owned area; to the Joint Committee on Atomic Energy.

578. Also, petition of the City Council of the City of Chicago, urging the prompt enactment of Wagner-Taft-Ellender housing bill; to the Committee on Banking and Currency.

579. By the SPEAKER: Petition of the membership of the Safety Harbor Townsend Club, No. 1, Safety Harbor, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

580. Also, petition of Miss Emma MacKay, Townsend Club, No. 1, Boynton Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MAY 28, 1947

(Legislative day of Monday, April 21, 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:

If Thou, O Lord, shouldst mark iniquities, who among us could stand unafraid before Thee? For there is so much bad in the best of us, and so much good in the worst of us, that we dare not criticize each other. But Thou canst reprove us all.

Ere we begin our duties, cleanse Thou our minds and hearts. What no proper shame kept us from committing, let no false shame keep us from confessing. In this moment may we find grace to seek Thy pardon and find the joy of the Gospel of making a new beginning.

In the power of Christ our Lord and Master. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, May 27, 1947, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 107) limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46 without amendment.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 107) limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46, and it was signed by the President pro tempore.

UNITED STATES PRINCETON UNIVERSITY BICENTENNIAL COMMISSION

The PRESIDENT pro tempore. The Chair appoints the Senator from Virginia [Mr. ROBERTSON] as a member of the United States Princeton University Bicentennial Commission, in place of the Senator from Utah [Mr. THOMAS], resigned.

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 Public Lands:

"Senate Joint Resolution 20

"Joint resolution relative to memorializing Congress to refuse passage of H. R. 2876, creating a Redwood National Park and a national-forest area in California

"Whereas H. R. 2876, now pending, proposes to create in the northwestern portion of California a Redwood National Park and a national-forest area, in addition to the parks and national forests now existing; and

"Whereas the purposes for which this national park and national-forest area are to be created are indefinite or not defined in H. R. 2876, while the disadvantages and disabilities which will accrue to the State of California and to the people of this State should this bill become law are at once apparent; and

"Whereas they accrue from the fact that this bill would take from private ownership and add to the public domain approximately 2,315,000 acres of highly valuable timber and other lands, thereby decreasing by more than one-half the taxable areas and approximately one-half of the assessed wealth of the counties of Del Norte, Humboldt, and Mendocino, and also by about 85,000 acres in Sonoma County, placing almost the entire lumbering industry of this part of California under Federal control and withdrawing from production of lumber more than 200,000 acres of redwood timber, as a result of which agriculture, stock raising, and general business in the area would also be seriously impaired; and

"Whereas the removal of such large areas of valuable lands from the assessment rolls would so reduce the tax revenue as to disrupt the local economy by placing an intolerable burden upon local government and the remaining property holders in the area, seriously affecting most adversely the economy of the entire State; and

"Whereas there is no reasonable basis for the creation of further national parks in this part of the State, since the State of California, aided by private donors, has acquired and preserved for all time 57,882.27 acres of the finest groves of redwoods and now administers for the public in the counties named above 43,184 acres of redwood parks and is still in the process of acquiring many additional thousands of acres for these parks, and has also acquired some 36,270 feet of ocean frontage, and has adopted numerous laws and regulations to bring about better logging methods, reforestation, and conservation, and for these purposes has within the last year acquired some 53,000 acres of cutover and virgin timber lands and has embarked upon a large program of experimentation and development of better reforestation methods and more adequate conservation controls which this legislature believes to be adequate and effective; and

"Whereas creation of the parks proposed by H. R. 2876 would conflict with and seriously hamper the State park and reforestation program of the State of California: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the passage of H. R. 2876 is highly undesirable for the reason that the provisions of the bill would accomplish no reasonable purpose but would seriously and most adversely affect the economic and cultural interests of the entire State of California; and be it further

"*Resolved*, That the Congress of the United States, particularly the Senators and Representatives of the State of California in the National Congress, and especially Mrs. HELEN GAHAGAN DOUGLAS, author of H. R. 2876, are hereby memorialized vigorously to oppose the passage of H. R. 2876; and be it further

"*Resolved*, That the secretary of the senate forthwith transmit copies of this resolution to the chairman and members of the House Committee on Agriculture and to each Senator and Representative from California in the Congress of the United States."

Two joint resolutions of the Legislature of the State of California; to the Committee on Appropriations:

"Senate Joint Resolution 3

"Joint resolution relative to memorializing Congress to increase Federal aid to the Veterans' Home of California, at Yountville

"Whereas there is a home for aged and disabled honorably discharged veterans of the United States, known as the Veterans' Home of California, situated at Yountville, Napa County; and

"Whereas the said home is supported jointly by the Federal Government and the State of California, the current Federal contribution being at the rate of $300 per annum for each veteran domiciled there; and

"Whereas the cost of food products and supplies and materials of all kinds entering into the upkeep and maintenance of the said institution now prevailing is substantially in excess of normal, due to World War conditions: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*. That the Congress and President of the United States are urged and memorialized to cause an increase to be made in the Federal aid to the said Veterans' Home of California, at Yountville, from $300 to $500 per capita, per year; and be it further

"*Resolved*, That the secretary of the senate is directed to transmit copies of this resolution to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

"Senate Joint Resolution 10

"Joint resolution memorializing the President and Congress of the United States in relation to providing funds for a continued Federal-aid highway program

"Whereas the construction of an adequate system of interstate highways as authorized by act of Congress has necessarily been deferred during the war years; and

"Whereas our wartime experience has demonstrated that such a system of highways is both indispensable to our national defense and essential to our peacetime economy; and

"Whereas more and more motorists are traveling throughout the Nation transcontinentally and along the coastal regions; and

"Whereas such traveling imposes particularly heavy use of California's highways and bridges which were necessarily subjected to heavy use by military vehicles and vehicles engaged in the transportation of equipment and materials for the war effort during the war years; and

"Whereas the additional cost necessary to provide adequate national defense arteries, including heavier bridges and roadbeds should be borne by all the taxpayers of the Nation: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the President and the Congress of the United States are respectfully memorialized and requested to take such steps as may be necessary to provide continued Federal appropriations to aid the States in the development of an adequate system of interstate highways and Federal-aid highways on the

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basis of a long-range program of Federal-State cooperative activity."

A concurrent resolution of the Legislature of the State of Oklahoma; to the Committee on Public Lands:

"Senate Concurrent Resolution 2

"Concurrent resolution memorializing Congress to grant its consent to uniform taxation of certain Indian properties, which are taxed by the Federal Government and which are immune or claimed to be immune from State taxation

"To the Honorable the Congress of the United States of America:

"Whereas there remains, nontaxable, 2,785,477 acres of Indian-owned lands located within the State of Oklahoma; and

"Whereas by recent decisions of the Supreme Court of the United States, there has been a general revision of the trend toward holding instrumentalities of the Federal Government free from State taxation; and

"Whereas the Federal Government itself imposes inheritance and income taxes against the trust funds and earnings of trust funds and all of the earnings from the sale of mineral resources, including oil and gas production from Indian lands and trust funds and securities held in the Treasury of the United States in trust for Indians; and

"Whereas as to the Five Civilized Tribes, the Supreme Court in the case of *Oklahoma v. United States*, has recently held that all personal property, all cash and securities held in trust by the Government for full-blood Indians and all real estate, except that real estate which is exempt from ad valorem taxes, either by act of Congress or by provisions in trust deeds or patents is subject to the inheritance, gift, and transfer tax laws of the State of Oklahoma; and

"Whereas there are many other tribes of Indians, the taxability of whose property is still in doubt and will result in a large amount of litigation; and

"Whereas it is within the power of Congress to make provision for the taxation of such Indian properties and the income therefrom should be the subject of State taxation; and

"Whereas in the absence of such action on the part of Congress, the State is put to much expense, trouble, and inconvenience in trying to impose taxes on the same properties which are taxed by the Federal Government; and

"Whereas as stated by the Supreme Court of the United States, in the above-cited case, as follows:

"'Congress cannot have intended to impose Federal income and inheritance taxes on the Indians and at the same time exempt them by implication from similar State taxes.

"'Congress has passed laws under which Indians have become full-fledged citizens of the State of Oklahoma. Oklahoma supplies for them and their children schools, roads, courts, police protection, and all the other benefits of an ordered society. Citizens of Oklahoma must pay for these benefits. If some pay less, others must pay more. Since Oklahoma has become a State it has been authoritatively stated that tax losses resulting from tax immunity of Indians has totaled more than $125,000,000. If Congress intended to relieve these Indians from the burden of a State inheritance tax as a consequence of our national policy toward Indians, there is still no reason why we should imply that it intended the burden to be borne so heavily by one State.

"'Restricted cash and securities and lands not specifically exempt by acts of Congress from direct taxation and miscellaneous personal property and insurance, all belonging to members of the Five Civilized Tribes in Oklahoma held not exempt by any existing legislation from State estate taxation': Now, therefore, be it

"Resolved by the Senate of the State of Oklahoma (the House of Representatives concurring therein):

"SECTION 1. That the Congress of the United States be memorialized to immediately pass a uniform act in which the rights of the States to tax the same properties belonging to restricted Indians, which is taxed by the Federal Government, and that such act be made to apply alike to all Indian tribes and individual restricted Indians located within the State of Oklahoma.

"SEC. 2. *Provided*, That nothing herein is intended to levy any tax on the allotted or selected homesteads of any restricted Indian and provided that the State disavows any purpose or intention of providing any tax lien against any restricted real estate of Indians within the State of Oklahoma, which would result in the levying of any process or execution against such properties as would interfere with, or molest the rights of occupancy and enjoyment thereof by such Indian citizens of the State of Oklahoma.

"Adopted by the senate the 3d day of May 1947.

"Adopted by the house of representatives the 7th day of May 1947."

A petition of the members of the Valdosta (Ga.) Townsend Club, No. 2, praying for the enactment of the so-called Townsend plan to provide old-age assistance; to the Committee on Finance.

A resolution adopted by the Patrolmen's Benevolent Association, New York City, N. Y., favoring the enactment of legislation to exempt from income tax pension payments paid to former municipal employees; to the Committee on Finance.

A resolution adopted by the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, at its eighteenth regular and fourth quadrennial convention, Cincinnati, Ohio, favoring the enactment of Senate bill 1048, to raise the minimum-wage standards of the Fair Labor Standards Act of 1938; to the Committee on Labor and Public Welfare.

By Mr. THOMAS of Oklahoma:

A concurrent resolution of the Legislature of the State of Oklahoma; to the Committee on Appropriations:

"Senate Concurrent Resolution 12

"Concurrent resolution memorializing Congress to appropriate funds to pay losses suffered by the cotton farmers of Oklahoma which losses were covered by Federal crop insurance

"Whereas many cotton farmers of the State of Oklahoma have unpaid claims against the Federal Government arising under the Federal crop-insurance program of the United States; and

"Whereas these farmers borrowed money from banks to plant and cultivate their cotton crop of 1946, which loans are long past due because of the failure of said crops and because of the failure of the Federal Government to pay the Federal crop insurance thereon; and

"Whereas said farmers have been advised that the reason for the failure of the Federal Government to pay said claims is that the appropriation therefor has been exhausted: Now, therefore, be it

"Resolved by the Senate of the Twenty-first Legislature of the State of Oklahoma (the House of Representatives concurring therein):

"SECTION 1. That the Congress of the United States of America be and it is hereby memorialized to immediately make an appropriation and pass the necessary laws to pay the 1946 cotton crop losses of the farmers of the State of Oklahoma, which losses were covered by Federal crop insurance.

"SEC. 2. That the secretary of the senate be, and he is hereby, directed to transmit a copy of this resolution to each of the following: To each member of the Oklahoma delegation in Congress, the chairman of the Committee on Agriculture of the United States Senate, the chairman of the Committee on Agriculture of the United States House of Representatives, the Secretary of Agriculture of the United States, the Department of Federal Crop Insurance, Washington, D. C., and the Agriculture Adjustment Administrator, Washington, D. C.

"Adopted by the senate April 8, 1947.

"Adopted by the house of representatives the 14th day of April 1947."

By Mr. CAPPER:

A petition signed by 101 citizens of Winfield, 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 LIQUOR ADVERTISING

Mr. BALDWIN. Mr. President, I have received petitions signed by several hundred people in Connecticut, strongly advocating the passage of Senate bill 265, to prohibit the transportation of alcoholic-beverage advertising in interstate commerce, introduced by the Senator from Kansas [Mr. CAPPER]. These petitions have been submitted to me by Mrs. Norma Burgess Moore, president of the Connecticut Woman's Christian Temperance Union. I should like to have it appear that these petitions have been received and that a note has been made of them in the RECORD. I will give to the clerk a notation of the number of the petitions, so that they may be referred to the proper committee. I do not think they should be printed in the RECORD, because they are quite lengthy and would occupy a great deal of space.

The PRESIDENT pro tempore. Without objection, the petitions presented by the Senator from Connecticut will be received and referred to the Committee on Interstate and Foreign Commerce.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. MALONE (for Mr. REVERCOMB), from the Committee on Public Works:

H. R. 1412. A bill to grant to the Arthur Alexander Post, No. 68, the American Legion, of Belzoni, Miss., all of the reversionary interest reserved to the United States in lands conveyed to said post pursuant to act of Congress approved June 29, 1938; without amendment (Rept. No. 209).

CONSTITUTION OF THE INTERNATIONAL LABOR ORGANIZATION INSTRUMENT OF AMENDMENT—REPORT OF A COMMITTEE

Mr. THOMAS of Utah. Mr. President, from the Committee on Foreign Relations, I ask unanimous consent to report favorably without amendment the joint resolution (S. J. Res. 117) providing for acceptance by the United States of America of the Constitution of the International Labor Organization Instrument of Amendment, and further authorizing an appropriation for payment of the United States share of the expenses of membership and for expenses of participation by the United States, adopted in Montreal in 1946, and I submit a report (No. 208) thereon.

The annual conference of the International Labor Organization will be held in Geneva, beginning June 19. This report provides for the acceptance on the part

of the United States of the amended Constitution of the International Labor Organization. The amended constitution in nowise changes our relationship with the International Labor Organization. I am sure there will be no objection to the acceptance of the amended constitution. Therefore, Mr. President, at the first opportunity I shall ask for the consideration of the joint resolution and accompanying report.

The PRESIDENT pro tempore. Without objection, the report will be received, and the joint resolution will be placed on the calendar.

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES, RELATING TO ASSETS OF WHOLLY OWNED FEDERAL GOVERNMENT CORPORATIONS

Mr. BYRD. Mr. President, following conversation earlier in the current session of Congress between the chairman of the Subcommittee on Appropriations for Government Corporations, Mr. FERGUSON, and myself, the staff of the Joint Committee on Reduction of Nonessential Federal Expenditures was requested by the senior Senator from Virginia to compile the assets of the corporations which are wholly owned and operated by the Federal Government.

This compilation has been made, and it reveals that the Federal Government's wholly owned and operated corporations are holding assets totaling more than $15,500,000,000.

While this study is somewhat in the nature of a follow-up to the Corporation Control Act of 1945, which was sponsored by the Joint Committee on Reduction of Nonessential Federal Expenditures, it actually was undertaken with a view to the necessity for retrenchment in all phases of Federal activity. The study was designed primarily to develop information from which appropriate committees of Congress might determine whether these corporate agencies are holding assets which might be liquidated and the proceeds applied to the costs of Government.

Exclusive of Government corporations of mixed ownership, and those in liquidation, the assets of 20 active wholly owned corporations, and their subsidiaries, total $15,698,089,707. These assets, largely in terms of book value, may be summarized as follows:

Cash on hand, in banks and on deposit	$1,250,935,984
Accounts receivable	499,792,291
Loans receivable	3,719,370,798
Deferred charges	39,266,137
Real property	3,095,267,469
Plant and operating equipment	5,206,769,133
Furniture and fixtures	81,172
Inventories of goods and commodities on hand	1,378,209,602
Investments	486,673,013
Miscellaneous assets	21,724,108
Total assets	15,698,089,707

The study under discussion was confined entirely to assets, but for the information of the Senate, the President's budget for the fiscal year 1948, estimates liabilities of the corporations at $14,161,000,000.

In view of the interest in this matter, which has been indicated by the chairman of the Senate Subcommittee on Appropriations for Government Corporations, I submit a draft of a report on Assets of Wholly Owned Federal Government Corporations, Fiscal Year 1947 to the Senate and request that it be referred to the Senate Appropriations Committee for its information and use if desired. If more detail should be required, the entire file of information on which this report is based is available to the Appropriations Committees of the Congress.

The PRESIDENT pro tempore. Without objection, the report will be received, referred to the Committee on Appropriations, and will be printed.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATIONS, 1948—MINORITY VIEWS (PT. 2 OF S. REPT. NO. 201)

Mr. HAYDEN submitted the views of the minority of the Committee on Appropriations on the bill (H. R. 2436), making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1948, and for other purposes, which were ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. BUCK, from the Committee on the District of Columbia:

Charles A. Robinson, of the District of Columbia, to be a member of the District of Columbia Redevelopment Land Agency for the unexpired term of 3 years from March 4, 1947.

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

Hugh L. C. Wilkerson, and sundry other candidates for promotions in the Regular Corps of the Public Health Service;

Kenneth W. Chapman and Elmer J. Herringer for promotions in the Regular Corps of the Public Health Service;

Charles P. White, and sundry other candidates for appointments and promotions in the Regular Corps of the Public Health Service; and

Henry C. Schumacher, and sundry other candidates for appointments in the Regular Corps of the Public Health Service.

BILLS INTRODUCED

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

By Mr. LODGE (for himself and Mr. MCGRATH):

S. 1356. A bill providing for the incorporation of the Franco-American War Veterans; to the Committee on the Judiciary.

By Mr. CAPPER:

S. 1357. A bill for the relief of Miss Ida L. Rollins; to the Committee on the Judiciary.

(Mr. O'CONOR introduced Senate bill 1358, to extend for 1 year the time within which application may be made for benefits under the Armed Forces Leave Act of 1946, which was referred to the Committee on Armed Services, and appears under a separate heading.)

By Mr. HATCH:

S. 1359. A bill providing for the administration by the Bureau of Land Management under the act of June 28, 1934 (48 Stat. 1269) of certain lands in certain western States, valuable for grazing, acquired by the United States under various relief and emergency acts; to the Committee on Public Lands.

By Mr. WHERRY:

S. 1360. A bill for the relief of Eric Seddon; to the Committee on the Judiciary.

By Mr. MCCARTHY:

S. 1361. A bill to amend the United States Housing Act of 1937 so as to permit capital grants for low-rent-housing and slum-clearance projects where construction costs exceed present cost limitations upon condition that local housing agencies pay the difference between cost limitations and the actual construction costs; to the Committee on Banking and Currency.

VETERANS' TERMINAL-LEAVE PAY

Mr. O'CONOR. Mr. President, I ask unanimous consent to introduce for appropriate reference and printing in the RECORD a bill. I also ask unanimous consent to present for printing in the RECORD an explanatory statement I have prepared relative to the desirability of extending the time within which veterans of the armed services may apply for terminal-leave pay.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred, and, without objection, the bill and statement will be printed in the RECORD.

There being no objection, the bill (S. 1358), to extend for 1 year the time within which application may be made for benefits under the Armed Forces Leave Act of 1946, introduced by Mr. O'CONOR, was received, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 5 of the Armed Forces Leave Act of 1946 is amended by striking out "September 1, 1947" wherever it appears in such section and inserting in lieu thereof "September 1, 1948."

The statement presented by Mr. O'CONOR was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR HERBERT R. O'CONOR

One point on which I am confident every Member of the Senate of the United States will be in full accord, is the desire to see that the veterans of our country have full opportunity to avail themselves of all the benefits which their grateful country has provided for them. One of these benefits which has unquestionably been of outstanding assistance to thousands of men and women as they resume their civilian careers, has been their terminal-leave pay, the primary purpose and function of which were to tide over the period of their reentry into gainful occupation.

The purpose of this bill, as of course every Senator understands, is to provide financial remuneration to all members of the services who did not enjoy the full amount of leave to which their length of service entitled them.

In many cases this was because the men were constantly on duty in the field where there was little or no opportunity to secure leave.

Under Public Law 704 of the Seventy-ninth Congress, section 5, it is provised that enlisted members of the armed forces, discharged prior to September 1, 1946, and former enlisted members of the armed forces, discharged prior to the date of enactment of this act, shall be entitled to be compensated for such days of leave to which they were entitled but which were not granted them. Provision is made in the act that if application is made to the Secretary

of War not later than September 1, 1947, he shall be paid the amount to which he shall be entitled.

My investigation and inquiries have shown me that a large number of former service people have not, up to this time, made application for the pay due them.

On checking with the various services I am advised that the following situation exists:

Army estimates are that approximately 1,000,000 veterans have not applied. Of this number, we are further advised, at least 300,000, who will have sizable amounts due them, will not have made application by September 1, of this year.

With regard to the Navy, advices are that some 300,000 former Navy personnel have not as yet applied for their terminal-leave pay. In addition to these, some 13,000 applicants who have filed have not received their terminal-leave pay because their applications have been improperly filled out or the return addresses are incorrect.

The figures quoted for the Navy include the eligibles in the United States Marine Corps but do not include some 100,000 veterans of the Coast Guard who have not made application and who sooner or later might be expected to want the benefits of this law.

Inasmuch as the Congress is expected to adjourn before the expiration date, September 1, 1947, and in order to protect the interest of those men and women who, for one reason or another, will not have filed their applications for terminal-leave pay, I have prepared a bill, which I will submit herewith, to extend the period for filing terminal-leave pay applications until September 1, 1948.

EXTENSION OF TIME FOR PUBLIC LANDS COMMITTEE TO MAKE REPORT ON STUDIES AND INVESTIGATIONS

Mr. BUTLER. Mr. President, the Committee on Public Lands finds it necessary to ask for a short extension of time within which to make a final report on Senate Resolution 315. We are asking for an extension to June 15, 1947. It means no additional expense. The time is necessary in order to prepare the report.

Therefore I ask unanimous consent to submit a resolution and request its immediate consideration.

There being no objection, the resolution (S. Res. 118) was read, considered by unanimous consent, and agreed to, as follows:

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 June 15, 1947, for the purpose of allowing additional time in which to make a report to the Congress.

RECLASSIFICATION OF CERTAIN SALARIES IN THE POSTAL SERVICE—AMENDMENT

Mr. BALDWIN submitted an amendment intended to be proposed by him to the bill (S. 808) 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, which was referred to the Committee on Civil Service and ordered to be printed.

ADDRESS BY SENATOR CHAVEZ BEFORE SOCIETY OF NATIVES OF THE DISTRICT OF COLUMBIA

[Mr. CHAVEZ asked and obtained leave to have printed in the RECORD an address delivered by him before the Society of Natives of the District of Columbia, which appears in the Appendix.]

OUR STAKE IN GERMAN ECONOMIC RECOVERY—ADDRESS BY M. S. SZYMCZAK

[Mr. VANDENBERG asked and obtained leave to have printed in the RECORD an address entitled "Our Stake in German Economic Recovery," delivered by Hon. M. S. Szymczak before the Economic Club of Detroit, Mich., on May 19, 1947, which appears in the Appendix.]

ADDRESS BY EDWARD KEATING BEFORE COLORADO MINING ASSOCIATION

[Mr. McCARRAN asked and obtained leave to have printed in the RECORD an address entitled "Have We a 'Labor Problem'?" delivered by Edward Keating, editor of Labor at the annual meeting of the Colorado Mining Association, at Denver, Colo., on February 8, 1947, which appears in the Appendix.]

WOOL AND RECIPROCITY—EDITORIAL FROM THE WASHINGTON EVENING STAR

[Mr. HATCH asked and obtained leave to have printed in the RECORD an editorial entitled "Wool and Reciprocity," published in the Washington Evening Star for May 27, 1947, which appears in the Appendix.]

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. BUCK. Mr. President, I ask unanimous consent that the Committee on the District of Columbia may meet at this time.

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

Mr. WHITE. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare or a subcommittee thereof be privileged to sit this afternoon during the session of the Senate.

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

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1), to reduce individual income-tax payments.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] to House bill 1.

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

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

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. McGRATH], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Tennessee [Mr. STEWART] are detained on public business.

The Senator from Tennessee [Mr. McKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The PRESIDING OFFICER (Mr. LODGE in the chair). Eighty-five Senators having answered to their names, a quorum is present.

CONFIRMATION OF NOMINATION OF ROBERT A. LOVETT TO BE UNDER SECRETARY OF STATE

Mr. VANDENBERG. Mr. President, I wish to submit a unanimous-consent request which I apprehend will lead to no discussion. I have talked the matter over with the majority leader and the minority leader, and the request has their approval.

On the Executive Calendar is the nomination of Mr. Robert A. Lovett, of New York, to succeed Dean G. Acheson as Under Secretary of State. M . Acheson will leave the service the latter part of next month, and it is very essential that Mr. Lovett should be promptly confirmed so that he can move into the State Department at once to familiarize himself with the tremendously widespreading duties involved in his assignment. The nomination has the unanimous approval of the Senate Committee on Foreign Relations.

All Senators know of Mr. Lovett's antecedents, and I am sure there is no possible objection to the confirmation of his nomination. Therefore, as in executive session, I am asking unanimous consent that the nomination of Mr. Lovett to be Under Secretary of State be confirmed, and that the President may be notified at once of the confirmation.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent that, as in executive session, the nomination of Robert A. Lovett to be Under Secretary of State be confirmed, and that the President be notified at once. Is there objection? The Chair hears

none, the nomination is confirmed, and the President will be notified forthwith.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income-tax payments.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN], which will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 7. Family partnerships, partners not contributing to partnership funds.

Section 3797 (a) (2) of the Internal Revenue Code, as amended, is amended by adding at the end thereof a new sentence as follows: "The fact that he is related to another member, or that his interest in such syndicate, group, pool, joint venture, or organization may have been obtained through gift or loan from another member, or without the contribution by himself of any money or other property, shall not affect a member's status as a partner: *Provided*, That the amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1938."

Mr. McCLELLAN. Mr. President, the pending amendment, offered by me, if agreed to and finally enacted into law, will correct in part the injustice which I sought to correct in full by the amendment which I previously offered, and which was rejected yesterday. In the course of the debate and discussion of the amendment which I offered yesterday, it was frequently pointed out on the floor of the Senate by various Senators that in non-community-property States, notwithstanding that the husband may desire to make his wife a full partner by voluntarily giving to her a half interest, or any other interest he may choose, in his business and in his property, and in consummation of which he executes the necessary legal documents and papers under State law so as to constitute her his business partner and the owner of a one-half interest, or any other designated and specified interest, in his property and in his business, which he is entitled to do under the law of the State, so she may share in the income in proportion to the interest she thus acquires, and notwithstanding that such procedure is legal, notwithstanding that it is the only way in the non-community-property States that a husband who desires to do so can give his wife the full benefit of community-property status which she would have if they were both citizens of a State in which there was in effect a community-property law, the Internal Revenue Bureau still will not recognize that legal transaction for the purpose of income-tax collections.

Mr. President, the Internal Revenue Department recognizes the community-property law of community-property States and permits the husband and the wife to split their incomes for taxpaying purposes. That results in a discrimination against the husband and wife in non-community-property States. But when the husband in a non-community-property State undertakes to comply with the law of his State by executing the legal documents necessary to give full force and effect, legally and otherwise, his purpose to make his wife a partner in his business so that she may share his income equally with him, the same Internal Revenue Bureau which recognizes the community-property State law so as to give a tax advantage to one who lives in a community-property State, refuses to recognize the partnership laws which are in effect in my State and in 37 other States of the Union under which a husband in any of those States may associate his wife with him as a legal partner.

Mr. President, as I have stated, the pending amendment will only correct in part the major evil which I sought to correct yesterday by the amendment presented by me then, which was rejected by the Senate. I say the pending amendment will only correct the evil in part. Let us consider a professional man, a lawyer or a doctor, who desires to associate his wife with him in his profession. If the lawyer's wife is not also a lawyer, or if the doctor's wife is not also a doctor, then he could not effectuate such an arrangement as I have referred to, because there would be no conveyance of property. The wife may not be licensed to practice medicine or to practice law, and therefore the husband could not convey to her a half interest to form an association for the practice of law or for the practice of medicine because she could not meet the legal requirements to obtain the license necessary to participate in such a partnership. So such individuals could not take advantage of the pending amendment by forming a partnership.

But, Mr. President, there have been many partnerships formed in the non-community-property States by the husband either giving to his wife an interest in his business, or, in many instances, by the wife actually investing her own money, her own capital, her own earnings in her husband's business. Yet she is not recognized as a bona fide partner by the Internal Revenue Bureau because the Bureau says that notwithstanding she put her own money into the business, notwithstanding she bought an interest in the business, just as any individual not having any relationship to the husband by blood or marriage could do—notwithstanding she does that, neither she nor the husband, in spite of the fact that they have paid a gift tax on the transaction, can obtain the benefit that is given to citizens of community-property States for tax purposes unless she actually works in the business, helps manage the business, and gives her time and supervision to it just as if she were an employee.

Mr. President, that position is wrong. We who condemn it were chastised a bit yesterday on the floor of the Senate by the senior Senator from Texas [Mr. CONNALLY]. I shall not undertake to quote his words verbatim, but he chastised us for the position we took, and said, "You ought to pass community-property laws in your States, and then you would have every advantage we now have." Certainly that is true, Mr. President, but we have passed a law which is quite as binding as are the community-property State laws. We have just as much right to pass a partnership law as does the State of Texas to pass a community-property law, and the operation of our law makes just as legal the transfer of property by the husband to the wife as do community-property State laws which compel the equal division of property and income between husband and wife. Yet our law is not recognized by the Internal Revenue Bureau.

Mr. President, I want to say, with respect to the remarks of the able Senator from Texas, that if it be true, as he contends, that under community-property law the wife is recognized as an equal partner, and is entitled to half the earnings of the husband by reason of the fact that she may supervise a home and do the work for the partnership that is required to be done as a housewife, then why should the Internal Revenue Bureau say that if the wife lives in a non-community-property State she cannot have the same recognition unless she leaves her home and goes out and works in her husband's office or in his factory or on his farm or in some business in which he may be engaged? Why can she not still remain just the wife charged with the household duties? When has it become the prerogative of the Government of the United States to say where a man's wife may work or may not work before she may become a partner with her husband in any business enterprise?

My amendment will correct that situation, Mr. President. All we are asking is to eliminate such an evil. I do not see how the Senate can consistently deny that relief to us. Of course, the adoption of the pending amendment will not by any means have the impact of loss of revenue that the adoption of the amendment which was acted upon yesterday would have had. No one can estimate exactly, or within reasonable approximation, what the loss of revenue would be under the pending amendment, but certainly, Mr. President, the loss in revenue will be in no sense as great as the loss which would have occurred had the amendment under discussion yesterday been adopted.

The principal objection raised against the amendment acted on yesterday, and the reason which many assigned for voting against it, was that the Government could not stand the loss of revenue which would result from it, in addition to the loss of revenue which will result from the passage of H. R. 1, as amended by the Senate. This amendment does not involve that much loss. The amendment merely provides that the laws of my State and of 37 other States in the Union shall have the same status, the same force and effect, and the same recognition by the Bureau of Internal Revenue for purposes of tax collection, as have the laws of community-property States for the benefit of husband and wife in the payment of their income taxes.

I do not believe that anyone can successfully defend the position of opposition to this amendment except possibly on the ground that it would cause a slight loss of revenue in the Federal Treasury during the next year and the years to come. Mr. President, the small amount of revenue which might be involved is not so precious or so necessary as to warrant the lawmakers of this Government in disregarding a sacred obligation to enact laws which are honest and which do equity among the citizens of the Nation. Any Senator who desires to oppose the amendment has the right to do so; but I could not with good conscience take such a position with reference to the citizenship of any other State.

Mr. President, I wish to revert to the amendment which was rejected yesterday. The vote has already been taken. I have no quarrel with any Senator who voted against it. I am somewhat disappointed although I did not expect the amendment to be adopted. However, in view of the arguments and reasons assigned pro and con, and the discussion by the ablest Members of this body, I find that there is but one valid reason given why that amendment was not adopted. I think it was because it was felt that the Treasury at this time could not stand such a loss of revenue, and because there were other inequalities and inequities in the tax law which ought to be removed.

The vote on the amendment was 29 for and 51 against, with 6 other Members of this body paired in favor of the amendment, making a total of 35 Members of this body, more than a third, who have gone on record as favoring the correction of this flagrant inequality and injustice. That large number gives me hope and encouragement. Furthermore, yesterday a number of Senators gave expression to the hope, the purpose, and the intent that in a general tax revision bill this serious problem of flagrant discrimination shall be given early consideration with a view to removing it.

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

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. I should like to emphasize again the things which were said on that subject yesterday. Since yesterday I have read the Senator's remarks, and I congratulate him on having made a most able presentation of his viewpoint.

Mr. McCLELLAN. I thank the Senator. Let me say for the RECORD that a number of Senators have spoken to me personally about this matter, both during the course of debate and since the vote was taken yesterday. Although they could not support the amendment yesterday because they felt that the impact of loss of revenue would be too great, they have assured me that at the earliest opportunity, when a general revision bill is presented containing a provision similar to the amendment whch I offered yesterday, it will have their support.

I make reference to that fact because I want the people of the 38 States affected to know that, notwithstanding the vote of this body yesterday was adverse, there have been expressions on the floor of this Senate and in private conversation by a number of Senators, of assurance that consideration of the problem will not be unduly delayed. Mr. President a sufficient number, together with those recorded in favor of the amendment, have so expressed themselves, as will insure its passage. I want the people who are bearing this burden to know this Senate has now pledged relief. I want to give them encouragement, as I review the record which was made yesterday and the assurances which have been given by Senators who felt that under the particular circumstances at the moment they could not vote for the amendment, that they are conscious of this travesty upon justice, and that as speedily as possible they will make a diligent effort, as honest legislators, to correct this injustice.

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

Mr. McCLELLAN. I yield.

Mr. HATCH. I rise to join in what the Senator from Colorado has just said about the able argument made by the Senator from Arkansas yesterday. Both yesterday and today he has pointed graphically to a situation which, in my opinion, requires correction. I emphasize the point that there should be no difference between the community-property States and the non-community-property States in making the necessary adjustments. I shall vote against the Senator's amendment today, partly for the same reasons which actuated me in voting against the amendment which he offered yesterday. The Senator from Colorado [Mr. MILLIKIN], chairman of the committee, has assured us that his committee will consider these questions. The people of the community-property States are at present suffering from some injustices which we think should be corrected. I am very anxious to have the whole subject explored, so that all the inequities and injustices may be corrected. I do not want the rights of the community-property States, which we conceive to be fundamental and vested rights, destroyed; but I am anxious that the rights of citizens of other States be accorded to them upon as nearly an equal basis as possible. I am happy to join the Senator from Arkansas in trying to reach such a solution.

Mr. McCLELLAN. I thank the Senator. I believe that that is the sentiment which prevails generally in this body. The only reason I am offering this amendment now and insisting upon it is that there are a number of citizens in my State—and I am sure the same situation is true in other States—who today cannot adjust their business affairs because of the fact they have conveyed an interest in their property to their wives, their daughters, or their sons, and the conveyance has not been recognized by the Treasury or Revenue Department. Their whole tax problem is in a state of flux. They do not know how to make adjustments. They do not know how to plan their businesses; what their tax liability will ultimately be. They know that they are entitled to relief, and they have been hoping that this Congress will give them relief. I am making a plea today to afford relief to those who have operated under the law and have done a legal act, having in mind a worthy objective, according to those who live in community-property States. I think we can all agree on that proposition. I am only asking that they be given that recognition now. I believe that it is deserved. To grant recognition to this extent certainly would not upset or dislocate to any appreciable extent the financial and fiscal affairs of the Government.

Mr. HICKENLOOPER. Mr. President, will the Senator from Arkansas yield to me?

Mr. McCLELLAN. I am glad to yield to the Senator from Iowa.

Mr. HICKENLOOPER. I will say to the Senator from Arkansas that, to my mind, there is much more reason for supporting and adopting this amendment than there was for supporting and adopting the community-property amendment offered yesterday. I shall try to show why that is so. This amendment does not disturb the question of community property in any other State; it has no effect on it. It goes directly to the very basis of the support of the community-property law as recognized by the Government, and that is the law of the State. On partnership recognition the amendment goes directly to the sanctity of the laws of the States in which statutes exist which authorize doing business under partnership arrangements.

Moreover, Mr. President, if the Senator will yield further, I should like to see whether he agrees with me on the point I am about to mention. This amendment, in my judgment, will not in the least affect any existing income source of the Government or any reasonably anticipated income source, because the Bureau of Internal Revenue has only begun to go into this field as a sort of windfall proposition resulting from two Supreme Court cases which have recently been decided. So that any income that comes from their present policy, as I understand and as I have been reliably informed, is neither anticipated income nor existing income; and this would be the time for the Congress to say it will recognize the laws of the various States with reference to the partnership situation without affecting either the anticipated income or existing income to the Treasury Department.

Mr. McCLELLAN. In other words, if the Congress acts now it will be able to prevent the major harm that will result from this policy, because many persons have not yet paid the tax. The tax has been made a charge against them, but it has not been paid and is at the present time in controversy.

Mr. HICKENLOOPER. That is exactly the situation; and if we delay until next year there will be a history of windfall income for this year, and next year we may be faced with the proposition that we are cutting down anticipated income which was received this year.

Mr. McCLELLAN. The Senator is quite correct about that, and I thank him very much.

Mr. HICKENLOOPER. Let me again say, Mr. President, that this particular amendment represents a fundamental principle which I can support; namely,

it recognizes the valid laws of the States so far as these arrangements are made.

Mr. McCLELLAN. In other words, the Senator recognizes a matter of simple justice. The Internal Revenue Bureau has no moral right, and I say it has no legal right, to recognize the validity of the laws of one State pertaining to property and fail or refuse to recognize the laws of another State that so operates as to place the citizen in the same status in both States.

Mr. HICKENLOOPER. If the Senator will yield further, I will suggest that what the Internal Revenue Bureau is doing today, based upon certain decisions of the Supreme Court which apparently gives that agency some authorization, is to deny certain individuals rights under the law because they happen to be blood relatives of someone, which rights are given to persons who do not happen to be blood relatives. The Senator has a right to form a partnership under almost any condition. He may manage the partnership, and if I happen to be a relative of his, a member of his family, generally speaking the Internal Revenue Bureau holds that it is a heinous crime for him to have such a relative in the partnership, and therefore will not recognize the validity of the situation for income-tax purposes, but it will if we are strangers.

Mr. McCLELLAN. In other words, Mr. President, I can give half of my business to someone who is not related to me, can pay gift tax on it, and the Treasury Department recognizes it as valid. But if I choose to give it to a member of my family it is questioned as being a tax fraud, and the revenue department collects all taxes from me as the head of the family.

I am now happy to yield to the able Senator from Georgia.

Mr. GEORGE. Mr. President, I simply desire to assure the Senator that while I did not vote for the community property amendment submitted yesterday, I am not lacking in sympathy with the objective and purpose of it. If the Senator will pardon me, I think that I have perhaps struggled with this question as long as has any other Member of the Senate. For a number of years I have tried to correct this inequality. At the time when we were making an effort to correct an inequality that the people of the non-community-property States believed they were suffering as compared with married taxpayers in the community-property States, we were in a period when increased revenues were urgently demanded, so that every time the subject came up we were reminded of the fact that we could not reduce the revenues and that any correction of this inequality would result in some loss of Treasury receipts. Therefore the Treasury favored the direct attack upon property; that is, they favored taxation of the property in the community-property States as if it were the property of the earner or the head of the family. They undertook to make that fight in 1941, when every day's delay in the passage of the tax bill meant a loss of about $3,000,000 to the Treasury. We were met on the floor with what was apparently an incipient filibuster. It was not fully developed, but it had all the earmarks of developing into a full-sized filibuster. After a little while we were simply compelled to recognize that revenues were being lost to the Treasury. There was an extreme uncertainty, namely, whether or not the amendment could be adopted by the Senate within any reasonable time, and we were also confronted with the question of whether or not the House conferees would agree to accept it. Even before that, but at that time particularly, I called for an amendment in line with the amendment which the Senator from Arkansas so eloquently and earnestly urged yesterday. I have believed for a number of years that the only way finally to correct this inequality or inequity which does exist between married taxpayers in community-property States and married taxpayers in non-community-property States was by such an amendment, or a similar amendment. There are some difficulties involved.

Let me remind the Senator that the question of family partnerships has developed out of the very condition which he discussed yesterday, to wit, in the non-community-property States the head of the family felt that he could make a gift to his wife, either of money or of other property, or a direct interest in his business, which would be valid under the State law, and that he would have the right to operate that business as a partnership. The disposition to do that was at least stimulated by, but was not wholly due to, the fact that in the community-property States there was an actual division of property.

After the passage of the Income Tax Act in 1913, after the Supreme Court held that the original income tax act was unconstitutional, Congress undertook to treat community property in community-property States as if all of it—that is, all of it that had been accumulated after the marriage of the husband and wife—were the property of the husband, on the theory that he had certain definite control, management, and so forth, over it. Some collections were made, but finally in a certain case the Supreme Court held that the property of one taxpayer cannot be taken to pay the tax of another taxpayer, and that in the community-property States there is an absolute ownership and property right in the wife, and that her property cannot be taken to pay the taxes of the husband.

No one could quarrel with that decision, in my opinion; it was and is a sound decision. When we get into the family partnership cases, although the distinguished Senator from Iowa has pointed out two or three decisions of the Supreme Court of recent origin, nevertheless those cases were commenced several years ago, as a matter of fact. It takes some time for a case to go through the lower courts or through the tax court and the lower courts, and then into the Supreme Court of the United States.

So the Treasury has been making an attack on the so-called family partnerships, so far as I know, in all of the States, perhaps including the community-property States, if they happened to involve property that the wife had inherited separately or that the husband had inherited prior to the marriage, before coverture. The Treasury has very vigorously pushed the cases against the so-called family partnerships. I think, and I have said so to the Treasury, and I have said so openly in the hearings in the Finance Committee, that they have gone entirely too far. They do not recognize the fact that a valid partnership may exist for perfectly good reasons, therefore being based upon a valid consideration even at common law, where the wife's real money contribution to the partnership derived originally as a gift from the husband. If the husband makes money and pays all the taxes due upon that money, and if after having paid his taxes he wishes to give the wife an interest in a partnership business or give her the money which she puts into that partnership business, there should not be laid down in those cases the narrow test which our courts, I regret to say, have recognized, to wit, whether the wife actually contributed anything by way of work or by way of attention or by way of management of the business. That ought not to have been the test.

Although the Treasury is right in some respects, it is wrong in other respects in these partnership cases. The Treasury is right to the extent that if it recognized all the so-called family partnerships, it is perfectly possible that the result could be to wreck or destroy the revenue, because any taxpayer could say, "I have created a family partnership, and I am the owner of only one-half or one-third or one-fourth of an interest in this business, because the wife and the kiddies have an interest in the business which I have given them." Some of the partnerships of course are not bona fide partnerships; but I believe that the Treasury has gone entirely too far in its insistence upon its right to tax all such partnerships. The Supreme Court has not held, as I understand, that any family partnership is taxable to the husband as the sole owner; it has not gone to the full extent of saying that the wife does not have a separate and severable interest in the partnership which she can assert; but the Court has said that each case depends upon its own facts, and the Court has very nearly precluded the possibility of the existence of a bona fide partnership where the wife's interest in the partnership property was derived from a gift from the husband.

As I have said, in my opinion, they have gone too far. I think the real remedy is not to undertake to say, however, that every partnership recognized by the law of the State must be recognized by the taxing authorities of the Federal Government. I think that probably would simply torpedo the revenues—to what extent, no one can tell, because taxpayers are very quick to take every advantage of any possible loophole.

Mr. McCLELLAN. To what extent could it go beyond the community-property law?

Mr. GEORGE. I do not know that it could go beyond the community-property law; but I think the amendment which the Senator offered yesterday is a proper amendment to the bill which already is under consideration by the

House Ways and Means Committee and on which several days of hearings already have been held. I think to handle the matter in that way is the proper manner of reaching the question, so that if husband and wife in any non-community-property State wish to treat their property as community property and wish to file separate returns, they may do so.

The question of the inheritance or estate tax is somewhat related to that, because it evidences the desire of the Treasury to tax the income from property held in the community-property States and the earner of the income, rather than to recognize the right of the wife under the community-property laws existing in such State. But it is not necessarily related to the Senator's amendment. In other words, the Senator's amendment might properly be directed to the new tax-revision bill, and I think it should be directed to it; and so far as I have the slightest influence in the matter, I am perfectly willing to identify myself with the Senator in connection with that bill, which presumably, at least, is to be reported to the House of Representatives early in 1948—in January, if possible—and then is to be brought over to this body as soon as it is passed by the House of Representatives. To that bill this will be a perfectly valid and proper amendment, although I think it may result in the loss of revenue. But at the same time I believe that in that general revision of our revenue laws we should make this correction, which undoubtedly does operate as a very great hardship on the States and especially on the taxpayers in all the non-community-property States, and, in addition, especially is it an aggravating and irritating circumstance in the States that adjoin or are adjacent to the community-property States.

Mr. McCLELLAN. Mr. President, I wish to thank the able Senator from Georgia for his remarks. I know of no Member of this body or of the House of Representatives who can speak with greater authority upon tax problems, and I am happy to have this assurance from him. I know that the people of the United States, and particularly the citizens of the non-community-property States, will rejoice in the statement the able Senator from Georgia has made and the assurance he has given that he, too, will devote his efforts and his great influence toward securing the passage of legislation which will correct this evil.

Mr. President, I did not mean to consume nearly so much time, and I shall conclude by saying again to the people of the Nation that their Congress has, in my judgment, by the vote cast yesterday and by the statements made on the floor of the Senate by responsible, able, conscientious Senators and legislators, clearly shown that they now can hope that in the not-far-distant future the Congress will resolve this problem and will rectify the gross injustice that has so long been imposed upon them.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Arkansas [Mr. McCLELLAN].

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

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

The PRESIDENT pro tempore. The Senator from Colorado suggests the absence of a quorum. The clerk will call the roll.

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

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

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

The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN].

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

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, the question of the taxability of the incomes of family partnerships is an exceedingly complex one. It is perfectly apparent that when we are dealing with the subject of gifts, and especially family gifts, there have to be some standards for determining whether they are bona fide. If we were to adopt the laws of the States and say that we would follow the complexion which State law puts upon family partnerships, of course the States would at once go into an orgy of partnership law which would, in the end, deprive the Federal Government of all revenue from all partnerships having a family aspect.

I do not know of any subject that has greater temptation for evasion than family partnerships, and I do not know of any subject where there has been more arbitrary treatment of the citizen. Since the Tower and Lusthouse decisions have come down, it seems to me that the Treasury, in practice—I am speaking of the practice as distinguished from its rules, regulations, and instructions—has been especially harsh to taxpayers who find themselves involved in family-partnership income-tax questions.

But here is the central problem: If there could be written into the law the complete definition of a valid family partnership, one that would not allow administrative discretion, of course that would be a perfect thing to do, and a highly desirable thing to do. But the difficulty is, when the field of fraud is touched, all experience shows the impossibility of employing rigid definitions and limitations. Human ingenuity is such that it climbs over such walls. So, no matter what may be done here, if the Senate were prepared to do anything today, legislation would be passed that would still allow a large area of administration. When that area of administration exists, there is bound to be a certain amount of arbitrary action. We cannot legislate sense into thickheads, or into arbitrary heads, or into overzealous heads. We can delimit the field in which men with heads of that kind may work, but this subject must be approached with utmost care.

It is perfectly evident that if all the head of a family had to do, in order to halve his income, would be to create a family partnership, and if there were no real test of what constitutes a family partnership, we should at once suffer a great loss of revenue.

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

Mr. MILLIKIN. I yield.

Mr. FULBRIGHT. That is exactly what takes place in community-property States by law, is it not?

Mr. MILLIKIN. That is exactly what we settled yesterday. There is no point in rehashing that debate.

Mr. FULBRIGHT. I merely want to call attention to the flagrant injustice which now exists, and to what happens in 10 States.

Mr. MILLIKIN. So that, if we should adopt a profligate amendment today, we would be approving something of which we disapproved yesterday.

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

Mr. MILLIKIN. I am glad to yield.

Mr. HICKENLOOPER. May I suggest to the Senator that the amendment in no way suggests a new conception of the method of doing business. The fault in the present administrative activities comes from a reversal of attitude of the Bureau, based on the Tower and Lusthouse decisions. I submit the department has gone much further than the Tower and Lusthouse decisions. The amendment only reiterates that a properly established partnership, legal where created, is just as legal today as it has been for the last 200 years in this country. So that the amendment sets up no new machinery, no new method of doing business. It merely recognizes something that has not only existed, but which, until substantially the past 12 months, has been recognized continuously by the Internal Revenue Bureau as a proper business device.

Mr. MILLIKIN. I suggest that the distinguished Senator has argued the futility of the amendment. If it does nothing to change the law, then there is no point in the amendment.

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

Mr. MILLIKIN. Yes.

Mr. HICKENLOOPER. I say that it does something to change the arbitrary approach now being taken by the Internal Revenue Bureau. I think the law is sound, and I think the law should be that such partnerships are recognizable; and they have been, in the past. For some peculiar reason, at the present time, this new retroactive effort, based

upon a Supreme Court decision or two, is being widely put forth to the detriment of many hundreds, if not thousands, of people throughout the country, who have been led to rely upon their business organizations in the past, because they have been passed and approved, sometimes by the closure of the case by the Internal Revenue Bureau itself. They now find themselves confronted with a change of policy, in which the Internal Revenue Bureau says, "We will go back, now, 5 years, and we will charge the head of the family with the individual income tax on the income of the business for as much as 5 years past, because we have changed our attitude and our policies, and we now have what we believe to be authority under the Supreme Court cases to do so." It is posing very seriously the question of bankruptcy for hundreds of people who have heretofore been perfectly adequate in their provision.

Mr. MILLIKIN. Mr. President, the distinguished Senator knows that I have especially concerned myself with that problem and with the specific cases which are in his mind. I am inclined to believe that the Bureau has been arbitrary in interpreting the decisions of the Supreme Court. I am inclined to believe that there has been some injustice. What I am trying to say is that, when an effort is made to define by law what is a valid and what is an invalid gift, and when we commence to shorten up the test of what is a valid or an invalid gift, presently all gifts can be made valid and taxation avoided. What I am asking for is that we have the opportunity to go into this question and see if we can draft a sound law which will draw a line between legitimate gifts and legitimate family partnerships, and those that are not legitimate.

Mr. HICKENLOOPER. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. HICKENLOOPER. I may say that the Senator and his committee were not only extremely courteous but they apparently were interested in the specific problem, when they granted me the privilege of appearing before them and presenting it, some weeks ago. I realize that there may be certain practical reasons in the mind of the committee, leading them to determine that this is not the exact time or place to take the proposed action. Therefore, while I intend to support the amendment offered by the Senator from Arkansas, and I have a similar amendment submitted by myself, I am perfectly willing at least to give more weight to the judgment of the Senator from Colorado, that perhaps this particular time may not be the proper time. So, as I have said, I am going to support the amendment but I again say the Senator from Colorado may be right. Nevertheless, I submit to the Senator from Colorado, both as a Senator and as chairman of the Finance Committee, that in connection with this matter, at least in certain phases of it, today there is a great abuse. The taxpayer is being mistreated in many instances. I do not mean to say that the Internal Revenue Bureau is deliberately trying to mistreat taxpayers; I do not mean that; but in the zeal of the Internal Revenue Bureau to do their work well by collecting every last bit of revenue available, I think they have overstepped the bounds of good judgment and good administrative practice. I should like to ask the Senator if I am not correct in believing that not only the Senator but other members of the Finance Committee consider this a serious problem, and one that must have and that should have immediate corrective attention, if possible.

Mr. MILLIKIN. Mr. President, I answer the question unequivocally in the affirmative. I may say that for my own part I have commenced to make studies of this situation. I am commencing to receive reports about it. I have memos and briefs on the subject, all of which impress upon my mind that we are not dealing with a simple subject, that we are obliged to exercise caution, and that we must study and sift a very wide field of tax law. The subject ramifies into trusts. It ramifies into the law of estates. It ramifies into the general law of gifts. It covers, I should say, perhaps the most complex and difficult field in the law of taxation.

I want to answer the Senator's question again. This subject is closely related to the community property subject. It will go along with that subject in the prompt consideration which it will receive from the House Ways and Means Committee, and I can give the same assurance as to the Senate Finance Committee. I am not at all happy as to what is going on in these cases, but what I am doing is groping for a really effective remedy, which will separate the just from the unjust, which will protect the honest family partnership, and which will prevent an evasion in the field that will seriously impair Federal revenues if we allow that sort of thing to happen.

Mr. HICKENLOOPER. Mr. President, will the Senator again yield to me?

Mr. MILLIKIN. I yield.

Mr. HICKENLOOPER. I agree with what I understand to be the idea the Senator is advancing. I agree that matters of far-reaching importance should have the benefit of substantial and complete study, if possible. I say to the Senator, however, that at this time in connection with legitimate gifts between members of the family there are being enforced regulations which in my judgment are doing violent injustice to many individuals. I will say further to the Senator that under no circumstances would I support a provision which would open the door to the evasion of taxes on the part of individuals. Any matter of tax adjustment on property must be tax adjustment within the full legitimacy of the law and the rights the law gives to the taxpayer and to the citizen, and under no circumstance do I want to set up a subterfuge nor support the setting up of a subterfuge. I feel, however, that at this very moment injustices are being done and in many instances will continue to be done under the present policies unless some corrective legislation is carefully considered and passed to deal with such injustices.

Mr. MILLIKIN. I agree with the distinguished Senator from Iowa. All Senators will recognize that we are dealing fundamentally with what is a gift. It is hornbook that one cannot make a gift and keep any strings on it. The investigation by the Department and by the Bureau into these taxes concerns itself with the questions: "Was this colorable? Is this a sham? Did this donor make a phony gift?" The proof of that comes from a vast number of circumstances that bear on "What strings did he keep?" Now, if we should pass a law which provides that we may not look into that question, then obviously the family income will be split and our revenues will be dealt a most serious blow.

All I am asking is that we be given sufficient time in connection with the next general revenue bill to sift the subject thoroughly, so that we can come up with the best measure possible, one which will allow the legitimate partnerships, past and future, to continue, and which will make it possible to stop tax evasion where there is a sham and a pretense and a corrupt intent to defeat the taxes levied by the Congress. That is all that is in my mind.

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

Mr. MILLIKIN. I yield.

Mr. HICKENLOOPER. I do not like to prolong the debate, but I should like to observe that according to the reports I have received the Internal Revenue Bureau today is going far beyond the question of sham and fraud in the transfer of property between members of the family. If such transfer represents sham and fraud, then it should have no defense. But where there is incontrovertible proof that the donor has divested himself completely of all authority and dominion over the gift, and where title has completely and irrevocably vested itself, if you please, in the donation, the Bureau still examines into such a gift and takes the position that there is, for tax purposes, no transfer of title, regardless of how complete the transfer has been and how actual it has been. I think that in those fields the Bureau has overstepped the reasonable contemplation of the law.

Mr. MILLIKIN. That is another example, I will say to the Senator, of the arbitrary enforcement of law. I should like very much to participate in evolving an amendment to our code which will draw the line, which will minimize administrative discretion. That is our problem. We cannot approach it hastily. We cannot draw up legislation dealing with it on the Senate floor. Such legislation requires considerable study, a considerable examination into ramified subjects, and I am asking that we be given the opportunity to approach the job from that basis.

Mr. GEORGE. Mr. President, I merely suggest to the distinguished Senator from Colorado that if the amendment should go into the bill it seems to me that there would be little chance that the bill would ever be approved, because the President could very well say, "I do not know what this will do to the revenue."

Mr. MILLIKIN. Mr. President, I am very glad to have that contribution from the Senator from Georgia. The Senator

is in a much better position than I am to make that observation and I am glad he has made it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER] who is necessarily absent. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family and is paired with the Senator from Rhode Island [Mr. McGRATH]. If present and voting the Senator from New Hampshire would vote "nay."

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Maine [Mr. BREWSTER] is detained on official business.

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. McGRATH], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Tennessee [Mr. STEWART] are detained on public business.

The Senator from Tennessee [Mr. McKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The Senator from Texas [Mr. O'DANIEL] is detained on official business at one of the Government departments.

The Senator from Arizona [Mr. HAYDEN], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] are unavoidably detained.

On this vote the Senator from Rhode Island [Mr. McGRATH] is paired with the Senator from New Hampshire [Mr. TOBEY].

If present and voting, the Senator from Virginia [Mr. BYRD] and the Senator from Louisiana [Mr. OVERTON] would vote "nay."

The result was announced—yeas 24, nays 54, as follows:

YEAS—24

Eastland	Kem	O'Conor
Fulbright	Langer	Pepper
Hickenlooper	Lodge	Russell
Hill	Lucas	Sparkman
Hoey	McClellan	Tydings
Holland	McMahon	Umstead
Johnson, Colo.	Maybank	Wilson
Johnston, S. C.	Murray	Young

NAYS—54

Aiken	Chavez	Gurney
Baldwin	Connally	Hatch
Ball	Cooper	Hawkes
Barkley	Cordon	Ives
Bricker	Donnell	Jenner
Bridges	Downey	Knowland
Brooks	Dworshak	McCarran
Buck	Ecton	McCarthy
Bushfield	Ellender	McFarland
Butler	Ferguson	Magnuson
Cain	Flanders	Malone
Capehart	George	Martin
Capper	Green	Millikin
Moore	Smith	Watkins
Revercomb	Taft	Wherry
Robertson, Va.	Thomas, Utah	White
Robertson, Wyo.	Thye	Wiley
Saltonstall	Vandenberg	Williams

NOT VOTING—17

Brewster	Morse	Stewart
Byrd	Myers	Taylor
Hayden	O'Daniel	Thomas, Okla.
Kilgore	O'Mahoney	Tobey
McGrath	Overton	Wagner
McKellar	Reed	

So Mr. McCLELLAN's amendment was rejected.

Mr. McCLELLAN. Mr. President, I offer the amendment which I sent to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Arkansas will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert a new section, as follows:

SEC. —. Increase in personal exemption.

(a) Subparagraphs (A) and (B) of section 25 (b) (1) of the Internal Revenue Code, as amended, are amended to read as follows:

"(A) In the case of a single person or a married person not living with husband or wife, a personal exemption of $750.

"(B) In the case of the head of a family or a married person living with husband or wife, a personal exemption of $1,500. A husband and wife living together shall receive but one personal exemption. The amount of such exemption shall be $1,500. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them."

(b) Sections 51 (a), 58 (a) (2), and 142 (a) of the Internal Revenue Code, as amended, are amended by striking out "$500" wherever it appears therein and inserting in lieu thereof "$750."

(c) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1946.

Amend the tables contained in sections 400 and 1622 (c) (1) of the Internal Revenue Code to conform to the above amendments.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN].

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

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, I rise to a point of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MILLIKIN. I make the point of order that this amendment cannot be considered, because it interferes with the committee amendments which have already been adopted.

The PRESIDENT pro tempore. The Senator's point, as the Chair understands it, is that the amendment offered by the Senator from Arkansas is inconsistent with amendments already adopted by the Senate. Is that the Senator's viewpoint?

Mr. MILLIKIN. That is the substance of it. We have agreed on the rates and on the withdrawal tables. This amendment would go directly to rates and would change withdrawal tables; it is inconsistent and is contrary to what the Senate has already done.

The PRESIDENT pro tempore. The Chair's opinion is that consistency is not a parliamentary question. There is much to be said for the Senator's viewpoint that there is a collision between the amendment proposed by the Senator from Arkansas and the action already taken by the Senate, as a result of which, if the Senator were attempting to present his amendments to that section of the bill dealing with rates of exemption, it obviously would not be in order. The Chair is unable to rule an amendment, which is a separate section being attached to the bill, is out of order when the only ground upon which he can decide it to be out of order would be its inconsistency, which is not, in the Chair's opinion, a parliamentary prerogative.

Mr. McCLELLAN. Mr. President, I have already made reference to the amendment which I shall now discuss in my remarks on other amendments and also at the time I gave notice that I would offer the amendment when the bill reached the floor. It simply proposes to raise personal exemptions from the present level of $500 for single persons to $750, and from $1,000 for the heads of families to $1,500.

Mr. President, I have said over and over again that I think that is the point where tax relief ought to begin, namely, with people in the low-income brackets, the low-wage earners, the people who are having a struggle to provide the actual necessities of life. I believe this is the way to do it. A reduction of taxes at the bottom level by an increase in personal exemptions affects everyone all the way across the board. The man making $100,000 a year receives some relief and some benefit, and the man in between gets his proportionate relief according to his earnings and his ability to pay. Many a man is struggling today to live on a comparatively decent standard. We take $96 in taxes now from a married man with $1,500 income. If he earns only $1,500 that $96 will go a long way toward providing some of the necessities we are now compelling him by taxation to do without. It is obvious that we should start reducing taxes by helping those at the bottom of the lalder who have the hardest struggle. We should do that rather than take the committee bill which helps the middle and upper bracket income groups primarily and the most.

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

Mr. McCLELLAN. I am glad to yield to the Senator from Louisiana.

Mr. ELLENDER. Does the Senator have an estimate of what it would cost the Treasury if his proposal should be adopted?

Mr. McCLELLAN. It is estimated at $3,000,000,000 annually and it will remove from the tax rolls between 8,000,000 and 9,000,000 taxpayers who come between the $1,000 and $1,500 brackets.

Mr. ELLENDER. How much would it add to the pending measure.

Mr. McCLELLAN. It would simply add that much. Of course the measure will go to conference.

Mr. ELLENDER. So that instead of approximately $3,000,000,000 it would be approximately $6,000,000,000?

Mr. McCLELLAN. Unless in conference the other tax reductions now made in the bill were cut down.

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

Mr. McCLELLAN. I yield.

Mr. TAYLOR. I want to make the comment that I think this is a very worthy amendment. It is a well known fact, is it not, that at the present time our scarcities are in goods which it takes a lot of money to buy? The big fellow can buy them. They are automobiles, and things of that kind. Surpluses are showing up in textiles and products which the ordinary little people want to buy. If we want to head off a depression the thing to do is to put money into the pockets of the little fellows so that they can buy the things that are in surplus, and not give money to the big boys who want to buy something that is in short supply.

Mr. McCLELLAN. I will say to the Senator that the effect of this amendment would be to place approximately $100 more purchasing power in the hands of a husband and wife whose income is $1,500 a year, and the amount is in proportion for higher incomes.

I do not wish to argue the question further. There is no need for argument. Each Senator is capable of determining for himself the equities of the amendment, and whether it is the proper way to begin reducing income taxes. I believe it is and I shall vote accordingly.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas. On this question 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 New Hampshire [Mr. TOBEY] is absent because of illness in his family. He is paired with the Senator from Rhode Island [Mr. McGRATH]. If present and voting, the Senator from New Hampshire would vote "nay"; and the Senator from Rhode Island, if present, would vote "yea."

The Senator from Nebraska [Mr. BUTLER] is absent on official business. He is paired with the Senator from Tennessee [Mr. STEWART]. If present and voting, the Senator from Nebraska would vote "nay"; and the Senator from Tennessee, if present, would vote "yea."

The Senator from Oregon [Mr. MORSE] 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 Maine [Mr. BREWSTER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from South Dakota [Mr. BUSHFIELD], the Senator Idaho [Mr. DWORSHAK], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Wyoming [Mr. ROBERTSON] are detained on official business.

Mr. HILL. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. McGRATH], and the Senator from Tennessee [Mr. STEWART] are detained on public business.

The Senator from Tennessee [Mr. McKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The Senator from Texas [Mr. O'DANIEL] is detained on official business at one of the Government departments.

The Senator from Georgia [Mr. GEORGE], the Senator from Arizona [Mr. HAYDEN], the Senator from Illinois [Mr. LUCAS], the Senator from Washington [Mr. MAGNUSON], and the Senator from Utah [Mr. THOMAS] are unavoidably detained.

On this vote I announce the following pairs: The Senator from Virginia [Mr. BYRD] is paired on this vote with the Senator from Washington [Mr. MAGNUSON]. If present, the Senator from Virginia would vote "nay," and the Senator from Washington would vote "yea."

The Senator from West Virginia [Mr. KILGORE] is paired with the Senator from Louisiana [Mr. OVERTON]. If present, the Senator from West Virginia would vote "yea," and the Senator from Louisiana would vote "nay."

The Senator from Rhode Island [Mr. McGRATH] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present, the Senator from Rhode Island would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from Tennessee [Mr. STEWART] is paired with the Senator from Nebraska [Mr. BUTLER]. If present the Senator from Tennessee would vote "yea," and the Senator from Nebraska would vote "nay."

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 Utah [Mr. THOMAS] would vote "nay."

The result was announced—yeas 27, nays 44, as follows:

YEAS—27

Chavez	Johnston, S. C.	O'Conor
Downey	Langer	Pepper
Eastland	McCarran	Russell
Ferguson	McClellan	Sparkman
Fulbright	McFarland	Taylor
Green	McMahon	Thomas, Okla.
Hatch	Maybank	Umstead
Hill	Murray	Wilson
Hoey	Myers	Young

NAYS—44

Aiken	Ellender	Millikin
Baldwin	Flanders	Moore
Ball	Gurney	Robertson, Va.
Barkley	Hawkes	Saltonstall
Bricker	Hickenlooper	Smith
Brooks	Holland	Taft
Buck	Ives	Thye
Cain	Jenner	Tydings
Capehart	Johnson, Colo.	Vandenberg
Capper	Kem	Watkins
Connally	Knowland	Wherry
Cooper	Lodge	White
Cordon	McCarthy	Wiley
Donnell	Malone	Williams
Ecton	Martin	

NOT VOTING—24

Brewster	Kilgore	Overton
Bridges	Lucas	Reed
Bushfield	McGrath	Revercomb
Butler	McKellar	Robertson, Wyo.
Byrd	Magnuson	Stewart
Dworshak	Morse	Thomas, Utah
George	O'Daniel	Tobey
Hayden	O'Mahoney	Wagner

So Mr. McCLELLAN's amendment was rejected.

Mr. McCARRAN. Mr. President, I send forward an amendment which I desire to offer.

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment, which the clerk will state.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. —. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(bb) Capital expenditures for trade or business: At the election of a taxpayer, all expenditures (subject to limitations prescribed below) paid or incurred during the taxable year for the acquisition, construction, or improvement of any real or personal property to be used in a trade or business. Total deductions under this subsection in any 1 year shall not exceed $125,000 or 50 percent of the taxpayer's net income as computed without the benefits of this subsection, whichever is the lesser. If in any year expenditures deductible under this subsection are less than the total of such expenditures, the balance may be added to the expenditures of the immediately succeeding year and be considered for the purposes of this subsection as having been made in such immediately succeeding year. Such expenditures shall be allowable as deductions only under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

SEC. —. Section 24 (a) (2) of the Internal Revenue Code (relating to items not deductible from gross income) is hereby amended to read as follows: "Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as provided in section 23 (bb);".

SEC. —. Section 113 (b) (1) of the Internal Revenue Code (relating to adjusted basis for property) is hereby amended by striking out the period at the end of subparagraph (H), and inserting in lieu thereof a semicolon and by adding after subparagraph (H) a new subparagraph to read as follows:

"(I) for expenditures deducted under the provisions of section 23 (bb)."

SEC.— The amendments made by sections —, —, and — of this act shall be applicable only with respect to taxable years beginning after December 31, 1946.

Mr. McCARRAN. Mr. President, I shall not take up the time of the Senate to any great extent to explain the amendment. For weeks past it has been before the Senate, because several weeks ago I presented the matter to the Senate, and also presented it to the committee at the time the committee was considering the pending bill.

The amendment is intended to afford the small businessman an opportunity to build his own business by his own efforts. In other words, under the amendment he could plow back into his business 50 percent of his net income and have credit for that, or he could plow back into his business $125,000, whichever might be the lesser sum.

The object is to encourage small business in America. Today the large concerns, the powerful companies, have no particular trouble in getting money with which to build their industries, or improve them. They are in touch with the

banks or with the underwriting concerns, or other financial lending institutions. But the poor man, the one who is going along on a shoestring, who is living on his earnings, and improving his business by his income, has no such access. If he goes into the market to borrow money he jeopardizes his standing, because he may find himself taken over by his larger competitors.

All the amendment does is to provide an opportunity for the small businessman or small business institution in the United States to use 50 percent of the net income in improving the business, so that the output may be greater. If there ever was a time when our country required a greater output and greater production, it is now. How can we encourage greater production unless we encourage the individual or the small business to produce more. And by giving the small businessman opportunity to increase his capacity, to improve his plant, or to improve his business, we encourage production.

Mr. President, one might talk for hours on this subject, but what I have said states the whole case in a nutshell, and I am going to ask the Senate at this time to give me a yea-and-nay vote on the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN], on which he requests the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family and is paired with the Senator from Rhode Island [Mr. McGRATH]. If present and voting the Senator from New Hampshire would vote "nay".

The Senator from Nebraska [Mr. BUTLER] is absent on official business and is paired with the Senator from Tennessee [Mr. STEWART]. If present and voting the Senator from Nebraska would vote "nay" and the Senator from Tennessee, if present would vote "yea."

The Senator from Oregon [Mr. MORSE] is necessarily absent.

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

The Senator from Maine [Mr. BREWSTER], the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Kansas [Mr. CAPPER], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. McGRATH], and the Senator from Tennessee [Mr. STEWART] are detained on public business.

The Senator from Tennessee [Mr. McKELLAR], the Senator from Wyoming [Mr. McGRATH], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The Senator from Texas [Mr. O'DANIEL] is detained on official business at one of the Government departments.

The Senator from Washington [Mr. MAGNUSON], and the Senator from Utah [Mr. THOMAS] are unavoidably detained.

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

On this vote I announce the following pairs: The Senator from Rhode Island [Mr. McGRATH] is paired with the Senator from New Hampshire [Mr. TOBEY].

The Senator from Tennessee [Mr. STEWART] is paired with the Senator from Nebraska [Mr. BUTLER]. If present, the Senator from Tennessee would vote "yea", and the Senator from Nebraska would vote "nay".

The Senator from Virginia [Mr. BYRD] would vote "nay" if present.

