentage distribution	Simple distribution	Cumulated from smallest income class	Cumulated from highest income class	Simple distribution	Cumulated from smallest income group	Cumulated from highest income group
$0 to $1	6,563,742	14.1	$5,087	4.5	$343	2.0	$240	1.8	$103	$103	$3,696	2.8	2.8	100.0
$1 to $2	18,032,560	38.6	26,982	23.6	2,579	15.3	1,805	13.7	774	877	3,593	20.9	23.7	97.2
$2 to $3	12,696,257	27.2	31,441	27.5	3,163	18.8	2,445	18.6	718	1,595	2,819	19.4	43.1	76.3
$3 to $4	5,731,566	12.3	19,574	17.1	2,238	13.3	1,791	13.6	447	2,042	2,101	12.1	55.2	56.9
$4 to $5	1,793,235	3.8	7,926	6.9	1,066	6.3	853	6.5	213	2,255	1,654	5.8	61.0	44.8
Total under $5	44,817,360	96.0	91,010	79.6	9,390	55.7	7,135	54.2	2,255			61.0		
$0 to $10	1,213,469	2.6	8,100	7.1	1,393	8.3	1,114	8.5	279	2,534	1,441	7.5	68.5	39.0
$10 to $25	506,953	1.1	7,500	6.6	2,030	12.0	1,628	12.4	402	2,936	1,162	10.9	79.4	31.5
$25 to $50	102,103	.2	3,450	3.0	1,446	8.6	1,162	8.8	284	3,220	760	7.7	87.1	20.6
$50 to $100	34,896	.1	2,419	2.1	1,321	7.8	1,065	8.1	256	3,476	476	6.9	94.0	12.9
$100 to $300	8,096	(2)	1,250	1.1	850	5.0	690	5.2	160	3,636	220	4.3	98.3	6.9
$300 to $500	555	(2)	208	.2	157	.9	129	1.0	28	3,664	60	.8	99.1	1.7
$500 to $1,000	287	(2)	195	.2	144	.9	125	.9	19	3,683	32	.5	96.6	.9
$1,000 and over	80	(2)	161	.1	126	.7	113	.9	13	3,696	13	.4	100.0	.4
Total over $5	1,866,439	4.0	23,283	20.4	7,467	44.3	6,026	45.8	1,441			39.0		
Grand total	46,683,799	100.0	114,293	100.0	16,857	100.0	13,161	100.0	[3] 3,696			100.0		

[1] Normal tax surtax and alternative tax on capital gains.
[2] Less than 0.05 percent.
[3] In addition to this loss of $3,696 million there is a loss of $140 million due to the $500 exemption for persons 65 years of age and over. The total loss under H. R. 1 therefore is estimated at $3,836 million. Insufficient data on persons now enjoying certain tax exclusions make it impossible to estimate this loss, although it is believed to be small.

NOTE.—Figures do not necessarily add to totals because of rounding.
Source: Staff of the Joint Committee on Internal Revenue Taxation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DINGELL. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, I should like to refer now to one phase of the discussions that we heard so much about in connection with the statistical data prepared by the staff of the Joint Committee on Taxation. This appears on page 12, table 13. You have heard much said about how these taxes in the past have stifled initiative,

how they have reduced to almost abject poverty the man in the upper brackets.

Let us look at this table: In 1933 the number of persons in the net-income class $100,000 to $300,000 amounted to 1,779. In 1947, after a steady climb through the years, and mind you, this is 2 years after the war, too, it had grown to 8,096.

The $300,000 to $500,000 net-income class grew from 141 in 1932 to 555 in 1947—that is, 2 years after the war. The $500,000 to $1,000,000 net-income class grew from 81 in 1933 to 287 in 1947.

The $1,000,000 and over net-income class grew from 50 in 1933 to 80 in the year 1947.

In nearly every instance, Mr. Chairman, I respectfully call your attention to the fact that these classifications have grown consistently as the income-tax rate rose. Therefore, there was no such thing as a depressing effect as the result of taxes paid by the taxpayer. I submit the detailed table No. 13 of page 12 of the report:

TABLE XIII.—*The number of taxable individual and fiduciary income-tax returns with net income over $100,000 by net income classes, actual for 1933–44 and estimated for 1947*

Net-income class	1933	1934	1935	1936	1937	1938	1939
$100,000-$300,000	1,779	1,672	2,291	4,150	3,627	2,092	2,553
$300,000-$500,000	141	116	206	330	312	207	212
$500,000-$1,000,000	81	86	109	178	162	118	111
$1,000,000 and over	50	33	41	61	49	57	45
Total	2,051	1,907	2,647	4,719	4,150	2,474	2,921

Net-income class	1940	1941	1942	1943	1944	1947 [1]
$100,000-$300,000	3,095	4,404	5,570	6,702	7,454	8,096
$300,000-$500,000	267	367	415	456	394	555
$500,000-$1,000,000	128	169	199	222	185	287
$1,000,000 and over	52	57	40	55	50	80
Total	3,542	4,997	6,224	7,435	8,083	9,018

[1] Estimated.

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

Mr. DINGELL. I yield.

Mr. FORAND. I simply want to call the attention of my friend to the fact that in 1942 when we were actually at war there were 40 taxpayers in that income-tax group of a million dollars or over and that has actually doubled in 5 years so that now it is 80.

Mr. DINGELL. I am cognizant of that fact. It is absolutely correct.

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

Mr. DINGELL. I am glad to yield to the gentleman.

Mr. MONRONEY. I think the amazing thing about the gentleman's statement is the vast increase shown which I think he said was from some few hundred to 8,000 in the $100,000 to $300,000 bracket. I wish when the gentleman revises his remarks, since the $100,000 figure undoubtedly represents the annual income of those who became millionnaires in the interim period, he would compute all of these figures so that the Congress might have some idea of how many new millionaires have been created as the result of World War II and the income they have made therefrom.

Mr. DINGELL. I do not know whether I can go into all that, but I will say that I have cited, as my friend understands, net income, which, of course, in every instance means that after all statutory exemptions, deductions, and allowances have been made, tax is paid upon the residue, that is the income-tax classification. So it points well in the direction of created millionnaires. In that particular classification of $100,000 to $300,000 net income, the number has increased during the period from 1933 to 1947 from 1,779 to 8,096. That is not bad at all when you think of how they fared under this depressing, restrictive, corrosive, and abusive tax system.

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

Mr. DINGELL. I yield.

Mr. FORAND. Is it not a fact that table refers simply to net taxable income from the $100,000-and-up class and that the total shows that there will be in that group 9,018 taxpayers whose net taxable income will be over $100,000?

Mr. DINGELL. That is right.

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

Mr. DINGELL. I yield.

Mr. MICHENER. Is it not also true that most of the money made by these factories was made under the system practiced by the administration and that the cost-plus contracts were responsible for it so that as a matter of fact these large profits were the result of the way the people were permitted to operate and profiteer in many instances under the Government control and regulation during the war? I know cases, and the gentleman does, where the Government took all the chances and the manufacturer took all the profits. Now, we want somebody to take chances, and you cannot do it unless you reduce some of these taxes.

Mr. DINGELL. Those incomes were permitted to grow up under the system, as the gentleman referred to it, during the war, but I remember only too well as we repealed certain restrictions in the Walsh-Healey Act and other acts on this floor, that the gentleman's party voted almost as a unit to abolish those restrictions. I know, too, what happened when those people came before the Committee on Ways and Means with regard to amortization and with regard to renegotiation and how they howled and how they scowled about the restrictions of the administration. I remember one distinguished citizen who came there along with others, and they all wanted to know what will be the amount of profit before we start producing for the national defense.

Mr. MICHENER. Mr. Chairman, will the gentleman yield further?

Mr. DINGELL. I yield.

Mr. MICHENER. The gentleman is certainly correct in what he has just said.

Mr. DINGELL. I would not want to be incorrect or refuse my good friend from Michigan, because I say to him most sincerely that I have a very high regard for him.

Mr. MICHENER. I thank the gentleman. That is very nice. But you referred to repealing restrictions under the Walsh-Healey Act. I take it the gentleman has reference to the portal-to-portal bill which recently passed this House, because that is the only law which has in any way affected the restrictions of the Walsh-Healey Act. That was necessary because of the very things that were being done then.

Mr. DINGELL. Now, I appeal to my friend, let us not inject any portal-to-portal here. That had nothing to do with the wartime profits. Let us deal here with wartime profits. It is conceded that in spite of all we tried to do to skim off the excess profits and with all that has been said about abuses of the taxpayer by the tax laws of this Democratic administration, the incomes of the taxpayers have grown consistently as the tax rates have been pushed upward by necessity. The repeal of excess profits and the forgiveness under the Ruml plan vigorously pushed by the Republican Party helped to swell the number of these high-bracket taxpayers.

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

Mr. DINGELL. I yield to the gentleman from New York.

Mr. LYNCH. Our distinguished friend from Michigan [Mr. MICHENER] has stated that these 9,000 people who have incomes of over $100,000 were the result of the controls. I wonder what would have happened if we had had no controls.

Mr. DINGELL. God Almighty only knows what would have happened then.

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

Mr. DINGELL. I yield.

Mr. MONRONEY. And the gentleman from Michigan [Mr. MICHENER] failed to mention that the famous Ruml plan, the $8,000,000,000 booby trap which was rushed through here by Congress with the support of his party, helped make many of those wartime millionaires.

Mr. DINGELL. It had much to do with the increase in the 1947 returns and the raising of those classifications to astronomical proportions.

Now, if you will permit me, I would like to touch on one or two other things.

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

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. DINGELL. Mr. Chairman, I want to particularly plead with the

membership of the House to make a very careful study of this table on page 23 of the report before you vote tomorrow. It will astound you if you can possibly digest the inequities contained in the chart. Of a total amount of 46,683,799 taxpayers, 44,817,360, or 96 percent, will get 54.2 percent of the benefits under this bill. On the other hand, the 1,866,439 taxpayers, or 4 percent, will receive 45.8 percent of the benefit. If this is justice and equity in a tax bill, I do not know the meaning of the words; and, as I have said here repeatedly, I have only been on this committee now for 14 years, and this just does not make sense or reason nor can I square it with my conscience when I look at the amount of benefit that is given the big fellow as compared with the individual who is trying to feed, clothe, educate, and bring up as decent citizens a family of two or three or more children. It is unbelievable that the majority would come in here with a bill of this kind and try to jam it down the throats of the membership.

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

Mr. DINGELL. I yield.

Mr. KNUTSON. Does the gentleman mean to tell us that these little-income groups would be better able to feed and clothe their families without tax reduction?

Mr. DINGELL. I mean that if you give them what amounts to about 22 cents a week, which is about the price of a package of cigarettes where you have a State sales tax, which the gentleman so ardently advocates, that it would not do him any good, and he could just as well do without one package of cigarettes per week as a tax concession.

I close as I started, by saying this bill is a $4,000,000,000 swindle. I beg you to send it back to the committee with instructions to give it as decent a burial as fits the deceitful environs from which it sprang.

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

Mr. KNUTSON. Mr. Chairman, how does the time stand now?

The CHAIRMAN. The gentleman from Minnesota has 1 hour and 28 minutes remaining. The gentleman from North Carolina has 1 hour and 19 minutes remaining.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. AUCHINCLOSS. Mr. Chairman, I ask unanimous consent that I may extend my remarks in the RECORD immediately following the speech of the gentleman from Ohio [Mr. JENKINS].

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

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

Mr. JENKINS of Ohio. Mr. Chairman, I am very much amused by the various excuses that my friends on the right give with reference to certain phases of this bill. My good friend the gentleman from Tennessee [Mr. COOPER] devoted most of his time to the 30-percent reduction. He said in effect that it was iniquitous. Yet he and every member of the committee, both Republicans and Democrats, voted for that 30-percent reduction.

Mr. FORAND. Mr. Chairman, will the gentleman yield at that point?

Mr. JENKINS of Ohio. I yield.

Mr. FORAND. We voted to try to help the gentleman's committee perfect a bad bill.

Mr. JENKINS of Ohio. That is as good an excuse as you can make. The gentleman does not dispute the fact that he voted for the 30-percent reduction.

Mr. FORAND. I will help perfect a bad bill every time.

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

Mr. JENKINS of Ohio. I yield.

Mr. DINGELL. While we thought the committee bill was bad, at the same time we tried to make it a little more palatable.

Mr. JENKINS of Ohio. Yes; the gentleman wants to get in out of the rain. There were two amendments added to the bill. One was the 30-percent reduction for the lower-income groups and we all voted for it; and the other was an amendment giving some more favorable consideration to those above 65. I hope I might discuss that further. We all voted for that. Not a single person voted against those amendments. I think all the Republicans and many of the Democrats are going to vote for this bill tomorrow.

You know, I was also very much impressed, as I said before, with what the gentleman from Tennessee [Mr. COOPER] said about how iniquitous this legislation was and how terrible it was going to be.

Do you know all we do in this bill, and let me impress this on you: All we do in the bill is to reduce the taxes as they are now levied by a bill that the Democrats themselves passed. The Democrats and New Dealers passed all the tax laws we are operating under. They fixed the schedules and the different gradations of taxes. We do not tear the structure down nor do we change the classes. All we do is to reduce the taxes of every single taxpayer in the United States and we do it just as methodically and scientifically as the present law was built.

Mr. COOPER. The gentleman voted for every one of them, too.

Mr. JENKINS of Ohio. Yes, I did; but I say it is their bill. What do we do in this bill? We do just two things. You cannot find fault with our perfecting your bill. Every piece of legislation under which we collect taxes now was passed under a Democratic administration. We come along and we say that we have just come out of a war. We say it is time to reduce taxes and we tell the people we are going to reduce taxes. We proceed to reduce taxes by taking 20 percent off of everybody up to those who make $300,000 or more, and we take off 10 percent from them. In addition to that we go back and say instead of making it 20 percent across the board we will do something for the small taxpayer. What do we do? We give them all a 30-percent reduction. Thirty percent on what they are now paying. Mr. Chairman, how much of a reduction do you expect to give an individual? Someone stands up here and says "Isn't it awful that somebody only gets 22 cents a week of a reduction." If he only pays taxes at the rate of 70 cents a week, 22 cents a week would be a pretty good reduction. You cannot attack the fairness of any reduction plan if it reduces in the same proportion that it built up. If the man who pays $2,000 in taxes is not given any better rate than the man who pays $30 then there should be no accusation of unfairness. In this bill the man who pays two thousand is not given the same rate as the $30 man. The $30 man is given a 30-percent reduction while the other man is only given 20 percent. You cannot in fairness take all the income that the wealthy man has. We already take more than 80 percent of what he has. On the other hand we cannot take all the small man has. We are, in this bill, reducing the taxes of all as equitably as possible.

If we confiscate all the income of the so-called rich we would not have very much compared to the volume of taxes collected. Seventy-five percent of all the taxes collected are below the $10,000 level. It is the great middle class that pay the taxes.

What do we do for them? In 1945 we passed a tax-reduction bill. We voted for it and the Democrats voted for it. What was the result? We took 12,000,000 in the lowest brackets off the tax rolls. Twelve million people went off completely. How many people are affected by this 30-percent reduction? Eighteen million and six million more who are covered by the notch to which I shall refer—a total of 24,000,000 people get from a 20- to 30-percent reduction. That is quite a reduction for that class of people. If a man only pays about $10 a year in taxes, how much of a reduction can he expect? He gets a 33⅓-percent reduction under the new computation. That is a pretty good reduction. If you want to give him some more why do you not vote some more? Why did you Democrats not offer a motion in committee to make it 40 percent? No one rose up and said, "Let us make it 40 percent." You all voted for the 30 percent, every last one of you voted for the 30 percent, and you were glad of that opportunity. I am glad you had that opportunity.

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

Mr. JENKINS of Ohio. No. I prefer to continue as my time is short.

Mr. FORAND. The gentleman better not.

Mr. JENKINS of Ohio. I shall yield to the gentleman from Minnesota.

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

Mr. JENKINS of Ohio. I yield to the chairman of my committee first.

Mr. KNUTSON. We have listened to the minority speakers and one would think they were in favor of taking all taxpayers off the roll and paying them a bonus on top of that.

Mr. JENKINS of Ohio. I now yield to the gentleman from Rhode Island.

Mr. FORAND. I will tell the gentleman why we did not offer anything in the committee, because of the way the committee was ridden by the one man. We

did not stand a chance, and I will tell you more if you want to hear it.

Mr. JENKINS of Ohio. I am sorry that the gentleman is aggrieved. It is almost childish to think that one man dominates the whole 25 members of the committee. I am sure that the gentleman from Rhode Island was not dominated.

Mr. FORAND. The gentleman knows that is true.

Mr. KNUTSON. It is not even childish.

Mr. FORAND. The record does not prove I am childish.

Mr. JENKINS of Ohio. I am glad I yielded to the gentleman, but I cannot yield any more.

Let me talk seriously about this matter. This is a very important matter, my friends. We are going to make a decision tomorrow whether we are going to reduce taxes before we provide for any debt payment. That is an important question. Now, I acknowledge and I admit that is an important matter; that is an important proposition. There are many fine gentlemen on my side of the aisle who have maintained consistently that we should pay something on the public debt before we reduce taxes. Very well. If you would stand adamant on that proposition and say you will never vote for a reduction in taxes until we pay the debt, why you will be here for fifty years, because we will not pay this debt in less than 50 years. It is so colossal we cannot pay it very soon.

Now, why have we not paid something on the debt? Well, the Secretary of the Treasury can pay on the debt any time he wants to if he has the money. I understand that there are probably $2,000,000,000 of cash available that the Secretary of the Treasury could pay now on the public debt. We in the Congress can not pay the debt. We can just pass legislation. We can pass legislation instructing him that the next time a certain issue of bonds comes due that he must retire them if he has the money, but we leave that to him, and he has plenty of money down there today that he can pay a substantial payment on the debt if he wanted to do it. But, apparently his policy is not to do it, not to want to retire the debt now. He said he does not want to reduce taxes now. What does he want to do?

Well, now, then, listen to me. It has been brought out here that we reduced taxes at a certain time last year. Someone said we reduced the taxes because an election was imminent; we reduced the taxes because an election was coming on; and so and so forth. But would it be wrong for me to say that the Secretary of the Treasury is waiting for next year, in 1948, when he will come forward and recommend a reduction of taxes, and the President will come on and recommend a reduction of taxes? They will most surely do so. Now, we can do this tax reduction today, gentlemen; we can reduce the taxes today, and we can pay on the debt today. Why do we not pay on the debt? I said before that is up to the Secretary of the Treasury. My good friend, the gentleman from North Carolina [Mr. DOUGHTON] said that the conferees having to do with the fixing of the budget had not reported yet; the gentleman and I and 18 others are on that conference committee. It has not, and it has not brought back a final report, but it will do so shortly. It must certainly recommend some figure between six billion and four and one-half billion. The 108 Congressmen making up this Budget Committee brought back a report here and they have recommended a reduction in the budget of $6,000,000,000, and the House has accepted it, and most of you voted for it. It passed overwhelmingly in this House. We cut the budget down $6,000,000,000. Why, the President himself recommended that we cut the budget to some extent; I mean, his figures show it. The President's budget figures show what? They show a figure of thirty-eight and nine-tenths billion as probable receipts and he recommended expenditures of thirty-seven and one-half billion. That leaves a balance of one and four-tenths billion right there in the President's own figures.

Now then, what did the committee of 108 recommend? What did you adopt? You adopted these figures. You said in effect that we are going to have an income of $39,100,000,000.

Well, this same committee fixed expenditures at $31,500,000,000. You take $31,500,000,000 from $39,100,000,000, and there is $7,600,000,000 that we have already found in this Congress by an overwhelming vote. Now then, if we pass this bill, it takes $3,800,000,000 off of taxes, and that leaves over $3,000,000,000 for payment on the debt.

Now then, in addition to that, let me say this: The President, when he sent his budget up to us, gave no consideration to the $1,300,000,000 that we have saved since that time. Here is a saving of $1,300,000,000 which resulted when we reenacted the statutes applicable to excise taxes. You put that on the President's balance of $1,400,000,000 and that gives you $2,700,000,000. What are you going to do this year?

These experts that we have here, they are not Democrats or Republicans; they are career men. They tell us we are going to have an intake of $42,100,000,000. If we have an intake of $42,100,000,000 and can spend only $31,100,000,000, because we have agreed that that is all we are going to spend, then we will have $11,000,000,000 to work on. Suppose you take $1,000,000,000 of that off and let them have a leeway of $1,000,000,000. Let us bring it down to $10,000,000,000. It looks very much as if we are going to have $10,000,000,000 to work on this year. Then why wait? Now is the time to reduce taxes. The taxes under this bill are reduced absolutely percentagewise, accurately, definitely, and fairly. If you want to say, "Well, here is a $5 man, he only gets so much," if you want to give him more than 30 percent that is all right, but you can never fix it so we will not have small taxpayers. That will never happen.