The result was announced—yeas 16, nays 60, as follows:

YEAS—16

Chavez	McClellan	Sparkman
Downey	McMahon	Taylor
Fulbright	Murray	Thomas, Okla.
Hill	Myers	Tydings
Johnston, S. C.	Pepper	
McCarran	Russell	

NAYS—60

Aiken	George	Martin
Baldwin	Green	Maybank
Ball	Gurney	Millikin
Barkley	Hatch	Moore
Bricker	Hawkes	O'Conor
Bridges	Hayden	Revercomb
Brooks	Hickenlooper	Robertson, Va.
Buck	Hoey	Robertson, Wyo.
Cain	Holland	Saltonstall
Capehart	Ives	Smith
Connally	Jenner	Taft
Cooper	Johnson, Colo.	Thye
Cordon	Kem	Umstead
Donnell	Knowland	Vandenberg
Dworshak	Langer	Watkins
Eastland	Lodge	Wherry
Ecton	Lucas	White
Ellender	McCarthy	Williams
Ferguson	McFarland	Wilson
Flanders	Malone	Young

NOT VOTING—19

Brewster	McKellar	Stewart
Bushfield	Magnuson	Thomas, Utah
Butler	Morse	Tobey
Byrd	O'Daniel	Wagner
Capper	O'Mahoney	Wiley
Kilgore	Overton	
McGrath	Reed	

So Mr. McCARRAN'S amendment was rejected.

EQUITABLE ADJUSTMENT OF TAX BURDEN BETWEEN COMMUNITY-PROPERTY AND OTHER STATES

Mr. BALDWIN. Mr. President, yesterday the Senate voted upon the amendment offered by the senior Senator from Arkansas [Mr. McCLELLAN], which purported to equalize the income-tax burden between those who dwell in non-community-property and community-property States.

The chairman of the Committee on Finance, the Senator from Colorado [Mr. MILLIKIN], pointed out that this amendment was offered to a bill which was, in effect, not a revenue measure but a tax-reduction measure, and that the adoption of the amendment would upset the entire schedules of reductions set forth in the committee bill. This might well delay the matter of tax reduction beyond the time when it could be made effective in the present calendar year.

Many of us in the non-community-property States are vitally interested in the adoption of legislation which will equalize the present inequalities due to the difference in property laws in the various States. We voted against the amendment, however, because we thought that our choice was a choice between tax reduction to become effective July 1, and delay, by the adoption of a Senate amendment which might be defeated in the House and so might prevent any tax reduction whatsoever this year.

The chairman of the Finance Committee pointed out that his committee was already studying the problem. He indicated that he hoped amendments might be made to the revenue laws which would eliminate the inequities and that such legislation might be ready for the present session, or, at the latest, for the next session.

Therefore, for myself and on behalf of the senior Senator from Massachussetts [Mr. SALTONSTALL], the junior Senator from New York [Mr. IVES], and the junior Senator from Vermont [Mr. FLANDERS], I am offering a resolution which would require the Finance Committee to report to the Senate on this matter not later than March 1 next year, and would further require the committee to submit a specific provision to be included in the next revenue measure—by amendment if necessary—which would, in the opinion of the committee, be a fair solution to this existing inequity.

This resolution is not intended to indicate any lack of confidence in the chairman's statement. Rather it is intended to support his good purpose and intention and to assist him and the committee in dealing effectively with this problem by indicating that it is the will of the majority of the Senate that action abolishing these inequities be forthcoming at the earliest possible time.

It is apparent that an attempt to adjust this inequity in a bill designed solely to reduce taxes could only add confusion and delay. The whole subject is one that properly should be treated in a revenue act as such. It is the purpose of the resolution to express the sentiment of the Senate that legislation adjusting the inequities between non-community- and community-property States be included in the next revenue measure.

I submit the resolution and ask for its appropriate reference.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred.

The resolution (S. Res. 119) submitted by Mr. BALDWIN (for himself, Mr. SALTONSTALL, Mr. IVES, and Mr. FLANDERS) was received and referred to the Committee on Finance, as follows:

Resolved, That the Senate Committee on Finance, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study for the purpose of (1) ascertaining the extent to which the property laws of community-property States cause an inequitable distribution of the burdens of the Federal income tax among the citizens of the various States, and (2) devising methods of removing the

inequities resulting from the effects of such laws upon the administration of the Federal income tax laws. The committee shall report to the Senate, not later than March 1, 1948, the results of such study, together with its recommendations as to means of correcting such inequities, including the form of amendments to the next appropriate revenue bill to accomplish such purpose.

Mr. BARKLEY. Mr. President, I appreciate the attitude of the Senator from Connecticut and his colleagues, with which I am in sympathy. I voted against the amendment offered yesterday because I did not believe that it was appropriate on this bill to add $800,000,000 or more to the amount of reduction carried in the bill. I earnestly hope that at an early date we may be able to correct the injustice to which our attention has been called. But the Senate has no original jurisdiction of the subject. It can only deal with it after the House of Representatives which, under the Constitution, must pass revenue bills first, has passed such a bill and it has come to us.

I note that the resolution would direct the Committee on Finance to report not later than March 1 of next year. Unless the House has in the meantime sent a bill to the Senate to which we could attach an amendment of that sort, neither the Senate nor its Finance Committee would have any jurisdiction to deal with the matter originally. I am sure the Senator is familiar with that provision, but it may not have occurred to him that if he is requiring the Finance Committee to report to the Senate by March 1 next, and its report should contemplate a bill of some kind, the Senate would not have any jurisdiction to consider it unless and until the House had acted.

Mr. BALDWIN. Mr. President, I am glad the senior Senator from Kentucky has brought this matter to my attention, so that I may discuss it now very briefly. That point was raised and considered when we prepared the resolution. However, in the face of the fact that the chairman of the Committee on Finance stated not once but several times on the floor that the committee was considering the matter, and that it was prepared to consider it in connection with the next revenue bill, and having in mind the fact that it is highly probable that before next March 1 rolls around there will be an appropriate revenue measure to which to attach the amendment, it seemed to me appropriate for the Senate to consider the resolution and at the proper time go on record as to its position with respect to this very important matter.

Mr. BARKLEY. I understand that, and yet it might place the Senate in the rather incongruous position of being asked to express its attitude respecting the matter before it could do so in a constitutional way, by adding an amendment to a House bill if there was no provision in the House bill dealing with the subject. We would, of course, have ample opportunity to do so if there was nothing in the bill as it came to us on that subject, but if our committee were required to report to the Senate on it before a House bill had come over it could only be a gesture or an expression of opinion on the part of the Senate and would have no legal force.

Mr. MILLIKIN. Mr. President, will the Senator from Connecticut yield?

Mr. BALDWIN. I yield.

Mr. MILLIKIN. It is my understanding that it is not contemplated by the resolution that if a House bill is not before the Senate for consideration we should attempt to prepare a bill contrary to the Constitution. In that event, I assume the Senator will want us to make recommendations on the subject, and be prepared when a bill shall come over to the Senate.

Mr. BALDWIN. That is correct.

Mr. RUSSELL. Mr. President, I have listened with a great deal of interest to the statement made by the Senator from Connecticut. I wish I could share his optimism that the Senate, during the life of the Eightieth Congress, is likely to have another opportunity to vote on removing this injustice to the non-community-property States. The issue has been delayed and bandied back and forth in the Senate for the past 14 years to my certain knowledge. There never does seem to be any appropriate time for the Senate to take a square open and shut vote on eliminating this injustice. We have had amendments seeking to correct this injustice in bills considered by us before this time. But there has never been the appropriate time. For 14 years to my knowledge we have been trying to get a chance to vote on the proposition. Yesterday was the first time we have been able to even get the matter before the Senate on a roll call vote. I did not desire to wait fourteen more years for another chance to register my opinion and I therefore seized the opportunity presented yesterday and did what I could by my vote to eliminate this injustice. I do not delude myself with the idea we will have another opportunity by March 15 next.

If this matter follows the course which has been pursued for years—and very diligent efforts have been made to force it to a vote—no action will be taken. The Finance Committee reported out a measure some years ago which contained a provision in slightly different form from the amendment offered to the pending bill, and brought it on the floor of the Senate, but encountered a filibuster which threatened to defeat the entire tax bill and prevent the collection of excise taxes. They were forced to drop the community-property provision from the bill. I apprehend that if we have a tax bill next spring revising the excise taxes and changing the income taxes we will be confronted with the same old argument that the hour is not yet ripe to correct an injustice of 26 years standing and it will again be shelved.

I do not think we can afford to reduce taxes drastically at this time but if any reduction is to be had, equalization with the community-property States should come first.

Mr. LUCAS obtained the floor.

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

Mr. LUCAS. I yield.

Mr. TAYLOR. I should like to make a few remarks dealing with the community-property-State laws. I wish to say that it seems to me the Senate is not the place where the community-property question should be considered. I am not a lawyer, and I may be wrong in my conclusion, but if my understanding is correct, the States can enact genuine legislation if they want to, and give their women the same benefits accorded women in the community-property States. They can enact legislation which would permit women to participate in the benefits of community property so far as taxation is concerned. So I think the question should more properly be referred to the States themselves for consideration.

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

Mr. LUCAS. I yield.

Mr. SALTONSTALL. I simply wish to say that I joined with the Senator from Connecticut and other Senators in submitting the resolution which has just been presented to the Senate, for the reason that Massachusetts and the citizens of that State are also intensely interested in the subject of community property. I voted against the amendment which was under consideration yesterday because I thought this was not the proper time to consider the matter, but I join with the Senator from Georgia [Mr. RUSSELL] in hoping that next year we can consider this subject on its merits.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income-tax payments.

Mr. LUCAS. Mr. President, I offer the amendment which is at the desk and ask that it be stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert the following:

That this act may be cited as the "Individual Income Tax Reduction Act of 1947."

The PRESIDENT pro tempore. Does the Senator from Illinois wish the amendment to be read?

Mr. LUCAS. I do not.

The PRESIDENT pro tempore. Without objection, the amendment will be printed in the RECORD at this point.

The amendment proposed by Mr. LUCAS is as follows:

Strike out all after the enacting clause and insert the following:

"That this act may be cited as the 'Individual Income Tax Reduction Act of 1947.'

"SEC. 2. Increase in personal exemptions.

"Section 25 (b) of the Internal Revenue Code (relating to credits of individual against net income) is hereby amended by striking out '$500,' wherever appearing therein, and by inserting in lieu thereof '$600,' and by striking '$1,000' and by inserting in lieu thereof '$1,200.'

"SEC. 3. Income of husband and wife.

"So much of section 12 (b) of the Internal Revenue Code (relating to the computation of surtax) as precedes the table therein is hereby amended to read as follows:

"'(b) Computation of surtax.—

"'(1) Separate return: Except in the case of a joint return by husband and wife, there shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax determined by

computing a tentative surtax under the table set forth in paragraph (3) of this subsection, and by reducing such tentative surtax by 5 percent thereof.

"'(2) Joint return: In the case of a joint return by husband and wife under section 51, there shall be levied, collected, and paid for each taxable year upon the aggregate surtax net income of the husband and wife a surtax determined—

"'(A) by computing a tentative surtax under the table set forth in paragraph (3) of this subsection upon an amount equal to one-half of such aggregate surtax net income;

"'(B) by multiplying the tentative surtax ascertained under subparagraph (A) by two; and

"'(C) by reducing the amount ascertained under subparagraph (B) by 5 percent thereof.

"'(3) Surtax table: The table referred to in paragraphs (1) and (2) is as follows:'.

"SEC. 4. Standard deduction.

"Section 23 (aa) (1) of the Internal Revenue Code (relating to the optional standard deduction for individuals) is amended to read as follows:

"'(1) Allowance: In the case of an individual, at his election a standard deduction as follows:

"'(A) Separate return with adjusted gross income $5,000 or more: Except in the case of a joint return by husband and wife, if the adjusted gross income is $5,000 or more, the standard deduction shall be $500.

"'(B) Joint return with adjusted gross income $5,000 or more: In the case of a joint return by husband and wife under section 51, if the aggregate adjusted gross income of the husband and wife is $5,000 or more, the standard deduction shall be $1,000 or an amount equal to 10 percent of such aggregate adjusted gross income, whichever is the lesser.

"'(C) Adjusted gross income less than $5,000: If the adjusted gross income is less than $5,000, the standard deduction shall be an amount equal to 10 percent of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 400.'

"SEC. 5. Reduction in surtax on individuals.

"Section 12 (b) of Internal Revenue Code (relating to rates of surtax) is amended by striking everything after the colon and inserting in lieu thereafter the following:

"'If the surtax net income is:	The tentative surtax shall be:
Not over $2,000	15 percent of the surtax net income.
Over $2,000 but not over $4,000.	$300, plus 17 percent of excess over $2,000.
Over $4,000 but not over $6,000.	$640, plus 21 percent of excess over $4,000.
Over $6,000 but not over $8,000.	$1,060, plus 25 percent of excess over $6,000.
Over $8,000 but not over $10,000.	$1,560, plus 29 percent of excess over $8,000.
Over $10,000 but not over $12,000.	$2,140, plus 33 percent of excess over $10,000.
Over $12,000 but not over $14,000.	$2,800, plus 38 percent of excess over $12,000.
Over $14,000 but not over $16,000.	$3,560, plus 42 percent of excess over $14,000.
Over $16,000 but not over $18,000.	$4,400, plus 45 percent of excess over $16,000.
Over $18,000 but not over $20,000.	$5,300, plus 48 percent of excess over $18,000.
Over $20,000 but not over $22,000.	$6,260, plus 51 percent of excess over $20,000.
Over $22,000 but not over $26,000.	$7,280, plus 54 percent of excess over $22,000.
Over $26,000 but not over $32,000.	$9,440, plus 57 percent of excess over $26,000.
Over $32,000 but not over $38,000.	$12,860, plus 60 percent of excess over $32,000.
Over $38,000 but not over $44,000.	$16,040, plus 64 percent of excess over $38,000.
Over $44,000 but not over $50,000.	$20,300, plus 67 percent of excess over $44,000.
Over $50,000 but not over $60,000.	$24,320, plus 70 percent of excess over $50,000.
Over $60,000 but not over $70,000.	$31,320, plus 73 percent of excess over $60,000.
Over $70,000 but not over $80,000.	$38,620, plus 76 percent of excess over $70,000.
Over $80,000 but not over $90,000.	$46,220, plus 79 percent of excess over $80,000.
Over $90,000 but not over $100,000.	$54,120, plus 82 percent of excess over $90,000.
Over $100,000 but not over $150,000.	$62,320, plus 84 percent of excess over $100,000.
Over $150,000 but not over $200,000.	$104,320, plus 85 percent of excess over $150,000.
Over $200,000	$146,820, plus 86 percent of excess over $200,000.'

"SEC. 6. The Secretary of the Treasury is authorized and directed to make such changes in the tables in section 400 (optional tax table) and section 1622 (withholding tables) as may be necessary to reflect the reduction in taxes provided for in the preceding provisions of this act.

"SEC. 7. The amendments to the Internal Revenue Code made by this act shall become effective with respect to taxable years beginning after December 31, 1947."

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

Mr. LUCAS. I yield.

Mr. HOLLAND. I should like at this time to address a question to the distinguished chairman of the Finance Committee. Some time ago, as the Senator will recall, I had printed a proposed amendment to the pending bill which would have operated to make more flexible the provisions of the revenue bill with reference to personal holding companies, so as to avert some very great hardships which have been visited upon small personal holding companies by reason of the owners not having the information that they constituted a personal holding company under the provisions of the law. I think I understand aright the attitude of the chairman; but may I at this time inquire what his attitude will be toward the inclusion of such a provision in any general revision of the revenue laws which may be proposed at the next session?

Mr. MILLIKIN. Mr. President, the distinguished Senator from Florida appeared before the Senate Finance Committee, as did one of his constituents, and both of them made a very interesting presentation of the subject. Considerable interest was aroused by those presentations. I shall be very glad to take it upon myself to bring the subject to the attention of the House Ways and Means Committee and urge that committee to give it a thorough sifting. We shall do the same thing on the Senate side. I do not like to promise action of any kind on the part of either of the committees, but there was considerable interest in what the Senator had to say. Let me repeat I shall take it upon myself to bring the question to the attention of the House Committee on Ways and Means, and will also bring it to the attention of the Senate Committee on Finance.

Mr. LUCAS. Mr. President, the amendment which I have offered is in the nature of a substitute for the pending bill and the amendments thereto which have been adopted. I wish to say at the outset that this amendment is not an ill-considered tax measure. According to the expert testimony the loss to the Treasury under my amendment in the nature of a substitute would be somewhat less than under House bill 1.

Before speaking briefly on the three features involved in the substitute, I invite the attention of the Senate to H. R. 1 as it now stands amended. I have read the bill with some care—difficult as that task is—and I have serious doubts whether there are very many Senators who thoroughly understand the bill which we have been considering for some time.

About 2 years ago we attempted to simplify the income tax laws, and I think the Congress of the United States did a very good job in its simplification efforts. Now, under the guise of a 10-20-30 bill—which sounds like one of Kresge's stores—we have, not a further simplification, but a bill of confusion so far as the taxpayer is concerned. Why do I say that, Mr. President? I respectfully invite attention to page 5 of the bill. This is what we find:

(1) In the case of taxable years beginning after December 31, 1947, the combined normal tax and surtax under section 11 and subsection (b) of this section shall be the aggregate of the tentative normal tax and tentative surtax, reduced as follows:

If the aggregate is:	The reduction shall be:
Not over $200	33½ percent of the aggregate.
Over $200 but not over $279.17.	$67.
Over $279.17 but not over $50,000.	24 percent of the aggregate.
Over $50,000 but not over $250,000.	$12,000, plus 19¼ percent of excess over $50,000.
Over $250,000	$50,500, plus 15 percent of excess over $250,000.

In no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year.

Instead of having a reduction of 30 percent, 20 percent, or 10 percent, about which we have been talking, we have figures which will require the services of a lawyer if the taxpayer is to file a correct income-tax schedule next year.

In search of enlightenment, I turned next to the report itself, and I find further complications which leave me somewhat puzzled. Instead of a 20-percent reduction across-the-board, we find that

taxpayers have been classified into five sets of brackets, with different rates of tax for 1947 and 1948. The five sets of brackets appear to have been determined on with mathematical accuracy. The only bracket which breaks at an even figure is the bracket from zero to $1,000. The next bracket is a bracket from $1,000 to $1,395.83. This, mind you, is the figure for 1948 only. For 1947, the bracket breaks not at $1,395.83, but at $1,327.60. Somewhere in the shuffle, there is a difference of $68.23, which is floating free. This bracket is the notch bracket. If a taxpayer is in this notch area, then he enjoys a flat reduction of $67 in tax.

The next bracket ends at $79,728.40. The one after that ends at $302,395.60. I must say that I stand in awe of drafters of legislation who can come within 60 cents of accuracy on an income of more than $300,000. Moreover, the person who is lucky enough to enjoy an income of $300,000 will find that under the committee bill he enjoys a 20 percent reduction for the calendar year 1948 on the first $79,728.40 of his income, a 15 percent reduction on the next $223,000 of income, and a reduction of somewhere between 10.52 percent and 10.53 percent on the remainder of his income. I think it is pretty clear that we have come a long way from a 20-percent reduction across-the-board, and I think that in justice to the Senate, before the bill becomes law we ought to have an explanation of what sort of gyrations the drafters of the bill went through to give us this complicated measure.

I use this argument because 2 years ago we spent an unusual amount of time in attempting to simplify the income tax laws so that the taxpayer would have a better grasp of them and an easier time in filling out income tax schedules.

I seriously contend that under H. R. 1 as amended the taxpayer will once again find himself in chaos and confusion as the result of the variety of the percentages he will have to consider, and that before he can file a proper income tax return, under this bill, he will have to consult a lawyer or an accountant or some other person who understands tax legislation.

It seems to me that if we are to give the taxpayer a reduction we might also be good enough to give it to him without tears. I am, of course, aware that the great bulk of taxpayers are able to file a very simplified return and that in many cases the collector of internal revenue will compute the tax for the taxpayer, if his income is under $5,000. But the fact remains that every taxpayer has the option of computing his own tax and not leaving it to the collector to figure out, and it is perfectly natural that if the taxpayer can find a way of reducing his tax by computing it himself under Form 1040, he will try to do so, and I think a vast proportion of taxpayers figure their taxes under the simplified table and under the more complicated form to find out which way will give him cheapest results. The Revenue Act of 1945 gave each taxpayer a reduction of 5 percent. This made for a fairly simple income tax return form. Under the new bill, we will be going back to the situation in which the taxpayer will be irritated not only at having to pay the tax, but at the form outlined by the Treasury Department and the Government.

I am also very much impressed with the fact that all of the elaborate scheme of the Senate version of H. R. 1 could have been accomplished in a much simpler way that would have removed all of the confusion inherent in the bill. That way would be to reduce the percentages in the surtax net income brackets by the appropriate amount with perhaps the splitting up of the brackets into smaller sizes if deemed advisable.

I pause now to ask whether it would not have been possible to accomplish exactly the same results by the method I have suggested.

Our individual income tax structure has from the beginning been built on the principle of ability to pay. I have searched in vain in the majority report for a single reference to this doctrine. The foundation for the bill rests on the need to stimulate managerial incentive and to attract capital into risk enterprises.

That was the theory of H. R. 1 which came from the House to the Senate. Tax relief was made retroactive to January 1, 1947. Every expert who appeared before our committee and every other person knows that there is no incentive from the standpoint of risk capital in a retroactive tax measure. Yet H. R. 1, costing the Treasury $4,900,000,000 as it was reported by the House and came to the Senate, was heralded to the country as being a bill that would accomplish that very thing. The bill which is now before the Senate, which becomes effective as of July 1, will not, in my opinion, have the desired result, so far as incentive is concerned, in causing industry to risk its capital, as claimed by the proponents of the bill.

My bill, Mr. President, seeks to revise the tax structure as of January 1, 1948, and during the next six months it will give everyone in the country an opportunity thoroughly to arrange his business affairs in line with what he desires to risk, and give an opportunity to consider and study carefully the tax law which would take effect on January 1, 1948.

Mr. President, the emphasis is on the crushing load of taxation on those in the upper-income brackets. I submit that this load is just as crushing and considerably more devastating at the lower levels. The simple expedient of raising exemptions is the method we ought to use in distributing any tax reduction we are now able to give the American people.

It is a strange thing that in the beginning the House of Representatives adopted a tax measure that was based on the theory of a 20-percent cut across the board. Everyone admits that this is only a temporary tax expedient and that sooner or later we must write an over-all tax bill to take care of the many inequities which have been disclosed to exist in our tax structure. But, Mr. President, instead of reducing taxes by reversing the method pursued when it became necessary to increase the revenue in order to carry on the war, they adopted the method of a 20-percent cut across the board. When I say they failed to reverse the method followed during the war I mean simply this: We all know that in 1939 the exemption for married people was $2,500, for single persons, $1,000 with an additional $400 for each dependent. At that particular time there were less than 5,000,000 people on the income tax rolls, and in order to produce revenue with which to fight a global war we broadened the base and placed millions of people on the tax rolls who had never in the past paid a dime in tax for Federal purposes. We increased the number on the tax rolls until today between 47,000,000 and 48,000,000 people file income tax returns every year.

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

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Illinois yield to the Senator from Arkansas?

Mr. LUCAS. I yield.

Mr. McCLELLAN. The bill as passed by the House and the amendment adopted by the Senate do not contract the tax base. The base is left as it was throughout the war, is it not?

Mr. LUCAS. Precisely so. It is not contracted at all. That is one of the things I am inveighing against in this argument and in the bill which I am introducing as a substitute for the pending measure. No one can convince me that we have to keep 47,000,000 persons on the tax rolls in order to make good citizens of them. John W. Hanes, former Under Secretary of the Treasury, and Roswell Magill, former Under Secretary of the Treasury, took the cold, blunt position that it was necessary, in order that the people might realize they had a stake in their Government, to keep them on the tax rolls. I dispute and challenge that theory. I understand that we have to have a broader base in order to collect the taxes necessary to take care of the expenditures of Government at this particular time, but I seriously challenge the argument that it is necessary to keep that many people on the tax rolls simply to make good citizens of them, simply to advise them, through the tax collector, that, after all, they have a stake in their Government. A revenue collector goes into a small community and finds an individual who is paying $10 in taxes. Under H. R. 1 he will pay $7. All he gets is a 30 percent decrease in his taxes; it does not make any difference how many dependents he has, he will get the same credit for dependents as he would under the present law. All he gets is a 30 percent reduction. He will still be paying a tax bill. Every Senator knows that when we continue to keep these two-bit and fifty-cent and $1 taxpayers on the tax rolls it costs more money to collect the tax than the Government would lose by removing them from the rolls.

Mr. President, my amendment would simply increase from $500 to $600 the exemption for dependents, and from $1,000 to $1,200 the exemption for a married couple. Think of it, Mr. President. The adoption of that amendment, providing that slight increase in exemptions would take 4,800,000 people off the tax rolls. Moreover, 4,800,000 people

would be taken off the tax rolls without doing violence to the school of thought which believes that people should stay on the tax rolls. The adoption of the amendment would cost the Treasury of the United States $1,500,000,000. I shall never be able to understand why the House did not thus increase the exemptions of the taxpayers in the lower brackets.

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

Mr. LUCAS. I yield.

Mr. HILL. It is quite obvious that the House felt that the revenue from taxes could be decreased a certain amount, and they wished to give the greater benefit to the taxpayers with the large incomes.

Mr. LUCAS. Exactly. It is the same old story of taking care of those in the higher-income groups, while permitting the people in the lower-income groups to get the worst of the arrangement. Certainly the House should have adopted the simple device of at least increasing the exemption from $1,000 to $1,200, and thus providing relief to the people in that group by taking many of them off the tax rolls. Furthermore, everyone knows that when 4,800,000 persons are taken off the tax rolls a certain number of persons will be removed from the pay roll of the Treasury Department, because it does not take a very brilliant mind to understand that it is necessary to employ a considerable number of persons in order to handle 4,800,000 income-tax returns. The majority party have been telling the people that they wanted to take at least 1,000,000 people off the Government pay rolls, and yet when they have an opportunity to take a great many people off the Treasury Department or Internal Revenue Bureau pay roll by pursuing the method I have advocated, we find that they do not adopt it.

Mr. HILL. Mr. President, will the Senator further yield?

Mr. LUCAS. I yield.

Mr. HILL. The bill without the Senator's amendment violates the proper basis and principle of income taxation, which is that taxes should be based on ability to pay. Is not that true?

Mr. LUCAS. Of course, the Senator from Alabama is correct. Every sane tax measure is based on ability to pay.

Certainly when the Congress provides for the payment of income taxes by taxpayers at the very bottom of the income scale, it is violating the real basis for taxation, which is ability to pay. We have heard for years from Senators on the other side of the aisle about the snoopers and others who were sent out by the Government to harass and annoy the American people. Senators cannot tell me that when the Government keeps 4,800,000 people on the tax rolls, in order to collect a small amount of taxes from them, those people are not going to be annoyed by the revenue agents in the respective communities where they live. So, Mr. President, violence will again be done to the principle which the majority party have been preaching for so long.

Mr. President, I have been referring to the first provision. Let us see who supported that provision at the hearings before the Finance Committee. The first person to whom I wish to refer is Randolph Paul, formerly General Counsel to the Treasury Department, and one of the leading tax lawyers of the United States. He recently wrote a book on taxation. At page 522 of the printed hearings we find that he said:

> The relatively modest $100-per-person increase in personal exemptions and dependency credits contained in the Lucas amendment means an additional ability to buy food, clothing, and shelter. Not only do the lowest incomes sorely need increased power to buy the necessities of life, but the Nation as a whole will benefit if they have increased power since the market for consumer goods will be correspondingly enlarged.

Mr. President, the people who need relief most are those in the low-income groups, who have the mass buying power, and who spend their money as fast as they earn it. They are the ones whom Mr. Paul says should have the relief, although they will not get it under House bill 1 unless it is amended as I propose.

I read further from the hearings:

> For the income group under $5,000 the Lucas amendment provides relief where relief is needed most—in the case of the family with children. The average or typical American family—a man, wife, and two children—with an income of $2,500 a year, now pays a tax of $95. Under the House bill this family would pay a tax of $67, but under the Lucas amendment the same family would pay a tax of $17.

Of course, Mr. President, those are figures that cannot be disputed. Obviously the major tax relief should be afforded to families having an income of $2,500 or less.

Mr. HILL. Mr. President, will the Senator further yield?

Mr. LUCAS. I yield.

Mr. HILL. I wish to call particular attention to the fact that in that case the Senator from Illinois is dealing with the average American family, which is composed of a husband, a wife, and two children, with an income of only approximately $2,500 a year. Of course, the Senator from Illinois knows that that family of four persons, having an income of only approximately $200 a month, has many other taxes to pay. They do not pay them directly, but, of course, they have to pay the taxes just the same, even though they pay them indirectly. Is not that true?

Mr. LUCAS. The Senator from Alabama is correct.

Mr. HILL. They have to pay all kinds of taxes.

Mr. LUCAS. That is correct.

Mr. HILL. It is only rarely that only the ad valorem tax has to be paid. Most of the States impose various taxes, and the Federal Government has imposed taxes called excise taxes. Moreover, the Senator from Illinois knows as well as every other Senator does the terrifically high prices which have to be paid in the United States. Yet, instead of granting the relief which the Senator from Illinois proposes for the average American family of four, with an income of approximately $200 a month, the bill before us proposes that the largest part of the relief be given to those who make the large profits from the high prices which prevail in the United States today. Is not that true?

Mr. LUCAS. Mr. President, I will say to the Senator from Alabama that in my opinion those in the lower-income groups do not get what they are entitled to, under the bill as it came to the Senate, when what is done for them is compared with what is done for families in the middle- and upper-income groups. That is the point I made all the way through the hearings before the Finance Committee, and it is the point I am trying to stress today on the floor of the Senate, although I know that it is useless to do so. Nevertheless I make that point now.

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

Mr. LUCAS. I yield.

Mr. McCLELLAN. The Senator's point is that under the bill the attempt is to give the relief at the wrong end of the scale—to give it to those in the higher income groups, instead of giving it to those in the lower income groups, who are most in need of tax relief.

Mr. LUCAS. Mr. President, if the bill as passed by the House were to become law, the greater part of the relief would be given to those in the higher income brackets, with the result that the taxes they would have to pay would be approximately the taxes they had to pay before the war. Of course the Senate Finance Committee has reported the bill with certain amendments; but I have been speaking of the bill as it came from the House of Representatives. By examining the graphs which have been prepared by the Treasury Department experts, we can see exactly what would have happened in the event that the original bill had been enacted into law.

At the hearings Mr. Paul further said:

> If an identical family has an income of $5,000, it now pays a tax of $589. Under the House bill it would pay a tax of $471, but under the Lucas amendment it would pay a tax of $445.

In other words, the families with incomes of $2,500 or less are the families which would be materially aided by a small increase of $100 in the exemption for dependents and an increase from $1,000 to $1,200 in the exemption for a married couple.

Mr. President, I submit that if anyone is to get any tax relief at this time those who have the buying power, those who spend the money, should get the relief afforded by reduced taxes. The Senator from Alabama will be interested in what was stated by a witness who testified before our committee. He said:

> H. R. 1 ignores the plight of the 92 percent of the families in the United States with total family income of less than $5,000. It ignores the fact that more than half the families in the country are still living today on less than $2,000 a year.

Just think of that, more than half the families in the United States of America are today living on incomes of less than $2,000.

> Why not grant urgently needed tax relief to those groups, whose standard of living has been drastically hit because of price rises?

I do not know what these prices are at the present time, but here was the testimony submitted before our committee some 30 days ago with respect to rises in the prices of some of the necessities of life.

According to the Bureau of Labor Statistics, 40 percent of the income of the families in this latter group (of $2,000 or less) must go for food, for which retail prices have increased 31 percent in a period of 10 months.

Coffee increased 49 percent, bread 25 percent, meat 60 percent, milk 32 percent, lard 72 percent, oleomargarine 73 percent, drug products now cost 67 percent more than they did in June 1946. Soap increased 62 percent, cotton goods 39 percent more, household paint 60 percent more, leather 63 percent more.

Why do I cite those figures? Definitely to demonstrate the need for giving these people a fair break, a fair shake, in any income-tax reduction, because of high prices which have greatly increased since OPA went out of existence.

Mr. President, speaking of high prices, well do I remember how the majority on the other side of the aisle told the American people, just about a year ago, "All you need do is to get rid of OPA, get rid of the black market, and you will see prices rise from 20 to 25 percent in the next 30 days, and then, after the 30 days, you will see the prices go back to where they were under OPA."

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

Mr. LUCAS. I yield.

Mr. HILL. Of course, the Senator saw those on the other side of the aisle during the last session, day after day, as I did, as they threw their torpedoes into the OPA. Is not that correct?

Mr. LUCAS. That is correct.

Mr. HILL. It was those torpedoes which finally blew up and destroyed the OPA. Is not that correct?

Mr. LUCAS. There is no doubt about it.

Mr. HILL. That is why there are these outrageously high prices today.

Mr. LUCAS. There is no doubt about that at all, I will say to the Senator from Alabama.

I wish now to call attention to prices. The index shows that prices rose constantly after the failure to extend OPA in June, and went up until March, then leveled off in March, and remained at those levels to this time, and all the predictions of a decline in prices made by the majority party when they got rid of OPA failed to come true. The housewife today, those in the galleries who are housewives, who have to buy the clothes they wear and the things they need for the table, well realize that prices are tremendously higher than those they were paying a year ago today. Yet because of a constant drive against OPA, a constant drive against regimentation in a reconstruction period, a constant drive for political reasons, the OPA was broken down, the American people are suffering today as a result of what was done.

Mr. HILL. Mr. President, in speaking about people with low incomes a little while ago the Senator referred to the taxes they have to pay, Federal excise taxes, as well as State, county, and municipal taxes. I call the Senator's attention, if I may, to this statement by Mr. Paul:

It is sometimes forgotten that practically every citizen pays substantial excise taxes.

All the citizens in the lower income groups, the Senator said, have to pay, as Paul says "substantial excise taxes, which have a relatively heavier impact upon the low-income groups than upon the higher income groups."

In other words, so far as the people in the low-income groups are concerned, the excise taxes are much more oppressive, they bear down upon them much more heavily, cost them much more than do the excise taxes on those in the higher income groups. Is not that true?

Mr. LUCAS. The Senator's statement is correct. The argument that is presented, that we can make a good citizen out of an individual by placing his name on the tax roll, is a lot of economic bunk.

Mr. HILL. Did not this Government exist for some 140 years before we even had an income tax?

Mr. LUCAS. Certainly.

Mr. HILL. And has it not been only in more recent years that, because of the necessities and the compulsions of war, we have had to put the people in the low-income groups on the tax rolls? Was there any question about good citizens in this country before they were put on the tax rolls?

Mr. LUCAS. The Senator from Alabama is correct. Let me remind him also that the average citizen in every community pays school taxes, city taxes, county taxes, taxes for municipal purposes. He is tax conscious—do not worry about that—as the result of what he has to pay in his local community, in addition to the hidden Federal excise taxes which he has to pay.

Mr. HILL. Of course, he pays a State income tax; does he not?

Mr. LUCAS. In most States he does.

Mr. HILL. He pays very heavy State and local sales taxes. The sales taxes today are very heavy.

Mr. LUCAS. There is no doubt about that. So far as I am concerned, the argument about keeping on the tax rolls in order to make them tax conscious is merely a lot of economic poppycock.

Mr. HILL. I ask the Senator if it is not a fact that whenever one wants to do a bad thing he tries to cloak it, and give it the semblance of respectability, by announcing some good purpose for it. Is not that true?

Mr. LUCAS. The Senator is correct. I desire also to emphasize what I have said with respect to those in the lower-income groups by reading a short statement made by Stanley H. Ruttenberg, who is assistant director of the research for the CIO of America. He testified before our committee. He does not like the split-income feature, because it does not reach the lower-income groups. But he wrote this to the committee:

Your bill, with the exception of the splitting-of-income provision, while it does not go near far enough, is far superior to H. R. 1.

In other words, they want more exemptions, and they are entitled to more exemptions. The country would have been better off had relief been centered on those in the lower-income brackets, primarily because of the high prices which now prevail.

Mr. William Green, president of the American Federation of Labor, wrote a letter, in which he said—and this comes from the American Federation of Labor:

In a period of general prosperity total tax revenues should be kept at a high level. An increased share of the Federal revenue should be applied toward a reduction of the national debt. The forces of inflation are strengthened at such a time if unwise tax cuts are made.

The national income is now at an all-time high. In the current year the Federal Treasury is to achieve a surplus. While this surplus is likely to be small, its achievement so soon after the vast wartime expenditures and at a time when peace is not yet fully concluded is indeed significant. Under these circumstances the American Federation of Labor believes that tax cuts should be made with extreme care, bearing in mind their ultimate as well as their immediate effects.

* * * * *

The American Federation of Labor is unqualifiedly opposed to any proposal for an across-the-board percentage reduction in individual income tax. We believe that this method for reducing individual income taxes is in direct opposition to the principle of progressive taxation, which labor strongly and insistently supports.

* * * * *

As between H. R. 1 and the Senate substitute for H. R. 1, therefore, we believe that the substitute measure more nearly meets the requirements of a sound tax policy, because it provides more relief to those in the lower-income brackets at a somewhat smaller loss in revenue.

As between H. R. 1 and the Lucas substitute, "we believe that the substitute measure more nearly meets the requirements of a sound tax policy, because it provides more relief to those in the lower-income brackets, at a somewhat smaller loss of revenue."

Mr. President, anyone reading the testimony by the spokesmen for the two great labor organizations of America will understand something about the mass purchasing power of the consuming public. I think I have said it before, but I repeat: The exemption feature of the amendment would cost one and a half billion dollars of revenue.

The next proposal deals with the splitting of family incomes. I shall not discuss that, because it has been thoroughly discussed here within the last 2 days. I shall only say that in my opinion there was never a more glaring inequity in the tax structure than that which exists today between community-property and non-community-property States. I hope the time will come, and very soon, when those inequities will be removed and the entire country placed upon a uniform basis.

Mr. HILL. Mr. President, will the Senator yield at that point?

Mr. LUCAS. I yield.

Mr. HILL. The Senator has been quoting from different organizations. I notice that the American Farm Bureau Federation, which is the great national organization of farmers, has very emphatically endorsed the particular proposition which the Senator has just been discussing.

Mr. LUCAS. The Senator is correct. The Honorable Edward O'Neal, president of the Federation, wrote me a letter on the subject, which I have placed in the RECORD. He is definitely in favor of a bill that will split family incomes and place husband and wife upon a uniform basis throughout the country. Bernard Baruch wrote a letter strongly endorsing that feature of the bill. In fact, there was not a single witness who testified, including witnesses for proponents of the measure, who did not believe this to be a good feature to be embraced within a tax bill, at some time. But the strong proponents of the House bill, such as Mr. Hanes and Mr. Magill, thought the matter should be delayed a little while longer.

Mr. HILL. I spoke of the declaration by the American Farm Bureau Federation. In connection with this matter, I should like to call attention also to the fact that the Farmers Educational and Cooperative Union of America declares as to the proposal by the Senator from Illinois, in a letter addressed to him under date of May 2, as follows:

> As to your proposal for the splitting of family incomes, certainly this would rectify one of the most glaring injustices in the present tax structure, and I think it is worthy of the most serious consideration.

Mr. LUCAS. I thank the Senator. That was the trend of the testimony throughout the hearings before the Senate Finance Committee.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. The Senator is a member of the Finance Committee. I wonder if he seriously believes that, were this opportunity of rectifying the injustices to be passed by, there would be any likelihood of a change in the tax structure next year, in accordance with the suggestion, since it would still at that time cost from $800,000,000 to $1,000,000,000?

Mr. LUCAS. I should like to think so, Mr. President; but, knowing what has happened here for the last 26 years, I shall never believe it, until I see it written into a law and signed by the President.

Mr. FULBRIGHT. I cannot imagine that we are at all likely to have an opportunity at any time in the near future of reducing taxes on a similar scale, such as the opportunity we now have. It is an opportunity to bring taxes down. When taxes are lowered under the pending bill, it will become progressively more difficult thereafter to obtain any further reduction. I am sure there will be minor adjustments, but, if the present opportunity is lost, in my opinion there will not be one chance in a thousand that a change will be made next year. The Republicans will come in then and say, "Oh, we would love to do it, but we cannot afford it." Under the pending bill, and under the present conditions, they obviously can afford it. Actually, the people who would benefit under H. R. 1 are to a great extent the same people who would benefit under the splitting of family income, although the benefit is distributed in a slightly different way, through the higher exemptions and the splitting of family income. Is not that true?

Mr. LUCAS. The Senator is correct. I concur in what the Senator says. Here is the danger in writing the tax bill for next year. It is all very well for the House Ways and Means Committee to sit down and talk about inequities in taxation, and to have lengthy hearings; that is a fine thing. Election year is coming along in 1948, and I think it is a good thing, from that angle.

Mr. FULBRIGHT. It sounds good.

Mr. LUCAS. It sounds good. It is a sound proposition to do that, from every angle. But this is my fear—no one knows what is going to happen between now and this time 1 year from now. We have already witnessed a very serious situation from the standpoint of foreign affairs, compelling us to appropriate hundreds of millions of dollars by way of a Greek-Turkish loan. No one is able to say what may happen. As the Senator suggests, there may or may not be a tax bill next year. If I were a gambling man, I should gamble that there will not be a tax bill next year, in view of conditions that exist in this country and the conditions that exist throughout the world. There are many who favor the universal military-training bill. That, alone, would cost $1,500,000,000, according to estimates made by the War Department. It is probably a worthy measure. In any kind of emergency which may arise, expenditures would immediately increase, and it would be difficult to find the necessary votes to reduce taxes next year.

Mr. FULBRIGHT. Unfortunately, I did not hear the beginning of the Senator's discussion. Did he discuss the timing of the bill, or the appropriateness of a tax reduction of the size proposed at this time?

Mr. LUCAS. I said that my substitute bill seeks to start the reduction of taxes on January 1, 1948.

Mr. FULBRIGHT. The Senator has already discussed that?

Mr. LUCAS. Yes; I have. That would afford an opportunity, between now and that time, to study the whole fiscal problem of the Government, and to observe conditions throughout the world. Should anything serious occur, we could take appropriate measures.

Mr. FULBRIGHT. May I suggest that by following that procedure, the Treasury might be better off by from one and a half to two billion dollars. In that connection, the argument made in justification of H. R. 1, namely, that it would give a greater incentive to production, a greater incentive to new business, and so on, seems to me to be completely erroneous. Of course, business is very good at the moment. It is not a lack of production or a prospect of unemployment that is facing the country. It is a lack of consumption, if anything, that is to bring on the anticipated recession, is it not? So, while none of us is opposed to giving an incentive for production, it is the timing of the bill that is basically wrong, it seems to me. Under different conditions the bill would be a very good one; for example, if there were unemployment and a lack of investment. As a matter of fact, investment conditions are very good at the moment, are they not?

Mr. LUCAS. If I understand the Wall Street Journal and other leading financial papers, they are about as good now as they have been in a long time. So far as I am able to ascertain, there is no one who is suffering, whether he is in a corporation or in a partnership, or is conducting a business by himself. In other words, greater profits are being made at the present time than at any other time in the history of the country. Profits of corporations are at an all time high. The individual citizen in America is better off today than he has ever been before.

Mr. FULBRIGHT. It seems to me the purpose is not to try to stimulate greater and greater inflation at the present time. Our real objective should be to stabilize production as nearly as we can at the present level, because, for at least some time, that will continue to be a very satisfactory level. If incentives are provided to further production at higher prices, inflation will be accelerated and there will be a recurrence of what happened at the end of the twenties; the policy followed will bring about a repetition of the same thing that happened at the end of the twenties.

Mr. LUCAS. The Senator knows that in 1945 we passed a tax bill which cost the Treasury Department $6,000,000,000.

Mr. FULBRIGHT. I opposed that bill.

Mr. LUCAS. By that bill we repealed the excess-profits taxes. By that bill, in my judgment, we provided the incentive for big business to do the very things that many say the pending bill will do. The pending bill does not touch corporations at all. I contend that there is absolutely no incentive whatsoever in the pending bill. It is simply the cutting of a juicy melon and passing the pieces around to the people over the country, and the little fellow in the lower income brackets is not going to receive very much.

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

Mr. LUCAS. I yield.

Mr. HILL. The Senator from Illinois has expressed doubt as to whether we can have a tax-reduction bill in the next session of Congress. Certainly, he doubts that if such a bill were passed it would involve much tax reduction. The same doubt has been very well expressed by the distinguished junior Senator from Arkansas. In that connection I should like to call attention to the fact that the only avowed candidate for the Republican nomination for President next year, 1948, has just returned from a trip through Europe where he has seen at first hand the conditions, where he has seen the needs of the people. He comes back to us and declares that we should devote 10 percent of all our production of food, of goods, of materials, of everything else for the rebuilding and rehabilitation of the countries of Europe, in the hope that by that method we may be able to build peace in this world. If we are to follow such a program certainly the 10 percent of our production will have to be paid for out of the Treasury, and that means that it will have to be paid

for with taxes taken from the pockets of the people. Certainly with such a program as that confronting us we cannot look with much optimism toward any substantial reduction in taxes at the next session of Congress. Is that not true?

Mr. LUCAS. I agree with the Senator. This further should be said in connection with the Senator's observation. The pending tax reduction bill is based upon a false theory. It is based upon contemplated revenue arising from the national income in the fiscal year 1948.

Mr. HILL. Which no one has any assurance will be maintained at the present level.

Mr. LUCAS. That is true. No one has any assurance of that; and a tax bill cannot be passed now upon the basis of reduction of expenditures. We know that to be true the way things are now going. It will be necessary to have a national income of at least $170,000,000,000 during the coming fiscal year in order to carry out the pledges the party in the majority in Congress have made to the people of the country, namely, to give them a three and one-half billion dollar tax reduction, pay $2,600,000,000 on the national debt, and still have some surplus remaining.

Mr. HILL. Of course, $170,000,000,000 is the highest national income this country ever had, an income which a few years ago the most optimistic person never even dreamed of. Is that not true?

Mr. LUCAS. The Senator is correct. It is the highest income in all our history, and it may be the highest income we will have for a long, long time.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. In that connection, I wish to say that the people who are supposed to know, and I think are the best judges of the future of business, that is the people who invest in securities in New York, certainly by their actions indicate that they do not believe the national income is going to stay at $170,000,000,000 a year. I wonder whether in the back of their minds they do not know that the kind of financing that it is proposed now and the kind of policy that has been followed during the last few months in approaching the Nation's fiscal problem assure that we are not going to have a continuation of a $170,000,000,000 national income.

Mr. LUCAS. It may be one of the factors that move them to do as they are doing. I do not know what factors are entering into the decline on the stock exchange at the present time. But there must be some reason for the decline. Some of the smart boys who deal on the stock exchange may be looking into the future and may be figuring that now might be a good time to get out. I do not know. No one can tell, of course, what is in store for the future.

Mr. FULBRIGHT. But ordinarily one would think that if a bill were going to have the effect that this bill is supposed to have by way of incentive to business and all that, with the evidence that has been given here of the strength of the proponents of the bill—and it looks as if the bill will be passed—the market would go up, in view of that exhibition of strength for the bill, if the bill will really have the effect its proponents say it will have.

Mr. LUCAS. I do not know about that. I simply do not want to make any comment upon that matter.

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

Mr. LUCAS. I yield.

Mr. JOHNSTON of South Carolina. Along the line of what has just been stated respecting the financial condition of the Nation, what effect does the Senator think the pending bill will have on the national income in view of the fact that the bill proposes to help those receiving large incomes but does very little to help those receiving small incomes? Will it have a tendency to increase our national income or not?

Mr. LUCAS. There is much food for thought raised by the Senator's question. Some argue that taxes can be reduced and that more revenues will result from the reduction in taxes by reason of stimulating incentive for individuals to invest in business and to make more money and thereby bring more tax revenue into the United States Treasury. I do not agree with that theory at all. Such a result might occur once in a great while. But when taxes are reduced by three and one-half billion dollars, which is what the Government will lose by the passage of this measure, I do not think there is any way to make up that loss in revenue.

Mr. JOHNSTON of South Carolina. Is it not true that if there is a reduction made in the taxes of those receiving the smaller incomes, say $2,000 a year or $3,000 or even up to $4,000 a year, the result will be to put into circulation the money thus saved to the small taxpayers?

Mr. LUCAS. That is where the stimulation of buying power comes. The mass of buying power comes from those receiving such incomes. The man in the lower-income bracket who receives a reduction in his taxes spends the dollars thus saved to him. We have to have a follow through on that policy in order to have a large national income.

Mr. JOHNSTON of South Carolina. Is it not true that economic experts agree that such a policy would stimulate purchasing power to the seventh degree?

Mr. LUCAS. I do not know about that.

Mr. JOHNSTON of South Carolina. I have seen the claim made that purchasing power is stimulated by such action seven times.

Mr. LUCAS. I do not want to enter into a discussion of that matter, because I am not sufficiently familiar with it.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I wish to address myself to section 3 of the Senator's substitute amendment. I understood the distinguished Senator from Illinois to say a few moments ago that he had received a written statement from several outstanding authorities on taxation, and other distinguished Americans relative to the wisdom of this provision. I ask the distinguished Senator if he has inquired of the Treasury Department or the Internal Revenue Bureau as to their attitude respecting section 3 of the substitute amendment?

Mr. LUCAS. Does the Senator refer to the splitting of family incomes?

Mr. WHERRY. Yes.

Mr. LUCAS. The Treasury Department advised the Committee on Finance—and the committee has been working on this problem for some time—that they are definitely in favor of having such action taken at the proper time. They do not state any definite time for action, but they take the position that they do not believe that this is the time to reduce taxes.

Mr. WHERRY. Testimony to that effect was read into the RECORD yesterday by the chairman of the Senate Finance Committee. I am intensely interested in knowing whether the Senator from Illinois has been in communication with the Treasury Department or has had any discussion with the Department as to its attitude, and as to whether or not the Department would cooperate and aid if possible in the consideration of such legislation in connection with the tax bill we talk about which will be submitted to Congress at the beginning of the next session.

Mr. LUCAS. The tax bill which is right around the corner?

Mr. WHERRY. Yes, the tax bill which is right around the corner. Can the Senator from Illinois say anything for the record that will be of help to those of us who are interested in seeing that this particular kind of legislation is adopted by the Senate?

Mr. LUCAS. I cannot add anything more that has been said. I have had no personal conversations with the Secretary of the Treasury about this matter. The only thing I did was to have one of the Treasury representatives, Mr. Surrey, come before the committee with a full explanation, which can be found in the hearings. I think it is a very fair explanation. He took no position. The Treasury Department took the position that it was not in favor of tax reduction of any kind at this time. However, like the Senator from Colorado, the Department is very sympathetic toward the splitting of family incomes on a uniform basis throughout the country.

Mr. WHERRY. I know that the Senator has had considerable experience with various Government agencies, and especially the revenue agency. I am looking for a light somewhere, if we can find it, that may be helpful, in the way of a definite assurance. During the past 3 or 4 years I have been told by several officials that they felt that this was legislation which should be enacted at some time.

Mr. LUCAS. I think I can give definite assurance that that is the attitude of the Treasury Department. I do not make that statement on the basis of direct conversations, but it is based upon what the Secretary of the Treasury stated before the committee and upon inference. I am sure that the Treasury representatives will cooperate if and when we get around to drafting a bill.

Mr. WHERRY. If the substitute which the distinguished Senator has offered should be adopted, what would be the cost in revenue so far as concerns the particular section which we are discussing?

Mr. LUCAS. The total loss in revenue occasioned by the three sections would be approximately three and one-half billion dollars.

Mr. WHERRY. I am speaking of the second section. What would it cost?

Mr. LUCAS. I wish I knew. I have heard a great many figures in that connection during the past 2 or 3 days of debate, and I confess that I am somewhat puzzled. In the hearings it was definitely testified that the cost would be $752,000,000. Yesterday the able Senator from Colorado [Mr. MILLIKIN] used the figure of $800,000,000. Then in the last burst of speed before we voted on the amendment offered by the Senator from Arkansas, the distinguished Senator from Colorado made the statement that it would cost $1,000,000,000. Someone had revised the figures again.

I have always had a little trouble with the experts. They can never be pinned down. The Senator knows that in the practice of law one can find experts to testify to almost anything. I do not make that statement with respect to the staff, because they are a competent group. But we can get the Treasury and the staff to agree on scarcely any set of figures. I believe that the experts ought to try to get together when they are trying to advise the Congress and the country on an important tax measure of this kind.

I am glad that the amendment offered by the Senator from Arkansas [Mr. MCCLELLAN] was voted upon yesterday, because I am satisfied, if we had delayed a vote until today, another $200,000,000 or $300,000,000 would have been added to the estimate of loss in revenue.

Mr. WHERRY. Does not the Senator feel that even though the McClellan amendment was rejected yesterday, that fact should not be interpreted as a reflection of the sentiments of many Senators who, if the amendment had not involved a loss in revenue, would have voted for it? Is that interpretation correct?

Mr. LUCAS. The Senator's interpretation is correct so far as the Senator from Illinois is concerned. I will say to the Senator that so far as I am concerned I will join with him, when an appropriate tax measure is before us, in an effort to see that enough Democrats and Republicans get together to place all the citizens of the country on a uniform basis so far as splitting family income is concerned.

Mr. WHERRY. Let me say to the distinguished Senator from Illinois that I believe that the principles involved in the second section of his amendment should be adopted by the Senate. As I stated yesterday in colloquy with the distinguished Senator from Arkansas [Mr. MCCLELLAN], I think there is no answer to the principle involved in such a proposal. It ought to be adopted. In my opinion every Senator feels that it is fair, and that so long as the present situation continues there will be an inequity. I hope that another tax bill is just around the corner. It seems to me that the first business to be considered in connection with such a measure is legislation which will accomplish what the Senator from Illinois and the Senator from Arkansas attempted to do in similar amendments.

Mr. LUCAS. The Senator was good enough to vote for the McClellan amendment yesterday. I understand pretty well the situation with respect to party solidarity in connection with tax bills and other measures. I think it was commendable for the Senator to leave his party and vote for the McClellan amendment. I think the time has passed when either party should attempt to hold in line Members on one side of the aisle or other on such a question as this. The Senator from Nebraska, who is one of the leaders on the other side of the aisle, ought to take the bull by the horns, so to speak, and see if we cannot persuade some Republicans to go along with us the next time.

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

Mr. LUCAS. I yield.

Mr. JOHNSTON of South Carolina. I should like to ask if the loss of revenue was estimated on the basis of the present law or on the basis of the bill now pending, which provides for a reduction of between 20 and 30 percent, or upon the basis of the Senator's amendment in the nature of a substitute.

Mr. LUCAS. There are two different questions. As I understand, House bill 1, as amended, would cost the Treasury approximately three and a half billion dollars.

Mr. JOHNSTON of South Carolina. I am speaking now of community property. As I understand, there would be a reduction of between 20 and 30 percent if the committee version of the bill now before the Senate were enacted, estimated on the basis of the present law. If the Senator's amendment were adopted, might not the loss in revenue because of the community-property feature be less?

Mr. LUCAS. I am not prepared to answer that question. It would be necessary to consult the experts.

The third significant provision of the bill is the reduction by two points of the surtax rate in each surtax net income bracket. This has the effect of giving each taxpayer a reduction of 2 percent of surtax net income. This proposal, in contrast with the reductions contained in H. R. 1, gives a more equitable amount of savings in dollars to all taxpayers rather than relating the savings directly to the amount of taxes paid.

Mr. President, the three proposals included in my amendment can be understood by everyone. There is nothing complicated about it. It follows the well-defined pattern of the tax structure which exists at the present time. The cost of the three proposals would be approximately $3,500,000,000.

Yesterday I voted for the amendment offered by the able Senator from Arkansas [Mr. MCCLELLAN]. If that amendment had been adopted, there would have been an additional cost of between $800,000,000 and $1,000,000,000, which would have represented an increased benefit to those in the upper- and middle-income brackets. They are already pretty well taken care of.

The other amendment offered by the Senator from Arkansas would cost the Treasury approximately $3,000,000,000. So, if those amendments had been adopted we should have had a tax-reduction measure involving a heavy loss in revenue. Nevertheless, I supported the first amendment.

The three proposals contained in my amendment would cost a total of $3,500,000,000 if adopted. I am asking that my amendment be substituted for the bill now before the Senate. I believe it is a better, sounder bill, from the standpoint of equity and from the standpoint of honest taxation, in line with the ability of the taxpayer to pay. It follows the pattern that we have been following for years on the question of exemptions. It does not do anything other than what seems to me to be fair and just. If we are to have a tax-reduction bill, I think this is the kind of bill we ought to have.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Illinois.

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

The PRESIDING OFFICER (Mr. BRICKER in the chair). Eighty-six Senators having answered to their names, a quorum is present.

The question is on the adoption of the amendment in the nature of a substitute offered by the Senator from Illinois.

Mr. MILLIKIN, Mr. WHERRY, and other Senators requested the yeas and nays.

The yeas and nays were ordered.

Mr. REVERCOMB. Mr. President, I should like to address a question to the Senator from Illinois, the sponsor of the amendment. As I understand from section 7 of the proposed amendment, its provisions would not become effective until January 1, 1948. Is that correct?

Mr. LUCAS. That is correct.

Mr. REVERCOMB. Furthermore, it would replace and strike out all of the committee's bill?

Mr. LUCAS. Precisely; that is correct.

Mr. REVERCOMB. It is a substitute measure, and would not become effective until January 1, 1948?

Mr. LUCAS. The Senator is correct.

Mr. REVERCOMB. I will say to the able Senator that I am very much impressed and very favorably impressed with the idea of increasing exemptions, but from my own viewpoint, I feel that I should make this statement, that I do not want to support any amendment that defers the benefits of any tax bill beyond July 1 of this year.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Illinois [Mr. LUCAS]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. On this vote, I transfer that pair to the Senator from Oregon [Mr. MORSE], and I will vote. I vote "nay."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY], who is absent because of illness in his family, is paired with the Senator from Rhode Island [Mr. MCGRATH]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Rhode Island would vote "yea."

The Senator from Nebraska [Mr. BUTLER], who is absent on official business, is paired with the Senator from Tennessee [Mr. STEWART]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Tennessee would vote "yea."

The Senator from Oregon [Mr. MORSE], who is necessarily absent, is paired with the Senator from New York [Mr. WAGNER].

Mr. LUCAS. I announce that the Senator from Rhode Island [Mr. MCGRATH], and the Senator from Tennessee [Mr. STEWART] are absent on public business.

The Senator from Tennessee [Mr. MCKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

On this vote I announce the following pairs: The Senator from Rhode Island [Mr. MCGRATH] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present, the Senator from Rhode Island would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from Tennessee [Mr. STEWART] is paired with the Senator from Nebraska [Mr. BUTLER]. If present, the Senator from Tennessee would vote "yea," and the Senator from Nebraska would vote "nay."

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

The result was announced—yeas 28, nays 58, as follows:

YEAS—28

Chavez	Kilgore	O'Daniel
Downey	Langer	Pepper
Eastland	Lucas	Russell
Fulbright	McClellan	Sparkman
Green	McMahon	Taylor
Hayden	Magnuson	Thomas, Okla.
Hill	Maybank	Thomas, Utah
Hoey	Murray	Umstead
Holland	Myers	
Johnston, S. C.	O'Conor	

NAYS—58

Aiken	Ellender	Moore
Baldwin	Ferguson	Reed
Ball	Flanders	Revercomb
Barkley	George	Robertson, Va.
Brewster	Gurney	Robertson, Wyo.
Bricker	Hatch	Saltonstall
Bridges	Hawkes	Smith
Brooks	Hickenlooper	Taft
Buck	Ives	Thye
Bushfield	Jenner	Tydings
Byrd	Johnson, Colo.	Vandenberg
Cain	Kem	Watkins
Capehart	Knowland	Wherry
Capper	Lodge	White
Connally	McCarran	Wiley
Cooper	McCarthy	Williams
Cordon	McFarland	Wilson
Donnell	Malone	Young
Dworshak	Martin	
Ecton	Millikin	

NOT VOTING—9

Butler	Morse	Stewart
McGrath	O'Mahoney	Tobey
McKellar	Overton	Wagner

So Mr. LUCAS' amendment in the nature of a substitute was rejected.

Mr. MAGNUSON. Mr. President, I have certain technical observations on the pending tax bill, and also on the Lucas amendment, just voted upon. The subject matter is much longer than I thought it would be at the time I made the research. I know how anxious the Senate is to dispose of the bill tonight; therefore, I shall not burden the Senate with these long observations, because so much has already been said, much of it being repetitious, but expressing my views on the pending legislation. I therefore ask unanimous consent that I may place this matter in the RECORD at this point following the vote on the Lucas amendment.

The PRESIDING OFFICER. Is there objection?

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

The question of tax reduction, debt retirement, and reduction of Federal expenditures was discussed in a preliminary way in the early days of the present session, when we were considering the legislative budget for the fiscal year 1948. Since that time H. R. 1 has been reported out of the House Ways and Means Committee, passed by the House, sent to the Senate, and after lengthy hearings before the Senate Finance Committee has now come to the floor for discussion.

Last Wednesday the Senator from Georgia [Mr. GEORGE] congratulated the chairman of the Senate Finance Committee, the distinguished gentleman from Colorado [Mr. MILLIKIN], on the way he handled the hearings before that committee. I want to join the Senator from Georgia in extending my compliments to the distinguished chairman. I did not have an opportunity to attend all of the hearings, but I know that the public, the witnesses, and those Senators who did have the opportunity to sit in on some of the testimony were most favorably impressed with the committee's attitude and came away from the hearings convinced that open hearings on this vital part of the Nation's business are far preferable to the old procedure of executive sessions.

H. R. 1, as amended by the Senate committee, has the practical effect of making tax reductions effective July 1, 1947, and follows a modified version of across-the-board percentage cut in taxes. In my mind the bill now before us raises two major questions, first, "Does the economy demand tax reduction effective July 1 or is it reasonably safe to begin such reduction on January 1, 1948, instead?" and second, "Is the modified across-the-board principle of percentage reduction the equitable way of achieving the objectives claimed by its proponents to be inherent in H. R. 1?"

The majority argues that tax reductions are needed for two major reasons; first, to increase, or bolster mass purchasing power; and second, to restore incentive for venture capital and to promote additional mangerial initiative. The major question I stated a few minutes ago, namely, "Does the economy demand tax reduction on July 1, rather than January 1, 1948?" relates directly to these two objectives which the majority party allegedly is seeking to accomplish by H. R. 1 as amended.

There are two collateral considerations which of necessity permeate our entire discussion of tax reduction. These are Federal expenditures and the tremendous national debt. As I proceed with this discussion I will mention the problems involved in these two considerations at the appropriate intervals.

I am firmly convinced that tax reductions must be made. The taxpayers of this Nation cannot go on indefinitely carrying the heavy burden imposed upon them by wartime rates. I am equally convinced that Federal expenditures can and must be reduced below their present postwar level. I am further convinced that the national debt of $258,000,000,000, which is approximately one and a half times our total national income, must be retired on a long-term, planned basis.

Insofar as I have been able to ascertain from p rusal of disscussions in the House Ways and Means Committee, by reports of what transpired in hearings before the Senate Finance Committee, and from discussion of tax, debt, and legislative budget questions on the floor of the Senate, those responsible in the Congress have not yet devised a comprehensive plan for revising our total tax structure, nor have they worked out a long-range policy for management and retirement of the public debt. Until the respective committees of House and Senate have addressed themselves to these major problems, and are ready to report a studied, factual, and comprehensive program to the Congress, I am opposed to tax reduction, because without the kind of basic planning I visualize reductions such as those represented in H. R. 1 are piecemeal nibblings at the problem and may well have the effect of destroying our present golden opportunity of achieving a complete overhauling of the tax structure. The same argument applies to the problem of debt retirement. The Senate passed a resolution providing for the application of $2,600,000,000 on the national debt out of any surplus revenues which may accrue during the fiscal year 1948. This is a laudable declaration of intent, but it does not in any way represent a considered judgment on the part of the Senate as to what our long-range debt-retirement policy and program should be.

I don't pose as an expert in tax matters or fiscal policy. To me, however, the proposal made by the Senator from Maryland [Mr. O'CONOR] in Senate Joint Resolution 90, which has been before the Senate since March 18, calling for a study of the relationships

between municipal, State, and Federal fiscal programs, makes sense. Action on that resolution has not yet been taken by the Committee on Expenditures in the Executive Departments, although there has certainly been ample time for it to do so. The House Ways and Means Committee is currently undertaking a study of this over-all problem. For my own part, it is folly to attack such complicated and important problems on a piecemeal basis as represented by H. R. 1.

What I have just said in regard to the necessity for planned action is germane to the first question I mentioned at the opening of my remarks, "Is July 1 the imperative time to institute a substantial reduction in individual income taxes?" I wish now to pursue that question a bit further as it relates to the objectives which the majority leadership alleges to be inherent in this tax bill. You will recall that these objectives are first, to increase mass purchasing power, and second, to provide additional incentive for venture capital and managerial initiative. In this regard these two questions come to my mind, "Is it necessary by July 1 to inject additional purchasing power into the arteries of commerce?" and "Are venture capital and managerial initiative so stifled by present tax rates that unless relief is granted by July 1 the entire economy will suffer from financial anemia?"

The need or lack of need for additional purchasing power in the economy can best be judged by what is happening to sales in various commodity fields of consumer goods. Recent reports in Business Week and other publications designed especially for businessmen state that trouble spots are beginning to appear at certain points in sales of consumer soft goods. The movement of textiles across the retail counters of the Nation has slowed down, the pipe lines are pretty well filled, and some textile mills have already felt the impact. A similar situation prevails in the shoe industry. A very substantial part of the 1946 pack of canned goods is still in the hands of brokers and wholesalers, and these distributors are experiencing resistance from retailers against the high prices at which these 1946 lines must sell if their present owners are to avoid serious inventory losses. I will not attempt to give an encyclopedic account of each item in the soft goods field where retail and consumer resistance is being felt. There are, however, numerous other specific items of soft goods which are presently experiencing sales difficulties.

It is readily understandable to me, and I am sure to all Senators on the floor, that consumer resistance to prices in the soft goods field is inevitable in view of the fact that, as Mr. Lionel Edie pointed out to the committee in his testimony on April 30, the index of agricultural prices reached a peak of 183 in April as compared to the 1926 level. Whereas it is true that agricultural prices are not a complete reflection of all items in the soft goods category, they are indicative of what has happened to prices in this field.

I leave this point with the statement that there are indications in soft goods lines of definite consumer resistance and inventories are beginning to accumulate. There is a very serious question, however, as to whether additional purchasing power, left in the hands of consumers through tax reduction, will have any material effect upon this situation. It is more probable that price readjustments will have to take place before the volume of sales will again turn upward. By giving the proponents of H. R. 1 the benefit of the doubt, let us assume that additional purchasing power in the hands of the masses of our people would serve to stimulate sales of soft goods.

I would like to direct your attention now for a moment to the situation in durable goods lines. Here prices are still firm, and some economists, including the Mr. Edie to whom I have already referred, anticipate that prices will go still higher in some lines. There are two major reasons for this: First, industrial prices did not go up as high during the war and reconversion period as did agricultural prices. The index as compared to 1926 stands at 133. In 1920, 2 years after the close of World War I, the index of industrial prices as compared to 1926 was 150, 17 points higher than the present level. Industrial prices, due largely to the effectiveness of OPA controls, did not rise as precipitously during World War II as they did during World War I, and hence the possibility of a sharp downward tend is not as imminent. Further, the informed estimates are that they will rise somewhat, in the orderly adjustment which must take place between these and agricultural prices.

The second major influence on these prices is to be found in the relationship between production and demand. Many durable goods were either entirely out of production during the war or were produced on a limited basis. There is still a tremendous accumulated demand for durable goods in all lines. A very few, such as table-model radios, are experiencing some sales difficulty. Producers have a long way to go, however, before they satisfy the pent-up demand for durable goods. There are some basic shortages which further bear on this question. Production of steel is proceeding vitally at full-plant capacity and availability of steel is a controlling factor in the production of most durable goods. Copper is extremely short and supplies of aluminum and other light metals, according to the most recent report of the Civilian Production Administration, are still inadequate.

Just a few words now about heavy capital goods and construction materials. All of us from the West are aware of the critical shortage of boxcars. The junior Senator from Kansas [Mr. REED] is more fully informed on this question than perhaps any other single Member of the Senate. The basic difficulty in the boxcar shortage is lack of steel. In recent testimony before the Appropriations Subcommittee on the Department of the Interior the Senator from Nebraska [Mr. WHERRY] will recall statements made by virtually every expert in the field to the effect that delivery dates on heavy equipment like generators, transformers, and conductors are presently being quoted by manufacturers as from 18 months to 2½ years following placement of the order. These facts are germane to our present discussion, because the proponents of H. R. 1 are basing their contention that tax reductions are essential on July 1, partly, on the alleged necessity for bolstering purchasing power.

Opponents of the July 1 date, on the other hand, have asserted as one point in their argument that this reduction will have an inflationary effect. My own belief is that the additional purchasing power will not have a material effect in the direction of bolstering soft goods prices, but that it will have a definite tendency to force consumer durable and capital goods prices to higher levels. Or, to put it another way, there is no need on July 1 to inject into commercial arteries the additional $3,200,000,000 represented by the tax reductions in H. R. 1.

Referring back to the first part of my remarks, I stated that the proponents of H. R. 1 argue that tax reduction on July 1 is necessary to provide additional incentive for venture capital and managerial initiative. Let's examine that argument for a moment. I think we can best judge the validity of this assertion by reference to what is happening in the economy by way of capital investment and payment for managerial initiative as represented by corporate profits.

In the hearings before the Senate Finance Committee the distinguished chairman of that committee [Mr. MILLIKIN] quoted a very interesting set of figures, which are at least a partial reflection of what is happening in the economy by way of capital investments. He pointed out that in 1938 businessmen plowed back into their enterprises approximately $11,000,000,000; in 1941, $19,000,000,000; in 1943, at the peak of the war, $1,800,000,000; in 1945, $9,100,000,000; but in 1946, under present tax rates, $32,100,000,000. As measured by this plowback businessmen last year, under the rates of taxation which H. R. 1 seeks to cut on a straight percentage basis, certainly were not deterred in venturing their capital.

What I have just recited concerning plowback investment by businessmen demonstrates willingness of these men to invest in existing enterprises. Now how about investment in new enterprises? Are businessmen unwilling to risk capital in new ventures under present tax rates, as asserted by the proponents of this bill? Or put it another way—Must we reduce taxes on July 1 to induce businessmen to launch new enterprises—would it be disastrous to wait until January 1, 1948? Well, let's look at the record to see whether new ventures are being launched and if so, at what rate.

The latest data I have been able to obtain bearing on this question came from the Department of Commerce. The figures show, and I use round numbers, that from a low of approximately 2,830,000 firms in 1943, the number increased to 2,923,000 in 1944, to 3,224,000 in 1945, and to 3,550,000 in 1946; a net increase of about 700,000 firms between 1943 and December 31, 1946, and over 100,000 more than the prewar peak of September 1941. The number of new enterprises launched by the businessmen of this country certainly tends to contradict the contention that managerial initiative is being stifled by current tax rates.