The argument has been made in the committee and in the press that we can forgive the first part of 1947 and commence to collect the taxes in July of 1947. You know what the trouble with that would be. If you are going to divide the year 1947 administratively it is almost impossible to do so, I am informed. Further, there are many people who make all their money in the first part of the year. All their earnings accrue in the first 6 months of the year. If you forgive these, then you have forgiven all of their tax. Then take the farmer, the cattleman, for instance. He makes all his money in the fall of the year. If you forgive the first part of the year and assess the full percentage on the last part of the year, then you are making the cattleman pay on the full income but you are forgiving the man who operated in the first part of the year; that is not fair, it is not just, and it cannot be done administratively, except at a great deal of trouble, neither can it be done equitably. For that reason, I do not want anybody to be swept off his feet by an argument, however plausible it might appear to him, that he may see in the newspapers.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I agree with the gentleman. It would simply mean an additional chapter of economic bullwhipping to our people, who have had enough of that kind of stuff.

Mr. JENKINS of Ohio. Exactly. It would just be a matter of impossible bookkeeping to whoever would participate in it.

To the new Members of Congress and those of you who have not given much attention to tax laws, I am sorry to say that this bill is like all other tax bills in that taken literally and by itself you cannot learn much about it. In fact many of us who have had a great deal of experience in handling tax bills are not much better off than you are if we take this bill literally. However, I want to say that those responsible for the drafting of this legislation have adopted a plan that will not be complicated to follow if one would take the time to understand just what the plan is.

For instance we have talked a great deal about a 30-percent rate on those whose taxable income is $1,000 or less and a 20-percent rate on those whose taxable income is greater than $1,000. But strange as it may seem neither the figures and words 30-percent cut and 20-percent cut do not appear anywhere in this bill. In fact the $1,000 net income which seems to be a very important figure is as a matter of fact not the important figure because neither the 20 percent nor the 30 percent apply to the $1,000. These percentages apply to the tentative tax that must be paid by the individual. For instance, the real figure that plays an important part in these computations is a figure that, without this legislation, would be the tentative tax of the taxpayer. For instance the tentative tax is established by computing 20 percent (which is not the 20-percent cut that we refer to) on the net taxable income whatever it may be. If it is $1,000 the tentative tax is $200. If it is

only $500 the tentative tax would be $100 and if it is $2,000 the tentative tax would be $400. Under the bill which we passed in 1945 a deduction of 5 percent was allowed on the tentative tax in the three cases above given, 5 percent of the $200 or the $100 or the $400 referred to would first be taken. In the $200 case 5 percent would be $10. That $10 would be deducted from the $200 and would be $190. That would be the present tax payable under the present law.

Under the bill which we are considering today we are allowing a 30-percent deduction on this $190. This would amount to $57. We would then deduct this $57 from the $190 which would leave the figure $133. That would be the tax in this case that would be required to be paid under the bill now under consideration. In that case the reduction would be $57.

This bill under consideration provides a 30-percent deduction on the tentative tax in all cases where the taxable income was $1,000 or less. If a man's taxable income was $1,001, the rate of reduction would only be 20 percent. If we were to go through the same arithmetic with this sum as we did with the $1,000 we would find that the man whose net taxable income is $1,001 would be compelled to pay $19.15 more than the man whose taxable income was $1,000. In other words, for having the one extra dollar he would be penalized to the extent of $19.15.

I am glad to say, however, that in this bill proper language has been provided to guard against that inequality. That is what is referred to in tax language as a notch. The language in this bill provides that a sliding scale should be established to operate upon net incomes between $1,000 and $1,395.83. It is at this last-named figure that the notch will run out. The formula established is to ascertain the tentative tax just as we did in the other example, that is, take 20 percent of any figure between $1,000 and $1,395.83 and take 20 percent off of that amount so as to establish a tentative tax. Then deduct from that $67 and the remainder would be the actual tax to be paid under the present law.

Let us apply the arithmetic to this sum of $1,395.83 by taking 20 percent of it. The result would be $279.17. By subtracting $67 from this sum the balance would be $212.17 and that would be the tax payable under that net income.

Therefore on all net incomes above $1,395.83 the tax would be found by taking 20 percent of that amount which would be the tentative tax, and then taking 24 percent from the tentative tax, which would be the tax under the new bill. The reason for taking the 24 percent, as provided in this new bill, is that 20 percent taken after the 5 percent has been taken is the same as taking 24 percent. By doing this, the one computation is saved. For instance, 5 percent from 100 is 95 and 20 percent of 95 is 19. And 5 and 19 make 24.

I am sorry that I cannot go further into detail in explaining this notch transaction, but I wish to compliment those who have devised this plan, because it works out very accurately with the result that everybody is treated alike.

I sincerely hope that this legislation will pass and that it will not only be a great satisfaction to the overburdened taxpayers of the country, but I hope it will act as a stimulant to business and a stabilizer to our economy.

Mr. AUCHINCLOSS. Mr. Chairman, I am very definitely in favor of H. R. 1, which is now being considered by the House, and support it with enthusiasm. This bill not only relieves the payers in the lower-income brackets of considerable tax burden but it also will stimulate the flow of risk capital to finance an expanding economy in the country.

Too much emphasis cannot be placed on the need for a stimulus to our expanding economy in order to meet the ever-present threat of inflation. I hope this measure will pass by a large vote and that there will not be too much delay before it is enacted into law. Any delay would be detrimental to the best interests of the country because at this time it is especially necessary that our financial house be put in order by the reduction of taxes as well as by the reduction of unnecessary Government expenditures.

I am taking this opportunity, however, to direct the attention of the Members of this body to serious departure from the doctrine of separation of powers in our Government. It is the unnecessary and unwarranted delegation of legislative power to the Executive without adequate safeguards or standards to insure that the will and intent of the Congress is observed. This fundamental error will be repeated until Congress asserts and equips itself to perform once more the legislative function, rather than permitting it to go by default, sometimes misnamed delegation, to the executive departments.

I am sure that every Member of Congress from time to time has found a constituent confronted by a Federal law, usually of a regulatory or tax character, which was "legislated" by some executive agency, rather than the Congress of the United States. It is appropriate that, with a new peacetime Congress and a new legislative reorganization act, we stop and take stock of these situations. They cannot be allowed to increase without a serious danger to the integrity of the Congress and our particular form of government to which rule by executive decree is abhorrent.

We all recognized that during the war period a variety of emergency regulations were necessary to mobilize our national efforts for the conflict. The delegation of the power to legislate by the Congress to executive agencies in such a situation may be a necessity. Likewise there are many problems of Federal Government in which the delegation of a legislative power may be necessary to a smooth and efficient functioning of the Congress and the other branches of the Government.

Recognizing these realities, I have come to the view that we have gone much too far in turning over our responsibilities for legislation to the executive departments and agencies and that this unchecked practice has resulted in a large number of unnecessary abuses. We must renew our vigilance to place severe limitations upon this delegation of legislative power where it is not necessary or where it has been subject to abuse.

I wish to give point to my remarks in this connection by citing a particular example which, however homely and specialized, illustrates the general problem.

Some time ago some of my constituents pointed out to me that an excise tax, originally imposed as a luxury tax on toilet articles, was being applied in such a way as to make taxable medicinal preparations which arguably were beyond the purview of the taxing act. In this particular case, a product known in common parlance as baby oil and lotion was the subject of a tax under section 2402 of the Internal Revenue Code (26 U. S. C. A. 2402). The provision of the statute read:

SEC. 2402. Tax on toilet preparations:

(a) Tax: There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 percent of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous, toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

Although it seemed to me that the language of the statute would deny any attempt of Congress to tax baby oil as an article similar to the specific products mentioned because of its medicinal character and limited use to newborn infants, I decided to check my layman's impression with the authorities.

First, I sent a letter to 3,262 hospitals in the United States which reported more than 100 births annually, enclosing a card with the following questions:

1. Is baby oil or lotion generally used for newborn infants in your institution?

2. Is baby oil or lotion generally considered by your staff a necessity in the care of newborn infants?

3. Is the use of baby oil or lotion generally recommended by your staff to mothers when they leave your institution?

These questions were framed to ascertain whether the medical profession considered baby oil or lotion a medical necessity in the care and treatment of infants or whether they classified this article as a cosmetic or a luxury. The card provided also a place for the signature and position of whoever answered for the hospital. The replies came in promptly and in volume, and no card was listed which was not signed. In all, 2,640 replies have been received and the questions were answered as follows:

1. Is baby oil or lotion generally used for newborn infants in your institution?

Yes, 2,512; no, 121; no answer, 7.

2. Is baby oil or lotion generally considered by your staff a necessity in the care of newborn infants?

Yes, 2,496; no, 138; no answer, 6.

3. Is the use of baby oil or lotion generally recommended by your staff to mothers when they leave your institution?

Yes, 2,416; no, 166; no answer, 58.

These replies clearly indicate that doctors consider baby oil or lotion a necessity in the care of newborn infants and whose judgment could be better? Certainly not the employees of the Internal Revenue Department who insist that the parents of babies must pay a tax on this important medication.

Next, I reported my findings to the Treasury Department, requesting their consideration of the removal of baby oil from the class of taxable products in the light of the information I had made available to them or which they could obtain by checking my sources.

The reply was that—

> There is no provision in the present law under which a baby oil * * * or other product used as an adjunct to the toilet or in the care of the body, may be exempt from the tax because it may be considered a necessity or may also have or be held out to have a medicinal value.

Leaving to one side the questionable character of this opinion of the Bureau of Internal Revenue in the light of decided cases by the higher Federal courts—borrowing the words of Justice Cardozo see, for example, *Sharp & Dohme* v. *Ladner* (82 F. 2d 733 (CCA Pa. 1936)—this experience has convinced me that a serious abuse of the doctrine of separation of powers is involved and that steps should be taken by the Congress at the earliest moment to correct this and similar abuses.

Certainly, it is delegation running riot, in the famous case outlawing the NRA, for the Congress of the United States to leave it between the Bureau of Internal Revenue and the courts to determine what products are to be the subject of an excise tax. Yet, in practice this is what has happened with Congress listing a few specific articles as taxable and delegating to the Executive the power to tax hundreds of other products which it may determine as included in the language any similar substance, article, or preparation, by whatsoever name known or distinguished. The only standard imposed is that the product so declared be used or applied or intended to be used or applied for toilet purposes. That is either poor legal draftsmanship or a deliberate effort to pass over to the Executive determinations of tax policy, general and specific, that Congress ought to make as the representatives of the people elected for that purpose.

I have no objection to the levy of an excise tax on the specific products named in section 2402 of the Internal Revenue Code; nor would I have any objection to the extension of that levy on many additional items which Congress, after adequate study, sees fit to determine as within the general category of toilet articles and, hence, properly included along with perfumes, cosmetics, hair oils, pomades, toilet waters, hair dressings, hair dyes, aromatic cachous, and toilet powders. I am not even sure how I would vote upon a proposition to broaden this category of product subject to excise taxes in this field to include certain particular products which were primarily medicinal in their nature and should be considered as necessities. Nor would I ask this body to pass a special legislative exemption for a product because it happens to be manufactured in my district. But I do seriously object to the loose inclusion of an omnibus category of items which are to be declared taxable by the Bureau of Internal Revenue merely because it feels that they are similar to the products named. Such a practice results in the passing over of such questions of policy as the one involved here: Will the Congress levy a sales tax on a medicine which is a necessity for every family with an infant; will Congress tax a necessary medicine as it taxes a cosmetic? These are questions for Congress to decide; not the Commissioner of Internal Revenue.

This may be considered by some as a minor matter; limited to its specific sphere, it is minor; but the general principle of preserving a separation of powers is as important as our form of Government. Hence, I urge the Ways and Means Committee at an early date to present the Congress such measures as will cure existing situations and guard against future developments of this character. No matter how much we may choose to pass the buck to the executive departments to determine how and in what manner the laws we pass shall be applied, we should not continue a system of taxation by administrative decree.

One may read the cases in which the Federal court has reviewed the application of this act and see the extent to which this general delegation can be pushed without judicial check and how the courts, without too much success, have strained to develop judicial standards in lieu of the absence of legislative standards. In this situation Congress abdicated its proper responsibility; it delegated its legislative power without adequate standards or direction; it perpetrated, as a practical matter, a modern application of the principle of taxation without representation, which we thought we had rid ourselves of as early as the Declaration of Independence.

How can we, with the necessary conviction, perform the much needed function of policing arbitrary and unwarranted abuses by the executive agencies when, as a Congress, we give them a blank check to determine what is to be taxed? I submit that one of our first tasks of this Congress in dealing with the taxing and revenue laws is to locate every instance in which the power to tax and to determine what is to be taxed has been delegated in general terms, to initiate those studies necessary to a legislative determination by Congress rather than some employee of the Bureau of Internal Revenue, and finally to inaugurate those practices and procedures of legislation which, whatever else they accomplish, at least result in taxing those things the legislative body determines should be taxed and omitting those things from taxation which a wise national legislative policy would exempt from the taxing power.

It is only by a studied and undramatic effort to do the job we are elected to do rather than pass it over to the Executive that the integrity and efficiency of the legislative process will be maintained. Let the Congress recapture its responsibilities and call a halt to the process of government by executive decree, lest our system of government lose yet another hallmark that distinguishes it from the totalitarian states.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, the gentleman from Ohio [Mr. JENKINS] has just made what seems to me to be an unanswerable argument in favor of the passage of this bill. There was no rancor, no acrimony, no political bias. In short, as a member of the tax committee for many years, he speaks from experience and his remarks do and should carry weight.

The debate has demonstrated that the membership of the House may be divided into three categories so far as this bill is concerned:

First. Those who believe that tax reduction at this time will be advantageous not only to the recipients, but to the general economy of the country, and who accept this proposal as the most likely tax aid at the moment.

Second. Those who are diametrically opposed to any tax reduction until the budget has been balanced and a substantial payment made on the national debt.

Third. That part of the minority which views with suspicion any legislation which seems to have the united support of the majority. This might be called a politically partisan group.

Mr. Chairman, no one likes to pay taxes, yet without taxes the Government cannot operate. In the final analysis, it is just a question of how the taxes are to be levied. I have always entertained the view that the bulk of the taxes should be borne by those most able to pay. This does not mean that because a man starts at the bottom in economic life and by hard work, frugality, and fair dealing succeeds financially, he should be punished, because he has contributed to the success of the country and has furnished jobs, employment, and a livelihood to many of his fellow citizens.

I hope there are none among us who would demagog and insist that the large income taxpayer is not paying at least his fair share at this time. When we recall that the tax collector takes as much as 86 percent of the taxable income of those in the highest brackets today, we must wonder just what the incentive is, inspiring these taxpayers to continue to risk their capital and hazard what they have in order to pay more taxes. It may be popular in certain quarters to demagog, but in peacetime consideration must be given to any policy that makes for more employment, more production, and more pay checks at the end of the week. The free enterprise system has made the payment of very large taxes possible. We must not destroy that system.

The Chairman, this bill does not provide a 20-percent reduction straight

across the board. It does provide a 20-percent reduction of all who pay taxes, but it provides a 33⅓ percent reduction for those with the smaller incomes. The principle of ability to pay finds expression in this bill. If we delay the reduction of income taxes until the national debt has been paid, it will mean paying the present rate of taxes for more than a hundred years, because no one conceives that the present debt will be liquidated before that time, if the obligation created by the debt is honestly met in accordance with the American way of doing things. Our bonds always have been and always will be good so far as repudiation is concerned.

Mr. Chairman, the members of the Ways and Means Committee have presented an admirable report accompanying this bill. Anyone reading that report must be convinced of the soundness of this proposal. I came to Congress at the close of World War I and participated in tax reductions between 1920 and 1930. On August 31, 1919, the national debt was $26,000,000,000. This was reduced a billion dollars a year until 1929, yet the economy of the country improved, the incomes increased, and as income increased there was more income to tax and the Treasury was the beneficiary. This was history repeating itself, and I predict that the reducing of these taxes will be most beneficial not only to the small taxpayer in the amount of money he is relieved from paying to the Government, but also because of the additional business resulting from the use of money invested in industry rather than being sucked from industry and expended by wasteful administration of government.

This is not a political bill, and it is to be regretted that so much political heat has been generated by those who are apparently more inclined to think in terms of politics than in terms of the welfare of the country. This group, however, should not and will not dominate. When the final roll is called, if I do not miss my guess, this bill, as written, will receive an overwhelming endorsement by the House, all this criticism and political harpooning to the contrary notwithstanding.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, ordinarily, one desires to place himself with the group recommending tax reductions. This certainly is the desire of every Member of Congress, I am sure. It is proper that we be favorable to the interests of taxpayers at all times when circumstances will permit. Therefore, I wish that I could appear today advocating some type of tax reduction. However, I have been unable to justify in my own mind any action other than that of opposition to this bill. Perhaps the reasoning that prompted this result may be of interest to you as you struggle with the problem of determining your own action on the roll calls to follow.

In the past I began thinking in terms of reduced Government expenditures, balanced budgets, and debt retirement. During the war I longed for the moment when circumstances would permit a discontinuance of staggering wartime expenditures and sacrifices. I longed for the time when circumstances would permit expenditures of Government to be less than receipts of Government. I longed for the day when circumstances would permit the Government to begin substantial yearly repayments of the amounts it had borrowed from its taxpayers and other citizens.

During the adjournment of the Congress I began to think in terms of the immediate arrival of that day. My Republican colleagues had been elected to congressional leadership on the apparent promise of a balanced budget, debt retirement, and tax reduction. I recalled their party platform of 1944, which, in part, says:

> We shall maintain the value of the American dollar and regard the payment of the Government debt as an obligation of honor which prohibits any policy leading to the depreciation of the currency. We shall reduce that debt as soon as economic conditions make such reduction possible.

The present Congress convened amid the shouts of my colleagues announcing a drastic reduction in the President's budget requests. The Legislative Budget Committee wielded the ax—$6,000,000,000 in reductions would be accomplished. I need not take your time now to discuss what has happened to the legislative budget. There is no legislative budget to look to in determining possible expenditures of Government for the fiscal year 1948. All that remains is the President's statement that budgetary needs will equal thirty-seven and one-half billions. The loss of the legislative budget would not be so alarming if we could find evidences of its presence in the workings of the Appropriations Committee. It is alarming, however, when we seek a trend indicating its presence in the appropriations rooms, and do not find even the trend.

What is the record? Have we discarded the idea of accomplishing such reductions in expenditures as are necessary to balance the budget, provide repayments on our debt, and provide tax reductions?

The House has considered two supply appropriation bills. The sharp ax, of which we have heard, was not used. The dullest of pocket knives appears to have been the weapon to which my friends had easiest access. Reductions so far, if they are to be considered as a pattern by which the remaining supply bills, including Army, Navy, veterans, and farmers, are to be "butchered," mean a total cut in the President's thirty-seven and one-half billion dollar request of one and one-half billion dollars. Instead, therefore, of spending thirty-seven and one-half billion, we will spend in fiscal year 1948 thirty-six billion, judging by the record so far made.

The highest estimate of tax return on present rates is thirty-nine and one-tenth billion. This would mean a surplus in fiscal year 1948 of three and one-tenth billion. That would be a worthwhile repayment on the public debt. It might be sufficient even to allow some reduction in some of the admittedly unjust excise taxes.

Under our present procedure, however, it is not to be used for these purposes. This surplus is to be returned to the taxpayers and we are to continue in fiscal 1948, with our Republican friends in control of Congress, the policy of deficit financing which they have in the past so deplored. If this is not a true statement of facts, I challenge any Member of the majority, in his own time, to show the House and the country how you will cut the President's budget so as to provide for both this tax reduction and substantial debt retirement. Where will you cut? Will you cut the Army and Navy? If so, how much? Will you cut the veterans? If so, how much? Will you cut the farmers? If so, how much? Unless these facts are developed in this debate, we can only assume you will not cut enough to provide for both H. R. 1 and debt repayment. We must also assume that the sponsors of H. R. 1 are more interested in political expediency than in maintaining a sound fiscal policy by Government. "Only a solvent America can help meet the postwar problems of the world." Those are not my words. They are yours in the supplemental views of the Republican minority on the revenue bill of 1945. Did you mean then by "solvent America" an America borrowing money to meet current expenses in peacetime?

No, Mr. Chairman, the facts are not on the side of those who sponsor this discriminatory patchwork of political duplicity. Your own majority report indicates the struggles you had in trying to write something to justify reducing taxes now.

Your report assumes a reduction in the President's budget of either $4,500,000,000 or $6,000,000,000. It assumes continued high employment, high national income and high capacities to pay taxes. But you give as one of the reasons for passing this bill the prediction that a recession will occur in late 1947 or 1948 and taxes must be eased for that occurrence before its appearance. For how much recession are you legislating? Will not the anticipated revenues on which you attempt to justify this legislation then be considerably less? Or do you reason, as has been your party's fault in the past, that these tax savings given in the upper brackets will trinkle down to the jobless through the generosity of the managerial brains?

I have read your report where you state in effect that these tax savings of approximately $111,000 on each net income of $1,000,000 will be used to create jobs for the jobless, to produce additional goods at a time of shrinking purchasing power and market. You reason that these tax savings in the upper brackets will save us from depression by merely being utilized to produce more goods at a time when restricted markets cause lessening of national income. This type of reasoning generally occurs when one counts votes as he considers legislation. I trust my friends will advise us as to the

reason for the illogicalness of their report. Perhaps my friends have not recovered from the shock of finding themselves in position of leadership. It is to be assumed that tax reduction could not be delayed for fear that the idea would be forgotten later by this new inexperienced Ways and Means Committee leadership as it struggles to produce a program of work.

Let us now turn to the assumption of our friends on the majority that there will be sufficient reductions in expenses for both tax reduction and substantial repayment on the public debt. One already knows from what has been said the type of assumption I think this to be. However, if we do cut taxes, we should be concerned as to how we do the job. Should not our handiwork still permit of adequate revenues after its enactment? Should it not be equitable in its treatment of different income groups? Should it not be so written as to help maintain large consumer markets so essential to high-level production and employment? Should it not provide for simplicity in administration and in compliance? Should not the responsible committee be concerned over the reaction of all segments and individuals to its handiwork? Should not the committee consider reduction of individual rates together with all other taxes so as to avoid possible defeat of its purpose by overlooking some other deterrent to incentive.

Mr. Chairman, H. R. 1 does not qualify by these standards.

The sound approach to this whole question of postwar tax revision is to make a comprehensive study of the entire Federal tax system, including individual taxes, corporate income taxes, estate and gift taxes, and excise taxes. Such a study should aim at equitable adjustments, incentive effects, and sound economical administration under peacetime conditions. If your committee had proceeded in this direction, it would have saved you many of the pitfalls you will find in the pathway of support of H. R. 1.

Many amendments are needed to the Revenue Code as a result of the accumulation of many structural, administrative, and procedural tax problems arising since the Revenue Act of 1942. These amendments have not been passed because they would have resulted in substantial loss to the Treasury in wartime. The passage of H. R. 1 prevents the committee approving these amendments.

The Treasury and the staff of the Joint Committee on Internal Revenue are now, and have been, studying such problems as the double taxation of dividends, the treatment of family incomes, and many others, including wartime excess rates. Excise taxes as a class fail to meet the standard of ability to pay. We should review these taxes and revise many of them before we finally pass back to the taxpayer his reductions. They certainly are not less important than the reduction of the tax on a million-dollar income by $111,000.

Even if we are to reduce individual income-tax rates without such a study, the pattern of H. R. 1 is unsound.

The majority report asserts that the same percentage cut of tax liability is equitable on the assumption that the present burden of distribution is equitable. Nothing could be more fallacious. H. R. 1 completely destroys the present system of progression in the individual income-tax rates and seriously undermines the ability-to-pay formula that has been in our income-tax structure since 1913. Income tax is based on a technical system of percentage points in each tax bracket of income. Thus, a 30-percent reduction of a 20-percent tax rate in the first half of the first bracket is a reduction in rate of only 6 percentage points, but a 20-percent reduction of an 80-percent tax rate is a 16-percentage-point reduction in rate. Even a 10½-percent reduction of an 80-percent tax rate is an 8.4-percentage-point reduction in rate. It is, therefore, very obvious that a flat across-the-board percentage cut, or a modification thereof as proposed by H. R. 1, actually cuts the top-tax brackets for more steeply and thereby reduces the progression in the top brackets and gives rise to the feeling on the part of those in the low brackets that we have abandoned the formula of ability to pay.

In addition, H. R. 1 reduces the wartime percentage point rates of taxation in the higher brackets by a greater percent that it reduces them in the lower brackets. Those in the upper brackets, therefore, are relieved of their responsibilities to repay the war debt by a greater percent than are other taxpayers. For example, a married person with no dependents and a net income of $4,000 would pay almost 10 times as much tax under H. R. 1 as in the prewar year 1939. A person with a net income of $5,000,000 would pay less than 1 percent more taxes than in 1939. It is interesting to study the chart on this point, which, by inadvertence I feel sure, is not included in the majority report in support of H. R. 1.

TABLE 1.—*Comparison of amounts of individual income taxes in 1939 with highest taxes after all wartime increases, present taxes and taxes under H. R. 1 as reported to the House*

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Taxes in 1939 [1]	Highest taxes after all wartime increases	Present taxes after reductions under Revenue Act of 1945	Taxes under H. R. 1, as reported to the House [2]
$600		$3		
$1,000		15		
$1,500		130	$95	$67
$2,000		245	190	133
$2,500		360	285	228
$3,000	$8	475	380	304
$4,000	44	725	589	471
$5,000	80	975	798	638
$8,000	248	1,885	1,577	1,262
$10,000	415	2,585	2,185	1,748
$25,000	2,489	10,295	9,082	7,266
$50,000	8,869	27,585	24,795	19,836
$100,000	32,469	69,435	63,128	50,502
$500,000	304,144	443,895	407,465	342,074
$1,000,000	679,044	900,000	839,715	728,824
$5,000,000	3,788,994	4,500,000	4,275,000	3,822,824

[1] Assumes maximum earned net income.
[2] Assumes texpayer is under 65 years of age.

TABLE 2.—*Tax decreases from highest wartime levels under Revenue Act of 1945 and under H. R. 1, as reported to the House, compared with highest wartime increases in taxes from 1939*

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Highest wartime increases in taxes from 1939 [1]	Tax decreases from highest wartime levels		Tax decreases from highest wartime levels as percentages of the highest wartime increases		Percentage reduction of wartime tax liability made by H. R. 1
		Under Revenue Act of 1945	Under H. R. 1, as reported to the House [2]	Under Revenue Act of 1945	Under H. R. 1, as reported to the House [2]	
				Pct.	Pct.	
$600	$3	$3	$3	100.0	100.0	0.09
$1,000	15	15	15	100.0	100.0	.09
$1,500	130	35	63	26.9	48.5	21.6
$2,000	245	55	112	22.4	45.7	23.3
$2,500	360	75	132	20.8	36.7	15.9
$3,000	467	95	171	20.3	36.6	16.3
$4,000	681	136	254	20.0	37.3	17.3
$5,000	895	177	337	19.8	37.7	17.9
$8,000	1,637	308	623	18.8	38.1	19.3
$10,000	2,170	400	837	18.4	38.6	20.2
$25,000	7,806	1,213	3,029	15.5	38.8	23.3
$50,000	18,716	2,790	7,749	14.9	41.4	26.5
$100,000	36,966	6,307	18,933	17.1	51.2	34.1
$500,000	139,751	36,430	101,821	26.1	72.9	46.8
$1,000,000	220,956	60,285	171,176	27.3	77.5	50.2
$5,000,000	711,006	225,000	677,176	31.6	95.2	63.6

[1] Assumes maximum earned net income in 1939.
[2] Assumes taxpayer is under 65 years of age.

The unfairness of H. R. 1 can also be seen by comparing the reduction in effective rates as between single persons, married persons with no dependents, and married persons with dependents. Let us assume a net income before personal exemptions and see what the reduction in the effective rate for each group is. At $2,500 the effective rate for a single man is reduced by 3.04 percentage points; for a married man with no dependents the effective rate on the same amount is reduced by 2.28 percentage points; for a married man with two dependents the effective rate on the same amount is reduced by 1.14 percentage points.

Let us take $5,000 net income before personal exemption. For the single man the effective rate is reduced by 3.69 percentage points; for the married man with no dependents the effective rate is reduced by 3.19 percentage points; for the married man with two dependents the effective rate is reduced by 2.36 percentage points. The sponsor of H. R. 1 will have the effective rate on his salary reduced by 5.08 percentage points, while the married taxpayer with two dependents will have the effective rate on his $12,000 reduced by 4.18 percentage points. All of this is set forth in the tables accompanying the majority report.

It is my understanding that certain of those sponsoring H. R. 1 are single. I do not object to them looking after the interests of single taxpayers, but ordinarily, in the past, we have shown greater concern over the married taxpayer with dependents on the assumption that his burdens are heavier. It will be said that these facts are true because the married man with dependents pays less tax—therefore, 20 percent of his tax is less. Yes, that is true, but the fact still re-

mains that H. R. 1 gives tax relief without regard to the need for tax relief.

Furthermore, H. R. 1 increases spendable income in a manner not calculated to ease any possible shrinkage in purchasing power by providing greater increases in the higher brackets. For example, it would increase spendable income after taxes for a married person with no dependents with a net income of $1,200 by 1 percent; with $6,000 by 4.2 percent; with $100,000 by 34.2 percent; with $1,000,000 by 69.2 percent. To say the least, this does not mean two cars in every garage of those in the lower brackets. Their income cannot be increased by greater amounts because the report of the majority points out it is necessary for large percentages to be given in the upper brackets so they can speculate. I assume this would also mean speculate in the markets. New speculators could bring on another situation such as we had last fall in portions of the agricultural produce market. This is certainly not the type of broader markets nor incentives I desire created by tax reductions.

Such reductions as are made by H. R. 1 in the tax liabilities of those in the upper brackets cannot be used to create new jobs now. This objective of the bill is defeated by present full employment, scarcity of raw materials, and other deterents to incentive in the law and not covered by this bill. No more automobiles can be produced by such reductions. No more washing machines, radios, houses, or other items now scarce, because of shortage of materials and labor, will be available by the passage of H. R. 1.

Simplification of tax returns has been the great desire of the public since the material increase in the number of taxpayers occurred. Even now, in spite of the withholding system and the supplement T-tax tables, technicalities of filing income-tax returns and estimates are confusing. Our present forms and instructions reflect the provisions of the Individual Income Tax Act of 1944, which had simplification as the sole objective. Our wartime experience with a broad-based income tax has clearly indicated the need for tax-return forms and instructions which are easily understood and which require the minimum number of computations. Instead of providing for greater simplicity, H. R. 1 will further complicate the law and confuse the millions of taxpayers.

H. R. 1 splits the first surtax bracket into three smaller brackets: Under $1,000, $1,000 to $1,396, and $1,396 to $2,000. This increases the number of withholding rates to four from the two provided by present law for the first bracket. I wish we could be assured that this will not perplex the taxpayer as he attempts to estimate his tax and file his return, or the employer as he attempts to determine where to place the employee for withholding purposes.

Today a taxpayer itemizing deductions or claiming the $500 standard deduction computes his tentative tax from a combined normal tax and surtax table shown in the instructions of Form 1040. The tentative tax so determined is reduced by 5 percent in all instances. This reduction requires but one line on Form 1040, and because of its application to all taxpayers is not susceptible to misinterpretation.

Under H. R. 1, the same taxpayer would determine his tentative tax from a combined normal tax and surtax schedule as under present law. Unlike present law which provides only one rule for tax reduction in tentative tax, however, the reduction in tentative tax under H. R. 1 would be made on the basis of four rules varying with the size of the tentative tax and would probably require four lines on the return form which would read somewhat as follows:

1. Enter 33.5 percent of your tentative tax, if your tentative tax on line 6 is not in excess of $200 _____
2. Enter $67, if your tentative tax is in excess of $200 but not in excess of $279.17 _____
3. Enter 24 percent of your tentative tax, if your tentative tax on line 6 is in excess of $279.17 but not in excess of $250,000 _____
4. Enter $60,000 plus 15 percent of the excess of your tentative tax in line 6 over $250,000, if your tentative tax is in excess of $250,000 _____

Aside from the complications just outlined, the taxpayers of the country will be mystified by the 33.5-percent reduction in tentative tax which mathematicians indicate is equivalent to a 30-percent reduction in present law liability; the 24-percent reduction which is equivalent to a 20-percent reduction in present law liability; and the 15-percent reduction which is equivalent to a 10.5-percent reduction in present law liability.

Taxpayers with tentative taxes between $200 and the magic figure of $279.17 will receive an apparent reduction of $67.00 under H. R. 1. The actual reduction in present law liability, however, is only $57.00, for taxpayers with tentative taxes of $200, and decreases to $53.04 for taxpayers with tentative taxes of $279.17.

The report of the majority states that the same type of reduction as that provided by H. R. 1 could be accomplished by changing the rate schedule, and indicates that it will probably be desirable to consolidate the percentage reductions in the rate schedule ultimately. In the meantime, however, the majority gives the following justification for the weird and incomprehensible computations outlined. Quoting from page 14 of the committee report:

> Your committee believes, however, that percentage reductions are more readily understood by the public, and, therefore, should be used for a reduction made during the year it becomes effective.

Does the majority contend that this type of simplicity in the interest of politics will create greater taxpayer morale and cooperation so that cost of administration by the Internal Revenue Service can be reduced, as we have already directed?

Splitting the first surtax bracket and the resultant lowering of the wage level at which graduated withholding rates become operative would increase both the number and amount of refunds due to overwithholding. It has been estimated these refunds will be increased by $1,900,000,000. Moreover, employers using the percentage method of computing the amount of tax to be withheld from salaries and wages would be faced with added computations because of the four withholding rates and brackets entering into the calculations as compared with two under present law.

Is it logical to claim soundness for a bill causing these results and necessarily providing for greater costs of administration?

Certainly the Congress cannot so claim. The House on tomorrow, I hope, will return this bill to its author, the chairman of the Ways and Means Committee, with the recommendation that he change his ideas on taxes.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, we must balance the budget. We should in the next fiscal year make a substantial payment on the national debt.

It was with these facts in mind that I have given careful study to our financial picture.

The Government revenue for the next fiscal year was estimated by the President at $39,200,000,000.

His budget calls for expenditures of $37,500,000,000.

The surplus, according to the President's figures, will thus be $1,700,000,000.

The House has said that they can cut costs by $6,000,000,000.

The Senate has said that they can cut costs by $4,500,000,000.

A mean between these figures would be $5,250,000,000.

Adding this amount to the surplus shown by the President's figures gives a net saving of $6,950,000,000.

Deducting the $3,800,000,000 of possible reduction in taxes through the present bill, we will have available for debt reduction or other emergencies $3,150,000,000.

But history has shown that a reduction in taxes does not result in an equal reduction in revenue.

The Secretary of the Treasury also testified that at present the national income is running on the annual basis of $175,000,000,000 rather than one hundred sixty-five billion, as per his January estimate.

If this rate continues during the next fiscal year, the revenue should be closer to forty-three billions than $39,000,000,000.

There seems to be ample room for a balanced budget, a substantial payment on the national debt, and tax reduction.

The next question which faces us is: Is tax reduction advisable at this time?

If the threat of inflation was as great as it appeared to be a year ago, there might be some question as to whether we should reduce taxes now.

But in spite of a few sharp increases during the past few months, it does seem that we are scraping the top in prices.

There has been a considerable drop in the price of luxury items, which fact usually foreshadows a general price decrease. And buyers are demanding quality and known brands.

Inventories are increasing at the rate of about twelve billion a year. Sooner or later buying power generated by the desire to accumulate inventories will cease and orders will only be given as consumers purchase goods.

Effects of this tax cut will only show in the economy in a year's time. There should be no shortages of goods by then.

To argue that we should not reduce taxes now owing to the dangers of inflation, as is suggested in the minority report, does not seem to me to be valid.

During the hearings the Secretary of the Treasury agreed that we should cut taxes at some future indefinite date. In fact he indicated close agreement with the theory behind this bill, for he said to me—and it appears on page 73 of the hearings—I quote:

> I am heartily in accord with your notion that we must put the incentive in there to get that extra effort. We must bear in mind that the men who give the greatest employment must be given consideration, too, in arriving at that.

But he did not want to make the cut now. He testified that he wanted to wait until such time as we start suffering from bad business conditions and unemployment.

But Mr. Roosevelt's former Under Secretary of the Treasury, Professor Magill, testified that there would be a lag between the date of tax reduction and any stimulation resulting therefrom, of at least a year.

What would you Democrats do about the man who loses his job during this lag? Would you start another WPA?

I say let us do our part now to see that this man does not become unemployed.

Of course, spenders never want to reduce the revenue. It will give them less money to squander.

Our opponents say they hope to make a tax cut at some future date, which they keep indefinite. When will this be? Are they waiting for some time when it may be more politically advantageous?

The time for tax relief is now.

The next question is, In what manner should these cuts be made? We should try to remove as far as possible the burdens where they strike hardest, and at the same time forget politics and try to pass the type of legislation which will in the long run provide the greatest incentives, stimulate the economy, increase the national wealth, improve the standard of living of our people, and give the greatest possible employment at the highest possible wage.

The present bill does this.

Through the amendment which I introduced in committee, which was unanimously supported by all members of the Ways and Means Committee—both Republicans and Democrats—26,000,000 of the lowest-income group, with net taxable income of under $1,000 will receive a 30-percent cut in their taxes.

Those who will get this full 30-percent cut are single persons with gross income of about $1,650; married persons without dependents with income of about $2,200; married persons with one dependent with income of about $2,750; and married persons with two dependents with gross income of about $3,300.

Through the notch provision which was necessary so that there would not be a substantial difference in tax reduction between those whose incomes were $999 and those whose incomes might be $1,001, an additional 6,000,000 taxpayers will receive reductions of between 20 and 30 percent.

Thus, 31,000,000 out of our estimated 48,000,000 income taxpayers—over two-thirds—will receive a reduction greater than 20 percent.

Such discrimination in favor of the small-income group is thoroughly justified today. It is they who are suffering most from the high cost of living, for they must spend practically their entire income on the necessities of life.

And, though it is true that their spendable income has been reduced by taxes in the past few years by a much smaller percent than those who earned more, the few dollars which they pay are often a greater burden than thousands of dollars may be in the higher brackets.

The bill provides that all other taxpayers, until you get into the very high income group, have a flat 20 percent reduction.

This is fair, for outside of the special benefits for the low-income group, such a cut will in no way change the percentage of the burden carried by each individual.

It continues in full effect the percentages of the present tax bill. Everyone must put the same proportion of ingredients into the cake, only the cake is smaller.

Our opponents are making much of a table in which they show only a small increase in spendable income in the lower brackets resulting from the enactment of the pending bill.

There is an old saying that liars figure and figures lie. The figures they present are but a statistical trick. When taxes are already very small, relative to spendable income, a decrease in taxes of course can have only a very small effect on spendable income.

If taxes are large in comparison to spendable income, a decrease in taxes will of course have a substantial effect on spendable income.

To show the absurdity of their argument, let us consider the case of the 20,000,000 wage earners who today pay no income tax.

For instance, a married man with two dependents having a net income of $2,000 at present pays no tax and, therefore, when a tax reduction is made there is no increase in his spendable income. In his case the increase in spendable income resulting from the pending bill is zero.

Would the Democrats pay him a Government bonus to provide a uniform increase in spendable income?

If you applied the same trick figures to the Democratic reduction made in 1945—it gave incomes of $500 only one-half of 1 percent increase in spendable income; while it gave the $10,000 income man 5½ percent, and the $100,000 income man 21 percent; while the $750,000 income man, about whose welfare it is evident the Democrats must have been much concerned, received a 68-percent increase in his spendable income.

Our opponents seem to criticize any reductions for the managerial class. But isn't it true that it is chiefly through their efforts that others find employment? What good does it do to raise a man's exemptions for income-tax purposes, if while doing so you take away his job so he has no income; or, by contracting the economy reduce his pay.

We must not handicap too greatly the man who provides the jobs, that provide the income, that provide the tax, which is the Government revenue.

Today at an $18,000 income the Government takes more than half of any extra dollar earned by any individual. Previous to the war even after the "soak the rich" tax bill, this figure was at an income of $74,000.

I think this $18,000 executive is entitled to real consideration. He is the man who is coming up in the world. He may be the assistant vice president of a great corporation. He may be the vice president or president of some small business, striving to grow.

It is these young men of unusual ability and drive upon whom we must rely to build up this country and keep our economy functioning in the highest gear in future.

If we take more than half of every extra dollar he earns, he will have little incentive to put that extra drive and push into his work which will result in more employment and better wages for his employees.

Under the pending bill this 50 percent take of any added dollar earned will not become operative until you reach an income of $32,000.

It might be of interest to read to you here the figures as to what an extra dollar of earnings are worth to a married man with two dependents, at various income levels under the present law.

If he has a $4,000 income an extra dollar of earnings is worth 81 cents.

If he has an $8,000 income an extra dollar of earnings is worth 75 cents.

If he has a $16,000 income an extra dollar of earnings is worth 59 cents.

If he has a $32,000 income an extra dollar of earnings is worth 41 cents.

If he has a $64,000 income an extra dollar of earnings is worth 29 cents.

If he has a $128,000 income an extra dollar of earnings is worth 15½ cents.

I repeatedly asked the Secretary of the Treasury, as may be seen in the hearings on page 72—What percentage of income take by the Government did he feel would prevent an individual from adding to the national wealth by giving that extra effort or working that extra hour, which would result in further employment of labor? He refused to answer.

I think he realized that if he did answer it would have been embarrassing to the tax theories of certain gentlemen on his own side of the aisle.

In order to fulfill our obligations, we must keep the national income high. It is only through the foresight and initiative of those who are rising to positions of responsibility that this can be accomplished.

Those in the higher income groups must rightly shoulder the largest part of the tax burden. But we should not

at this time too greatly increase their proportion of the load.

In a world where Communism is on the march, this Nation must be strong—strong economically as well as militarily. Tax reduction at this time will help make it so.

I have been asked to explain those notch provisions so I have put them on the board. My writing is not very legible. If we did not have the notch provisions, this is what would happen. The man with a $999 income has a basic tax of 20 percent, or $199.80. The reduction under this bill is 33.5 percent, or a net reduction of $66.93. The basic tax being $199.80, the reduction of $66.93 would bring a total tax of $132.87.