I regret that I do not have current figures on the number of new firms being launched, but I do have some related data which further bear out my contention that the Nation will not suffer economic collapse if tax reductions are initiated on January 1, 1948, rather than on July 1. I quote now from the United States Department of Commerce April issue of Survey of Current Business.

"Based on reported actual outlays by a representative sample of business firms, expenditures for new plant and equipment in 1946 amounted to $12,100,000,000 (exclusive of agriculture). This total was almost double the $6,600,000,000 investment in 1945. Expenditures for new plant and equipment increased in each quarter of 1946. In the first half of the year they were at an annual rate of $10,000,000,000, this rate increasing to $14,000,000,000 in the second half of the year.

"Present indications from reports of business firms on their anticipated expenditures are that the annual rate of $14,000,000,000 of outlays for new plant and equipment will be maintained in the first half of 1947."

I recognize that there are other indices which are needed to round out the picture on this point, but certainly the funds businessmen plow back into their own enterprises and the number of new enterprises launched are a measure of the confidence they have in their ability to earn a satisfactory return on that investment. May I emphasize again that the total plow-back investment in 1946 was almost twice as great as that in 1941 and almost three times as great as that in 1938, that the number of new enterprises launched in 1946 was at the highest rate in our history, that the outlay for new plant and equipment in the first half of 1947 will be over two times the 1945 rate, and that this tremendous investment was achieved under tax rates which the proponents of the pending bill assert are so high as to stifle the incentive to invest.

In 1946 corporate profits after taxes were running at the rate of approximately $12,000,000,000, over three times the $3,500,000,000 rate obtaining in 1939. One might well ask the question, "How much incentive do businessmen have to have to induce them to put forth their best efforts in managerial

initiative?" If three times the 1939 rate is not sufficient, what should it be? Four, five, six times? And if that is the amount of incentive that is required, what must they charge for their products and how much additional purchasing power would the majority party have to inject into the commercial stream to satisfy this insatiable appetite?

From time to time in the committee hearings on H. R. 1 it was asserted that prices are high because business and industry are being taxed so heavily by the Federal Government. It is true that taxes must be considered as a cost of doing business and that the finished article must bear its proportionate part of those taxes. It seems to me that it would be helpful in weighing the validity of this argument to attempt a rough calculation as to what part of the price for goods and services generally is represented by taxes.

In 1946 corporate earnings before taxes amounted to between twenty and twenty-two billion dollars. Let's assume for purposes of illustration that profits before taxes represent about 10 percent on gross sales. Since gross corporate earnings in 1946 were $22,000,000,000, that would mean that gross sales aggregated roughly $220,000,000,000. Corporations paid roughly $11,000,000,000 in taxes out of earnings. This is about 5 percent of gross sales. If we were to eliminate corporation taxes entirely, therefore, the effect upon aggregate sales prices would be about 5 percent. Again I recognize that these are very rough calculations, but I do want to point out that the argument that the present high level of prices is due to taxation certainly needs some careful analysis before we accept it as gospel.

I already have dwelt to some extent on the contentions, pro and con, that tax reduction on July 1 will or will not be inflationary. In his speech on Wednesday, May 21, the distinguished chairman of the Finance Committee [Mr. MILLIKIN] addressed himself to a point made by the Secretary of the Treasury in committee hearings. The Secretary maintained that July 1 is not an appropriate time to institute tax reductions. The Secretary either stated or implied that this reduction would tend to put pressure under prices and would not materially expand the output of goods and services. The chairman disagreed with this point of view, stating that we now have 2,400,000 people unemployed, whereas during 1943 we had less than 700,000 unemployed. He cites present unemployment as evidence that we are not using our manpower and plant facilities to capacity. I agree that this bit of evidence taken by itself might lead one to agree with his conclusion. There are a number of additional factors, however, equally germane to the point, which must be considered in concert with this statement.

Before I mention some of these additional factors, however, I would like to point out that students of the subject maintain that in a peacetime economy of full production, it is inevitable that from two to two and a half million people will be unemployed. Economists maintain that this is frictional unemployment—people shifting from one job to another, people temporarily out of work because of plant overhauling, and people who for a temporary period are simply not interested in finding or holding a job. I am not prepared to argue this point vehemently, but am inclined to the view that the experts in the field know whereof they speak.

I mentioned that there are factors other than this frictional unemployment which have a direct bearing on the issue. I won't attempt to enumerate all of them, but do wish to cite at least two indexes which tend to indicate that our industrial machine is rolling at substantially full capacity. Production of steel in past weeks has fluctuated between 90 and 95 percent of capacity as compared to an average of 97 percent in 1941. Production of automobiles, production of railway cars, which I have already mentioned, and a host of durable consumer and capital goods are directly dependent upon the availability of steel. Electrical energy is currently being consumed at approximately 150 percent of the average 1941 rate. Other sources of industrial energy, coal and oil, are being produced and consumed at approximately 130 percent of the 1941 rate, and the Federal Reserve index of physical volume of production, using the 1935–39 average as 100, in the month of April was 185. None of these factors alone, nor even all of them together, prove conclusively that we are utilizing our industrial machine to capacity, but they certainly provide significant evidence pointing in that direction.

The study I have made of the problem, although I admit that that study is not exhaustive, certainly warrants these conclusions: The infusion of $3,200,000,000 provided by H. R. 1 will not have a material effect in the direction of bolstering prices in consumer soft-goods lines. It will place additional pressure under the prices of consumer durable goods, and it is not needed as a hypo to venture capital and managerial initiative. In addition, there is evidence that the basic limitation on expanded production is not lack of capital and initiative, but rather is shortage of manpower, materials, and industrial energy.

I now wish to discuss as briefly as I can the second question I raised at the opening of my remarks: If July 1 were the time to institute tax reductions, is H. R. 1 the equitable way to doing it?

H. R. 1 partially destroys the progressivity of the graduated income-tax scale. The rate schedule has grown up over the years as a reflection of a basic concept in Federal tax policy, namely, the ability to pay. At the outset I wish to have it understood, that I realize that ability to pay in and of itself, is not the sole criterion in a sound tax policy. There are other factors such as this: The tax paid by the individual should be in proportion to the benefit he receives from services performed for him by the Government. Tax experts in the Senate such as the distinguished Senators from Georgia [Mr. GEORGE] and Colorado [Mr. MILLIKIN] will think of others. Certainly the ability to pay, coupled with these other factors, is an important principle in a sound Federal tax policy.

A moment ago I stated that H. R. 1 partially destroys the progressivity of the 1939 rates, in that it narrows the gap between the 1939 rates and rates it proposes, far more for taxpayers with incomes over $5,000 than it does for those with incomes under $5,000. For example, the bill narrows the gap between present and 1939 rates for the individual with $5,000 by 3.2 percent, for the individual with $50,000 income by 9.9 percent, and for the individual with $100,000 by 12.6 percent.

To demonstrate the effect of this change upon rates of take-home pay, I have had prepared a short table which sets forth for specified amounts of income the dollar increase and the percentage increase for various income brackets.

The committee bill increases the take-home pay of a married couple with no dependents in the following amounts:

$1,200 yearly income—take-home pay is increased 1 percent.

$1,500 yearly income—take-home pay is increased 2 percent.

$5,000 yearly income—take-home pay is increased 4.2 percent.

$25,000 yearly income—take-home pay is increased 11.4 percent.

The take-home pay of a man earning $50,000 is increased 19.7 percent, the man with $100,000 income, 34.2 percent, the man with $300,000 income, 57.4 percent.

Families with incomes of less than $5,000 receive under the committee bill an increase in take-home pay of 4 percent or less. Families with $300,000 of income, over 57 percent.

I thought it would be interesting to apply these increases in take-home pay to the situation in my own State, the State of Washington. The latest figures I have been able to obtain show that in 1943, 908,730 taxpayers in the State of Washington earned under $5,000 a year. One hundred taxpayers earned over $100,000 a year, and six taxpayers earned over $300,000 a year. In my State, therefore, the committee bill increases the take-home pay for almost one million people by less than 5 percent. It increases the take-home pay for one hundred people by over 34 percent, and for six people increases the take-home pay by over 57 percent.

To me these figures demonstrate rather dramatically who benefits in my State by the committee bill.

I would like to insert the complete table in the RECORD:

Increase in take-home pay under Senate Finance Committee bill at specified rates of net income before personal exemption

[Adapted from table XI-B, comparison of spendable income under present law, House bill, and Finance Committee bill, p. 5584, CONGRESSIONAL RECORD, May 21, 1947]

Net income before personal exemption	Spendable income after tax under—		Increase in dollars	Percentage increase
	Present law	H. R. 1 as amended		
$1,200	1,162	1,173	11	1
$1,500	1,405	1,433	28	2
$2,000	1,810	1,867	57	3.1
$5,000	4,202	4,361	159	4.2
$25,000	15,918	17,734	1,816	11.4
$50,000	25,205	30,164	4,959	19.7
$100,000	36,872	48,716	11,844	34.2
$300,000	65,435	102,995	37,559	57.4

At this point I quote from the remarks of the distinguished chairman of the Senate Finance Committee, as shown on page 5590 of the RECORD:

"Some critics of the bill allege that the percentage of the relief given to those in the lower brackets should be even greater. Usually this conclusion is reached by pointing out that the percentage reductions provided in H. R. 1, as amended, are not the same as the percentage increases which took place in the individual income-tax burdens between 1939 and 1945. It is alleged that tax rates should go down in the same manner as they went up during the war.

"Behind this argument lurks the assumption that the rate structure of 1939 was an ideal one. This is highly questionable. The rates applied to upper-bracket incomes in 1939 were extremely high. They represented the end product of a determined effort to convert the individual income tax into a device for the redistribution of wealth. In their desire to attain this objective, the proponents of the rate structure developed during the 1930's tended to pay far too little attention to the problem of maintaining managerial initiative and an adequate flow of venture capital. For this reason it is not supportable to use the 1939 rate structure as a basis for comparison."

On this assertion by the distinguished chairman of the committee I have two comments to make. First, if the real purpose of H. R. 1 is to revise the entire individual income-tax structure, then I think in all fairness this should be clearly stated, and additionally, I think that the hearings should have been held in the light of this objective. The House concluded its hearings on H. R. 1 in 2 days. I sincerely doubt that so complicated a problem as the progressivity of the income-tax schedule can equitably be disposed of in such summary fashion.

My second comment has to do with the effect of the 1939 rates upon our economy, which the distinguished chairman has branded as, and I quote, "A determined effort to convert the individual income tax into a device for the redistribution of wealth. * * * The proponents of the rate structure * * * tended to pay too little attention to the problem of maintaining managerial initiative and an adequate flow of venture capital."

The years 1939 to 1947 are years in which this Nation has achieved the greatest level of prosperity in its history. I am not irresponsible enough to assert that we owe that high level of prosperity to the progressivity of the 1939 and subsequent tax schedules. I submit, however, that it would be just as logical and defensible for me to make this claim as it is for the proponents of H. R. 1 to assert, as have committee members and business representatives who appeared to offer testimony, that the lowering of individual income-tax rates in the twenties was responsible for the high level of prosperity achieved by the Nation in 1927, 1928, and 1929.

An outstanding commentator on a recent broadcast commented on the eclipse of the sun, which a number of eminent scientists traveled to South America to observe. He stated that there is a primitive Indian tribe in the jungle of South America who, in keeping with ancient tribal tradition and superstition, donned their war paint and shot arrows at the sun to kill the monster which was slowly obliterating the sun's rays. They were extremely gratified at the result of their efforts when the monster disappeared and the sun's rays once more beat down on the jungle.

To attribute the passing of the eclipse to the shooting of arrows by the Indian tribe in South America is just as logical as to attribute the prosperity of the late twenties to income-tax reduction. The events occurred in concert but the forces which produced the end result were far different.

So far I have discussed some—certainly not all—of the factors bearing on the question, "Is it imperative that July 1, 1947, rather than January 1, 1948, be chosen as the date on which to institute tax reductions?" In addition, I have commented on the effect of H. R. 1, as amended, upon the basic progression of present and prewar individual income-tax rates. In this discussion I have tried to indicate the bases upon which I reach two conclusions. First, the economy is not so anemic as to require a transfusion of $3,200,000,000 on July 1. The risk involved in making our tax reductions effective January 1, 1948, is more than counterbalanced by the risk of placing additional pressures under durable and capital goods prices—already dangerously high. The second conclusion is that H. R. 1, as amended, is objectionable because it is aimed at reducing the progressivity of basic individual income tax rates.

I have just voted for the Lucas amendment. The Lucas amendment gives the taxpayers of the Nation the assurance of tax reductions beginning January 1, 1948. By raising personal exemptions $100, it takes 4,700,000 small taxpayers off the Federal tax rolls, thereby giving those who need relief most the maximum relief possible in a tax reduction program. In addition, it gives some relief—admittedly small in the upper brackets—to each of the approximately 43,000,000 who will remain on the rolls. This provision will cost about $1,700,000,000 in revenue computed on a yearly basis. Over $1,500,000,000 of this, or about 92 percent, will go to individuals with incomes of less than $5,000 per year—about $140,000,000, or 8 percent, to individuals with incomes over $5,000 per year.

In addition, the Lucas amendment reduces surtax rates by two percentage points throughout the tax schedule. This provision will reduce Federal revenues by $1,156,000,000 per year. Of this, $788,000,000, or 68 percent, goes to taxpayers under $5,000—$368,000,000, or 32 percent, to taxpayers over $5,000. These two proposals will leave approximately $2,800,000,000 of additional purchasing power in the hands of the Nation's taxpayers—reducing Federal revenues by that amount. To me, it is highly significant that these two provisions, although they would cost in yearly revenues almost $1,000,000,000 less than the committee bill, give substantially the same amount of relief to taxpayers under $5,000.

If a major objective of tax reduction is to bolster purchasing power, here, then, is the way to do it at far less loss in revenues than under the committee bill. It was admitted in committee hearings and here on the floor of the Senate that taxpayers with incomes under $5,000 require greater relief, that they as a group have less of a backlog in savings, and hence will utilize most quickly for necessary purchases any funds left in their hands as a result of tax reductions.

The Lucas amendment achieves tax reduction by raising personal exemptions and reducing surtax rates uniformly. It, therefore, follows in reverse the general pattern utilized by the Congress in raising tax rates to their present level. It retains the basic progressivity of our tax schedule, which was constructed originally in conformity with the principle of ability to pay.

It may well be, as proponents of H. R. 1 assert, that progression in present surtax rates is too precipitous. This is a question which requires extensive study and consideration. Personally I believe that during the summer recess the Congress and the Treasury should undertake a careful and comprehensive study of this and related questions, including a long-term debt-retirement policy. At the proper time I will introduce a resolution incorporating my convictions on this subject.

The Lucas amendment contains an additional provision which I now allude to—the so-called Surrey plan dealing with splitting the family income. There exists a geographical inequality as a result of the fact that the community-property system existing in certain States, including the State of Washington, is recognized for tax purposes under Supreme Court decisions, so that division of community income between husband and wife in these States is recognized for tax purposes. As a result of this, at $5,000 net income, the tax in the community-property State is about 5 percent less; at $10,000 it is 15.7 percent less; at $15,000 it is 22 percent less; at $25,000, 28.9 percent less, and at $50,000 it is 25 percent less. Certainly a cardinal principle in Federal taxation should be equality, as between the tax burden imposed upon a citizen in one section of the country as compared with another.

Unless the inequities created by the community-property issue are resolved through some such proposal as that contained in the Lucas amendment, one of two things will occur—either the other 38 States will take action individually to remove this tax advantage, or these same States will take such action through their congressional representatives. Whether that action comes this year or next year or in the Eightieth Congress or in the Eighty-first Congress, I'm convinced that it will come. It seems to me, therefore, that the community-property States must realize that their congressional representatives are faced with a realistic problem—one on which the representatives from the 38 common-law States have the voting strength to decide the issue in their favor.

I wish to reserve further comment on this portion of the Lucas amendment for a future time. There are collateral issues which must be resolved before I can conscientiously support this provision.

In summary: Tax reductions as contained in H. R. 1 will put additional pressures under consumer durable and capital goods prices. Our industrial plant is being operated at what is, for all practical purposes, peak capacity. Under present rates of taxation businessmen in 1946 did plow back into their enterprises $32,000,000,000 of corporate earnings, thereby demonstrating their faith in their ability to obtain adequate returns on that investment, and new enterprises were launched at the highest rate in our history.

I believe tax reduction on a planned basis is essential. Individual tax reductions, however, are but a single part of the entire tax structure. No action in this area should be taken now which will jeopardize the comprehensive tax revision which should emanate from a thorough study of the fiscal relationships between local, State, and Federal tax policies, the elimination of duplicate taxation, the problem of orderly debt retirement, and related issues.

Institution of individual income-tax reduction on January 1, 1948, is preferable to July 1, 1947. Any reduction in individual income taxes, even on January 1, 1948, should conform to the basic pattern employed by the Federal Government in increasing these taxes. The Lucas amendment meets this criterion and leaves greater leeway than does H. R. 1 for debt retirement and the losses in revenue which will inevitably follow any general overhauling of the tax structure.

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 11, after line 20, it is proposed to add the following:

That in the administration of the Federal income-tax laws with respect to the income of married persons who are residents of the State of Arkansas, the Commissioner of Internal Revenue is authorized and directed to apply such laws in the same manner as in the case of married persons who are residents of Oklahoma, Texas, and other States in which the law of community property exists.

Mr. MILLIKIN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLIKIN. I suggest that the amendment is out of order, that it would affect a part of the bill which has been passed upon and accepted as a committee amendment.

The PRESIDING OFFICER. The amendment as read applies only to the State of Arkansas.

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Does not the Constitution provide that taxes shall be uniform throughout the United States?

The PRESIDING OFFICER. The Chair does not pass upon the constitutionality of the amendment.

Mr. MILLIKIN. It is an amendment to a committee amendment, and I suggest it is out of order.

The PRESIDING OFFICER. The amendment is to the text of the bill, on page 11, after line 20, an addition to the bill itself. The point of order is not well taken.

Mr. FULBRIGHT obtained the floor.

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

Mr. FULBRIGHT. I yield for a question.

Mr. REVERCOMB. I suggest to the Senator if he will include the State of West Virginia he might get some support.

Mr. FULBRIGHT. I accept that amendment to the proposal.

Mr. TYDINGS. Will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Maryland.

Mr. TYDINGS. I hope the Senator's generosity will not be fully exhausted by including the State of West Virginia. I should like to impose upon the good nature of the Senator by asking him to include the State of Maryland.

Mr. FULBRIGHT. I shall take that under consideration.

Mr. President, the Senator from Colorado [Mr. MILLIKIN], the distinguished chairman of the Committee on Finance, made two points. He objected to the amendment offered by the senior Senator from Arkansas [Mr. MCCLELLAN] primarily because it would cost so much. He said it would cost anywhere from $800,000,000 to $1,000,000,000. My amendment meets that objection very well. It will cost between four and five million dollars. That is an amount which could be easily absorbed in the bill without any difficulty whatever.

The second point which the Senator from Colorado made a few moments ago was that the States which are adjacent to the community-property States are the ones which suffer the most from the unjustified discrimination which exists in our tax system. I think Arkansas is the only State which is adjacent to three community-property States. I know of no other State which suffers from proximity to three community-property States. We have Louisiana and Texas on the south and west, and Oklahoma on the west. So that it seems to me there is a very special reason why the Senator from Colorado would be willing to accept the amendment, and incorporate it as a committee amendment. I am sure his sense of justice is so offended by this discrimination, and the peculiar conditions surrounding Arkansas, that he does not wish to continue this grave injustice to the people of Arkansas.

Mr. MILLIKIN. Mr. President, I regret that I cannot accept the amendment. I should like to keep Arkansas in the Union. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment presented by the junior Senator from Arkansas [Mr. FULBRIGHT].

The amendment was rejected.

Mr. BARKLEY and Mr. PEPPER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BARKLEY. Mr. President, I wish to make a very brief statement with reference to the proposed legislation.

Mr. PEPPER. Mr. President, I have an amendment to offer, if the Senator wants to speak just before the bill is finally voted upon.

Mr. BARKLEY. I do not care to delay the offering of the amendment.

Mr. PEPPER. I thought the Senator was under the impression that there would be no other amendment offered.

Mr. BARKLEY. No; I was not under that impression, because I saw the Senator from Florida rise.

Mr. President, I have voted against all the amendments proposed to the bill, including those offered by the Senators from Arkansas and by the Senator from Illinois, because I have reached the conclusion that it is my duty, in my individual capacity as a Senator, in the light of all the conditions existing in our country, to vote against the bill now under consideration. Therefore, I shall cast my vote against the final passage of the bill.

I realize that every man and every woman would like to have tax reduction. I myself should like to have tax reduction. I should enjoy the exhilaration that would come to me from having to pay less taxes than I am now paying.

But in my judgment the country as a whole is not suffering from taxation, so far as the Federal Government is concerned. We are enjoying the greatest peacetime prosperity in the history of the United States. Our production is at an all-time peak, even greater than during the war, at a time when there was a concentration of all our resources to produce for war purposes. Our national income is twice as great as it has ever been in times of peace, and greater than it was during the peak year of the war.

My theory as an individual, as well as a legislator, has always been that it is wise to reduce one's indebtedness while he is making large profits and has an enormous income. No sound business, no well-organized corporation, ever reduces its income at a time when it can wisely pay off its indebtedness, if it has indebtedness. There is not a corporation in the United States, in my judgment, which would reduce its income at the time when its indebtedness was greater than it had ever been in the history of the corporation.

The United States Government is an enormous corporation, the largest in the world, and I have a very profound conviction that sound financial policy demands that we pay off our debt as rapidly as possible. If we were to pay it at the rate of $5,000,000,000 a year it would require 50 years to discharge our public debt. If we paid it off at the rate of two and a half billion dollars a year it would require a hundred years to discharge our public debt. We cannot anticipate nor imagine what emergency may overtake us in the next 50 years or in the next 100 years, that may interfere with the discharge of our public debt for a period of years. I do not believe that we can safely or wisely hand this debt down to the generations that are yet unborn. So that, in the exercise of a sound business policy, of ordinary prudence, while our income is great, I feel that all we can save out of a reduction in governmental expenses ought to be devoted to a reduction of the national debt. If this Congress should be able to save four and a half billion dollars, or even $6,000,000,000 below the estimate of the President's budget, in the expenses for the fiscal year, I believe that a reduction of our public debt by an equivalent amount would do more to stimulate business, to stimulate the confidence of the American people and the American community in the honesty and integrity, financial and otherwise, of our Government, and in its good faith in discharging its obligations, than a mere paltry individual reduction in the amount that prosperous men will be required to pay during the next year or two by the bill which is now pending before the Senate of the United States.

So, Mr. President, feeling that way about our financial situation insofar as the Government is concerned, I could not consistently vote for any amendment that enlarged the cut in national income; which is true of all the amendments we have thus far voted upon.

For the reasons which I have indicated, much as I regret not to go along in the program of tax reduction, I cannot vote for the pending bill. I am speaking only my own convictions. I do not represent anybody else here, except myself and those who have honored me with membership in this body. I do not know that my vote will meet with their approval. I have had no way to take a Gallup poll or any other form of census to ascertain the wishes of my people in the State of Kentucky upon this subject. I imagine they feel, as I do, that they would like to have a tax reduction; they would no doubt welcome it, and if I cannot defend my position in behalf of the financial integrity of the Nation, in behalf of lifting the burden of debt from our backs and from the backs of our children and of our grandchildren, after I shall have cast this vote, I shall of course take the consequences of that inability.

I feel very deeply upon the subject, and therefore I shall cast my vote against the pending bill when it comes to its final passage in the Senate.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PEPPER. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. —. (a) Section 23 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(bb) Tuition and incidental expenses of teachers: In the case of an individual employed as a teacher in any public or private school, all expenses for tuition, books, laboratory fees and equipment, living, travel, and other incidental expenses, necessarily

incurred while pursuing at any institution of learning a course of instruction required for continuance of his employment or for advancement in grade or salary and approved by appropriate school authority for such purpose."

(b) The amendment made by this section shall be applicable to taxable years beginning after December 31, 1946.

Mr. PEPPER. Mr. President, I think Senators are aware that the school teachers of the country are among the most underpaid segment of our professional people. At the hearings on this amendment, which I presented to the Senate Finance Committee, the committee did not reject the amendment; it simply did not act upon it. I presented figures showing that in 1946, public school teachers, in the United States received an average of about $2,000 a year, in comparison with $2,596 for Federal Government employees, and $2,185 for factory workers. Teachers' salaries failed to keep pace with the cost of living, which has risen about 55 percent since January 1941. In 1946–47, about 48 percent of all the teachers got under $2,000 a year, and about 10 percent, under $1,200.

We know that the teachers of the country are required to take some kind of course in the summer, in order to keep themselves professionally up to date. This is a burdensome expense to the ordinary school teacher. The National Education Association made a study of the subject, and found that the average expense incurred by the teacher in taking the summer courses was $200 a year. To require a group, 10 percent of whom make less than $100 a month—they work only about nine months a year—and practically a majority of whom make only $2,000 a year, to expend $200 of their money in the summer, trying to keep themselves up to standard so they can better serve the children of America, imposes a burdensome expense upon them.

There have been various bills introduced in the Congress—I hope the best of them will pass—to provide aid to the school system and to raise the salaries of the teachers; but that legislation has not yet been enacted. The amendment, if adopted, would afford a little relief to the burdened school teacher by making the expenditure incurred in the summer taking training required by the school system of which the teacher is a part a deductible item of expense. It would be only a few dollars; but a few dollars to a person in those income groups means a great deal.

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

Mr. PEPPER. I yield.

Mr. HILL. Let me ask the Senator a question. If a doctor attends a professional meeting, the meeting of a medical association of some kind, his purpose in going is really to get a certain amount of information. It is to him educational. It helps him in his profession and in his business. Is he not allowed certain deductions?

Mr. PEPPER. The doctor in such cases—and I have here the ruling by the Internal Revenue Bureau—is entitled to a deduction for such expenses.

Mr. HILL. Then as I understand, really in principle what the Senator is seeking to do is to have the same deductions allowed to a school teacher as are allowed to doctors and other professional people.

Mr. PEPPER. That is correct.

Mr. HILL. Certainly Senators know that so far as our business friends are concerned, when they come to Washington on business or when they go to New York on business or wherever they go on business, the expense of the trip is deductible, is it not?

Mr. PEPPER. If they had to go to an institute, and spend a week or two, or a month, in order to further the interest of their businesses that also would be a deductible expense.

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

Mr. PEPPER. I yield.

Mr. LANGER. It is true, is it not, that in a great many States the attendance of teachers at the summer school is absolutely compulsory, under pain of losing their teacher's certificate?

Mr. PEPPER. If the Senator will allow me, I should like to read the language of the amendment, because it applies only in case they are required to take the training. The amendment reads as follows:

Tuition and incidental expenses of teachers: In the case of an individual employed as a teacher in any public or private school, all expenses for tuition, books, laboratory fees and equipment, living, travel, and other incidental expenses, necessarily incurred while pursuing at any institution of learning a course of instruction required for continuance of his employment or for advancement in grade or salary and approved by appropriate school authority for such purpose.

In other words, it does not give the teachers a privilege. The amendment deals only with those expenses incurred when they are taking the kind of educational training they are required to take in order to hold their positions or to obtain an advance in grade or salary.

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

Mr. PEPPER. I yield.

Mr. LANGER. I wish to compliment the Senator upon submitting his amendment, and I join with him wholeheartedly.

Mr. PEPPER. I thank the Senator. I am glad to have his valuable support.

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

Mr. PEPPER. I yield.

Mr. McCLELLAN. I want clearly to understand the amendment. The amendment would not relieve school teachers from the payment of income taxes simply because of their profession, would it?

Mr. PEPPER. No; it would not.

Mr. McCLELLAN. As I understand the Senator's amendment, it allows them expenses which they are required by law or by school authorities of the educational system to make in order to continue to serve in their capacity as teachers.

Mr. PEPPER. The Senator has stated the substance of the amendment with absolute correctness. The expenses in question would simply be a deductible item. The reason why the amendment is necessary is because the Internal Revenue Bureau by decision in 1921 ruled, in O. D. 892, as follows:

The expenses incurred by school teachers in attending summer school are in the nature of personal expenses incurred in advancing their education and are not deductible in computing net income.

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

Mr. PEPPER. I yield.

Mr. HILL. I do not criticize the decision made by the Bureau of Internal Revenue, but it seems to me they have approached the question in an unusual way. We were speaking a while ago of doctors. A doctor can deduct expenses incurred for subscriptions to medical journals and things of that kind. What the Senator is seeking to do now is to provide similar deductions for the poorest paid group in the United States in relation to the service they render the country; is that not true?

Mr. PEPPER. That is absolutely correct. The Senator has correctly described them as among the poorest paid groups in our country. I dare say no other group which performs so important a function is so poorly paid as the public and private teachers. The amendment applies to both public and private teachers.

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

Mr. PEPPER. I yield.

Mr. TYDINGS. Does the Senator from Florida have any knowledge as to whether or not in spite of the ruling of the Internal Revenue Bureau, a case was ever presented and carried before the Court of Tax Appeals to obtain a determination?

Mr. PEPPER. I will say to the Senator from Maryland that I think the teachers have simply accepted the ruling of the Internal Revenue Bureau, except that the National Education Association, which strongly approves my amendment, has been trying to have the ruling changed for some time. I have a statement in the RECORD from the National Education Association.

Mr. TYDINGS. It seems to me that if the prima facie evidence presented by the Senator from Florida were presented to the proper court which we have designated to rule on such cases, it would find it difficult to adjudicate against the philosophy of the Senator's amendment. The reason I asked the question was that I cannot conceive that such a court would allow medical and other men travel expenses and would deny them to the school teachers. I shall support the Senator's amendment, and even if we find later on that we have overlooked some point in it, which I doubt very much we have, the conferees will be in a position to correct it. I think the Senator has made out a just case, and I think we ought to give the amendment the support it merits.

Mr. PEPPER. I am very grateful for the kind words uttered by the Senator from Maryland.

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

Mr. PEPPER. I yield.

Mr. HILL. I hope the Senator's amendment will be agreed to. I think the Senator from Maryland has made a very apt suggestion, which is that the amendment should go to conference and there the conferees will have an opportunity to sit down and, if there are any "bugs," as we say, in it, they will be able to pick them out, and if any change or modification needs to be made, they can make it. But certainly, to my mind, the amendment presents a case so worthy and so just that the amendment ought to be adopted.

Mr. TYDINGS. The amount of money involved is infinitesimal.

Mr. PEPPER. Yes, the amount of money involved is infinitesimal. I was about to read three or four decisions which have already been rendered by the Internal Revenue Bureau, which I think, in principle, are clearly the same kind of decisions that we ask for in the amendment.

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

Mr. PEPPER. I yield.

Mr. MAGNUSON. I think the Senator's amendment is commendable, but I was wondering whether it might be discriminatory in character. I was hoping it might be made broader. Is it not true that most professional men, ministers, doctors, and engineers perhaps voluntarily, but sometimes are required by their firms or by others to increase their knowledge by attending technical conventions or educational conventions. Can such individuals deduct expenses in connection with attendance upon such conventions?

Mr. PEPPER. I will say that I think they are clearly covered.

Mr. MAGNUSON. I wanted to have that made clear so there might be no discrimination involved.

Mr. PEPPER. These are the decisions I presented before the Finance Committee:

SUMMARY OF DECISIONS OF THE BUREAU OF INTERNAL REVENUE PERTINENT TO EDUCATIONAL EXPENSES OF TEACHERS

1. Travel expenses of a salaried employee who lived in one city and traveled to and from his residence to work in another city.

(a) "In short, every necessary item of expense in conducting business, incurred primarily because of and solely in the furtherance of the business engaged in, is held to be an ordinary and necessary business expense."

(b) The test is the freedom of choice of the individual in occurring the expense. In this case he can't set up his residence wherever he feels like. The result is a matter personal to him. It is not a matter undertaken for business purposes (Bureau of Internal Revenue, C. B. No. 1, April-December 1919, 8-19-317, S. 1048, p. 102).

2. "The expenses incurred by school teachers in attending summer school are in the nature of personal expenses incurred in advancing their education and are not deductible in computing net income" (Bureau of Internal Revenue Bul. No. 17-21, April 27, 1921, 17-21-1595, O. D. 892).

3. (a) Necessary expenses incurred by a member of a professional association in sending a representative to its annual convention for the sole purpose of furthering the business interests of such member are allowable deductions (I. T. 2602).

(b) Amounts expended by physicians in attending medical conventions are deductible (*Cecil M. Jack* v. *Commissioner*, 13 B. T. A. 726, C. B. X-2, 35).

(c) Amounts expended by clergymen to attend general conventions of their church are deductible (appeal of Marion D. Shutler, 2 B. T. A. 23 C. B. X-2, 65).

(d) Expenses of a professor of chemistry in connection with carrying on his profession and attending scientific meetings and conventions are "ordinary and necessary business expenses." (*Alexander Silverman* v. *Commissioner*, 6 B. T. A. 1328-C. B. X-2, 65).

(e) A professional man is entitled to deduct a reasonable allowance covering depreciation actually sustained on part of his library necessary and used wholly in pursuit of his profession (Bulletin F, revised January 1931, p. 24).

(f) In the case of research work of a teacher in college without remuneration, depreciation on books and instruments purchased for use in research work and expenses incurred in attending meetings of scientific societies are deductible. Expenditures for plates and figures for illustrative purposes in publications of the results of his investigation may or may not be deductible depending on whether the expense is an ordinary one or a capital expenditure (C. B. X11-14-6111, G. C M. 11654).

4. Expenses for traveling, meals, and lodging of a university professor while teaching temporarily away from his home city are deductible (C. B. V111-2, July-December 1929, V111-29-4277, I. T. 2481).

5 Dues paid by teachers to professional societies, prices of subscriptions for education journals of the profession, travel, meals, and lodging incurred while attending teachers' conventions, if not reimbursed, are ordinary and necessary expenses which are deductible, the cost of technical books purchased specifically in connection with their professional work is a capital expenditure and is not deductible (C. B. 1941-1 January-June 1941, 1941-6-10589, I. T. 3448).

Mr. President, I think the nature of the amendment is clear, and I hope the Senate will see fit to adopt it.

Mr. MILLIKIN. Mr. President, I will say to the distinguished senior Senator from Florida that I regret I cannot accept the amendment at this time. I read an excerpt from the remarks of the Secretary of the Treasury in his appearance before the House Ways and Means Committee on Monday, May 19:

In addition to the tax matters of broad and general importance to which I have briefly referred, there are a substantial number of needed technical adjustments of considerable significance that have accumulated during the war years. The Revenue Act of 1942 was the last piece of major legislation in which the Congress undertook to go into such problems to any great extent. Many of these matters pose policy questions of some magnitude and their proper solution will frequently involve technical problems of considerable difficulty and complexity. Among the more important of these items are such matters as the treatment of (a) war losses—

He specifies a number of matters, and then he comes to this provision—

occupational expenses, a problem which involves primarily the difficulty of drawing satisfactory lines between the nondeductible personal expenses of individuals and their deductible business outlays.

There are inequities in the law, but I am afraid that the amendment would plant another inequity or bring about another disparity between groups.

I notice that the amendment itself is rather broad. It allows all expenses for tuition, books, laboratory fees, and equipment. Much money could be spent for such purposes. There is no limitation on living and travel. One could travel to Europe. There are no limitations on the travel or incidental expenses. I am afraid, I will say to the Senator, that the amendment could bring about quite a large bill. But that is not what I consider primarily important.

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

Mr. MILLIKIN. Just a moment, please. I am suggesting that this is one of that large number of subjects which the Treasury recognizes should be gone over in relation to other problems of the same kind, and brought into coordination with such problems. The Treasury has taken the initiative in bringing the matter and related problems to the attention of the House Ways and Means Committee. I can assure the Senator that I shall be actively interested in keeping this matter before that committee and also before the Senate Finance Committee. My personal feeling is that there is much merit to the proposal, as there is much merit to other forms of deduction which are disallowed in connection with business expenses.

Mr. PEPPER. I was about to ask the Senator if the law which permits the deduction of expenses incurred by business executives limits the amount of the deduction.

Mr. MILLIKIN. I have heard that some of the business deductions which are being claimed and allowed are perfectly fantastic. I am not in favor of that. I should like to see this whole subject put on some uniform basis, so that everyone may know whether or not his expenses are business or personal.

Mr. PEPPER. I am merely making the observation that the law which permits business expenses to be deducted does not limit the amount of the deduction. It is left to the Treasury to determine whether the claimed deduction is reasonable or not, and the same rule should apply in this case.

Mr. MILLIKIN. I think that point is well taken.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER].

Mr. PEPPER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

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

Mr. BARKLEY. Mr. President, will the Senator withhold for a moment his suggestion of the absence of a quorum?

Mr. WHERRY. Certainly.

LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, I apologize for taking at this juncture a moment of the time of the Senate, not on the amendment or on the bill itself. I do so because when the bill is finally voted upon no doubt there will be such confusion in the Chamber that it will be impossible for me to say what I now wish to say about another matter. I am addressing my remarks to the leadership of the majority.

There has been great confusion and discussion, and some shifting of position, with respect to the next piece of legislation which is to come before the Senate after the disposition of the pending bill.

We all know that the present law with reference to rent controls will expire on the 30th of June, about 1 month from now. The closer that date is approached the more chaos and confusion will naturally exist among both landlords and tenants as to what is going to happen on the 30th of June. We certainly desire to have no hiatus similar to that which occurred last year in the matter of reimposing price controls generally. After a period of 2½ months when there were no controls it was impossible to resume the situation which existed on the 30th of June when the law expired. So I am expressing the hope to the majority leader and those who are associated with him in controlling the program of the Senate that following the passage of the pending bill it will be the program to proceed immediately to the consideration of the rent-control bill.

I realize that there are other bills with respect to which Senators are pressing for action. I know how anxious the Senator from Michigan [Mr. VANDENBERG] is to bring up the treaties which have been unanimously reported from the Committee on Foreign Relations, and I share his anxiety. I think it is very important that we dispose of those treaties at the very earliest possible date, because of the effect of such disposition upon the stability of the world. In my judgment it is a crucial matter. But that must be done in an executive session.

I hope that next week we may be able to reach the consideration of those treaties; but assuming that we shall not reach the treaties as the next order of business, I earnestly hope that, in spite of any controversy over what legislation shall come up next, and in spite of the anxiety of Members to obtain action upon their respective bills, we shall not longer delay consideration of the rent-control bill.

Several weeks ago the House passed a rent-control bill. The Senate committee has reported what I consider to be a much better bill than that passed by the House. I assume that the Senate bill will be considered up to the point of final disposition, and that the Senate bill will then be substituted for the House bill, so that it may go to conference. All that requires time, and we ought not to wait until the last week or two before the law expires to inaugurate whatever resumption of rent controls we wish to inaugurate following June 30.

I would not presume to offer suggestions to the Senator from Maine or other Members of the majority except for the fact that from day to day we have been told that this bill, that bill, or some other bill was to follow the tax bill. I am earnestly hoping that it has been decided, or will be decided, by the majority that the rent-control bill is to be next in order for consideration.

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

Mr. BARKLEY. I yield.

Mr. WHITE. There is some justification for the rather soft impeachment by the Senator from Kentucky. There has been some confusion as to what bills should be taken up, and in what order. It was very definitely understood upon this side that immediately upon the conclusion of the tax bill the so-called Bulwinkle bill would be taken up. We have been obliged to change that program because of the necessary absence of the Senator from New Hampshire [Mr. TOBEY], who filed minority views, and who should be given consideration in fixing the time for discussion and action upon that bill. His absence has necessitated a change.

It is my purpose, or the purpose of the Senator from Delaware [Mr. BUCK]—one or the other of us—upon the disposition of the tax bill this afternoon, to move that the so-called rent-control bill be made the unfinished business. It is anticipated or hoped, that either today or tomorrow that bill can be disposed of. But it will be before the Senate later this afternoon and tomorrow. I very much cherish the hope—although I have not great courage in stating it—that we may dispose of the rent-control bill with discussions today and tomorrow, although it is now growing late.

Mr. BARKLEY. Mr. President, I appreciate what the Senator from Maine has said. Of course, the Senator knows my views as to the merits of the rent-control bill and the so-called Bulwinkle bill. Aside from the illness of any Senator or the convenience of any Senator, upon the relative merits of the two proposals, the rent-control bill ought to receive first consideration. However, by whatever method the decision has been arrived at, I am very glad to know that it is to be the next bill to receive consideration.

Mr. WHITE. It is definitely the program of the majority side to proceed to the consideration of the rent-control bill immediately upon the disposition of the tax bill.

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

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

Mr. REED. I think the majority leader should suggest also that this program was arrived at partly for the convenience of the Senator from Georgia [Mr. RUSSELL], who desired to go home to fulfill an engagement of long standing, and could not be back until next Tuesday. So far as I had anything to say, I was very happy to accommodate the Senator from Georgia.

Mr. BARKLEY. Mr. President, by whatever method of elucidation or comparison the rent-control bill takes precedence over the Bulwinkle bill, I think it is a just consummation, although I regret that the priority of rent-control legislation is brought about by the inconvenience of any Senator, either now or tomorrow. As between the two subjects, I think there can be no comparison, on the basis of importance to the American people, of immediate action upon rent-control legislation.

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

Mr. BARKLEY. I yield.

Mr. BUCK. I may say to the Senator that I am anxious to dispose of the rent-control bill. It has been on the calendar since the 3d of April. It is an important measure. As the Senator from Kentucky has stated, the life of the present act expires on June 30. As the majority leader has said, we propose to make it the unfinished business of the Senate this afternoon.

Mr. BARKLEY. I thank the Senator. I would not have broached the subject except for the apparent uncertainty on both sides of the aisle as to what is to be taken up next. I merely wished to express my hope. I thank both the Senator from Maine and the Senator from Delaware.

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

Mr. BARKLEY. I yield.

Mr. WHITE. In justification of the absence of the Senator from New Hampshire [Mr. TOBEY] who has filed minority views, he has been called away by illness in his family, and it was felt that we should accommodate him.

Mr. BARKLEY. I appreciate that; and I sympathize with the Senator from New Hampshire because of the illness in his family. I hope it will soon terminate in complete recovery.

Mr. WHITE. I join in that hope.

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

Mr. BARKLEY. I yield.

Mr CONNALLY. I will say to the majority leader and to the minority leader that I am very hopeful that they will arrange for an executive session at an early date. I have been given assurances that as soon as the tax bill is out of the way consideration will be given to an executive session on the nomination of Joe B. Dooley to be United States district judge for the northern district of Texas. His nomination was reported to the Senate on April 28, almost a month ago. I have not insisted on action, because I realized that the majority leader publicly called attention to the matter and suggested that it be taken up.

Mr. WHITE. I suggested that I would be glad to confer with the Senator most interested in the matter to see if some time could be agreed upon.

Mr. CONNALLY. The Senator from Maine is now talking to the Senator who is most interested in the matter.

Mr. WHITE. I thought the distinguished Senator from Kentucky was interested also. I wanted to see if some date could be agreed upon. I fully agree that these nominations should not stay on the calendar indefinitely; they should be disposed of just as promptly as may be possible.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1), to reduce individual income-tax payments.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. PEPPER]. On this question the yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER]. On this vote I transfer that pair to the Senator from Oregon [Mr. MORSE] and will vote. I vote "yea."

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY], who is absent because of illness in his family, is paired with the Senator from Rhode Island [Mr. MCGRATH]. If present and voting the Senator from New Hampshire would vote "nay" and the Senator from Rhode Island, if present, would vote "yea."

The Senator from Nebraska [Mr. BUTLER], who is absent on official business, is paired with the Senator from Tennessee [Mr. STEWART]. If present and voting the Senator from Nebraska would vote "nay" and the Senator from Tennessee, if present, would vote "yea."

The Senator from Oregon [Mr. MORSE] is necessarily absent and is paired with the Senator from New York [Mr. WAGNER].

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are unavoidably detained.

Mr. LUCAS. I announce that the Senator from Rhode Island [Mr. MCGRATH], and the Senator from Tennessee [Mr. STEWART] are absent on public business.

The Senator from Tennessee [Mr. MCKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

On this vote I announce the following pairs: The Senator from Rhode Island [Mr. MCGRATH] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present, the Senator from Rhode Island would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from Tennessee [Mr. STEWART], is paired with the Senator from Nebraska [Mr. BUTLER]. If present, the Senator from Tennessee would vote "yea," and the Senator from Nebraska would vote "nay."

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

The result was announced—yeas 37, nays 47, as follows:

YEAS—37

Aiken	Kilgore	Pepper
Chavez	Langer	Reed
Downey	Lucas	Robertson, Va.
Eastland	McCarran	Russell
Fulbright	McClellan	Sparkman
Green	McFarland	Taylor
Hatch	McMahon	Thomas, Okla.
Hayden	Magnuson	Thomas, Utah
Hill	Maybank	Tydings
Hoey	Murray	Umstead
Holland	Myers	Wilson
Johnson, Colo.	O'Conor	
Johnston, S. C.	O'Daniel	

NAYS—47

Baldwin	Donnell	Martin
Ball	Dworshak	Millikin
Barkley	Ecton	Moore
Brewster	Ellender	Revercomb
Bricker	Ferguson	Robertson, Wyo.
Bridges	George	Saltonstall
Brooks	Gurney	Smith
Buck	Hawkes	Taft
Bushfield	Hickenlooper	Thye
Byrd	Ives	Vandenberg
Cain	Jenner	Watkins
Capehart	Kem	Wherry
Capper	Knowland	White
Connally	Lodge	Williams
Cooper	McCarthy	Young
Cordon	Malone	

NOT VOTING—11

Butler	Morse	Tobey
Flanders	O'Mahoney	Wagner
McGrath	Overton	Wiley
McKellar	Stewart	

So Mr. PEPPER's amendment was rejected.

Mr. MCMAHON. Mr. President, it is not my desire to delay the final vote on this bill. In referring to the bill a few minutes ago, the minority leader, stated that he has taken no Gallup poll in his State and that he did not know whether the bill would be popular or not. I do not pretend to be another Mr. Gallup, but I dare say that a vote against this bill will be somewhat unpopular today and in the immediate future. A cynic said to me recently that "this bill may be bad for the country but its good for me."

However, I have decided to vote against the bill. I shall do so because I envision this bill as another step along the road to a state which is nonexistent, the so-called state of normalcy.

As the distinguished former chairman of the Finance Committee, the esteemed Senator from Georgia [Mr. GEORGE], said the other day, the present state of the world, the chaos upon which we look in every direction, is not such as to assure us that in the United States we can maintain an island of health in what seems to be a sea of malignancy.

No, Mr. President; I think we are not justified in reducing the income of the Treasury at a time when uncertainty exists in our own country and in the whole world. I think we are not warranted in reducing the Government's income at a time when the Federal Reserve charts show that the inflationary spiral, although it flattened out in April, has not yet taken a downward turn. In my opinion, any tax reduction which is made at this time will result in a further so-called shot in the arm and a further stimulation of the economy at a time when we definitely do not need it, and when it may be indeed very dangerous.

Of course we all want to liquidate the war as quickly as possible but I warn the Senate that the assurance implied in this bill that everything is going to be all right is contrary to truth and the facts. It again illustrates that we have not fully comprehended the thorny road ahead.

So, Mr. President, it is my firm conviction that if we had at least delayed the effective date of this measure until January 1, 1948, instead of making it effective at the beginning of the fiscal year, we would be making some contribution to statesmanship and to a regard for the state of the Treasury, which the Senator from Kentucky has so graphically described as being of paramount necessity to this Nation and to the peoples of the world.

Let it be clearly understood that I do not advocate the present tax rates because I wish to maintain expenditures at a high rate. I am as conscious of the necessity for economy in Government as is any other Member of the Senate. But unlike my cynical friend, I am against this bill because I feel that it is not good for the country and it is therefore neither good for the people of my State nor for the people of the United States.

Mr. CONNALLY. Mr. President, I do not wish to detain the Senate for more than 2 or 3 minutes.

We boast of our eminence as a Nation in the world, of our strength, and of our resources. But, Mr. President, one of the essential requirements of a great and powerful state is a financial structure—her public credit—which is sound and which enjoys the confidence not only of her own people but of foreign peoples.

I shall not vote for this bill. I do not believe it is wise or that it is in the public interest at this time radically to reduce taxation. Already the chairman of the Finance Committee has promised that next year there will be a general revision of the whole tax structure, and at that time such revisions as are desirable can be made.

Mr. President, what is our present financial situation? Today the profits and incomes of our people are greater than they have ever been before in our history. That condition exists under present taxes. These enormous incomes and profits to business and dividends have been earned under the present tax laws. No reduction in taxation is required in order to make the people prosperous. No cut of Federal taxes has been required in order to make our people prosper. Today the people of the United States have in their pockets more money than they have ever had before in all their history. But, in addition, we also owe the biggest debt in the history of the world. We owe it to our own people. It is a debt of honor; it is a sacred debt. We speak of the war's being over, but the war is not over until we pay for it. The tremendous debt which now rests on us is a part of the war. It is an obligation to our own people. It must be refinanced and refunded from time to time; but if we do not begin to pay something of a substantial character on the national debt, we shall find that when we

come to refund and renegotiate the bonds, many of the potential bond buyers will say, "They are not making any provision for paying the bonds which I already hold, so I will not buy any more until they do."

Mr. President, that may or may not happen, but it is a possibility.

I think that when the people of the United States have in their pockets more cash money than they have ever had before in their lives, when the Nation has the largest national income in history, and when at the same time it owes the greatest debt in history, then and there is the time to begin paying on the public debt, a debt of honor to our own people, a debt of honor to ourselves, a debt of honor to the cause for which we expended the life's blood of hundreds of thousands of our gallant young men.

So, Mr. President, without undertaking to elaborate on them, those three reasons are sufficient to make me believe that in voting against the bill I am doing the right thing for the country and for the people of the United States. Perhaps that may not appear to be the case until next year, but I am convinced that I am doing the right thing in the long run, from the long-range point of view, in regard to the stability and the soundness of the national finances and the national indebtedness, for it is of the most primary importance to the people of the United States and to the solvency of the Government that the Nation shall meet its obligations at home and abroad.

So, Mr. President, I shall vote "nay" on the final passage of the bill.

Mr. MAGNUSON. Mr. President, I shall detain the Senate but a moment. I, too, shall vote against the pending bill. To me it seems that tax reduction at this time is placing the stamp of approval on the most unsound kind of national financial policy. The bill undoubtedly will be passed, because the majority is bent on tax reduction, regardless of its consequences, because they promised the people politically last fall that they would reduce taxes. But I venture to say that if the bill shall pass, we will not have one dime to pay on the national debt in the coming year. If we do not make a payment on the national debt, the very financial security of this Nation will be impaired. That, in turn, will lower the value of the dollar, and tax reduction will amount to nothing if the dollar goes to a point lower than its present value.

Mr. President, it seems to me that again we are about to start down the road to unsound national financing, and I hope the blame will be placed where it belongs. I intend to vote against the bill. I shall not elaborate, as what I might say has been so well said by the distinguished minority leader. His views I adopt as my own. I appreciate that a vote against tax reduction is not going to be politically popular, for everyone wants tax reduction, but I must compliment the majority side, or those of them who vote for tax reduction, because a lowering of taxes is going to be politically popular for at least a year or 18 months.

Mr. McCLELLAN. Mr. President, we all want tax reduction but in the first remarks I made on the pending bill I said that whether any tax reduction should be made now was certainly debatable. I still feel that way about it. I am not yet convinced that this is the time to start reducing taxes, notwithstanding it might be the temporarily popular thing to do. At all times, when I was pressing for adoption of my amendments, that any time is the right time to do right and the time to rectify a wrong. I sought to have wrongs righted and to get relief if we are to make a reduction in taxes to those who most need relief.

We were told, "We cannot revise the law to do simple justice while reducing taxes, but we have to wait until we have a general revision bill." In my judgment we should have revision in order to establish an equitable base for taxes before we undertake to reduce taxes. A reduction of taxes without a prior or simultaneous revision to do equity and justice merely perpetuates existing injustices, and if we cannot pass a revision bill at this session of Congress, let us wait for the reduction until we can do the revising, and put the system on a sound, fair, and equitable plane.

Mr. President, I tried to help, by the amendments I offered, to make the bill a fair one, to make sound legislation out of it. I tried, with amendments which I supported and some I offered, to carry tax reduction, if we were to have it, to those who needed it most, to start at the right end of the scale and go upward, instead of starting at the wrong end and coming down. I wanted to make it so that there would be relief for the man who ought to have tax relief, if tax relief can be afforded at this time.

I do not care to take further time. I associate myself with my colleagues on this side of the aisle who have pointed out more forcibly than I can the situation and the reasons why we should defer tax legislation for at least another year, or until we can revise the law so as to eliminate the existing inequities, and then ascertain how much loss has been sustained by the Treasury, and how much we can lower taxes on a fair basis without perpetrating discrimination and an inequitable system.

We have this debt to pay—the war debt, Mr. President—and whether we like it or not, we cannot escape the responsibility. It is our patriotic duty to keep this Government solvent, and to do that it is essential that we pay high taxes while we have a high national income, and at the same time use every diligent effort to reduce the cost of government, and apply all excess revenue to the liquidation of the war debt. That is what any prudent man would do in his own business affairs, and we should not do less in the business and fiscal affairs of our Government.

Mr. COOPER. Mr. President, I hesitate to speak at this late hour upon the subject now before the Senate, and my hesitancy is increased by my realization that, as a younger Member of the Senate, there is very little that I can add to the discussion of complex tax problems.

I believe, however, that the action which will be taken upon the pending bill, in a sense, will predetermine and limit the action we will take in this session and in the next session of the Congress upon every important governmental measure. It will affect governmental expenditures, reduction of debt, the establishment of a social program, and, finally, and more important than anything else, our international relationships.

I believe that the vote I cast today will predetermine the votes which I must cast in the future upon these issues, and in consideration of that fact, I will vote against the bill.

I wish to make it perfectly clear that I do not vote against the bill, because there is any doubt in my mind that the Republican majority will reduce expenditures to an extent which will permit tax reduction. I have faith that this will be done.

I have absolute confidence in the distinguished Senator from Colorado, chairman of the Committee on Finance, who has presented the bill. In my short service as a Member of the Senate there has been no one in whose judgment I have had more confidence. During the last 3 days I have voted against every amendment which has been presented, because I believed that if the bill should be passed, the measure which the Senator from Colorado and his committee had studied was the best bill that could be produced.

If there is any objection at all I would have to his argument, it arises from the fact that debt reduction is made secondary to tax reduction. One of the first votes I cast in this body was for an amendment resolving that a minimum of $2,600,000,000 should be paid upon the public debt, and that the proceeds from war surplus properties should be applied upon the public debt. I do not believe there will be another year in the immediate future when we will be able to make any substantial payment upon the public debt.

I should like to disassociate myself completely from those who oppose the bill because they want to maintain the present level of governmental expenditures. I am heartily in accord with the position which has been taken by the Republican majority and by the distinguished senior Senator from Virginia [Mr. BYRD], whose fight to reduce expenditures, I have followed and admired for many years. When the opportunity has been presented thus far, I have voted to reduce expenditures.

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

Mr. COOPER. I yield to the Senator from Connecticut.

Mr. McMAHON. With reference to the Senator's remark about wishing to dissociate himself from those who oppose the bill because they want to maintain the present level of expenditures, I take it the Senator from Kentucky was not referring to my position, because I wish to say to him that I have not expressed

any such view, and, as a matter of fact, only one of the major appropriation bills has so far been voted on. I do not oppose the bill because I wish to maintain the present level of expenditures, because, Mr. President, I am for economy in Government. I also want to reduce the Federal debt.

Mr. COOPER. If I made an incorrect statement, I beg the Senator's pardon. But, I repeat, I am absolutely opposed to the position of those who desire to vote against the bill merely because they wish to retain the present level of governmental spending. Government expenditures must and will be reduced. The position of those who say that the President's budget must be maintained, and say at the same time that the debt must be reduced, is inconsistent, for they must know that no debt reduction can take place until there is a reduction of governmental expenditures and a budgetary surplus secured. I know further that the present high level of taxes cannot be maintained after this year, and I want to vote for reduction when I can consistently do so.

The chief reason for my opposition to this bill is based upon a factor which has not been discussed at any length during the debate. Two unknown factors have been commented on, the unknown factor of revenues and the unknown factor of expenditures. There is another unknown factor which I believe is more important than any that has been discussed. That unknown factor is the sum of the requirements and the demands which may be made upon this country during the remainder of this year, and in the next fiscal year, to implement our international policy.

I am very sorry that the administration, if it has information upon this subject, has not seen fit to give that information to the Congress and to the people of this country. I do not know whether or not such information is available, but the demands which have been made upon the Congress are portents of those that will yet be made. We have voted at this session to expend $400,000,000 in aid of Greece and Turkey and $350,000,000 to European and Balkan countries for relief. A few days ago, the distinguished ex-President of this country, Mr. Herbert Hoover, in whom we all have great confidence, said to a committee of the House that it will be necessary to spend at least $725,000,000 in the next fiscal year in foreign countries, particularly Germany and Japan, for their bare subsistence.

I want to call the attention of the body to the fact that this is only a negative expenditure, simply for subsistence. Mr. Hoover went on to say that we have a choice of three courses in Europe and Japan. We can withdraw from our commitments and ignore the chaos that would result; or second, we can continue our yearly expenditures of approximately $725,000,000, each year for subsistence purposes, draining our resources without the accomplishment of any positive rehabilitation; or else, third, we can undertake to assist our allies and the occupied countries of western Europe, for which we are responsible to become self-sustaining in order to eliminate this continual drain upon the American Nation, and to promote a healthy world economy.

So far as I am concerned, I believe that we embarked upon this program at least in 1941 when we entered the war. I do not believe it will be ended until we have assisted within reasonable limits, the nations of western Europe and certainly those who hold the seeds of democracy, to reestablish to some degree their economy. It must be done within reasonable limits, coordinated as efficiently as proposed by ex-President Hoover. It must be done within the limits of our own sound fiscal economy.

We have assumed a position of world leadership which we cannot ignore. It means that we must help to restore the economy of the shattered nations of western Europe, thus promoting eventually our own economic welfare. More important, it is the only hope of peace.

I do not want to be personal. I said a few minutes ago that I do not have any exhaustive knowledge of tax problems which we have discussed, for the subject of taxation is one that requires long and patient study. I do think that perhaps, in one instance, I may have certain knowledge which may not have been available to every other Member of this body. For at least 20 months I had the opportunity to see something of the destruction, something of the want, in those countries which now call upon us for aid and whose welfare affects our welfare. I have become convinced that there will be no final peace, there will be no restoration of the world's economy, until we exercise the full leadership that we have assumed. It seems to me that in this vote, if I vote for the pending measure, I shall have limited, perhaps precluded, the vote that I would want to give if these grave issues of international responsibility arise in the next fiscal year. It is idle to talk of peace, and our adherence to a world order, unless we are willing this year to make some sacrifice in terms of money to support it. I have decided to vote against the pending bill.

SEVERAL SENATORS. Vote! Vote!

Mr. HOLLAND. Mr. President, like the distinguished Senator who has just spoken, I am reluctant to take any of the time of the Senate to discuss the pending measure, being merely a freshman Senator, and being not so deeply grounded in the principles of Federal taxation as many of those who are now present. I do feel, though, that my people in Florida will be expecting me to vote for reasonable tax reduction. That was my purpose when I came here, that was my platform when I ran for office, and I think that since I do not find it possible for me to vote for the pending measure, because I do not think it is a reasonable tax-reduction measure, it is imperative that I state at least briefly my reasons for casting my vote against the bill.

In the first place, I want to say that ever since I have been here I have been trying to build a predicate upon which I could support whatever tax-reduction bill came before the Senate. I voted for a reduction of $4,500,000,000 in the budget which reached us from the President. In the matter of voting on the only general appropriation bill which has come before us, I voted with the committee on each of the recommendations for cuts or reductions which they recommended to the Senate, except in four instances. My recollection is that there were 20 to 30 cuts which they recommended. I refer, of course, to the bill for the Labor Department, Federal Security Agency, the Public Health Service, and so forth, which has already cleared the Senate. But in looking at the pending measure, Mr. President and Senators, it seems to me that even a cursory investigation of it shows very clearly that it is a measure which will bring very great relief, substantial relief, to the large payers of income taxes, and will not bring, in anything like equal measure, relief to the millions of small income taxpayers in this Nation, who need the relief more badly than do those who pay in the larger brackets. I say that with reluctance, because I have a great deal of respect and appreciation for many of the things that have been accomplished by the Senate committee in its work upon the House bill; its postponement of the effective date, for instance; its reduction of the general tax cuts, so as to make the over-all reduction of revenue a much less substantial blow to the fiscal structure of the Nation. But on the question of just how these cuts are applied, I cannot agree with the philosophy of the distinguished committee. It is for that reason that I want to address myself briefly to that phase of the measure, the unequal application of the tax cuts as they appear in the pending bill, as between the well-to-do, who get the principal benefit of the cuts, and those who are not well-to-do, who get very little of the benefits of tax reduction.

Mr. President and Senators, if the Senate will bear with me, I should like them to turn, if they will, just briefly to two of the tabulations which appear in the committee report on this important measure, because I think the gist of the situation will appear, by reference to those two tabulations. The first is on page 2 of the committee report. I want to call the attention of Senators to the fact that it is not the percentage of reduction of the tax levied that counts so much; it is the reduction of the amount in actual dollars and cents which the taxpayer has to pay, that counts, insofar as he is concerned. That is the first thing which counts. The second is the percentage of his over-all income which he is able to save by reason of the reduction.

The two tables to which I shall refer relate to those two aspects of the matter.

The first table is on page 2. It is a comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill. I call the attention of Senators, if they will, briefly, to only the last four columns in that particular tabulation. I hope Senators will examine them, because, when they do, they will see just exactly what is proposed to be done. First, with reference to a person drawing

an income of $1,200, if Senators will go across the page, to the last four columns on the right, it will be seen that under the present law, the individual pays, on his income of $1,200, a percentage of tax amounting to 3.17, a little over 3 percent. As a matter of fact he pays $38, whereas under the pending bill he would pay 2.22 percent. He would effect the great saving of $11.40, which is 0.95 percent, less than 1 percent of his income, if the pending bill is passed. I am speaking now about the little taxpayer with an income of $1,200 who would have been excluded entirely from the necessity of paying an income tax if the amendment offered by the distinguished Senator from Illinois [Mr. LUCAS] raising the individual tax exemption from $500 to $600 had been adopted instead of having been rejected by the Senate. That small taxpayer, the first one whom we take, will receive a tax reduction of less than 1 percent, and I think, and I believe all Senators will agree, that it is a negligible percentage of reduction of his tax for that particular taxpayer.

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

Mr. HOLLAND. I yield.

Mr. TAYLOR. That would be less than $1; would it not?

Mr. HOLLAND. That is a reduction of $11.40, as I recall the amount.

If we go down to the $1,500 bracket and take the same figures, we will see that that taxpayer saves out of his whole income 1.9 percent, or less than 2 percent of his income.

Hurrying along, if we go down to the $2,000 bracket we will find that the taxpayer receiving $2,000 a year is saved by the pending bill less than 3 percent, or 2.85 percent of his entire income, if the bill goes into effect.

As we go on down the line, Mr. President and Senators, it will be seen how speedily the income-tax saving goes up as we come to the brackets where much more appreciable income is received, and it will be seen that it is in those brackets that much more appreciable relief in a percentage way is given by the pending bill. Let us go to the bracket, for instance, of the taxpayer receiving an income of $5,000. Note the figures there opposite the $5,000. Under the present law the percentage of tax which he pays is 15.96 percent. Under the pending bill it is 12.77 percent. He would save 3.19 percent of his entire income under the pending bill, as compared with less than 1 percent in the case of really small income earners of the Nation.

But that is not the worst of it, Mr. President and Senators. If we go down to the bracket of the taxpayer with an income of $10,000—and we must proceed hurriedly; we cannot consider them all, but the general pattern will follow through these remarks I am making—it will be noticed that that taxpayer will save under the pending bill 4.37 percent of his entire income as compared with the less than 1 percent saved by the person who receives an income of $1,200.

Going further down the table to the taxpayer who receives $20,000 per year—and now we are getting into the class of the well-to-do-people, it will be found that that taxpayer will save 6.4 percent of his entire income if the pending bill becomes law.

Going further down in the table to the taxpayer whose income is $30,000 a year, it will be found that he will save 7.98 percent, or practically 8 percent, of his entire income if the pending bill should become law.

Proceeding further to the taxpayer whose income is $60,000 a year—and now we are getting down to real money, to people who are making real money—it will be found that that taxpayer, instead of paying 53.15 percent of his income, as he is required to do under the present law, he will be obliged to pay only 42.52 percent of his entire income, or he will be saving 10.63 percent of his entire income.

Mr. President, I do not want to weary the Members of the Senate, but I want them to understand exactly what we are asked to do in this matter, and exactly what we will do if we adopt the bill. I am simply quoting from the figures furnished us by the committee in connection with the bill. The committee has been frank, the committee has been candid, but I have not heard any real discussion by the committee as to the disproportionate relief which is being given to the income taxpayers in the high brackets under the provisions of the pending bill as compared with the income taxpayers in the low brackets.

Going on down to the income taxpayer with an income of $100,000, it will be found, if we wish to subtract the figures, that he will be given relief to the tune of 11.85 percent, nearly 12 percent, on his entire income, as compared with the much greater tax which he now pays.

Then we come to the taxpayer receiving an income of $300,000 a year, which is the place where the curve breaks—a little below that—and it will be found that in that case the taxpayer actually saves 12.52 percent of his entire income in the event the pending bill becomes law. Comparing his present tax with the tax he would then pay, he would save 12.52 percent of his entire income under the provisions of the pending bill, which I think is not a fair bill, but is an extremely partial one, and is written in the protection of those receiving large incomes, who are not the ones who really need relief, which is so necessary by reason of the fact that the cost of living has gone up so steeply. I felt that the proposal made in the Senate by the Senator from Illinois offering to extend an increase in the personal exemption was what would come nearer to meeting the situation than anything else we have had offered us.

Mr. President and Senators, I wish to call attention to a little sentence contained in the committee report which I think shows the philosophy under which the committee has reported the bill better than almost anything else, and that is the sentence appearing at the bottom of page 1, and running over to the top of page 3 of the report, as follows:

> The largest percentage reduction will be received by taxpayers having incomes of $1,000 or less, and the smallest relief—

And this is what I am particularly calling to the Senate's attention—

> and the smallest relief will be received by persons with incomes of $302,000 or more.

"The smallest relief." Yes; from the standpoint the committee approached it. The committee said, "Let us make a 30-percent cut in the tax from $1,000 to $1,400. Let us make a 20-percent cut in the tax on incomes from $1,400 to $79,700, and let us make a 15-percent cut in taxes on incomes from $79,700 to $302,400, and let us make a 10.5-percent cut in the taxes on incomes of $302,400 and over." But when we make it read in terms of dollars saved or in terms of the percentage of the total income of the taxpayer saved, the figure is entirely different. Whoever wrote that sentence certainly had his tongue in his cheek because that statement would be as far from what I think would be actually the true picture presented by the bill as it would be possible to make it.

I reread that sentence, because I think it is the central presentation of the philosophy under which the pending tax bill was written:

> The largest percentage reduction will be received by taxpayers having incomes of $1,000 or less, and the smallest relief will be received by persons with incomes of $302,000 or more.

Mr. President and Senators, I think the answer to that is very clearly put if we will look back at the column on page 2, and we will see that in the case of the poor fellow who has an income of $1,200 a year on which he pays tax, he is given relief of $11.40, or less than 1 percent of his entire revenue, whereas the individual who receives $300,000 a year income—and I have not tried to break it down to the $302,000 figure which is used in the report—receives 12.52 percent reduction of his tax. If Senators will turn to the table on pages 22 and 23 of the report they will see that in the case of the taxpayer who receives a income of $300,000 a year he is actually relieved in terms of dollars and cents in the amount of $37,624.51. Senators will find that in the eighth column under the heading—

> Amount of tax reduction: Finance Committee bill for 1948 and subsequent years * * *, $37,624.51.

As a matter of fact, Mr. President and Senators, comparing the actual relief in dollars and cents obtained by the man who had an income of $300,000 with the man who had an income of $1,200, the actual relief obtained by the man with an income of $300,000 is just 3,300 times bigger in dollars and cents than the relief obtained by the one poor devil with an income of $1,200, who is stated in the report to be in the group who receive the greatest benefits because of the provisions of the bill.

I do not think that the statement in the report is a reasonable conclusion at all. I think that under the terms of the bill the greatest relief will go to those in the high-income brackets. I have no objection to any Senator voting for the bill. That is his privilege and right. Perhaps that is the correct way to ap-

proach the question; but so far as I am concerned, I do not propose to approach tax relief in that way, because I believe that tax relief is actually needed much more in the low-income brackets than in the high-income brackets, and that this measure does not so approach the subject.

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

Mr. HOLLAND. I yield.

Mr. HILL. Is it not a fact that families in the lower-income groups must pay excise taxes? Take, for example, a family of four members, the husband, wife, and two children, with an income of $2,500. They must pay Federal excise taxes. They also must pay many other taxes, including State, county, and municipal taxes. The Federal excise taxes bear upon such a family more heavily than upon a family in the high-income group. Such taxes bear more heavily upon people in the lower-income groups than upon those in the high-income groups. Is not that true?

Mr. HOLLAND. That is my belief.

Mr. HILL. A family with an income of $200 a month must pay Federal excise taxes. A much greater burden is imposed upon them, and taxes are much more oppressive upon them than upon a family with an income of $50,000 or $100,000. Yet by this bill, as the Senator so well points out, we are proposing to give the greatest relief not to the low-income families which are so burdened and oppressed with other taxes but to the families and groups with the largest incomes. Is that correct?

Mr. HOLLAND. That is exactly correct.

Let me summarize briefly the two arguments which I have just made——

Mr. PEPPER. Mr. President, before the Senator summarizes, will he yield to me?

Mr. HOLLAND. I yield to the senior Senator from Florida.

Mr. PEPPER. In view of what has just been suggested by the Senator from Alabama with respect to excise taxes, I invite attention to a study which was made by the Treasury Department recently. It showed that more than 80 percent of the taxes collected through excises came from persons with incomes of less than $5,000 a year.

Mr. HOLLAND. I thank the Senator.

To summarize and conclude—and I apologize for having taken so much of the time of the Senate—I wish to make it clear, if it is not already clear, that under the provisions of the bill there is no equity done as between the small taxpayer and the large taxpayer. Instead, the bill is entirely in favor of the large-income group, who need relief the least. There are two particulars in which it is in favor of that group.