The man with the $1,001 income would pay a 20-percent basic tax of $200.20. The 24-percent reduction would be $48.04. Two hundred dollars and twenty cents less $48.04 would give him a tax of $152.16, which as you can see would be manifestly unfair as compared with the man who had an income of only $2 less. So we give him a straight $67 reduction. Sixty-seven dollars off the basic tax of $200.20 gives him a tax of $133.20, which compares evenly and fairly with the man with the income $2 less, $132.87 against $133.20

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

Mr. KEAN. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I am wondering whether the gentleman thinks that a person in that income bracket would ever be able to understand that formula sufficiently to make out his own income-tax return, or would he have to hire a tax expert to make out his return, which would probably cost him as much as he would save in taxes.

Mr. KEAN. They do not have to understand any formula.

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

Mr. KEAN. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Let me say to the gentleman from Pennsylvania that that would be all worked out in the table.

Mr. KEAN. That would all be worked out in the table.

Mr. KNUTSON. All Republicans can read.

Mr. KEAN. I remember during the First World War when we were over in France and I was being instructed in artillery the French tried to teach us, and they put a long table of logarithms before us. We tried to understand it, but the average American candidate for officer there just could not understand at all what was going on. Then we were just shown a table and we worked from the table, and the Americans made better artillerymen than the French ever did.

All the taxpayer will have to do is work from the table.

Now, I want to show you what you do as you come out of the notch. The figure for coming out of the notch is $1,395.83. I give you as an illustration the man with a $1,395 income and the man with a $1,400 income to show what happens as you come out of the notch; 20 percent of $1,395 is $279; 24 percent of $279, which is the reduction, is $66.96; $279 less $66.96 makes $212.04. You get $212.04 as his tax, but you find that if it had been reduced by $67 he would pay 4 cents less, and so you find that as his income is under $1,395.83 it is provided that he shall make use of the notch. But take the man who earns $5 more, the $1,400 man, when you figure the 20 percent basic tax it is $284, and 24 percent of that is $67.20. You will note that the reduction is more than the $67; it is $67.20. This proves that he is correctly out of the notch and his tax is $212.80.

That is probably as clear as mud.

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

Mr. KEAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think the gentleman has made a fine contribution. It is too bad it cannot be shown in the RECORD just as he has put it on the blackboard.

What attention was given by the committee to the question of average family income? I believe these tables deal with individual income, but getting over into the realm of the family, was any study made of the average family incomes of this country under present conditions?

Mr. KEAN. What is the average family income today? That was not brought up in the hearings.

Mr. CRAWFORD. Now we are down to where there are many members of families who are working, and a lot of them draw very high wages and salaries. After all, you come back to the family unit where father, mother, and children are involved.

Mr. KEAN. I have heard that the average family income has increased by about $1,500 over the last few years.

Mr. CRAWFORD. I have been informed by one of the most highly respected research institutes in this country that the average family income is about $4,500, and we have 75 percent of the families with incomes in excess of $2,500 per year and probably not over 3 percent have incomes around $1,000 per year. I wonder if any study has been made of that by the committee in connection with the question of tax reduction.

Mr. KEAN. The higher the income, the better I like it.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. REED of New York. Mr. Chairman, I yield five additional minutes to the gentleman.

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

Mr. KEAN. I yield.

Mr. CURTIS. With reference to the point raised by the gentleman from Michigan about family income, it is my belief that the figures cited by him are based upon the fact that more members of the family are working.

Mr. KEAN. That is right.

Mr. CURTIS. So the chances are that they all come within the class of less than $1,000 taxable net income.

Mr. KEAN. They will all be benefitted by this 30-percent amendment. That is why we figure that 31,000,000 taxpayers will come under it. Thirty-one million taxpayers constitute two-thirds of all the taxpayers in the United States who are going to benefit by this provision.

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

Mr. KEAN. I yield.

Mr. CRAWFORD. May I have the gentleman's reaction to this problem: I, as an individual, receive so much income per year. The first thing I have to do is to meet soul and body expenses, that is, the necessities which I cannot reduce. Then suppose I move into a bracket where I can spend some money and save some money as well. Then I move into a bracket where taxes have to be paid.

If I understand the discussion here this afternoon, the philosophy of those who support this bill is to the effect that the thing to do under our type of economy is to keep taxes so low that there will be a spendable income over and above expenses for the actual necessities of life so that that spendable income can be used in the consumption of goods and services and thereby maintain an economy in this country and have people employed producing goods and services and create business and increase the total national income and help to employ others.

Mr. KEAN. That is right. I was just going to refer to that.

Mr. DINGELL. Mr. Chairman will the gentleman yield?

Mr. KEAN. I yield.

Mr. DINGELL. That is exactly where our philosophies clash.

Mr. KEAN. That is right.

Mr. DINGELL. The gentleman goes on the supposition that you must give relief to the big fellow.

Mr. KEAN. I am not talking about the big fellow.

Mr. DINGELL. The gentleman goes on the supposition that you must give relief to the big fellow and that that will bring about prosperity.

Mr. KEAN. Who does the gentleman consider to be a big fellow?

Mr. DINGELL. Our philosophy is just the opposite. We believe that if you make the little fellow's income sufficient, he will buy the things that the big fellow will produce.

Mr. KEAN. The big fellow will not produce unless he has some incentive.

Mr. KNUTSON. The gentleman's definition of a big fellow is one who has a thousand dollars in the bank.

Mr. KEAN. I do not know what the gentleman's definition of a big fellow is.

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

Mr. KEAN. I yield.

Mr. CRAWFORD. My friend the gentleman from Michigan [Mr. DINGELL] must certainly argue that the majority of goods and services purchased are purchased by the little person.

Mr. DINGELL. Absolutely.

Mr. KEAN. They certainly are.

Mr. CRAWFORD. Therefore, you must reduce taxes on the little person so that he will have some income which is spendable so that he can buy goods and services.

Mr. KEAN. That is right.

Mr. CRAWFORD. So how in the name of common sense can you argue against this bill?

Mr. DOUGHTON. I yield 10 minutes to the gentleman from Georgia [Mr. CAMP].

Mr. CAMP. Mr. Chairman, our most distinguished former chairman of the Ways and Means Committee, the gentleman from North Carolina [Mr. DOUGHTON], veteran expert on taxation who led us through the difficult war years, has stated in his speech that our first concern should be to balance the budget; second, to make a substantial payment toward debt retirement; and third, to consider tax reduction. Indeed, not only do such wise leaders as he support that program but the Legislative Reorganization Act, which all of us on both sides of the aisle so heartily supported, prescribes the same procedure. It must, indeed, be disappointing to the country to find the majority here today abandoning the principles of the Reorganization Act and embarking upon a course of tax reduction before any appropriation bills have been passed and before it can be known what the budgetary requirements are. Especially is this true when we consider our international responsibility.

We have just concluded the most expensive war of history. In this great struggle we have sacrificed not only thousands of the flower of our youth but we have strained our natural resources and our financial strength to an extent far greater than the American people yet realize. In dollars the war has cost more than four hundred and thirty billions, of which two hundred and sixty billions is represented by the greatest debt any nation ever amassed. It is true that financial institutions, insurance companies, and the like hold a part of the bonds representing our national debt, but there are 85,000,000 individual citizens of the United States who are holders of these bonds and many of them made great sacrifices to make this investment in our national security. It is the duty of this Congress to preserve the credit of the United States, and in order to do that interest on the public debt must be met promptly and regularly, and payments on the principal must be made whenever the financial condition of the country permits. A most important and significant fact is the low interest rate being paid on this debt at the present time. We cannot hope to keep it at this unprecedented low rate indefinitely. It is the part of wisdom to reduce this debt in these flush times.

I am wondering what the thoughtful veterans of the late war are thinking of this proposed action of the majority to reduce taxes before balancing the budget or making a payment on the national debt. In a recent address, Gen. Omar M. Bradley, one of America's most distinguished soldiers and now Chief of the Veterans' Administration, stated that within 10 years war veterans and their dependents will number about half the population of this country and thus will have to shoulder the major tax burden. If payments on the national debt are postponed, it will mean that these veterans, many of whom gave five of the best years of their lives in arduous military service, will shoulder also the burden of paying off the national debt.

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

Mr. CAMP. I yield.

Mr. KEATING. As a veteran of both wars I can tell you what they think because I have had many letters from them. They say we should reduce taxes now.

Mr. CAMP. Regardless of the debt? Is that what they say?

Mr. KEATING. Not regardless of the debt at all.

Mr. CAMP. Wait a minute. Do they tell the gentleman that we should reduce taxes without making a payment on the national debt?

Mr. KEATING. That we should make a payment on the debt and reduce taxes, which we are going to do.

Mr. CAMP. That is fine and that is the point I am making. There is not a man in this House who wants to see taxes reduced any more than I do. There is not a man in this House who will vote to cut expenditures wherever possible more than I will; but I will not consent to the passage of such a bill as this reducing our revenues by $4,000,000,000 or more when the budget has not been balanced, when the appropriation bills have not been passed and when no one, even the best experts, can tell whether we can meet this year's expenditures or not.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield at that point?

Mr. CAMP. Yes; I yield.

Mr. McCORMACK. The gentleman's argument, as I interpret it, is in favor of sound-money government.

Mr. CAMP. Absolutely.

Mr. McCORMACK. And this bill under consideration reported by the Republican majority is a repudiation in the light of the present national debt and the world conditions of the course we should take to assure our people sound-money government.

Mr. CAMP. Certainly. The gentleman from New York in answering my question a few minutes ago spoke of the letters he has received. I receive letters too, and I receive them from men in all walks of life. They are more concerned about building a sound fiscal policy than they are about taxes; and of all the letters I have received not one person has asked for tax reduction before that has been done. I feel sure that every Member of this House regardless of party is as anxious to see taxes reduced as is the author of this bill.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield for an observation?

Mr. CAMP. I yield.

Mr. EBERHARTER. The gentleman from New York may have received a lot of letters from veterans asking for a reduction in taxes, but I believe some of those veterans may have the impression that this bill will give the low income groups some relief. Instead, if they knew that the $5,000 income man would get a reduction of probably $10 or $15 in his tax they would not be so anxious to have tax reduction.

Mr. CAMP. They do not understand, of course they do not.

Mr. EBERHARTER. They think they will get a big tax reduction whereas the bill will not give the low income group much if any tax reduction, and this is the group that hits most of the veterans.

Mr. CAMP. Of course.

Experts tell us that our national income this year will be $165,000,000,000, the highest in all history. Congress, therefore, not only has a solemn obligation to our 85,000,000 individual bondholders and to our war veterans and their dependents, but it now has an opportunity to demonstrate its determination to keep faith with them by making a beginning in debt reduction.

The Secretary of the Treasury in appearing before our Committee on March 13 of this year made this statement:

> We should take full advantage of our present opportunities. It may be that in the future there will be years when it will be unwise to try to retire any part of the debt. If, however, we reduce the debt as rapidly as we can in good years, there will be less cause for concern if we have to omit debt retirement in some future year.

When the revenue bill of 1945 was reported, the Republican minority in their supplemental view said:

> Only a solvent America can help meet the postwar problems of the world.

In the 1944 platform of the Republican Party, they made this pledge:

> We shall maintain the value of the American dollar and regard the payment of the Government debt as an obligation of honor which prohibits any policy leading to the depreciation of the currency. We shall reduce that debt as soon as economic conditions make such reduction possible.

Have the Republicans forgotten these statements? For the Congress to fail to balance the budget and make some reduction in the public debt this year would be deplorable. The 85,000,000 bondholders and the veterans have a right to expect it. If we pass this bill today, reducing as it does the Federal income by nearly $6,000,000,000, not only will it be impossible to balance the budget, but we cannot even make a token payment on the public debt.

I feel sure that every Member of this House, regardless of party, is as anxious to see taxes reduced as is the author of H. R. 1, now under consideration. I certainly yield to no one in this desire. Indeed, it is no new proposition, and the Republican Party cannot claim any originality in it. The present administration began to reduce taxes immediately after the cessation of hostilities in 1945. The Revenue Act of 1945 was designed to aid both individuals and corporations in the difficult transition from war to peace. A tax reduction amounting to nearly $9,000,000,000, at current income levels, was applied in making these changes—12,000,000 of the lowest income taxpayers were relieved of all taxes. Corporate taxes were reduced greatly. The excess-profits tax, capital-stock tax and declared value excess-profits taxes were repealed, and corporate surtax rates were reduced. Normal tax exemptions were increased to surtax levels and individual income-tax rates were reduced. The use tax on automobiles and boats was repealed. This relief was granted promptly, and further relief was contemplated as soon as the budget could be balanced.

This bill has not had proper consideration and study, and is not a fair sample of the usual work of the great Ways and Means Committee. It comes to this House after only 2 days of hearings, with only two witnesses besides the representative of the Treasury Department appearing before us, and these two witnesses were hand picked by the proponents of the bill. In considering it in this ill-advised and untimely manner, we are simply shooting in the dark. The only information before us as to our budgetary requirements for the fiscal year ending June 30, 1948, is the report of the Budget Commission accompanying the President's message, and according to this information these requirements amount to $37,500,000,000. Although we can look forward in 1947 with great confidence in the vitality of the American system of free enterprise, knowing that during the year just passed civilian employment was at an all-time high and that more than 10,000,000 demobilized veterans have returned to civilian life and to civilian jobs, and that total production has reached a new peacetime high, being 50 percent above that of the year 1939 and only 15 percent below the wartime peak, yet the highest estimate so far made of the Government's revenues is only about $38,000,000,000, or practically the same as the budget requirements. To reduce these revenues by $6,000,000,000, as proposed in this bill, in such an ill-timed and ill-advised manner, is most deplorable and the people of this country, when they understand it, will condemn such action. Editorial writers all over the country who understand this situation are condemning such action, and I wish to quote in full two such editorials:

[From the Washington Post of March 16, 1947]

Chairman KNUTSON's prediction that the Ways and Means Committee will act next Thursday to report out his bill calling for an immediate 20 percent "across the board" reduction in personal income taxes, after only 2 days of hearings, warrants Democratic charges of steam-roller tactics. The bill stands condemned because of the indecent haste with which it is being rushed through the committee. The House and Senate have not yet agreed as to the amount of over-all reductions in expenditures that is to be their goal. And when they do, the figure will be highly tentative. For, as Secretary of the Treasury Snyder has testified, it is "impossible to foresee what the requirements of peacetime public expenditures will be." The outlook is even more uncertain as regards our defense expenditures, including recommended unbudgeted outlays for Greece and Turkey. To try to rush a tax-reduction bill through the House in these circumstances discredits its sponsors.

This is no time for tax cutting. With the economic outlook promising and the national income at a high level, existing taxes can be borne with much less hardship to individuals and to business than would normally be the case. If we ever intend to reduce our huge national debt, now is the time to begin. If the debt is reduced as rapidly as possible in good years, there will be less reason to feel concerned if debt retirement is suspended in some future less prosperous year.

The Knutson bill is not only ill-timed; it is also open to criticism for offering a flat 20-percent reduction of income taxes paid by persons with net incomes below $303,000. For the 1,100 income-tax payers above this dividing line, tax cuts would be graduated down to a minimum of 10.5 percent. Exemptions for taxpayers over 65 years of age would also be raised by $500, regardless of the size of the incomes of these aged persons. Concerning the latter extraordinary proposal, Secretary Snyder stated emphatically that it would be unfair to increase exemptions of this particular group without giving relief to many other special groups with low incomes. Many aged persons are very well off, indeed, and in no need of special dispensations.

Although believing that substantial tax relief for upper-income groups is imperative to stimulate the spirit of enterprise essential to economic progress, we think Secretary Snyder is right in saying that the Knutson tax bill "gives too little reduction to lower incomes and relatively too much to higher incomes." For instance, a married person with no dependents and a net income of $1,200, now paying a tax of $33, would be taxed $30 under the Knutson bill. A married man with a $50,000 income, on the other hand, would have his $24,795 tax reduced to $19,836, and the tax on a $100,000 income would be cut from $63,128 to $50,502.

In view of recent sharp declines in the purchasing power of the dollar, the case for tax relief of individuals in the low-income brackets has been greatly strengthened. Effective reductions in tax rates for the low-income groups could be made without cutting them off the tax rolls.

A final strong objection to the Knutson bill is that it deals with only a part of the tax system. When the time is ripe for tax reduction, a comprehensive revision of the tax system should be undertaken, covering excise, corporate and other taxes as well as the individual income tax. That is the only way in which we can hope to work out a well-balanced tax system that will give due weight to rival claims for tax reduction.

[From the Washington News of March 17, 1947]

America's taxpayers have just gone through the agony of settling up last year's income tax, estimating this year's tax and paying the first quarterly installment of all in excess of the withholding.

It has been painful, but those who are wise have made their plans for this year to conform to the tax rates now in effect. They would like to believe, that come next March, the country will face a brighter prospect, and they a lighter burden.

But the political tactics of the House Republican leadership, in driving for a hurry-up vote on a 20 percent across-the-board cut in this year's income taxes, raise doubts that anything at all in the way of tax legislation will be accomplished in this Congress.

If the Knutson tax cut is passed by the House, it is not likely that it will be approved by the Senate. Even if it is, it surely will be vetoed by the President—and the veto will be sustained. For the country is overwhelmingly behind the President's sound insistence that a balanced budget and public debt reduction must come first.

Representative KNUTSON and those who vote with him, in their drive for political recovery of the GOP, underestimate both the intelligence and patriotism of taxpayers. For a majority of taxpayers well know that even the heavy exactions they have just paid are less onerous to them than the inflated living costs which stem from the Government's continued deficit financing.

The Knutson Republicans could better serve the country by working this year to reduce public spending and the public debt. And by working now on a broad tax reform, eliminating double taxation and other inequities, and making the lower rates applicable to next year's business and income, to the end that people may plan ahead with hope and confidence. Representative KNUTSON, et al., apparently don't think so, but they probably could even get more votes that way.

Back some 18 years ago some of our leaders of that day grasped the idea that prosperity and the distribution of money and buying power was subject to the laws of gravity and flowed downward. When the great depression began they figured that if they could enrich the people in the upper-income levels, they would distribute it on down to the lowest reaches of our population. Is that the idea underlying H. R. 1, the bill now before us? If so, it is a most deceptive proposition. At first glance this bill has a fair appearance. But if we examine it closer, we find it to be most fallacious and most unfair. There are 48,544,600 income taxpayers in the United States. Of this number, 46,801,800 persons have net incomes of $5,000 or less, and this group of smaller taxpayers pay 55.5 percent of the total income tax paid to the Government. The other group, whose net income is $5,000 or more, numbers 1,742,800, and they pay 44.5 percent of our income taxes. This bill increases the spendable money or buying power of the large group of more than 46,000,000 small taxpayers only a very small amount. The increase of their buying power under this bill is illustrated as follows:

For a married person with no dependents, with a net income of $1,200, it is increased 1 percent. If his net income is $6,000, his buying power is increased 4.2 percent. But in the upper brackets, a person with a net income of $100,000 has his buying power increased 34.2 percent while the person with a net income of $1,000,000 is increased 69.2 percent.

If the object of the bill is to insure prosperity, the old elephant has overlooked some important facts:

Those 46,800,000 with incomes of $5,000 or less must buy 50,000,000 or more pairs of shoes each year and a like number of hats; they must buy 100,000,000 shirts and 100,000,000 pairs of socks, and other clothing and food in comparative quantity. One of those people consumes as much or more food as those in the upper bracket for, of course, they are the working people and require more food. When they have buying power and are at work, they will consume the products of the American farm and factory and the profits from their purchases will reach the high brackets, as they always do. If we can keep this group of people employed and prosperous, we need have no fear of those in the upper bracket.

Any sound approach toward postwar tax reduction should include a comprehensive study of the entire Federal tax system including individual income taxes, corporate income taxes, estate and gift taxes, and excise taxes, and such a revision should aim at equitable adjustments, incentive effects, and sound administration under peacetime conditions. During the war it was necessary to extend personal income taxes to millions of very low income taxpayers. There

was little time to consider the inequities and discrimination under the lax laws which have been revealed under actual experience in tax administration. Single men whose net income is over $500 are required to pay tax. Married men with no dependents, whose net income exceeds $1,000 are required to pay these taxes. I contend that relief should first be extended to these low-income-tax groups not in the manner of a percentage cut, but that exemptions should be raised.

During the war years, in our effort to pay at least half the cost of the war as we went along, taxes were imposed wherever possible, with the result that many unjust and unequal taxes were levied. Many businesses are today stalemated because of these taxes. I am informed, and I think reliably so, that the fur industry and many other businesses like table cutlery, small items of jewelry, watches, and so forth, are being heavily retarded by these excess taxes. Any effort to reduce taxes should consider all these items. For instance, when a woman buys the cheapest-grade handbag, say, for $3, she pays a 60-cent Federal excise tax. The tax on telephone calls, telegrams, railroad tickets, and many other excise taxes of that character fall very heavily on people who are not able to pay them.