First, a much larger percentage of income is given back to the taxpayer in the high-income brackets under the terms of the bill than is given back to the taxpayer in the small-income brackets, and, secondly, the savings in dollars and cents of the big taxpayer is much larger, in proportion, than that given to the small taxpayer. This statement applies not only to the person receiving an income of $1,200 or $1,500, but it applies all the way up until we reach the level of the well-to-do. It will be found that the curve goes up constantly, and that there is a great disparity, as already stated, running all the way from a relief of less than 1 percent—0.95 percent—to the taxpayer with an income of $1,200, to a relief of 12.52 percent to the income taxpayer with an income of $300,000.

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

Mr. HOLLAND. I yield.

Mr. HILL. I wish to commend the Senator and ask him to permit me to associate myself with him in the very strong and able statement he has just made. In my opinion, the bill ought to be captioned "A bill for the relief of the large-income groups at the expense of the small-income groups."

Mr. HOLLAND. I thank the Senator.

Mr. President, I shall not trespass longer upon the time of the Senate. I wish the Senate might kill the bill. I am not deluding myself with the hope that it will do so. However, I do not believe that any Senator who will really examine the tabulations to which I have just called attention can possibly escape the conclusion—because I think it is an inescapable conclusion—that the bill, whether by design or accident, is so drawn as to give more relief to those in the higher-income brackets and virtually no relief, or very small relief, to those in the lower-income brackets.

Mr. HILL. Mr. President, will the Senator further yield?

Mr. HOLLAND. I yield.

Mr. HILL. I suggest to the Senator that he ask unanimous consent to have printed in the RECORD the tabulations to which he has just referred, so that the entire table may appear in the RECORD.

Mr. HOLLAND. I thank the Senator.

Mr. President, following the suggestion of the Senator from Alabama, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the table appearing on page 2 of the report of the committee, being table I, styled "A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill."

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

TABLE I.—*A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill*

Net income before personal exemptions	Single persons, no dependents				Married persons, no dependents			
	Present law	H. R. 1 as passed by House	Finance Committee bill for—		Present law	H. R. 1 as passed by House	Finance Committee bill for—	
			1947	1948 and subsequent years			1947	1948 and subsequent years
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$500								
$600	3.17	2.22	2.69	2.22				
$700	5.43	3.80	4.61	3.80				
$750	6.33	4.43	5.38	4.43				
$800	7.12	4.99	6.06	4.99				
$900	8.44	5.91	7.18	5.91				
$1,000	9.50	6.65	8.08	6.65				
$1,200	11.08	7.76	9.42	7.76	3.17	2.22	2.69	2.22
$1,500	12.67	8.87	10.77	8.87	6.33	4.43	5.38	4.43
$1,600	13.06	9.56	11.34	9.56	7.12	4.99	6.06	4.99
$1,700	13.41	10.18	11.85	10.18	7.82	5.48	6.65	5.48
$1,800	13.72	10.72	12.31	10.72	8.44	5.91	7.18	5.91
$1,900	14.00	11.20	12.60	11.20	9.00	6.30	7.65	6.30
$2,000	14.25	11.40	12.83	11.40	9.50	6.65	8.08	6.65
$2,100	14.48	11.58	13.03	11.55	9.95	7.29	8.64	7.29
$2,200	14.68	11.75	13.21	11.75	10.36	7.86	9.16	7.86
$2,300	14.87	11.90	13.38	11.90	10.74	8.39	9.63	8.39
$2,400	15.04	12.03	13.54	12.03	11.08	8.87	9.98	8.87
$2,500	15.20	12.16	13.68	12.16	11.40	9.12	10.26	9.12
$3,000	16.15	12.92	14.54	12.92	12.67	10.13	11.40	10.13
$4,000	17.34	13.87	15.60	13.87	14.72	11.78	13.25	11.78
$5,000	18.43	14.74	16.59	14.74	15.96	12.77	14.36	12.77
$6,000	19.47	15.58	17.53	15.58	17.42	13.93	15.68	13.93
$7,000	20.49	16.39	18.44	16.39	18.46	14.77	16.61	14.77
$8,000	21.49	17.20	19.34	17.20	19.71	15.77	17.74	15.77
$9,000	22.48	17.99	20.24	17.99	20.69	16.55	18.62	16.55
$10,000	23.47	18.77	21.12	18.77	21.85	17.48	19.67	17.48

TABLE I.—*A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill*—Continued

Net income before personal exemptions	Single persons, no dependents				Married persons, no dependents			
	Present law	H. R. 1 as passed by House	Finance Committee bill for—		Present law	H. R. 1 as passed by House	Finance Committee bill for—	
			1947	1948 and subsequent years			1947	1948 and subsequent years
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$11,000	24.44	19.55	22.00	19.55	22.80	18.24	20.52	18.24
$12,000	25.41	20.33	22.87	20.33	23.91	19.13	21.52	19.13
$13,000	26.42	21.13	23.78	21.13	24.85	19.88	22.36	19.88
$14,000	27.45	21.96	24.70	21.96	25.99	20.79	23.39	20.79
$15,000	28.47	22.77	25.62	22.77	26.98	21.58	24.28	21.58
$20,000	33.23	26.58	29.90	26.58	31.97	25.57	28.77	25.57
$25,000	37.45	29.96	33.70	29.96	36.33	29.06	32.70	29.06
$30,000	40.88	32.71	36.79	32.71	39.90	31.92	35.91	31.92
$40,000	46.06	36.85	41.46	36.85	45.24	36.20	40.72	36.20
$50,000	50.27	40.22	45.25	40.22	49.59	39.67	44.63	39.67
$60,000	53.75	43.00	48.37	43.00	53.15	42.52	47.84	42.52
$70,000	56.63	45.31	50.97	45.31	56.10	44.88	50.47	44.88
$80,000	59.16	47.32	53.24	47.32	58.67	46.94	52.81	46.94
$90,000	61.43	49.15	55.52	49.58	60.99	48.79	55.11	49.20
$100,000	63.54	50.83	57.61	51.03	63.13	50.50	57.23	51.28
$150,000	70.54	56.43	64.51	58.37	70.26	56.20	64.25	58.13
$200,000	74.28	59.42	68.18	61.95	74.06	59.25	67.98	61.77
$250,000	76.71	61.37	70.56	64.25	76.54	61.23	70.40	64.11
$300,000	78.33	62.67	72.14	65.79	78.19	62.55	72.01	65.67
$400,000	80.36	66.28	74.57	68.65	80.25	66.18	74.47	68.56
$500,000	81.58	68.49	76.04	70.39	81.49	68.41	75.95	70.31
$750,000	83.20	71.44	77.99	72.71	83.15	71.39	77.94	72.66
$1,000,000	84.01	72.92	78.96	73.87	83.97	72.88	78.93	73.83
$2,000,000	85.23	75.14	80.43	75.61	85.21	75.12	80.41	75.59
$5,000,000	85.50	76.46	81.00	76.50	85.50	76.46	81.00	76.50

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. HOLLAND. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the table appearing on pages 22 and 23 of the committee report, being table IX-A, styled "Comparison of individual income tax under present law, House bill, and Finance Committee bill."

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

TABLE IX-A.—*Comparison of individual income tax under present law, House bill, and Finance Committee bill*

SINGLE PERSON—NO DEPENDENTS

Net income before personal exemption	Amount of tax				Amount of tax reduction			Percent tax reduction			Effective rates			
	Present law	House bill	Finance Committee bill		House bill	Finance Committee bill		House bill	Finance Committee bill		Present law	House bill	Finance Committee bill	
			For 1947	For 1948 and subsequent years		For 1947	For 1948 and subsequent years		For 1947	For 1948 and subsequent years			For 1947	For 1948 and subsequent years
								Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$500														
$600	$19.00	$13.30	$16.15	$13.30	$5.70	$2.85	$5.70	30.00	15.00	30.00	3.17	2.22	2.69	2.22
$700	38.00	26.60	32.30	26.60	11.40	5.70	11.40	30.00	15.00	30.00	5.43	3.80	4.61	3.80
$750	47.50	33.25	40.37	33.25	14.25	7.13	14.25	30.00	15.00	30.00	6.33	4.43	5.38	4.43
$800	57.00	39.90	48.45	39.90	17.10	8.55	17.10	30.00	15.00	30.00	7.12	4.99	6.06	4.99
$900	76.00	53.20	64.60	53.20	22.80	11.40	22.80	30.00	15.00	30.00	8.44	5.91	7.18	5.91
$1,000	95.00	66.50	80.75	66.50	28.50	14.25	28.50	30.00	15.00	30.00	9.50	6.65	8.08	6.65
$1,200	133.00	93.10	113.05	93.10	39.90	19.95	39.90	30.00	15.00	30.00	11.08	7.76	9.42	7.76
$1,500	190.00	133.00	161.50	133.00	57.00	28.50	57.00	30.00	15.00	30.00	12.67	8.87	10.77	8.87
$1,600	209.00	153.00	181.50	153.00	56.00	27.50	56.00	26.79	13.16	26.79	13.06	9.56	11.34	9.56
$1,700	228.00	173.00	201.50	173.00	55.00	26.50	55.00	24.12	11.62	24.12	13.41	10.18	11.85	10.18
$1,800	247.00	193.00	221.50	193.00	54.00	25.50	54.00	21.86	10.32	21.86	13.72	10.72	12.31	10.72
$1,900	266.00	212.80	239.40	212.80	53.20	26.60	53.20	20.00	10.00	20.00	14.00	11.20	12.60	11.20
$2,000	285.00	228.00	256.50	228.00	57.00	28.50	57.00	20.00	10.00	20.00	14.25	11.40	12.83	11.40
$2,500	380.00	304.00	342.00	304.00	76.00	38.00	76.00	20.00	10.00	20.00	15.20	12.16	13.68	12.16
$3,000	484.50	387.60	436.05	387.60	96.90	48.45	96.90	20.00	10.00	20.00	16.15	12.92	14.54	12.92
$4,000	693.50	554.80	624.15	554.80	138.70	69.35	138.70	20.00	10.00	20.00	17.34	13.87	15.60	13.87
$5,000	921.50	737.20	829.35	737.20	184.30	92.15	184.30	20.00	10.00	20.00	18.43	14.74	16.59	14.74
$6,000	1,168.50	934.80	1,051.65	934.80	233.70	116.85	233.70	20.00	10.00	20.00	19.47	15.58	17.53	15.58
$7,000	1,434.50	1,147.60	1,291.05	1,147.60	286.90	143.45	286.90	20.00	10.00	20.00	20.49	16.39	18.44	16.39
$8,000	1,719.50	1,375.60	1,547.55	1,375.60	343.90	171.95	343.90	20.00	10.00	20.00	21.49	17.20	19.34	17.20
$9,000	2,023.50	1,618.80	1,821.15	1,618.80	404.70	202.35	404.70	20.00	10.00	20.00	22.48	17.99	20.24	17.99
$10,000	2,346.50	1,877.20	2,111.85	1,877.20	469.30	234.65	469.30	20.00	10.00	20.00	23.47	18.77	21.12	18.77
$11,000	2,688.50	2,150.80	2,419.65	2,150.80	537.70	268.85	537.70	20.00	10.00	20.00	24.44	19.55	22.00	19.55
$12,000	3,049.50	2,439.60	2,744.55	2,439.60	609.90	304.95	609.90	20.00	10.00	20.00	25.41	20.33	22.87	20.33
$13,000	3,434.25	2,747.40	3,090.83	2,747.40	686.85	343.42	686.85	20.00	10.00	20.00	26.42	21.13	23.78	21.13
$14,000	3,842.75	3,074.20	3,458.48	3,074.20	768.55	384.27	768.55	20.00	10.00	20.00	27.45	21.96	24.70	21.96
$15,000	4,270.25	3,416.20	3,843.23	3,416.20	854.05	427.02	854.05	20.00	10.00	20.00	28.47	22.77	25.62	22.77
$20,000	6,645.25	5,316.20	5,980.73	5,316.20	1,329.05	664.52	1,329.05	20.00	10.00	20.00	33.23	26.58	29.90	26.58
$25,000	9,362.25	7,489.80	8,426.03	7,489.80	1,872.45	936.22	1,872.45	20.00	10.00	20.00	37.45	29.96	33.70	29.96
$30,000	12,264.50	9,811.60	11,038.05	9,811.60	2,452.90	1,226.45	2,452.90	20.00	10.00	20.00	40.88	32.71	36.79	32.71
$40,000	18,425.25	14,740.20	16,582.73	14,740.20	3,685.05	1,842.52	3,685.05	20.00	10.00	20.00	46.06	36.85	41.46	36.85
$50,000	25,137.00	20,109.60	22,623.30	20,109.60	5,027.40	2,513.70	5,027.40	20.00	10.00	20.00	50.27	40.22	45.25	40.22
$60,000	32,247.75	25,798.20	29,022.98	25,798.20	6,449.55	3,224.77	6,449.55	20.00	10.00	20.00	53.75	43.00	48.37	43.00
$70,000	39,643.50	31,714.80	35,679.15	31,714.80	7,928.70	3,964.35	7,928.70	20.00	10.00	20.00	56.63	45.31	50.97	45.31
$80,000	47,324.25	37,859.40	42,591.83	37,859.40	9,464.85	4,732.42	9,464.85	20.00	10.00	20.00	59.16	47.32	53.24	47.32
$90,000	55,290.00	44,232.00	49,966.00	44,621.50	11,058.00	5,324.00	10,668.50	20.00	9.63	19.30	61.43	49.15	55.52	49.58

TABLE IX-A.—*Comparison of individual income tax under present law, House bill, and Finance Committee bill*—Continued

SINGLE PERSON—NO DEPENDENTS—continued

Net income before personal exemption	Amount of tax				Amount of tax reduction			Percent tax reduction			Effective rates			
	Present law	House bill	Finance Committee bill		House bill	Finance Committee bill		House bill	Finance Committee bill		Present law	House bill	Finance Committee bill	
			For 1947	For 1948 and subsequent years		For 1947	For 1948 and subsequent years		For 1947	For 1948 and subsequent years			For 1947	For 1948 and subsequent years
								Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$100,000	$63,540.75	$50,832.60	$57,608.80	$51,634.64	$12,708.15	$5,931.95	$11,906.11	20.00	9.34	18.74	63.54	50.83	57.61	51.63
$150,000	105,806.25	84,645.00	96,760.00	87,560.31	21,161.25	9,046.25	18,245.94	20.00	8.55	17.24	70.54	56.43	64.51	58.37
$200,000	148,551.50	118,841.20	136,355.60	123,893.78	29,710.30	12,195.90	24,657.72	20.00	8.21	16.60	74.28	59.42	68.18	61.95
$250,000	191,771.75	153,417.40	176,391.20	160,630.99	38,354.35	15,380.55	31,140.76	20.00	8.02	16.24	76.71	61.37	70.56	64.25
$300,000	234,996.75	187,997.40	216,431.20	197,372.24	46,999.35	18,565.55	37,624.51	20.00	7.90	16.01	78.33	62.67	72.14	65.79
$400,000	321,446.75	265,110.25	298,278.50	274,610.25	56,336.50	23,168.25	46,836.50	17.53	7.21	14.57	80.36	66.28	74.57	68.65
$500,000	407,896.75	342,460.25	380,178.50	351,960.25	65,436.50	27,718.25	55,936.50	16.04	6.80	13.71	81.58	68.49	76.04	70.39
$750,000	624,021.75	535,835.25	584,928.50	545,335.25	88,186.50	39,093.25	78,686.50	14.13	6.26	12.61	83.20	71.44	77.99	72.71
$1,000,000	840,146.75	729,210.25	789,678.50	738,710.25	110,936.50	50,468.25	101,436.50	13.20	6.01	12.07	84.01	72.92	78.96	73.87
$2,000,000	1,704,646.75	1,502,710.25	1,608,678.50	1,512,210.25	201,936.50	95,968.25	192,436.50	11.85	5.63	11.29	85.23	75.14	80.43	75.61
$5,000,000	4,275,000.00	3,823,210.25	4,050,000.00	3,825,000.00	451,789.75	225,000.00	450,000.00	10.57	5.26	10.53	85.50	76.46	81.00	76.50

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. TYDINGS. Mr. President, I shall consume about 30 seconds of the time of the Senate.

After considerable debate with myself, I have decided to vote against the bill. In doing so, I do not oppose it primarily because of its component parts. I take this position because I do not believe it is sound to pass a tax-reduction bill until after the appropriation bills have been first acted upon by this body; for no Senator knows how much of the cuts which have been suggested by the House of Representatives will remain after the appropriation bills have passed both branches of Congress and finally become law. I think there will be ample time after those bills are acted upon, or reported to this body, so that we can see what the cuts are, to pass a tax bill. I am not going to put the cart before the horse by reducing revenues before we know what our expenditures are to be.

Mr. MAYBANK. Mr. President, I had hoped to be able to vote for the bill, because no one believes in tax reductions more than I do, and no Senator has voted with greater satisfaction for the curtailment of appropriations than I have voted as a member of the Committee on Appropriations. But, Mr. President, the Government of the United States is unable to redeem in cash the bonds of the GI's, although it could redeem the bonds of the officers of this war. It is no time for me to vote for tax reductions. I think the first thing the Government should do is to redeem the bonds of the soldiers who fought and won this war.

A part of this program will involve the redemption of certain bonds. No one knows what bonds. When the bonds are paid the main sufferers from this tax reduction will not be the banks. They will be the GI's whose bonds were bought by the banks in time of stress, and whose money was sent home to purchase the bonds.

So, Mr. President, I shall vote against the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. MILLIKIN. Mr. President, I ask for the yeas and nays.

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

Mr. REED (when his name was called). I have a general pair with the Senator from New York [Mr. WAGNER]. On this vote I transfer that pair to the Senator from New Hampshire [Mr. TOBEY] and I will vote. I vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent because of illness in his family and is paired with the Senator from New York [Mr. WAGNER]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New York, if present, would vote "nay."

The Senator from Vermont [Mr. FLANDERS] is necessarily absent and is paired with the Senator from Oregon [Mr. MORSE] who is necessarily absent. If present and voting, the Senator from Vermont would vote "yea" and the Senator from Oregon if present would vote "nay."

The Senator from Nebraska [Mr. BUTLER], who is absent on official business, is paired with the Senator from Rhode Island [Mr. MCGRATH]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Rhode Island would vote "nay."

Mr. LUCAS. I announce that the Senator from Rhode Island [Mr. MCGRATH] is absent on public business.

The Senator from Tennessee [Mr. MCKELLAR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

On this vote the Senator from Tennessee [Mr. MCKELLAR], who, if present, would vote "yea," is paired with the Senator from Wyoming [Mr. O'MAHONEY], who would vote "nay."

The Senator from Rhode Island [Mr. MCGRATH] is paired on this vote with the Senator from Nebraska [Mr. BUTLER]. If present and voting, the Senator from Rhode Island would vote "nay" and the Senator from Nebraska would vote "yea."

The Senator from New York [Mr. WAGNER] has a general pair with the Senator from Kansas [Mr. REED]. The transfer of that pair to the Senator from New Hampshire [Mr. TOBEY] has been announced by the Senator from Kansas. If present, the Senator from New York would vote "nay."

I announce further that the Senator from Louisiana [Mr. OVERTON] would vote "nay," if present.

The result was announced—yeas 52, nays 34, as follows:

YEAS—52

Aiken	Gurney	Revercomb
Baldwin	Hawkes	Robertson, Wyo.
Ball	Hickenlooper	Saltonstall
Brewster	Hoey	Smith
Bricker	Ives	Stewart
Bridges	Jenner	Taft
Brooks	Kem	Thye
Buck	Knowland	Umstead
Bushfield	Lodge	Vandenberg
Cain	McCarran	Watkins
Capehart	McCarthy	Wherry
Capper	Malone	White
Cordon	Martin	Wiley
Donnell	Millikin	Williams
Dworshak	Moore	Wilson
Ecton	O'Conor	Young
Ferguson	O'Daniel	
George	Reed	

NAYS—34

Barkley	Hill	Murray
Byrd	Holland	Myers
Chavez	Johnson, Colo.	Pepper
Connally	Johnston, S. C.	Robertson, Va.
Cooper	Kilgore	Russell
Downey	Langer	Sparkman
Eastland	Lucas	Taylor
Ellender	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
Green	McMahon	Tydings
Hatch	Magnuson	
Hayden	Maybank	

NOT VOTING—9

Butler	McKellar	Overton
Flanders	Morse	Tobey
McGrath	O'Mahoney	Wagner

So the bill (H. R. 1) was passed.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the bill be printed, with the amendments of the Senate numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized, in engrossing the amendments to the bill, to make corrections in the section numbering and lettering, and in cross references, and to correct any typographical errors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MILLIKIN, Mr. TAFT, Mr. BUTLER, Mr. GEORGE, and Mr. BARKLEY conferees on the part of the Senate.

CONTINUATION OF RENT CONTROL

Mr. BUCK. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1017, Calendar No. 84.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1017) providing for the temporary continuation of rent control, transferring rent control to the Housing Expediter, providing for the creation of local advisory boards on rent control, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Delaware [Mr. BUCK].

The motion was agreed to; and the Senate proceeded to consider the bill.

REQUEST FOR CONSIDERATION OF TREASURY-POST OFFICE APPROPRIATION BILL

Mr. CORDON. I ask unanimous consent that the rent-control measure which has been made the unfinished business may be temporarily laid aside when the Senate convenes tomorrow, and that House bill 2436 may be taken up at that time. It is the Treasury-Post Office appropriation bill. It is necessary that that measure be considered and passed at the earliest possible moment because of its effect upon the departments in question. Numerous changes have been recommended by the Senate committee in respect to the action taken by the House on that appropriation bill; and the two departments are unable to reorganize their activities until they know just what situation they must face.

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

Mr. BUCK. Mr. President, I am sorry that I cannot agree to the request. This afternoon both the majority leader and I gave assurance to the minority leader that the rent-control bill would be the next measure taken up.

Mr. CORDON. In that event, Mr. President, I shall renew my request tomorrow. I hope the Senator from Delaware will find it convenient at that time to accede to the request.

Mr. BUCK. I am sure the Senator understands that I take this position solely because we have given that assurance to the minority leader.

RECESS

Mr. WHERRY. Mr. President, if there is no further business to come before the Senate at this time, I now move that the Senate take a recess until tomorrow at noon.

The motion was agreed to; and (at 5 o'clock and 54 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 29, 1947, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate May 28 (legislative day of April 21), 1947:

DEPARTMENT OF STATE

Robert A. Lovett to be Under Secretary of State.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 28, 1947

The House met at 10 o'clock a. m.

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

Our Father, we praise Thee for those conditions of life which strengthen and develop the human heart. Grant that in these stirring days we may glean the high aims which we have long loved and cherished. We pray Thee to further and counsel us in all good works, to temper our wills and restrain our affections, lest the ideals which we were taught in other days be lost. Lead us to give ourselves to our tasks with all industry and patience, and to see Thee in the revelation of Thine only begotten Son, feeling the holiness and sublimity of His wonderful character. Keep in Thy blessed care our Speaker and all Members, the newsmen, and employees of the Congress.

This we pray in our Master's name. Amen.

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

GOLDEN GATE BRIDGE

Mr. WELCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, today marks the tenth anniversary of the opening of the Golden Gate Bridge to the public. It is one of the engineering marvels of this modern age. Whether or not one has visited San Francisco, he has become familiar with that great bridge of steel and concrete connecting the city and county of San Francisco with the great fertile valleys and the Redwood Empire to the north of the Golden Gate by pictures published far and wide. As I have said once before on this floor:

> Its magnitude and beauty are only surpassed by the supreme majesty of the Golden Gate itself—the world-famous marine highway which connects the great Bay of San Francisco with the Pacific Ocean.

It was on November 12, 1918, that I personally introduced the resolution as a member of the Board of Supervisors of the City and County of San Francisco which ultimately made the Golden Gate Bridge a reality. It had long been a dream of the broad-visioned people of the counties on the northern shores of San Francisco Bay and the city of San Francisco that such a bridge be built. After the passage of that original resolution, it took many years of hard work, planning, and campaigning to encourage and build public support. Almost 5 years after its passage the Santa Rosa Chamber of Commerce, through its president, Frank P. Doyle, sponsored a meeting of interested citizens to coordinate the effort to bring the bridge into being through organization. At this meeting I introduced the resolution providing for a citizens' committee of five, composed of Joseph Hotchkiss, Frank L. Coombs, Capt. I. N. Hibbard, Frank P. Doyle, and myself. Through the efforts of this committee, legislation was sponsored in the State legislature creating the Golden Gate Bridge and Highway District, composed of San Francisco, Marin, Napa, Sonoma, Mendocino, and Del Norte Counties. I have been, and still am, a member of the board of directors continuously from its first organization.

Because Federal military reservations occupy each side of the Golden Gate, the problem was complicated. It was necessary to secure a grant from the War Department for the approaches to the bridge on Federal property and to secure that Department's approval to construct a bridge across navigable waters. On September 7, 1923, I introduced the resolution in the board of supervisors requesting the Secretary of War to issue the grant and permission.

The bridge finally became a reality, and on May 28, 1937, it was officially opened to the public. In the 10 years from that date until today more than 50,000,000 automobiles have crossed the Golden Gate Bridge. Many of those automobiles were military vehicles engaged in the prosecution of the war. It became a part of a great military highway necessary to our national defense. Other thousands of vehicles were those of war workers employed in the great shipyards to the north of San Francisco to help to build the ships to win the war.

The progress of San Francisco has vindicated the dreams that originally beheld the bridge. Mr. Speaker, in accordance with the permission extended to me, I invite attention to the following editorial which appeared in the San Francisco Examiner of May 24, 1947:

PROGRESS VINDICATED

> When, on May 28, the Golden Gate Bridge celebrates the tenth anniversary of its opening, persons who had opposed its construction, both on utility and aesthetic grounds, will find their pessimism dismayed.

Already the fifty millionth automobile has crossed the span between San Francisco and the Marin shore, a proof of the convenience and necessity for the structure, and certainly the part the bridge played in national defense was demonstrated nobly during the war.

And now the great towers and cables are a part of the Golden Gate, a great frame for the picture.

The servicemen returning from the Pacific war welcomed the Golden Gate Bridge as meaning home, just as those who crossed the Atlantic from the European battlefields greeted the Statue of Liberty in New York Harbor.

Thus has come into the San Francisco tradition an idea first officially proposed by Congressman RICHARD J. WELCH, when a supervisor here, and carried out by the engineering skill of Joseph Strauss.

The moral is that progress should not be condemned; that even if something is traditionally old, it may be changed. The change may bring a new tradition, more valuable than the old.

FOREIGN POLICY

Mr. MATHEWS. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MATHEWS. Mr. Speaker, what this country needs is a foreign policy which is less foreign and more policy.

EXTENSION OF REMARKS

Mr. REEVES asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. SPRINGER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include an address.

Mr. BARTLETT asked and was given permission to extend his remarks in the RECORD and include an editorial.

GREECE

Mr. JAVITS. 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 York?

There was no objection.

Mr. JAVITS. Mr. Speaker, let us not for one moment assume that the mere fact of passage of the Greek-Turkish aid bill assures democratic and constitutional government in Greece; we are forcibly reminded of this again in a news dispatch from Athens quoting former Premier Sophoulis, leader of the opposition Liberal Party in the Chamber of Deputies and Greece's grand old man. He demands the end of the civil war in Greece and calls for new elections with the participation of the leftist parties now out of the Government, amnesty and social reforms for the poorer classes to seal up important sources of dissatisfaction. This, he says, will deprive Greece's northern Communist-dominated neighbors of any pretext of interference in Greece. It confirms what I saw in Greece myself only 5 months ago. Obviously, not money alone but policy and management together with money will make our effort for democracy in Greece successful. The constant watchfulness of the Congress and the people is now essential to see that we do our part effectively and well, for Greece will be to us and all the world a pattern of our success or failure and democracy's success or failure in a position of world responsibility.

STOCK MARKET PRICES

Mr. OWENS. 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 Illinois?

There was no objection.

Mr. OWENS. Mr. Speaker, yesterday two eminent gentlemen were exchanging remarks on the floor and giving statistics, the minority whip and the minority leader of the Rules Committee. Last week they did the same thing. One gentleman said the stock market had gone down 50 percent and the other gentleman said that was modest, that it had gone down 75 percent since the election in November, when the Republicans made certain promises. Afterward, and off the record, I suggested the true facts to them, but they did not correct their remarks. I called their attention to the fact that the 50 leading stocks of the Nation, according to the New York Times report, showed a 2 percent drop as of May 21, 1947, the day preceding the time the remarks were made, and 90 leading stocks—Standard-Poor Report—were 1 point higher on May 15, 1947, than they were in November 1946. I think correct figures ought to be given on the floor of the House. Members should not make political footballs of matters which are so important to the people of the Nation.

MASS PICKETING

Mr. HOFFMAN. 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 Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, in common with some other Members of this body I read the papers. This morning I noticed that the press announced that the House conferees on the labor legislation had agreed to strike out of the bill the provisions which ban the mass picket line and violence. I have no criticism of what anyone else does, but I will say this, that you cannot fool the people very much, and if we are not going to strike out the mass picket line, which prevents a man going to work, or a citizen buying merchandise, and if we are to refuse to ban violence and rioting, people are going to come back in November next year to the polls and it is just possible that a Congress will be elected which will write a real labor law.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. Here in the House we have been voting to do something about violence and mass picketing since 1940.

Mr. HOFFMAN. I think the gentleman is mistaken. In 1936 some of us began to vote against it, and most of the Republican Members of the House since 1938 have been voting against violence and rioting by the massed picket line. The people are looking to the House for effective and adequate legislation.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 66]

Allen, Ill.	Gifford	Marcantonio
Auchincloss	Gillie	Meade, Ky.
Bakewell	Gore	Merrow
Bates, Ky.	Grant, Ala.	Mitchell
Bell	Grant, Ind.	Morrison
Bender	Gwinn, N. Y.	Nixon
Bland	Hall,	Norrell
Bloom	Edwin Arthur	Norton
Boggs, La.	Harless, Ariz.	O'Hara
Boykin	Hartley	Patterson
Bradley	Hébert	Peterson
Buckley	Heffernan	Pfeifer
Byrne, N. Y.	Hendricks	Phillips, Tenn.
Carroll	Hess	Ploeser
Celler	Hinshaw	Poulson
Clements	Jenkins, Ohio	Powell
Combs	Jenkins, Pa.	Rabin
Cox	Jennings	Redden
Cravens	Jonkman	Reed, Ill.
Crawford	Keefe	Riley
Crosser	Kefauver	Sabath
Curtis	Kelley	Sarbacher
Davis, Tenn.	Kilburn	Scoblick
Dawson, Ill.	King	Scott,
Dingell	Lanham	Hugh D., Jr.
Domengeaux	Larcade	Shafer
Dondero	Lemke	Somers
Durham	Lynch	Thomas, N. J.
Elston	McDonough	Weichel
Fisher	McDowell	West
Flannagan	Macy	Wolcott
Fuller	Mansfield, Tex.	Zimmerman

The SPEAKER. On this roll call, 329 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD and include a citation received by Irving H. Saypol.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BUTLER asked and was given permission to extend his remarks in the RECORD and include a letter in opposition to the St. Lawrence seaway.

Mr. O'HARA (at the request of Mr. JONES of Ohio) was given permission to extend his remarks in the RECORD in two instances, and to include in one editorials from five different newspapers, and in the other remarks of Mr. Ivan Bowen, of Minneapolis, Minn., at the

annual meeting of the National Association of Motor Bus Operators.

Mr. CANFIELD and Mr. MILLER of Nebraska asked and were given permission to extend their remarks in the RECORD.

Mr. LODGE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD and include a speech.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter in each.

Mr. POTTS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an article.

PERMISSION TO EXTEND REMARKS AT THIS POINT

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an article.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. BOLTON. Mr. Speaker, to those of us who deal with the hazards of blizzards and floods as part of the odds we take on our farms and on our ranges such a picture as is given of the tragic loss of sheep and cattle and of wheat suffered by the farmers of the United Kingdom should give us pause. Wholly unprepared for the heavy snows and devastated by the consequent uncontrollable floods, they face a very serious food situation. I am inserting herewith a clipping from the London Sunday Express of March 30 that the farmers of this country and the city dwellers as well may have more understanding of the quality of courage of the British people.

WHAT THE SNOWS AND FLOODS COST US: 1,370,000 SHEEP, 30,000 CATTLE, 100,000 ACRES OF WHEAT

The National Farmers' Union, in what is probably the gravest statement on British agriculture ever issued, said yesterday:

"A situation unparalleled in the history of British agriculture has developed from the disastrous harvests of last autumn and the subsequent blizzards and floods. It threatens the rations and calls for a stupendous effort on the part of farmers and farm workers to meet the emergency. The financial losses, direct and indirect, on information so far available, are estimated to be about £20,000,000.

"Reports indicate that some 1,370,000 sheep and lambs died in the snowdrifts, and further heavy casualties are expected (as a result of exposure) before the lambing season ends.

"Many hill farmers have lost their all in the greatest food production tragedy this country has ever known.

"Thirty thousand head of store cattle have been lost in the snow or the floods or have had to be destroyed owing to the impossibility of getting fodder to them.

"Losses of small livestock (calves, pigs, and poultry) may well prove to amount to £500,000. In large areas little more than maintenance rations could be fed to dairy herds, and the milk output is known to have fallen substantially.

"Nearly 100,000 acres of winter wheat have had to be written off as a total loss.

"Upward of a hundred thousand tons of potatoes have been lost to human consumption.

"To repair the ravages as quickly as possible and put the land into a condition to grow food for this year's harvests is a race against time.

"All possible steps are being taken to clear the land of water, but without financial help many of the farmers who have lost so much already will not be in a position to tackle their part of the job.

"The National Farmers' Union, therefore, has decided to launch an appeal for contributions to its agricultural disaster fund. The proceeds of this fund will be devoted to mitigating the crippling nature of the losses.

"The damage is so great that the agricultural industry alone cannot cover the whole of the cost. In consultation with the Government a fully representative national committee is being set up to administer the fund and a similar committee will be appointed for each county.

"The purpose of this fund is to mitigate, as far as possible, the effects of the weather catastrophe on the food situation. The appeal does not cover the ordinary household and personal losses due to the floods, which are the province of the appeal issued by the Lord Mayor of London. The two appeals will not conflict.

"The union adds that the urgency of the appeal cannot be overestimated. Everyone in any way connected with agriculture should send a donation as quickly as possible to the Agricultural Disaster Fund, National Farmers' Union, 45 Bedford Square, London, W. C. 1."

Mrs. SMITH of Maine. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD on the agricultural appropriation bill.

The SPEAKER. Is there objection to the request of the gentlewoman from Maine?

There was no objection.

Mrs. SMITH of Maine. Mr. Speaker, I have reviewed this bill and the accompanying report and am particularly concerned regarding some of the recommendations that affect appropriations for our Federal activities in forest conservation. The conservation idea and the need for Federal leadership to advance it received its first great impetus in the Republican administration of Theodore Roosevelt. From time to time both parties have further implemented the movement but never to the extent warranted by its importance.

We are now well into the adjustment period of the postwar era and are striving desperately to build the foundations for a sound economy geared to new conditions. We are seeking to build up our national strength to meet new responsibilities at home and abroad. Natural resources, which have always played such an important part in our industrial development, have been severely depleted by the war and also by peacetime years of wasteful exploitation. We have a tremendous job of rehabilitation to undertake in connection with forest resources. In view of this situation I question whether this is not the time to strengthen rather than weaken Federal leadership in conservation.

In reducing appropriations to the United States Forest Service by nearly $16,000,000 we are not striking at some temporary wartime activity for which a need no longer exists, but at the heart of the conservation movement in the United States. It is difficult to understand in what way the public interest is served by withholding increased funds to administer sales of national forest timber at a time of unprecedented demand. What possible public interest is served by completely wiping out funds for the administration of wildlife resources on national forests? A large segment of our people are fishermen and the building up of this form of recreation is inevitably a responsibility of land managing agencies. Are we to understand that this field is to be neglected or handled only incidentally by the largest single land managing agency in the United States? Similar questions could be asked regarding other appropriation actions in the bill as they bear on the administration of our national forests.

In my own region, we have millions of acres producing wood products at only a fraction of the rate at which they are capable of growing it. Our forest industries and land owners are struggling with many problems incident to a shift from the wasteful liquidation policy of past years to one of conservation and management. We are seriously hampered in our efforts by lack of knowledge and information in this new philosophy of forest management. Our forests suffer not only from lack of good management practices but also from damages by insects and disease which good management could do much to control. The information and techniques required to put my region back on its feet as a leading forest products region stems from research.

I am particularly concerned by the heavy reduction in funds for the forest survey. This basic inventory of forest resources is essential to the sound planning of conservation program by both Government and private agencies. In areas where it has been under way for some time industry has time and again consulted the results of this survey for guidance in the establishment of new enterprises and the development of policies.

We need this survey in the Northeast and I am concerned over any action that will present a hazard to the early prosecution of this work.

We have a large number of small forest industries in our territory which need the guidance of research in forest products. Our large industries have profited in the past by the results of Federal research in forest products. A vital part of the conservation concept is the fuller use of what resources we have and a reduction in research along these lines is not consistent with sound economy.

For these reasons I am concerned that the report on this bill recommends reductions in appropriations for vitally important phases of research in forestry. This recommendation certainly is not in accord with the current recognition of the needs for an aggressive program of scientific research which has already been recognized by the Congress in other fields.

My vote for this bill will be with great reluctance. I am not satisfied that the effects of reductions affecting forest conservation have been fully appraised and I question whether at this time we can afford to weaken Federal leadership in a movement of such significance to our national welfare.

FILING OF SUPPLEMENTAL REPORT

Mr. ROSS. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill H. R. 673.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include a recent article from the New York Times.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1948

Mr. DIRKSEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, with Mr. HERTER in the chair.

The Clerk read the title of the bill.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the economy of this country is anchored to agriculture. Only a casual glance into the economic history of agriculture will definitely reveal that it sets and controls the patterns of the varied and sundry industries of America. The agricultural resources of the United States are second to that of no other section of the world. Agriculture is the very backbone of American industry and, more important at this particular time, to it the entire world looks for food and clothing. It is an accepted fact that prospering agriculture procreates a general prosperity. Conversely, a stagnant economy trails its failure.

How do we account for this? It is due entirely to the fact that the millions upon millions of farm families spread out and across every county and State of these United States constitute the largest, most desirable and most immediate market for all American industry. It is a market which prevails the year around for all products of every kind and of every character, whether they be automobiles or trucks, hardware or household goods, petroleum products or electrical appliances—everything of every kind made by American industry and American labor. Strike down their prosperity and you strike down the prosperity of more than 140,000,000 American people. This is an irrefutable fact. Time and time again it has happened. It can happen again. And it will happen again if this agricultural appropriation bill, H. R. 3601, and others like it, are meted out to the hardest working group of people on the face of this planet—the American farmers.

Why, Mr. Chairman, what have our farm people done to deserve the treatment which they are given by this legislation? Can we not recall that it has only been a few years since we stripped the farms of their young men and sent them away to fight the battles for freedom. The farms were left in the hands of their fathers and mothers who produced the food and fiber necessary to win a great war. Many of them were aged. Many were physically unable to toil the long hours essential to the planting, cultivation, and harvesting of crops. Farm work is hard work. But they did the job. And they did it with a shortage of labor, a shortage of fertilizer, a shortage of machinery, a shortage of everything but a courage and a will to back their sons who had gone away to war, many of whom never returned. Never before in the annals of American agriculture has there been such an abundance of production—enough to feed and clothe the entire world. For the farm folk there were no strikes, no shut-downs, no sit-downs, nothing but work, work, work. And, as they were going about this great achievement they were fast depleting and bleeding white the fertility of their soil. By good practices under the skillful supervision of the Soil Conservation Service, this fertility can be restored. Cripple the program, as this bill will do, and you turn your back on the great sacrifice which the farm people of this country made to win a great war.

It has not been so many years, Mr. Chairman, since you could purchase with one $20 bill almost all the corn or wheat or cotton one man could produce in a year's crop. And when that situation plagued the American farmer, like the cancer it is, it ate away the stability of every other segment of American industry. They were left with a short market. Ordinarily you would think that we had learned our lesson, that we had become wiser and would profit from our ignorance and mistakes of the past. But apparently that is not the case, at least with many in our midst, for here today we have the majority party, the Republican Party, now most favored by our farm people, sabotaging the Department of Agriculture and driving agricultural industry back to those bleak, dark days of the early thirties.

I ask you again, why this treatment for our farm folk? What have they done to merit such? Have they not met all production goals set by the Department of Agriculture? Beyond the South, last year, possibly in a forgetful moment—and for this we forgive them—did they not vote overwhelmingly Republican? Sure they did. Then why is the Republican Party meting out to them such treatment as is proposed in this bill? There could be but one reason and that, Mr. Chairman, is to smooth the way for the Knutson tax-relief bill—the bill which evidences the great love and affection which the Republican Party harbors for those who are so "unfortunate" as to have incomes of "only" $300,000 or more per annum. Its love for this group is a fact which everyone so well knows but so often forgets.

REPUBLICANS PRAISE THE AGRICULTURAL PROGRAMS

For soil conservation, rural electrification, tenant purchase, agricultural research, school lunch, and other agricultural programs the Republicans have heretofore had but the highest praise. Also their support. But on the other hand they have promised that $300,000-a-year man that they were going to reduce his taxes whereby his take-home income would be increased more than $40,000 per year over that at present. And these "unfortunate" people have put the squeeze on our Republican friends to fulfill that promise. In order to carry it out they are going to kick the slats out of the Department of Agriculture and the American farmer. Well, they may do it but they will rue the day when they do.

Why, Mr. Chairman, I have heard Member after Member on the Republican side bemoan the American dollars which the so-called New Deal administration was pouring into Europe for relief. And simultaneously they have bemoaned the fact that we do so little for our own people. On this proposition I noticed an interesting contrast which appeared on the front page of a local daily newspaper under date of May 22. In one column I found the headline, "Agriculture budget cut 38 percent, House subcommittee lops off four hundred millions," and lo and behold, in another column appeared the headline, "House votes three hundred and fifty millions foreign relief." The relief bill passed the House 288 to 86. The dissenting votes are only about one-third the voting strength of the Republicans in the House, and by no means were all of those 86 dissenters Republicans. Now I am not going to quarrel with those who feel that America, two long years after the war and after two full crops have been made in Europe, should continue to feed and clothe the people of Europe. I do not agree with you, and I voted accordingly. But I do say that you should not make the American farmer pay the entire bill. It is not just and it is not fair.

We all recognize the interest which every American has in maintaining the fertility of our soil, our greatest natural resource. Most of our people own no farm land but upon the land and its productivity are each and all of us dependent for our food and clothing. We were late in awakening to the fact that our soils were being fast depleted through erosion, bad farming practices, and so forth. But we did realize the seriousness of the situation in time to about-face and in time to safeguard the fertility of our soils for ourselves and for generations yet unborn. This was accomplished through the soil-conservation program, which, as everyone knows, proposes from year to year certain sound farm practices for which the Government, as an incentive, pays about one-third of the cost through the AAA. The soil being our greatest natural resource and it being essential that it be preserved

for posterity, I think it good business for the Government to offer the incentive payments.

COMMITMENT FOR 1947 AAA PAYMENTS

Last year the Congress wrote into the agricultural appropriation bill language whereby there could be no misunderstanding as to what amount the Government would expend in the program. It was made crystal clear that the amount would be $300,000,000 for AAA payments and administrative costs. Agricultural agents of this Government cut the 1947 program to fit the pattern and told the American farmer what the Congress had agreed to do by contract—signed, sealed, and delivered. Now here at this eleventh hour, the Republican-controlled Appropriations Committee brings to the floor of this House a bill which would, in face of that solemn agreement, reduce the Government's participation to $165,000,000. The cut amounts to approximately one-third of the European relief bill they passed last week. So, the American farmer is not only going to be called upon to put up some of the food for this relief but also to pay one-third of the bill with the AAA payments which we pledged to him last year. I, for one, will not break faith with our farm people and will certainly vote for the amendment to restore the full appropriation.

AGRICULTURAL RESEARCH

Mr. Chairman, I am astounded and surprised that my Republican friends would cut the appropriation one dime below the budget estimate for agricultural research. I happen to be a member of the Committee on Agriculture which wrote and presented to the Seventy-ninth Congress the agricultural research bill—the Hope-Flannagan Act, so named in honor of the distinguished gentleman and the present chairman of my great committee, the gentleman from Kansas [Mr. HOPE] and my distinguished friend and former chairman, the gentleman from Virginia [Mr. FLANNAGAN]. There was no politics in the writing and passage of that bill. It had the unanimous support of our committee, of the Congress and President Truman.

Every segment of American industry is carrying on extensive research except agriculture, which is far behind. For year after year prior to the war, we were producing great surpluses of agricultural products. For the potential surpluses, new uses must be found, and this particularly applies to cotton. I do not know as much about the problem in your section as I do in mine, but I am sure that yours is no different from mine. In the South we are making rapid strides in crop rotation and industrial development. But, irrespective of the latter, the South is naturally an agricultural country and better adapted to the growing of cotton than any other crop. It is a great crop. It has many uses. But for it, other uses can and must be found. In the research bill we have placed our hope. Adequate appropriations to carry on the work could mean for us the difference between prosperity or bankruptcy. The amount sought—only $9,500,000—is infinitesimal compared with the national budget. And I hope you will support the amendment to be offered to restore the $3,500,000 cut in the appropriation.

RURAL ELECTRIFICATION

Mr. Chairman, the greatest service this Government rendered the man on the farm was bringing electricity—lights and power—to his home. Through the Rural Electrification Administration many have been afforded the comforts of power, but on the whole we have only scratched the surface. I want to see every farm home in this country electrified. And I thought that the Republican members of the Agricultural Appropriations Subcommittee shared a similar feeling. Evidently I am mistaken, for they have cut the budget request for rural-electrification loans by more than $25,000,000 and reduced the administrative funds by 28½ percent. I am reliably informed that this will seriously slow down the work in REA, create bottlenecks in the consideration of applications, and mean that 25-percent fewer farm people can receive electricity in 1948 than if these cuts were restored, and this is a conservative figure. It has been well said that REA will not use any more money than it needs, so why should not the Congress give it an adequate loan authorization? I want to see electricity wired into every farm home in my district, as well as yours; and I would like to see it get there before some of our people get too old to use it. They have waited a long, long time. So, please gentlemen, let us all join together in making an adequate appropriation for rural electrification. The money appropriated will be paid back to the Government with interest, and the farms electrified will be increased in value. REA pays its way; it is self-sustaining and self-liquidating. Let us not hamper or hamstring the activity of the Rural Electrification Administration in its effort and activity toward electrifying every farm home in America.

FARMERS HOME ADMINISTRATION

I also deplore the complete elimination of the farm tenant purchase program of the Farmers Home Administration. In this program hundreds and thousands of our veterans are looking to the opportunity of home and farm ownership. And unless you restore these funds then they will have no other real source to which they may resort for this assistance. The Farmers Home Administration has helped many of our people become home owners and substantial citizens. It is sheer nonsense to cut the throat of the program in the name of economy when it is good economy to offer reasonable assistance to be repaid to those who are earnestly striving toward a substantial position in life.

There are other false economies in this bill. Many of them. Many have been developed by previous speakers. Others will be developed by those to follow. I hope you will join with us in eliminating the many wrongs done the American farmer.

FOR ECONOMY

I want to say now and have it definitely understood that you Republicans have no monopoly on economy. The record since the war discloses many reductions and rescissions of appropriations by a Democratic Congress. I have in many instances voted for reductions and I shall vote for others but I refuse to cut the heart out of the appropriation bill for the Department of Agriculture. This is not economy. It is sabotage.

I favor the elimination of duplication. I favor the elimination of overlapping agencies. I favor dismissal of its many unnecessary high-paid executives, supervisors, and administrators. These things the bill will not accomplish. On the contrary, judging by previous actions of other departments, these high executives will be retained and the lay-offs made at the local level. There is nothing seriously wrong with the agricultural programs. The trouble is that these high executives make the cost unnecessarily high. Economy should be practiced at the high level, and I favor such. But in this bill we find our Republican friends sabotaging the programs instead of reducing the cost. This is, indeed, poor economy.

CONCLUSION

When we look back upon the early thirties we recall 38-cent wheat, 32-cent corn, 16-cent oats, 3-cent hogs, 4-cent beef, and 6-cent cotton. It makes me shudder to think of it. Since then, under a good farm program, we have come a long way. Our farm people are fairly prosperous again. They offer a market now for hundreds of thousands of automobiles and trucks, for 200,000 tractors a year, for more than $400,000,000 worth of household goods, building materials of more than a billion dollars' worth, and so on and on and on. They are not the same people that you knew 15 years ago. They are prosperous, content, and happy. So are all of us. But legislation of this character will drive them back to a depression economy and the rest of America will go back with them. Let us not act too hurriedly, else we turn back to the dark days of years gone by.

Mr. DIRKSEN. Mr. Chairman, I rise to announce that on yesterday when the Committee rose the first paragraph of the bill had been read, and the reading of the bill will be resumed with the second paragraph.

Mr. MAHON. Mr. Chairman, I move to strike out the last two words.

The pending agricultural appropriations bill represents a betrayal of the American farmer by the Republican majority in the House of Representatives. Democratic members of the Appropriations Committee did what they could to prevent this ill-considered measure from coming to the floor. Last Friday, when the full Committee on Appropriations met to give final consideration to the measure, we demanded and secured 12 roll-call votes in committee in an effort to stop the steam roller of the majority, but to no avail. They had the votes. Let it be said for the record, that when the roll call was taken on reporting the bill every Democrat on the committee, with possibly one exception, voted against the bill.

During my brief service in the House of Representatives I had never seen that happen before. It would not have happened had there not been something drastically wrong with the bill. Why is

this bill so unattractive, so unacceptable to the friends of agriculture? Why do I say that it is a slap in the face for the American farmer? Is it because the bill provides certain economies? No. Democrats favor economies in administration and other savings wherever they can safely be made. There are numerous economies in the bill which I favor and stand ready to defend. But here are some of the reasons why the bill is so intolerable. Some of these facts should be made crystal clear in the outset of this debate today.

AGRICULTURAL RESEARCH

Last year Congress passed the Agricultural Research and Marketing Act, which was hailed by friends of agriculture as perhaps the most important forward step in agriculture within a generation. The President asked for the coming year the sum of $19,000,000 to carry out the purposes of this legislation. What happened? The bill before us provides the wholly inadequate sum of $6,000,000 for this purpose.

I am a member of the War Department Subcommittee, which on tomorrow will report out the annual Military Establishment's bill, requiring something over $5,000,000,000. In that bill more than $200,000,000 will be requested for research and development. We are providing this year in the Navy for a research and development program which will cost $34,000,000. Yes; we are being asked to provide $250,000,000 for atomic research, but this pending bill denies the relatively small amount requested for research under the Hope-Flannagan Act for the basic industry of America, and I, for one, will not support such a short-sighted and indefensible policy.

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

Mr. MAHON. I yield.

Mr. ABERNETHY. I happened to be a member of the committee which reported the bill to which the gentleman has referred, which was named in honor of our distinguished chairman, the gentleman from Kansas [Mr. HOPE], and our former distinguished chairman, the gentleman from Virginia [Mr. FLANNAGAN]. Is it not a fact that every Member of the House voted for the bill when it passed last year?

Mr. MAHON. I think the gentleman is correct in his statement.

SECTION 32

This bill does great violence to the cause of agriculture in repudiating the section 32 provision of the Agricultural Adjustment Act. Section 32 provides that 30 percent of tariff receipts may be used to dispose of agricultural surpluses and otherwise promote the cause of agriculture. After all, the tariff protects industry and makes it necessary for the farmer to pay a higher price for many of the things required on the farm and why should not a portion of the tariff receipts be used in the interest of the farmer. Section 32 is one of the most effective provisions for agriculture ever written into law—past achievements prove that point—and the provision in this bill which nullifies that law is a step toward a prostrate and bankrupt agriculture. That is another reason why I join with others in crying out against this measure now before us.

AAA PAYMENTS

The bill provides $164,000,000 for the so-called AAA soil-conservation payments instead of the $300,000,000 requested by the President. If the $300,000,000 is not provided, the farmer will be shamefully betrayed. That is true because Congress will have broken the pledged word of the Government to the American farmer, and in my book a breach of faith cannot be defended in the name of economy or any other name.

It is not a question of whether the AAA program is good or bad. Many Members of Congress and many dirt farmers differ as to the merits of the program. It can be agreed that the AAA program is far from perfect. But my point is that when the farmer began his 1947 crop he had a right to believe that the $300,000,000 program would be carried out.

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

Mr. MAHON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAHON. If we consult the CONGRESSIONAL RECORD containing the proceedings of the House of Representatives on March 8, 1946, we read where the House pledged itself to carry out the $300,000,000 program. If we consult the President's budget message, which was made public in January, the beginning of the crop year, we find the President makes reference to "the $300,000,000 program to which we are committed for the crop year 1947."

Mr. Chairman, the full amount promised for the AAA program should be provided. The question is not an involved problem of policy, but a simple question of good faith.

SOIL CONSERVATION SERVICE

The bill provides a reduction of $6,000,000 in funds requested by the President to carry out the soil-conservation program. This will have a crippling effect on the programs of soil-conservation districts throughout the Nation. I trust the House will restore these funds and thereby contribute to the success of one of the important forward movements in the field of agriculture.

SCHOOL-LUNCH PROGRAM

The school-lunch program is crippled by the bill—cut approximately in half. There are differences of opinion as to the merits of this program. I personally feel that the program has great possibilities and that it should be continued, with the local communities and States assuming an increasing responsibility for the success of the activity.

FARM TENANT PURCHASE PROGRAM

The bill before us completely repudiates the program which we started some time ago to make home owners out of farm tenants, the farm tenant purchase program. There is not a dime in the bill for it. Land prices are high; it is a perilous thing to go into the purchase of farm land but certainly it was unwise for the committee completely to strike from the bill any funds for carrying on that program. I stand with those who believe that a sound American agricultural economy demands farm ownership and I am not willing to stop that program. I shall support an amendment to continue the farm tenant purchase program.

RURAL ELECTRIFICATION

As to the REA program I should like to say this: The cut in administrative expenses is too deep and will have a tendency to hamper the successful handling of the program. Earlier in the year threats were made to the effect that the President's request for $225,000,000 in loan funds to local REA cooperatives would be slashed. Fortunately, we have been able to prevent that being done. Yet the bill should be amended to provide an additional $25,000,000 in REA loans to meet the original requirement which is diminished by reason of the transfer of REA financing from the RFC to the Treasury Department.

Mr. Chairman, in the time at my disposal there is no opportunity for me to discuss all the aspects of the bill in which I am interested and I must conclude. Again I protest the ill-considered and unwise provisions in this measure, and urge that it be modified along the lines suggested. It is imperative that the friends of agriculture cooperate together in keeping faith with the agricultural producers of the Nation. A sound and prosperous agriculture is essential to the Nation's well-being.

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

Mr. McGARVEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on Thursday and Friday of last week, the distinguished gentleman from Illinois [Mr. SABATH] attacked the operations of the New York Stock Exchange, and announced that he was about to introduce two bills which would discourage the short selling which he claims has taken place recently. I regret that I was not on the floor of the House at the time to answer the gentleman. Having been a stock broker for 30 years, I feel confident that I am qualified to defend the stock exchange and its operations.

I would like to ask the gentleman from Illinois [Mr. SABATH], as did the gentleman from Pennsylvania [Mr. RICH], on Thursday, "Where is your Securities and Exchange Commission that has been established to see that these things do not happen?"

The gentleman from Illinois [Mr. SABATH] boasts that it was through his efforts that the SEC was established. Does he now repudiate the Commission which, he asserts, was brought into being by his valiant crusade?

The gentleman belongs, I am afraid to say to that New Deal school of thought which believes in getting the Federal Government into every possible phase of American life. He does not seem to realize that the people are fed up with the Government controls and regulations with which we have been hampered during the past 13 years. I,

myself, was amazed at the number of people who called me when I was in Philadelphia over the week-end, to protest Mr. SABATH's savage and unwarranted attack.

The gentleman will not get far with his bill to provide revenue from the short sales of shares of stock, grains, cotton, or other allied commodities, or his bill to prohibit communication of false information with respect to securities in certain cases. Not only is there no need for them or for the asinine remarks which accompanied their presentation on the floor of the House, but public opinion is against him.

Mr. Chairman, to prove my point I include an editorial which appeared in the Philadelphia Inquirer on Saturday, May 24, 1947. I should also like to insert in the RECORD a dispatch which was transmitted over the Dow-Jones news ticker relative to the gentleman's speech on stock market manipulations.

[From the Philadelphia Inquirer of May 24, 1947]

SHOULD PUT UP OR SHUT UP

There is no excuse for Representative ADOLPH J. SABATH'S savage attack on current New York Stock Exchange operations, which he has seen fit to describe as "outrageous, crooked dealings."

Wall Street has long been a favorite target of empty-headed politicians when they have run out of other topics, but Mr. SABATH'S comprehensive denunciation is too vicious to be dismissed as run-of-the-mill political oratory. His statements and predictions are the kind that no one should be allowed to get away with.

When he says, "If we don't stop the short selling and gambling on the New York Stock Exchange we'll have disaster in this country," and that he is "fearful that the same thing that took place in 1929 to 1932 will take place again unless we put a stop to it," he is going off the deep end.

Emil Schram, president of the New York Stock Exchange, has made the only possible retort in demanding that SABATH either present proof of crooked dealings or withdraw his charges. Prices on the exchange are established through open transactions. The market is regulated by a Government agency, the Securities and Exchange Commission, which also make the rules to regulate short-selling.

If the Congressman has any justifiable complaints he should make them to the SEC and not engage in wild, reckless and completely unsupported statements that can only do severe damage to a legitimate institution and legitimate dealings in securities. He should put up or shut up.

[From Dow-Jones news ticker]

STOCK MARKET

NEW YORK.—Representative SABATH, Democrat, Illinois, yesterday charged that dishonest manipulation has caused the recent stock market decline.

The stock exchange quickly denied the accusation and demanded proof.

Emil Schram, the Exchange's president, in a wire to Representative SABATH, invited him to present factual proof of manipulative activities on the exchange.

He added, "If you do not have any factual information, I think that you should in all decency withdraw what you have said. Reckless statements of the character you have just put out are damaging to our public institutions."

Representative SABATH, in a statement on the House floor, attacked short selling and said he would introduce today a bill which will impose a tax of 5 percent on short selling. He also said such sales should be abolished.

In answer to this, Mr. Schram's telegram declared that, "Short selling is strictly regulated under our rules and those of the Securities and Exchange Commission. Copies of these regulations are available to you.

"Credit regulations are in the hands of the Board of Governors of the Federal Reserve System. You can, of course, address your complaints on that score to that agency. We feel here that one of the causes of recent weakness in our market is the discriminatory restraint upon loans to millions of people who own securities listed on the national registered exchanges."

In Philadelphia, the Securities and Exchange Commission said it had received complaint on short selling from Representative SABATH. It added that it would answer the letter but had no further comment to make.

It was recalled that Representative SABATH had sent a somewhat similar letter to the Commission following the break in the market on September 3 last. A spokesman said the Commission is constantly watching the market and is always on the alert for indications of manipulation.

The Commission has not sent out any general questionnaires on stock-market trading since the one which was issued following the break on September 3.

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

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

Mr. OWENS. I recall the gentleman from Massachusetts broke in to say that stock on the stock exchange had dropped 75 percent from last November. I have checked it and I think the gentleman will agree with me when I say that 50 leading stocks have dropped 2 points and 90 stocks have risen 1 point during that same time.

Mr. McGARVEY. I thank the gentleman for his contribution.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to speak out of order for 5 minutes, as the gentleman did, because I think I know a little something about the laws that are administered by the SEC.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Chairman, as far as the gentleman from Illinois [Mr. SABATH] is concerned, he can defend himself; but I remember in the late twenties and in the early thirties the gentleman from Illinois [Mr. SABATH] was one of the first men in this House or in the country to call attention to what was going on in the great stock exchanges of the United States. I think I have a right to speak about this matter because I happen to be the author of the three measures that are now administered by the Securities and Exchange Commission—the Securities Act of 1933, the Stock Exchange Act of 1934, and the Utilities Holding Company Act of 1935.

A department of the Government made the statement that from 1922 to 1932 there had been issued and offered to the public in the United States about fifty billion in securities and that their judgment was twenty-five billion of them were not worth the paper upon which they were written; yet, some of these people who had been issuing these kind of securities came down here and said that we were going to stop the issuance of securities. We passed a bill and every decent dealer of securities in the United States felt like his stable was clean and that he could, therefore, put his securities on the market.

They also came down and said that the stock exchange regulation bill would close all the exchanges in the country. One president of the New York Stock Exchange since that bill was passed said he would not be chairman of the New York Stock Exchange, or president, or whatever you want to call it, unless that bill was upon the statute books. And it went along until the Holding Company Act of 1935. We were going to put all the private utility companies in the United States out of business, and today there is not a decent operating utility in the country that is not glad to have these giant holding companies taken off its back so that it can operate at a decent rate to the public and pay its stockholders.

How did these giant holding companies make their money? There are only two ways on earth that one of these giant holding companies can make money. One is by the manipulation of stocks, to which it lends itself perfectly, and the other is by milking the operating companies at the bottom, because the operating companies are the only ones in the whole set-up that can make money. So, it matters not what the gentleman from Pennsylvania says about operating on the New York Stock Exchange. I have been operating with them, not on them, for 10 or 12 years, and I say to you that even though we have the Securities and Exchange Commission with power and authority to look into these things, that somebody has got to be on the watchtower in a time like this, or we may sink back once more into the same condition that brought about the debacle of 1929.

Mr. DIRKSEN. Mr. Chairman, in the interest of expedition, I think we ought to read the next paragraph. We have had two speeches out of order now, and I will be constrained to object to other similar requests.

Mr. RANKIN. Mr. Chairman, I would like to have 5 minutes.

Mr. DIRKSEN. Will not the gentlemen let the next paragraph be read?

Mr. RANKIN. They took 10 or 15 minutes talking about the stock exchange. Now, the most grievous error in this bill has not been mentioned.

Mr. DIRKSEN. A strict construction of the rule would indicate that all argument on the pro forma amendment has been exhausted.

The CHAIRMAN. Has the gentleman made a motion?

Mr. DIRKSEN. No, Mr. Chairman; just a suggestion that we read the next paragraph.

Mr. RANKIN. That is not the rule of the House, I will say to the gentleman from Illinois. On pro forma amendments, the debate has not been exhausted. I have been trying to get recognition here for 10 or 15 minutes, and I have seen the floor taken in speaking about stock exchanges pro and con. I would like to talk about a matter that

affects the farmers of this Nation. I move to strike out the last word, Mr. Chairman.

Mr. Chairman, I have taken this time to talk about what seems to be the forgotten man, the American farmer. The greatest programs that have ever been instituted for the benefit of the American farmers are soil conservation and rural electrification. I want to talk to you for a moment about rural electrification, for which I have been battling for the last 15 years.

This bill cuts down the recommendation of the Bureau of the Budget, even though the recommendation of the Bureau of the Budget itself is far below what is necessary to carry on the electrification program for the next fiscal year.

Now, remember, we are still behind, far behind, even Japan in rural electrification. While they have 90 percent of their farms electrified and while Germany has 90 percent of her farms electrified and while Italy and France have 94 percent of their farms electrified, we have only a little more than 57.4 percent of our farms electrified.

The farmers of this Nation, in almost every State of the Union, are appealing and pleading for funds to build rural power lines. Every dollar of this money comes back with interest. The Government does not lose a dime.

Besides, it invariably doubles the value of every farm it touches, in providing conveniences, relieving drudgery, preserving foods, promoting health, and inspiring hope. It is the greatest program ever instituted for the benefit of the rural people of this Nation. I want to call your attention to the fact again that there was a larger percentage of American farm boys who went into this war than there were any other class of people in the United States. Now they have come back and are undertaking to make a living under adverse conditions, when the farmer pays more for what he buys, according to the price he gets for what he sells, than he has probably in all the history of this country.

This is not giving the farmer anything. We are merely making it possible for him to help himself.

You provide here for only $225,000,000 for the next fiscal year. On the 1st day of July, the very day of the beginning of the new fiscal year, there will be $270,000,000 in applications before the Rural Electrification Administration, and they are pouring in at the rate of $30,000,000 a month. Are we going to pour out money to feed every lazy lout from Tokyo to Timbuktu at the expense of these farmers and then deny them the benefits of rural electrification? Do you think you are going to get intelligent farmers in your district to move out onto the farm or to stay on the farm and do the hard work necessary to produce the materials to feed and clothe the Nation unless you at least put them on a parity with the farmers of Japan, Germany, France, and Italy by giving them the benefits of electric power?

Do you think you are going to get the farm women, who are today bowing down over the washtubs in your districts, doing the most burdensome work that any woman ever did, to stay on the farm when they are denied even the opportunity to run an electric washing machine or to operate an electric fan, to say nothing of the lights, water pump, refrigerator, and other necessary appliances? If you do, you are badly mistaken. Do not misunderstand it.

That is not the program you were elected on last November. I told you then it was not a Republican victory, but just a delousing of the Democratic Party.

The American people are expecting us to represent them, but you have gone on and punished the people of the South and the West with the most damnable and discriminatory freight rates the world ever saw. You can ship goods from New York to San Francisco cheaper than you can put them off in Kansas, Iowa, or Nebraska, and vice versa, because the Interstate Commerce Commission up until now, at least, has been in the grip of the transcontinental railroads and big interests in certain sections of the country. Do you think you are going to continue that program and go out and fool the American farmer into sending you back to Congress?

At the proper time I propose to offer an amendment not only to restore the cut, but to provide the funds necessary to meet the demands for rural electrification in every State in this Union for the next fiscal year.

Mr. DIRKSEN. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Chairman, I do not know exactly how much the New York Stock Exchange has gone up or down, but I do know about $2 has gone off the price of 100 pounds of milk out in Wisconsin, even though we have a Steagall amendment that is supposed to be in operation.

I think it is appropriate at this time to call your attention to the fact that there is every reason to believe that a lot of this interest in the section 32 funds comes from the fact that certain parts of agriculture have been on the gravy train all these years, and they can see that someone is liable to shove them off for the benefit of the rest of agriculture. I will prove that statement by calling your attention to the fact that during a 10-year period what crops do we find that have the benefit of the section 32 funds? I might say to begin with that one of the objections I have always had to the so-called New Deal agricultural program is that I have always felt that it was upside down. They talked about a soil-conservation program, but what they did was use public funds to promote soil-depleting crops at the expense of livestock farming, the best-known agricultural system for soil conservation. You could not get a better example than is shown in the use of these funds. The other day some of my friends wanted to kill the sheep business in this country, according to the speeches they made, and yet $40,000,000 out of this $125,000,000 or $130,000,000 of section 32 funds comes from money collected on wool last year coming into the United States of America on livestock products. What do they use that for? We started out and used $154,000,000 of it during the last 10-year period for cotton. Remember, my good cotton friends may talk about reciprocity. They are strong for these reciprocity agreements. They build a wall up around the American cotton farmer and the American cotton market. They put an embargo on imports. They take section 32 funds and get 30 percent of the custom receipts on livetsock products coming into this country by lowering the tariff and other devices and use it on soil-depleting crops such as cotton.

I do not want you to think I have to go south of the Mason and Dixon's line. The next one I will take will be wheat.

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

Mr. MURRAY of Wisconsin. I cannot yield. I want to speak on some of the facts of life here and I want to be sure you get them all.

Sure, wheat is a great product in America but it is only one-tenth of the agriculture of America, and we had a set-up whereby one congressional district obtained $17,000,000 for either raising or not raising wheat, whichever it was, out in Kansas—$17,000,000 in 1 year.

That is more than what went to 35 individual States of this Union in that particular year. One congressional district of Iowa obtained $13,000,000. One district in Texas obtained $12,000,000 for either growing or not growing wheat.

Then, what do they do? They put an embargo on wheat. You cannot bring wheat into this country. Then they want to use section 32 funds to pay export subsidies and they used in connection with grains $180,000,000. Does that make sense? You can see why when they put in the so-called parity program, out of the first $212,000,000 under the guise of parity $50,000,000 of that went to the great State of Texas. I know that Texas is a great State, but I do not think it means one-fourth of America, or surely not one-fourth of American agriculture. After all, when all is said and done what is really behind this fight about these section 32 funds? They want to continue to give a blank check, if you please, to the Secretary of Agriculture, as the gentleman from Kansas [Mr. HOPE] said yesterday, who has control of these section 32 funds so that he can pass them out any way he wants to.

I might say to you, you can talk about the balmy days of the New Deal, but so far as Wisconsin is concerned in 1939, and Wisconsin is the sixth agricultural State in this Nation, we had more farm foreclosures by the Federal land bank in 1939 than ever before in the history of America.

Special privilege to special agricultural interests has been the order of the day altogether too long.

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

All time has expired. The pro forma amendments are withdrawn.

The Clerk will read.

The Clerk read as follows:

TITLE I—GENERAL APPROPRIATIONS

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For personal services in the office of the Secretary of Agriculture, hereafter in this act referred to as the Secretary, in the District of Columbia, and elsewhere, and other necessary expenses, including the purchase of two (one at not to exceed $3,000) passenger motor vehicles; travel expenses, including examination of estimates for appropriations in the field; stationery, supplies, materials, and equipment; freight, express, and drayage charges; advertising, communication service, postage, washing towels, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, hereafter in this act referred to as the Department, $2,050,000, together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such services and expenses, which several amounts or portions thereof as may be determined by the Secretary not exceeding a total of $87,560, shall be transferred to and made a part of this appropriation: *Provided, however*, That if the total amounts of such appropriations or authorizations for the current fiscal year shall at any time exceed or fall below the amounts estimated, respectively, therefor in the budget for such year, the amounts transferred or to be transferred therefrom to this appropriation shall be increased or decreased in such amounts as the Director of the Bureau of the Budget, after a hearing thereon with representatives of the Department shall determine are appropriate to the requirements as changed by such reductions or increases in such appropriations or authorizations: *Provided further*, That, of appropriations herein made which are available for the purchase of lands, not to exceed $1 may be expended for each option to purchase any particular tract or tracts of land: *Provided further*, That no part of the funds appropriated by this act shall be used for the payment of any officer or employee of the Department who, as such officer or employee, or on behalf of the Department or any division, commission, or bureau thereof, issues, or causes to be issued, any prediction, oral or written, or forecast, except as to damage threatened or caused by insects and pests, with respect to future prices of cotton or the trend of same: *Provided further*, That, except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated by this act shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States.

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. H. CARL ANDERSEN: On page 2, line 16, strike out "$2,050,000" and insert "$1,800,000."

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Chairman, first I want to call attention to the fact that a total of $550,000,000 will be available to the REA on July 1 for expenditure and allocation. Of course, $325,000,000, the amount now on hand, while it has not been expended, has been allocated. Certainly I feel that the gentleman from Mississippi [Mr. RANKIN] is entirely too much alarmed, when the subcommittee has given the REA everything it can possibly expend in the way it should be expended, without waste and with prudence.

Mr. Chairman, it is not my intent, by the amendments which I shall offer today, to cripple or handicap any of the agencies or bureaus making up the Department of Agriculture. I shall present factual data only in support of the amendments which I shall offer, and leave it to the good judgment of the House as to whether or not the committee has been too lenient in its treatment of certain offices and bureaus in the Department.

Might I quote from a letter issued by the American Farm Bureau Federation as of May 24:

The Federation specifically recommends an over-all reduction of 20 percent in the expenditures for salaries, travel and other administrative expenditures of the Department of Agriculture. * * * A study of the bill and the committee report indicate that most of the reductions in appropriation have been in farm program expenditures, and most of the cuts in personnel and administrative expenses are in connection with reduction in farm programs. * * * Only token cuts were made in the personnel and administrative expenses of such agencies as the Secretary's office, where a cut of only $100,000 was made below the 1948 budget of $2,237,560, leaving a net increase of $18,350 above 1947 expenses. Likewise, the committee was quite generous with the Department's legal staff, reducing the solicitor's office only $100,000 below the budget, and only $54,000 below the 1947 appropriations, which aggregate $2,615,000. The Department is given nearly $5,000,000 for legal staff and for the Secretary's staff, or about one-third as much as the committee plans to give the entire triple A to serve 3,000,000 farmers in 3,000 counties.

Mr. Chairman, I feel that it is absolutely essential, as stated in my supplementary views in connection with the report, that certain amendments to this bill should be adopted so as to secure a balance between the cuts that have been made on the farmers of the Nation in their programs and those which should be made in personnel throughout the Department of Agriculture.

Please keep in mind that this great rambling structure known as the Department of Agriculture has today approximately 80,000 employees, and that number does not include the triple A, county committeemen, and township committeemen, who work on a per diem basis and who individually average a very small earning.

Let us see how the appropriations for the immediate office of the Secretary have been steadily growing. In 1938 that office received $452,700; 1939, $581,920; 1940, $618,210; 1941, $578,014; 1942, $613,970; 1943, $796,850; 1944—and here comes the first big jump—$1,648,184; 1945, $1,700,000; 1946, $1,654,000; and that was raised in 1947 to $2,048,500.

How are we going to stop the growth of this bureaucracy unless we start to put the pruning knife to it right now? Are we going to let these unproductive limbs on top of this apple tree keep shooting up into the air indefinitely or are we going to prune those shoots down to where they will produce the fruit we want produced for the farmers of America?

The Department is requesting in this bill $2,150,000. The committee has allowed $2,050,000, which, as the Farm Bureau very aptly states, is nothing but a token cut.

Mr. Chairman, I do not, personally, want to hamper in any way the work of this great Department which means so much to myself as a farmer, but I do feel that we could at least take 12 percent off of what the committee has allowed and reduce the $2,050,000 to $1,800,000.

We have cut the Secretary of Labor's office in this House by 20 percent below what he had available in 1947. I like to be fair with all of the departments. If the office of the Secretary of Labor can stand a reduction of 20 percent why cannot the Department of Agriculture in the immediate office of the Secretary of Agriculture stand at least a 12-percent cut? Is that asking too much?

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

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. Let me call the attention of the House to the fact that the Secretary's office is decidedly top-heavy in the Division of Personnel. In the budget chart we find the Director of Personnel, grade 15; two assistants, Division of Personnel, grade 14; two assistants to the Division of Personnel, grade 13, with seven other assistants doing various kinds of personnel work in the same grade—13. Remember, this is in the immediate office. There is also an administrative officer at grade 13, and three other heads, including an assistant to the Director of Personnel at grade 13, and under these, various chiefs of divisions doing personnel work in grade 12. In addition to this top-heavy setup, we also find a special assistant to the Director of Personnel in the same grade—12.

Now, besides all of this which obtains in the Secretary's office, we find in each of the bureaus and agencies in the Department proper that there is also a personnel office. Yet in the Secretary's immediate office alone $609,632 is asked for in the name of "Personnel activities."

I have not had the time to make a similar study of the Budget and Finance, nor of the Office of Plant Operations, which also stem from the Secretary's office. The policy-making branch of the Secretary's office requires, according to the estimate, $479,000 as requested in the budget, and general operations $473,244.

I do feel, ladies and gentlemen of this House, that $1,800,000 should be ample for the staffing of the Secretary's immediate office, and I am also convinced that the cause of agriculture will suffer in no way whatsoever through the adoption

of this amendment, which will save the taxpayers of the Nation $250,000. This year we are setting the pattern for peacetime operations of these various bureaus. Might I again call to the attention of the House that we have seen fit, in the Labor and Federal Security appropriation bill to cut more than the percentage requested here from the immediate office of the Secretary of Labor.

Mr. Chairman, I leave it to the good judgment of the Members of the House of Representatives as to whether or not this amendment should be agreed to.

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

Mr. H. CARL ANDERSEN. I yield.

Mr. MUNDT. I wanted the gentleman to be sure to distinguish between the directory down here in this tabernacle of the Department of Agriculture and triple A committeemen out in the courthouses of the country which comprise a grass-roots organization for which I think additional money should be appropriated. I believe the gentleman intends to offer an amendment to accomplish that purpose.

Mr. H. CARL ANDERSEN. The gentleman is absolutely correct. I am trying to squeeze a little water out of the bureaus here in Washington so we can make sure our triple A committee system, so necessary for our support price program, is preserved. I will offer my amendment to aid the AAA committees when that portion of the bill is reached.

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

Mr. JOHNSON of Oklahoma. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Oklahoma is recognized for 5 minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, it has been said that every man, woman, and child in the world, including this country, stands only 8 inches from starvation. This is one of the truest statements, in my opinion, that has ever been made. We know, of course, what is meant by that, that the 8 inches which stand between us and starvation are the precious 8 inches of topsoil from which we all get our food and sustenance. We see what has happened to China down through the thousands of years because they did not adopt a sound conservation program. The valleys of the Tigris and Euphrates were once the most productive in the world. Today they are desolate and barren. We adopted in this country a few years ago a certain sound conservation program. All you have to do today in my State of Oklahoma is to check that work during the past few years to see what has happened to know that it is, and has been, a sound program.

Mr. Chairman, we all know that food occupies a very prominent place in world affairs. We appreciate it is our No. 1 problem. If the raising of food for our people and the people of the world is our No. 1 problem then soil conservation surely should rank as our No. 2 problem. When you find such men as the gentleman from Kansas [Mr. HOPE], chairman of the Committee on Agriculture, opposing the drastic cuts in this bill, it is something we should take into consideration. When men like the gentleman from Kansas rise above partisanship, that should be noted, because this problem should be considered above partisanship. It is something that our urban population and the people who reside in our large cities are just as much interested in as the benefits that may accrue to our farmers.

I will now talk a little about partisan politics. I hope that the Republican House leadership and that Mr. Carroll Reece, chairman of the Republican National Committee, will give just a little thought to this. If we pass this bill as proposed here today and return Oklahoma to its Dust Bowl era, on the basis of the petitions I have received from my home county numbering several thousands in the last 2 days, you are going to take Oklahoma out of the doubtful column or out of the border-State classification next year. Let Mr. Reece study that over. He sent his orators down there last year to tell our farmers in Oklahoma that they were being regimented, that they had to go to a triple A office and sign two or three pieces of paper, that the farmers of this country should not be treated that way. He did make some impression on them at that time. But when this bill goes out of here with soil conservation and the related programs drastically cut they will feel differently. Those people were there before this conservation program went into effect, when our land was washing away, creating barren gullies all over the State, and they can see now that the land has become more productive, which causes our farmers not only to be more prosperous but causes us to have more food with which to feed the urban population of this country. When this Subcommittee on Appropriations for Agriculture met the other day, when the gentlemen who brought out this bill sat down around the table, the American farmer was prosperous, never more prosperous in his life. When you pass this bill today as it is presently written, he is going to be poorer than he has ever been. Unless you want to go back to 1930 and 1931 when cotton was selling for 3 cents a pound, and that is where you are heading with this bill, you had better restore these funds which are so vitally needed.

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

Mr. JOHNSON of Oklahoma. I yield to the gentleman from California.

Mr. SHEPPARD. When the gentleman refers to the subcommittee he should refer to some members of that committee.

Mr. JOHNSON of Oklahoma. I thank the gentleman. Some of the members of the subcommittee. In the name of sanity, it behooves all of us, when we vote on these amendments today, to take all of these things into consideration when they so vitally affect every segment of our economy. These cuts are not economy. They are the wildest sort of extravagance. They are madness.

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

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, first let me say to the members of the committee that I trust anything I might have said yesterday in the course of our discussion on the rule did not offend the finer sensibilities of any Member. You readily understand in an atmosphere of tension, sometimes earnestness, a kind of overzealousness develops remarks that in cold print often do not look so good. So if there was anything untoward or unseemly in what I might have said yesterday, I apologize to the House. I try always to be restrained in that respect.

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

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. We accept the gentleman's apology.

Mr. DIRKSEN. I thank my good friend the gentleman from Mississippi [Mr. ABERNETHY].

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

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. WORLEY. I will say in all honesty and in all candor that no one in this House commands greater respect for honesty and fair play than the gentleman from Illinois.

Mr. DIRKSEN. I am indeed grateful to the gentleman from Texas.

With respect to the pending amendment it leaves me with some difficulty, I am frank to say. It is the responsibility of the committee and the chairman to be thoroughly candid and forthright with the House, and I would be less than candid if I did not say that we did discuss a possible further cut in the administrative expenditures in the Secretary's office. I tried to err on the side of generosity. The Secretary was once a very distinguished Member of this body; in fact, for 10 years. The Secretary once served as a member of the Committee on Appropriations, and we count him not only as a good public servant, but as a friend.

My theory about it is this: There are times, you know, when there is not a lot of noise from the foundry and the factory, and no evidence that the whole factory is working, but that the front office is busy. I visit a huge plant in my district in off times. I do not hear those accustomed noises, but I know that 20,000 people are working in the plant. Maybe orders are rather slow and maybe 4,000 or 5,000 are laid off for a while, and maybe at times, though, their office is busier than at other times. If this bill is sustained and we terminate some of the functions, it does not necessarily mean that the work of the Secretary's office is accordingly diminished. As a matter of fact, he is asking for additional representatives in the field of food and agricultural organizations and in

the field of export at the present time. So the committee did not want to be niggardly and we permitted him what money we thought was necessary for the efficient and proper conduct of his office. After all, he is the directing head, and you cannot put yourself in the position of denying him the necessary analysts, the necessary statisticians, the necessary research people, and the necessary economists to do that great work, even though some of the functions of the Department may have been curtailed. So that is the whole story and I give it to you in all candor for your own disposition.

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

Mr. DIRKSEN. I yield to the gentleman from Washington.

Mr. HORAN. We found what we thought were clear cases of duplication, did we not?

Mr. DIRKSEN. Indeed.

Mr. HORAN. And we asked the Secretary to make a correction.

Mr. DIRKSEN. That is right.

Mr. HORAN. And that is one reason given in the subcommittee for cutting the Secretary's office.

Mr. DIRKSEN. So there was a disposition to cut further, and there was a disposition not to cut at all, and we compromised in this bill. So the chairman finds himself in some difficulty in urging vigorous opposition to the amendment. I would much simply prefer to state the facts and then let the committee work its will on the amendment.

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

The question is on the amendment offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

The question was taken; and on a division (demanded by Mr. H. CARL ANDERSEN) there were—ayes 34, noes 92.

So the amendment was rejected.

The Clerk read as follows:

RESEARCH AND MARKETING ACT OF 1946

To enable the Secretary to carry into effect the provisions of the act of August 14, 1946 (Public Law 733), including in addition to the objects for which funds are available for such act of August 14, 1946, and under title I of the Bankhead-Jones Act, as amended, personal services in the District of Columbia; printing and binding; over-all administration, planning, and coordination of research under section 10 pursuant to the provisions of section 10 (c); and necessary expenses for carrying out the provisions of title III of the act, as follows:

For payments to States, Territories, and Puerto Rico for agricultural experiment stations pursuant to section 9 of the Bankhead-Jones Act approved June 29, 1935, as amended by the act of August 14, 1946, $3,000,000, of which such amount as shall be allottable to Alaska shall be transferred to and made a part of the appropriation "Research on agricultural problems of Alaska," without matching requirement;

For research on utilization and associated problems pursuant to section 10 (a) of said act, $1,000,000;

For cooperative research other than research on utilization of agricultural commodities and the products thereof, pursuant to section 10 (b) of said act, $1,000,000;

For the improvement and development, independently or through cooperation among Federal and State agencies, and others, of a sound and efficient system for the distribution and marketing of agricultural products pursuant to the Agricultural Marketing Act of 1946 (title II of the act of August 14, 1946), $1,000,000;

In all, $6,000,000: *Provided*, That such sums as may be necessary for penalty mail as required by the act of June 28, 1944, may be transferred to the regular departmental appropriation therefor: *Provided further*, That for necessary printing and binding there may be transferred to, and made a part of, the item "Printing and binding, Department of Agriculture," such sums as are necessary: *Provided further*, That the Secretary may make available to any bureau, office, or agency of the Department such amounts from this appropriation as may be necessary to carry out the functions for which it is made, and any such amounts shall be in addition to amounts transferred or otherwise made available to other appropriation items of the Department: *Provided further*, That no part of this appropriation shall be available for work relating to fish or shellfish or any product thereof.

Mr. CANNON. Mr. Chairman, I have several amendments applying to various paragraphs under "Research and Marketing Act of 1946" on page 4 and page 5. Time would be saved by considering them all together. I ask unanimous consent that these amendments all be considered as one amendment.

Mr. DIRKSEN. Reserving the right to object, Mr. Chairman, the gentleman intends that the section on "Research and marketing" be considered as completely read, down to the bottom of page 5?

Mr. CANNON. Yes, Mr. Chairman.

Mr. DIRKSEN. There is no objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON:

On page 4, line 25, strike out "$1,000,000" and insert in lieu thereof "$2,500,000."

On page 5, line 3, strike out "$1,000,000" and insert in lieu thereof "$1,500,000."

On page 5, line 9, strike out "$1,000,000" and insert in lieu thereof "$2,000,000."

On page 5, line 10, strike out "$6,000,000" and insert in lieu thereof "$9,500,000."

Mr. CANNON. Mr. Chairman, in the latter days of the last Congress a notable bill was enacted under rather extraordinary circumstances. It was unusual in that, being reported by the House Committee on Agriculture, it was fathered by two men, from opposite sides of the aisle, one the gentleman from Kansas [Mr. HOPE], who probably has had longer service than anybody else on that great committee, who is perhaps better informed on agricultural matters than any other one man in the House, and who unquestionably, if by any misfortune we should ever have a Republican President, would be the Secretary of Agriculture.

The gentleman from Kansas [Mr. HOPE] was joined in the sponsorship of that bill by the gentleman from Virginia [Mr. FLANNAGAN], who likewise had long service on the committee and at the time was serving as chairman of the Committee on Agriculture. We had here the rather extraordinary situation of two great leaders on both sides of the table, the gentleman from Kansas [Mr. HOPE] and the gentleman from Virginia [Mr. FLANNAGAN], advocating, in response, to widespread national sentiment, the establishment of this research program in the Department of Agriculture.

As the report of the committee before us today states, in reference to another provision of the bill, the accent today not only in agriculture but in industry is on research. Research has added tremendously to our national wealth. The development of plastics, rayon, synthetics, and innumerable other products is the outgrowth of research, and scientific study. It has paid rich dividends and has added to our national wealth and to the comfort and health of every family in the Nation.

We face a serious postwar problem. I do not have to tell you there is ahead of us, notwithstanding the temporary alleviation brought about by the exportation of vast quantities of agricultural products to Europe, an indigestible surplus of farm commodities for which we must find a market. As a matter of fact, if it were not for the fact that we are at this time feeding Europe as well as America we would today have unmarketable surpluses of many agricultural products on our hands right now.

One method of meeting this surplus is to develop new processes and new uses for farm products. This bill by the gentleman from Kansas [Mr. HOPE] and the gentleman from Virginia [Mr. FLANNAGAN] is the answer and was practically unanimously passed in both House and Senate.

Now in response to a budget estimate asking for $19,000,000 to put the program into effect, the committee recommends that we give them only $6,000,000 which was wholly inadequate to even start the plan.

Mr. Chairman, research requires time. We must get started early. We must act while the problem is ahead of us rather than wait until it is upon us. So in this amendment we are asking for a very modest increase—not the $19,000,000 budget estimate—but the amount required for the first year, a total of $9,500,000.

I trust, Mr. Chairman, that we can have the support of both sides of the aisle on this amendment, in view of the fact that the original bill was sponsored from both sides of the aisle.

Mr. PHILLIPS of California. Mr. Chairman, the amount of money involved in the amendment offered by the gentleman from Missouri is not overwhelming—it is not too great to consider, but the principle involved in the issue is very great.

Last year the Committee on Agriculture, of which I was then a member, brought this bill to the floor—a bill which created the agency for which money is now being asked. The committee was very definite in its statement as to what it wanted with reference to the conditions which had existed in previous years. I read from pages 5 and 6 of the committee report. I quote:

Testimony introduced at the hearings shows that the activity which the Department has developed to improve the marketing system has been shifted about through a long series of departmental reorganizations and

at present the Marketing Research Service and regulatory activities are spread among various bureaus and agencies and departments of the Government.

Without reading the balance of the page or the top of the next page, I state that what the legislative committee said it wanted was a marketing or merchandising research agency that could be identified, the expenditures of which could be determined and separated from the expenditures in production research, and which could be separated from production research.

The bill and report showed what was intended to be set up. The first year was designated as 1947. The first year $9,500,000 should be asked; the next year $19,000,000; and so on up successively until $61,000,000 had been appropriated. This is in reality the first year. I have said publicly, and yesterday I said on this floor, that $19,000,000 would be cheap for what the legislative committee wanted. It would be very expensive for what the Congress is getting from the initial organization in the Department.

I would like to read from the hearings. There are questions by myself and others. The chairman then says this:

Mr. DIRKSEN. Mr. Phillips, just to gather it up in one package, the burden of your argument is that this is a proposal to supplement research already in the Department of Agriculture, instead of consolidating and coordinating that research in one place?

I have here, but do not have time to show you, the Secretary's chart of the proposed organization. The point I am making is that this is not set up on the same level as research in production, but on a lower level, somewhat connected with it, but not as we intended to set it up. For that reason the subcommittee decided that $6,000,000 was adequate this year, and we would very willingly listen to requests for larger appropriations in the future if the organization is set up on the same level as production research, and identifiable.

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

Mr. PHILLIPS of California. I yield.

Mr. COOLEY. I well remember the gentleman's great interest in the bill, when it was considered in the Committee on Agriculture. It is a fact that the legislation which we enacted contemplated not only the use of existing Federal facilities, but it also contemplated the use of State facilities and, likewise, the facilities of private corporations of the country?

Mr. PHILLIPS of California. That is correct.

Mr. COOLEY. The purpose of the legislation was not to concentrate research within the Department of Agriculture, but rather to spread it throughout the Nation.

Mr. PHILLIPS of California. That is correct.

Mr. COOLEY. And to cooperate with all State departments of agriculture?

Mr. PHILLIPS of California. That is correct; and for that reason the subcommittee designated that of the $6,000,000 in the bill, $3,000,000 should be appropriated for the State services which the gentleman speaks about and a million each for three other items, one of which was also a coordinated service.

Mr. COOLEY. Does not the gentleman think that this is a very inconsequential amount of money to provide for such an important undertaking?

Mr. PHILLIPS of California. I think the amount of money is inconsequential. I think the principle involved is very great, because we are so late in the matter of marketing research that if we do not get it properly started now, we are that much later every month and every year.

Mr. COOLEY. Private corporations are spending much more money than we are in this bill.

The CHAIRMAN. The time of the gentleman from California [Mr. PHILLIPS] has expired.

Mr. HORAN. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington [Mr. HORAN]?

There was no objection.

Mr. HORAN. Will the gentleman yield to me?

Mr. PHILLIPS of California. I yield to the gentleman from Washington.

Mr. HORAN. Approximately $30,000,000 is being spent by the Department of Agriculture now in research. The Department heads were not adamant when they came before our subcommittee. They did not answer our questions clearly as to which of the items included in the $30,000,000 applied to this principle we are discussing now, and we felt it was unsafe, when the Department itself was not sure of its ground, to jump, full grown, out of diapers into long pants in this matter. There may be things that should be explored first. That was the reason for the committee's action. I would suggest that on page 141 of the hearings you will find a table of the amounts and activities in research now being done by the Department of Agriculture.

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

Mr. PHILLIPS of California. I yield.

Mr. COOLEY. I would like to say that this legislation did not originate in the Department of Agriculture. It originated in the House Committee on Agriculture, of which the gentleman from California [Mr. PHILLIPS] was a very distinguished member. It has the support of every commissioner or secretary of agriculture in this country. We are faced with no greater problem than the poblem with which we are dealing at this moment. I do not think we should cripple it by providing inadequate funds. I would like to mention one other thing—that it is a new undertaking and they have been in operation only a few months.

Mr. PHILLIPS of California. They have not actually been in operation at all, but they are setting up the organization. I would agree with everything the gentleman from North Carolina [Mr. COOLEY] says. What he says adds up to me to the fact that we should have the kind of agency we want before we appropriate the money.

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

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this series of pending amendments close in 25 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

Mr. McCORMACK. Mr. Chairman, reserving the right to object, this is on the pending amendment and amendments thereto?

Mr. DIRKSEN. Yes. This limitation is only on the pending amendments offered by the gentleman from Missouri [Mr. CANNON].

Mr. WHITTEN. I must object, unless the gentleman is willing to amend his request so as to reserve 10 minutes to the committee, 5 to be used on this side.

Mr. DIRKSEN. I have no objection to the amendment, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes, the last 10 minutes to be reserved to the committee.

Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Kansas [Mr. HOPE] is recognized for 3 minutes.

Mr. HOPE. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Missouri.

Mr. Chairman, this legislation, as has already been said, was enacted unanimously by this House last year after a unanimous report from the Committee on Agriculture. My recollection is that it passed unanimously in the Senate.

The legislation itself was the contribution of many different individuals and organizations. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] had introduced a bill previously which was incorporated in this bill. The gentleman from Virginia [Mr. FLANNAGAN] had introduced a bill, I had introduced a bill, the farm organizations had various suggestions, and all of this legislation was merged into the bill known as the Research and Marketing Act which I believe everyone who has made any study of the matter agrees is a significant contribution to agricultural progress.

It is significant and it is important because of the fact that we are now in a new era as far as agriculture is concerned. During the war we increased our production over 30 percent, and we did that in spite of all the handicaps that confronted farmers during that time in the way of shortages of labor and machinery, fertilizer, and transportation. Now that we are getting out of the war period and farmers are again able to secure normal supplies and equipment, it is certainly not to be thought that our production is going to be any less; rather, the tendency is going to be to increase, and we have adopted a policy in this country as far as agriculture is concerned that we want a policy of abundant production.

In order to carry out a policy of abundant production we must have research, not only research in production—we have had that for many years and we have accomplished wonders through that type of research—but research in utilization and research in marketing, because it is in utilization and marketing that we are going to find how to consume these surpluses of agricultural commodities that we are going to have as soon as the present abnormal world demand for food is supplied; and that time is probably not very far in the future.

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

Mr. HOPE. I yield briefly.

Mr. MURDOCK. The gentleman is exactly correct in his stand on this matter, in my opinion. However, if opposition to this amendment is based on the ground that this is merely adding to the research funds of the Department, why cannot provision be made that it be used for the set-up provided for in the bill last year and contemplated at that time? I certainly want both—more research and carrying out the measure passed last year.

Mr. PHILLIPS of California. If the gentleman will yield, the point raised by the gentleman from Arizona is the whole point in issue. The gentleman from Kansas is arguing the merits of the Research Act.

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

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent that my time may be yielded to the gentleman from Kansas.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The gentleman from Kansas is recognized for three additional minutes.

Mr. HOPE. I thank the gentleman from Mississippi.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. PHILLIPS of California. To the gentleman from Kansas may I say that I had not asked my question and that is whether he will not discuss the matter of getting the kind of committee the House wanted in the bill it passed setting up this marketing organization.

Mr. HOPE. I agree with the gentleman that there are some differences of opinion between the committee and the Department of Agriculture as to just how research in marketing should be conducted. That is only one phase, of course, of this legislation—research in marketing—but I believe the gentleman from California will agree with me that some considerable progress has been made toward getting together on that matter. At this time I do not believe it is the wise thing to cut down an appropriation; make it less than we ought to, merely because there is not complete agreement as to how the project shall be carried out. If we fail to provide enough money and the program does not make the progress it should, then the fault is on us, but if we make sufficient appropriations and the program is not successful, then, certainly, we have done our part.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from California.

Mr. PHILLIPS of California. The gentleman speaks of cutting down the appropriation. This is the first appropriation we have made.

Mr. HOPE. When I say "cutting down" I mean cutting down from the authorization contained in the bill for the first year. As a matter of fact, this nine and a half million dollars is cutting the budget estimate in half for this year because the budget estimate was $19,000,000.

Mr. Chairman, I want to say just a word to my Republican colleagues on this matter. I do not happen to have with me a copy of the Republican platform of 1944, but if you will observe that platform, you will find that agricultural provisions of that platform emphasized research; that the Republican Party platform on agriculture for 1944 looked along the lines of abundant production and research to utilize that production.

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

Mr. HOPE. I yield to the gentleman from New York.

Mr. TABER. My information, both from the Department and from large cooperative organizations especially interested in this bill, is that the Department is nowhere ready to operate and that the funds we have given are plenty to carry them along. Why should we add anything if we want efficiency? The trouble with the Agriculture Department is we have been giving them money in a loose sort of way and we have no efficiency. It has not done the farmers the good it would have if the Department had acted in an intelligent way and if they were made to operate on that basis.

Mr. HOPE. I agree with the gentleman that the Department is not able to use the $19,000,000 at this time, but I do believe that the Department can make use of the nine and a half million dollars and that is what we ought to put in the bill today.

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

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I wish to compliment the very distinguished gentleman who has just addressed the House. He is one of the co-authors of the bill for which we are about to provide the necessary funds. I heard him recently over the radio discuss very ably the research and marketing program. I compliment him and his colleagues on our committee for standing up for agriculture. Yesterday every Republican member of the House Committee on Agriculture opposed adoption of the very brutal rule which was forced on the House at that time.

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

Mr. COOLEY. I yield to the gentleman from Ohio.

Mr. CLEVENGER. There were five Republican members of that committee who did not vote against that rule and I was one of them.

Mr. COOLEY. I am very sorry to hear that because yesterday morning when the committee met every Republican there went on record in opposition to the rule and it was my understanding that we authorized the gentleman from Kansas [Mr. HOPE], our distinguished chairman, to so announce it to the House and he did announce it to the House. If the gentleman did not vote that way yesterday, I am very sorry indeed.

Mr. CLEVENGER. No; I did not, and no other person on this earth can pledge my vote at any time on any subject.

Mr. COOLEY. I thought the gentleman himself pledged it.

Mr. CLEVENGER. I did not.

Mr. COOLEY. And told the chairman to announce it to the House.

Mr. CLEVENGER. I did not.

Mr. COOLEY. I apologize very profoundly. It is interesting to see very distinguished Members like the gentleman from Kansas [Mr. HOPE] stand up here and lecture the gentleman and the rest of the Republicans in this House for failure to keep faith with the Republican platform pledge.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from California.

Mr. PHILLIPS of California. I was a member of the national committee of the Republican Party that wrote the Republican platform.

Mr. COOLEY. Certainly the gentleman will stand by the Republican platform.

Mr. PHILLIPS of California. I have already said I think this $6,000,000 is sufficient.

Mr. MILLER of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Connecticut.

Mr. MILLER of Connecticut. Have we reached the point where $6,000,000 is such a measly sum we cannot start a new program with that amount of money?

Mr. COOLEY. I am not sure that I understand the gentleman——

Mr. MILLER of Connecticut. I asked if $6,000,000 is such a trivial sum that we cannot even start a new program?

Mr. COOLEY. Certainly, I do not think we can start the program with $6,000,000 when it embraces the entire Nation; and invokes one of the greatest problems facing the Nation today.

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

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. RICH. I hear so much about what the Republicans are doing. It sounds a good deal to me like you fellows always talk about economy, but you have never voted that way in your lives, and it is about time you do something like that or we are going to be wrecked.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, first I wish to endorse the attitude taken by the distinguished gentleman from Kansas [Mr. HOPE] on the pending amendment.

Then I wish to add one word here in answer to the gentleman from Minnesota [Mr. H. CARL ANDERSEN] when he said a while ago that we would have $550,000,000 for rural electrification by the 1st of July. As a matter of fact, $340,000,000 are already allocated and, besides, he added to that $225,000,000, when the indications are that we will have $270,000,000 more in applications. Now, these applications are coming in at the rate of $30,000,000 a month, so in my opinion you are going to have to have far more than the amount even recommended by the Bureau of the Budget to meet the demands in every State of this Union.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. Is the gentleman questioning my statement relative to that?

Mr. RANKIN. I think the gentleman was in error.

Mr. H. CARL ANDERSEN. May I quote Mr. Wickard before the committee?

Mr. RANKIN. I understand Mr. Wickard did not explain that this money had been earmarked. I know, because I discussed the matter with the Department of Agriculture.

Mr. H. CARL ANDERSEN. May I read this testimony?

Mr. RANKIN. The gentleman can in his own time.

Mr. H. CARL ANDERSEN. The gentleman does not care to be answered, in other words.

Mr. RANKIN. All right, go ahead.

Mr. H. CARL ANDERSEN. Mr. Wickard states, "This leaves about $325,000,000 unadvanced," speaking of the amount authorized before this time.

Mr. RANKIN. All right, but the applications are already in. That $325,000,000 has all been allocated.

Now we are getting to the point where we can get the materials. We do not have to wait for copper. The average rural-electrification line now is made of aluminum with a steel core. The only trouble with REA is that they have the applications in or the allocations made, but they have not been able to get the materials up to now. Now materials are being made available, and I say we should provide every dollar that they can use. If they do not use it, it will not cost the Government a dollar. If it is used, it will add greatly to the wealth of the Nation, and will be repaid with interest.

Mr. RICH. Mr. Chairman, if the gentleman will yield further, they might not use it, but it is awful dangerous to have it in their hands, because it is tempting to them.

Mr. RANKIN. It is "tempting" the farmer to do something for himself.

Mr. RICH. I am talking about these bureaucrats we have down here. You know that they are not responsible, and the less you give them the better they are off.

Mr. RANKIN. Listen, there never was an organization on earth that did more for any class of people, since I have been living, than REA has done for the farmers of this Nation in the last 10 years. And, they are very careful. Oh, I know this fellow, Levins, who got into trouble down there has been passing the word around trying to discredit the REA. He told them he was going to get even with them when he lost his job.

Mr. RICH. I am not shielding anybody.

Mr. RANKIN. I understand that. What I am trying to do is to get electricity to every farmhouse in America at rates the farmers can afford to pay.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. The Chair recognizes the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS. Mr. Chairman, I make no charge at all impugning the motives of anyone. I think the gentlemen on both sides of the aisle are earnestly and sincerely trying to do the right thing, and I know it is a big task. I realize the task that you gentlemen who are specifically charged with that duty by reason of your committee assignment have in trying to reduce appropriations. I appreciate that, and I honor you for your courage when you honestly come out and take the gaff, as it were, in an effort to actually minimize expenditures, but I differ with you in your judgment, not in your sincerity of purpose, as to this bill. I will admit that you may be right. It may be that you are. But I call your attention to this significant fact: Nations become big-headed just as individuals do. I am afraid we are inclined to become big-headed, as a nation, and to think that we can do or fail to do anything we want to and still make progress; but we cannot.

I am sort of like Will Rogers, but I claim to be like that illustrious American in one respect only, that is, about all I know is what I read in the papers. According to the metropolitan press Russia, that we talk about so much, has produced by its experimentation and scientific investigation cotton that grows out in the fields with natural coloring of about all the colors of the rainbow. They also have produced a wheat that grows like alfalfa and does not need to be planted every year. They are making great strides in the field of agriculture. We need every dime that has been requested by this amendment to go forward with the great agricultural program of this Nation. I believe we will do an unwise thing by cutting it down. We are living in a day when we have begun to realize that we scarcely have scratched the surface of what we may accomplish in the agricultural field. Do you not know that out on the western plains, where I live, we sometimes produce 40 to 50 bushels of wheat to the acre on our best land; but the metropolitan press has also published the fact that in the Ukraine in Russia they sometimes produce 100 bushels of wheat to the acre. So let us wake up in this country of ours. You talk about building a bulwark against communism. The best way in the world for us to build that bulwark is to make America strong, and we can make it stronger, in my judgment, by building a strong foundation in the agricultural field than in any other possible way. So let us not make these proposed big cuts in these important agricultural items.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, this is not a party issue that is being considered at this time, this is an issue that is of vital import to the entire Nation. As has been stated, last year the Hope-Flannagan bill passed the Congress unanimously. It provided for research in the field of agriculture, utilization of products, and marketing. The bill provided that in the first year, which should have been this year, 1947, $9,500,000 was authorized for those programs, and in the second year, the year 1948, the year for which this appropriation is made, it should be $19,000,000. Appropriation was not made for the first year, so next year will be the first year of operation. This amendment provides that the sum shall be increased from $6,000,000, as carried in the bill, to $9,500,000 for research in the utilization of farm products and their marketing.

Certainly there could be no stronger argument for this bill than the conditions we faced a few years ago and until the war caused us to be able to handle the surplus products we had built up in this country. Millions of dollars have been spent from section 32 funds, millions of dollars have been spent through Commodity Credit Corporation operations to handle the surplus products of agriculture we have had in this country. The item in this bill for which this appropriation is requested provides for research in finding uses for those products so that in the future we will have a smaller and smaller surplus in those fields. I say you will be penny-wise and pound-foolish if you fail to make a proper appropriation for research in the use of those products which we know in the next few years are going to be surplus.

My friend and colleague on this committee from California states that his objection to this amendment is to the fact that a separate entity has not been set up in the Department, one that you can easily recognize. Why, the chief complaint against the Department is that there are duplications, and many times in the past when the Congress has wanted something done it has set up a different agency and a different group to do the work. The duplications that are complained of are brought about just because of the attitude some folks have, like my good friend from California, that every time you do something new you have to set up a different entity, something that you can recognize. I say that it ought to be coordinated and it ought to fit into other research by the Department.

We have had wonderful success in the field of research in production. We have seen hybrid corn and improved strains of wheat and cottonseed development. We

have seen the rapid advances of research in production. But now that we can produce in the next few years more than we will be able to use, thus having surpluses, I say to you it is very shortsighted if we fail to make this appropriation for research utilization of products and their marketing because every surplus bushel of wheat and every surplus bale of cotton for which you find use so as to keep the Commodity Credit Corporation from having to buy it and so that you will not have to use section 32 funds to export it, will mean saving many times the money that you will be spending under this amendment which, after all, appropriates only half the money that was approved by the Bureau of the Budget in this case.

May I ask the gentleman from California [Mr. PHILLIPS], who is on his feet, if he can justify setting up separate entities and separate divisions for every phase of agricultural research? That is adding to the duplication—the very thing that he says he complains of.

Mr. PHILLIPS of California. I would not attempt to justify that because I am opposed to it. This bill calls for the consolidation of it. The gentleman, I am sure, would want to correct his remarks. He said I oppose coordination. I am very much in favor of coordination. What I am opposed to is absorption.

Mr. WHITTEN. With reference to this matter of the Soil Conservation Service and the AAA payments being duplications, I requested the gentleman in the committee that he vote with me to eliminate such duplication. My recollection is that he voted against it.

Mr. DOLLIVER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, again it is worth calling the attention of the House to the fact that the appropriations made for the Rural Electrification Administration are, in reality, loans and not grants. These loans are made by the Government of the United States to local cooperative electric companies, who pledge their assets and earning capacity for the repayment of the money with interest. The period for the amortization of these loans was increased in 1944 from 25 to 35 years.

I am glad to call the attention of the House to the fact that there are at present no loans in the State of Iowa which are not in current condition, with all interest and principal payments kept up. I repeat, there are no arrearages in the State of Iowa by the cooperative corporations which borrowed the money from the Rural Electrification Administration.

The farmers of Iowa have borrowed in excess of $40,000,000 from the REA. Most of it was borrowed for the construction of lines, and only a very small percentage for financing the wiring and installation of other conveniences on the farmsteads. It thus appears that in our State of Iowa, which has been one of the large beneficiaries of the Rural Electrification Administration, the Government has not lost and will not lose one single penny of the money that it has advanced. Surely, here is a use of Government funds, beneficial and yet not extravagant.

It is undoubtedly true that there is no greater modern convenience for the farmer than a steady supply of electricity. Approximately one-half of the electricity used on the farms throughout the United States is used in the household, and the other half in productive activities outside the household. The labor-saving effect of productive electricity is outstanding. Not only does the electrification of farm homes bring about great improvement from the standpoint of comfort and satisfaction in rural life; it also brings about great economic productive value to the farmer. It raises the standards of living and the well-being of agriculture generally. If electricity is useful in the city home, it is doubly useful on the farm.

One of the critical needs in the State of Iowa is the expansion of generating capacity. The fact is that there is literally no additional generating power from which additional electric power can be procured. In my own district of 15 agricultural counties in the heart of the Corn Belt, there is 1 project where 212 farms have been wired for over a year but which cannot be connected with a high line because of the shortage of power. I sincerely hope that this House will see fit to make a proper appropriation for this work of such vital importance.

Again, let me emphasize that this is not a dollar hand-out to anyone, but money advanced by the Federal Government which will be repaid by the borrowers with interest. It has led, and will continue to lead, to an improvement of living conditions in rural America. It will make farm life more comfortable and attractive. It will help continue the vast production of foodstuffs, which were so vital a factor in winning the war, and have so important a place in regaining a stable peacetime economy and an ordered world. The elemental need of the starving world is food. Our farm people of the United States are glad to have so essential a part in helping care for that elemental need.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, first let us understand clearly what is before the committee.

The budget estimate for research in marketing is $19,000,000. The committee allowed $6,000,000 and earmarked it for four different lines of activity. The series of amendments now on the desk of the gentleman from Missouri [Mr. CANNON] propose that $6,000,000 be raised to $9,500,000.

I trust the Committee will vote the amendments down.

I was very much interested when my friend from Oklahoma indicated that while the committee showed zeal and courage, sometimes it was with mistaken judgment. The best the committee can do is always to be guided by the testimony and make out the best case it can.

The story is about this: In the first place, the Department said they expected to run this up to $61,000,000 by 1951. With a program of that size the committee has to exercise the utmost caution. So we took a very good look to make sure that when the program begins the foundation is good and that it is launched in the right direction so that there will be a really efficient effort in the field of research.

It ought to be noted at the outset that this does not displace research in the Department. This is in addition to all other research. There is $59,000,000 worth of research in this Department and we have not disturbed it. We have not cut, for instance, research by the commodity branches in Production and Marketing Administration. That whole line of endeavor will go on just the same. But here we were confronted with an estimate calling for 1,830 people. That means trained people. That means people skilled in research and marketing. Where are they going to get them?

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

Mr. DIRKSEN. I yield.

Mr. WHITTEN. The figure which the gentleman mentions had to do with the $19,000,000 figure, as was said by my friend.

Mr. DIRKSEN. That is right; I am talking about the whole program.

But, here, with over 1,830 people they are building from the ground up. There are advisory committees which have only recently been established. So they are going to have to rob other bureaus of their scientific talent. Then, where will they get scientific talent to rebuild those bureaus? We have not put the ax on research. We have left the Bureau of Animal Industry and the Dairy Industry and that sort of thing pretty well intact.

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

Mr. DIRKSEN. I yield.

Mr. WHITTEN. Does not the gentleman think they would have a much better chance to get their personnel if they had the money than if they did not have the money?

Mr. DIRKSEN. Definitely not. You cannot create a scientist. A former director of personnel for the Department of Agriculture told me in my office recently that they hired 10 people in the scientific field and could only get one genuine scientist. I said, "What did you do with the other nine?" He said, "We kept them." But getting scientific talent is a hard chore. Where are they going to find them? We went into this thing completely, because every member of the committee is interested in research, so we canvassed the situation. This is the most that in our judgment they can expend. The committee shares the view of the gentleman from Kansas. I conferred with him on many occasions and the committee conferred with him because we wanted to be sure that the action we were taking would in no way cripple the research activity. Insofar as the testimony indicates—and we labored this item probably more than any other item in the bill—in our humble judgment, after reviewing the whole business, this is as large an amount as they can efficiently expend. So I sincerely hope that no more money will be made available than can be efficiently expended.

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

Mr. DIRKSEN. I yield.

Mr. HORAN. In view of all the vagueness on the part of the Department themselves, we had the conviction that it would be far safer to start out at the proper size than to start out with an aggrandized program?

Mr. DIRKSEN. I think the best testimony on that point is that in the original estimate they asked for half a million dollars for travel. What in the world would they do with half a million dollars for travel, for scientific personnel, when the bureau has not even been set up? They are working around now on an exploratory basis to get it set up.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. H. CARL ANDERSEN. Is it not a fact that we have $39,000,000 for research in all things in this bill now?

Mr. DIRKSEN. All of that. So I hope the amendment will be voted down.

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

Mr. DIRKSEN. I yield.

Mr. COOLEY. Does not Reorganization Plan No. 1 provide for the consolidation or transfer of all research in the Department of Agriculture, to the Secretary?

Mr. DIRKSEN. We hope in good time it will all be consolidated, but this is enough for this purpose.

I trust the amendment will be voted down.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 83, noes 63.

Mr. DIRKSEN. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the chairman appointed Mr. DIRKSEN and Mr. CANNON to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 116, noes 109.

So the amendment was agreed to.

Mr. BATES of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 5, line 22, after the words *"Provided further,"* strike out "That no part of this appropriation shall be available for work relating to fish or shellfish or any product thereof."

Mr. BATES of Massachusetts. Mr. Chairman, I offer this amendment to the bill because I firmly believe a great injustice has been done the fishery industry of this country by a proviso in the bill that seemingly exempts any benefits that they may receive from the Department of Agriculture in the field of research and marketing. The Department of Agriculture has already been doing much work over a period of years in cooperation with the Fish and Wildlife Service of the Department of the Interior.

In 1946 through Public Law 733 an advisory committee was established for the purpose of doing what they could in the field of research and marketing to develop means by which they could dispose of food, and this means not only agricultural products but also fishery products. The fish and shellfish provisions were included in that act, and purposely so in order that the work between the two departments of the Government could be coordinated and some real benefits flow to the fishery industries of this country. Down through these many months ever since the law was adopted much has been done by coordinating the efforts of the Department of Agriculture and the Fish and Wildlife Service in the Department of the Interior. In the field of research in transportation, marketing, packaging, and in the educational program of the country, where they could coordinate the problems of the fisheries in these respects with agriculture many benefits have come to the fisheries of the country.

The fisheries are losing the sum of $175,000 that they previously received as a result of distribution of the customs fees by the Department of Agriculture in their research studies. Those funds are cut out under the provisions of this bill, the latter part of the bill where those funds are rescinded under title II. As this bill now stands there is not a thing the Department of Agriculture can do to assist the fishery industries of the country as they have over a long period of time.

It was only recently that through the Department of the Interior Appropriation Act the commercial fisheries section of the Fish and Wildlife Service suffered a tremendous reduction. The House fortunately reinserted $150,000 so that they could continue the work as had heretofore been done in respect to assistance to the fisheries of this country. We must keep in mind that other nations of the world are considering fishery organizations as a major business and have set up major departments in their governments to deal with their problems. By clipping the funds that we have heretofore depended upon to help and assist the fisheries industry in the Department of the Interior Fish and Wildlife Service, and now through the Department of Agriculture, we are dealing a hard blow to one of the great industries of the country that is today struggling for its very existence, particularly on account of the rapid increase of imports coming from foreign sources deluging the markets of our country, and harassing our own industry to the point that many of them are facing bankruptcy.

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

Mr. BATES of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BATES of Massachusetts. All I am saying, Mr. Chairman, is that this amendment strikes out this provision in the bill that provides that no part of the research fund whatever shall be available for work relating to fish or shellfish or any product thereof. Give the fisheries a chance to get a little of the money, a mere pittance, as we might call it, of whatever fund may be available in the Department of Agriculture, that may be used for the study of transportation questions, packaging questions, marketing questions, education in our schools, all of which is carried on by the Department of Agriculture in respect to agricultural products but which at the same time could embrace fish and shellfish products as part of the food problem of the country.

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

Mr. BATES of Massachusetts. I yield to the gentleman from North Carolina.

Mr. COOLEY. What justification has been brought forth for this limitation which has been placed in the bill, which will have the effect that the gentleman has stated?

Mr. BATES of Massachusetts. I have not heard any up to the moment but perhaps the committee will explain the reason why this insertion is deliberately placed in this bill to exclude altogether any contribution or any assistance that the fishery industry of this country may get by the close cooperation of the Fish and Wildlife Service and the Department of Agriculture in the study of problems relating to both industries.

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

Mr. BATES of Massachusetts. I yield to the gentleman from Arizona.

Mr. MURDOCK. Did not the raising of the amount from $6,000,000 to $9,500,000 lend color and strength to the gentleman's amendment?

Mr. BATES of Massachusetts. Yes, because it makes more money available. But what we are asking by striking out this provision in the bill is to permit the Department of Agriculture, if they think it is wise, at the same time they are carrying out the research program in respect to agricultural products, to embrace fishery products. It will not cost a great deal of money, but it does give the Department of Agriculture an opportunity to be of some assistance to the fisheries industry. Agricultural products are food and so are fisheries products and should be considered together in the field of research.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield further, certainly we could not expect the Department of Agriculture to undertake the research unless it deemed it necessary.

Mr. BATES of Massachusetts. That is right.

Mr. COOLEY. I do not have any commercial fisheries in my district, but it is an important industry on the eastern coast of North Carolina, and I am very much in favor of the gentleman's amendment to strike out that limitation.

Mr. BATES of Massachusetts. Mr. Chairman, the total expenditures made by the Federal Government for agriculture and also for fisheries is entirely disproportionate; let me say that it costs the taxpayers about $5.83 a ton for every ton of farm products produced in this country, but at the same time it only costs the taxpayers about 82 cents a ton for fish and sea-food products. It seems to me, from the standpoint of fairness, that we ought to have available in the Department of Agriculture some money

that can be allocated for the purpose of joint studies of all food products, including fish and sea food, in a research program which is going on, particularly in the field of transportation, in the field of packaging, and in our school educational program. We should give some consideration to the great fishery industry of this country, the value of which at the present time is approximately $5,000,000,000.

I trust, Mr. Chairman, that the committee in its wisdom will accept this amendment which will permit the Department of Agriculture to assist, under the conditions that I have stated, the fishery industry, when they are carrying on the research program, and not to exclude them altogether as you do under the provisions of this bill.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, I join completely in support of the amendment offered by my friend from Massachusetts [Mr. BATES]. It is rather difficult for me to understand why the Committee on Appropriations put in the bill the proviso stating that "no part of this appropriation shall be available for work relating to fish or shellfish or any product thereof." It was only last year that we included fish and shellfish in the Research and Marketing Act. Last year we permitted research in connection with fish and shellfish to be carried on in accordance with any appropriations made. By the provisions of this bill, if enacted into law, none of the appropriations can be used for that purpose.

The language of this paragraph is specifically directed at excluding the fishing industry, commercial fishing, from getting any of the benefits of whatever appropriation may ultimately be made. We do not ask that a specific amount be appropriated. We leave it, within the amount finally appropriated, to the discretion of the Department of Agriculture. I assume the Department of Agriculture in a matter of this kind consults with the Fish and Wildlife Division of the Department of the Interior.

We must bear in mind that the fishing industry is the oldest in the Western Hemisphere. We also must bear in mind that it is a billion-dollar industry, and that it extends all over our country. It is not confined to the Northeast, it is all along the Atlantic coast, the Gulf, the Great Lakes, and the western coast, and it extends far out into the Atlantic and the Pacific.

Following the insertion of fish and shellfish into the Research and Marketing Act of last year, the Department of Agriculture, in consultation with the Fish and Wildlife Service, appointed an advisory committee of 11 persons to carry out the intent of Congress. It is my understanding that there was appropriated a small amount in connection with this activity. At the most, the amount allocated out of the funds appropriated would be a small amount. It is difficult for me, and I speak frankly, to understand why the subcommittee specifically excluded fish and shellfish from any consideration, so far as research and marketing is concerned.

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

Mr. McCORMACK. I yield to the gentleman from Missouri.

Mr. SHORT. Coming from Missouri, I am about as far away from both the Atlantic and Pacific Oceans and the Great Lakes and the Gulf as any State in the Union. I have no fisheries in my district. However, fishing is a great thriving industry in this country. I can see no reason for excluding this specific industry. It made an enormous contribution to the Nation during the terrible war years, as the gentleman well knows, and it needs protection.

Mr. McCORMACK. I thank the gentleman from Missouri for his contribution. I yield to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. I was interested in trying to ascertain just why the committee would take this action excluding fish and shellfish. Has the gentleman been able to find out the reason therefor? Is it because a comparatively small section of the country is affected?

Mr. McCORMACK. I do not know of any reason. I hope that it is an oversight on the part of the committee. Those things happen, and if that is the case they ought to frankly admit it and accept the amendment offered by the gentleman from Massachusetts [Mr. BATES].

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

Mr. McCORMACK. I yield.

Mr. SHEPPARD. I would like to say that the amendment offered by the gentleman from Massachusetts [Mr. BATES] is quite acceptable to me. Of course, the other members of the committee may speak for themselves, but it is entitled to fair consideration.

Mr. McCORMACK. I appreciate the statement of my friend from California.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Massachusetts. Like my colleagtie, the gentleman from North Carolina [Mr. COOLEY], I do not live near the coast, but I am confident this is an equitable amendment and should be adopted.

I am happy to have been among those who voted just a few moments ago to restore the desired and essential appropriations to carry out the Research and Marketing Act of 1946, as described by the capable gentleman who preceded me.

I would like to point out in my few comments the serious marketing problem which confronts the tobacco growers of our country and what this Research and Marketing Act of 1946 promises not only to the tobacco growers but other farm products, in view of alarming surpluses which now loom on the horizon.

Shocking news to the tobacco farmers of North Carolina and every tobacco area of our land came from London within recent days. Members of Congress, Agriculture and State Department experts, tobacco manufacturers, not to mention the tobacco smokers of Britain, were stunned when the British Government announced a 50-percent increase in excise taxes on tobacco.

Last year Great Britain sent $220,000,000 to the United States to purchase American tobacco. Worried British officials insist that this continued program cannot continue in view of Britain's serious financial crisis, and in order to stop the flow of dollars from England, the English smoker must pay dearly for his favorite American brand.

Figures released by the Chancelor of the Exchequer of England indicate that the smokers of England are smoking one-third more than before the war. British smokers are consuming over 250,000,000 pounds a year. Of this amount, 80 percent comes from the United States.

British leaders point out that the whole total of goods sold to the United States just about equals the English consumption of American tobacco. Chancelor Dalton of the Exchequer said this was fantastic and must be stopped.

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

Mr. DEANE. I yield to the gentleman from North Carolina.

Mr. BONNER. I agree with the gentleman in all that he says with respect to the tobacco situation, but I regret very much that I was not on the floor when the time was limited with respect to the so-called Bates amendment which is now pending.

Had I been present I would have asked for time myself because as a member of the Committee on Merchant Marine and Fisheries of the House I recall that during the war days the Merchant Marine and Fisheries Committee had the Department of Agriculture before it with respect to this very item, and it will be recalled by all of us who were here during that time that the fishing industry of this country gave great strength to the war effort in the increased production of fish for its food value and other uses during the war years. The greatest effort was put forth in the Department of Agriculture to increase the taking of fish both on the Atlantic coast and Pacific coast which was greatly increased not only by the Fish and Wildlife Service of the Department of the Interior but by the Department of Agriculture as well under this very provision.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. BATES of Massachusetts. The facts are that at the same time these studies and researches have been going on by the Department of Agriculture, they have acted jointly with the Fish and Wildlife Service, and this bill prevents them from so doing by this amendment.

Mr. BONNER. It is a terrible mistake for the House not to adopt the Bates amendment.

Mr. DEANE. Now, may I proceed with reference to this serious tax situation recommended, and which I am sure Great Britain will soon put into effect?

The American Government recognizes that Great Britain faces a financial crisis, and these stern measures they are adopting should be a sobering influence upon us Americans. Yet, this new British policy will seriously influence our own 1947 tobacco market.

How, you ask?

Follow me closely. In 1946 the United Kingdom bought 364,000,000 pounds of American tobacco, paying approximately $215,000,000. On these 364,000,000 pounds the British Government levied an import duty of $7.15 per pound. Under the new British tax policy for 1947, they would levy an import duty of $11.04. This means that the British smoker will not pay 47 cents but 67 cents per package. In view of the fact that the average hourly wage in Great Britain is 40 cents, it is simply logical that less tobacco will be used.

The power to tax in this case is the power to destroy a large volume of American exports of tobacco. Our own Government experts predict that British tobacco purchases from America will be cut one-third, or 121,000,000 pounds.

Last year the American farmer grew 1,350,000,000 pounds of tobacco. Forty-five percent, or over 600,000,000 pounds, were sold abroad. Of this 45 percent, two-thirds went to England.

This year our tobacco crop is expected to yield 1,250,000,000 pounds. If Britain follows through with her tax policy, as she is certain to do, she will buy approximately 240,000,000, a drop of 125,000,000 pounds.

It is generally conceded that with Canada, Mexico, and other countries growing their own tobacco, we lose our best customer in Great Britain and, thus, we can expect lower tobacco prices. These remarks are not broadcast to alarm you but to be prepared to expect a sudden drop.

Our tobacco farmers have this satisfaction, that while there is a lack of purchasing power abroad, the United States Government will guarantee the tobacco farmers for two more years a price of 90 percent of parity.

The question arises how long can our Government continue this program. It is conceivable that the United States Department of Agriculture will be left with many millions of pounds of tobacco on hand at the end of this year in order to guarantee parity.

The Congress should support this new Marketing and Research Act with every means at its command. Let me point out also the tremendous challenge and responsibility which rests with the Department of Agriculture in carrying out the provisions of the act. It is imperative that the best brains of the country be brought into play in furthering this new program. A new frontier with enormous markets for the products of the American farmer appears to be opening. There is not any time to lose in the job to be done and let us accomplish the task while time remains.

Finally, let me urge the growers of tobacco, that in order to hold up their prices for the 1947 season, grow the very best tobacco. In my opinion the words you will hear ringing through the tobacco warehouse during the approaching season will be quality and not quantity.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HORAN. Mr. Chairman, I rise in opposition to the amendment, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. HORAN. Mr. Chairman, I yield to no one in my respect of and affection for the fishing industry and the work that I do as a Member of Congress in defense of the fishing industry. Only this morning I spent 15 minutes before the Senate Appropriations Committee, appropriating for the Department of the Interior. I spoke in behalf of the full budget amount for the commercial fisheries item in the pending Interior bill. I spoke in behalf of the Market News Service which is conducted by the Fish and Wildlife Service in the Department of the Interior. I spoke in behalf of the item of $175,000 that I believe has been indirectly appropriated out of section 32 funds and transferred from the Agriculture Department to the Department of the Interior.

We are not today appropriating for the Department of the Interior. We are appropriating for the Department of Agriculture. If we are going to have any semblance of order in our budgetary approach to implementing the offices in the departments of this Government of ours, we must recognize that we do have departments, each with its Cabinet head. If we are going to appropriate money in one department and have it diffused out through all the other departments of Government, under one expedient excuse after another, we will never be able to provide properly for the different departments.

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

Mr. HORAN. I yield.

Mr. DIRKSEN. That is a fact that ought to be emphasized. This money was transferred to the Department of the Interior and we could not make a direct appropriation in this bill for the Department of the Interior. That is the essential thing involved.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. BATES of Massachusetts. All this amendment does is to permit the Department of Agriculture, as it has done for years past, to coordinate their activities with the Fish and Wildlife Service in the field of research, in the field of transportation, in the field of education, in the field of packaging, and by this amendment you strip them of any authority, even to coordinate their activities.

Mr. HORAN. Mr. Chairman, I cannot yield further. I think we will have to draw lines and hold to them.

A former Secretary of the Interior noticed this mistake that had been made by the Seventy-ninth Congress, and in a column written by this gentleman on April 1, he ended his column with these words:

> The Eightieth Congress has a chance to rectify this error. The Congress must appropriate funds if it is to implement this scaly scheme designed to take fish and shellfish surveys away from the Fish and Wildlife Service and place them in Agriculture. Moreover, it would be saving the taxpayers' money and preventing duplication even if it would be disturbing a lobbyist's dream.

I want to call your attention to the Budget that was presented and available to every Member of Congress. If you will turn to page 563 of the Budget for fiscal 1948, you will find outlined there the legislative foundation for this appropriation in the Interior appropriation bill. It belongs in the Department of the Interior, and all those who would preserve and protect what I think is one of the United States best industries, had best see that it is protected as a Department of the Interior appropriation.

Now I yield.

Mr. HAND. Was the gentleman referring to a report made by former Secretary Ickes?

Mr. HORAN. He happens to have been the commentator.

Mr. HAND. Does not the gentleman believe that this order he is seeking should be restored by the legislative committee and not by a subcommittee of the Committee on Appropriations?

Mr. HORAN. Not in this case, because we, the Subcommittee on Agriculture, have no right to appropriate for the Department of the Interior.

Mr. COLMER. With reference to the statement of the distinguished chairman of the subcommittee that here you are merely transferring funds to the Interior Department, is that technically correct? Are you transferring them or are you cutting them out?

Mr. DIRKSEN. The situation, may I say to the gentleman, is that heretofore $175,000 of section 32 funds in the Department were transferred to the Department of the Interior. Those funds were taken out, and in consequence this was merely a covering amendment.

The CHAIRMAN. The time of the gentleman from Washington has expired. All time has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. BATES].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 48, noes 60.

So the amendment was rejected.

The Clerk read as follows:

OFFICE OF THE SOLICITOR

For necessary expenses, including personal services in the District of Columbia and payment of fees or dues for the use of law libraries by attorneys in the field service, $2,425,000, together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such expenses, which several amounts or portions thereof, as may be determined by the Secretary, not exceeding a total of $136,000 shall be transferred to and made a part of this appropriation; and there may be expended for personal services in the District of Columbia not to exceed $1,597,000: *Provided, however,* That if the total amounts of such appropriations or authorizations for the current

fiscal year shall at any time exceed or fall below the amounts estimated, respectively, therefor in the Budget for such year, the amounts transferred or to be transferred therefrom to this appropriation and the amount which may be expended for personal services in the District of Columbia shall be increased or decreased in such amounts as the Director of the Bureau of the Budget, after a hearing thereon with representatives of the Department, shall determine are appropriate to the requirements as changed by such reductions or increases in such appropriations or authorizations.

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. H. CARL ANDERSEN: On page 6, line 5, strike out "$2,425,000 and insert "$2,025,000."

SOLICITOR'S OFFICE

Mr. H. CARL ANDERSEN. Mr. Chairman, this amendment is being offered in view of the fact that the programs of the Department of Agriculture are being curtailed considerably in the bill which is before the House. As a direct consequence, the work of the Solicitor's Office, especially in relation to the farm-tenancy loans, subsistence loans, and various matters in connection with crop insurance and the AAA program, has been very much lessened and surely an organization which is already today top-heavy can be shaved down to a certain extent without doing harm to anybody in America, least of all the farmers in America.

It is my opinion that we should be consistent with respect to cuts in the appropriations for the various agencies in the Department of Agriculture, insofar as reasonably possible. I do not mean that all agencies should receive the same cut percentagewise, but the fact remains that the effects of cutting one organization severely and leaving others alone will undoubtedly result in bad feelings throughout the Department.

When we consider the entire bill as a whole—programs, personnel, and such have been cut to the extent of 30 percent—it would seem that it is not out of line whatsoever to request that the Solicitor's Office, already top-heavy, should take at least a 20-percent cut below what they have had available this past year. This is especially in view of the fact that its work as detailed in this bill will be considerably lessened.

The committee has seen fit to reduce the $2,525,000 requested for this office by only $100,000. Might I at this point again call attention to the statement put out by the American Farm Bureau Federation in which they term this cut as a token cut only. Please keep in mind that the American Farm Bureau Federation does feel that 20 percent of the personnel throughout the Department of Agriculture could be well eliminated without injury to agriculture.

I do want to call attention to this one fact, and that is, the lawyers in the Office of the Solicitor and the Solicitor himself, together with the nonprofessional people assigned thereto, make up what is called a service organization. They do not produce. They do not do the research, diffuse the useful knowledge, gather the market news, take action necessary to provide the support and loans for commodities, or perform other services which the Department renders to the public and to the farmers. The Solicitor's Office renders legal services, and legal services only, to the administrative or operating people of the Department. Is it not reasonable that cuts in appropriations which reduce personnel and activities of the administrative and operating people, the clients in this instance, should be matched by a comparable reduction in the appropriation for the service agency?

The bill as it now comes before you provides for a mere 4-percent cut in the cost of legal services in the Department. As I stated I do not profess to be able to calculate accurately the effect of the proposed cuts throughout the Department upon the Solicitor's Office and consequently am not inclined to urge a percentagewise cut of 32 percent in this office. On the other hand, as I also indicated a moment ago, I am convinced that the application of a little common sense will result in the conclusion that this legal service organization should be cut more than 4 percent when the clients are being cut more than 30 percent. May I call to the attention of the House the last sentence in the section of this report in connection with this item which reads as follows:

The committee is of the opinion that an overhauling of the organizational set-up in the Solicitor's Office whereby more legal talent can be devoted to actual legal work rather than supervision could effectuate additional economy in this office.

Please also note that the Solicitor in his statement before the committee predicated his request for more than two and one-half million dollars to a great extent upon work anticipated incident to the Farm Home Administration.

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

Mr. H. CARL ANDERSEN. I yield to the gentleman from Tennessee.

Mr. JENNINGS. I am a lawyer and a farmer. I am wondering. For the life of me I cannot conceive of any material or beneficial aid that a solicitor or a lawyer would render to the farmers of this country. If it is wet he cannot make it dry. If it is dry he cannot bring rain, he cannot impel an invasion of grasshoppers or crickets. It seems to me it is a soft job for a lawyer who probably could not make a living if we put him out on his own.

Mr. H. CARL ANDERSEN. Mr. Chairman, I call attention to the fact that back in 1938 only $195,000 were appropriated for this particular Solicitor's Office. In 1942 $232,000. Of course, up along in 1944 we did give them the REA and other jobs to take care of, but we see at the same time that they have jumped up to $1,679,000 in 1944. Last year they had $2,214,000. They are asking this year for $2,525,000. Where is this bureaucratic tree going to stop growing? I am trying to prune this tree before it gets too high. You know, the branches on top never do any good as far as producing fruit is concerned. Let us try to instill a little economy into the Solicitor's Office, as well as endeavor to relieve the load upon the taxpayers of the Nation. Four hundred thousand dollars is a reasonable cut; 20 percent is a reasonable cut. They can stand it.

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

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. Are we going to get down to common sense and really try to effect a little economy or are we not?

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

Mr. H. CARL ANDERSEN. I yield to the gentleman from Iowa.

Mr. JENSEN. Is it not a fact in this bill the Department is asking for 223 solicitors or lawyers?

Mr. H. CARL ANDERSEN. They are asking for too many, I will say to my good friend from Iowa.

Mr. JENSEN. The gentleman is very modest in the amendment he has introduced.

Mr. H. CARL ANDERSEN. We have given the farm programs, that the Solicitor's Office is supposed to take care of, a 30-percent cut in the bill in order to effect economy so that we can balance our budget. Why can we not cut this legal personnel by at least 20 percent? I think that is only reasonable.

Mr. JENSEN. Is it not a fact also that any time the Department of Agriculture wants to get some legal service, they can go to the Department of Justice?

Mr. H. CARL ANDERSEN. Why, certainly, in many instances.

Mr. JENSEN. They are at their disposal every minute. I had hoped the gentleman was going to offer an amendment to strike out at least twice as much as he has.

Mr. H. CARL ANDERSEN. I am trying to be reasonable. I am a farmer, and I certainly do not want to do anything to hurt our great Department of Agriculture, but I do want to see to it since this Congress has seen fit to take away 30 percent of the program of the farmers, that we take at least 20 percent of the personnel out of the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

The amendment was agreed to.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Chairman, I do not think there is a Member of the House who knows anything of my voting record but what he will agree that I have consistently voted for economy. I know there are many Members on both sides of the aisle who will agree with that statement. I have been very conserva-

tive and endeavored to so be on every vote that I have cast, whether it be a money matter or one regarding the social problems of the people of this country or of the world.

But I want to call the attention of the Republicans—and I shall not give you a lecture because I am not capable of doing that—to the fact that I have heard many of you make speech after speech criticizing those of us in the minority, who last year were in the majority, for throwing dollar after dollar after dollar across the pond to the people of Europe and never doing anything for our own. That particularly applies to the distinguished chairman of the Committee on Appropriations, the gentleman from New York [Mr. TABER] and also the gentleman from Pennsylvania [Mr. RICH], as well as many others.

Since you have lectured us Democrats so often on spending our substance on the people of foreign lands, I want to check the record for a moment to determine where our dollars are being spent and who has been doing the spending.

I hold in my hand the front page of the Times-Herald of Washington of May 22, 1947, which is the second best Republican newspaper in the country, second only to the Chicago Tribune, if that be any credit to its journalism, and on the front page of that paper I see a headline as follows:

The House votes $350,000,000 foreign relief for Europe by a vote of 288 to 86.

Those 86 dissenting votes, my friends, do not equal but about one-third of the Republican membership of this House and they by no means were all Republican votes.

After we had been lectured time and again by our Republican friends to do something for our own people, for instance the American farmer, the farmer of the bread basket of this country, and of the cotton South and of the far West, this same newspaper in another column announced that you Republicans had brought out an agricultural appropriation bill cutting $400,000,000 off of the American farmer. Wherein is your consistency? How much did you save? You saved $50,000,000 if this bill passes as it, which it is not going to do, and you made the farmers of Kansas, Nebraska, Iowa, Illinois, Indiana, New York, and the rest of this country pay the whole European relief bill, plus a $50,000,000 tip.

Now let us see who voted for that $350,000,000 relief bill. Your privilege to vote as you chose I do not question—the sincerity of your lectures to us Democrats I do. Let us take the Republican membership of the Appropriations Subcommittee on Agriculture, which recommends these drastic cuts and we will take them alphabetically. For that $350,000,000 which we so gently and graciously on April 30, threw across the water to Europe—and this was not a Democratic controlled Congress doing the "chunking"—the gentleman from Minnesota [Mr. H. CARL ANDERSEN] voted "aye." The gentleman from Illinois [Mr. DIRKSEN] voted "aye." The gentleman from Washington [Mr. HORAN] voted "aye." The gentleman from California [Mr. PHILLIPS], who is not willing to give $3,500,000 additional to a farm-research program, as he told you a moment ago, voted "aye." The gentleman from Vermont [Mr. PLUMLEY] voted "aye." And, lo and behold, the Republican majority leader who is now facing me, the gentleman from Indiana [Mr. HALLECK] voted "aye," and so did the Republican whip, the gentleman from Illinois [Mr. ARENDS] and so did the gentleman from New York [Mr. TABER]. Now, who is doing the "chunking?" Who is forgetting the people at home?

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

Mr. ABERNETHY. Just as soon as I finish I will yield.

On the 9th day of May we had before us another bill to "chunk" some more money across the water, $400,000,000 to Greece and Turkey. Let us take the personnel of this subcommittee and see how they voted on that day, and see how they were going to take care of all this economy they were going to settle upon the hard-working farmers of this country. The gentleman from Minnesota [Mr. H. CARL ANDERSEN] voted "aye." The gentleman from Illinois [Mr. DIRKSEN] was paired "aye." The gentleman from Washington [Mr. HORAN] voted "aye." The gentleman from Vermont [Mr. PLUMLEY] voted "aye." And the gentleman from California [Mr. PHILLIPS], be it one time said to his credit, consistent with his argument here today, voted "no." The gentleman from New York [Mr. TABER] voted "aye." The gentleman from Illinois [Mr. ARENDS] voted "aye," and the distinguished Republican majority leader voted "aye."

Then on the 22d day of May, when the conference report on the $350,000,000 appropriation bill came back to the House, and we had another roll call on the bill, Mr. H. CARL ANDERSEN again voted "aye," Mr. DIRKSEN voted "aye," Mr. HORAN voted "aye." Mr. PHILLIPS voted "aye," Mr. PLUMLEY voted "aye," Mr. TABER voted "aye," Mr. ARENDS voted "aye," and Mr. HALLECK voted "aye." Have you ever heard of such rubber stamping?

Aye! Aye! Aye! Aye for everyone!

And on this same day you bring in an appropriation bill to kick the slats out of the American farmer to the tune of $400,000,000.

Aye! Aye! Aye! for European relief—No! No! No! for American farmers—so say the Republicans.

Those are the men who would deny 49,000 veterans of this country a loan through the farm-tenant-purchase program to start a home and a family; who would deny research for agriculture; who would refuse to pay in full committed AAA payments; who would deny electricity to our farm people, all in the name of economy. Well why did not you think of that when you were giving so much to Europe.

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

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

Mr. DIRKSEN. Mr. Chairman, we are seeking to expedite this bill. I regret extremely that I must object.

Mr. ABERNETHY. Well, I know it hurts and am sorry you cannot stand more of it. If this is the kind of economy we are going to have, Mr. Chairman, I do not want any of it. You Republicans are committing political hara-kiri. I wish I could sympathize with you but I cannot.

The Clerk read as follows:

BUREAU OF AGRICULTURAL ECONOMICS

For necessary expenses, including not to exceed $1,887,000 for personal services in the District of Columbia, including the salary of Chief of Bureau at $10,000 per annum, and not to exceed $1,000 for the purchase of books of reference, periodicals, and newspapers, as follows:

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Mississippi [Mr. WHITTEN] will at the proper time offer an amendment to restore the $25,000,000 taken away from the tenant-purchase program. The appropriation for the Farmers Home Administration, an agency of the Government which was created just last year.