There are many technical administration and procedural tax problems that have been accumulating during the war years. The last major substantive revision of the Internal Revenue Code was made in the Revenue Act of 1942. Many amendments should be made to this act. All of these amendments will result in substantial losses in revenue, but these amendments should be considered whenever taxes are reduced. Any income-tax advantage enjoyed by community-property States by allowing husbands and wives to split their income equally should be nullified. Other tax problems are now under study by the Treasury Department or the joint committee staff, such as a double taxation of dividends, the tax treatment of cooperatives, taxation of American corporations doing business abroad, provisions for accelerating a more flexible depreciation allowance, allowing the taxpayer with fluctuating income to average the incomes of good and bad years in fixing tax liability, the treatment of capital gains and losses, an allowance for life-insurance premiums, and other forms of saving under the individual income tax. All these matters should be considered when tax reduction is contemplated. If, however, only individual income tax is to be considered, H. R. 1 is most unfair and discriminatory to taxpayers in the lower bracket.

In the low-income groups will be found millions of so-called white-collared employees—school teachers, clergymen, shopkeepers, salespeople, bookkeepers, barbers, clerks, and professional or semiprofessional workers, not to mention small farm operators, mechanics, janitors, caretakers, skilled, and unskilled laborers, many of whom are self-employed individuals. Most of these people are not organized and none of them have experienced any measurable wartime prosperity. The purchasing power of their dollar, however, has shrunk by more than 40 percent below 1939 levels. With the heavy rates of taxation now in effect, and with living costs constantly increasing, these groups have either been reduced to a substandard of living or are rapidly approaching that level. Any tax relief granted should first consider this group and should be in the form of higher exemptions.

The special exemption of $500 for persons over 65 years of age is a feeble attempt to improve the burden distribution under H. R. 1. The position of elderly persons with low, fixed incomes is undoubtedly an important factor to be considered in any program for postwar tax revision. However, the special exemption for the aged ignores the need for substantial income tax relief of other low-income taxpayers. The special exemption for the aged might set a precedent for similar treatment of other physically handicapped groups. Claims are already being made for exempting the incomes of teachers, veterans, the partially and totally disabled and other groups. It would be difficult to justify favored treatment for one particular low-income group as against all the others; or to discriminate against a disabled person 60 years of age, while allowing an additional exemption to a healthy person over 65 still actively engaged in his business or profession.

Under present law, it is advantageous for married couples to file separate returns only if their combined surtax net incomes exceed $2,000. The split bracket provided under H. R. 1 will make it profitable for husbands and wives now filing joint returns to file separately when their combined surtax net incomes are between $1,000 and $2,000. For example, a husband and wife, each with a net income of $1,500, would pay a tax of $190 each under present law if they filed separate returns, and a total of $380 if they filed joint returns. Under H. R. 1 as modified by the committee, they would be required to pay a tax of $133 each if they filed separate returns; however, if they filed a joint return, their total tax would be $304, or $38 more than their taxes on separate returns. The same tax savings under H. R. 1 would accrue to a married person residing in a community-property State, even if his spouse receives no income. The shift from joint to separate returns resulting from the split bracket would increase the number of returns substantially, thus increasing the work load on the Bureau of Internal Revenue despite a cut by the House of $30,000,000 in its budget for the fiscal year 1948.

When the time is right for tax reduction, the whole problem of incentives and the supply of venture capital will merit broad and careful consideration. The problem is not merely one of the individual income tax rates at the higher income levels, or of the individual income tax as a whole. It includes other phases of the Federal tax structure and many features of the individual income tax not treated under H. R. 1. Premature reduction of individual income tax rates on the scale provided under H. R. 1 may, in effect, prejudge these important questions and prejudice the development of a sound postwar tax system.

In the face of all these reasons against this ill-advised, ill-timed and considered bill, reducing the revenues of the country in this year when the national income is at its highest peak, almost $6,000,000,000, before the budget is balanced and without making any payment on the national debt, why do the majority insist on its passage? Is it because it proposes to make income-tax reductions effective retroactively to January 1, 1947; that taxes at the present rate are now being withheld from the salaries and wages of our people, and those whose income is other than salaries and wages are making quarterly advance payments at the present rate and if this bill becomes law, next year after income-tax returns are made on March 15 the Treasury will owe these taxpayers a refund and the Treasury Department will send refund checks to the 48,544,600 taxpayers of the country in 1948 during the election year? If that is the reason, they are grossly underestimating the character and patriotism of the American people.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, if our country is to prosper under a system of private enterprise, it is necessary that we reduce Government expenditures, balance the budget, make a payment on the national debt, and reduce the tax burden on the people. This is an interrelated program and, in considering this tax bill, I think it is important to give attention to the other factors.

Figures and estimates are not always reliable but the information comes to me from the staff of our Joint Committee on Internal Revenue Taxation that if present income and business trends continue throughout the next fiscal year that begins in July we would collect, under existing rates of taxation, $42,000,000,000. The House has voted a budget ceiling of $31,500,000,000, but let us take a more pessimistic view of it. Let us err on the conservative side.

Suppose existing rates would only produce $40,000,000,000 in revenue instead of $42,000,000,000, and suppose that our expenditures are held, not at $31,500,000,000, but at $33,000,000,000. It leaves a spread of $7,000,000,000. In all probability, the eventual loss in revenue by reason of the reductions made in this bill will not equal or exceed one-half of that spread of $7,000,000,000.

The Democratic-controlled Seventy-ninth Congress voted $9,000,000,000 in tax reduction. In other words, it was anticipated that the cuts to be made would amount to a loss of revenue of $9,000,000,000. However, due to the higher national income than was anticipated, the actual loss would probably not be more than half that amount.

Repeatedly our Federal Government has had the experience of actually increasing revenue by lowering rates. I do not believe that theory should be relied upon to the extent that we would be in danger of deficit spending or in danger of not being able to make a substantial payment on the national debt, but I submit that it is a principle that merits some consideration.

If we are to proceed under the system of private enterprise, we must have a vigorous forward-moving economy. A high national income with moderate rates of taxation will produce more revenue than a low national income with exorbitant rates. In that connection, I am very much in accord with the expression of the Secretary of the Treasury, Mr. Snyder, and I refer to the following colloquy, as shown by the hearings:

Mr. CURTIS. The burdens of the Federal Government will be very high for not only this generation but for several generations.

Secretary SNYDER. That is right.

Mr. CURTIS. Now the individual without a job, what his taxes might be if he had a job is purely academic; is it not?

Secretary SNYDER. I think we can agree on that.

Mr. CURTIS. Then is not the criterion that this committee must adhere to: What tax structure will produce the maximum enterprise and the maximum number of jobs?

Secretary SNYDER. That is it without a question. I recommend just such a thing. I recommend that very principle in my statement.

There are many well-meaning individuals who are of the opinion that there should be absolutely no tax reduction. I respect their views. It should be borne in mind, however, that we are going to move into an economy far different from our war economy. For several years Government purchases have been taking the greater portion of the output of our mines, forests, factories, and farms. The ordinary incentives and the usual causes and effects have not been the impelling forces in our wartime economy.

Our tax rates are at a very high point. If these high tax rates would prove to be disastrous to our economy as we come to the end of the period of big Government purchases, some of the individuals who now advocate no tax reductions might be the first to blame the Congress for its lack of foresight. I think you might be interested in something else Secretary Snyder had to say as shown by the hearings. I said to him:

Now, Mr. Secretary, we have agreed that the maximum amount of enterprise and the maximum number of jobs was a very important principle to be applied in recommending taxes. How long does it take for tax reduction to reflect in enterprise and job providing in the country?

Secretary SNYDER. It could very easily come within a very short time.

Mr. CURTIS. It does take a little time, does it not?

Secretary SNYDER. It takes a year, probably, yes.

Mr. CURTIS. That leads us to the conclusion that in any action taken to reduce taxes, we should keep in mind the job opportunities that would result not now but next year, the year following, and throughout the years, by reason of the enterprises it started, is that not true?

Secretary SNYDER. Certainly it is true, and that is the very basis upon which we are considering these taxes, as the prospect for next year.

What we do here today will not be pleasing to the critics of the Eightieth Congress. Anything the Eightieth Congress might do would not please them. The loyal opposition, consisting of the PAC, the administration, the minority in Congress, and a score of left-wing writers and commentators, have made their position well known. They are opposed to corrective labor legislation. They are opposed to the elimination of waste in Government. They are opposed to a reduction in the size of our Government. They are opposed to a cut in the budget. They are opposed to a reduction in the tax load of our citizens. In the great battle of the people versus a grasping, growing, burdensome government, they have cast their lot against the people.

This tax reduction bill, as it comes from the Committee on Ways and Means, provides for a 30, 20, and 10½ percent reduction in taxes. Those individuals, whose surtax net income is $1,000 or less are given a 30-percent reduction in taxes. The reduction is then graduated downward and, beginning at about a $1,400 surtax net income, it levels off at 20 percent. The people in the extremely high brackets of over $300,000 receive a 10½ percent reduction.

Let us consider what we mean by surtax net income. That means the amount of income after all deductions and exemptions have been figured. In the case of the typical American family, where the taxpayer has a wife and two children, if his wages or income amount to $3,300, he is first allowed 10 percent as a blanket deduction. His personal exemption and his exemption for dependents amounts to $2,000. Thus, his surtax net income is $1,000.

This group gets a 30-percent reduction in taxes. In this particular bracket you will find the people who must toil and earn their living. You will find the operators of small farms and businesses. The figures show that more than 24,000,000 taxpayers fall in the category of having a surtax net income of $1,000 or less. This is approximately one-half of the taxpayers in the United States. In other words, H. R. 1, as amended, grants to one-half of the taxpayers a reduction of 30 percent in taxes.

An individual with a surtax net income of $1,000, under existing law, pays $190 tax. Under H. R. 1, he gets a reduction of $57, or he pays $133. This is a reduction of almost $5 per month.

Much argument has been made to the effect that instead of applying a percentage reduction, the personal exemption should be increased. From one standpoint, that is very desirable. It should be borne in mind, however, that to raise the personal exemption from $500 to $600 would remove over 4,000,000 taxpayers from the tax rolls. To raise this exemption to $700 would remove almost 10,000,000 taxpayers.

A proposal has also been made that a married couple be granted a $2,000 exemption, a $1,000 exemption be given a single person, and a $500 exemption for each dependent. This would remove 20,000,000 taxpayers from the tax rolls. It would result in a loss of revenue of $5,500,000,000.

It is not a question of whether or not the Congress would like to remove these people from the tax rolls but it is a question of whether or not it can be done. It cannot be done until we are able to put into effect a greater degree of government economy than we are at present. It may be surprising to learn that the individuals, whose net income is under $5,000, receive 79.6 percent of the national income. Under present law, they pay 56.3 percent of the tax burden. Under H. R. 1, as amended, they will pay a little less than 56.3 percent.

The individuals receiving over $5,000 income receive 20.4 percent of the national income. Under present law, they pay 43.7 percent of the tax burden. Under H. R. 1, as amended, they would pay that amount or just a little more.

A great many tables have been used in this debate and by writers and commentators on the subject of taxes. They have tried to infer that the principle of H. R. 1 is unjust and unfair. Much has been said about the percentage increase in spendable income that a taxpayer would have after this bill becomes a law as compared with the present. It has been suggested that a small taxpayer might have the spendable portion of his income increased only a little over 1 percent. Let us analyze that.

If the head of the family of four is making $2,500 a year, after his exemptions and deductions are taken out, he pays about $50 Federal income tax. If we were able to relieve him of his entire tax burden, we would only increase the spendable portion of his income 2 percent.

Our present tax structure has been changed many times since 1932. The relation of the tax burden for any particular income level, as compared to other levels, is the responsibility of the party that has controlled the Congress throughout these many years. Let us see how H. R. 1, as amended, affects the relationship.

Under existing law, the individual whose surtax net income is $25,000 pays 9.2 times as much as the individual whose surtax net income is $5,000. Under H. R. 1, he will still pay exactly 9.2 times as much.

Under existing law, the individual whose surtax net income is $50,000 pays 24.4 times as much tax as the individual whose surtax net income is $5,000. Under H. R. 1, he will still pay exactly 24.4 times as much.

Let us take another case. The individual whose surtax net income is $100,000, under existing law, pays 25.5 times as much as the individual whose surtax net income is $10,000. Under H. R. 1, he will still pay 25.5 times as much.

Under existing law, the individual who makes $50,000 pays 10.2 times as much as the man whose surtax net income is $10,000. Under H. R. 1, he still will pay 10.2 times as much.

In other words, the ratio remains the same. If any particular group of people in America are paying more than their share of the taxes, it must be borne in mind that that ratio was established in the existing law enacted by Democratic Congresses.

Under H. R. 1, the existing ratios are changed in but one place. That is in reference to the small taxpayer. We do change the ratio for the benefit of the people of low incomes. For instance, under existing law, the individual with $5,000 surtax net income pays 5½ times

as much tax as the individual with a surtax net income of $1,000, but because of the additional cut that we give the lowest bracket, the tax on a $5,000 surtax net income is 6.3 times as much as it is on a $1,000 surtax net income. Likewise, under existing law, the tax for an individual with a surtax net income of $10,000 is 13.2 times the tax for an individual with a surtax net income of $1,000, but because of the preference in H. R. 1 for the lowest bracket, the tax on the $10,000 sum is 15.1 times the tax on the $1,000.

In the case of the individual with a surtax net income of $25,000, he pays, under existing law, 50.8 times as much as the individual with a surtax net income of $1,000. Because of the benefits of the 30-percent reduction that is given to the lowest bracket under H. R. 1, the tax on the $25,000 is 58 times as much as the tax on $1,000.

I want to mention something about the provision in H. R. 1 in reference to persons over 65 years of age. This is inserted in the bill to meet a number of problems. Some of the people who draw retirement benefits are required to pay income taxes on those benefits. Other benefits are exempt from income taxes. This problem has been before the Congress many times. In connection with tax-exempt retirement benefits, we must not lose sight of the fact that many of our citizens who reach old age receive no retirement checks, must still toil and not only pay their own taxes but added taxes because the neighbors are exempt from taxation.

In order to be fair to our aged, including those who receive no retirement benefits, H. R. 1 gives an additional personal exemption to those over 65 of $500. If they avail themselves of this additional exemption, they cannot take any other specific tax exemption that they might receive in connection with their retirement benefits.

Perhaps there are arguments against this idea but we must bear in mind that these aged people face many problems. They face the hazard of ill health. Continued employment is uncertain. Opportunities for new jobs and promotions are very few. A majority of the Committee approved this additional consideration for those over 65 and it is in the bill today.

Mr. Speaker, in these troubled and complex days, the problems that face this Government are really beyond description. It is my hope and prayer that when all the deliberations are over and the discussion is ended, the course that is charted is the one that is wisest and best for our Republic. I have no desire that any other course be followed.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. BENDER].

Mr. BENDER. Mr. Chairman, there are two basic reasons for passing H. R. 1, and passing it quickly. We should do so, first, to remove, at least to a very large measure, the threat to private initiative and new investment which stems from continuation of the enormously high wartime tax rates. Private initiative and new investment, of course, are restricted by such burdensome rates, and, as they are restricted, America's traditionally high level of employment is jeopardized. Lower taxes mean more jobs. But they mean much more than that, too, and that brings me to the second basic reason for wholeheartedly supporting this measure: namely, tax relief is necessary, particularly for people in the low-income groups, to enable them to meet, partially at least, the higher cost of living. By giving them this relief—nay, by increasing their take-home pay, which is what this tax measure means to them—we enable them to maintain consumer purchasing at a higher level, and thereby give more stimulus to employment and to business activity. Indeed, it is the surest way to maximum employment and business activity.

I pass the question of the effect of tax reduction on private initiative and the free enterprise system, Mr. Chairman. I wish to advert directly to my second reason for supporting this measure. The bill provides the greatest amount of tax relief for people in low-income groups. For instance, all individuals with net incomes of $1,000 or less are given a 30-percent reduction. Most of the others will get a 20-percent saving. That is as it should be. I need not emphasize the enormous increase in the cost of living since the outbreak of war. It has been more than 50 percent, and this, of course, has confronted the low-income person with prodigious problems. It has been particularly hard upon the white collar workers receiving relatively low incomes. For example, school teachers, whose difficulties constitute one of the most pressing of State and municipal problems today. But office employees and many other groups of average Americans are in the same difficulty. Their salaries and incomes did not increase during the war period in anything comparable to the rate of advances given wage earners in factories. Therefore, Mr. Chairman, it is entirely fitting that the very low income group receives some preferential treatment. This bill seeks to do that by giving the 30-percent reduction for those with net incomes of $1,000 and below, a sliding reduction between 20 percent and 30 percent for those in the groups between $1,000 and $1,400, and 20 percent which will apply to most of the rest of the American taxpayers.

All of us, of course, would like to reduce taxes still more, but we cannot, at least for some time. But let us keep one thing clearly in mind: The American people are firmly of the opinion that the Federal budget must be balanced and that some attempt must be made to start paying off the gigantic national debt, the interest on which alone costs more than the whole Federal Government did before 1933. Let us be clear in our minds about this, too: It is impossible to reduce taxes still more or to shift the burden more completely to the upper income group as long as our National Government expenditures run between thirty and forty billion dollars a year, four times the level of prewar years. All groups in the Nation must pay for big government, and the bigger the government, the more the lower income groups must pay. It is idle to talk about paying the costs of the gigantic Federal bureaucracy by a "soak-the-rich" tax policy. If we took all the income of the so-called rich, it would by no means be adequate to pay the costs of the Federal Government. This year, under the existing tax law, Government experts tell us there will be 46,683,799 taxpayers; 96 percent, or 44,817,360 of those taxpayers have net taxable incomes of $5,000 or less. Furthermore, they tell us that of an estimated net income of $114,293,000,000, 79.6 percent or $91,010,000,000 is accounted for by people with incomes of $5,000 or less. That leaves only $23,283,000,000 as the total income of persons having an individual income of $5,000 and above. Furthermore, under the present law the people with incomes of $5,000 and less pay 55.7 percent of all individual income taxes. This percentage would be lowered to 54.2 percent by H. R. 1. The point is inescapable, namely, you cannot run big government, such as we now have in this country, without the low income people paying the big share of the cost. People with large incomes simply do not have enough money, even if you took all of it from them, to pay for the luxuries of this enormous Government.

I mention this for a specific reason, Mr. Chairman. We here will take a step toward providing some tax relief for the lower income people in particular. But all parts of the population will get some relief. The point is this: Additional tax cuts, which we all desire so greatly, cannot be made until we cut back much farther the wasteful and expensive big Government which has been built up in Washington in the past 14 years. This, the people must keep clearly in mind, for the more they ask from their Government, the more functions and services they seek from this prodigious bureaucracy, they must pay for it, and pay dearly, for no further tax cuts will be possible if we do not reverse the movement of the past 14 years. Indeed, taxes undoubtedly will have to be increased again if we continue to expand the services and functions of the National Government.

Now, sir, the same observations can be applied in respect of the provision providing an additional $500 exemption for persons 65 years of age and over. It is a well-known fact, Mr. Chairman, that most people at that age are living on their pensions, income from savings, and the like. They have been very hard hit by a 54-percent rise in the cost of living since 1939. Consideration of the revision of our social security laws which would increase financial benefits to old people has been delayed by the war and the uncertainties of the postwar period. So, we owe it to our senior citizens to make more adequate provision for them, in one way or another. Pending further action on social security benefits and other readjustments, the present bill will offer some special relief to those so justly entitled to it. The bill, as amended, would prohibit the abuse from the operation of the $500 exemption provision by those people who already have special exemption because of the nature of their incomes. Certainly, this tax provision cannot be seriously attacked as setting up a preferential group to receive Gov-

ernment benefit. It will scarcely be maintained that it provides adequate relief for them but at least it is a step toward correcting a maladjustment which is bearing so heavily upon our senior citizens, many of whom gave splendid service during the war effort by continuing in their jobs beyond their retirement age, or by coming out of retirement to help the war effort.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. BRADLEY].

Mr. BRADLEY of California. Mr. Chairman, I cannot speak for other Members of the House but I know that the voters of the Eighteenth District of California elected me November 5 on a platform which advocated, among other things, a balanced budget, elimination of much of the octopus of New Deal bureaucracy and a reduction in income taxes.

Insofar as it is within my power I intend to live up to every part of this platform.

We, in the House, have voted to slash $6,000,000,000 from the proposed budget; day by day we are chopping off entrenched bureaucrats through refusal of funds to continue their tactics of smothering individual freedom; and, now, by this bill which we are considering today, we are going to give that tax reduction which is so badly needed and so well deserved.

Mr. Chairman, the American people of my district want to reduce the public debt—they want to strengthen the dollar and so destroy the tendency towards inflation—but, right now they need their earnings for purposes other than for the support of a government which, during the past several years, has performed on the theory of "Tax and tax, spend and spend, elect and elect." My constituents are the kind of people who cannot be fooled all the time by even the most magnificent flow of distorted facts from a multitude of administration propagandists. My constituents have seen through the smokescreens thrown up to stave off defeat at the next elections. They see through opposition efforts to prevent the Republican Party from delivering the goods it promised—the goods which the American public has bought and paid for—the goods, which include a substantial tax reduction for every income taxpayer.