It took over the functions of the Farm Security Administration, which was in disrepute, and also the functions of the Emergency Crop and Seed Loan offices. After the Farm Security had gotten into disrepute, the Administrator resigned and a former Member of the House of Representatives, Hon. Frank Hancock, was appointed Administrator. When he resigned, after making a very fine record, Mr. Dillard Lasseter, of the State of Georgia, took over, and he became the first Administrator of the Farmers Home Administration.

This economy-minded Republican subcommittee, after lengthy hearings, provided $25,000,000, the budget having recommended $35,000,000. After the bill was reported they went back, and instead of making a scientific cut they dug up this agency, roots and runners. As the gentleman from Mississippi [Mr. ABERNETHY] has just said, 49,000 veterans of World War II who have applications now on file and who desire to purchase farms and avail themselves of this very beneficial legislation, will be disappointed and disgusted.

Although I happen to be the author of a bill, the Farmers Home Administration bill, and although I was chairman of the subcommittee of our committee to investigate the Farm Security Administration, I know I am not the only friend of that agency in the House of Representatives. I know that the agency has many friends in the Republican Party and among the membership of this House generally. I think Mr. Lasseter has done a magnificent job. He has accomplished many economies, and has made an excellent record. Members of both parties should be willing to trust him in the further administration of this program.

It seems to me it would be almost a tragedy for the House to disappoint the 49,000 veterans who are now waiting for an opportunity to purchase a farm home and start themselves in the business of farming.

I appeal to the Democrats and likewise to the Republicans to support the Whitten amendment, when it is offered, and

restore this $25,000,000. I know the Republicans of the House Committee on Agriculture were just as friendly to this agency as the Democrats. I know what the answer will be when the gentleman from Illinois [Mr. DIRKSEN] comes to the well of the House. He will tell the House and the country that Mr. Lasseter has done an excellent job and that Frank Hancock likewise did a fine job as Administrator. He will tell you that the collection record is superb. I have detailed information which I will place in the RECORD but which my time will not permit me to discuss now. He will try to justify the action of this committee by saying that after his committee had given careful thought to the matter, President Truman wrote a letter to Secretary Anderson suggesting that Mr. Anderson call a Nation-wide conference, a conference of all of the officials of public and private lending agencies engaged in making loans to farmers on real property.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, when that letter was received, and publicity was given to it, the idea went abroad that the President was afraid we were going into some sort of inflationary spiral in farm-land values. All of us know that if we have inflation in the rural sections of the country, certainly we have inflation in the cities of America. If we are going to deprive the farmers of America of an opportunity to buy farm homes, certainly we should repeal all veterans' legislation which is now on the books. We should do away with many of the features of the GI bill of rights, because certainly no Member would be justified in discriminating between veterans in the city and veterans in the country.

Going back to the argument which the gentleman from Illinois [Mr. DIRKSEN] will make—and it is easy for me to anticipate his argument, because I heard his statement before the Rules Committee, and I have read the report—a little supplemental report that they put in here—but the effect of it was to destroy absolutely the tenant-purchase program. His suggestion is that he and the Republicans on his committee are trying to follow Mr. Truman and strengthen his arm as he is trying to retard and control the forces of inflation on the farm. Now, the fact is, I have here a letter from Secretary Anderson. I checked with him. He checked with the White House and the White House checked with Mr. Truman in Kansas City. I will read it to the House for your consideration:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 27, 1947.

Hon. HAROLD D. COOLEY,
House of Representatives.

DEAR MR. COOLEY: In reading the report to accompany H. R. 3601, the bill making appropriations for the Department of Agriculture, we find that while $50,000,000 was available for farm tenant loans for the fiscal year 1947, and while the budget submitted an estimate of $35,000,000 for 1948, the Appropriations Committee has deleted the entire amount. This action is accompanied by a statement of the committee that the committee remains a firm friend of the farm tenant loan program and suggests that its action in eliminating the appropriation should strengthen the hand of the President in his current move to halt the excessive inflation of farm land values.

On May 16 the President directed a letter to me expressing his deep concern about the recent rise in farm real estate prices. He was careful to point out that while 24 States had real estate values which are now above the inflationary peak of 1920, there was yet time to prevent further inflation in farm real-estate prices and the overexpansion of farm debts. He suggested an early conference for consideration of the problem.

I know from my discussions with the President, both prior and subsequent to the sending of this letter to me, that by his suggestion for a conference on the farm real-estate situation, he did not desire nor intend to destroy the farm tenant purchase program. Since the report of the Appropriations Committee was issued I have rechecked this with the President and find that he is strongly opposed to a curtailment of the farm tenant program to any point lower than the figure carried in his budget. Many veterans returning from the war have been able to find farms which they can purchase at noninflated prices, sometimes from aged parents who have lived a long time on the farm and are quite ready to retire. We now have pending 83,997 applications for the purchase of farms under the farm tenant program, of which number 41,560 are from veterans.

The record of the Department shows that during the past year, using the appropriations made available a year ago, we have been able to help tenant farmers acquire land under this program at an average of only $3 per farm more than a year ago. These loans to veterans and others are made under a policy which recognizes the long-time earning value of these lands, and purchases made on that basis do not contribute to inflation, but on the contrary set a pattern for the sound transfer of farm real estate from one owner to another. We need that good example and I hope that the Congress will restore the $35,000,000 carried in the President's Budget for the purpose of making these self-liquidating loans on which the repayment record is extremely good.

Sincerely yours,
CLINTON P. ANDERSON,
Secretary.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. In addition to that, I know everybody in this House should be interested not only in the views of the Secretary of Agriculture and the President of the United States, but I venture the assertion that the House Committee on Agriculture is still quite friendly to this item and I believe that the gentleman from Illinois is likewise favorable to the tenant-purchase program. I believe he will be frank enough to tell the House that collections have been excellent under the management of Mr. Lasseter.

I do not want the House to be led astray by thinking that in cutting out this item they are strengthening the arm of the President. You have just heard a letter that came almost directly from Mr. Truman. It came to me through Clinton Anderson, a former Member of the House and a splendid Secretary of Agriculture.

I have here another letter which I will place in the RECORD at this point but which I will not take the time to read. It comes from the American Veterans Committee.

(The letter referred to follows:)

THE AMERICAN VETERANS COMMITTEE,
Washington, D. C., May 27, 1947.

Hon. HAROLD D. COOLEY,
House Office Building,
Washington, D. C.

DEAR REPRESENTATIVE COOLEY: The 1948 agricultural appropriation bill reported by the House Appropriations Committee in effect denies qualified veterans with limited capital resources the opportunity of entering the farming business. By eliminating funds for direct loans from the farm-tenancy provisions of the proposed bill, the committee has deprived veterans of the right to purchase farms under the Bankhead-Jones Farm Tenant Act, a right assured them under the GI bill of rights.

The American Veterans Committee urges the immediate restoration of the $25,000,000 appropriation recommended by the Appropriations Subcommittee for this purpose.

Two out of every three veterans working in agriculture when they entered the armed forces have returned to farms. This group includes over a million veterans, many of whom desire to become farm owners. We believe that they should be given every opportunity to achieve this objective.

The Servicemen's Readjustment Act of 1944, as amended, makes veterans eligible for loans under the Bankhead-Jones Farm Tenant Act. The Bankhead-Jones Farm Tenant Act, as amended, further augments veterans' opportunities of becoming farm owners by giving them preference over nonveterans. This act also provides for special farm-purchase loans to disabled war veterans.

Under these authorities, the Farmers Home Administration has made over 4,300 farm-purchase loans to veterans and had on hand over 40,000 additional applications from veterans as of April 30, 1947. Over 50 percent of the farm-purchase loans made this year were to veterans.

The committee report justifies the elimination of direct farm-purchase funds on the basis that such loans are too inflationary. Without careful selection of farms this statement could become a reality. We firmly believe, however, that a minimum of $25,000,000 could safely be loaned to veterans who desire to purchase farms from relatives and others at less than current market prices, to veterans who need to develop and improve farms they already own, and veterans who are able to purchase farms in areas that have not been seriously affected by high land prices without adding to the inflationary trend. Farm-development loans particularly are anti-inflationary because such loans are used to make improvements such as drainage, land clearing, and building repair and construction, and do not involve the purchase of land.

A veteran entering the farming business needs assistance in selecting his farm and in planning his farming activities during the first few years of his new occupation—a highly specialized and competitive one. Also, as a result of his military service, he has had little opportunity to accumulate sufficient capital to make the down payment needed to qualify for a loan from other sources. In order to give veterans a fair chance to purchase farms and to obtain assistance needed to become firmly established in this business, we strongly urge that

a minimum of $25,000,000 be appropriated for direct farm-purchase loans under the Bankhead-Jones Farm Tenant Act and that adequate funds be provided for effective administration of the program.

Sincerely yours,

CHAT PATERSON,
Legislative Representative, American Veterans Committee.

Mr. COOLEY. The American Legion is in favor of this item.

I believe that every labor organization in America and every farm organization in America is in favor of restoring this item to this bill.

I will hereafter submit for your consideration the agricultural policies of the American Legion and the Veterans of Foreign Wars.

This 1948 agricultural appropriation bill, as reported by the House Appropriations Committee, proposes to eliminate direct loans from the farm-tenancy item, thereby denying qualified veterans with limited capital resources the opportunity of entering the farming business.

Two out of every three veterans working in agriculture when they entered the armed forces have returned to farms. This group includes over a million veterans, many of whom desire to become farm owners. I believe that they should be given every opportunity to achieve this objective.

The Servicemen's Readjustment Act of 1944, as amended, makes veterans eligible for loans under the Bankhead-Jones Farm Tenant Act. The Bankhead-Jones Farm Tenant Act, as amended, further augments veterans' opportunities of becoming farm owners by giving them preference over nonveterans. This act also provides for special farm-purchase loans to disabled war veterans.

Under these authorities the Farmers' Home Administration has made over 4,000 farm-purchase loans to veterans and had 49,235 additional applications from veterans, as of March 31, 1947.

A veteran entering the farming business usually needs assistance in selecting his farm and in planning his farming activities during the first few years of his new occupation—a highly specialized and competitive one. Also, as a result of his military service he frequently has had little opportunity to accumulate sufficient capital and to make the necessary down payment to qualify for a loan from other sources. In order to give veterans a fair opportunity to purchase farms and to obtain assistance needed to become firmly established in this business I strongly urge that a minimum of $25,000,000 be appropriated for direct farm purchase loans under the Bankhead-Jones Farm Tenant Act and that adequate funds be provided for effective administration of the program. Failure to provide these funds will, for many veterans interested in farming, deprive them of a right assured them under the GI bill of rights.

The committee report justifies the elimination of direct farm purchase funds on the basis that such loans are too inflationary. Without careful selection of farms this statement could become a reality. I firmly believe, however, that a minimum of $25,000,000 could safely be loaned to veterans who desire to purchase farms from relatives and others at less than current market prices, to veterans who need to develop and improve farms they already own, and veterans who are able to purchase farms in areas that have not been seriously affected by high land prices without adding to the inflationary trend.

To perform the combined and increased functions heretofore performed by predecessor agencies the Farmers Home Administration will have fewer employees in 1948 than Farm Security had at the time of consolidation. The appropriations made available for the separate operations prior to the consolidation provided for 9,590 full-time employees—8,377 in Farm Security and 1,213 in the Emergency Crop and Feed Loan Division. Through the merger this number has been greatly reduced. All 23 regional offices of the Farm Security and Emergency Crop and Feed Loan Division were abolished by May 1, 2 months prior to the date required by the act.

Requests have been made for $35,000,000 for direct loans for 1948 as compared with $50,000,000 for 1947.

Fifteen million dollars has been requested for the purpose of activating the farm mortgage insurance program.

It is intended to emphasize the farm mortgage insurance program. However, it will still be necessary to make loans from Federal appropriations as it will be necessary to take care of veterans' needs, many of whom do not have the necessary down payment to qualify under the mortgage insurance plan. Indeed the most urgent question with respect to the use of loan funds is the extent to which such loans will be available to veterans of World War II now seeking to establish themselves on family-type farms.

As of May 31, approximately 49,000 veteran applications were pending as compared with approximately 8,000 1 year ago. In order to comply with the veteran preference provision of the act nonveteran loans have been suspended in more than 16 States.

It has been necessary to channel practically all remaining funds into veteran loans during the last quarter of the year. Increase in number of veteran loans is emphasized by the fact that only 211 loans were made in the first half of 1946, whereas 1,495 were made in the first half of 1947. Approximately $28,000,000 had been obligated as of February 28, with expectation that the principal portion of the original $50,000,000 authorization would be used by June 30. Of the amount obligated to date, more than half has been made to veterans and the remainder to nonveterans. There are above 40,000 nonveteran applications pending as of this date.

The crop year 1945, which is the latest period for which complete collection returns are available, was the best year up to that date from the collection standpoint. Seven million four hundred and eighteen thousand one hundred and twenty-nine dollars would have been required in 1945 to meet payments due on the basis of equal annual installments, but borrowers actually paid $18,131,313 in 1945 which is $10,713,184 more than schedule. From the beginning of the program active variable payment borrowers had made cumulative payments of $42,667,556 as against $24,299,786 which would have been due under a fixed payment contract. Sixty-eight percent of the variable payment borrowers were ahead of schedule by an average amount of $1,021 or approximately four annual installments. Sixteen percent of the borrowers were exactly on schedule. Sixteen percent were behind schedule by an average amount of $259 or about the equivalent of one annual installment.

The effect of the proposed cut in personnel of the Farmers Home Administration can only be fully understood by taking into consideration the previous reductions made in the personnel of the Farm Security Administration, predecessor to the Farmers Home Administration, and the total job now assigned to the Farmers Home Administration by the Seventy-ninth Congress.

In the fiscal year 1942, the Farm Security Administration had 19,045 full-time employees. The President's budget estimate for the fiscal year 1948 requested $30,000,000 with full-time employees totaling 8,219. The committee bill reduces the amount for salaries and expenses to $18,000,000 which will provide for less than 4,800 employees. In other words, without taking into consideration the employees or the functions of the Emergency Crop and Feed Loan Division of the Farm Credit Administration, which were transferred to Farmers Home Administration, the reductions in Farm Security Administration alone from 1942 to 1948 under the President's budget estimate would be 10,826 employees or 56.9 percent. Under the House bill the reductions since 1942 would be 14,245 employees or 74.8 percent. Taking into consideration the personnel of the Emergency Crop and Feed Loan Division, the committee bill represents a reduction of 15,523 or 76.4 percent since 1942.

This agency was established by an act of Congress on August 14, 1946, after thorough investigation, will have on next July 1, assets to be serviced during the fiscal year 1948 totaling approximately $800,000,000 including loans outstanding to more than 1,200,000 farm families. In addition, the President's estimate provided for new loans and insured mortgages totaling $141,505,000. On the basis of the President's budget, the administrative and operating costs of this agency represent 3.3 percent of the assets to be serviced and the loans to be made in 1948.

The loans made by this agency are to the small farmers who cannot obtain suitable credit from any other source. The proposed reduction will not only lessen the opportunity for these small farmers of our Nation to succeed, but will seriously impair the Government's investment in the loans outstanding. Such reductions can only result in losses of public funds direcly attributable to insufficient personnel for collecting outstanding Farmers Home Administration accounts.

The committee seeks to force a drastic reduction in the personnel of the Farmers Home Administration, a reduction of from 8,400 to 4,250. The result will be that the Administrator will have only

2.4 percent of the total assets to be administered for administrative purposes. Certainly we have no right to expect the agency to be administered properly and managed with such limitation upon funds for administrative purposes. The result will be a very substantial loss to the Federal Government, but perhaps this is the Republican Party's idea of economy. You economy-minded Republicans are having a field day, but the country will know what you are doing to the farmers of the Nation and to the welfare of the people of this Republic. You are wrecking the farm program and you know it, but you seek to justify your action in the name of economy. You are not saving money. You are actually wasting money. You are not keeping faith with the veterans. You are breaking faith with them. By failing to provide $300,000,000 for soil conservation you are taking from the farmers of America the money you promised them. You are repudiating your own obligations to those who live on the farm. You know that you are violating all of the established rules of the House and invading the prerogatives of the legislative committee, for which you seem to have very little regard, and you are doing all of this merely because you have the votes and the power to do it. There will come a day of reckoning and each of you will have to defend your position before the farmers of your districts. The responsibility is yours, and here and now you must assume it.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Clerk read as follows:

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Salaries and expenses: For necessary expenses for the Office of Foreign Agricultural Relations and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including personal services in the District of Columbia and not to exceed $500 for newspapers, $628,000.

Mr. PHILLIPS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California: On page 13, line 4, strike out "$628,000" and insert "$428,000."

Mr. PHILLIPS of California. Mr. Chairman, this is just a little effort on my part to improve the services of one agency in the Department of Agriculture. Eleven years ago we gave this agency $180,000 a year. Ten years ago, when it was a much better agency from the standpoint of the farmer, we gave it $380,000. We had in those days men like Fred Motz, Leo Mallory, Walter Schreiber, Nick Nielsen, Harry Reed, and Lloyd Steere, men who made names for themselves all over the world, men whose records were so accurate that they were used by the foreign governments in whose countries they served.

Today we have a sort of adjunct to the State Department furnishing us with reports that are, as I said yesterday, often more of historic value than for immediate use.

I am simply suggesting that if we had a better agency at $380,000, perhaps if we cut them back to $428,000 we will get a better one than we have now. Les Wheeler can run a good office. He has in the past and he can again. Getting less may encourage the Secretary of Agriculture to see that this does not continue to be an appendix to the State Department, but that it becomes again an office of the Department of Agriculture, standing on its own feet, giving a service useful to the farmers, and of which the farmers may be proud.

I ask for an aye vote on my amendment to reduce this amount by $200,000.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

Meat inspection: For carrying out the provisions of laws relating to Federal inspection of meat and meat-food products, $5,000,000, for deposit in the Treasury of the United States as a working-capital fund, without fiscal-year limitation, to be designated as the "Meat inspection fund," which shall be available for all expenses necessary to furnish an adequate and efficient inspection or service, and hereafter every person, firm, public agency, or other organization furnished inspection or service under said laws, including inspection of meat and meat-food products offered for import or export and the inspection of horse meat and horse-meat products, shall pay the United States therefor in accordance with regulations prescribed by the Secretary of Agriculture and at rates and fees to be fixed by him, which payments, to be deposited in the meat-inspection fund, shall provide full reimbursement for the estimated cost attributable to the furnishing of such inspection or service, including scientific and technical investigations and laboratory services; investigations relating to violations of, and authorized exemptions under, the laws relating to Federal meat inspection; supervisory, administrative, statistical, business management, and other costs; personal services in the District of Columbia and elsewhere, without regard to section 607 of the Federal Employees' Pay Act of 1945, as amended; rent in the District of Columbia and elsewhere; purchase and hire of passenger motor vehicles; printing and binding, including the purchase of printed tags, labels, stamps, and certificates as authorized by the act of September 21, 1944 (7 U. S. C. 431); and other necessary expenses: *Provided*, That the Secretary of Agriculture may require advance payment, posting of bonds, or other assurance of payment, in order to protect the interest of the United States, and may withhold or withdraw such inspection or service for nonpayment of charges or fees, or failure to provide the required assurance of payment: *Provided further*, That inspection or other technical services may be rendered to Government and other public agencies, upon request, under the terms and conditions herein provided: *Provided further*, That a schedule of obligations and reimbursements of the meat-inspection fund, as of the close of the last completed fiscal year, and as estimated for the current and ensuing fiscal years, shall be included in the budget as submitted to Congress annually: *And provided further*, That payments shall be made for inspection or service rendered on and after July 1, 1947.

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: Page 23, line 12, strike out the paragraph down to and including line 5 on page 25.

Mr. HOPE. Mr. Chairman, this amendment, if adopted, will strike out the provision in the bill relating to meat inspection. Heretofore, as everyone knows, meat inspection has been carried on by the Bureau of Animal Industry at public expense. Under this amendment a revolving fund will be set up and thereafter the packers and processors would be charged a fee for the inspection made by the Federal inspectors.

We have had meat inspection for many years. It is a health measure for the protection of the public and is compulsory as far as meat transported in interstate commerce is concerned. No one will deny the fact it has been effectively and efficiently conducted.

If this amendment is adopted it is contended that for this year something like $6,000,000 will be saved the Treasury of the United States, but no one knows how many millions of dollars we may lose if it results in ineffective inspection. No one knows what effect it may have upon the public health of the country if it impairs the effectiveness of the inspection.

It is my contention inasmuch as meat inspection was instituted for the benefit of the public and the public health it should be paid for by the public and that has always been the theory on which we have proceeded heretofore. It will be said that we have other inspection services where the industry pays the fee. I think that is well stated about the fish industry. I know it is true of the fruit and vegetable inspections that we have. But let me call attention to the fact that as far as other agricultural commodities are concerned like fruits and vegetables, inspection is a voluntary matter, it is not required, it is a service furnished by the Department of Agriculture for the benefit not of the public but of the industry in order to enable the industry to merchandize the commodity on a quality basis. It is a benefit to those who pay the inspection fees.

I do not think anyone knows what will happen if we adopt this amendment. I assume that probably some packers who are now engaged in interstate commerce on a small scale may decide that they will stay within the State in which they are doing business, and to that extent the amount of meat which goes into interstate commerce and is inspected may be cut down. In the case of the large packers they, no doubt, will have to go ahead and pay the fee, but every one of us knows that that fee will be passed on either to the consumer or passed back to the farmer; in most cases it will probably be the latter. At any rate, the public that is paying it now will continue to pay it, whether we pay for it in the form of Federal appropriations, as it should be paid, or whether it is a charge which is assessed by the packer against the public or the farmer.

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

Mr. HOPE. I yield to the gentleman from Washington.

Mr. HOLMES. This is an extremely important problem in relation to the public health, and it is extremely important to the problem of the transport of meat in interstate commerce.

Mr. HOPE. It is.

Mr. HOLMES. Do not these facts add to the importance of the amendment that the gentleman is proposing?

Mr. HOPE. This is, of course, a very important matter from the standpoint of public health, but no one in the House, unless it is the members of the Subcommittee on Agricultural Appropriations, knows anything about whether this thing will work or not. No one knows what the effect will be upon the public health. No one knows what the effect will be upon the farmer if the costs are pushed back onto him. No one knows what the effect will be upon the consumer. I hope that amendment will be adopted.

Mr. HORAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I happen to be an apple and pear grower out West. We have compulsory certification of every apple that leaves the State of Washington. The industry pays for all of that inspection. We do that, of course, naturally in defense of our own industry, because in that way we can provide and assure the consumer of our products that everything is in line with Federal-State inspection. The same thing is true of several other industries. It is true also that the industry itself is one of the chief beneficiaries of Federal-State inspection. What we are discussing here is a service to the meat industry for which, so far, the public has been paying out of general funds. I submit that that is manifestly unfair. It is not moral for an industry to have this benefit and not pay its just share.

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

Mr. HORAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Is it not a fact that the fruit growers in the gentleman's area are highly organized, and is it not a fact that the gentleman is now addressing himself to a situation which exists in the Wenatchee Valley, and that you are highly organized, and you have a great cooperative enterprise out there, and that you pay your way? But, when you are dealing with meat you are dealing with something that has to do with every township in this country, and there is no way on earth for them to organize as the apple growers are organized.

Mr. HORAN. May I answer the gentleman in this way: It is not the intention of the Subcommittee on Agricultural Appropriations to change any dot or dash in the present system of inspection. All we are dealing with is the fiscal element as to who shall pay for this service. And I might say that we have been in complete agreement in our action by those responsible in the Department of Agriculture.

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

Mr. HORAN. I yield to the gentleman from Kansas.

Mr. HOPE. I just want to say to the gentleman that that is not the information I have from the Department of Agriculture in regard to this work. They tell me they do not favor it.

Mr. HORAN. I do not want to belabor this point too much, because I am not closing debate on this subject. But I want to say that when we asked the gentlemen of the Department whether they could carry on this work under another arrangement, they assured us they could.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield to the gentleman from California.

Mr. PHILLIPS of California. Did not Congress just a short time ago apply the same formula to the inspection of other commodities? I have fish in mind. I think there were others.

Mr. HORAN. Certainly; I understand they did.

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

Mr. HORAN. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I should like to ask this, and I do not know the answer to it. After the department with its $5,000,000 of funds makes an inspection and bills the producer or the packer for it and he does not pay it, what then? Would the department then refuse to inspect him thereafter, or what would be the answer to it, if the gentleman knows? I am serious about it.

Mr. HORAN. I can assure the gentleman from Mississippi there is no danger of a meat packer or anyone else not paying the bill. I can speak from experience on that item. If you want to ship in interstate commerce and there is a just invoice against your name or your firm, you are going to pay that bill. We are not talking about unjust invoices.

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

Mr. HORAN. I yield to the gentleman from Texas.

Mr. POAGE. The gentleman suggested that the industry would pay the cost under the terms of this bill. The gentleman did not explain what was meant by the industry. That means it will be passed back in proportion to the meat producer in this case.

Mr. HORAN. That will be paid, as all things are paid, by the buyer on a sellers' market, or the seller on a buyers' market. That is economic law that even the very able and distinguished gentleman from Texas cannot argue me out of.

Mr. POAGE. That is right, but in the case of an industry like meat it means the producer and not the consumer, and not the processor, does it not? It means as far as meat is concerned that the producer is going to pay the bill.

Mr. HORAN. We have that same problem in the fruit industry. I do not think the present action on the part of the Congress in passing this on in an unjust way to the general public is a solution. Not at all.

Mr. HILL. Mr. Chairman, will be gentleman yield?

Mr. HORAN. I yield to the gentleman from Colorado.

Mr. HILL. How will this work regarding the small factories in the small towns and the small communities?

Mr. HORAN. Exactly as it works today, because we have not changed the system one bit.

Mr. HILL. But you will change the system. That is what worries me.

Mr. HORAN. No, we will not; we will not change it one bit.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes, the last 5 minutes to be reserved to the committee.

Mr. HOPE. Mr. Chairman, this is an important amendment. I think it ought to be more fully discussed. It ought to be considered by the Committee on Agriculture rather than in this summary way. I object.

Mr. WORLEY. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk again reported the amendment.

Mr. COOLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as the gentleman from Kansas has just said, this is an important amendment. I know that even the economy-minded Republicans of this House do not want to take any action which might jeopardize the health of the people of this country. The matter should be considered by our committee, the legislative committee, the integrity of which is now greatly imperiled if not permanently impaired.

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

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The gentleman has just stated that the purpose of meat inspection is to protect the public, and that is the consumer. There would be just as much meat consumed in the United States if there was not a bit of it inspected.

Mr. COOLEY. I think the gentleman is correct.

Mr. POAGE. But there will probably be a good many people who will buy it in every city. Therefore, it is not for the benefit of the producer that we inspect meat, but for the benefit of all the people in the United States.

Mr. COOLEY. The gentleman is entirely correct.

Mr. POAGE. This bill as now written would place the burden, which is for the benefit of all the people, upon a small group of people who produce the meat. Is that not correct?

Mr. COOLEY. The gentleman is exactly right.

We are dealing with steers, bulls, and hogs, and the health and welfare of the American people, and, frankly, I feel that this economy bloc has actually gone "hog wild."

We have a very distinguished Republican on our committee, the gentleman from Indiana, Dr. GILLIE, who, unfortunately, could not be here today. He was here yesterday and in executive session discussed the great importance of meat inspection. Dr. GILLIE, I know, is regarded most highly by you Republicans. I know he is esteemed highly by his Democratic collegues. He is a veterinarian and spent years of his life in this particular work, the inspection of meat.

Were he here today, I am sure he would support the gentleman from Kansas [Mr. HOPE], the chairman of our committee, in presenting this amendment.

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

Mr. COOLEY. I yield to my chairman.

Mr. HOPE. The amendment which I offered was offered at the request of the gentleman from Indiana, Dr. GILLIE. Had he been here, he would have offered the amendment himself.

Mr. COOLEY. I am glad to hear that.

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

Mr. COOLEY. I yield.

Mr. PACE. I am sure the gentleman would want to complete the record by explaining the reason for the absence of the distinguished Member from Indiana, Dr. GILLIE.

Mr. COOLEY. The gentleman from Indiana, Dr. GILLIE, is attending the funeral of our beloved colleague in Indiana, which explains his absence.

If we have a distinguished veterinarian on our committee who, as Mr. HOPE says, was the author of this amendment, if we are not going to follow him, and if we are not going to follow the distinguished Chairman of the Committee on Agriculture, it seems to me it is unfortunate. Certainly we cannot be talking partisan politics when we are dealing with a matter that is vital to the life and welfare of the people of the Nation.

I do not question the good faith of Members when they say that the costs should be paid for by the packers, but actually we know that it will be paid by the public. The big packers will pay the bill. They will label the meat and sell the meat. But what about the little packer in the rural districts? They are going to sell the meat whether it is inspected or not, and the people will have to pay.

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

Mr. COOLEY. I yield.

Mr. HORAN. I want to impress upon you once again that this does not change the system of inspection. It merely changes the matter of payment and by whom the payment shall be made.

Mr. COOLEY. It merely changes who pays the freight?

Mr. HORAN. That is right.

Mr. COOLEY. The gentleman knows full well that the rich, powerful co-ops, such as you have in the fruit area of your district in Washington, can well afford to pay the bill.

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

Mr. COOLEY. I yield.

Mr. HORAN. I do not belong to a cooperative but I am speaking in behalf of the system which I think is just.

Mr. COOLEY. I think the gentleman has done a magnificent job here in Congress for the apple growers of his district. If the meat producers of America were as closely organized and as well financed, perhaps they could pay the bill. But we are going to have hog killings in every township and bull yearlings strung up to trees throughout the country, and going to market without any inspection. Yesterday when Dr. Gillie talked to us, he painted a very horrible picture of the possibilities of this legislation. He talked about tubercular meat and meat diseases of every kind known to the animal industry. He spoke about the animals being slaughtered and sold to the consuming public. The life and certainly the health and welfare of the people of the Nation are at stake in this amendment and the public should pay for inspection from the Treasury of the United States.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I have the highest regard for the chairman of the subcommittee and his associates. I am willing to economize as much as they are, and probably more, when it comes to appropriations for Agriculture. But when it comes to jeopardizing the health of the American people, then I must take issue with them.

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

Mr. AUGUST H. ANDRESEN. I yield.

Mr. HORAN. I want to ask the gentleman if action on this bill changes any law by which a man can be put in jail for selling diseased meat.

Mr. AUGUST H. ANDRESEN. No; because the organic law requires that all meat flowing in interstate commerce shall be inspected. But what will happen if this provision goes into operation and the appropriation is denied. You will see hundreds of new small packing plants rising within the different States, doing solely intrastate business, where they are not subject to inspection, and you will also see a great deal of bootlegging, where the meat will be transported across the lines of different States and people will not know the kind of meat they are getting.

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

Mr. AUGUST H. ANDRESEN. I yield.

Mr. WOODRUFF. I believe the gentleman's State is just as careful and just as particular in preserving the health of the citizens of that State as is the State of Michigan. I wish to say to the gentleman that in the State of Michigan every killing that is made at any plant in that State that is not inspected by Federal inspectors is inspected by State inspectors.

Mr. AUGUST H. ANDRESEN. I am glad that they have it in the State of Michigan. But when this law was originally enacted it was for the protection of the public so that all meat going into interstate commerce would come under Government inspection and people would know that they were getting good meat that was free from disease and fit for human beings to eat.

I believe the situation is a little different here than it was with pears and apples. Meat is a highly perishable commodity. The inspection must be made immediately after the animal is killed so that the insides of the animal can be examined to determine whether or not the animal was diseased. After the inside is taken out, oftentimes you are not able to discover whether that animal had any disease or not. So I say to you that this is a measure that is in the interest of the public health. If there is any laxity in the enforcement of it, then there may be a complete breakdown in the distribution of good healthy meat throughout this country.

I dislike very much to see our intrastate system of meat distribution broken down and substituted by a lot of small tree slaughterers and others, like happened in the OPA days, when a great deal of diseased meat was sold throughout this country. We owe it to the people to protect them. I am sure there are more people eating meat than are eating pears and apples in the State of Washington and other States.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MURRAY of Wisconsin. I would like to ask the gentleman as to what percentage of the meat of the United States at the present time is under Federal inspection.

Mr. AUGUST H. ANDRESEN. I do not have the exact figure, but I assume it is at least 50 percent.

Mr. DIRKSEN. I will tell the gentleman. It is 70 percent.

Mr. AUGUST H. ANDRESEN. I thank the gentleman. Seventy percent of the meat of the country is federally inspected.

Mr. MURRAY of Wisconsin. Not under Federal inspection?

Mr. AUGUST H. ANDRESEN. I leave it to the distinguished chairman of the Committee on Appropriations who has said it is 70 percent. This demonstrates that a large portion of the meat sold to to the American people is federally inspected and goes out with a Federal stamp placed there by a man paid by the Federal Government so that the meat is good and wholesome and from an animal that was free from disease.

I urge support of the amendment for the benefit of the health and welfare of all consumers.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has expired.

Mr. SHEPPARD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I find myself in this instance going along with other members of the subcommittee. I think this is one of the pertinent places in this bill where the taxpayers' money can be saved upon the basis of a true economic approach. There has been much discussion about who was going to pay the freight if this language stays in the bill. I think anybody who is conversant with the procedure of the way costs are passed along to the consumer, knows that eventually the consumer is going to pay this cost. As far as any Member being concerned about a great consumer constituency being poisoned, I would like to suggest that the Member refer to his county and to his State legislative bodies and have enacted proper legislation for meat inspection. I do not think there is any legitimate reason to be concerned along that line.

I am opposed to the amendment and request the House to vote it down. I yield back the remainder of my time.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent to revise and extend the remarks I made earlier in the day.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SHEPPARD. Mr. Chairman, I yield back the balance of my time.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have listened to this discussion with a great deal of interest because I have been interested in the livestock business all my life. It so happens that I have been through the packing houses in Chicago numerous times; I have been on the killing floors and have seen the inspectors work following the beef, pork, or mutton, from the live animal down to the finished product.

When the Meat Inspection Act was first passed the whole packing industry of the United States, unjustly I think in large measure, was under very severe attack. It might be said that the original act was almost punitive in character, but it has worked out exceedingly well and the meat inspection has been exceedingly well done. Today every reputable packer wants the inspection, as well as the consumers who understand the importance of having healthy beef, mutton, or pork.

Some fear has been expressed lest if we transfer the burden of the cost from the Federal Treasury to the industry, a lot of little packing plants will spring up all over the country situated within State borders who will avoid this burden by not engaging in interstate commerce. As a matter of fact, Mr. Chairman, it is almost impossible that a thing like that should happen for this reason: a modern packing plant cannot be prosperous unless it engages in the production of byproducts as well as in the original slaughter of live animals, and if they engage in the production of byproducts they must be shipped in interstate commerce and that automatically brings them within the inspection law. The day has long since gone by where the little slaughterer is contented with merely killing the steer and burying the hide, the bones, and the offal and selling only the meat. That day has gone by long since.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. AUGUST H. ANDRESEN. It is less than a year ago since that very thing was taking place.

Mr. WADSWORTH. And it was taking place only because of the OPA price ceiling on live animals which created an artificial condition which, thank God, no longer exists.

Mr. AUGUST H. ANDRESEN. I agree with the gentleman.

Mr. WADSWORTH. That took place under the black market; but you cannot have a black market in the free market, and that is what we have today. The man who is going to engage in the livestock industry, be he producer, farmer, rancher, or processor, or the final marketing outlet, wants his product well thought of by the consuming public. When a consumer goes into the butcher shop and sees on the side of a piece of meat "U. S. No. 1" that is the meat he wants; and every packer, great or small, knows that.

All we do by this proposal is to say that the industry, being one of the great beneficiaries of the inspection service, ought to carry the burden of the cost. Every other industry carries the burden of the cost of inspection. I have been in the Chicago yards time and time again and have purchased live animals to be shipped home. Some had to be inspected for tuberculosis. Who paid the cost of inspection? I did. Should I not? Whose beef was it?

That is all this amendment does. I think it is wise and consistent.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. AUGUST H. ANDRESEN. On the same theory that the gentleman paid for the inspection of cattle, then the consumer should pay for the inspection of the meat.

Mr. WADSWORTH. I am a consumer. The consumer eventually will pay anything that is part of the cost of production.

Mr. AUGUST H. ANDRESEN. Either the consumer or the purchaser.

Mr. WADSWORTH. One or the other, yes. Between them it will be paid. You never can tell where it is scattered. That is true of all expenses. When I buy a pair of shoes in a store here in Washington I pay part of the rent of the store. I do not know to what extent that happens, but it happens in all business. There is nothing new or strange about that. It always happens.

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

Mr. WADSWORTH. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Did the packers appear before the committee and present their opinion on this particular change?

Mr. WADSWORTH. I do not know. I was not a member of the committee.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 10 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Chairman, I hesitate to take the time of the committee now and further I hesitate to disagree with the distinguished gentleman from New York. I rise in support of the amendment. May I say to you this afternoon in these United States that the livestock industry of this country has been built up because of the quality of the products we sell to the people of our country. If we adopt the legislation as offered by the committee we are going to upset the whole meat-inspection program that we have been using for these many years. Not longer ago than day before yesterday I spoke to a member of this committee who is a veterinarian of high standing. He feels the same as I do. He feels that we better leave these regulations as they are. If we are going to change the meat-inspection law, let the bill come in as a separate bill, be referred to the proper committee, and have all the parties to the controversy given a chance to be heard. That is the very thing I objected to in connection with the rule on this bill. The rule covered a straight 100-percent piece of legislation. This is not an appropriation item at all. The consumers do pay for this inspection. We have been paying for this inspection and we are not objecting. No member of this committee has objected to paying for this meat-inspection service.

I want to ask, Where is the pressure coming from to change it? Where is it coming from to change our meat-inspection regulations. If you want a change in the meat-inspection laws, put it in a legislative bill; if there are people who wish them changed from the livestock industry, from the packing industry, from the consumers, let us have hearings where all can give their testimony.

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

Mr. HILL. I yield to the gentleman from Washington.

Mr. HOLMES. Does the gentleman think that that very important stamp on the dressed carcass of an animal marked "U. S. Inspected" would continue to be used as widely and as thoroughly as it is being used now?

Mr. HILL. It would not mean a thing. Today it is the United States of America behind that stamp. If you adopt this amendment you will still have it. If you do not adopt it you could easily loose the real quality and general benefit of this most efficient service.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. KARSTEN].

Mr. KARSTEN of Missouri. Mr. Chairman, while I represent a wholly metropolitan district, where you do not find farmers, I am also interested in the welfare of the farmer. I dislike to see our farm program crippled. It has been demonstrated many times in our history that the prosperity of the people in the cities is in a large measure dependent upon the prosperity of the people on the farms. We have come to find in our economy that what hurts one group often reflects itself in consequential injury to other groups.

The people in the cities are dependent upon those on the farms for food and for the necessities of life. Those on the farms are dependent upon the cities for markets for their products.

At this time we are making great efforts to bring about price reductions. The high prices we are experiencing affect all of our citizens and most of us will agree that the burden of our existence would be much lighter if prices can be brought down to a reasonable level.

Meat is the mainstay of the family diet of the average American family. Like other commodities, the price of meat has jumped more than double during the

past few months. Contained in this bill is an item for Federal meat inspection. Theoretically, the bill places the burden for the payment for inspection service upon the processors and handlers, but all of us know that this expense is ultimately going to be passed on to the consumers in the form of still higher prices for meat.

We have a rigid sanitary code, prohibiting the interstate shipment of meat that has not been Federally inspected. We have made great progress in protecting the American people by the enforcement of these regulations, and to do anything now that might weaken them, to my way of thinking, is taking a chance with the health of the American people.

It has only been a few weeks ago that we passed a bill in this House providing several million dollars for the eradication of hoof and mouth disease, not within our own country but in Mexico. Congress went far, and I believe rightly so, in this instance in safeguarding the people of our Nation against this danger. Disease in cattle is no respecter of State lines nor even the boundaries of countries.

For over 40 years, the Federal Government has borne the cost of Federal meat inspection. An outstanding record has been made. It would certainly be inconsistent for us to refuse to provide funds to continue this service.

I urge that funds adequate to continue Federal inspection of meats under present methods and standards be restored to the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PRICE].

INSPECTION COST WILL BE PASSED ON TO FARMERS

Mr. PRICE of Illinois. Mr. Chairman, the bill proposes to eliminate annual appropriations for meat inspection by providing this year a nonrecurring appropriation for a $5,000,000 revolving fund and requiring packers to pay fees to cover the cost of service.

The committee, in saying that the cost of meat inspection should be borne by the product, probably is saying in effect that the cost will be borne by the producer.

The packers operate on a margin, and obviously are not going to absorb the cost. Packers will either pass the cost on to consumers or back to producers, and necessarily so.

Consumers are already grumbling about food prices, with just cause, and some interests are capitalizing on dissatisfaction with high food prices to spearhead a drive against the entire farm program and against national efforts to hold down prices generally. It is extremely doubtful whether consumers will pay increased prices to cover the cost of inspection under present conditions, and it is certain they will not as supplies come more nearly into balance with demand.

This may well mean that the costs of meat inspection will come out of the prices and income of farmers—the people who for many years in the past have had to subsidize consumers by taking prices and income below the parity level of fairness. This meat inspection is a small item of cost, but it can be one more fixed wedge between the price paid by the consumer and the price received by the farmer.

Until there is some way of distributing the cost of meat inspection as fairly as it is now distributed through taxation, we should support the inspection service by appropriations. Certainly, we should not force the farmer, who normally gets only a little over half of the consumer's meat dollar, to pay for this consumer service.

From the standpoint of public policy, there is a clear advantage in maintaining meat inspection through public appropriations. This method helps to assure the public high-quality service. If the service is maintained by fees paid by packers, they may—even though they pass the cost back to producers—acquire a feeling of proprietary interest in the service—a vested right to control or influence the service. We should keep our meat inspectors as free from both subtle and direct pressure as our customs inspectors and internal-revenue investigators. Meat inspection is, and should be, treated as an essential public service, paid for and controlled by the public, acting through Congress.

The amendment of the gentleman from Kansas [Mr. HOPE] should be adopted.

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

Mr. PRICE of Illinois. I yield to the gentleman from California.

Mr. HOLIFIELD. On the point at issue I would like to say that when the processors begin paying the salaries of the inspectors you are not going to have free and independent Federal inspection. I have seen that happen many times in State inspection with a number of State slaughterhouses.

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

Mr. PRICE of Illinois. I yield to the gentleman from Arizona.

Mr. MURDOCK. Mr. Chairman, I ask unanimous consent to extend my remarks at the conclusion of the gentleman's speech.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK. Mr. Chairman, I am apprehensive about any provision which will change our meat-inspection laws or practice. I know that during the recent war the safeguards of inspection were let down and that at the risk of the Nation's health we tried to make meat available to our people regardless of its sanitary controls and inspection. All of us must have regarded that as merely a temporary situation and hoped it would be very temporary. It may be that the provision as written into the bill might be satisfactory and effect some saving, but I am inclined to think that the saving is at too great a risk.

Several have spoken about the pride which the great packers take in their product, and argue that they would maintain the high quality under the proposed plan, but I am not sure in my own mind that such would be the case. I am old enough to remember some of the conditions prevailing at the turn of the century in the days when Theodore Roosevelt was President of the United States and before the passage of the Pure Food and Drug Act of 1906. In those days notable books were written, such as The Jungle, portraying the terrible conditions in the big packing plants, and indicating what a menace to the national health those conditions presented. We are thankful that President Roosevelt read some of that literature and took an Executive interest in cleaning it up.

No doubt the menace from animal disease and unclean meat products at that time was as great a menace to the national health as adulterated drugs or any other food product which Dr. Wiley later fought to eliminate. I cannot see how it would be possible to return to such a sad state of affairs, but I want nothing done in this bill that might lead to it. Therefore, as a measure of safety, I shall oppose this attempt at saving a little money at the risk of the Nation's health.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE.]

Mr. PACE. Mr. Chairman, on the merits of the amendment, the proposal is to let the packers pay the inspection fee, which means the consumers will have to pay it. Of course, when the money is paid by the United States Treasury the consumer is paying it; so there is not too much of a saving, as I see it.

I want to direct my remarks to the distinguished chairman of the committee. This is unquestionably, as he readily will admit, legislation on an appropriation bill. Is there any disagreement about that?

Mr. DIRKSEN. I am not too certain about that. I think that this might very conceivably be in order under the Holman rule, because while it is legislation, it provides for a reduction of expenditures on its face, and while I have sought no parliamentary ruling on it, I am not so sure that the point of order would lie.

Mr. PACE. The law expressly says now how the cost of this inspection shall be paid, you propose to change it and you are therefore changing the law. Assuming that it is legislation, which I think it is, the gentleman from Illinois stated that under the Reorganization Act the Senate committee was not even permitted to report out a bill with legislative language in it. Then when this bill reaches the Senate committee, this provision and other legislative language in the bill will be stricken out. It cannot be reported to the Senate with this language in it.

Mr. DIRKSEN. Let us clear that point. Very definitely not. The Senate has no authority to pass upon whether or not an item in a bill coming from the House is in order so far as that rule is concerned.

Mr. PACE. Using the words of the gentleman himself—and I am not trying to put new words in his mouth—he stated that under the Reorganization Act the Senate committee was not permitted to report to the Senate an appropriation bill containing legislative language. It therefore seems to me the amendment should be adopted, and this question should be referred to the Committee on Agriculture, where full hear-

ing can be held and proper legislation reported to the Congress as to the best method of handling these inspection costs.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, the gentleman from New York, who has been in the cattle business all his life, made the case against the pending amendment to strike this out. This is not unadvised action that we take. Is there anybody in this Chamber who believes that the committee on its own responsibility would undertake this action without careful consultation with the Department of Agriculture? Now, first let me make it emphatic that the committee did not draw this language. This language, may I say to my good friend from Colorado, was drawn in the Department of Agriculture by the budget officer in consultation with the Bureau of Animal Industry and with the Department Solicitor. That is where it comes from. Now, we had ample discussion with Dr. Miller and with Dr. Simms, the head of the Bureau of Animal Industry, and the testimony both on and off the record is quite clear. I asked Dr. Miller:

What fee do they pay, if any?

Dr. MILLER. No fee.

Mr. DIRKSEN. Is there any reason why they should not pay a fee?

Dr. MILLER. The only reason is that there is no requirement for them to pay a fee.

Then I asked him whether or not it could be done. He said:

Now, if, as a public policy, it is desirable to have the packing industry pay for the cost of inspection, we can administer an efficient inspection service under that plan.

There is no change. Not a single lay inspector will be changed. Not a single veterinarian will be changed. Not a single one of the 125 clerks will be changed, and there are some 2,986. All that will happen is the same service will be rendered that they render now. At the end of a quarterly period they will render a bill to the packer for the amount of service that has been rendered, and with respect to the observation made by the gentleman from California [Mr. HOLIFIELD], there is no subsidy in it. The Federal Government still pays these salaries. This is nothing else except a so-called capital account, as it were, with a fiscal-year limitation, and it is revolving in nature, so that the fees are taken in every quarter. These people are still under the discipline and still on the pay roll of the Department of Agriculture. There is no change.

It occurs to me that before all these bland statements are made on the floor that perhaps you ought to refresh yourself a little on the record and see exactly what is before us. Now, that is the whole situation in a nutshell. In addition thereto it will save $6,140,000 this year, and we will be able to recapture an additional $5,000,000 of capital account next year, so that there will be a saving from here on out of at least $11,000,000 or more every year for the Treasury of the United States.

There is one other element that ought to be included here. Do not forget the meat that goes abroad. The countries overseas have regulations, rules, or statutes under which no meat can be exported to their countries unless it is inspected. Out of the Federal Treasury we pay for the inspection of meat that derives to the benefit and the profit of the packers of the country as it is sent into every corner of the world. Should there not be some pay for it? That is no advantage to the Federal Treasury.

In addition, they maintain 7 laboratories. They conduct chemical and pathogenical tests. They have laboratories that work in the field of meat, oils, cereals, and curing materials. There is the whole story. We do it in some respects on perishable vegetables and commodities and there is a fee. On wool standards there is a fee. On cotton fiber there is a fee. On cotton standards there is a fee. On grain standards there is a fee. So this has been carefully worked out, and it is consonant with the fee system that applies to so many agricultural commodities today. Therefore I hope that the amendment to strike out this provision which will save money and put this burden upon those who have the advantage, without impairing its efficiency or efficacy whatsoever, will be voted down.

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

Mr. DIRKSEN. I yield to the gentleman from Utah.

Mr. GRANGER. It seems to me the gentleman is missing the point that has been raised, in my mind at least. It seems to me if the inspection is changed, of course the big packer——

Mr. DIRKSEN. The inspection is not changed.

Mr. GRANGER. This is what will happen if the people who pay the salaries change——

Mr. DIRKSEN. The Federal Government pays the salaries.

Mr. GRANGER. Just a minute. What will happen? The big packer can pay the fees and he will pay the fees, and he will be very diligent in seeing that everyone else pays these fees, but what it will mean in the long run is that the little packer, who cannot have an inspection of his own without this service, will simply be wiped out.

Mr. DIRKSEN. That question has not been raised with respect to $20,000,000 worth of fees that the Department of Agriculture collects. It may be that the distinguished gentleman from Utah thinks he knows more about it than do Dr. Simms or Dr. Miller, but we have some other ideas about it, and the Department of Agriculture thinks this will work out exactly as it is working out at the present time.

I suggest that the amendment be voted down.

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

The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE].

The question was taken; and on a division (demanded by Mr. HOPE) there were—ayes 83, noes 102.

Mr. HOPE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. DIRKSEN and Mr. HOPE.

The Committee again divided; and the tellers reported that there were—ayes 114, noes 124.

So the amendment was rejected.

The Clerk read as follows:

BUREAU OF DAIRY INDUSTRY

Salaries and expenses: For necessary expenses, including not to exceed $500,000 for personal services in the District of Columbia, in carrying out the provisions of the act of May 29, 1924 (7 U. S. C. 401–404), including investigations, experiments, and demonstrations in dairy industry, for carrying out the applicable provisions of the act of May 9, 1902 (26 U. S. C. 2325, 2326 (c)), relating to process or renovated butter, as amended by the act of June 24, 1946 (Public Law 427), and the act of May 23, 1908 (21 U. S. C. 94 (a)), insofar as it relates to the exportation of process or renovated butter, $1,011,000.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 27, after line 12, insert a new paragraph as follows:

"For repair of buildings, fence, electric line, and feed bunk, recently damaged by tornado at dairy field station, Woodward, Okla., $5,300."

Mr. DIRKSEN. Mr. Chairman, the amendment is a committee amendment and speaks for itself. It is merely to repair damage done by a windstorm at a United States facility at Woodward, Okla.

Mr. CANNON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, here is a proposition unbudgeted, unsupported by the Department, and unwarranted by any precedent of the House.

We have had vastly greater national disasters. For instance, at Texas City the other day, in which the loss in life and loss in property was incomparably greater. If we start in making provision for compensatory relief for damages occasioned by every windstorm that blows, we are creating a precedent that will rise to haunt us for years to come.

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

Mr. CANNON. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. I assume the gentleman knows that this is a building that belongs to the Department of Agriculture at Woodward, Okla., and these repairs are for Government buildings at Woodward, Okla. They were blown down by a tornado. If the Government does not repair them and rebuild them, who would rebuild them?

Mr. CANNON. Mr. Chairman, there is ample provision here for repairs to all necessary damage to Government property. Of course, practically every time we have a windstorm a post office or other Government building is blown down or damaged. The proposition has not been presented to the Budget Bureau and the Department does not recommend it.

Mr. RIZLEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

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

Mr. RIZLEY. I yield.

Mr. DIRKSEN. This amendment was approved by the subcommittee. Obviously, windstorms and acts of God are not going to wait particularly upon legislative processes. Here are some dairy farms that have to be put into condition for use. If you want to leave them there, according to this ingenious argument of the gentleman from Missouri [Mr. CANNON], there is a chance to save $5,300, but they are going to be facilities that cannot be used. Certainly this work ought to be done because these are Federal buildings under the direction of the Department of Agriculture.

Mr. RIZLEY. The gentleman is exactly correct. I was amazed and astonished at the distinguished gentleman from Missouri [Mr. CANNON]; he surely must not have any idea what the facts are. These were Government buildings destroyed by tornado, some completely destroyed. Now he says they are going to practice economy by not repairing or rebuilding these Government buildings. I do not quite understand that philosophy or that argument.

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

Mr. RIZLEY. I yield.

Mr. JENNINGS. It occurs to me that my very good friends are straining at a $5,000 gnat and wanting to swallow a lot of million-dollar camels.

Mr. RIZLEY. I am sure the distinguished gentleman from Missouri is not objecting to this amendment simply because Woodward happens to be in my district and that I happen to belong to the Republican Party; I cannot imagine that is his reason for it. It is just hard for me to conceive the idea that he does not want to do anything about restoring Federal buildings destroyed by an act of God.

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

Mr. RIZLEY. I yield.

Mr. MORRIS. As I understand, this matter was considered by the committee; it was not just grabbed out of thin air.

Mr. RIZLEY. Of course it was not grabbed out of thin air. It is a committee amendment, based upon an itemized statement of actual damages caused by the tornado.

Mr. MORRIS. Certainly when a government project is destroyed or damaged, we should repair it.

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

Mr. RIZLEY. I yield.

Mr. RAYBURN. Is the gentleman sure he said loud enough that Woodward, Okla., was in the congressional district of the gentleman from Oklahoma [Mr. RIZLEY]?

Mr. RIZLEY. Yes; may I say to my distinguished friend from Texas, he understood the gentleman from Oklahoma correctly. Woodward is right in the heart of the great Eighth Oklahoma Congressional District, the outstanding agricultural district in Oklahoma; in fact, one of the outstanding agricultural districts in the United States.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was agreed to.

The Clerk read as follows:

National Arboretum: For the maintenance and development of the National Arboretum established under the provisions of the act approved March 4, 1927 (20 U. S. C. 191–194), including travel expenses of the advisory council, $436,900, of which not to exceed $350,000 shall be available for the acquisition of adjoining land, and not to exceed $2,500 may be expended for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574) as amended by section 15 of the act of August 2, 1946 (Public Law 600).

Mr. DIRKSEN. Mr. Chairman, I offer another committee amendment that relates to the same matter.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 30, after line 7, insert a new paragraph, as follows:

"Southern Great Plains Field Station: For replacement and repair of buildings, equipment, and supplies, utilities, fences, and other general repairs and clean-up operations from damages due to the recent tornado at Woodward, Okla., $45,600."

Mr. DIRKSEN. These, Mr. Chairman, are also buildings that were destroyed by the windstorm and must be replaced and repaired.

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

Mr. DIRKSEN. I yield.

Mr. McCORMACK. And these buildings were owned by the Government?

Mr. DIRKSEN. Owned by the Federal Government; yes.

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

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I would like to ask about the information relative to this damage. While this was considered in the subcommittee there was no evidence of any sort whatever and it was not presented to the whole committee. I would like to know from whence comes the information as to the extent and amount of the damage?

Mr. DIRKSEN. I can tell the gentleman because this was prepared in the Department of Agriculture. A seed house costing $15,000 was completely demolished; a machinery shed costing $7,000 was completely demolished. There was a seed cleaner dust bin demolished costing $500. That results in a total of $22,500.

Then there was a machine shed, four frame dwellings, a frame pump house, office building, frame soil house, and three metal bins; also a quantity of machinery and equipment, including tractors, grass seed clipper mills, binders, cultivators, and so forth; then there was office and laboratory equipment and seed and supplies, blown away or damaged by water, then a power line was destroyed and two transformers demolished; there was also the rebuilding of fences and tree removal, where trees had blown into the area.

The total amount was $50,900.

Mr. WHITTEN. The gentleman has answered my question. He does have the figures from the Department of Agriculture.

Mr. DIRKSEN. In the greatest of detail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was agreed to.

The Clerk read as follows:

Agricultural chemical investigations: For conducting the investigations contemplated by the act of May 15, 1862 (5 U. S. C. 511, 512), relating to the application of chemistry to agriculture; for the biological, chemical, physical, microscopical, and technological investigation of foods, feeds, drugs, plant and animal products, and substances used in the manufacture thereof; for investigations of the physiological effects and for the pharmacological testing of such products and of insecticides; for the investigation and development of methods for the manufacture of sugars, sugar sirups, and starches and the utilization of new agricultural materials for such purposes; and for the technological investigation of the utilization of fruits and vegetables and for frozen pack investigations; $511,500.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 35, line 16, strike out the period, insert a comma and the following: "and there shall be transferred to the Bureau of Agricultural and Industrial Chemistry, from Government surplus without compensation therefor, a certain parcel of real property of approximately one acre (consisting of lots 37 and 38 of Deal and Kreiser subdivision, and lots 24 and 25 of tract 728 in the city of Pasadena, Calif.), valued at approximately $15,800."

Mr. DIRKSEN. Mr. Chairman, this language appeared in the Budget but was inadvertently omitted from the committee print.

Mr. CANNON. Mr. Chairman, we have no objection to the amendment. It should be approved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

The Clerk read as follows:

Forest products: Experiments, investigations, and tests of forest products under section 8, at the Forest Products Laboratory, or elsewhere, $1,000,000, of which at least $11,050 shall be expended for research in the utilization of waste woods.

Mr. DAVIS of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Wisconsin: On page 41, line 21, strike out "$1,000,000" and insert "$1,555,000."

Mr. DAVIS of Wisconsin. Mr. Chairman, I am not unaware of the advice that is usually given to newcomers of this House that they should keep their eyes and ears open and mouths closed for a while, and while I have been here a little over 3 weeks I feel compelled, because of my direct concern with the slash in the fund for the Forest Products Laboratory at Madison, Wis., to speak up, and I do it reluctantly, because I have a great deal of respect for this subcommittee, and I am not unaware of the great respect in which the chairman

of the subcommittee is held throughout my own Middle West. But, I am prompted to do that, and particularly to take issue with the statement of the subcommittee in their report on page 21 that—

The work of the Forest Products Laboratory at Madison, Wis., has never enjoyed the high esteem of the committee or of the Congress. Much of the work pursued at this laboratory is academic or visionary in character and has not, in the opinion of the committee, given practical results consonant with the vast sums which have been applied over the years.

As a result of that feeling on the part of the committee they reduced the requested appropriation, which was in accord with their appropriation last year when the pay raise is taken into consideration, to the flat sum of $1,000,000. I cannot help but feel that this slash in funds is due to a misunderstanding of the practical value of this institution in my home State and the failure to understand the work that they have accomplished and that they are now accomplishing.

First of all, I think we all should know that Mr. George Hunt, the present director who took over not more than 2 years ago at Madison, is a sincere and practically minded research director. I am not familiar with what type of directorship this institution has had in the past. But, I am familiar with and I know personally the highly qualified gentleman who is director of this institution at Madison at the present time.

I would like to also call to the attention of this Committee the statement of my colleague, the gentleman from Washington [Mr. HORAN], a member of that committee, when he pointed out to the members of this subcommittee on page 138 of the hearings, as follows:

Mr. Chairman, they are all utilizing a part of our natural resources that otherwise would go to waste.

Any of you who live in the forestry areas and have seen the tragedy that beset their lands, where the part that could be used for good timber was cut and the rest of it was permitted to be spoiled, can understand very well the language of the gentleman from Washington on page 138 of those hearings.

Mr. Trayer, Chief of the Division of Forest Products, who testified before the committee, was asked to provide a summary of some of the completed projects of the Forest Products Laboratory at Madison during December 31, 1946. Mr. Trayer furnished to the committee, and they appear beginning on page 111 of the report, a list of 825 projects that have been completed by this laboratory. It was made plain that these projects are illustrative and not inclusive of all the projects that have been completed. Among them were a great number of wartime projects, such as packaging work for the Army ordnance. They reduced shipping damages in some cases up to 50 percent. In 1 year alone they reduced the lumber requirements by over 1,500,000,000 board feet, and instituted new packaging procedures. For the War Production Board, by establishing a pilot plant, they revolutionized the process of obtaining alcohol from waste wood products, something we needed badly in wartime and something that we got for almost nothing.

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

Mr. DAVIS of Wisconsin. I yield to the gentleman from South Carolina.

Mr. RIVERS. This laboratory at Madison, Wis., serves the entire United States on all products and is not confined to any one area?

Mr. DAVIS of Wisconsin. That is very definitely true. They have the assistance of seven other use stations for utilizing these products throughout the country, but they serve the whole United States.

Mr. RIVERS. They have saved this Nation countless millions of dollars.

Mr. DAVIS of Wisconsin. That is also true.

The wartime record can be shown to have continued during peacetime, and to have existed during peacetime prior to the war.

One of the things they have done is develop a process for the production of newsprint from lumber that could not be used for that purpose before. Over on the other side of the Capitol they are investigating the newsprint situation today. Would anyone here say that in view of that shortage the project for permitting this use is something that is visionary or something that is not practical?

I cannot help but submit to this committee as a whole, in spite of my respect for the subcommittee, that these projects have been neither academic nor visionary but they have been practical, and that they have returned to the people of America a thousandfold every dollar that has been invested. I hope this committee will see fit to adopt the amendment restoring the appropriation for this worth-while Government agency.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes, the last 4 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, I do not think anyone can say there was a mandate at the last election to cut the activities of this very important laboratory. This is the most important laboratory operated by the Department of Agriculture and the Forest Service in the whole Nation, to my knowledge. For the 6 years I have been in Congress we have been fighting, with help from all over the Nation, to maintain this important laboratory and others at places where the research for the improvement of forestry management and the improvement generally of forest products is carried on. In our activities we found a great need for the continuation of the activities of this laboratory. The gentleman from Wisconsin has told you very ably that this is not a sectional thing but a national thing. It serves the entire Nation. It has brought returns a millionfold to the taxpayers and those who are interested in the products of the forest. Nobody can estimate the value of this thing to the entire American people.

I hope that the Committee will not seriously object to this amendment. We would be wise indeed to make it possible for this laboratory to carry on with this very distinguished director, because I am confident if more of us knew more about it many more of us would be here defending and justifying its continued expanded activity.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, I subscribe to what our able friend, the gentleman from Wisconsin, and my distinguished colleague, the gentleman from South Carolina, have had to say about the importance of the Madison laboratory. Its work should be continued without reduction.

It may be that the people who are conducting experimental research in Madison need to have a fire built under them so that we can see more tangible results from their work. The commercial application of research and its value to the Nation's economy is its real justification. But the fact remains, Mr. Chairman, Madison is now engaged in highly important experimental work which should be carried through to completion as rapidly as possible.

At this time in our Nation's history, when reduced forestry resources threaten to become a more and more serious matter, we can ill afford to eliminate experimental work which may within a short time make it possible for us to utilize in industry many wood products not now being used.

As only one illustration, I have in mind experimentation which is going on in the utilization of scrub oak, gum, and poplar, which commercially are now considered to possess very little value.

Not only shall we find it necessary to use better methods for the maintenance and conservation of our forestry resources, but in addition we may have to depend largely upon these now virtually useless woods in the future manufacture of paper, fiberboards, and tannin. The Madison laboratory has in process important studies on these woods. During the war we used billions upon billions of feet of our finest timber. We must face the fact that our best timber is gone. Today we are cutting timber faster than we are growing it. We cannot indefinitely continue that process without getting hurt and hurt bad in this country. Our economy is too strongly dependent upon timber to neglect it.

The laboratory in Wisconsin, the largest of its kind, the one which is carrying on the most complete and comprehensive experiments on the entire subject of the utilization of forestry products, is in a position to make material contributions to the Nation, and I think it would be poor economy to limit its activity at this highly strategic period in its history.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, over the years the appropriations for the Forest Products Laboratory has received a great deal of consideration. May I say to my esteemed friend the gentleman from Wisconsin, in whose district this laboratory happens to be, that some years ago I went up to take a look for myself. I was sort of looking around at some of our agricultural installations and, frankly, I cannot disclose on this floor what I found. That does not apply to the present Director but to the previous Director. Subsequently, when we had hearings on the matter he came to Washington. He invited me to dinner. He wanted to talk to me. So I went to see him at the Metropole Club. He fairly wrung his hands and said, "What can I do? What can I do?" I said, "My friend, the best thing you can do is get on a train tonight and go back to Madison where you belong." So I took a look at some of the things going on there. I think the committee was charitable when they say so much is highly visionary and highly academic. Go through this whole list that they recite and they will give you a list as long as your arm of the things they have done. They have showed statistically that "the fiber cavities of wood do not change on swelling and shrinking for the average of many species." That is what they show. They have showed that "the relative humidity at which wood impregnated with aqueous solutions starts to shrink is determined by the relative vapor pressure over the solution."

Now, is not that marvelous? Our friend the gentleman from Missouri [Mr. CANNON] years ago used an expression when we were dealing with these regional laboratories, "We want no chemical curiosities." That is one of the things they are turning out—a lot of arithmetical, geometrical, chemical, and pathological curiosities. So they can fill this book with that sort of thing, but this committee wanted some results at the practical level. That is the reason we cut this down, because we thought it was a waste of funds.

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

Mr. DIRKSEN. I yield.

Mr. SIKES. Does not the gentleman realize that that type of information is essential in the manufacture of pulp and paper and synthetic products?

Mr. DIRKSEN. Yes; I realize that is just as necessary as knowing something about the stratosphere, but if it is not applied to some actual benefit for humankind then why maintain the laboratory? We have got enough scientists who are living in stellar realms today who find great delight in manufacturing equations of one kind or another, but the final test is, What does it amount to at the barnyard level? That is what we are interested in.

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

Mr. DIRKSEN. Yes; I yield.

Mr. RIVERS. That might be curious to you but it is not curious to somebody who knows something about growing timber.

Mr. DIRKSEN. Well, this is very serious with us.

The CHAIRMAN. The time of the gentleman has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. DAVIS].

The question was taken; and on a division (demanded by Mr. DAVIS of Wisconsin) there were—ayes 54, noes 81.

So the amendment was rejected.

The Clerk read as follows:

To enable the Secretary through the Forest Service to advice timberland owners and associations, wood-using industries or other appropriate agencies in the application of forest management principles to federally owned lands leased to States and to private forest lands, so as to attain sustained-yield management, the conservation of the timber resources, the productivity of forest lands, and the stabilization of employment and economic continuance of forest industries, and to carry into effect, through such agencies of the Department as he may designate, the provisions of the Cooperative Farm Forestry Act, approved May 18, 1937 (16 U. S. C. 568b) (not to exceed $660,034), and the provisions of sections 4 (not to exceed $83,700) and 5 (not to exceed $65,766) of the act approved June 7, 1924 (16 U. S. C. 567-568), and acts supplementary thereto; in all, not to exceed $809,500, of which not to exceed $54,636 may be expended for personal services in the District of Columbia; and not to exceed $30,000 for the construction, alteration, or purchase of necessary buildings, and other improvements: *Provided*, That in carrying into effect the provisions of the Cooperative Farm Forestry Act, no part of this appropriation shall be used to establish new nurseries or to acquire land for the establishment of such new nurseries.

Mr. SIKES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as one who spent considerable time before the Agricultural Subcommittee of the Committee on Appropriations, I want to express appreciation for the patience and uniform courtesy shown by the chairman and members of that subcommittee, during their hearings, and to commend them for the thoroughness of their deliberations.

I am extremely gratified that the committee has allowed the full amount of budget estimates in certain important items affecting forestry. I refer particularly to the appropriations for forest fire cooperation, for farm and other private forestry cooperation and for experimental forests and ranges. In the South we have very little public land and these cooperative programs of protection from fire and of technical aid to landowners are vital to progress in forest conservation. And our forests in turn are the lifeblood of many communities and industries.

However, other provisions in this bill which carry reduced appropriations for vital forestry services do not seem consistent with the needs for a program in keeping with the great importance of the Nation's forests. For example, the amounts provided for investigations in forest management, forest products, and forest resources carry in total, reductions amounting to $1,210,000 in comparison with the appropriations for fiscal year 1947.

New methods of turpentining trees developed under the forest-management investigations program have been of inestimable value to our naval stores industry. Further improvements are needed and any slowing down of progress now will be felt by thousands of people.

I am particularly concerned over the very heavy reductions for research in forest resources investigations. This is the item under which the widely recognized forest survey of the United States is conducted. We have had an initial survey in the South virtually completed and our industries found it of great value in planning their operations. I do not share the opinions of the committee as expressed in their report that this work is of little practical value and I am sure that many forest industries in the South share my feeling. We want to see this survey kept up to date as a basis for further planning.

Likewise, I cannot accept without comment the opinion of the committee that research in forest products as conducted at the Forest Products Laboratory is visionary. Here again there are in the South many recipients of the research results flowing from the laboratory who will not agree with the committee opinion or appropriation action. As only one important example, I mention experiments on the use of scrub oak in the manufacture of paper and board and the derivation of tannin from its bark. Thousands of acres in the South are producing this now worthless tree.

Other portions of the bill concerning research in agricultural crops show no such proportional reductions. This I am glad to see, but in the southeastern United States we have more forest land than cropland. And we have a lot of forest land that ought to be back in forest land. Our forests are depleted, and their production is low compared to what it could be. Over half the southern forests are in industrial or similar ownerships, both large and small, with the remainder owned principally by farmers. There is a considerable acreage in public forests and parks. Practical technical information is the most important tool that these owners can have at hand in operating their forests, and this tool is a result of research and investigation. I am greatly disappointed that forest-research services to our people will be weakened with the passage of this bill.

I am also disturbed over other provisions in the bill as they affect forestry. Total reductions approximating $16,000,000 for the United States Forest Service cannot be taken lightly at a time when national resources have suffered several years of intensified depletion during the war. We discovered during these years what shortages of a vital resource really means. Then they were primarily due to necessary diversion of lumber and other forest products to the war effort. All home-building and other activities forming a part of peacetime progress came to a standstill. This same thing could happen in the face of shortages due to scarcity, and forest resources are ever growing scarcer. Right now we are using timber faster than we are growing it, and our best timber is gone. If we do not take aggressive action to adopt and

implement a broad forestry program designed to rebuild this resource, we are asking for eventual return of public control of production, distribution, and prices such as we had during the war. These things can be avoided only when an abundance of resources are present. I want to see our economy stay free, but we must face the fact that the Federal Government must exercise leadership and pioneer in this matter of forest conservation if we are to really get on top of the job. There is considerable doubt in my mind that the Congress has ever supported forest conservation as fully as it should be supported. For these reasons I regret any retrenchment or any giving of ground in our public efforts to advance conservation in forestry. In fact, we could more properly be debating the amount of increased appropriations for this activity rather than confining our deliberations to reductions.

Mr. FLANNAGAN. Mr. Chairman, I move to strike out the last word.

FOREST DISEASES

Mr. Chairman, the committee cut $80,720 from the budget estimate of $440,000 for investigation of diseases of forest and shade trees and forest products, and methods of their control. The amount allowed, $359,280, appears on line 25, page 28, and lines 1 and 2, page 29 of the bill. In the report, page 16, under the heading "Forest diseases," the committee states that the $80,720 cut was that part of the fund heretofore "allotted for work on diseases of young natural stands and plantings (including white pine blister rust, chestnut blight, and rust of southern pines)."

Very little testimony appears in the hearings relative to the work covered by the $80,720 disallowed. Dr. Cullinan, Assistant Chief of the Bureau of Plant Industry, Soils, and Agricultural Engineering, of the Beltsville Experimental Station, was asked a few questions. His testimony begins on page 773 of the hearings. Evidently no one connected with the experiment station thought any of the projects were in danger, as there has never been any question about the fine work the Beltsville station has been doing in connection with the projects eliminated.

The work eliminated is essential if we intend to protect our forests which, as everyone knows, we are fast depleting. In 1909 our saw timber was 2,826,000,000,000 board feet. In 1945 the estimate was 1,601,000,000,000. This indicates that in 36 years we reduced our saw timber 44 percent. At present we are making terrific drains upon our saw timber. Last year we cut or destroyed 53,900,000,000 board feet of saw timber and against this the estimated growth of saw timber amounted to only 35,300,000,000 feet. Thus it will be seen we overdrew our saw timber account by 18,600,000,000 board feet.

Now, if we are going to stand by and see diseases ravage our forests—the chestnut blight has already killed all of our American chestnut trees—we are going to be right up against it for timber in a very short time.

I am not offering an amendment to restore the cut, because I think the proper way to proceed is for the Senate to bring in the scientists from Beltsville for examination. I am fully convinced if this is done the cut will be restored.

Our forest problem is becoming such a serious problem that we cannot afford to assume the risk of our forests being further depleted from diseases. We should do everything in our power to protect our forests.

Most of the projects that the cut eliminates are in their final stages. It would be absolute folly to discontinue the work at this time.

In the interest of preserving our future forests, it is important that the diseases which attack young trees be held in check. The Forest Service, National Park Service, Soil Conservation Service, State agencies and others depend on the Bureau for information on controlling the diseases.

In addition to devising better control methods, important progress has been made in developing hybrids of white pines resistant to white pine blister rust, of chestnuts resistant to chestnut blight, and loblolly pines resistant to fusiform rust. Further selections and testing are necessary before the varieties should be released for extensive planting. Discontinuance of the work would jeopardize the investment in these experimental plantings.

The forests of the future must develop from young trees. Diseases of young trees frequently prevent the growth of desirable timber stands and plantations. It is important to study these diseases to determine methods of controlling them, also to develop disease-resistant hybrids. The Forest Service, National Park Service, Soil Conservation Service, State agencies, and private owners, depend on the Bureau for assistance in controlling these diseases. The sudden termination of long-time research in this field not only disturbs cooperative arrangements with State experiment stations and other agencies, governmental and private, but also causes large losses resulting from discontinuing long-term investigations and breeding projects, and failure to prepare reports and publications relating to them.

The cut would eliminate 19 average annual positions and affect the work at 12 locations scattered over the entire United States. Since the work is part-time at 9 of the locations, the elimination of funds for the project will have the effect of curtailing important work on other projects. Altogether, forest disease work will have to be discontinued at 6 locations: Saucier, Miss.; Chico, Calif.; Flagstaff, Ariz.; Savannah, Ga.; Syracuse, N. Y.; and Glenn Dale, Md.

The disease investigations and research under this project which would be eliminated include:

First. White pine blister rust, including selection and propagation of pine and ribes resistent to the disease, $25,800.

Because of white pine blister rust, forest reproduction of white pines can now be attained only with costly control measures. So that future plantations of this important forest tree may be safe from the rust, several promising selections of eastern white pine resistant to the disease in initial tests have been developed by cooperative work with the Wisconsin Agricultural Experiment Station and the forestry school at Syracuse University. Further testing is needed before these strains should be released to Government, State, and private nurseries for large-scale propagation and distribution. On the Pacific coast, similar selections are being made of the sugar pine, and promising new hybrid pines developed by the Forest Service are being tested for rust-resistance. Assistance to other agencies is also being continued in the development of better methods for the control of blister rust.

Accidental introduction of white pine blister rust from Europe in about the year 1900 brought the gravest threat to the immensely important white pines of North America, the most important species in the United States being the eastern white pine, western white pine in the Northwest and California, and sugar pine in Oregon and California. While mature pines may be greatly damaged by the rust, the greatest destruction is to the seedlings and young trees which are girdled and killed by the disease. Forest reproduction of white pines in the presence of the rust is hopeless. The rust does not spread from pine to pine but goes from pine to currants—ribes—and from them back to pine. Discovery of this fact led to eradication of the alternate ribes hosts as a control measure.

Many of the essential facts concerning blister rust and its spread under different conditions of climate and host plants have been determined. We now need to intensify our work on the selection and propagation of resistant pines, so that future forest plantations may be safe from the rust. This work is well started. In cooperation with the Wisconsin Agricultural Experiment Station and the forestry school of Syracuse University in New York, several promising selections of eastern white pine have been made and have withstood intensive initial tests. After further tests these strains will be released to Government, State, and private nurseries for large-scale propagation and distribution. On the Pacific coast, this kind of work is being developed for the sugar pine and we are also testing the rust resistance of promising new hybrid pines developed by the Institute of Forest Genetics, United States Forest Service, Placerville, Calif.

Horticultural varieties of currants resistant to blister rust have been selected and are being tested at our northeastern laboratory at New Haven, Conn. This would revive a horticultural industry through providing rust-immune currant varieties that would not threaten the pines.

Experimental plots in Idaho, Washington, Oregon, and California are designed to improve the efficiency and lower the costs of present eradication methods. Where large amounts are being expended on control of infectious diseases, it is always justifiable to make reasonable expenditures for research to improve the control methods, especially as the disease spreads to new climatic areas and infects new alternate hosts.

All of this research would be discontinued.

Second. Chestnut diseases, including breeding, testing, and propagating blight-resistant hybrids, $28,530.

Extensive breeding and selection work has produced many disease-resistant hybrids and Asiatic strains which are being tested in forest plantings. They are also being tested for their tannin content, since a domestic source of tannin is vitally needed, especially during war when it has been a critical material. The blight-resistant chestnuts tested thus far have as high tannin content as disease-susceptible American chestnuts. Further testing is necessary before the varieties should be released for extensive plantings. Discontinuance of the work now would result in the loss of much of the investment in these experimental plantings.

The loss of the chestnut from the blight permanently reduced the productivity of millions of acres of forest land in the area east of the Mississippi River, as trees replacing the chestnut are of less value. Its multiple uses for lumber, tannin, nuts, durable posts, and poles made it invaluable for the farmers' woodlots. Extensive breeding and selection work has given us many disease-resistant hybrids and Asiatic strains now being extensively tested in forest plantings. Within a few years we expect to have sufficient data on their relative value to justify recommending certain ones to State foresters and for the public at large, for extensive forest plantings. To completely discontinue the work now when paying results are so near would result in the loss of much of the Government's investment in these widespread experimental plantings.

Tannin is strategically vital for production of sole leather in time of war. During World Wars I and II ships had to be diverted to bring tannin from Argentina and Africa. At present, blight-killed chestnuts, which will not last indefinitely, furnish over 60 percent of our domestic vegetable tannin. In case of another war some other domestic source of tannin is vitally needed. Blight-resistant chestnuts tested so far have as high tannin content as American chestnuts. In time, enough of them could be grown to serve as a living tannin stock pile. In view of the critical shortage of domestic vegetable tannins, testing of blight-resistant chestnuts and working them into our forests should be accelerated, not stopped entirely.

Chestnut orchards are important in limited areas in California and scattered plantings occur in Oregon, Washington, and Idaho. The few chestnut blight infections so far found have been eradicated in cooperation with these States. There is a good prospect that the disease could be kept under control at a low cost in that area, even though the orchards are mostly composed of the very susceptible European chestnut. Discontinuance of our part of this cooperative work may result in the blight becoming established in the Western States.

This country in normal times imports fifteen to eighteen million pounds of chestnuts from Europe, but the blight is spreading rapidly in Italy and in time this supply will be cut off. Blight-resistant chestnut trees distributed by this Bureau are producing good crops and give indications of being the basis for a large chestnut orchard industry in the Eastern States. Nut decays and other troubles need further study, especially in the Gulf States, but our cooperative work with the horticulturists looks very promising for this entirely new industry.

Third. Fusiform rust, brown spot, and pitch canker of southern pines, $11,960.

Thousands of acres of forest plantations and young natural stands in the South are now being ruined by fusiform rust of loblolly and slash pines—a disease totally different from white pine blister rust—and brown spot of longleaf. The fungi that cause these diseases have been determined. Good progress is being made in controlling these diseases by various methods developed for existing young stands and by testing resistance of pine strains for future planting. Southern pines furnish fully one-third of the domestic annual lumber cut; they also have great value as sources of pulp, ties, poles, cooperage, veneer, turpentine, and rosin. Virgin stands are almost gone; the future supplies depend on reproduction and new forests. In the South, 10,000,000 acres need reforestation, largely with pines. Upwards of 20,000,000 pines are being planted anuually on southern farms. The cut in funds would eliminate all of this research and would necessitate closing our field headquarters at Harrison Experimental Forest, Saucier, Miss.

Fourth. Dwarf mistletoe and other diseases of young natural stands, $9,380.

Dwarf mistletoes rank next to heart rots as a cause of loss in western coniferous forests, where they are a major factor in decreasing growth on millions of acres and are ruinous to the young forest reproduction. The House cut will eliminate the studies on determining the most practicable and efficient methods for mistletoe control so that these methods may be made available for extensive use by timberland operators, as well as cutting out all work on other diseases of young natural stands. Cutting mistletoe out of overstory trees improves them and protects the young reproduction by removing the source of mistletoe seed. In established plots we are studying the extent and frequency of mistletoe cutting required for control, and the conditions under which affected large trees should be harvested. When labor becomes abundant much work of this character will certainly be done by the large timber interests, including the national forests, State forests, and very extensive privately owned forests. There is a large demand for the information, and we should lose no time in determining the most practicable and efficient methods for mistletoe control so that these methods may be made available for extensive use by timberland operators.

BAMBOO DISEASES, $850

A previously unknown serious root disease of timber bamboo has been discovered during the past year in north Florida. Other diseases are impairing bamboo culture in South Carolina, Georgia, and Louisiana. Initial studies on these diseases have been made at the request of bamboo growers. Bamboo is being increasingly planted in the South for diversified uses, one of which is for the production of paper pulp. The growing bamboo industry needs expansion of the work on destructive diseases.

I hope the Representatives interested in protecting our forests from diseases will appear before the Senate committee and urge that the cut be restored.

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

Mr. FLANNAGAN. I yield.

Mr. GROSS. Can the gentleman name one single pest they have helped to eradicate?

Mr. FLANNAGAN. I certainly can.

Mr. GROSS. I wish the gentleman would name them.

Mr. FLANNAGAN. I refer the gentleman to the chestnut blight which came right down through his State and cleaned out every chestnut tree in Pennsylvania. They have developed at least six types of hybrid chestnuts at the experimental station at Beltsville which have stood up against the blight for over 20 years. They want to carry this experiment on for a few years more to determine which type is the right type with which to restock our Appalachian forests. That is going to take time.

Then I call the gentleman's attention to the pine blister rust. We have checked it. We are to the point now where we know how to eradicate it.

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

Mr. ALLEN of Louisiana. Mr. Chairman, I rise in opposition to the pro forma amendment. The appropriations in this bill for the Forest Service are not as large as they ought to be. From what has gone on in this House yesterday and today, it is very evident that any motion to increase the appropriations for the Forest Service would be voted down. I hope that when this bill gets over to the Senate the Members of that body who feel kindly toward the Forest Service will be able to restore at least some of the funds which have been reduced.

Mr. Chairman, I beg the indulgence of the House even at this late hour, when I know the Members are tired, to say a few words in support of the Forest Service. This House recently established a special committee to study the newsprint situation. There is a great shortage of newsprint in this country, and we get the most of our newsprint from foreign sources. During the war we greatly depleted our forests because of the great need for lumber. Even before the war, and for many years prior thereto, we have been very negligent about our forests. Many sawmill people cut out the timber with little or no thought of the future. In many instances seed trees were not left. Great stretches of country, especially in the longleaf pine section, have been nearly denuded of timber. It was certainly a short-sighted policy, and today we are experiencing the results of that policy. Erosion is taking place at a rapid rate. This causes accelerated water flow and it all adds up to more frequent and greater floods.

Mr. Chairman, I do not have time to further portray the results of our unwise use of the once great timber resources in this country. But the bright spot in the whole situation is that we have learned at long last that we must conserve our forests, that we must restore

our soils, that we must put back as much as we can the elements and natural resources which have been destroyed over a period of 50 years or more. A good many years ago this Nation embarked upon a plan of reforestation, upon a program of reseeding our denuded lands, conserving and restoring our soils, and the restoration of our natural resources in general. We have spent considerable money in that direction, but we are going to have to spend more. We must realize that there is just so much land in this country. We must realize the absolute necessity of growing forests for our children and those of future generations. It is plain good business to do so. It is unfair for those living in this age to continue to deplete our natural resources without making adequate provision to provide something for those coming after us. I therefore urge, Mr. Chairman, that more ample provision be made for the growing of timber for the future welfare and prosperity of the whole country and for the further conservation and restoration of the natural resources of our country. I hope that the Appropriations Committee in the future will make better provision for these great national needs for all the people than are made in this pending bill.

Mr. SMATHERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the majority leader and other Republican leaders are in a desperate position. Their very utterances, as well as their actions, evidence this fact. They—the eastern-dominated Republican Party—have already ignored the just claims of the great West and Northwest by the unjustifiable slashing they gave in the Interior appropriations bill. The eastern-dominated Republican Party is now doing the same thing to the farmers and the rural areas of our country. The Republican Party leaders do not tell the country that before he sent his budget estimates up to Congress, President Truman reduced the departmental requests by about $7,000,000,000. Their only cry, as stated by the majority leader, is that "There is stubborn opposition to every effort we make to cut the cost of government." I don't understand it that way. What we are opposing is the false economy of the Republican Party.

Real economy is one thing; false economy is another. I wonder if the people of the West and Northwest consider the sharp reductions in the Interior Department appropriations, which played into the hands of the utility barons, as real economy of false economy? I wonder if they consider what has happened to be in their best interest? I also wonder whether our farmers consider the sharp reductions in this bill as constituting real economy or false economy? Do they consider the blow which has been dealt them by this bill to be to their best interest?

The false economy of the Republican Party in the Interior appropriations bill was harmful to the West and the Northwest and also to the fishing industry of the country. The false economy of this bill is harmful to the farmers of America, to the school-lunch program, and is also harmful to our fishing industry.

The only economic groups who think they will benefit by these reductions are the big business interests of our country. They are the ones who have dictated and who are applauding the Republican false economy program—despite the fact that this false economy is a powerful factor in producing the business recession that now faces the country.

The people of the country might just as well wake up to what is going on in Congress. Eastern big business controls the Republican Party, and that means eastern domination of the Republican Party in Congress. Under the Republican Party, with this eastern domination, the Government is giving primary consideration to dollar values, with human values forgotten. Under the Democratic Party the Government gave, and properly so, primary consideration to human values, to the best interests of our people as human beings.

No, the issue involved in these drastic reductions is not real economy. The issue we are fighting is false economy.

The Clerk read as follows:

Flood control: For expenses necessary, in accordance with the Flood Control Act, approved June 22, 1936, as amended and supplemented, to make preliminary examinations and surveys, and to perform works of improvement, $500,000, including personal services in the District of Columbia, to be immediately available and to remain available until expended, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for flood control purposes: *Provided*, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated: *Provided further*, That allocations of funds for the fiscal years 1947 and 1948 for works of improvement on individual watersheds shall be in the respective amounts set forth in the Department's budget justifications to the House Appropriations Committee and shall not be decreased except as may be necessary by reason of a decrease in the estimates of available prior year balances.

Mr. HOEVEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am greatly concerned about some of the drastic cuts being made in this appropriation bill which are detrimental to agriculture. My record for economy in government speaks for itself. I am also quite sure that the farmers of America want economy in government and want savings made in the proper places. This appropriation bill, however, would seem to take the props from under agriculture in many instances. No one knows what the future holds for agriculture. It is the Nation's basic industry, and we, from the Midwest at least, have learned long ago that food for our people simply does not grow on trees. Just now we are being called upon to produce food and more food, not only for our own consumption but for the entire world. The farmer should be encouraged in the splendid work he is doing to feed the starving people of all nations. If we have another depression in this country we had better be sure that we have a foundation ready for agriculture on which to build and survive.

I want to make special reference to the elimination of section 32 funds which provides agriculture with money from custom receipts with which to maintain price supports under surpluses. Section 32 on which agriculture has depended all these years is now rudely jerked from under us at the very time when agriculture is facing the greatest surplus it has ever faced. All appropriations for this fund are eliminated under the provisions of this bill and, in my judgment, such action is ill-advised.

I also want to say a word about the cut in appropriations for conservation and use payments. This program has been carried on for a number of years, much of it during the time when agriculture was in real distress. The program was again specifically authorized by the Congress last year and, as a result, contracts were entered into with our farmers in good faith and now we find that under the provisions of this bill such contracts are being invalidated to the extent that the appropriations are not sufficient to carry them out. This is simply breaking a contractual obligation.

Last year the Committee on Agriculture, of which I am a member, sponsored the enactment of the Hope-Flannagan bill to carry on agricultural research. Appropriations for this service have also been drastically reduced in this bill. The program is still in its infancy and sufficient funds should have been provided to carry on this work to its fullest extent. If there is anything needed in agriculture today, it is research. I hope that sufficient money will be appropriated to carry on this splendid work.

I regret that I cannot agree with the Appropriations Committee on many of the items brought to our attention today. I only have time to mention a few. The Soil Conservation Service is most important. It should be carried on to the fullest extent and the Budget estimate for this service should be allowed. I realize, however, that we must pass this appropriation bill in order to carry on the necessary functions of government and only regret that this committee has seen fit to so drastically cut appropriations in so many instances. I, for one, want to speak out in protest on behalf of the Nation's farmers.

The Clerk read as follows:

Soil conservation operations: For carrying out preventive measures to conserve soil and water, including such special measures as may be necessary to prevent floods and the siltation of reservoirs, and including the improvement of farm irrigation and land drainage, the establishment and operation of conservation nurseries, the making of conservation plans and surveys, and the dissemination of information, $38,000,000: *Provided*, That no part of this appropriation may be expended for soil and water conservation operations in demonstration projects.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

KEEP SCS AS IS

Mr. Chairman, I have made quite a study of the work of the Soil Conservation Service people as they assist soil conservation districts. I have observed progress at close range. I have talked to hundreds of farmers in my congressional district, and to State agricultural leaders and county agents. I think I know a few things that all of you may not be familiar with.

Every one of the 14 counties in my congressional district is organized into a soil conservation district under Iowa State law. The Soil Conservation Service is giving technical assistance to each of these districts, and doing a magnificent job, too. The farmers need this help, and they want it continued and expanded. I know these farmers and their soil-conservation problems. And I know they, the majority of them, Republicans and Democrats alike, would be opposed to sharing the technical assistance they now receive with the new districts that are coming in. But I fear that is exactly what will happen even if we accept the full amount in the President's budget proposals. And so, with all of my congressional district organized into soil conservation districts I think I am in a position to make a few observations based on my personal experience and study.

There has been a lot of talk in the past 2 years that the Soil Conservation Service should be combined with the extension services of our land grant colleges, and that the latter should have charge of soil and water conservation work.

There are a lot of things wrong with this idea. I shall mention only a few of them. In the first place, the Extension Service is the educational agency for agriculture. It was set up for that purpose, and it wants to operate that way. I well remember the testimony of M. L. Wilson, director of extension work, during hearings on the 1947 Agriculture Department appropriation bill. Director Wilson, testifying on the farm labor program made it clear that the Extension Service would like to be relieved of the farm-labor program, so that all the colleges and those connected with them could all be put into the educational program. Director Wilson said that he thought all the extension directors in the States felt the same way; that too much of a load could not be put on the extension workers; that educational work was what these men were fitted for, and what they wanted to do.

H. C. Byrd, president of the University of Maryland, one of our leading land-grant colleges, said this in a speech last December in Chicago:

> If work experience means anything, I can say to you that in my opinion we have done a better job in Maryland than we would have done had the Soil Conservation Service been a part of the AAA or a part of any other unit of the Federal Department of Agriculture.

That is a direct quote from President Byrd of the University of Maryland. The Extension Service folks of the land-grant colleges, I am sure, feel the same way about it. They have got all they can do in the agricultural educational field—that is their job.

The Extension Service does have a big part to play in the soil-conservation program in their own field—that of education. In most States Extension is doing a good job in the field of conservation education which is necessary to prepare farmers for the technical help the Soil Conservation Service gives individual farmers through soil conservation districts. In fact, more educational work is needed in order to speed up the job of getting permanent conservation on the land. Dr. R. K. Bliss, who retired about a year ago as extension director at Iowa State College, made an inspiring soil-conservation talk over the radio on June 12, 1946. In this talk Dr. Bliss pointed out that soil conservation is Iowa's greatest economic problem. He said further, and I quote:

> What the program lacks is the educational and organizational drive to get everyone—farmers, schools, city people—all interested in soil conservation. This educational job falls largely on the Extension Service.

That is the way Dr. Bliss, former Iowa extension director, feels about this problem. So, you see, Extension has all it can handle in the field of conservation education. It is not equipped to deal with technical phases of an action program, nor does it want to do so.

I would like to quote once again from the Chicago speech of President Byrd. Dr. Byrd said:

> We must have a continuing, aggressive national agency devoted exclusively to the problems of land conservation. We have that now in the Soil Conservation Service. The job is too vital, too complex, and too basic ever to become a side line to another activity. We cannot permit the national job to be split into segments, or to be subordinated to a variety of other agricultural programs.

That is a direct quote from the president of the University of Maryland and I agree with him.

SCS ORGANIZATION SOUND

Now let me comment on another charge that has been made against the Soil Conservation Service which I consider to be unfair and untrue—and I think I can substantiate what I am about to say by facts from the record. The charge is that the Soil Conservation Service is a top-heavy organization, that its overhead is high. The Soil Conservation Service has one of, if not the lowest overhead of any agency in the Department of Agriculture. The Soil Conservation Service, more than any other agency I know about, has taken its job out on the land. It has consistently reduced its overhead year after year. I think it is an efficient agency, an economical agency. I only wish all the agencies of Government had half as good a record.

Iowa is one of the eight States in the upper Mississippi region of the Soil Conservation Service, with headquarters at Milwaukee, Wis. The other seven States are Indiana, Michigan, Ohio, Minnesota, Missouri, Wisconsin, and Illinois. In the regional office at Milwaukee, and in the eight State offices in that region, the Soil Conservation Service has a total of 291 employees, including clerical, accounting, budgeting, and purchasing personnel who perform functions required by law of all Government agencies. Of the 291 employees in the regional and State offices in these eight States, the Soil Conservation Service has 95 professional grade administrators, technicians, specialists, and supervisors.

I want to make it clear that I do not consider the Soil Conservation Service, with 95 professional and 196 clerical and stenographic regional office and State office employees in the same 8 States, is wasting the taxpayers' money with a top-heavy organization. I am convinced the Soil Conservation Service is streamlined for an efficient job, that it has the bulk of its personnel—86 percent of its employees by Department and Budget Bureau overhead standards, to be exact—out in the field offices to serve the people on the land. In fact, if you consider that practically all of the professional employees in the regional and State offices contribute valuable specialized technical assistance in the field and not in an office—the real overhead—administration and facilitating service—of the Soil Conservation Service is nearer 6 percent than 14 percent.

The Soil Conservation Service operates efficiently and economically—more so than any other agency in the Department of Agriculture. It is not a top-heavy organization. In reality, about 94 percent of their employees are working directly at the job of getting a permanent conservation program established on the land. We must not hinder this all-important program which the Soil Conservation Service is carrying on so effectively to conserve the precious soil of America.

The Clerk read as follows:

> For expenses necessary to enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U. S. C. 590g–590q), and the provisions of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1281–1407) (except the provisions of sections 201, 202, 303, 381, and 383 and the provisions of titles IV and V), including personal services in the District of Columbia; not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; $165,614,290, to remain available until December 31, 1948, for compliance with programs under said provisions of the Agricultural Adjustment Act of 1938, as amended, and the act of February 29, 1936, as amended, during the period July 1, 1946, to December 31, 1947, inclusive: *Provided*, That not to exceed $15,000,000 of the total sum provided under this head shall be available during the current fiscal year, for salaries and other administrative expenses for carrying out such programs, but not more than $1,950,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": *Provided further*, That payments to claimants hereunder shall be made upon the certificate of the claimant, which certificate shall be in such form as the Secretary may prescribe, that he has carried out the conservation practice or practices and has complied with all other requirements as conditions for such payments and that the statements and information contained in the application for payment are correct and true, to the best of his knowledge and belief, under the penalties of the act of March 4, 1909, as amended (18 U. S. C. 80): *Provided further*, That none of the funds herein appropriated or made available for functions assigned to the Agricultural Adjustment Agency pursuant to the Executive order (No. 9069) of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State or county information employees, but this shall not preclude the answering of inquiries or supplying of information to individual farmers: *Provided further*, That no funds shall be available for salaries or other administrative expenses in connection with the formulation or administration of any 1948 program of soil-building practices and soil- and water-conservation practices, under the act of Feb-

ruary 29, 1936, as amended, or programs under the Agricultural Adjustment Act of 1938, as amended, except those pertaining to marketing quotas under the latter act: *Provided further*, That the Secretary may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of said office in auditing payments under this item: *Provided further*, That such amount shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary in the 1947 program under said act of February 29, 1936, as amended: *Provided further*, That the Secretary is authorized and directed to make payments to farmers who complied with the terms and conditions of the agricultural conservation programs, formulated pursuant to sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, if the Secretary determines that, because of induction into the armed forces of the United States, such farmers failed to file, or were prevented from filing, applications for payment under any such program during the period the applicable appropriation for such program was available for obligation, such payments to be made out of the unobligated balance of the appropriation, "Conservation and use of agricultural land resources," in the Department of Agriculture Appropriation Act, 1946: *Provided further*, That an application for payment on the prescribed form is filed by any such farmer (or the person entitled to payment in case of death, disappearance, or incompetency of the farmer under regulations issued pursuant to section 385 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C., 1940 ed., 1385)) within 1 year from the date of his discharge from the armed forces, or by December 31, 1947, whichever is later: *Provided further*, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the act entitled "An act to prevent pernicious political activities," approved August 2, 1939, as amended, or who has been found in accordance with the provisions of section 6 of the act of July 11, 1919 (18 U. S. C. 201), to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels: *Provided further*, That where farmer participation in the program in any State, region, or area is not sufficient to require the full amount of the money apportioned thereto any such sum or sums in excess of such requirement shall be reapportioned to States, regions, or areas whose original apportionments have not been sufficient to meet such requirements.

Mr. CANNON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON: Page 48, line 26, strike out "$165,614,290" and insert in lieu thereof "$300,000,000."

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield for a moment to see if we can agree on time?

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

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto and amendments to this paragraph close in 30 minutes, the last 10 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. WHITTEN. Mr. Chairman, reserving the right to object, may we see how many Members want to talk on this?

Mr. DIRKSEN. The matter has been discussed in general debate and elsewhere and I think the membership is quite familiar with the issue.

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, I have not been able to speak and I should like to address myself to this matter for at least 5 minutes.

Mr. DIRKSEN. The chairman of the committee has not had an opportunity either, even in general debate.

Mr. CANNON. Mr. Chairman, may I inquire of the gentleman, that applies only to the pending amendment?

Mr. DIRKSEN. And all amendments thereto.

Mr. CANNON. And not to any further amendments?

Mr. WHITTEN. Mr. Chairman, I feel I must object in that there are several amendments I know will be offered and from the number of Members who want to speak this will leave approximately 1 minute each.

Mr. DIRKSEN. Mr. Chairman, suppose we agree to run on for a little while, then see if we can limit time. I withdraw the request.

Mr. CANNON. Mr. Chairman, it is only in recent years that the country has become conservation conscious. Even at that we are a little late. But we are beginning to realize belatedly that we must conserve what remains of our natural resources. Much of our wildlife is already gone and can never be replaced, and millions of acres of arable land have been so depleted and eroded that it can never be reclaimed.

So, at this late date there is a feeling throughout the country that we should conserve what resources still remain.

Our basic resource is the land. Everything goes back to the land. We must produce from the land the food and the raw materials and the fiber upon which every industry in the country is dependent. It takes 100 years to make one inch of soil, and during the war years we have ruined our soil, we have drawn upon it as never before. In response to this thought-producing situation we passed in the last Congress an authorization for a $300,000,000 program of conservation, one which met with general approval on both sides of the House, and in both Houses of Congress.

Under that authorization the Department of Agriculture has announced this program, and a large percentage of the farmers of the Nation have entered into what they believe to be binding contracts with the Government, and most of them have performed what they conceive to be their part of the contract.

This program is of special interest to the small farmers. Out of the 3,404,126 farmers who have participated in the program, 2,746,951 will draw $100 or less than $100, and nearly half will draw less than $40.

It is the small man who has a stake in this program, the man who is not able to finance his own conservation unless specially encouraged. It especially applies to the rented farm.

Here is a long-time program under which we preserve the basic fertility of the soil. It has been remarkably successful. Concurrence in the committee report, eliminating entirely the 1948 program and cutting down to $150,000,000 the appropriation for the current program, means that the Government will be able to pay these farmers less than 60 cents on the dollar.

Mr. Chairman, we cannot repudiate the Government's obligations in that irresponsible manner.

Mr. HORAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hear one of my colleagues asking what the amendment is. The amendment is to increase the amount of payments on what is sometimes referred to as political conservation rather than soil conservation from $165,000,000 to $300,000,000.

I think it is significant that we have already passed the part of the bill which applies directly to the conservation of the soil. Being a farmer, I believe in the conservation of soil as only a farmer can, but I believe I have a moral obligation to myself and to my neighbors and to society in general to take care of that soil myself. No one pays me for taking a bath, but it is good for me. It is good for the farmer to take care of his soil himself.

We have passed the section dealing with Soil Conservation Service, and we approach the Production and Marketing Act, in the first paragraph of which is an amount for soil-conservation payments. We are not talking about soil now, we are talking about payments out of the Federal Treasury. All of the breast beating and the crocodile tears we are going to have today are not over conservation of the soil, they are over the political payments to those who comply.

In his budget message to us earlier this year the President of the United States said:

> A year ago the budget message recommended gradual reduction of these payments, and that recommendation is now renewed. More than 60 percent of the total payments go to about one-eighth of the Nation's farmers. Most of this money, thus, is being paid to a comparatively small number of farmers, who, because of their strong position in American agriculture, would undoubtedly continue the best farm-management practices without the persuasion of a bonus from the Treasury.

I subscribe to that part of the President's message.

> We should shift our effort from this kind of subsidy to providing technical guidance to all farmers for soil conservation and management along the lines of the Soil Conservation Service—

The section dealing with which we have just passed without objection—

> and the Extension Service—

Which this committee did not dilute in any fiscal manner.

The President of the United States concludes:

I therefore propose that the appropriation act limit the conservation and use program for the crop year 1948 to $200,000,000 instead of the $300,000,000 program to which we are committed for the crop year 1947. This will not affect expenditures materially until the fiscal year 1949.

I have read from the committee report, page 6.

On all of those commitments or contracts to which the President refers there was small print which said that this was dependent upon the money being appropriated, and the commitments referred to by the President were made on that basis. I submit that in this debate upon which we are now launching we should restrict our arguments not to the conservation of the soil, which I do not think is debatable, but to the matter of political payments out of the Treasury for practices that any good farmer ought to follow. As the President himself points out, 60 percent of these payments go to one-eighth of the Nation's farmers.

The table below outlines some very interesting facts regarding AAA payments:

[Based on 1945 and 1946 program]

Size of payment to individual payee	Number of payees	Percent of total	Payments		Percent of payment proposed 1947	Amount
			Amount	Percent of total		
$0 to $60	2,150,602	63.17	$55,844,000	22.08	100	$55,844,000
$60.01 to $100	596,349	17.52	45,461,000	17.98	75	34,095,750
$100.01 to $500	616,098	18.10	107,584,000	42.55	50	53,792,000
Above $500	41,077	1.21	43,960,000	17.39	25	10,990,000
Total	3,404,126	100.00	252,849,000	100.00		154,721,750

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

Mr. HORAN. I yield.

Mr. COOLEY. Does the gentleman regard these payments as political payments rather than real soil-conservation payments?

Mr. HORAN. I am afraid that I will have to because they are not large enough to conserve a farm and the farmer still has to use his own best judgment to conserve his soil.

Mr. COOLEY. The gentleman's committee provided $165,000,000 for this.

Mr. HORAN. We provided that in our best judgment to carry out the practices for 1947.

Mr. COOLEY. If the gentleman regards these as political payments, why did he allow $165,000,000 to come out of the taxpayers' pockets for something that he considers a political purpose rather than a soil-conservation practice.

Mr. HORAN. Simply because it was pointed out to us that the commitments had been made.

Mr. COOLEY. All right; but if political commitments were made, certainly the Republican Party is not interested in keeping political commitments. The commitment was for $300,000,000.

Mr. HORAN. The commitment was for what we estimated the amount to be and we felt it should be carried out.

Mr. HOBBS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one thinks any more of WALT HORAN than I do or appreciates the value of his services more. I am sure the statement he has made here today is based not upon the knowledge he has of his own business, which is apple growing, or pear growing, but upon his ignorance of the soil-conservation practices for which the payments are made. If my good friend, WALT HORAN, could go down to the grass roots and see the purposes for which these payments are made and see the cost to the farmer who gets these payments he would see that practically none of these payments are not earned. When you are planting nitrogen in our soil by cover crops, is that political? It is preserving the soil in the best possible natural way. It costs money to earn these payments from the Government.

It has been slurringly charged here that these are political payments. Gentlemen, I assure you nothing could be further from the truth. If you want these soils destroyed; if you want millions of little farmers—who simply have not the initial cash outlay necessary to sow these soil-building, soil-enriching cover crops without this Government investment promised by law—to be compelled to cease these soil-conserving practices, then go right on and vote your pledged word to these farmers who relied on it. But you cannot repudiate this honest debt by killing this amendment and escape the righteous condemnation which always follows such fraud.

I want to read to you from last year's RECORD when our former distinguished colleague, Judge Tarver, of Georgia, offered a committee amendment unanimously adopted by the Subcommittee on Agriculture—if my information be correct—for this $300,000,000 pledge. It is our promissory note. He said:

Mr. TARVER. Mr. Chairman, I am presenting for the consideration of the Committee of the Whole the question to which I made reference a few moments ago. That is, whether or not you are going to authorize for the crop year 1947 program, $300,000,000. I am presenting it in language which is so definite in character as to admit of no misconstruction. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

But if you want to fix it definitely and in such form as to enable the farmers of the country to rely upon it implicity so that even the Bureau of the Budget cannot disregard it, then adopt the amendment which I have offered.

I may say that I have submitted this amendment to the members of the subcommittee and it is, therefore, offered as a committee amendment, since it met with their approval.

I hope the amendment will be adopted.

So, it is perfectly clear and beyond question, that it was last year when you were free to make the unwise cut now made, that you should have made it for the crop year 1947. Nor can you attempt to palliate your repudiation today of your appropriation of March 8, 1946, by saying that you did not understand the significance of that pledge made 14 months ago. Judge Tarver warned you then, in language too plain to be misunderstood, not to make the pledge unless you meant it. He challenged you then: "It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure." You cannot misunderstand that. You did not then. You do not now. The issue now presented by the pending amendment is stark clear. It is: Shall we repudiate our promissory note, signed, sealed, delivered, acted on by millions of American constituents in good faith ever since? Or to phrase it another way: Shall we pay our honest debt?

Today we are writing the appropriation bill for next year—the fiscal year 1948. We have a perfect right to write our pledge for the 1948 crop-year program at $300,000,000, or for half that sum, or nothing. But whatever amount we pledge, we should redeem to the dollar by appropriate provision in next year's appropriation bill.

So I am here in honesty and good conscience, never more serious in my life, to say that we have no moral right to fail to pay the promissory note we wrote in last year's appropriation bill and upon which three-quarters of the farmers of this Nation have acted in good faith and spent at least 80 percent of the money that Uncle Sam promised them to improve their land, plus their sweat and blood that went in, in addition, in the faith they had in the integrity of the Government and its pledged word—the law we wrote and made a statute. So if you wish to reduce such payments for succeeding years, then go ahead. Slaughter the whole program, if you wish. That is within your moral right, but you have no moral right to fail to pay, now that it has matured, your promissory note that you wrote last year for $300,000,000. If you want to continue at that same level, it is the best money you can invest in the future of this Nation.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. HOBBS] has expired.

Mr. TEAGUE. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE. Mr. Chairman, the budget reductions recommended by the

Appropriations Committee for the Department of Agriculture concerns me a great deal. It should concern every individual in this country for all of us, particularly those living in metropolitan and industrial areas, are entirely dependent upon the farmer for the maintenance of our specialized type of economy. We have only to look about us to the other less fortunate nations to see this fact. England's food situation is desperate. She, along with India, China, Italy, Greece, Germany, and various other nations, is sorely faced with the effect of the population pressure upon the land, and the inability of their own agricultural resources to provide adequate sustenance for their peoples.

Our population has now reached 141,000,000 and the population is continuing to increase at a rate of about one-half million people each year. Our position as the world's wealthiest and most powerful nation is, in a large measure, to be attributed to the ability of the farmers and ranchers of this country to adequately provide food and fiber in such abundance that we have been able to maintain one of the world's highest standards of living.

World War II is not too far back in our memories for many of us to recall the narrow margins by which we escaped serious food shortages. By no means is it so far back for all of us to recall the large quantities of food produced in this country for our allies. Few of us realize, however, that crop yields per acre harvested during the five war years—1942–46 inclusive—averaged a great deal more than during like periods in the past. Interesting comparisons are obtained by comparing yields during the 5 years, 1942 to 1946, with the 5 years, 1929 to 1933.

Here are a few comparisons: Corn yields increased 42 percent, grain sorghum yields increased 25 percent, feed grain yields increased 33 percent, wheat yields increased 28 percent, cotton yields increased 42 percent, and hay yields increased 19 percent. These figures are increases in yield per acre harvested, acreage increases during the war years not withstanding. These and other agricultural yield increases account in no small measure for the difference between victory and defeat in World War II. These yield increases cannot be attributed entirely to good weather or ideal production conditions, for the increases are not spectacular wartime increases. A study of the statistics reveals that they are a result of sustained year-by-year increases in efficient production.

These gains were made through years of effort and experience of good farmers, through years of research and educational services by the Department of Agriculture, our State colleges, our experiment stations, our Extension Service agencies, and through our soil-conservation programs. These gains represent dividends from the Government's continued investments in good farming and contribute immeasurably to the maintenance of our complex type of economy. To discontinue or to arrest the continuity of this work will constitute a disservice not only to farmers but to our entire population of this and future generations by endangering our continued effort to keep agricultural production ahead of our population increases.

There has been a considerable amount of half truths spoken and written in recent weeks concerning price support programs to farmers and its alleged contribution to the current high costs of living. Actually few agricultural commodities are supported or have been supported during the period since the end of the fighting. To be sure, prices have increased for practically all commodities, but such increases are inevitable during periods of prosperity. High incomes, widespread employment, and high rates of production mean rapid movement of merchandise, rapid rates of circulation of money, increased buying power, and a heavy demand for goods and services. But farm prices have not increased at a disproportional rate compared with nonfarm prices.

Let us consider a few facts that are revealed in the recent publication of Agricultural Prices, a monthly publication of the Department of Agriculture. Wholesale prices doubled between the 1935 to 1939 period and April 15, 1947. Retail prices for food also doubled. Farm prices, prices received by farmers, increased two and six-tenths times the 1935–39 average and the farmers' cash income from marketing increased two and seven-tenths times. The farmers' costs, or prices paid, including interest and taxes, increased one and eight-tenths times the 1935–39 average. The ratio of prices received to prices paid, including interest and taxes, but excluding the farmers' labor costs, increased only 40 percent. His wage bill, as represented by the index of farm-wage rates, increased three and three-tenths times the 1935–39 average. Weekly factory earnings had merely doubled during this same period. The farmers' income is somewhat enhanced by a 13-percent increase in the volume of farm marketings, but marketings of nonfarmers has increased considerably more than this.

The farmers' economic position undoubtedly is better than in the 1935–39 period and I am sure we are all glad that it is. But his improved financial position is partly accounted for by his production of much of his own household food requirements and because he can be and is more frugal. But his apparent financial condition must be partly discounted by the fact that he has yet to replace much of his farm equipment, the production of which was curtailed during the war period.

According to the marketing and transportation situation reports of the Department of Agriculture, the public is still spending about 23 percent of its more than doubled annual income for foods. Had the people of this country purchased the same quantities of foods in 1946 as they purchased per capita during the 1935–39 period, their expenditures for food would have declined from 23 percent to 17 percent of their income. The difference between 17 percent and 23 percent, or 6 percent of the public's food bill, I assume, must be attributed to increased quantities of food purchased. A high rate of employment and increased wages has afforded more people better diets and a better living.

The position that this Government took with respect to obtaining the high wartime production for nonfarm sources required huge cash outlays and a heavy assumption of risks for capital investments and essentially guaranteed profits to the wartime producers of nonfarm items. The position it took with respect to farm production essentially was a guarantee against sudden price declines to protect the farmers' investments, not Government investments, in crops that took months—in some cases 14 to 18 months—to produce and market. Bear in mind the farmers' business turn-over, at best, is once or twice each year, while businessmen turn their stock several times each year. I dare say, the approach employed to obtain the agricultural production was and will be by far the more economical. Another 19 months remain for the Government to fulfill its obligations to the farmers. We, of course, must fulfill that obligation. Any abuses under the program should be brought to light and stopped, but we should not seek to penalize all farmers simply because minor abuses may be possible. Nor should we penalize the national welfare by the discontinuance, or retarding of research, educational and administrative programs that have so greatly contributed to our world-wide agricultural leadership.

The Seventy-ninth Congress laid the ground work for the enhancement of our agricultural leadership in the passage, by unanimous vote of both Houses, of the Marketing Research Act of 1946. This act, potentially, is the greatest positive piece of agricultural legislation passed by the Congress in many years. Thus far, however, it has been only a potentiality. Funds have never been appropriated so as to permit the Department and the State colleges to proceed to carry out the wishes of the Congress. We should not stand in the way of this program any longer. The time will come, altogether too soon, when the results of this program will be needed to facilitate the efficient movement of agricultural production to the urban consumers. Much can be done to enhance the value of our agricultural production—to farmers and to consumers—through the efficient placement of the products in the form and at the time and place people want and need those products. To delay this program further will tend to destroy a part of its value, for time is one of our more valuable assets.

A great deal of latitude is possible and feasible in the improvement of our marketing and distribution system. Continued pursuit of the solution of problems now affecting the system will enhance the value of our agricultural economy to the benefit of farmers, dealers, and consumers. Savings of food and fiber and their byproducts, and increased efficiency in the handling of these commodities and products means increased earnings to farmers and businessmen, lower prices and greater nutrition to consumers, and a greater wealth to this country. With conditions what they are

in the world today, the sooner we get started with this program the better it will be for all of us.

I am unalterably opposed to appropriation cuts in the Agriculture appropriation bill which would force the Government to renege on its promises to the agricultural producers. I believe that some savings can be made, but I do not want the heart cut out of the AAA conservation program or any other vital and necessary service just for the sake of reducing the budget. That is false economy.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if the statement in last year's bill and the statement by the Department of Agriculture to farmers that payments upon fertilizer and lime to be used upon that individual farmer's land will be made subject to the approval of the Congress and to appropriations by the Congress makes a contract, then I cannot understand English. As a matter of fact, I think it might be of interest to the Congress to know and to realize just for whose benefit this operation is. Frankly, I have never had a farmer in my district—and it is an agricultural district—favor this operation to me. I have had many of them oppose it because they do not believe in subsidies. But I found out the other afternoon, beyond dispute, just what is the source of this operation and the support for it. It is the fertilizer trust and the National Agricultural Limestone Association. Their lobbyist, a fellow by the name of Robert M. Koch, was around to see me the day before yesterday afternoon. He had taken a poll of some people in my district, and of Mr. DIRKSEN's district, and of Mr. PLUMLEY's district, and Mr. ANDERSEN's district, to find out how the farmers in those districts felt. I suppose these post cards were sent around to them by the fertilizer and limestone agents. He brought the thing in to indicate how strong the farmers were for it. I have not heard from a single one of them.

Now, I wonder, are we passing on a bill for the benefit of the farmers, or for the Fertilizer Trust and the Limestone Trust? It is about time we began to think about what we are doing.

Clearly, this item is for the benefit of the Fertilizer Trust and the Limestone Trust, and we ought to wake up and realize just exactly what it means. Why, the gentleman went so far as to indicate that if there was opposition to this, they would be able to see that none of these farmers voted the Republican ticket again. I am ready to meet that challenge. I do not believe the farmers in my territory are going to be run around by the nose by the Fertilizer Trust and the Limestone Trust. I do not believe that the Congress of the United States is going to be a tool of, and supine to, the Fertilizer Trust and the Limestone Trust; and I hope that in opposing this amendment the Congress of the United States will show its independence of the Fertilizer Trust and the Limestone Trust.

Mr. ALBERT. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma.

There was no objection.

Mr. ALBERT. Mr. Chairman, I hope the committee will adopt the amendment of the gentleman from Missouri [Mr. CANNON].

The enormous cuts in appropriations for the Department of Agriculture come as a shock to the American farmer who is being called upon now to feed the entire world. At no point in this bill are these cuts more disastrous than in the reduction of funds for the AAA program now administered by the Production and Marketing Administration. When appropriations were set at $300,000,000 for this item in 1946, a precedent was established, and in good faith the farmers have acted on that precedent. They depended upon it. Many of them have entered into commitments under it. Farmers performed their part of the bargain, and it is unfair that the Federal Government should repudiate its part of the program. Unless these cuts are restored, this is going to mean money out of the pockets of our farmers on matters that they have entered into in all good faith. In 1947 the farmers of Oklahoma were allotted $7,459,000 as Oklahoma's share of the $300,000,000 appropriation. Over 70 percent of these funds have already been spent. Increased interest in conservation has been so great that already many counties have spent all their funds. This is one of the finest programs ever authorized by this Congress. It is a program for America. It is a program to build up our own country. It is a program for the conservation of our soil upon which we depend for all the basic necessities of life. It is a democratic program largely carried out by the farmers themselves. In all respects its operation has been thoroughly American. I sincerely hope that the committee will restore the full amount of the budget estimates for the PMA. Next to our children, our soil is our greatest national asset. Yet, despite this fact, we find these enormous reductions in budget estimates, both in our triple-A program and in our program for school lunches which has been reduced from $75,000,000 to $45,000,000. In its action on the school lunch item in the deficiency appropriation bill, this Congress has emphatically expressed its position with respect to this valuable program. I sincerely trust that it will restore the full amount of this item which, compared to the amount of money we have spent to feed foreign countries, is almost negligible.

In rescinding all section 32 funds, the Appropriations Committee is saying in effect that although the advantages of tariff to industry are to be maintained, no offset will be allowed to the farmer. This action, in my opinion, will mark the beginning of an unfortunate precedent. I sincerely hope that the Committee will see fit to restore this item.

Many of the reductions in the estimates of the Bureau of the Budget contemplated in this bill relate to loans on which the Government has made a profit. This is certainly true of REA. This program is not a gift to the farmers; it is a profitable investment. Every dollar spent for this program is coming back to the Government with interest. In many sections of the country this program is in its infancy. In many counties in my own State and district, it is just getting started. In this bill we are saying to farmers in such areas that they are not entitled to the benefits which have already been extended to farmers in many other sections of our country. The farmers are prosperous, and in times of prosperity they desire to build up their farms and to enhance their value for the future.

Likewise, our farm-tenancy loans, which have been considered the highest form of risk, have already proved in practice that they are sound. This program benefits the small farmer, the tenant farmer. It is a program which is converting many sections of our country from that of farm tenancy to one of home ownership. It takes no persuasion to convince anyone that home ownership is the foundation of a stable democracy.

I trust that this House will not break faith with the American farmer. I trust and sincerely hope that we may be able to restore the drastic cuts which have been made in the budget estimates for agriculture in many particulars. We all want economy but not false economy, not economy which will cut the heart out of our farm program.

Mr. DIRKSEN. Mr. Chairman, I wonder if we cannot agree on a time to limit debate and whether Members who want to be heard just want to extend their remarks.

Mr. HARDY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARDY. Mr. Chairman, I am a farmer. I have been extremely close to the agricultural programs since 1933, and was chairman of my county AAA committee from its inception until in 1942 I was made a member of the State AAA committee, and subsequently chairman of the State committee. During the period from 1933 to 1945 I participated in most of the national conferences which developed the detailed operational programs provided for by the Congress. During much of this same period, I was president of the association of vegetable producers in my State, and served for many years as a member of the national fruit and vegetable committee of the American Farm Bureau Federation. I also served for a period of time as chairman of the Virginia Peanut Growers Committee.

One of the basic policies in existing legislation is concerned with the maintenance and improvement of soil fertility. The agricultural conservation program has contributed immeasurably to the resources of our soils and to the productivity of our national agriculture. In the appropriation bill last year, the Department of Agriculture was authorized to develop a program of agricultural conservation for the current year to the

extent of $300,000,000, to be appropriated by this Congress. I question the wisdom of so drastic a curtailment as is proposed in this bill. I do concur in the belief that producers generally are financially able to bear a much greater proportion of the costs of conservation practices than they are now doing. I believe the authorization for next year can be substantially reduced without seriously retarding the constructive conservation that has been started, but I do not think it wise to completely eliminate provision for sponsoring agricultural conservation in future years.

I do not think we can classify agricultural conservation as a subsidy to farmers. The protection, preservation, and upbuilding of our soil's resources is of extreme importance from the standpoint of national welfare. In spite of all our educational activities among farmers, and in spite of the tremendous amount of progress that has been made toward developing in them a consciousness of the necessity for protecting their soils, the time has not yet arrived when individual farmers, acting entirely on their own volition, will carry out conservation measures which are so necessary for the protecting of soil fertility, and for the assuring to our Nation agricultural productivity adequate for our needs.

From my long association with our various agricultural programs I am not convinced that the present Federal policy toward agriculture is the best policy to pursue in the indefinite future. I have some convictions with respect to changing our approach and eliminating the detailed involvment of the Federal Government into the production, habits, and procedures of individual farmers. I think we can avoid any semblance of regimentation, and simultaneously promote a sound agriculture in the best interests of our Nation. I am planning to offer certain suggestions of this nature for the consideration of the Agriculture committee.

Until we have improved legislation with respect to agriculture, I think it is incumbent upon us to utilize to best advantage, and as economically as possible, those facilities which are provided in existing legislation. I think it would be unwise for us to eliminate all our emphasis on soil conservation and believe we should approve this amendment.

Mr. TRIMBLE. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I am supporting an increase in the appropriation for soil conservation and for the Production and Marketing Administration for the reason that for generation after generation, we have been exploiting our soil—the greatest heritage which God has given to us and our children; and only recently have we begun to replenish that soil.

This is not alone the responsibility of the individual farmer, but it is the responsibility of the Government of the United States. Fundamentally, the stability of this country rests upon its soil. When that soil is depleted to such an extent that it will not sustain our economy, then we must go the way of the great nations of the past who neglected that great heritage and went into decay.

To deny these funds now, in my opinion, would be one of the greatest mistakes in judgment that the Congress of the United States could make. We are just beginning—the real surface of soil conservation has only been scratched. I think now, especially, when we are heading into a new period of world recovery when not only the fate of our own Nation but the fate of the world is tied up in whether or not the people of the world have plenty to eat and plenty to wear, it would be particularly tragic if we, the Congress, should recoil from our responsibility and affect a penny-wise, pound-foolish economy.

It is needless for me to stand here and argue to the Congress the merits of soil conservation. It would be childish indeed, because the benefits are well recognized, and the fruits of the program speak for themselves.

So I shall not take any more of your time, but my vote is for an increase in the appropriation.

Mr. MICHENER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is regrettable that so much politics has been injected into the nonpolitical subject of an agricultural appropriation bill. The Nation cannot survive without food and fiber. This food and fiber are and must be produced by agriculture. Yet it is apparent that there are those among us who are more interested in making this a political bill than they are in the well-being of and production on the part of the farmer and economy on the part of government.

Everybody concedes that during the last political campaign the Republican Party promised elimination of all possible waste and pledged itself to the strictest economy in the operation of government, including the Department of Agriculture. In keeping with this pledge, every item in the President's budget has been carefully scrutinized by a diligent subcommittee on agricultural appropriations. Weeks have been consumed in this study. The Department has been required to justify every request made in its budget. This has been an interminable job on the part of the committee. Be it remembered that the testimony in the hearings before this subcommittee was taken down in shorthand and is before us today for consideration. These printed hearings have been available for study by members generally. The volume consists of printed pages and is mute evidence not only of the painstaking care of the committee but also is proof that the cuts made in this bill are justified.

Yes, these printed hearings prove conclusively that cuts were not made with a meat ax, as alleged by some of the speakers. The whole Department, and all of the activities in the name of agriculture carried on by the Department, have been laid on the operating table and the parts of the organization unnecessary to efficient functioning have been eliminated. A reading of these hearings is conclusive proof that the delicate knife of the surgeon has been used; that there has been no meat-ax operation, and that only nonessential expenditures have been eliminated.

Mr. Chairman, there is a difference between essential things and desirable things. With a national debt of approximately $260,000,000,000 we must take stock of our resources and our ability to pay. We can all think of improvements in our homes and of desirable changes possible, but none of us would think of making these changes if in doing so we were marching directly toward bankruptcy. Our country must be kept solvent. There is a limit to the amount of money the taxpayer can contribute to government, and the people are demanding that the Congress recognize this fact, cut expenditures, balance the budget, provide for the payment of the national debt and proceed from here on out on a sound fiscal basis. Now this cannot be accomplished without more economy in government, and there is only one way to bring about this economy and that is by cutting and reducing every penny of outgo that is not absolutely essential at the moment.

Mr. Chairman, as I have told the House so many times, I represent one of the most productive agricultural districts in the country. Our activities on the farm are varied and there are few provisions in this appropriation bill that do not have a direct bearing on some part of agriculture within my district. Consequently I am vitally and earnestly interested. I want to do the right thing for my district. I realize, however, that the prosperity of the country and the well-being of the several congressional districts are dependent upon the national economy, and that it takes prosperity in all of the districts to make national prosperity. There are some cuts in this bill which do affect my farmers more than farmers in some other districts. Naturally these constituents do not want these cuts and have so advised me. However, I have faith in them, and when they consider the national picture I feel sure they will not ask for favors in their particular cases. The real trouble in bringing about economy in government is that, while each group and most individuals favor economy, yet all want the economy applied to the other fellow.

In popular vernacular it is not a question of "let George do it," but it is a question of "do it, but let George pay for it." It is just too bad that the honest, sincere, and conscientious effort of the Appropriations Committee to keep faith with the people and weed out wasteful and unnecessary expenditures is being made a political football. I feel sure that no one will accuse me of being offensively partisan in the consideration of any legislation. It is true that the Republicans, preceding the last election, did promise to reduce the number of Federal employees and to bring more economy to the Government. I thought that in this effort the cooperation of the Democrats could rightfully be expected. Apparently I guessed wrong, because up to this good hour, while this appropriation bill is being read for amendment, there has been a solid Democratic vote against practically every cut proposed by the majority. Yes; most of the Republicans

have voted for the cuts, yet partisanship has not so unanimously prevailed. There has not been a vote on an amendment where the Republicans voted on strict party lines. Indeed, the well-being of agriculture is not and should not depend entirely on the edict or strategy of any political party organization.

If a Member is convinced that a reduction is not justified and will injure rather than help the country, then he is doing wrong if he does not vote accordingly. On the other hand, if he responds to a crack of a political party whip, for political purposes only, then he is doing his country a disservice.

Mr. Chairman, I have given careful attention to the printed committee report I have gone through the bill. I regret that in my opinion the safety of our country requires the elimination of some worthy activities on the part of the Government for the time being; that is, I favor doing some of the things suggested in the President's budget but, under all the circumstances, am convinced that this is not the time. I know, as we all know, that when this bill goes to the Senate additional sums will be added, and that the final Agriculture appropriation bill will be a compromise between the views of the two Houses.

In voting for this measure, I am giving due consideration to the studied conclusions of the committee reporting the bill, which knows more about the details than the rest of the House can hope to know in the time which can be given for consideration.

In conclusion, may I beseech the Members to forget the center aisle which divides our seats politically? Let us think entirely of our responsibility to agriculture and the country at large rather than campaign issues in the 1948 election. Political strategy is all right in its place, but it is entirely out of place when dealing with a nonpartisan question upon which the very existence of the Republic rests.

Mr. DIRKSEN. Mr. Chairman, I would like to see if we can agree to a limitation of debate on this section.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 30 minutes.

Mr. BROOKS. Mr. Chairman, reserving the right to object, I have not spoken on the bill yet. Unless I can get 5 minutes I will object.

Mr. DIRKSEN. Mr. Chairman, the membership should realize that if everybody is going to be recognized on every amendment we are going to be here for a long, long time.

Mr. BROOKS. What is wrong about giving the farmers a break?

Mr. DIRKSEN. That sounds interesting, of course.

Mr. Chairman, I move that all debate on this section of the bill and all amendments thereto close in 40 minutes, the last 15 to be reserved to the committee.

Mr. CANNON. That is perfectly agreeable, with 15 minutes reserved to the committee.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

The CHAIRMAN. In order that there may be no misunderstanding the Chair will read the names of those seeking recognition at the time the motion prevailed: Messrs. ANDERSON of California, POAGE, BROOKS, WOOD, ALLEN of Louisiana, PACE, CASE of South Dakota, WHITTINGTON, and 15 minutes for the committee.

The gentleman from South Dakota [Mr. CASE] is recognized.

A MATTER OF HONOR

Mr. CASE of South Dakota. Mr. Chairman, whatever I shall say is not prompted by the Fertilizer Trust or the Limestone Trust. I do not think either of them operate in my congressional district or in South Dakota to any extent. What I shall say goes to the question of the moral obligation of this Congress.

In passing, however, in order that the country may know that the ranchers in my district earn their payments I wish to say that the great bulk of these payments go for building stock-water dams.

Mr. Chairman, the year I was first elected to Congress was 1936, one of the tough drought years in the northern Great Plains. In 1934, and again in 1936, I campaigned on the slogan "A dam, an irrigated garden, and some trees on every farm in western South Dakota." When elected, I pursued every honorable course to make that goal come true.

I proposed the use of the old resettlement grants to encourage water conservation. I supported the Water Facilities Act. I wrote the bill which was called the Case-Wheeler Act, or, more officially, the Water Conservation and Utility Act, to get double duty from relief dollars. I urged that the old triple A program place its emphasis upon actual water-conservation practices. I supported at every opportunity the building of stock-water dams as the logical conservation practice for these payments in my district.

And I have seen a transformation in the water resources on the ranches in my congressional district in the last 7 years.

In 1940, in my district alone, 8,040 dams were built on 7,746 farms or ranches. In 1941, there were 6,247 dams built on 6,101 farms. The program slackened a bit during the war because of labor and machinery problems, naturally, but still progress was made. And in 1946, the first postwar year, 7,788 dams were built on 5,831 South Dakota farms, of which 5,565 dams were on 4,178 farms in my congressional district.

Since the inception of the program in 1937, the first year I was a member of Congress, through 1946—10 years—there have been constructed a total of 57,812 dams on 51,147 farms in South Dakota, 70 percent of which are in the western half of the State, the so-called short-grass country. The dirt moved in building these dams totaled 76,194,754 cubic yards.

Along with this dam-building program went tree planting, rotation grazing, and contour stripping. I mention these things, Mr. Chairman, to dispel once and for all any idea that in my district the fertilizer trust has anything to do with the program, or that any such trust has anything to do with my attitude in this matter.

The people in my congressional district work for these conservation payments and these exist to show what they have done.

I will, of course, agree with anyone who says that good as any program may be, there may come a time when you cannot afford to put out the cash for it. If the time has come to say that we will not authorize a conservation-payment program for next crop year; that is one thing, and the sound-thinking people of my district will not complain if that is the situation. I have never seen the time, however, Mr. Chairman, when it was desirable to welch upon an obligation, either individually or nationally. And it is to that point I now address myself.

A year ago when this matter was before the House of Representatives the gentleman who was then in charge of the bill, Mr. Tarver, of Georgia, specifically called attention to the fact that there was language in the bill which proposed to put a ceiling upon the amount of these practices for which 1947 contracts might be entered into with the farmers. He called attention to the fact that that was a ceiling of $300,000,000. After directing attention to it he then offered an amendment and advised the House he was doing it so that it would in effect make the ceiling also a floor and permit the representatives of the Department to enter into contracts with the farmers on the basis of conservation practices amounting to $300,000,000.

The amendment specifically changed the language in the proviso of the bill with that avowed intent.

Mr. Tarver had called attention to what he proposed to do in advance of offering the amendment and then when he offered it did so in these words:

I quote from the CONGRESSIONAL RECORD for March 8, 1946, page 2081:

Mr. TARVER. Mr. Chairman, I am presenting for the consideration of the Committee of the Whole the question to which I made reference a few moments ago. That is, whether or not you are going to authorize for the crop year 1947 program $300,000,000. I am presenting it in language which is so definite in character as to admit of no misconstruction. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

But if you want to fix it definitely and in such form as to enable the farmers of the country to rely upon it implicitly so that even the Bureau of the Budget cannot disregard it, then adopt the amendment which I have offered.

I may say that I have submitted this amendment to the members of the subcommittee, and it is, therefore, offered as a committee amendment, since it met with their approval.

I hope the amendment will be adopted.

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

Mr. TARVER. I yield.

Mr. POAGE. I wish to see if I thoroughly understand the amendment. The bill as now written puts on a ceiling of $300,000,000 for next year.

Mr. TARVER. Exactly.

Mr. POAGE. As I understand it, if we adopt the gentleman's amendment, we have in effect

approved $300,000,000 for next year without either putting it up or down; in other words, it is a kind of floor as well as ceiling.

Mr. TARVER. That is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 62, noes 19.

So the amendment was agreed to.

Mr. Chairman, it will be noted that this issue was raised as specifically as the English language could raise it. The gentleman from Texas [Mr. POAGE] asked:

As I understand it, if we adopt the gentleman's amendment we have in effect approved $300,000,000 for next year without either putting it up or down; in other words, it is a kind of a floor as well as a ceiling.

Mr. TARVER. That is correct.

Immediately thereafter the chairman put the question and the amendment was adopted. The record is clear.

The representatives of the Department were entitled to lay out the program in the various States upon the basis of a $300,000,000 program for this crop year of 1947, and they did so.

Now, there may be some Members who can salve their conscience by saying somewhere, in fine print, upon the contract submitted to the farmer—there is some suggestion this thing might be changed by a subsequent appropriation of Congress—but my conscience permits no such evasion.

Under the language of the record as printed in the CONGRESSIONAL RECORD of March 8, 1946, I cannot go to the farmers and ranchers in my district who have engaged in contracts for the building of dams and who are now told, many of them, that under the cut proposed they will have to refund the money already received and paid for contracts for the building of dams into which they have already entered, and qualify the promise that was made by the House of Representatives and, Mr. Chairman, I do not propose to do so.

I shall vote for the pending amendment, as a matter of honor as I interpret the record.

(Under permission subsequently granted by the House, Mr. CASE of South Dakota appended the following table to his remarks:)

Dams and reservoirs, 1940–45

[Dirt in thousands of cubic yards]

County	1940	1941	1942	1943	1944	1945
Bennett	112.0	86.9	16.3	8.1	5.6	1.3
Butte	471.2	63.3	303.4	313.6	300.5	523.6
Corson	275.7	283.6	78.8	62.7	41.7	146.7
Custer	221.4	167.9	141.0	127.4	135.2	269.6
Dewey	418.4	470.0	161.4	181.7	191.8	233.2
Fall River	609.1	541.9	367.3	239.9	307.5	415.8
Gregory	247.7	188.4	260.7	155.7	151.3	189.8
Haakon	633.5	569.6	415.3	325.2	440.6	580.8
Harding	607.4	435.9	255.6	165.4	169.9	198.3
Jackson	200.8	177.7	203.8	139.1	131.3	240.2
Jones	104.4	411.1	153.1	332.4	360.8	701.0
Lawrence	30.3	11.7	20.5	18.1	45.8	61.0
Lyman	617.6	424.1	307.9	266.1	417.7	422.5
Meade	862.1	865.6	517.8	454.7	499.3	837.9
Mellette	408.1	359.4	263.2	264.5	267.1	436.3
Pennington	538.1	547.4	292.4	359.7	344.4	610.1
Perkins	353.6	447.4	211.0	205.1	124.8	325.0
Shannon	128.4	127.5	25.7	24.0	7.8	19.2
Stanley	294.1	375.4	283.2	230.2	318.6	356.4
Todd	161.4	123.8	21.8	32.4	25.9	73.2
Tripp	249.9	252.4	247.2	230.0	160.4	343.6
Washabaugh	163.1	80.8	24.8	26.7	17.1	36.9
Ziebach	612.3	546.5	306.0	337.6	233.1	227.2
Total	8,320.6	7,558.3	4,878.2	4,500.3	4,698.:	7,249.6

The CHAIRMAN. The chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, hesitant as I am to take the time of this House to again read the record to which reference has been frequently made, I cannot fail to ask each Member to read once more pages 2080 and 2081 of the RECORD of March 8, 1946. That is the record of this House when it considered this bill last year. A part of that record reads:

Mr. TARVER. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

"Committee amendment offered by Mr. Tarver: on page 48, lines 21 to 23, strike out all the language within the parentheses and insert in lieu thereof the following: 'amounting to $300,000,000, including administration.'"

Mr. TARVER. Mr. Chairman, I am presenting for the consideration of the Committee of the Whole the question to which I made reference a few moments ago. That is, whether or not you are going to authorize for the crop year 1947 program, $300,000,000. I am presenting it in language which is so definite in character as to admit of no misconstruction. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

But if you want to fix it definitely and in such form as to enable the farmers of the country to rely upon it implicitly so that even the Bureau of the Budget cannot disregard it, then adopt the amendment which I have offered.

I may say that I have submitted this amendment to the members of the subcommittee and it is, therefore, offered as a committee amendment, since it met with their approval.

I hope the amendment will be adopted.

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

Mr. TARVER. I yield.

Mr. POAGE. I wish to see if I thoroughly understand the amendment.

The bill as now written puts on a ceiling of $300,000,000 for next year.

Mr. TARVER. Exactly.

Mr. POAGE. As I understand it, if we adopt the gentleman's amendment, we have in effect approved $300,000,000 for next year without either putting it up or down; in other words, it is a kind of floor as well as ceiling.

Mr. TARVER. That is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 62, noes 19.

So the amendment was agreed to.

There may be Members who feel that they can escape responsibility for this commitment by citing the fact that the Department of Agriculture has always shown a suspicion of the promises of Congress and has put some fine-print provisions in most of the conservation contracts with farmers advising that the payments were contingent on congressional appropriations. I am not one of those who feel that I can break my promise on such a flimsy pretense. As a matter of fact, the Congress has given its solemn promise that the farmers would have $300,000,000 for soil-conservation payments during the crop year of 1947. The farmer could well understand the warning of the Department of Agriculture and still rely implicitly on the direct promise of the Congress itself. You and I made that promise. I am going to try to keep my promise. I wish that all of my colleagues on the majority side would join with the distinguished chairman of the Agriculture Committee and some 8 or 10 other Members who evidently respect their promise even in the face of party pressure. No one can read the record and seriously deny that this House did promise the farmers of America that they would have $300,000,000 for soil-conservation practices during the crop year of 1947.

We told the Department of Agriculture that they should work on a program of $300,000,000—not more and not less, but exactly $300,000,000. They have worked on that kind of a program and they have made promises to the States on that basis. The law required the allocations to be on the basis of $300,000,000. The money has been promised to the counties on that basis. The law we passed so required it.

So that those of you who do not understand this may know just how it works, I will give you an illustration from down in Texas, and it works the same way in every State. The $300,000,000 is first allocated to each of the several States. Then the State divides their allocation between the counties.

As an example, in Bell County, Tex., the county was allocated $129,200, to carry out the 1947 agricultural conservation program. Of this amount $110,656 had been obligated prior to May 24, 1947. Sixty-eight thousand three hundred dollars has already been earned. That is the farmers of Bell County have already done work which entitles them to more than this bill will pay.

In McLennan County, Tex., $140,600 was allocated for the 1947 crop year, and of this amount $110,589 had already been

earned on May 23. That means that if we break faith with these farmers and give them only the half of what we promised, which the committee proposes, it will not only be impossible to pay for the work that has been done but, in addition, those farmers are going to have to refund to the United States Government at least $30,000 that they had every right to believe was theirs. Nor will it be possible for any of the farmers of McLennan County who recently signed up to receive any payment at all for the practices which he carries out.

This means that the United States Government, instead of carrying out its promise to the farmers, is going to find itself in the position of an Indian giver, going around and taking from the farmers what it solemnly promised.

The chairman of the Appropriations Committee has suggested that this program is simply for the benefit of the sellers of limestone and of fertilizer. I feel that this is a very unfair and unfounded charge. No processor of fertilizer gets a dime out of the construction of a terrace. No producer of limestone makes any profit from the construction of a tank or stock pond. As a matter of fact, this charge simply could not be true in my section of the country, and I believe my section has done just about as much as any section in the way of soil conservation. As far as I know, there is not a ton of limestone sold in my district. Probably there should be, but our people feel that it is even more important to keep the soil where it is—to keep it from washing away. We use very little fertilizer. We should use more, but first we feel we must stop our soil from washing away. Maybe, when we have stabilized our soil, we will find ourselves using more limestone and fertilizer, but certainly for the crop year of 1947 the charges of the gentleman from New York are unfair and impossible.

Nor can I salve my conscience, as the gentleman from California does, by saying that it will be all right to break our promise because the farmers of California are rich. Unfortunately, my farmers are not rich. Unfortunately, even with present prices my farmers are making less than most factory workers. But if every farmer were as rich as the gentleman from California boasts his farmers are, it would not, as I see it, be any excuse for welching on our promise. If I sign a note, I try to pay it even if it falls into the hands of the richest man in Texas. I would hate to think that my Government was not as scrupulous in keeping its promises as I feel private citizens should be.