No tax bill is perfect. No tax bill ever will be perfect. Yet, this bill does a lot of things I like. The 30-percent slash on small incomes makes me very happy. Through it, the man with just $1,000 taxable income will have $57 more of his earnings to spend on his wife and kids. And that $57 is not chicken feed out in California where the cost of living has gone up just as it has here, and where we want people to live as Americans should live—not crowded together in hovels like sheep in a cattle car.

Then this $500 exemption for those good senior citizens who have had 65 birthdays roll around. It means at least $90 a year additional for every such person who has a taxable income of $1,000.

Let us look at the civil-service annuitant and his wife, retired after long and faithful service, both well along in years and getting about $2,200 per annum. These people have been praying for some magic which would give them an exemption of around $1,200 a year over and above their regular exemption as man and wife. And here, praise God, we hand it to them, for when they add their $500 each to their family exemptions, and then add in other deductible items such as taxes, contributions, and so forth, they will find themselves tax-free.

The big-income man will get his cut, too—in a lesser degree, but sufficient, I hope, to release capital for investment and to show that the party in control of this House is not imbued with loyalty toward any one financial level of our people, but rather, that it goes all out to give a break to every American.

Mr. Chairman, this is a good bill. Let us pass it with a resounding majority so America can see exactly where we stand and how we live up to our promises.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Chairman, no one but the financial wizards of the New Deal could "reduce" the Government debt $20,000,000,000 and by the same transaction increase its liabilities.

This is the administration which objects to the Republican proposed tax reduction bill on the theory that they should first have the opportunity to reduce the debt.

Judging by past performance, if we permit them to perform these mystic rites of financial mumbo-jumbo, we may find our debt burden doubled.

As an example of sorcery, witness the Victory Loan.

The war ended in August 1945, and the drive for this loan was opened in October of that year. No sound reason existed for this additional burden upon the gigantic debt load. This is evidenced by the fact that, as a result of the loan, on February 28, 1946, the Treasury had a cash balance of $26,000,000,000. Also, added to our debt burden were $20,000,000,000 long-term, 2½ and 2¼ interest bonds.

Now, what did our bright scholars do?

They "reduced" the debt by paying off in cash $20,000,000,000 of short-term securities bearing interest at seven-eighths to 1½ percent.

Our wizards of debt reduction, therefore, borrowed money from Peter at a high rate of interest, to pay Paul to whom we owed money, but who was willing to continue the investment at a low rate of interest.

Our Government is worse off than if there had been no debt reduction.

This costly sleight-of-hand is characteristic of those who now say, "Let's not have a tax reduction. Give us the money and we will manage the debt."

The term, I advise, is "mangle the debt."

The administration has glibly talked of debt reduction for months, but not one sound plan has been presented by them for debt reduction.

With some humility, I am here to suggest a plan for the consideration of Congress.

The national debt can be paid—but not with hopes alone. It can be paid only with money—and plenty of it.

Practical debt retirement cannot now be accomplished at a cost of less than $5,000,000,000 a year paid on the principal. Any sum less than this amount will rapidly create a permanent debt of almost $250,000,000,000, for which $5,000,000,000 must be paid each year in interest.

A policy of forgetting about debt retirement will be very easy to adopt after July 1, 1947, for, by that time, much of the surplus cash in the United States Treasury will have been used to remove the twenty billions from the postwar debt peak of $280,000,000,000. Unless additional funds are made available for this purpose not later than September 15 of this year, debt reduction will cease, for all time.

Forgetting about postwar debt reduction has been tried before by other nations, but not by the United States. Fighting wars on credit has long been a habit of modern nations, but, so far, the United States has not subscribed to the European practice of waging the next war before making a substantial payment on the debt created by the one most recently concluded.

How constant debt is associated with constant wars is shown by the experience of Great Britain. The English people have had a funded debt ever since 1695, and the cost of settling the affairs of Europe and the world have kept this debt on the rise ever since William III's time. By 1793, it stood at about $1,300,000,000, at a time when the United States owed eighty millions. In 1820, after settling the accounts of the Napoleonic Wars, Great Britain owed more than $4,000,000,000, and this debt remained at substantially the same level until 1914. World War I brought a British peak debt of more than $38,000,000,000, and World War II has raised the British debt to beyond $100,000,000,000. A constantly rising public debt is not unique to Great Britain; it is typical of most modern nations, and has frequently been flaunted as one necessary aspect of the process of becoming a great power.

But a rising public debt has not always been eagerly acclaimed in the United States. Indeed, the debt remaining from the Revolution and the War of 1812 was marked "paid in full" in 1935. Half the Mexican War debt was paid before the clouds of the Civil War approached, and nearly two-thirds of the Civil War debt was paid by 1893. After World War I, the $26,000,000,000 debt was reduced to sixteen billions in 1930.

Today the United States has an equally favorable opportunity.

If Congress chooses, the present national debt of $262,000,000,000 can be cut in half by 1975.

And if the present debt is ever to be reduced at all, the choice must be made quickly.

For the national debt is not a lump sum which one may whittle at as he wishes.

It is a complex assortment of installment payments. In effect, the United States has agreed to pay so many remittances a year toward the remaining costs of World War II. And it can pay these remittances only when the installments fall due.

These installments are of many different types. On July 1, 1947, our $260,000,000,000 debt will include about forty billions which will probably never be paid; these are in Government trust funds and currency. The fifty billions in savings bonds will remain relatively constant; in prosperous years, at least, redemptions will be balanced by sales and accrued interest. The floating debt will also include as much as $47,000,000,000 in low-interest—1 to 1½ percent—securities subject to annual redemption or renewal.

But the real challenge of our national debt will lie neither in the forty billions used for various Government services, nor in the ninety-seven billions which can be redeemed on short notice. The real test of debt payment will come in the handling of the remaining $123,000,000,000. For, if this portion of the national debt is not paid off as each separate issue falls due, payment of the unredeemed part will be postponed for as long as 20 years.

In 1999, not very many persons will wish to be taxed to pay off a debt which was accumulated in 1946. Theoretically, there is no statute of limitations on the payment of public debt such as often affects the payment of bad private debts. In practice, however, no nation has yet asked its citizens to pay off through taxation, the debt incurred in earlier generations. In most programs of debt retirement, each generation of citizens pays off only that portion of the public debt which it accumulated for its own purposes; inherited debt is either carried on the books forever or repudiated outright if it becomes too burdensome.

For this reason, Congress should and can take immediate steps to halve the present debt within 20 years.

It has the power to do so. And it must do so at once, because $4,000,000,000 of the one hundred and twenty-three billions is tied up in long-term bonds, maturing during the 1948 fiscal year, and must be paid as they fall due or become perpetual debt.

Unless a substantial sum is set aside from 1948 revenues, these bonds will not be paid off. Three billion dollars must remain in the Treasury cash balance at all times to take care of continual debt transactions, and only the cash in excess of this amount can be used to cut down the size of the total debt. On July 1, the excess cash may amount to more than $3,000,000,000; but it can melt away by September 15, unless Congress deliberately provides for a surplus of revenues during the 1948 fiscal year.

In the coming fiscal year, it is already apparent that an effort will be made to secure a surplus of about $5,000,000,000 to be applied on the reduction of the national debt.

If Congress sets aside at least $5,000,000,000 each year to retire the Federal debt, that debt will be more than halved by 1975. It might be well for Congress to provide that the budget include each year, a sum of $10,000,000,000 for paying the interest on the public debt and a portion of the principal. Each year, it could enforce debt retirement by lowering, as provided in the fiscal provisions of the Legislative Reorganization Act of 1946, the legal limit of the national debt. As the debt declined, the interest charges would also drop, and a larger portion of the remaining debt could be paid each year.

Such a program would, by no means, rule out tax reductions.

Nor is it necessarily incompatible with the present tax bill offered by the Republican members of the Ways and Means Committee. Tax reduction is imperative. Our people are weary of the burden, and are entitled to relief. The details of timing, percentage, and exemptions have been agreed upon by the committee. While I do not agree with all these details, particularly with the retroactive and percentage features, yet, if we are to have relief, we must accept the best judgment of our committee.

That judgment includes a considered opinion that this tax bill will produce forty-one billions of revenue. The thirty-one and five-tenths billion budget, recently adopted by the House, provides for the five billion interest on the debt. Thus, my plan will only require five billion of the surplus and leave four and five-tenths billion for cushion and emergencies.

I am introducing a bill which, if adopted, will, for the first time, fix a definite, sound policy of debt reduction. Generally, it will require the payment of $10,000,000,000 on the principal and interest of the debt each year.

In addition, the Treasury will be required to pay, in cash, the long term securities the year in which they mature or are callable.

Allowing for the prospective 1947 cash balance of $6,000,000,000 (half of which must remain at hand for current needs), I have computed a schedule showing results of my plan in a period of continuing prosperity. I ask unanimous consent, Mr. Chairman, that this schedule be included in the RECORD immediately following these remarks.

Mr. Chairman, the best laid plans of men for reduction of expenditures and taxes will be of little value unless this plan I have outlined or a similar one is adopted.

We may permit the willy-nilly haphazard confusion in the management of the debt without specific directions or certainty of funds. Or, we may set up a definite fiscal policy for an orderly and economic retirement of the debt.

The first choice involves the freezing of our public debt at the present level, the second gives positive hope of placing our economy upon a sound financial basis.

The American people expect this Congress to bring order out of chaos, to restore sanity to Government.

I offer these suggestions as my contribution toward the achievement of this goal.

[All figures in billions of dollars]

Fiscal year	Debt payment	Interest payment	Proposed limit on debt
1948	7.5	5.0	265
1949	5.0	5.0	258
1950	5.1	4.9	253
1951	5.1	4.9	248
1952	5.2	4.8	243
1953	5.2	4.8	238
1954	5.3	4.7	233
1955	5.4	4.6	227
1956	5.5	4.5	222
1957	5.6	4.4	217
1958	5.6	4.4	211
1959	5.7	4.3	206
1960	5.8	4.2	200
1961	5.9	4.1	194
1962	5.9	4.1	188
1963	6.0	4.0	182
1964	6.1	3.9	176
1965	6.2	3.8	170
1966	6.2	3.8	164
1967	6.3	3.7	158
1968	6.4	3.6	151
1969	6.4	3.6	145
1970	6.5	3.5	138
1971	6.5	3.5	132
1972	6.6	3.4	125
1973	6.7	3.3	128
1974	6.8	3.2	121
1975	6.9	3.1	114

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Chairman, I wish to make my position on tax reduction crystal clear. I believe that when we have balanced the budget and made a substantial reduction in the national debt, we should give a reduction in taxes to those who are least able to carry the burden. I believe that such reduction can best be effected by increasing the tax exemptions.

I cannot support the tax bill presently before us for consideration. The tax-reduction plan embodied in this bill was conceived in political expediency, nurtured by political demagoguery, and delivered to you today in political desperation. It was conceived in political expediency for the reason that it was intended only as a preelection vote-catching device. No thought had been given to the finances of the Government, but it was popular before November 5th last to promise that taxes would be reduced. It was popular to try to make the people forget the financial obligations that the most terrific war in world history had forced upon them, and it was popular to tell our American people that the Democratic administration that had guided the country through the world's worst financial depression and emerged triumphantly as still a free, democratic government and had, likewise, guided the country through mankind's worst war and emerged triumphantly as still a great, free, democratic government, was responsible for the staggering debt burden that the war of the Four Freedoms entailed. Political expediency, it was, and of the rankest kind.

There can be little doubt that the tax-reduction plan contained in this bill was, likewise, nurtured by political demagoguery. Under the guise of tax reduction it was intended as a windfall for the rich and a hand-out for the poor. It was in-

tended to bring the tax in the highest brackets down below prewar levels, but the tax of the little man in the lower brackets was to be kept substantially above prewar levels. The vigorous opposition of the minority brought these facts to light, with the result that a sugar-coating—a 30-percent tax reduction for those with incomes of $1,325—was devised in order to make the whole bill more palatable.

The more the American people pondered over the inequities and injustices of H. R. 1, the so-called Knutson bill, the greater has become their indignation, when they realize that under this bill the spendable income of a married person, without dependents, and with an annual income of $1,200 is increased just $11 or 1 percent, while the spendable income of a married man, without dependents, and $500,000 annual income is increased from $92,536 to $157,926 or 70.7 percent.

Note the contrast: The increase in spendable income per annum for the little man is $11—22 cents a week, 3 cents a day—not enough to pay for a Republican newspaper in New York City.

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

Mr. LYNCH. I am glad to yield to the gentleman.

Mr. KEAN. Let us look into that matter a little. You are talking about a married man with no dependents with $1,200 income. Do you mean net taxable income?

Mr. LYNCH. Net income before personal exemptions.

Mr. KEAN. You did not say that.

Mr. LYNCH. Net taxable income. With an income of $1,200 of the person cited without dependents this bill will give him a spendable income increase of $11 per annum, which is 22 cents a week or 3 cents a day, which is just enough to buy a postage stamp.

Mr. KEAN. What increase in the spendable income would it amount to if there was no tax at all?

Mr. LYNCH. When you take away the tax, of course, you increase the spendable income.

Mr. KEAN. It would only amount to 2 or 3 percent if it were removed entirely, would it not?

Mr. LYNCH. When you take away the taxes, you increase spendable income by so much.

Mr. KEAN. Yes; by about 2 or 3 percent.

Mr. LYNCH. By whatever is the amount of the tax. This is the time to increase the spendable income of the little man.

Mr. KEAN. Absolutely.

Mr. LYNCH. This is not the time to increase by tax reduction the income of the big man. This is the time to increase the income of the little man who has not got enough to buy the necessities of life, the cost of which has increased so much since the end of the war when all controls were removed. I say, if we are going to have tax relief, that tax relief should be given to the small man. The best way to do it, in my opinion, is to increase the exemptions, but if you take it your way and give the 30-percent increase, you give the small man of $1,200 net income before personal exemptions an increase in his spendable income of exactly 3 cents a day. That is the Republican generosity of the day.

Mr. KEAN. Or a one-third reduction in his taxes.

Mr. LYNCH. That is the Republican generosity of the day. As a matter of fact, the distinguished chairman of the committee, in giving this concession of 3 cents a day to the man with a $1,200 income, indicated the generosity of the Republican Party to the low-bracket taxpayer. I just want to say that the great heart of Minnesota opened with generosity when the chairman agreed to accept this amendment.

The American people will be outraged when they learn that the income tax of the $4,000 per year married person, without dependents, will, under H. R. 1, as amended, be increased over his 1939 tax by 970.5 percent, while the income tax for the married person, without dependents, with a $5,000,000 income will be increased over his 1939 tax by only nine-tenths of 1 percent. Is there any wonder that there were only 2 days of public hearings? Is there any wonder that representatives of labor, agriculture, small business, pensioners, and white-collar workers were flatly and unprecedentedly denied by the majority the opportunity to appear in opposition at the hearings before the committee? The majority had, of necessity, to invite the Secretary of the Treasury to testify, and he testified vigorously in opposition. The Commissioner of Internal Revenue had, of necessity, to be invited to testify as to the technical difficulties of the original H. R. 1.

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

Mr. LYNCH. I yield.

Mr. EBERHARTER. I just wanted to observe that the Commissioner of Internal Revenue did not have an opportunity to testify as to how difficult it may be to administer this particular act that is before us today. We have no word from him in any shape or form as to how difficult it may be to administer these notch provisions and various other differences between this bill and H. R. 1 as originally introduced.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. LYNCH. Yes; I yield.

Mr. REED of New York. Commissioner Nunan was questioned on that subject and said it would not require more than 60 days.

Mr. LYNCH. No. The gentleman is in error.

Mr. REED of New York. Oh, we are always in error.

Mr. LYNCH. I think the RECORD will show that the gentleman is in error.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. LYNCH. I think the gentleman will see that Commissioner Nunan referred to the original bill. We did not have these amendments under consideration at that time.

Amendments to the bill were voted without any knowledge as to the technical difficulties involved, except that it was conceded that the difficulties that the taxpayer and employer would meet would be greatly enhanced. But speed was of the essence—rash preelection promises had been made, when the Republicans did not think they would control the Congress and have the responsibilities that go with that control. Each day has brought greater criticism on a do-nothing Congress. The fiasco of the excise tax bill, when the majority in newspaper headlines promised reductions and then extended all excise taxes with the exception of those on foreign air travel and on certain fur-trimmed garments. Today, in political desperation, this bill is brought forth in the House—the majority must get off the spot their preelection promises and postelection braggadocio have made so uncomfortably hot.

Mr. Chairman, other than the Secretary of the Treasury and the Commissioner of Internal Revenue, only two witnesses were permitted to testify—those two were specially selected for their known views in favor of the 20 percent cut across-the-board—one a member of a well-known law firm in New York that represents a Wall Street clientele and the other a director and head of personal trust department of the Bankers Trust and also a director of the Hearst Co., United States Lines, American Airways, American Superpower Co., and other large corporations. In brief, their testimony was that a reduction in individual income taxes was necessary as an incentive for business and an incentive to the individual. Those arguments are transparently fallacious. Today the national income is at its all-time peak, approximating $165,000,000,000; industry is in as high production as the scarcity of material and labor will permit; unemployment is at a low ebb; the financial reports of corporations show substantial increases over the lush year of 1945—business needs no incentive, it has all the incentive to a high production that scarcity and high prices can possibly give.

In the column Business Briefs of the Washington Star of March 21, last, there appears a note that business loans climbed $193,000,000 in the week ended March 12 to the unprecedented total of $10,995,000,000 which was $3,509,000,000 above a year ago. That certainly does not show that business needs an incentive.

In the New York Herald Tribune of yesterday there appears an article to the effect that the volume of outstanding bank loans in the United States increased more than $5,000,000,000 in 1946, which is the largest gain reported for any 12-month period since 1919–20, when a similar expansion occurred. That certainly does not indicate that venture capital needs an incentive.

One of the witnesses was particularly concerned that young men in his law office and elsewhere getting $8,000 or $10,000 a year would lose their incentive to work if these taxes were continued longer. I asked him point-blank if he

knew of any such men whose ambition had thus been thwarted and he said no. This gentleman quite understandably boasted of his Scotch thrift, so I imagine that taxes or no taxes, incentive or no incentive, he saw to it that the young associates in his law office turned out the work. I asked him if he knew any man getting $3,000 a year or $20,000 or $25,000 quitting his job because the taxes were too high and his answer was in the negative. He did refer, however, to a man, well over 70, who had an income that put him into the top brackets, who finally decided to quit—I suspect, however, that old age and an accumulated pot of gold had more to do with the retirement than present-day taxes.

Not one sound argument has been presented for the passage of this bill. Not one shred of credible evidence has been adduced to support the bill. It goes contrary to every sound principle of taxation—it is in direct opposition to every sound principle of business.

It is not sound policy to reduce the revenues of the Government when we do not know what the budget is going to be and if the majority cannot agree amongst themselves in the future better than they have in the past—we won't know what the budget will be for a considerable length of time. It is not sound policy to reduce the revenues of the Government, not only when we do not know what the budget will be, but when we also do not know what the appropriations will be.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. LOVE].

Mr. LOVE. Mr. Chairman, it is with a pleasing satisfaction that I rise at this time to speak in support of the amended H. R. 1. I shall vote for this bill. Many of my colleagues are well aware that I have been working for an immediate income tax relief that will be fair to taxpayers in all brackets. I forthwith urge all my colleagues to vote for this bill in its amended form.

One of the first steps toward a strong government is a sound fiscal policy. It is gratifying to know that we are making that step. For the first time in many years the income of our Government will be more than its expenditures. We shall not only balance the budget but we plan to pay a substantial sum toward the national debt and also cut personal income taxes as provided in this bill. Regardless of what anyone may say, I submit that this is a turn in the direction of prosperity.

Prosperity is the result of an incentive for investors to enter business coupled with adequate living conditions of the working people. I have never favored the theory that a person should be taxed for all he made over $25,000. I believe such a theory hurts business and curtails employment. I hope the time may come when an investor may be able to keep half of what he makes regardless of the amount.

Therefore, I say that this bill will be a great incentive for investment and create many new jobs. For a stronger reason, I am for this bill because it gives a 30 percent tax reduction to more than 25,000,000 taxpayers of the lower income groups and a reduction of between 20 and 30 percent for an additional 6,000,000 taxpayers. This is what I have been fighting for. This is the best part of a good tax reform, in my opinion. The man or woman who struggles for the necessities of life should be the first to have the most tax relief.

I am speaking in particular of workers with small incomes who need bread and butter and substance for their families, also the many office workers, store clerks, and school teachers and like groups who have not benefited from increased salaries, yet who have paid income taxes with money that should be used for the bare necessities of life. I am also for this bill because it increases exemption by $500 to more than 3,000,000 taxpayers beyond the age of 65 years.

Yes, I am for this bill not only because it will be an incentive for business, but, in particular, because it gives substantial tax relief to more than 31,000,000 people in the low-income brackets.

Mr. Chairman, I yield back the balance of my time.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. GILLIE].

Mr. GILLIE. Mr. Chairman, I rise in support of this tax-relief bill. It will come like a breath of fresh air to the millions of taxpayers who have been stagnating under the heavy burden of taxation necessitated by 14 years of New Deal extravagance. It was inevitable that the Republicans should sponsor tax reduction and reverse the policy of the administration which has been choking the initiative and incentive of our people with oppressive taxes. This bill permits the small wage earner to catch his tax breath. It will provide a shot in the arm to our free-enterprise system. Tax savings can be diverted into business and investment channels. The time-honored desire which has stimulated our people into new fields of endeavor is given new challenge. Punitive and restrictive tax policies are being revoked. This is a step in the right direction.

It often has been said that the power to tax, is the power to destroy. That is what the past tax policies have been doing. By increasing the tax load during the last four administrations, taxation has become a monster frightening the future of our Nation. Since the end of the war, it has been a factor in discouraging the start of small businesses and halting the venture of individuals into new fields of endeavor. With increasing costs under the inflation brought about by the wasteful expenditures and controls, the small-income family has been faced with a serious dilemma as to how to feed and clothe its members. This bill will help offset the higher cost of living. It will permit an expanding economy. It provides a fair shake for all of the taxpayers, affording the greatest relief to the lower-income brackets. Moreover, it will take care of those persons over 65 years of age who are living on pensions, annuities, and retirement pay.

It also opens the door for slashing needless Federal expenditures, balancing the budget, and creating income for the reduction of the terrific national debt which the people demand and we must have for a sound, growing Nation.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, during the 2 days' hearings that were granted on this bill, which I consider of the greatest moment of any that has been considered by the House in the past several years, we had witnesses from the Treasury Department and the Internal Revenue Bureau, and witnesses whose principal business interests were on Wall Street.

I wonder if the committee during that time had occasion to glance at the report of the Committee on the Public Debt. It is a great booklet. It was the last thing prepared by the late Brig. Gen. Leonard P. Ayres, one of the greatest statisticians of all time.

THIS STAGGERING PUBLIC DEBT

It is a study I think the Members on the Republican side of the House might well look into. It is revealing, and maybe it might cause them to forego their longing, as we Democrats are willing to forego our longing, to hand out on a silver platter a tax reduction at a time when the national debt exceeds any debt ever carried by any principality, democracy, or kingdom in the world's history.

On the front page of this debt study we see that the public debt now totals $7,009 per family, which figures out on a per capita basis of $1,981 of public debt for every person in the United States.

EIGHT TIMES GREATER THAN 1920

This is eight times greater than it was at the end of World War I when the public debt was $240 per capita, or 25 times greater than during the Civil War when the national credit virtually collapsed.

Measured by our national income the national debt is now 180 percent of our national income and bear in mind our national income is at an all-time high point. Please bear in mind that despite our record-breaking national income, the debt has never before exceeded 52.2 percent of national income—and this after the Civil War. After World War I the then high public debt was 41 percent of national income.

I have heard many members of the Republican Party stand up on this floor in 1939 and 1940 and tell us at that time it was dangerous to our system of free enterprise, our capitalistic system, to carry a public debt of $45,000,000,000.

WHERE IS THEIR LOGIC NOW?

I wonder how with any logic or reason these same men on the Republican side can now ignore the danger of a public debt that is some 600 percent greater than it was at the time those speeches were made and come in here today with a $260,000,000,000 debt asking for a tax reduction.

Oh, this debt book I think you Republicans could well study because I believe you will find in there something that might cause the hair to stand up on the

back of your neck some night and make you wonder what will happen if the interest rate on this public debt ever gets back up to its historic normal figure between 4 and 5 percent.

It is now the lowest in all history—2 percent.

HISTORIC RATE BETWEEN 4 AND 5 PERCENT

The interest rate, and you can see on this chart, has been around 4 and 5 percent on an historic basis. If the interest rate on this staggering public debt goes back to normal, your debt service alone for interest will be $10,000,000,000.

Yet now, with the national income at an all-time high point, you refuse, you decline to reduce by any definite amount this staggering public debt.

DEBT CORNERSTONE OF CAPITALISTIC SYSTEM

This public debt is the cornerstone, the keystone of our free enterprise system that we have and must continue to make work. Without the public debt being safely handled, without the confidence of the people of this country in these bonds that have been issued by the United States, then your capitalistic system is in grave danger.

If you will study the decadence of all the older countries of Europe you will find that the loss of confidence in the debt structure of their country preceded their inflation and collapse in almost every instance.

Yet now you Republicans are refusing to pledge any payment on this public debt, but you do pledge $3,830,000,000 tax reduction despite this staggering national load of a $260,000,000,000 war debt.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from New York.

Mr. REED of New York. I want to say to the gentleman that he has lodged a perfect indictment against his own party and his own boss.

Mr. MONRONEY. The gentleman knows very well that more than $20,000,000,000 of the $260,000,000,000 debt was created by anything other than the war. He knows that as well as I do, and yet he voted for every one of these appropriations that took the debt up from $45,000,000,000 to $260,000,000,000, and I ask the gentleman to affirm or deny that.

Mr. REED of New York. All that you have done since you came into power is to rob the people of $3,000,000,000 by reducing the value and the purchasing power of the dollar.

Mr. MONRONEY. Will the gentleman get on the subject?

Mr. REED of New York. All you have done is to vote debt after debt, to pile up one debt upon the other, all the time you were in power. You doubled the debt.

Mr. MONRONEY. I have but a limited amount of time. I ask that the gentleman be specific.

Mr. REED of New York. You kept piling up the debt and you voted for every inflationary measure of the Government that would create that debt.

PREWAR DEBT, FORTY-FIVE BILLIONS

Mr. MONRONEY. The gentleman knows very well that the public debt was less than $45,000,000,000 when this country started preparing for war, and he and the members of his party voted unanimously to put that debt up to $260,000,000,000, and I challenge anyone here to deny it. You know very well that you helped to fight this war with money as well as boys, and if you did not appropriate that money the war would still be going on, and the gentleman knows that.

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

Mr. MONRONEY. I yield to the gentleman from Nebraska.

Mr. CURTIS. I think the record will show that most of the Members on this side of the aisle voted to stop giving lend-lease to Russia after Germany was defeated, and that most of the Members on the other side voted to continue that expense.

Mr. MONRONEY. The gentleman knows very well that the debt has been reduced since the end of the war with the balance on hand in the Treasury balances, and yet they say that the Democratic Party created this $260,000,000,000 debt when you know it is absolutely not true.

FINANCIAL INTEGRITY FIRST

The first duty of Congress is to maintain this Nation's financial integrity. How we handle and retire this war debt is the cornerstone of our free-enterprise system.

The House majority has refused to earmark one thin dime for debt retirement even though the Members in the other body have insisted on earmarking, by unanimous consent, over $2,600,000,000 toward debt retirement.

I say even if the present Knudson tax-relief bill were an equitable bill—which I do not think it is, I think it is a relief bill for the rich—I would still be against it. This is no time to cut nearly $4,000,000,000 out of Uncle Sam's income when our war debt is greater than any debt that has ever been carried by any people ever on the face of the earth.

Mr. REED of New York. Mr. Chairman, if the gentleman will yield further, it was not created by any political party except your own.

Mr. MONRONEY. Does the gentleman deny that it was necessary to vote large sums for the conduct of the war?

Mr. REED of New York. And I will give the gentleman another example.

Mr. MONRONEY. Will the gentleman deny that it was necessary to appropriate large sums of money for the conduct of the war?

Mr. REED of New York. Why, bless your dear heart, you armed Japan or you would not have had a war in the Pacific, and you would not have had Pearl Harbor. Your party did that.

Mr. MONRONEY. Will the gentleman answer the question? He has failed to deny that his party voted the necessary funds as far as the conduct of the war was concerned.

Mr. REED of New York. Every life and every dollar that the Pacific war cost you voted for. You armed Japan.

Mr. MONRONEY. I refuse to yield further. The gentleman knows and every member of his party knows that outside of $20,000,000,000 of this debt, the balance is entirely war created, and the gentleman's party, I am proud to say, was patriotic enough to vote for the creation of the debt to arm our men overseas. Now you come in and say it is a New Deal debt.

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

Mr. MONRONEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The position taken by the gentleman from New York and others like him would, if carried to the final conclusion, indicate that they must be sorry they won the war.

Mr. MONRONEY. Or at least that they would have refused on second look, perhaps, to vote for money to carry on the war.

Mr. REED of New York. You armed Japan and you armed Yugoslavia, and now you come in and send our boys, their blood, our money, and our treasure to try to lick the fellow you armed.

Mr. MONRONEY. I think I might add, inasmuch as the gentleman makes this remark, that with world affairs in the condition they are I think it is a very poor time for this Congress to show reluctance in raising the necessary funds to keep this country strong.

Out of your appropriation bills as reported by Republican controlled committees 40 percent of which have been passed, you have cut less than $125,000,000.

You are not going to get your promised $6,000,000,000 saving out of the 60 percent remainder of that amount because the Army, the Navy, and the Veterans' Affairs appropriations comprise 85 per cent of the remaining amount.

I do not believe even the gentleman from New York would care to cut national defense at this time.

It seems apparent to me that the only safe, sane and responsible way for Congress to handle this momentous question is for us to wait and see if these nebulous promises of $6,000,000,000 economies will be effected—and then consider debt reduction first and then tax reduction.

To cut taxes before effecting budget savings—actual, not promised—is an irresponsible and dangerous procedure with our present staggering war debt confronting us.

TABLE I.—*Per capita national debt of United States*

	Per capita
After Revolutionary War	$19
After War of 1812	15
After Civil War	78
After World War I	240
After World War II	[1] 1,981

[1] $7,009 per family.

Source: Committee on Public Debt Policy by the late Brig. Gen. Leonard P. Ayres.

TABLE II.—*National debt as percent of national income has varied from 0 to 180 percent between 1799 and 1946, with a remarkable increase since 1940*

	Percent
After Revolutionary War	16.6
After War of 1812	13
After Civil War	52.2
After World War I	41
After World War II	180

Source: Same as table I.

TABLE III.—*Percent of national income required to pay interest on public debt*

	Percent
After Revolutionary War	0.5
After War of 1812	.8
After Civil War	2.6
After World War I	2
After World War II	[1] 3.5

[1] Highest in our history.

Source: Same as table I.

TABLE IV.—*Interest rate on interest-bearing national debt*

	Percent
After Revolutionary War	4.5
After War of 1812	5.5
After Civil War	6
After World War I	4.25
After World War II	2

Source: Same as table I.

TABLE V.—*Comparison of Knutson tax-relief measure by yardstick of relief given $2,000-per-year man*

$5,000-per-year man makes 2.5 times as much as $2,000 man; gets 2.8 times as much tax relief.

$10,000-per-year man makes 5 times as much as $2,000 man; gets 7.6 times as much tax relief.

$15,000-per-year-man makes 7.5 times as much as $2,000 man; gets 14.2 times as much tax relief.

$25,000-per-year-man makes 12.5 times as much as $2,000 man; gets 31.8 times as much tax relief.

$50,000-per-year-man makes 25 times as much as $2,000 man; gets 87 times as much tax relief.

$75,000-per-year man makes 37.5 times as much as $2,000 man; gets 151 times as much tax relief.

$100,000-per-year-man makes 50 times as much as $2,000 man; gets 221 times as much tax relief.

$250,000-per-year-man makes 125 times as much as $2,000 man; gets 671 times as much tax relief.

$500,000-per-year-man makes 250 times as much as $2,000 man; gets 1,174 times as much tax relief.

$1,000,000-per-year-man makes 500 times as much as $2,000 man; gets 1,945 times as much tax relief.

(Married person—no dependents—net income before personal exemptions.)

Source: Treasury Department report.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LEFEVRE].

Mr. LEFEVRE. Mr. Chairman, I have thoroughly read H. R. 1, the tax bill presently before us, and also the committee report. I can assure you I favor the passage of this legislation and know the American people are waiting anxiously for this Tax Reduction Act of 1947. It is very amusing to sit here in the House and hear the Democrats oppose this bill. As one very able Republican member of the committee stated, they hate to break away from their old formula—to tax and tax, spend and spend, and elect and elect. The Democrats can say all they want to and oppose H. R. 1 to their hearts' desire here on the floor of the House, but when voting time comes I feel very confident a great majority of their number will be voting with the Republicans. They know what this country needs; they know also what the people want, and they will be on the band wagon when the roll is called. No one likes any sort of taxes, that is admitted. Here is a bill reducing taxes, helping those in the lower brackets by 30 percent and the great majority of taxpayers by 20 percent. This helps all the taxpayers, who have willingly supported the wartime tax bills throughout that trying period.

The existing taxes have been a real threat to individual initiative and certainly have strangled venture capital. To create new jobs and a high level of employment, tax relief is one of the most important measures for this Congress to put through. There is a group I wish might have been helped further and that is the group living on pensions, annuities, retirement pay, and so forth. Those who have reached the age of 65 years or more do get a further exemption of $500.

However, I realize there are others in this category very worthy of extra consideration and who have had and still are having a difficult time living on a small fixed income. I believe this is a matter that surely will receive further consideration by the committee.

There is no doubt in my mind that every American citizen, receiving a fair income by wages or salaries, earned through business or investments, should help pay the costs of running our Government. This direct interest in our fiscal matters is bound to make our people government conscious. When every American citizen is conscious as to what our Government is costing and what is expected of it in these very unsettled times, we are bound to have the greatest possible efficiency in government, and maintain that leadership so necessary today.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, the Democrats of the House have certainly repudiated their old policy that they sang from shore to shore not so long ago, that we owe the debt to ourselves. I am glad they have abandoned that idea. I never accepted it as a lasting policy when it was put out by them.

The gentleman from Oklahoma [Mr. MONRONEY] made another point that intrigues me. He said they are willing to give up their longing. I wonder what longing he is talking about. If it is a longing for spending, I have not seen much evidence from the Democratic side of their willingness to give up that longing in connection with appropriation bills. If that is the longing they are willing to give up, it will be an innovation. In the 8 years I have spent in these halls, I have not seen any longing for saving and cutting down expenditures on the part of the Democrats in the House of Representatives.

Mr. Chairman, the Revenue Act of 1945 established individual income marginal tax rates ranging from 19 percent to 85.5 percent. In my opinion those rates are too great a burden for our economic stability. The income tax reductions provided by the bill, H. R. 1, now under consideration reduces the percentages so that the marginal rate of individual income tax will range from 13.3 percent up to 69.2 percent.

Whatever else is said about the reductions provided by the Knutson bill, H. R. 1, the percentage reductions stand at exactly 30 percent for the first $1,000 of taxable income, and 20 percent for all those earning more than $1,395.83. Persons earning between $1,000 and $1,395.83 will receive a flat $57 reduction under present taxes which of course protects them against unfair discrimination and brings about a gradual adjustment of the percentage reduction between the bracket entitled to 30 percent reduction and the bracket entitled to 20 percent reduction. All persons having income in excess of $302,000 receive a reduction under H. R. 1 of about 10½ percent on the surtax net income in excess of that amount. This schedule of reductions strikes me as being fair and equitable and brings about a much better balance in our personal income tax structure than we have under present law.

The provisions of the bill, H. R. 1, are much superior to any other proposal that has come to my attention. In the first place, the highest percentage of tax reduction is given to the low income group and the lowest percentage is given to the high income group.

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

Mr. MARTIN of Iowa. I yield.

Mr. KNUTSON. The gentleman has raised a very interesting point that has been overlooked by all the speakers on the other side; that is, that we are giving 30 percent tax reduction to those with a net income of $1,000 or less, then the reduction is graduated up to the net incomes of $1,395, and we are only giving 20 percent and 10½ percent to the high income groups.

Mr. MARTIN of Iowa. That is right. I thank the gentleman.

This schedule continues to extend the burden of supporting our Government to 47,644,600 individuals and gives each and everyone of these taxpayers a very real reason for critical observation of careless and extravagant expenditures by our Federal Government, and yet extends these 47,000,000 people badly needed relief. They should not be forced to pay present exorbitant income taxes one year longer in order to let a spending, wasteful, National Administration learn how to look at accumulated tax revenues without spending them. Sixteen years of reckless spending by the Democrats now in Federal office does not give the taxpayer much hope that this extravagant Democratic administration will change its spending habits as long as funds are made available to them.

Any observer of procedure to date in the Eightieth Congress knows that the Democrats are opposing economy in our appropriation bills, and if huge tax funds remain within their reach I predict that the economy in Federal spending that our Nation needs so badly will be put off from day to day, month to month and year to year until the taxpayers themselves take matters in hand and put an end to this wild spending record of the Democrats.

I have read with great care the views of the minority members on the bill, H. R. 1, and about all that these nine

Democratic members of the Committee on Ways and Means say is that it is unsound and inequitable and reckless to reduce taxes before they and the Democratic administration have accumulated surpluses. From their record of the past 16 years I do not care to postpone tax reduction that long. I do not even want to postpone tax reduction until the voters have had the opportunity to kick the spenders out of control of our Federal Government. The people of our Nation vigorously support the proposal to force a program of economy upon President Truman and his Democratic spenders. We need not and, in fact, we must not give them unbridled spending freedom for the closing months of their administration. The time for tax reduction is at hand, and I predict this Republican Congress will give Mr. Truman and his spenders their answer by the passage of this bill.

While the minority Democratic members of the Committee on Ways and Means criticize the bill, H. R. 1, at every turn, they make no recommendation of any plan for tax reduction. However, I am greatly interested in the fact that one of the minority members of the Committee on Ways and Means, the gentleman from Rhode Island [Mr. FORAND], introduced a bill, H. R. 2577, on March 17 calling for the exemption of $700 for each taxpayer, $700 for the spouse of the taxpayer, and $700 for each dependent of the taxpayer. When this plan was first brought to my attention it sounded reasonable enough to merit the careful study and analysis which I proceeded to give it. My greatest concern was in the matter of the effect of such a plan upon our ability to maintain the American free enterprise system in business, agriculture, and industry.

My brief analysis of the effect of such plan shows not only a reduction of more than $3,000,000,000 in tax revenues but a surprisingly small total sum of personal incomes left available for investment purposes. For example, I separated those earning more than $25,000 of surtax net income from those earning less than that amount. I have also separated income subject to normal tax and surtax from income subject to tax on long term capital gains. Under the tax schedule proposed in the Forand bill the combined normal tax and surtax reduce a $25,000 income to $15,357. Furthermore all of the earners of more than $25,000 in our entire country taken together would have only $1,033,000,000 left of their earnings in excess of this $15,000 average income after taxes. It is estimated that the recipients of capital gains income in our entire Nation will have a total of $928,000,000 after payment of their capital gains taxes. These two sums added together total less than $2,000,000,000 potentially available for new investment. Not all of this $2,000,000,000 would be made available for investment and I submit to you my view that even though every penny of this new money were invested in business, agriculture and industry, it would not provide adequate new capital to uphold a national income of $165,000,000,000 beyond the time when present reserves of investment capital are exhausted.

Every wage earner in our Nation is so dependent upon our maintenance of a good level of national income that I know he will not want Congress to enact any legislation that will cripple business, agriculture, and industry in the maintenance of a good level of national income under a free enterprise economy. The Knutson bill here under consideration today is a sound step in the direction of preserving a sound free enterprise system for our Nation.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. MARTIN] has expired.

Mr. REED of New York. Mr. Chairman, I yield the gentleman one-half minute.

I just wanted to call to his attention some figures that I think are important. During the next 15 years we are going to need about $280,000,000,000 in venture capital in order to keep our economic structure operating fully. That will amount to $18,600,000,000 a year in venture capital over a period of 15 years. I just wanted to make that observation because it fits in with what the gentleman suggested.

Mr. MARTIN of Iowa. I appreciate the gentleman's remarks very much because it does fit in with discussion and illustrates very effectively our need of the passage of the Knutson bill.

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

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, in 5 minutes you cannot say very much, but I want to call to the attention of the House and the people of this country some things I have been thinking about this afternoon after listening to the gentleman from New York [Mr. REED] make his observations earlier in the day. You know, the Republican Party apparently is not satisfied to let well enough alone. At a time when you had 60,000,000 unemployed, when the corporations of this country, after having paid their taxes, had more money left than they ever had before, we now find what they want to go back to. I did not think they would have the nerve to come out and tell us what they really had in their minds, but when you figure that H. R. 1 was given the rather dubious honor of being the first bill introduced in this Congress, we can accept that as their pattern.

The gentleman from New York harkened back to 1921, 1923, and 1925 as the time when they came in here and cut taxes and provided what he said was incentive capital.

He said that we had an unprecedented prosperity, that there was a smile on the faces of the workers, that there was laughter in the land. All right. I well remember that period. That was the time when Andrew Mellon condescended to come down here from Pittsburgh, Pa., and we all know that three Presidents of the United States served with distinction under Mr. Mellon.

And I will say this further thing to you—let us pursue the record. Why did the gentleman from New York stop coming? He did not come up from the 19th day of October 1929. Oh, no, you bet he did not. His voice became strangely silent because he knew that then the assembly lines would turn into soup lines, the smiles be frozen on the faces of the unemployed workers, and the laughter turned to cries of hunger.