I have had no opportunity to discuss the merits of these payments. I feel that these payments have resulted in a real recognition of the importance of soil conservation. I feel that there is nothing more vital to the long-time welfare of our entire country than the preservation of our soil. I feel that it is clear that these expenditures are of tremendous benefit to our country. I think the bill should not only include $300,000,000 for the 1947 crop year, but it should also provide for a continuation of this worthwhile program. However, I cannot but fear that a committee or a party that will repudiate a solemn promise for 1947 can hardly be expected to give consideration to the needs of the future. Therefore, while I feel that this amendment should go further and make provision for a program for 1948, I shall enthusiastically support the amendment as being the very minimum that this Congress can do if it has any regard for the commitments of our Government.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I want to follow through a bit on what the gentleman from Texas and the gentleman from South Dakota have said. I think it is tragic to break faith with a large group of the population of the country. It is especially tragic to break faith with the farmers, and that is what I think they are doing. But just as important, in my opinion, Mr. Chairman, is the result to the country and to the world generally of this breaking faith with those who till the soil. I have already heard from one farmer in my district who is disturbed about commitments that he has already made. He was out in the field working. He was out in the field plowing, seeking to produce the food and the fiber that this world needs so badly at the present time. He was out there as he should have been, and as millions of other farmers are today, working and producing. Word came to this farmer from Washington that there is a great disturbance in the farm program; that there is a great change going on up here in the plans that he thought he could rely upon in his planting season. He is disturbed mentally. He is disturbed financially, and the result upon his activity and his production in this country is going to be immediate. The country is going to suffer from this change and from this breaking faith by the Congress with the farmers of the Nation. We are going to have less food at a time when the world critically needs food. We are going to have less fiber at a time when the world is half clothed as a result of the greatest war in all history. And I say that perhaps above and beyond our breaking faith with the farmers in passing this amendment is the tragic result upon the production in this country and its effect upon the world as a whole. It is incalculable. I am truly sorry to see this provision in this bill.

Mr. PRESTON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PRESTON. Mr. Chairman, although I intended speaking on this bill later during the discussion, I cannot refrain from voicing my protest at the effort of the committee to force the Congress to invalidate binding contracts entered into between the United States Government and farmers all over America. The sum of $300,000,000 was authorized by the Seventy-ninth Congress on March 8, 1946 to be expended during the crop year 1947, under the soil conservation program. Unless we live up to our contract the American farmer will lose all faith in his Government, and rightly so. This program has meant much to the South and the West. It has been a good investment in from the standpoint of improving the soil. It has provided the needed incentive to cause the general upbuilding and improving of our soil. It is the only forward step our Government has ever taken toward this end. No one can deny that the program has been successful and I say, Mr. Chairman, that this fact, coupled with the legal and moral obligation made by the last Congress makes it mandatory that we adopt this amendment to carry on this vital program. I strongly denounce this entire bill and the political party who sponsors it. It is too much to hope for when we permit ourselves ever to believe that the Republican Party will sponsor any legislation favorable to the farmer. History reveals that they never have. In this matter now under discussion a sense of honesty and fair dealing demands favorable action on the amendment restoring this ill-advised cut. When we do this we can face the farmer and feel free from the guilt which will be ours if this amendment is lost. Let us not make the farmer the goat of partisian politics. Give him his just dues. God knows he is entitled to it if any group in America is.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. WOOD].

Mr. WOOD. Mr. Chairman, it has always been my thought that the Congress of the United States should move cautiously on the question of the subsidization of any industry, but in the event that such subsidization is ever justified by the Congress it is my thought that the most deserving group in America is that group of men engaged in agriculture. I was in my home town last week end, at which time I was visited by a group of farmers, headed by the local chairman of the county organization. They presented me with figures to show that the farmers in that county, under the program that this Congress guaranteed to the American farmers last year on the 8th day of March, in the language that has been read to you by the gentleman who preceded me, have already earned under that program more this year than they got last year in the whole crop year.

In the presentation of the amendment which fixed this sum in the bill that was passed here in March of last year, the distinguished chairman of the subcommittee handling this appropriation, the Honorable Malcolm Tarver, of Georgia, used this very exact language in addressing the Congress, which was adopted by the House and written into the law, and it affects this crop year, and I want to read it to you. He said:

> I am presenting it in language which is so definite in character as to admit of no misconstruction. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

That was a challenge to the Members of Congress to determine then what the farmers might expect in 1947, and we here said then, "We will authorize this expenditure that is carried in this amendment for the crop year of 1947."

If this proposition were a private matter between any two individuals or corporations in America in a court of justice that sort of an implied agreement could be enforced by judgment of our courts.

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

Mr. WOOD. I yield to the gentleman from Texas.

Mr. POAGE. Congress made it illegal for them to offer any other program except the $300,000,000 program, did it not?

Mr. WOOD. The gentleman is correct.

Aside from the merits of the program which the funds provided by this amendment are designed to finance, and my limited time forbids a discussion thereof, I maintain that this Congress cannot now afford to break faith with the farmers of America by now welshing on its pledged word which has been acted on in good faith by them.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. WORLEY].

Mr. WORLEY. Mr. Chairman, let us see what the farmers themselves think of the action which the Republicans recommend here today. I hold in my hand a resolution from the Childress County, Tex., Farm Bureau Federation, which reads as follows:

"Whereas during the past 15 years, the Government of the United States of America, working through and by its own Department of Agriculture, has encouraged and fostered the idea of soil conservation, it being the aim of the Department of Agriculture to build up the farming land in this country so that future generations, yet unborn, may live in a land that is self-supporting and enjoy the abundance of life that past generations have enjoyed.

"Whereas the House Appropriation Committee of the House of Representatives reported the Department of Agriculture appropriation bill on Friday, May 23, 1947, and such bill contained various reductions that will tend to cause the Department of Agriculture to cease its operations on portions of its farm program, and will curtail other functions of the Department that are vitally necessary for the welfare of our people.

"Whereas at the beginning of the crop year, 1947, a handbook was printed and distributed by the Department of Agriculture, in which certain soil-conservation practices were outlined and payments for carrying out said practices were established.

"Whereas newspapers are carrying articles originating in Washington, D. C., to the effect that although farmers have been promised certain payments for carrying out soil conservation practices; and although a good many of these practices have already been carried out by the farmers, that the Congress of the United States, by voting a reduction in the appropriations for the Department of Agriculture, will deny the farmers the payment in full that was promised them in the handbook for 1947.

"Whereas the farmers of America have carried out their part of the 1947 program in good faith: Now, therefore, be it

"*Resolved*, That the Childress County Farm Bureau Federation, go on record as opposing the reductions in the appropriations for the Department of Agriculture, as the members of the organization think that the promises made the farmer for 1947 should be met in full and that a long-range program for the advancement of soil conservation should be carried out; that a copy of this resolution be mailed to the office of the Texas Farm Bureau Federation, and a copy mailed to President Edward A. O'Neal, of the National Federation, asking them to do everything in their power to have this reduction restored when the appropriation bill is passed on by the House and by the Senate."

The foregoing resolution was passed by the members of the Childress County Farm Bureau Federation at their regular meeting on May 26, 1947, at Childress, Tex.

MRS. FRANK L. TAYLOR,
Secretary.

On motion duly made and seconded the members voted to ask the secretary to mail copies of the foregoing resolution to the following: Hon. Eugene Worley; Hon. Tom Connally; Hon. Lee O'Daniel; Mr. Clinton P. Anderson; Chairman Hope, House Agriculture Committee.

I also quote a wire I received from Mr. Joe Hatton, district farm bureau director, sent from Amarillo, Tex.:

I have been in several Panhandle counties. Farmers are greatly alarmed at House Appropriation Committee action. We are counting on your help in getting essential funds restored on section 32, on AAA, and on other measures' appropriation, and vital to all of us.

Another from Mr. W. J. Clements, of Childress, Tex.:

Childress County farmers, ACA, feels that Congress is breaking faith with farmers by reducing soil-conservation payments that were promised first of year for 1947. Suggest you call Republicans' attention to this breach of contract, and use all your influence in restoring funds for 1947–48 program.

And from Mr. A. E. Wise, president, Randall County Farm Bureau, of Canyon, Tex., I received the following:

We note there has been a drastic reduction in appropriation for conservation program. Farmers have gone along for all-out production during war years. We now have greater need for rebuilding soil by various conservation practices than at any time before. Farmers have kept faith with Congress during last few years. We urge that Congress now keep faith with the farmers. We sincerely request that AAA conservation funds for 1947–48 programs be restored.

These are but a few of many I have received from farmers and ranchers in the Panhandle of Texas, all of which severely criticize the deletions which the majority members of the committee recommend.

It seems to me this legislation is indeed breaking faith with hundreds of thousands of people and is overlooking the really fine benefits which the Soil Conservation Service has secured.

I am fully aware that what I say and what other Democrats say from agricultural sections of this country will fall on deaf ears here in the House. The steam roller will continue to roll and arbitrary cuts and slashes will be made by the majority party because they have the votes to do it. It is obvious, of course, the majority intends to cut REA, which does not cost the Government one single penny but which does provide farmers with some of the comforts of life which are enjoyed by city people. The majority party does not seem too much concerned with lightening the load of the farm housewife who will be relieved of much drudgery and heavy labor by REA lines. Nor do they seem to think electricity in general for the rural areas is sufficiently important to properly finance this program which means so much to the rural people.

The same meat ax will also fall on the appropriation for farm tenant-purchase loans to 49,000 World War II veterans who want to buy a place of their own.

There is not a Member of this House who does not believe in cutting Government spending, but there is a decided difference of opinion where these cuts should occur. Mr. Chairman, there is such a thing as foolish and unwise economy. We see it here today.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON of California. Mr. Chairman, certainly no Member of Congress is naive enough to believe that an action taken by a preceding Congress can bind this Congress.

I call to the attention of the Members a few figures in connection with the farm industry in the State of California. I am from a section of California where the farmers are not dependent upon a dole to keep them in business. I come from a section of the country where we practiced soil conservation for many, many years before a paternalistic Government came in and told us how much lime, how much fertilizer, and how much cover crop should grow on our orchards and our farms. Look at this newspaper article from one of the counties in my district:

Twenty-million-dollar farm crop in Santa Cruz County recorded in 1946.

Remember that figure, $20,000,000—

Fruit and nut crops, $7,000,000; vegetable crop, $7,000,000—

And so on. Then way down here in fine print:

Government payments: Beef-production payments, $7,000; agricultural conservation, $35,000; sugar-beet program, $19,000; dairy subsidy, $52,000.

There is $114,000 in Federal payments out of a total farm crop in that one county of $20,000,000, and only $35,000 of it for agricultural conservation. To me it just does not make sense. If we are ever going to take the farmer off the dole, reduce Federal expenditures, and practice some real economy in this country, this is the time to do it.

Santa Clara County, the sixteenth richest agricultural county in the United States, is located in my district. Last year this county had crops which brought in $82,000,000 to the farmers of that county, one of the richest agricultural counties in the entire country. I now show you the report of the county agricultural commission. Here we are, "Agricultural conservation," under "Federal payments," $116,000, out of a total farm income of $82,000,000. I maintain we are still operating under an agricultural program that was designed to see to it that two-thirds of all the benefits for agriculture in the United States go to one-third of the farmers. It is not an equal program. If we are going to take the farmers off the dole, now is the time to do it.

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

Mr. ANDERSON of California. I yield with pleasure to the majority leader.

Mr. HALLECK. Many are predicting dire political consequences in connection with any cut that is made in the expenses of Government. However, I believe the temper of the people today is such that their votes are not for sale on that sort of basis.

What I should like to inquire of the gentleman is this: Out in my State of Indiana corn is bringing $1.81 a bushel, wheat $2.45 a bushel, soybeans $2.70 a bushel, and oats 95 cents a bushel. Does the gentleman believe the farmer out there feels that the Federal Treasury is expected to provide him with free fertilizer and free limestone for his farm?

Mr. ANDERSON of California. I certainly do not, and as I pointed out earlier, now is the time to take them off the Government dole. This conservation program is not needed by farmers who know their business, who have practiced soil conservation for generations and who can run their farms without being told by the Government how high and how green their cover crops must be before they can collect an infinitismal amount of Federal funds for doing something they would have done anyway.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. ALLEN].

Mr. ALLEN of Louisiana. Mr. Chairman, we have just heard from two splendid gentlemen, one from the State of Washington and one from the State of California, who happen to live where the apples of Mother Eve grow the finest in the world they think. They would have us adopt a farm policy for the Nation depending upon the needs or rather the lack of needs of these two virtual Gardens of Eden. But we do not all have such wealthy regions to boast of. We are glad that these sections are so wonderfully blessed. Certainly nature has bestowed upon them a bountiful supply of the good things of life.

But, Mr. Chairman, we are not here legislating according to the measure of needs of the fattest sections of our fair land. These gentlemen perhaps feel that their sections are so prosperous that they do not need this assistance in rebuilding their lands and natural resources. We are trying to legislate for the average farmer in the Nation. I am speaking for the average farmer. I am speaking for the farmers, many of whom certainly are not able to do the things that people can do in the districts of the gentleman from California, and the gentleman from Washington. Many of us live in districts where the farmers do not have all that means. Perhaps the most prosperous farmers in the Nation can do all these things alone without any help, but most of them cannot. But even regardless of that, Mr. Chairman, this question of rebuilding, conserving, and restoring our soils and natural resources is one which does concern the entire Nation, rich sections as well as poor sections. This is national, not sectional.

The gentleman from Washington [Mr. HORAN] indicated that the committee had put enough in this bill to cover the amounts of the soil conservation payments which have been obligated up to this time. Well, if that is what he and his committee meant to do. I would like my friend from Washington to listen particularly to what I am going to say. I know he is thoroughly honest. If that is his philosophy, I suggest to him that he has fallen far short of it because a great many of the parishes of Louisiana and the counties of the Nation have already taken up most of the allocation, and far more than the committee allowed in this bill. The committee allowed a little more than 50 percent of the amount requested, and the record shows that in many sections, particularly in the South, nearly 100 percent of the funds have been obligated. Up to April 30, 69 percent in Louisiana had been obligated.

Here is one parish in Louisiana which had an allocation of over $72,000 and as of April 30 they had taken all of the allocation up except $1,500. Here is another parish that had an allocation of $78,000 and on April 30 they had taken up all but $713. Another parish had an allocation of $62,000, and they had taken up as of April 30 all but $1,814. So, I respectfully submit to the committee that if they intended to do what the gentleman from Washington indicates, then the committee fell far short of that goal even at the time of writing the bill. It will take the full appropriation of $300,000,000 to meet the allocations made and soon to be made.

But, Mr. Chairman, there is a question of honesty involved in this appropriation. What you want to do in the future is a question for the Congress to decide.

But here is a question of living up to what we Democrats think is a commitment made last year. I discussed this more fully yesterday in general debate and do not have the time in my few moments now to go into details, but to deny this appropriation seems to us going back on an obligation made last year and this Congress has not heretofore repudiated such and we on this side of the aisle are not going to do it now and we hope you on the left will not.

The gentleman from South Dakota [Mr. CASE] is 100 percent correct. I commend his remarks to your thoughtful consideration. His statement is sound. I appeal to you gentlemen on the left not to do this, not to cut this out at this time for the crop year 1947, at least. I appeal to you to support the full appropriation of $300,000,000 so that the farmers can go ahead and complete the work which they are doing for 1947, at least.

Mr. ZIMMERMAN. Mr. Chairman, during the general debate on this bill on yesterday I stated that our soil was one of our Nation's richest resources. A look at what has happened in other countries, where the soil has been dissipated and permitted to wash away, verifies the truth of that statement. In a few minutes we will be called upon to vote on an amendment which will determine whether we will furnish the necessary money to carry on this program as set up, and which has resulted in the increased fertility and productivity of our soil, or whether we will take a backward step and withhold the necessary funds for the successful operation of this program.

Mr. Chairman, I shall support the amendment offered by the gentleman from Missouri which provides for the funds, pledged to the farmers of America by Congress last year, for carrying on this highly beneficial program for agriculture during the crop year 1947. To withhold these funds at this time, after allocations have been made to States and counties and where payments have been earned, or partly earned, by our farmers, would be tantamount to a breach of contract made by our Government with the farmers of our country.

Mr. Chairman, on many occasions, since I have been a Member of this body, I have heard with pride the statement made from the floor of this House that our Government has always kept its agreements and has never repudiated a contract. Mr. Chairman, I sincerely hope we will not depart from this high principle by our vote on this amendment today.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, to avoid any misunderstanding it should be said that this paragraph does two things. First, it does not appropriate or authorize $1 for this program for the year 1948. That means that if the paragraph is approved as it is, and that part is not touched by this amendment, this program will be completely terminated at the end of this year. That is what some have wanted done. I do not.

Then, secondly, this paragraph seeks to appropriate approximately one-half, or $165,000,000, of the $300,000,000 which the last Congress authorized the Department of Agriculture to expend this year in this work. Someone said a moment ago that no one would be foolish enough to contend that this Congress is bound by the action of the last Congress. If this amendment is not adopted and $300,000,000 is not authorized, it will be the first time during my service in the Congress that the Congress of the United States has failed to carry out its own contract. If there is any doubt that the last Congress authorized the Department of Agriculture to promote this program and the farmers to participate in it, I here have the appropriation bill passed last year with the section marked, which I would like to have anyone who has any doubt to come up and read. It authorized the program this year in the amount of $300,000,000. The committee will contend that the farmers were put on notice that that was subject to appropriation. I have the work sheet in my own State of Georgia. It does contain in fine print down at the bottom this language:

> Payments under 1947 are subject to appropriations provided for this purpose.

In the case of the State of Oklahoma there is no reference. In the case of Arkansas there is no reference. In the State represented by our distinguished majority leader the gentleman from Indiana [Mr. HALLECK], and in Iowa and Michigan, I have the work sheet in my hand and there is no reference whatsoever as to being dependent upon appropriations or any other provision.

I insist that the question now is, Shall the Congress of the United States maintain the contract it made with the farmers of this Nation? Many of them have completed the practices; the program is of great benefit to the farmers and to the Nation and should be greatly increased. I hope the amendment to appropriate the full $300,000,000 will be adopted.

Mr. COMBS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COMBS. Mr. Chairman, the importance of the conservation of our soils, our greatest natural resource, has been repeatedly stressed during these debates. In my own State of Texas it is estimated something more than 11,000,000 acres of what once were fertile farm lands have been rendered worthless through erosion—striking testimony to the neglect of soil-conservation practices in other years. However, the vital question involved in this amendment is not whether soil conservation is a good thing or whether the particular activity which would be financed by the proposed $300,000,000 appropriation is in all respect the best program possible. The simple issue which has been made abundantly clear by the debate is that of common honesty.

As has been pointed out by numerous speakers the $300,000,000 under consideration is in keeping with the commitment made by the last Congress and upon which Government officials and cooperative farmers throughout the Nation have acted in good faith. It is to cover the program for the current crop year. Contracts have already been made. In many instances farmers have already made expenditures and in many cases funds have been allocated and spent and unless this amendment is adopted will have to be refunded by the farmer to whom they have been made.

I have received numerous letters from farmers and others in my district calling attention to the seriousness of this matter. I quote from one such letter:

> If this bill should go through as reported out of the committee, we wonder where the money is coming from to pay for the practices that have already been carried out, since the farmers did not have the money to secure the materials and they most surely will not have it now, to repay the CCC for the funds they have put out in assisting them to carry on conservation work.

This is a most serious matter. As I view it the Congress rests under the solemn obligation of keeping faith with our people. This we can do only by providing the $300,000,000 in funds the last Congress promised would be forthcoming. I trust this amendment will be adopted.

Mr. BRYSON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

SOIL CONSERVATION

Mr. BRYSON. Mr. Chairman, I would like to speak briefly on the Soil Conservation Service appropriation. My State, South Carolina, is entirely covered with soil-conservation districts organized under our State law. All the districts are now receiving assistance from the Soil Conservation Service, but not as much as they need to get the job done in time. Much of the land in South Carolina has been farmed for over 100 years. Indeed, some of our South Carolina soil has been in production since the days of the American Revolution. During most of that period we lost a lot of topsoil through erosion despite the use of certain conservation practices, such as terracing and crop rotation, as well as our farmers knew how to apply these practices to their land. Although these early attempts at conservation did not succeed, at least they paved the way for a coordinated attack on the erosion problem such as I saw under way in the Broad River Conservation District and other such districts last fall. Local farmers are taking the lead in organizing groups to speed up the work but the farmers in my district tell me they need the continuing help of Soil Conservation Service technicians in planning and applying conservation practices on their land.

I was somewhat disturbed when I noted the small increase for technical assistance allowed the Soil Conservation Service in the President's budget. I was disturbed because I knew that new districts were being formed in neighboring States and, in fact, in nearly every State in the Nation, and that the increase allowed would not provide adequate help next year for the new district being organized this year. I feared, and I still fear, that the old districts will be asked to divide their technicians with the new districts. This will mean less help rather than more help for districts in South Carolina next year. We have made good progress and the rate of application of conservation has been speeding up year by year since 1941.

We cannot afford to slow down the conservation work in South Carolina now, so I want to recommend that this committee provide for the new conservation districts organized this fiscal year at the same rate at which all districts were assisted in this fiscal year. As I recall, this is something over $22,000 per district.

The need for conservation assistance of the kind provided by the Soil Conservation Service has not decreased; more farmers in more districts want it and need it. I ask that you increase the appropriation so that the old districts can go ahead at least at the 1947 level in 1948 and so that new districts will be provided for at the same rate as the old districts. This will require an increase of about $5,000,000 for the 1948 fiscal year.

The CHAIRMAN. The gentleman from Mississippi [Mr. WHITTINGTON] is recognized for 3 minutes.

Mr. WHITTINGTON. Mr. Chairman, we have under consideration a program that the farmers of the United States are relying upon for the crop year 1947. Whatever be the views about a continuance of that program after 1947, the Congress has said to the farmers that this appropriation would aggregate $300,000,000 for the crop of 1947.

I think we might keep in mind that there is a difference between fertilizer and lime or slag. I ask any Member of this body who knows, of his own knowledge, of any payment that is being made this year or that was made last year for fertilizer under the terms of this appropriation. There is a difference between fertilizer and lime or slag. Slag and limestone are not fertilizer but they are soil building like Austrian peas and other legumes. I know of no limestone or slag trusts in Mississippi. There is no subsidy in the appropriation. Every dollar the farmer receives under this program has to be earned. It has to be a practice that builds up the soil or that drains the land. I know of no payments whatsoever for fertilizer in my State or in any other State. I have inquired from the committee if it has been the practice to approve reimbursements for fertilizer and I am told that no such testimony has ever been presented to the committee.

I just want to say whatever be the merits or demerits of this program, the committee is forestalled and prevented from asserting the demerits of the program because if it be just and fair to appropriate $165,000,000, it is certainly just as fair and just to authorize an appropriation for $300,000,000. We must not discriminate. If one farmer has received his benefits because he has earned them now, should another farmer who earns them next month or the month following be denied those benefits? I say, under the circumstances and under the terms of the Agricultural Appropriation Act passed by the House in March 1946 for the fiscal year 1947, for the 1947 crop year, the Congress of the United States cannot afford to break faith with the growers of agricultural products in this country who have earned the benefits, none of which are reimbursements for fertiiizer.

While the payments are justified on their merits, I do insist that Congress should keep faith with the American farmers. The $300,000,000 was committed for the crop year 1947. The adoption of the amendment is imperative if Congress is to keep faith with the American farmers.

I extend to say that I remind the gentleman from Washington [Mr. HORAN] that while the President recommended for the fiscal year 1948 a reduction in the soil conservation benefit payments, the President was careful to state that Congress had made a commitment for the crop year 1947. There is evidently a confusion by my good friend the gentleman from New York [Mr. TABER] and my good friend the gentleman from Indiana [Mr. HALLECK] respecting fertilizer and limestone. I know there is a Fertilizer Trust and there may be, in some sections, a Limestone Trust,

but fertilizer, as I use the term, applies to nitrates and phosphates. This is entirely different from lime and slag. Fertilizer is used to increase the growth of the current crop. Lime and slag are used for soil building by supplying elements lacking in the soil. I know of no payment under the act as now being administered for fertilizer. There are payments in connection with lime and slag. The payments must all be earned. They are for the benefit of the lands and the building up of the soil. They consist of improving pastures, conserving waters, better drainage, cover crops of vetch and peas. There must be no quibbling.

As shown by the CONGRESSIONAL RECORD of May 8, 1946, the gentleman from Georgia, Mr. Tarver, was careful to state, when the amendment that he proposed for $300,000,000 was approved, that it was a definite commitment for the 1947 crop. Personally, I believe that commitments directly and indirectly have been made that will require the entire amount, and I cannot escape the view that the $165,614,290 contained in the bill will not be sufficient to pay those farmers who have already earned their payments. I repeat that I shall not quibble. It isn't a question of the condition of the contract, nor whether the contracts have been signed. It is a question of the commitment of the Congress and of the practices of the farmers relying upon that commitment. If we fail to provide the $300,000,000 there can be no escape that we are not keeping faith with the farmers. It may be that contracts for about one-half, or for approximately $165,000,000 have been earned, but in practice, other payments have been earned in all probability that have not been reported. Further, in actual practice payments are earned before the contracts are really signed. It begs the question to say that the contracts contain a clause that the payments are conditioned upon appropriations being made. The farmers know that the program in 1947 is in force, and they rely upon Congress to provide funds for carrying out that program in accordance with the commitment made by Congress when the agricultural appropriations bill was under consideration in March 1946, as I have said.

I believe in economy and the elimination of waste and extravagance, but there is a false economy.

I extend further to say that I oppose the elimination of section 32 funds. Under the act of August 24, 1935, as amended, section 32 provides for permanent appropriations. The farmers thus receive the equivalent of the tariff accorded to manufacturers. The retention of section 32 funds is essential. There are other acts that provide for import quotas and export subsidies, but these acts are interdependent with section 32 of the act of August 24, 1935. There must be a program before the acts for export subsidies and import quotas on cotton or wheat or other agricultural products can be invoked or justified. There can be no program under existing law without section 32 funds.

In this connection, I have always advocated ample appropriations for the Commodity Credit Corporation and for the Rural Electrification Administration. I supported and will continue to support adequate appropriations to enable worthy tenants and worthy citizens to become home owners and land owners under the Jones-Bankhead Act, and under the Farmers' Home Administration. I will continue to support adequate appropriations for agriculture.

I gladly urged and supported an increase in the appropriations under the Research and Marketing Act of 1946. Research is fundamental in industry. We should profit by the advances of industry as a result of research and investigation. The Research Act was passed to promote research in connection with the utilization of cotton, cottonseed, and the utilization of other agricultural products. The research of man often contributes more to human progress than the resources of nature.

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

Mr. PASSMAN. Mr. Chairman, I feel it is time for every man in this Congress to go on record against the proposed inexcusable scuttling of one of our most vital Government agencies—the United States Department of Agriculture. I am not so gullible as to believe that every man will. There are still too many one-tracked so-called economy-minded gentlemen in the House who can see no further than what can be kept in the Nation's pocketbook today—and let tomorrow go hang. In fact, some of them remind me of the housewife who, to save a few pennies on tonight's supper, is willing to buy inferior foodstuffs for her family. Because, gentlemen, that is what this cut in appropriations for agriculture will mean in the long run.

This is a question I feel particularly qualified to speak on. I am proud to say I was born and bred on a farm in Louisiana, our Nation's sugar bowl. I grew up there. I know the farmer's problems. I know his difficulties. I know his back-breaking toil, his heartsick disappointment in bad-crop years. And I know the invaluable help the Department of Agriculture has given him. And this is the help this bill would take away.

I condemn the cut in toto, but there are some phases of it that are even worse than others, if that is possible. For instance, the cut for soil-conservation research, which is something we should all be interested in—city dwellers as well as farmers. For without soil conservation our present bountiful crops cannot hope to be continued indefinitely. The soil will wear out. It will be eroded. It will be washed away. And without research we cannot have the knowledge of how to prevent this.

And in this connection I want to remind you again that in 1946 an amendment was offered on this very floor of the House to fix the AAA payments or soil-conservation payments at a given sum, $300,000,000 to be exact, and at that time the House was given an opportunity to accept or reject the measure. It accepted, and thereby fixed a precedent. Not only that, it made a solemn commitment to our farmers. The program was signed. The farmers joined in in good faith. This bill would be a direct blow to that faith. It would justify our farmers in feeling their Government had failed them.

I condemn the elimination of section 32 funds for surplus disposal. Farmers in every section are alarmed over this taking away of funds that were promised them, money that was dedicated to this purpose. The elimination is, in short, a denial of a solemn obligation, much the same as though a private individual defaulted on a note accepted in good faith by a friend.

Another point I would like to bring out is that the Department of Agriculture has, I believe, an enviable record of aggressive support for really constructive economy by their previous elimination of unnecessary personnel, excessive expenditures, and duplication of services. One would think then that this Republican-dominated economical Congress would appreciate this. But no. Full use was made of these voluntary savings of the Department by a failure on the part of Congress to require such drastic reductions in many badly overstaffed agencies of the Government which had failed to do any house cleaning on their own initiative.

And do not forget, gentlemen—all the farmers are not Democrats. Republican farmers will fall in this debacle too. The one-gallus farmer who works from "kin see to k'aint see"—or from dawn to dusk, the moneyed owners of the rolling wheat fields of our great Midwest, the gentlemen farmers of our historic South, the farmers on the rocky New England hillside—all will suffer. And I say to you, all are entitled to know to whom this suffering, if it comes, can be attributed. To the Grand Old Party—our Members across the aisle, who now willingly take credit for the bill, but who later may find themselves yelling for somebody to come and "help me turn this b'ar aloose."

But what I am asking the Members of this body is that we think of our country as a whole. Think of our farmers as the backbone of that country, as they are. Think of their unparalleled record during the war, when with insufficient labor, broken-down machinery, and every other man-made difficulty, their record was second to none in our winning our victory, helped only by God's bounty in providing good growing seasons, by the sweat of their own brows, and by the Department of Agriculture.

Or think of the matter selfishly, then, if you will. If our farmers are made to produce without guidance or help of any sort, inevitably the entire country will suffer. For the farmer is the life line for us all. Through no other source can we get foodstuffs for our families at prices we can manage to pay. Through no other source can we get the raw materials to run our great industries. Through no other source can we keep our commitments to the starving persons of Europe.

And speaking of food, there is one more subject I would like to touch on briefly. That is the school-lunch program, the appropriation for which has been cut from $75,000,000 to $45,000,000, while in the self-same bill many times this amount is carried for stricken people overseas. This cut would seem to me even more fundamentally short-

sighted than that in the agriculture appropriation. By this cut we are short-changing our citizens of tomorrow. It does not become us, gentlemen, who sit here comfortably fed, to deny bread to those children back home who are hungry. For I tell you this is not a matter of refreshments served at school by a prodigal government. It is often a matter of the difference between health and malnutrition for children of low-income families, many of whom come to school with little or no breakfast and for whom this school lunch is the only correctly balanced nutritious meal they have at all.

The CHAIRMAN. The remainder of the time has been reserved for the committee.

The gentleman from Mississippi [Mr. WHITTEN] is recognized for 5 minutes.

Mr. WHITTEN. Mr. Chairman, I am sure that the Members on the left will not feel that I am too much disturbed about their political futures when I make this statement, but I do think that some of the things I may say may be worthy of their consideration when they cast their vote on this proposition. My time will not permit me to describe the calls which were made on the farmers of America to produce and to plant every available acre and of the Nation's interest in the fertility of its soil, our greatest natural resource. Nor do I have time to describe the great value of this soil conservation program to the Nation as a whole. But whether this is a good program or a bad, the Congress has committed itself for this amendment.

First, I should like to say that this argument—and the distinguished chairman will present this later—that a small percentage of the people get the larger end of these payments is beside the point. The whole purpose of this type of payment is for soil conservation, work on the land, and it is based on the amount and the cost of the work on the land. The more land on which those improvements are made the greater the amount the Federal Government will pay, still being only one-third of the amount actually expended. Where the amount of land improved is small the amount of payment by the Federal Government is small. Before a man earns $1 on the average he must spend out of his own pocket $2. The Federal Government under this program said that the Federal Government is interested in the fertility of our soil and in this great natural resource and if you folks who happen for a temporary period to own this land will spend $2 out of your own pocket to continue the fertility of that soil or to improve it, the Federal Government, because of its interest, will put up $1. That is the way the program has worked.

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

Mr. WHITTEN. I yield.

Mr. HALLECK. Reference has been made to the alleged fact that none of this money goes for fertilizer and limestone. My understanding is that this money in considerable measure does go to provide limestone and fertilizer.

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

Mr. WHITTEN. Let me answer the gentleman from Indiana. I will say that on the average the expense to the farmer is twice what the Federal Government pays as a contribution toward this good practice. As far as fertilizer is concerned I have never known of a case where fertilizer was supplied, but limestone, yes. Limestone has elements that go to feed the soil and condition it.

The amount of payment is determined by how much a person spends out of his pocket to carry out this program. Here is another thing I would like to point out and that is that last year when this bill was considered Mr. Tarver fixed by his motion that the program for this year be fixed at $300,000,000. He stated in the House:

> I have submitted this amendment to members of the Appropriations Subcommittee and they are not opposed to it; and therefore I offer it as a committee amendment.

This amendment was adopted and was an outright commitment as to what provisions would be made by the Congress this year.

The claim and the contention of the Republican gentlemen on the left that notwithstanding that amendment last year that the provision of this contract between the Federal Government and the farmer who does his work does provide that it—his payment for his practices—is contingent upon the appropriation is correct. I agree that that is the general situation, the contracts did provide such language as that in most instances; but what I should like to call your attention to particularly is that while it does contain the proviso that it is dependent on your appropriations, the action of this Congress last year said there would be $300,000,000 appropriated. While therefore the contracts were dependent upon the appropriation, the action last year told the farmers what the appropriation would be and I say that what that language in those contracts really means is that if the farmers spend out of their own pockets a sufficient sum of money to obligate the Federal Government on its part to pay $600,000,000 that the payment by the Federal Government would be limited to $300,000,000 and the notice in the announcement or contract means that in that case the farmer could only expect his pro rata part of the $300,000,000 as a refund for his expenditures for lime or other aids. I do not care about the rich farmers in the State of California, represented by the gentleman from California [Mr. ANDERSON], who may well be able to stand this loss and contribute this money to the cause of the Republican Party because it seems so important to them. Last year when this Congress and the members of this committee said $300,000,000 shall be available for 1947, and the farmers acted, spent their money and earned it, it is up to us to see that the Government lives up to its contract, regardless of the rich farmers in the district represented by the gentleman from California [Mr. ANDERSON].

We gave our word. This Congress, it is said, is not bound by what the Congress last year did. Certainly the individual Congressmen are bound and I think morally the Congress is bound.

Mr. Chairman, I would make the payment to the richest man in California before I would break the word of the Federal Government.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to yield 2 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN], a member of the subcommittee.

Mr. CANNON. Mr. Chairman, reserving the right to object, that does not interfere with the time remaining on this side, does it?

Mr. BROOKS. Mr. Chairman, I object.

The CHAIRMAN. As the Chair understands it, 5 minutes of the time is reserved for the gentleman from Texas.

Mr. CANNON. The committee yields the last 5 minutes on this side to the gentleman from Texas.

Mr. DIRKSEN. The committee will be first heard from this side of the aisle. It is my understanding that we were to close debate and have 10 minutes available for that purpose. I do want the gentleman from Texas to have time and I thought that was understood in our arrangements. The Chairman has to refresh me as to what time is available.

The CHAIRMAN. As the Chair understands the agreement that was reached, the last 15 minutes was to be reserved to the committee, of which the majority side would take 5 minutes, 5 minutes to be reserved for the gentleman from Texas, and 5 minutes for the gentleman from Mississippi.

Mr. DIRKSEN. That is correct.

The CHAIRMAN. The gentleman from Texas [Mr. RAYBURN] is recognized for 5 minutes.

Mr. RAYBURN. Mr. Chairman, I think I have given more time to the study of the conservation of soil in my section of the country than to any one thing. I happen to live in one of the richest sections of the United States—the black land and rolling sandy loam belt of Texas. It grew up for many years in grass. There were trees only along the branches. For centuries that grass had fed that soil and it was rich in vegetable matter.

Along the creeks and the bottoms they cut the trees away. This is fertile bottom land. The slopes were prairie and, as I have just stated, they were very fertile lands. Little was done to conserve them. That rich ground has no subsoil. It goes down to solid rock, the same color of soil. It is the worst land to erode in the world.

We did not terrace our slopes. The dirt washed down and filled the channels of the creeks. Now, when it rains it spreads all over the bottoms and many of the bottoms or most of them are in willows, elms, and grass. The slopes are eroded to the extent now that east Texas, having been abandoned for crops in many instances, has more cattle in it than west Texas.

When I drive along the road or look out of the train window and see the fertile soil of the country washed down to rock bottom and gutted with ditches, it hurts me almost like the stick of a knife. And, I say to you deliberately that I think our

greatest domestic problem—I do not care what anybody else says—is what we are going to do for the preservation of what fertility is left in our soil and what we are going to do to reestablish the fertility that has already left this land. If we are the same kind of vandals for the next 25 years, even, that we have been in the past 50 years in the destruction of the fertility of our soil, we will not have any amount of surpluses to sell abroad, but we will be using every acre of this worn and torn land to raise the things that we have got to consume inside the United States of America.

Now, this program has started. It is a great program. The farmers have depended upon it. Let me say to my good friend, the gentleman from New York [Mr. TABER] without dragging in the Fertilizer Trust or the Limestone Trust, it does not take any limestone or fertilizer to build a terrace on land to slow up the water and keep the soil from washing into the creeks and rivers and then into the sea. It does not take any limestone or fertilizer to dig a pond for the conservation of water, and also as a matter of flood control to keep the soil from washing down the creek off the slopes. Furthermore, I feel exactly about this question as does the gentleman from South Dakota, and that is whether or not my Government is going to keep what I think was a solemn contract it made with the farmers last year.

In the appropriation bill last year, in my opinion, we made a solemn pledge to the American farmer that we would appropriate this year, $300,000,000 for soil conservation. By passing this bill in its present form, we are not keeping our pledge to the American farmer. This bill in its present form simply wrecks the soil conservation program from one end of the country to the other, and today all of Texas and in the counties of the district that I represent, terracing equipment is idle because agricultural committees cannot give farmers the assurance to go ahead with their work. All dirt moving machinery to build terraces and earthen tanks are standing still. Rock phosphate is on the tracks ready to move, but farmers had to stop buying it. Farmers, merchants, business and professional men and agricultural men in agricultural sections are remarking, with strong disapproval, of the steps being taken in this Congress. In other words, let me repeat, if many millions of dollars more are not put in this bill than the amount proposed by the committee, soil conservation is dead.

We called upon these farmers, their wives and small children when their more grown-up sons were fighting the war for us to produce more and more to feed our armies abroad, our workers at home, and our allies on the field of battle with us. They responded; they produced more in 1943 than they had ever produced before. They produced more in 1944 than they had ever produced before. They produced more in 1945 than they had ever produced before. They have done their part—we should do ours by at least keeping our pledges to them which our Republican brethern, by the provisions of this bill, are not doing.

Another provision in this bill cuts the budget estimate for Rural Electrification $25,000,000. I am tremendously interested in rural electrification because in 1936 I was the author of the bill that started the rural electrification program and it has brought the comforts and conveniences of rural electrification to millions and millions of farm homes. There was little rural electrification in many sections of the country when the rural electrification law began to operate. Only one out of every 50 farm homes in the State of Texas had rural electrification in 1935. Today more than half of the farm homes in the State of Texas have rural electrification. What I want to do is to appropriate enough money here to lend to cooperatives so that every farm home in this country may have these comforts and conveniences.

There were only 11,466 farms in Texas electrified in 1934, or 2.3 percent; in 1946, 212,508 farms in Texas were electrified, or 55.2 percent. Take the counties in the district that I represent: Collin County, in 1930 there were 335 farms that had rural electrification; in 1945 there were 2,782 farms that had rural electrification. Fannin County, in 1930 there were 198 farms that had rural electrification; in 1945 there were 2,268 farms that had rural electrification. Grayson County, in 1930 there were 246 farms that had rural electrification; in 1945 there were 2,232 farms that had rural electrification. Hunt County, in 1930 there were 338 farms that had rural electrification; in 1945 there were 2,768 farms that had rural electrification; Kaufman County, in 1930 there were 185 farms that had rural electrification; in 1945 there were 1,228 farms that had rural electrification. Rains County, in 1930 there were 6 farms that had rural electrification; in 1945 there were 380 farms that had rural electrification. And Rockwall County, in 1930 there were 62 farms that had rural electrification; in 1945 there were 426 farms that had rural electrification.

When I had up the rural electrification bill for passage in 1936 and we were authorizing $410,000,000 to be appropriated over a period of 10 years, people came to me and said you are throwing away this money—you will lend it to farm cooperatives—the farmers will take lights and when their bills are presented at the end of the month they will take them out. I do not know of a single farm home that has had the opportunity to take rural electrification that has not paid its bills or had the lights taken out. When these people had an opportunity to set aside their coal-oil lamp, with its inconvenience and work, and could have light they took it and kept it. This program does not cost the Government of the United States one penny. All of this money is loaned to rural electrification cooperatives for a period of 20 years and today I do not know of a single electrical cooperative that is not ahead with the payment of its interest and its yearly installments. What I want to see and what I contend is that every farm home not only in the district that I represent and in my State, but in the Nation, be given the opportunity to have the conveniences and comforts of rural electrification, and I shall fight for this in the future as I have in the past. Some people say that the amount appropriated here is sufficient, but there has not been a year since the rural electrification program was inaugurated when farmers did not apply for more electrification than all the money that was carried in the bill. If this budget had not been cut $25,000,000 and $50,000,000 more had been added to it, the farmers of America would have asked for every dollar of it to electrify their homes. There are 2,500,000 farm homes in America that do not have electricity.

We are asking many people to remain on the farms to produce what we eat and wear, and ex-servicemen are being encouraged to go to the farm. Thousands of veterans have been looking forward to buying a farm. Thousands upon thousands of them are enrolled in vocational-agricultural schools where they are learning better to operate a farm. We have set up these vocational-agricultural schools in practically all the counties to teach them better modes of farming. They are not going to the farm and stay there unless they have two things—one is rual electrification and the other is an all-weather road.

The Congress in 1944 passed a law to authorize $1,500,000,000 for a 3-year program of expenditures of $500,000,000 per annum for roads. I, and others who worked with me, saw to it that $150,000,000 each year was allotted to the States to be allotted and spent by the highway commissions of the States and the county commissioners court for building farm-to-market roads. This makes many millions for the State of Texas. If the legislatures of the various States will raise money to match these funds and add to them, we can build thousands upon thousands of miles of roads in our farm communities.

We also passed within the last 10 years a Farm Tenant Purchase Act under which we appropriated from thirty to fifty million dollars a year for these years to lend to farmers who wanted to buy homes. The bill we now have under consideration carries not $1 for this program. So, if the bill passes the House and the Senate in its present form, the farm-tenant-purchase program is also dead. You proclaim your friendship for the farm-ownership program of the Farmers Home Administration—but you recommend no funds.

The budget this year carried an estimate of $75,000,000 to carry out the school-lunch program which is popular because it brings nourishing food to school children. This bill in its present form cuts that estimate $30,000,000 which, of course, means that the proper kind of program for the school lunches cannot be carried out.

Let me again say to you, that when these farmers and their families have been called upon at any time in our country's history to produce more and give their sons and daughters to the service of their country, they have never failed to respond. We should today, as their Representatives, respond to their wants and their great needs.

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

The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, much has been said in the course of the discussion about whether or not we are confronted with a solemn obligation. I hope I am not insensible to my solemn obligations either in my private or in my public capacity. Let us determine, therefore, whether or not this program is contingent on action by the Congress. There is no better authority, notwithstanding all the words that have been uttered in the well today, than the man who sits at the top and directs this matter, namely, Mr. Dodd, the Under Secretary of Agriculture.

I asked Mr. Dodd in the course of the hearings whether or not it was made clear to the farmers that in every case the payment that was made for any kind of practice was contingent upon action by the Congress in providing appropriations, and here is his answer, and you will find it on page 1249 of the hearings.

This is the Under Secretary of Agriculture talking:

Mr. DIRKSEN. It is, therefore, made abundantly clear to every participant and cooperator that, before he signs up, there is one contingency involved, and that is that the program is necessarily contingent upon legislation and appropriations?

Mr. DODD. That is correct. That is made clear.

They printed it on the form. You talk about fine print. The print on this form is no finer than all the other print on it. There on the front page, not at the bottom, and not off in one corner, but across the middle of the front page of this farm plan are these words:

Payments under 1947 agricultural conservation program are subject to appropriations hereafter made for this purpose by the Congress.

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

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. I think that is generally true but I want to point out to the distinguished gentleman from Illinois that on the forms used in the State of Oklahoma there is no such language. Why there should be any difference I do not know.

Mr. DIRKSEN. The form I read from is for the entire western region.

Now let us pursue this matter of forms a little more. I sent to the Department of Agriculture through the instrumentality of our very capable executive secretary, Mr. Orr, for the forms for the crop year 1947. The money that is carried in this bill, ostensibly for fiscal 1948, applies to the crop year 1947. Here is a memorandum from the budget office of the Department of Agriculture:

Forms in connection with the 1947 program are not available, as they have not been approved by the Comptroller General.

There have been no signatures on the new forms as yet.

When you speak of the reassurances and the assertions that were made last year, obviously one Congress cannot bind another, and this Congress is free to take any action it sees fit. So what happens to this argument that something appeared in the hearings last year that is a binder upon the first session of the Eightieth Congress? That matter has suitably been determined here time after time that we are under no obligation in that respect.

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

Mr. DIRKSEN. I am speaking about this proposition of whether or not this Congress must necessarily be bound by the last Congress.

Mr. PACE. But it is not in the hearings, it is in the act itself; it is in the law.

Mr. DIRKSEN. I understand, but that does not modify the fact that, in accordance with every understanding, and the understanding that is testified to here in the 1948 hearings, it is contingent upon the appropriations this Congress makes in order to make this program effective, and there is the language. How is it made available to the farmers? Here is the Department's own story. They printed 971,500 copies of the State handbook, and in addition thereto they struck off millions of copies of circulars to get into the hands of every farmer. Here is the language, not of the chairman of the committee, but of the Department of Agriculture:

The information is made available, and it is the obligation of our people at every level to make that information plain for all cooperating farmers.

That is what the Department says, that they tell their people in the field that they must make it plain. So there is no obligation upon the Congress, by their own testimony, and it is entirely contingent.

I hope the amendment will be voted down.

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

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Preferential motion offered by Mr. H. CARL ANDERSEN:

Mr. H. CARL ANDERSEN moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. H. CARL ANDERSEN. Mr. Chairman, I have not had the opportunity to present a few minutes' argument in behalf of an amendment of mine, which is at the desk, and which argument I was not able to present due to the limitation of time. Consequently, I am using this parliamentary maneuver to gain the floor and urge consideration for this amendment which will be offered shortly.

The $15,000,000 allocated in this bill for the county and township AAA committees will, frankly speaking, not do the job this year. As I said yesterday, these men will have just about as much to do allocating one hundred and fifty millions as double that amount. To me, the county and township set-up means the heart of our price-support structure. This is the machinery we must have so as to be ready to seal grains for the commodity-credit loans. These loans are the floor under our price structure, and without a decent price no farmer can live as they are entitled to live. I regret this necessity of our not continuing the triple-A payments, but, as I have stated before, Mr. Chairman, agriculture can do without these payments so as to help our Nation meet the tremendous national debt of $259,000,000,000. We, as farmers, are willing to contribute the triple-A payments to the United States in return for a floor under our farm prices. That floor is provided for through commodity-credit loans. I repeat, we need our county and township committeemen to service these loans. Where would we as farmers be without the Steagall amendment? The money in this bill will not do the job, and I hope that you people will see fit to further allocate to them an additional $5,000,000 for that purpose, so that we can preserve the all-important county and township committees, and pay them for their work, so that they will be available in the future for whatever operation which might be necessary to assure adequate minimum support prices.

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, let me make clear what is involved here. The amendment offered by the gentleman from Minnesota deals with the administrative expenses for the conservation and use program. As the matter now stands, when the committee determined to cut back the amount of money that would be distributed to the farmers and left available $150,000,000 it became necessary, of course, to cut back the administrative expenses at the same time. If you did not do so, you would be in the unhappy position of spending nearly $7 in administrative expenses for every $43 of benefits distributed to the farmer. You arrive at that figure simply by taking $150,000,000 and dividing it by 3,500,000 cooperators. Then, if you took the amount originally had for administrative expenses, it would leave a very substantial amount to distribute a very small amount of money. The committee cut that back to $15,000,000 and the amendment offered by the gentleman from Minnesota increases it to $20,000,000.

The long and short of the whole matter is that we are trying to finish the work in the Agricultural Adjustment Administration, but the gentleman's amendment would add $5,000,000 for administrative expenses. So he proposes to pay more money for less work. That amendment ought to be defeated because the Congress would be in an indefensible position in seeking to approve such a high administration cost for a modest amount of distribution.

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

Mr. DIRKSEN. I yield.

Mr. PACE. Is the amendment now pending before the House?

Mr. DIRKSEN. That is the amendment he will offer and for which he sought time by making the preferential motion to strike out the enacting clause because the time for debate has been limited.

Mr. PACE. But it is not before the House?

Mr. DIRKSEN. It is not before the House. The vote will come on the amendment offered by the gentleman

from Missouri [Mr. CANNON] to increase the amount in this bill by the difference between $165,000,000 and $301,000,000. He proposes to raise this bill by a substantial $135,000,000. I hope the amendment will be voted down.

Mr. Chairman, if time is yet remaining, I might add this one thought. You know there has always persisted in my mind a statement written by Charles W. Kingsley, the great author. He said there are two kinds of freedom—there is the false freedom where a man is free to do what he likes, and there is true freedom where a man is free to do what he ought.

The whole story here is that there is some soil conservation that the farmers ought to do themselves instead of asking recompense out of the Federal Treasury.

We are trying to preserve a little of the initiative and that spirit of freedom that has been manifest in this country and made it so great and give the people a small measure of the load to carry instead of putting all of it upon the shoulders of the Federal Government.

I hope the amendment will be voted down.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

The motion was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 124, noes 126.

Mr. CANNON. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. DIRKSEN and Mr. CANNON to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 151, noes 156.

So the amendment was rejected.

Mr. H. CARL ANDERSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. H. CARL ANDERSEN: On page 49, line 5, after the word "exceed", strike out "$15,000,000" and insert "$20,000,000".

Mr. H. CARL ANDERSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. H. CARL ANDERSEN. Is any debate permitted on this amendment?

The CHAIRMAN. The Chair answers in the negative. All debate on this section has closed.

Mr. CANNON. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Minnesota.

Mr. DIRKSEN. Mr. Chairman, a point of order. The matter is not subject to debate. Debate has been closed on the paragraph.

The CHAIRMAN. All debate has been closed on the paragraph. The Clerk will report the substitute amendment.

The Clerk read as follows:

Substitute offered by Mr. CANNON: Page 49, line 5, strike out "$15,000,000" and insert in lieu thereof "$23,584,956."

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Missouri [Mr. CANNON] for the amendment offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 118, noes 137.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

The question was taken; and on a division (demanded by Mr. H. CARL ANDERSEN) there were—ayes 81, noes 124.

So the amendment was rejected.

The Clerk read as follows:

SUGAR ACT

To enable the Secretary to carry into effect the provisions, other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, as amended (7 U. S. C. 1100–1183), including personal services in the District of Columbia, $55,000,000, to remain available until June 30, 1949: *Provided*, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed $1,326,115.

Mr. REEVES. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. REEVES. Mr. Chairman, I have requested this time in order to bring to the attention of the House the latest development in the investigation of the frauds and irregularities which occurred in last August's primary election in the now famous Fifth Congressional District of Missouri, when a Member of this House, Roger C. Slaughter, my predecessor, was "purged" following endorsement of his opponent by the President.

It has just now been reported to me that last night—following yesterday's report of the county grand jury—the office of the Kansas City Board of Election Commissioners was broken into, the steel safe door on the records room was blasted off with explosives, and all of the ballot boxes containing the ballots cast in the primary election were removed and taken away. News of this latest outrage by the criminal political gang which has ruled Jackson County for many years was received this morning during a session of an investigatory committee of the other body, while the Attorney General of the United States was testifying before the committee.

Believe it or not, the Attorney General assured the committee that he intended to order an investigation of the circumstances. What he wants to do is apply a hasp and lock to the well-known empty barn.

He had his opportunity to investigate that primary election. It was a matter of common knowledge that there had been widespread fraud, miscounts, ballot stealing, and vote buying—all of the same things which had resulted in mass convictions in the Federal courts following the 1936 election. After last year's primary in Missouri, the Attorney General issued a directive to the FBI—allegedly to make a thoroughgoing investigation. We now know that he directed them merely to interview the members of the board of election commissioners and two reporters for the Kansas City Star, John P. Swift and Ira McCarthy, who themselves had investigated and exposed specific, flagrant instances of fraud and corruption. This close limitation on the scope of the activities of the FBI shows plainly that the intention was to whitewash, not to investigate.

Mr. Chairman, the man who called for the purge of Roger Slaughter in that primary election is the same man who, in 1940, while a Member of the other body, bitterly opposed the reappointment as district attorney in Kansas City of Maurice L. Milligan, whose courageous devotion to the duties of his office had resulted in the indictment and conviction of a small army of election crooks.

I incude in my remarks at this point a copy of yesterday's report of the grand jury of Jackson County, Mo., together with certain telegrams which have been received in the last 15 minutes. I urge the Members of the House to read the grand jury's report in its entirety, and especially two paragraphs.

IN THE CIRCUIT COURT OF
JACKSON COUNTY, MO.,
AT INDEPENDENCE,
CRIMINAL DIVISION A, MARCH TERM, 1947,
May 27, 1947.

HON. JOHN R. JAMES: We, the grand jurors, sworn and charged to inquire within and for Jackson County, having in mind the charge given us by your honor, and having completed 8 weeks of investigation directed almost entirely to a consideration of evidence of irregularities and fraud in the August 6, 1946, primary election, in the several townships and voting precincts of said county and in the city of Kansas City, and the city of Independence, Mo., respectfully submit our report.

In our investigation we have duly examined and counted the ballots cast in a relatively small number of the precincts and have subpenaed and examined many witnesses.

In our investigation it was revealed that in some precincts ballots were deliberately miscounted and false returns made of the election results to the election commissioners. We also discovered wrongful, illegal, and wholesale marking of ballots, vote buying and bribery, and illegal participation of party workers who were not polling officials in the counting of votes, gross negligence, carelessness, and indifference on the part of judges and clerks in the performance of their duties.

MISCOUNT OF VOTES

The grand jury subpenaed the ballots, tally sheets, poll books, and other records from the election commissioners and recounted the ballots in certain precincts. Miscounts of shocking proportions were revealed. A significant fact is that where a sizable miscount of votes was found the count invariably was in favor of one factional slate of Democratic candidates. In not one instance in which a consequential miscount was found was the miscount in favor of a candidate other than the candidates upon that particular factional slate.

The grand jury recommends further investigation, including a complete recount of all ballots in the race for the Democratic nomination for Representative in Congress

for the Fifth District of Missouri, by the proper authorities. It is our belief that Roger C. Slaughter, in this race was deprived of the nomination by a fraudulent miscount of votes and by other types of fraud.

In the race for the Democratic nomination for presiding judge of the county court of Jackson County, Mo., the grand jury found a miscount in favor of John H. Thompson, and a miscount against Perrin D. McElroy, which was more than enough to deprive Perrin D. McElroy of the nomination.

In the race for the Democratic nomination for prosecuting attorney of Jackson County, Mo., the grand jury found a miscount in favor of James H. Anderson and a miscount against Michael W. O'Hern, which was more than enough to deprive Michael W. O'Hern of the nomination.

Our investigation revealed a deliberate, calculated, and premeditated plan to miscount and otherwise steal votes from these candidates.

MARKING BALLOTS FOR VOTERS

The election laws and the rules of the election commissioners are explicit and specific, that ballots may not be marked for voters except under certain circumstances and then only after an oath of assistance has been made by the voters. It is apparent that there was serious disregard of these laws and regulations by certain voters, workers, and polling officials, which resulted in widespread fraud.

VOTE BUYING

Our investigation left no doubt in the mind of the jury that an organized plan was set up by certain party workers to pay money to voters, and that some voters looked forward to and expected to receive money for their votes or for voting the names of others, either before or after they did so.

IMPERSONATION AND GHOST VOTING

Our investigation revealed that in certain precincts the names of some registered voters were voted by impersonators, and in some instances payments were made to the impersonators. This type of fraud can only be perpetrated by collusion and conspiracy.

ILLEGAL PARTICIPATION IN COUNT

Our investigation and indictments further reveal that improper and unauthorized persons were wrongfully permitted by the precinct officials to handle ballots and count votes, and otherwise participate in the preparation of the official returns as certified to the election commissioners. In certain precincts watchers and challengers, usually precinct captains, unlawfully and wrongfully took charge of the ballots after the polls closed and after the ballot boxes were opened through collusion with, or intimidation of, polling officials. In all precincts where this was permitted there was a wide discrepancy between the official returns as certified by the polling officials and the true count as determined by the grand jury.

NEGLECT OF DUTY BY POLLING OFFICIALS

It is the responsibility of all judges and clerks of election, individually and collectively to count, canvass, and tally all of the ballots. Our investigation has revealed that this procedure was not followed, and in some precints the ballots were unlawfully counted by only one or two judges of election, and that in some precincts the Democratic judges and the clerk alone counted all Democratic ballots while the Republican judges and clerk alone counted all Republican ballots. This practice lends itself to widespread fraud, and when followed plays into the hands of unscrupulous officials, and others, and can and does usually result in a serious miscount and fraud in the count of the votes cast. It is further revealed that the laws and regulations requiring all judges and clerks of election to count, canvass, and tally all ballots were consistently disregarded.

The jury in its investigation found that certain judges and clerks of election who served in that capacity on August 6, 1946, could scarcely read or write. The jury further found that in certain cases the judges and clerks of election had criminal records.

LACK OF MATERIAL RECORDS

We were handicapped in our invesigation by the fact that no record was furnished us of the names of the persons who served as watchers and challengers in the various precincts on August 6, 1946, and we were further handicapped due to the fact that we were not furnished by the Board of Election Commissioners in Kansas City, Mo., with a book of complaints of election law violations as we understand they are required by law to keep. It is provided in section 12183 of the Revised Statutes of Missouri, 1939, that "It shall be the duty of such election commissioners to aid in the prosecution of all crimes and offenses against this article, and they shall keep a book in which shall be entered all complaints against persons alleged to be guilty of the violation of this law, and when in the judgment of such election commissioners such offense has probably been committed, it shall be their duty to cause a prosecution to be instituted in accordance with the provisions of this article, and cause the parties to be punished accordingly."

It is recommended by the grand jury that in the future the Board of Election Commissioners at Kansas City require, keep and have available such records for examination.

FEDERAL AUTHORITIES

In our investigation of vote frauds we have confined our efforts, of necessity, largely to a recount of the ballots. The grand jury strongly stresses the fact that in an investigation of vote frauds and irregularities the great majority of the fraud can only be substantiated and proved by a thorough, scientific examination of the ballots and records by competent scientific methods by trained men. There were definite indications of conspiracy and irregularities requiring such expert services bearing on the identity of handwriting, pencil marks, finger prints, etc. It is a matter of general knowledge that the Federal Bureau of Investigation, United States Department of Justice, has such expert examiners and facilities to carry on such an investigation. We strongly urge that the United States Department of Justice and the FBI enter this investigation.

FUTURE GRAND JURIES

Due to lack of time this jury has been unable to complete its investigation of vote frauds in the August 6, 1946, primary election as instructed by the Honorable John R. James. The jury recommends that other grand juries, both State and Federal, further inquire into this matter.

INSTRUCTION TO FOREMAN

The grand jury unanimously recommends and hereby instructs the foreman of this jury to forward copies of this report to the Attorney General of the United States and to the Governor of the State of Missouri in order that they may be fully advised of conditions as we have found them in the August 6, 1946, primary election.

COUNTY INSTITUTIONS

The jury inspected all county institutions and while in every instance the conditions were not all we desire, we did find a disposition on the part of the superintendents to make needed improvements insofar as their budgets would permit.

We found in our investigations several instances in which trained personnel had been put in charge. The grand jury commends this practice and urges that more employees of this type be obtained when, and where possible.

We wish to thank the Honorable John R. James, judge, the prosecuting attorney, James G. Kimbrell, and his staff, and Mr. J. A. Purdome, sheriff, and his force and in particular George J. Punshon, deputy sheriff, for their assistance, guidance and helpful cooperation.

Respectfully submitted.

Hugh C. Moore, Foreman; J. M. Slaughter, L. Robert Evans, John B. Spence, Nile G. Gilley, Jay W. Tice, B. J. George, S. S. Arnsome, Eleo. C. Wright, Jr., M. H. Sigfried, Paul Luther, Winfrey G. Nathan.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
House Office Building,
Washington, D. C.:

Yesterday afternoon the Jackson County grand jury, which has been investigating the election frauds committed in the Democratic primary August 6, 1946, filed a report in which it expressed the conclusion that Roger C. Slaughter had been deprived of the nomination by reason of fraudulent votes cast and other irregularities. The grand jury further recommend that the Federal Government enter the case and that the ballots be counted by the appropriate authorities. Last night the vaults of the election commissioners were broken into and ballots and other records stolen. Full extent of this robbery not known at this time.

JACKSON COUNTY COMMITTEE FOR HONEST ELECTIONS.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
Old House Office Building:

The shocking revelation of the theft of election records in recent primary must challenge the most rigid investigation by all public officials having jurisdiction.

DAVID B. CHILDS,
Chairman.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building:

Everything lawfully possible should be done to protect sacred voting rights and to expose those who prostitute the ballot. Two World Wars and many personal sacrifices waged for decency in government.

EDWARD L. SCHEUFLER.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building:

Stealing of ballot boxes to block further investigation of vote frauds in August primary is last straw. Senator Kem resolution indicates culpable action of Attorney General. Congress should investigate at once with view of bringing impeachment proceeding; expect you to take lead.

MILTON W. MCGREEVY.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building,
Washington, D. C.:

Hope you support full investigation of ballot-box theft and the lack of attention by Federal Government to vote fraud.

RIDENOUR RAYMOND.

KANSAS CITY, MO., *May 28, 1947.*

Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building:

Just heard of the destruction of evidence on vote fraud. These incidents in Kansas City definitely need FBI investigation.

MRS. JAMES ERNEST TURNER,
President, Twentieth Century Women's Republican Club.

KANSAS CITY, MO., *May 28, 1947.*
Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building,
Washington, D. C.:

The people of Kansas City are incensed at facts disclosed by grand jury investigation and by investigation pursuant to Kem resolution, showing certain Federal officials have impeded FBI investigation of vote stealing in August primary. Now the ballots have been stolen. Expect you to take lead in pressing congressional investigation with view to impeaching any Federal officials whose dereliction in office has aided guilty persons from being brought to justice.

GRANT STAUFFER.

KANSAS CITY, MO., *May 28, 1947.*
ALBERT L. REEVES, Jr.,
House Office Building:

With the grand jury's report now completed positively proving election frauds it seems most necessary that Federal investigation be made to find out why the Attorney General's office took a hands-off attitude. I urge you to press this matter with all vigor to see that proper justice is dealt to all those involved in a most serious offense.

Regards,

ELMER C. RHODEN.

KANSAS CITY, MO., *May 28, 1947.*
The Honorable ALBERT L. REEVES, Jr.,
House Office Building:

The brazen and disgraceful theft of ballot boxes here following grand jury investigation and indictments is most shocking to all decent citizens of this community. Urge you to demand immediate congressional investigation of United States Attorney General's office laxity in not taking action this entire vote situation in Kansas City.

FRANK A. THEIS,
President, Simonds Shields Theis Grain Co.

KANSAS CITY, MO., *May 28, 1947.*
Hon. A. L. REEVES, Jr.,
Member of Congress:

Yesterday a Jackson County grand jury, after investigating irregularities in the primary election last August, submitted a report finding wrongful, illegal, and wholesale marking of ballots, vote buying, and bribery. Inasmuch as balloting for Federal offices was involved, I strongly urge that you demand a congressional investigation of this deplorable corruption of the franchise. According to press reports evidence of these crimes was presented to the Attorney General but no action was ever taken. I urge you to seek a congressional investigation of the failure of the Department of Justice to act in this matter and in line with the grand jury's report, make available the superior facilities of the Federal Government in unearthing all the irregularities to the end that guilty parties may be properly punished.

WALTER R. SCOTT,
President, Missouri Republican Club.

KANSAS CITY, MO., *May 28, 1947.*
Hon. ALBERT L. REEVES, Jr.,
Member of Congress,
House Office Building:

Local grand jury has disclosed flagrant violation of law in connection with August primary. According to the press, this information was given to Attorney General of United States months ago, who refused to take action. Reported ballot boxes now have been stolen to destroy evidence. If Attorney General had acted, this could not have happened. Congress should immediately institute vigorous investigation, and, if investigation justified, take action to impeach culpable Federal officials. You, as our Representative, should take lead.

W. C. SHANK.

KANSAS CITY, MO., *May 28, 1947.*
Congressman ALBERT L. REEVES, Jr.,
Old House Office Building:

The theft of election records of recent primary is most disturbing. I believe all public officials having jurisdiction should immediately investigate.

LOU ELLA ADAMS.

Mr. Chairman, in the fifth paragraph of its report the grand jury says categorically that "It is our belief that Roger C. Slaughter in this race was deprived of the nomination by a fraudulent miscount of votes and by other types of fraud." On page 4 of its report, the grand jury declares that "There were definite indications of conspiracy," and strongly urges that the Department of Justice and the FBI enter the investigation.

How long will the Congress tolerate the kind of fraud, and violence, and election thievery which has characterized primary and general elections in Kansas City, Mo., for many years? It is a weak and evasive alibi for the chief law-enforcement officer of the United States to say that the laws are inadequate and ineffective. They were adequate and effective enough 8 years and less ago to convict scores of persons, representing the same corrupt political machine in Kansas City, who had been guilty of no more than the offenses committed in the primary of last August—offenses which have resulted in some 50 State court indictments during the last several weeks. If the Federal election laws require strengthening, the Congress should act, and promptly.

But so far as the perpetrators of last August's primary frauds and crimes are concerned, the time has come—to borrow words which made history several years ago—to move on them again. And I do not mean the small fry alone. When the investigation has been completed, Mr. Chairman, a far broader aspect of the situation may have been presented.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HOPE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. Mr. Chairman, I want to take this occasion to state that no matter what is done in connection with the appropriation for soil conservation payments, I hope that we will not overlook the value of the county committee system or do anything to diminish its importance. Believing as I do that there is a moral obligation on the part of the Federal Government to carry out the program contained in the appropriation bill for the fiscal year 1947, I supported the amendment offered by the gentleman from Missouri, to increase the appropriation to $300,000,000. When that was defeated, I supported the amendment of the gentleman from Missouri to increase the amount for administration in the field and supported a similar amendment on the part of the gentleman from Minnesota.

Whatever amount is finally appropriated by the Congress for soil conservation payments, the work will have to be done by the county committees. These committees, of course, have many other duties to perform in connection with agricultural programs. To them goes much of the credit for the success with which these programs have been carried on in the past. In the future, it is my hope that we will have more, rather than less, administrative control in the local communities.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Chairman, I take this time to interrogate the chairman of the subcommittee on the Sugar Act provision in this present bill. I hope the Members have in their possession the report. On page 26 of the report this language appears:

> The amount allotted for payments to sugar producers under the budget is $53,623,885.

Further the report states:

> However, the committee has decided to reduce the national office administrative expense item by $50,000, which will make that amount additional for payments to sugar producers.

My question is, in the event the administrative funds after you have cut them $50,000 are not sufficient to administer the Sugar Act, how could it be administered?

Mr. DIRKSEN. On the basis of all the testimony we are satisfied that there are more than enough administrative funds to administer this program. I may say to the gentleman from Colorado that we have increased the amount that will be available for payments to sugar producers so that a large area of sugar production may be brought into cultivation during this crop year. In addition I may say this has been quite a big program. The amounts that have been collected through the so-called sugar processing tax have averaged more than $15,000,000 in every year, so that the Federal Government has actually realized a reasonably substantial profit on this operation from year to year. We are confident that the money that is involved here for administrative purposes is ample for all administrative detail in connection with the administration of the act.

Mr. HILL. I thank the gentleman. May I call the attention of the House again to what the subcommittee chairman has said, that this program on domestic sugar has not cost the taxpayers a single penny and has placed in the Treasury of the United States more than $15,000,000.

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

Mr. HILL. I yield to the gentleman from Colorado.

Mr. CHENOWETH. I commend my able and distinguished colleague from Colorado for calling this to our attention. I wonder if he can cite any other investment made by the Federal Govern-

ment which brings a greater return. Not only have we reaped a $15,000,000 profit but we have supplied the Nation with sugar.

Mr. HILL. I might say to my colleague from Colorado that I think the sugar program has probably been the best administered of any program in agricultural activities during this administration.

There are a few things we must keep in mind. In the continental United States we must be careful how we proceed from now on in regard to increasing sugar acreages in other parts of the world and not curtail acreage from our sugarcane and sugar-beet producers.

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

Mr. HILL. I yield.

Mr. WOODRUFF. Can the gentleman name any other governmental activity which shows a profit each year?

Mr. HILL. I cannot.

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

Mr. HILL. I yield.

Mr. CHENOWETH. I would like also to call the attention of the gentleman to the fact that according to the best reports from the sugar-beet industry there is now a surplus of sugar in this country. I might add that a committee of your Committee on Agriculture that has been looking into this sugar supply at the present time feels that there is not very much reason to hold down the American housewife in the use of sugar in the days just ahead.

The Clerk read as follows:

NATIONAL SCHOOL-LUNCH ACT

To enable the Secretary to carry out the provisions of the National School Lunch Act of June 4, 1946 (Public Law 396), $45,000,000: *Provided*, That no part of this appropriation shall be used for matching funds from sources within the States derived from the sale of lunches.

Mr. PHILLIPS of California. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California: On page 52, line 23, strike out "$45,000,000" and insert "$25,000,000."

Mr. DIRKSEN. Mr. Chairman, in order that we may arrive at some time limit, I ask unanimous consent that debate on this section and all amendments thereto and amendments to amendments close in 20 minutes.

Mr. PRESTON. Mr. Chairman, I object.

Mr. DIRKSEN. Mr. Chairman, I move that debate on this section and all amendments thereto and amendments to amendments close in 25 minutes.

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 126, noes 101.

So the motion was agreed to.

The CHAIRMAN. The gentleman from California [