Yet that is what he wants to go back to. I venture to say this to you as to your vote here tomorrow—I am not kidding myself, this bill will go through—I will tell the gentleman from New York, and he well knows it, the people of this country are going to say when this bill passes that the shadow of Andrew Mellon once again walks the halls of the Congress of the United States, bringing in its wake the same chaos that existed back there between 1929 and 1933.

It was not only the poor people of this country who were affected by that Mellon tax bill back in those days, it even reached up to the high industrialists of this country. They were praying to Almighty God that some hand would rescue them from the millions of unemployed in this country and the chaos which was wrecking them. Then that calm voice on March 4, 1933, when the empire of the Insulls and the Charlie Mitchells was crumbling about their heads, that calm voice reassured the people of this country when it said: "The only thing we have to fear is fear itself."

There has been a lot of laughter about this bill here, but there is nothing that should cause laughter to the people of this country because the same thing will happen to you that happened back there when the Mellon tax policies were pursued during those years from 1921 to 1929 to which the gentleman from New York, the gentleman from Minnesota, and the majority over on my left want to return.

I say to you when you have 60,000,000 people gainfully employed, when the factories of this country are making more than they ever made before, for God's sake let us leave well enough alone. I do not want any more Mellon tax bills.

I am going to vote against this bill for another reason: You cannot cut your taxes here like you are trying to because when you bring in your Agriculture appropriation bill next week or the week after you are going to cut Soil Conservation, and my friend the gentleman from Wisconsin [Mr. KEEFE] will be delighted if it leaves out the $75,000,000 for the school-lunch program. Oh, yes; he wonders how he got to be as big as he is because they did not have a school-lunch program back in his day. I will say to him that the school-lunch program is the first line of defense. All you have got to do is to look at the number of rejections at the reception centers of this country during 1940 and 1941 when we were trying to get ready to fight. Maybe if they had had a school-lunch program long before that time there would not have been so many people rejected for physical ailments.

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

Mr. REED of New York. Mr. Chairman, I certainly listened with a great deal of interest to the young man from Oklahoma. He has made a very impassioned address, but apparently he is not

familiar with the historical events. He apparently was rather young in the days to which he referred. I remember very well the stockmen out in his Southwest were not even a jump ahead of the sheriff in 1920; but under the policies set in motion by a Republican Congress the farmers sent their own representatives here to thank the Republican Congress and President for helping them out of their situation. He has forgotten all that. That is usually the way when somebody gets help.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. No; I cannot yield now. When some people get help, they soon forget. Ingratitude is not an uncommon human trait. But during those days we further developed this country. The Democratic Party, just previous to that time, had taken us into a war under the theory that they would keep us out of war. They got us into that mess, and they worked themselves then as they are working now, into a free-trade policy. The time will come, if they ever do get in power again, which I doubt very much, because the people have learned their lesson, when they will have learned the terrible consequences of their misguided policies. They have learned how to go out and arm the enemies, then turn around and use our finest manhood and our money to fight and to win the wars against the dictators of the world. I want to say that I am glad the gentleman has spoken here because now we have taken his measure and we will know just exactly how to handle him.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I remember those days in 1921, 1922 and 1923 and I also remember those days in 1930, 1931 and 1932. Then the cattle men were selling good steers for 3½ cents a pound and hogs for even less than that. We were selling our cotton at 4½ cents a pound. There were 14,000,000 people who were willing to work with their hands to make a livelihood for themselves and their families walking the streets of cities and towns, the highways and the byways of the country with nothing to do. I remember when 6,000 banks and trust companies closed within a year. I remember when businesses went to the wall.

I wonder if the gentleman from New York [Mr. REED] remembers those delectable and glowing and happy Republican days?

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from New York.

Mr. REED of New York. I remember those days very well, I may say to the gentleman from Texas, and I know that we were coming out of a world-wide depression in very fine shape. I remember that a group of your leaders was called to the White House when Mr. Hoover was President to see if they would cooperate. You informed him you would not cooperate to save this Republic, that you would not get in office if you would cooperate and you were not going to do it.

Mr. RAYBURN. The only constructive measure that it was proposed passing during that time was the Reconstruction Finance Corporation measure and that had the support of the Democrats.

Mr. REED of New York. 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. CASE of South Dakota, 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. 1) to reduce individual income tax payments, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that the action heretofore taken whereby the House was to meet at 11 o'clock tomorrow be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

EXTENSION OF REMARKS

Mr. WOODRUFF (at the request of Mr. CASE of South Dakota) was given permission to extend his remarks in the RECORD in two instances and include newspaper articles.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two addresses delivered by Dr. H. H. Bennett, Chief of the Soil Conservation Service of the United States Department of Agriculture, two speeches which I think are of great importance to this Nation, and being a great advocate of soil conservation, I ask that they be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the American Legion Post of New Kensington, Pa.

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD in two instances and include excerpts.

Mr. MONRONEY asked and was given permission to revise and extend the remarks he made in Committee of the Whole today and include certain tables.

Mr. MONRONEY asked and was given permission to extend his remarks in the RECORD and include an address delivered before the Oklahoma delegation.

Mr. FEIGHAN (at the request of Mr. MADDEN) was given permission to extend his remarks in the RECORD.

Mr. HAVENNER asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD and include certain extraneous material.

THE NATIONAL ARCHIVES

The SPEAKER laid before the House the following communications:

THE NATIONAL ARCHIVES,
Washington, March 19, 1947.

The Honorable JOSEPH W. MARTIN, Jr.,
Speaker of the House of Representatives.

MY DEAR MR. SPEAKER: The act of July 9, 1941, establishing the National Archives Trust Fund Board (44 U. S. C. 300aa-300jj), provides that the Board shall be "composed of the Archivist of the United States, as chairman, the chairman of the House Committee on the Library, and the chairman of Senate Committee on the Library." In view of the reorganization of the committee system of Congress and the disappearance of the House and Senate Committees on the Library, I am at a loss to know who the other members of the Board now are.

I shall apreciate it very much, therefore, if you will inform me as to what Member of the House of Representatives, if any, may be considered to be legally qualified to serve as a member of the National Archives Trust Fund Board. The Board has certain responsibilities with reference to trust funds deposited in the Treasury of the United States, and it is necessary for it to take formal action from time to time.

Sincerely yours,

SOLON J. BUCK.

MARCH 22, 1947.

Hon. SOLON J. BUCK,
The Archivist of the United States,
Washington, D. C.

DEAR SIR: I have before me your letter dated March 19, 1947, in which you request information as to what Members of the House of Representatives, if any, may be considered to be legally qualified to serve as a member of the National Archives Trust Fund Board.

Section 300f, title 44, United States Code, provides as follows:

"There is created a National Archives Council composed of the Secretaries of each of the executive departments of the Government (or an alternate from each department to be named by the Secretary thereof), the chairman of the Senate Committee on the Library, the chairman of the House Committee on the Library, the Librarian of Congress, the Secretary of the Smithsonian Institution, and the Archivist of the United States. * * *."

Section 300bb, title 44, United States Code, referring to the National Archives Trust Fund Board, reads as follows:

"The Board is hereby created and established, to be known as the National Archives Trust Fund Board, which shall consist of the Archivist of the United States, as chairman, and the chairman of the House Library Committee and the chairman of the Senate Library Committee."

Rule XI (1) of the rules of the House of Representatives provides in part as follows:

"All proposed legislation, messages, petitions, memorials, and other matters relating to the subjects listed under the standing committees named below shall be referred to such committees, respectively:

"(e) Committee on Post Office and Civil Service:

* * * * *

6. The National Archives."

Section 224, Public Law 601, Seventy-ninth Congress, known as the Legislative Reorganization Act, under the heading "Transfer of functions," reads as follows:

"The functions, powers, and duties imposed by statute, resolution, or rule of either House of Congress on the effective date of this sec-

tion on a standing committee of the Senate or the House of Representatives (or the chairman thereof) are, insofar as they are consistent with this act, hereby transferred to that standing committee created by this act (or the chairman thereof) to which is transferred the legislative jurisdiction over the subject matter to which such functions, powers, and duties relate; except that the chairman of the Committee on Civil Service of the Senate and the chairman of the Committee on Post Office and Civil Service of the House created by this act shall be members of the National Archives Council."

There is no question, of course, as to the membership of the chairman of the House Committee on Post Office and Civil Service on the National Archives Council.

Inasmuch as the jurisdiction over the National Archives has been placed in the Committee on Post Office and Civil Service it would be my opinion that the chairman of that committee would now be a member of the National Archives Trust Fund Board.

Very truly yours,

JOSEPH W. MARTIN, Jr.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 77. Joint resolution providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

ENROLLED JOINT RESOLUTIONS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. J. Res. 118. Joint resolution to strengthen the common defense by maintaining an adequate domestic rubber-producing industry; and

H. J. Res. 154. Joint resolution making an appropriation for expenses incident to the control and eradication of foot-and-mouth disease and rinderpest.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, March 27, 1947, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

490. A letter from the Acting Secretary of State, transmitting a draft of a proposed bill to promote the development of international radio broadcasting, to create an International Broadcasting Foundation, and for other purposes; to the Committee on Foreign Affairs.

491. A letter from the Attorney General, transmitting a request that the case of Francisco Mora y Bovis be withdrawn from the 127 cases involving suspension of deportation; to the Committee on the Judiciary.

492. A letter from the Acting President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill authorizing and directing the removal of stone piers on West Executive Avenue between the grounds of the White House and the Department of State Building; to the Committee on the District of Columbia.

493. A letter from the Comptroller General of the United States, transmitting report on the audit of Home Owners' Loan Corporation for the fiscal year ended June 30, 1945 (H. Doc. No. 183); to the Committee on Expenditures in the Executive Departments, and ordered to be printed.

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. TABER: Committee on Appropriations. House Joint Resolution 159. Joint resolution making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes; without amendment (Rept. No. 185). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. House Joint Resolution 158. Joint resolution to authorize the Secretary of Agriculture to provide for a continuation of the wool price-support program, and for other purposes; without amendment (Rept. No. 186). 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. GEARHART (by request):

H. R. 2790. A bill to amend section 811 (c) of the Internal Revenue Code with respect to the inclusion in the gross estate for the purposes of the estate tax of certain transfers taking effect at death; to the Committee on Ways and Means.

By Mr. JENKINS of Ohio:

H. R. 2791. A bill to amend the Atomic Energy Act of 1946; to the Joint Committee on Atomic Energy.

By Mr. ROGERS of Florida:

H. R. 2792. A bill to extend the time within which the municipality of Fort Lauderdale, Broward County, Fla., may consummate the purchase of the Coast Guard site (commonly known as the Base 6 property) which is located at Fort Lauderdale; to the Committee on Merchant Marine and Fisheries.

By Mr. MANSFIELD of Montana:

H.R. 2793. A bill authorizing an appropriation for the construction, extension, and improvement of a State tuberculosis sanatorium at Galen, Mont., to provide facilities for the treatment of tuberculous Indians in Montana; to the Committee on Public Lands.

By Mr. PHILBIN:

H. R. 2794. A bill to provide for certain tax-exempt purchases for hospitalized veterans; to the Committee on Ways and Means.

By Mr. SHEPPARD:

H. R. 2795. A bill to reduce and revise the boundaries of the Joshua Tree National Monument in the State of California, and for other purposes; to the Committee on Public Lands.

By Mr. MILLER of California:

H. R. 2796. A bill to extend the gratuitous insurance benefits granted by subsection 602 (d) of the National Service Life Insurance Act of 1940, as amended, to parents of certain deceased members of the armed forces without any requirement as to the dependency of such parents, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WOLCOTT:

H. R. 2797. A bill to terminate Executive Order 9070, to reestablish the Home Loan Bank Board, to establish a Federal Home Loan and Housing Board, and for other purposes; to the Committee on Banking and Currency.

H. R. 2798. A bill to amend section 5 of Home Owners' Loan Act of 1933, and for other purposes; to the Committee on Banking and Currency.

H. R. 2799. A bill to amend the Federal Home Loan Bank Act, title IV of the National Housing Act, and for other purposes; to the Committee on Banking and Currency.

H. R. 2800. A bill to amend section 5 of the Home Owners' Loan Act of 1933, and for other purposes; to the Committee on Banking and Currency.

By Mr. CORBETT (by request):

H. R. 2801. A bill to abolish the position of substitute employee in the postal service and to provide that all classified substitute employees shall be appointed to regular positions; to the Committee on Post Office and Civil Service.

H. R. 2802. A bill to amend the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945; to the Committee on Post Office and Civil Service.

By Mr. JUDD:

H. J. Res. 161. Joint resolution providing for membership and participation by the United States in the World Health Organization and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

By Mr. CRAWFORD:

H. Res. 162. Resolution to investigate the shortage of copper; to the Committee on Rules.

By Mr. WOLVERTON:

H. Res. 163. Resolution to provide funds for the conduct of the investigation continued by House Resolution 153; to the Committee on House Administration.

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 California, memorializing the President and the Congress of the United States relative to congressional support for the Merced County stream group flood-control project; to the Committee on Public Works.

Also, memorial of the Legislature of the State of New York, memorializing the President and the Congress of the United States to take appropriate action to authorize the United States Veterans' Administration to take over the St. Albans Naval Hospital; to the Committee on Veterans' Affairs.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the President and the Congress of the United States pledging the full cooperation of the State of Wisconsin, its agencies and people, to the War Department, in the development of Camp McCoy as a permanent military camp; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BRAMBLETT:

H. R. 2803. A bill for the relief of Miriam Barkle; to the Committee on the Judiciary.

By Mr. CELLER:

H. R. 2804. A bill for the relief of Jehan Warliker Seesodia; to the Committee on the Judiciary.

By Mr. CORBETT:

H. R. 2805. A bill for the relief of Sebastiano Lobo Pina; to the Committee on the Judiciary.

By Mr. COX:

H. R. 2806. A bill for the relief of the estate of H. M. McCorvey; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 2807. A bill for the relief of American Brewing Co., Ltd.; to the Committee on the Judiciary.

H. R. 2808. A bill for the relief of Mrs. Wong Shee Goo; to the Committee on the Judiciary.

H. R. 2809. A bill for the relief of Vernon J. Medeiros; to the Committee on the Judiciary.

By Mr. HAVENNER:

H. R. 2810. A bill for the relief of Wang Cho King; to the Committee on the Judiciary.

By Mr. JENNINGS:

H. R. 2811. A bill for the relief of G. F. Allen, former Chief Disbursing Officer, Treasury Department, and for other purposes; to the Committee on the Judiciary.

By Mr. KELLEY:

H. R. 2812. A bill for the relief of Mary Kouloura Drosseau; to the Committee on the Judiciary.

By Mr. PETERSON:

H. R. 2813. A bill for the relief of George E. Morris, Jr.; to the Committee on the Judiciary.

PETITIONS, ETC.

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

257. By the SPEAKER: Petition of the Protestant War Veterans of the United States, Inc., petitioning consideration of their resolution with reference to redress of grievances and violation of rights as free and uncontrolled citizens of this Republic; to the Committee on the Judiciary.

258. Also, petition of Morris H. Gaunach, and others, petitioning consideration of their resolution with reference to opposition to the 1-cent increase in the District of Columbia gasoline tax; to the Committee on the District of Columbia.

259. Also, petition of the Bar Association of Hawaii, petitioning consideration of their resolution with reference to H. R. 854, a bill relating to salary of justices and judges in the Territory of Hawaii; to the Committee on the Judiciary.

260. Also, petition of Rafael Arjona Siaca, senator at large, Senate of Puerto Rico, petitioning consideration of his resolution with reference to the political status of the people of Puerto Rico; to the Committee on Public Lands.

261. By Mr. GRAHAM: Petition of 21 residents of Lawrence County, Pa., in support of S. 265, a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

262. By Mr. MANSFIELD of Montana: Montana House Joint Memorial 11, relating to predatory animals and urging that the Federal Government allocate more money to assist in bringing said predatory animals under control; to the Committee on Public Lands.

263. Also, Montana House Joint Memorial 10, requesting that funds be made available from Federal public-land funds, Indian Department funds, and War Department funds for assisting in the location and construction of a bridge across the Missouri River between Poplar and Brockton, Mont.; to the Committee on Public Works.

264. Also, Montana Senate Joint Memorial 9, requesting an investigation of the railroad boxcar shortage, appropriate legislation to relieve such shortage, and appropriate action by the Interstate Commerce Commission to correct the present inequitable distribution of cars; to the Committee on Interstate and Foreign Commerce.

265. Also, Montana Senate Joint Memorial 12, requesting the appropriation of funds for the completion of construction of that portion of the Broadus-Crow Agency highway, known as State Route No. 8, lying within the northern Cheyenne Indian Reservation between Ashland and Lame Deer, Mont.; to the Committee on Public Works.

266. Also, Montana Senate Joint Memorial 7, requesting the enactment of legislation authorizing the State of Montana to lease State lands for the production of oil, gas, and other hydrocarbons for such periods of time and on such terms and conditions as may be provided by the Legislative Assembly of the State of Montana; to the Committee on Public Lands.

267. Also, Montana Senate Joint Memorial 8, requesting the enactment of legislation allowing for and directing the annual payment of grants by the United States Government to the State of Montana for the use and benefit of the several counties of Montana in lieu of taxes on lands owned by the United States Government in the State of Montana; to the Committee on Public Lands.

268. Also, Montana Senate Joint Memorial 6, requesting legislation to grant certain servicemen and veterans who have been prisoners of war the benefits of section 251 of the Internal Revenue Code; to the Committee on Ways and Means.

269. Also, Montana Senate Joint Memorial 10, requesting the continuation of the present Commodity Credit Corporation wool-purchase program and requesting price support for wool; to the Committee on Agriculture.

270. Also, Montana Senate Joint Memorial 11, requesting the United States Civil Aeronautics Board to give early consideration to providing that northern area of the United States as the crow flies from Duluth, Minn., to Seattle, Wash., with regular air transportation serving Chicago via the Twin Cities and Duluth and the intermediate points of Grand Forks, Devils Lake, Minot, Williston, Wolf Point, Glasgow, Malta, Havre, Great Falls, Shelby, Cut Bank, Kalispell, and Spokane; to the Committee on Interstate and Foreign Commerce.

271. Also, Montana Senate Joint Memorial 13, opposing the transfer of operating functions from Helena regional office to the Seattle subzone office, War Assets Administration; to the Committee on Expenditures in the Executive Departments.

272. Also, Montana Senate Joint Memorial 14, requesting action to provide funds for and to expedite the rural electrification program; to the Committee on Agriculture.

273. Also, Montana Senate Joint Memorial 15, requesting legislation to reimburse wheat growers who sold their 1945 wheat early and were deprived of benefit of advance in price; to the Committee on Agriculture.

274. Also, Montana Senate Joint Memorial 16, requesting allocation of funds for construction and maintenance of farm-to-market roads by States and political subdivisions thereof; to the Committee on Public Works.

275. By Mr. PRICE of Illinois: Petition transmitted by Mr. William Frech, local financial secretary, in behalf of Local Union No. 4, Progressive Mine Workers of America, at Belleville, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

276. Also, petition transmitted by Mr. Henry Elliott, recording secretary, in behalf of Local Union No. 75, Progressive Mine Workers of America, at O'Fallon, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

277. By Mr. SMITH of Wisconsin: Petition presented by a group of citizens of Racine, Wis., requesting favorable consideration of S. 265, a bill which penalizes interstate transmission, by mail or otherwise, of newspapers, periodicals, news reels, photographic films, or records advertising alcoholic beverages or soliciting orders therefor; advertising by radio is also prohibited, as well as the sending of circulars, letters, etc., into States which bar liquor advertisements; to the Committee on Interstate and Foreign Commerce.

278. By Mr. HAND: Petition of Local Union 573, American Flint Glass Workers Union of North America, Vineland, N. J., opposing Senate bill 55 as legislation which will hurt every working man and woman in this country; to the Committee on Labor and Public Welfare.

279. Also, petition of Local Union No. 559, American Flint Glass Workers Union of North America, Vineland, N. J., opposing Senate bill 55 as legislation which will bring about slavery and exploitation of the American workman; to the Committee on Labor and Public Welfare.

280. Also, petition of Local Union 550, American Flint Glass Workers Union of North America, Vineland, N. J., opposing Senate bill 55 as legislation that is the beginning of the end of freedom for American workers; to the Committee on Labor and Public Welfare.

SENATE

THURSDAY, MARCH 27, 1947

(Legislative day of Monday, March 24, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Our Father, that we stand to join our hearts in prayer is our acknowledgment of our great need of Thy guidance. We know that by ourselves we are not sufficient for these days, or for problems beyond the measure of our best wisdom. We are finding out that government of the people by the people is not good enough. We pray for government of the people by God. As this Nation was founded under God, so we confess that our freedom, too, must be under God. Then, and only then, shall we achieve the peace we seek and the righteousness which alone exalteth a nation.

Hear our prayer, O God, and grant unto the Members of this body Thy guidance, we humbly beseech Thee in Jesus' name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Chief Clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., March 27, 1947.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. HENRY CABOT LODGE, JR., a Senator from the State of Massachusetts, to perform the duties of the Chair during my absence.

A. H. VANDENBERG,
President pro tempore.

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

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednes-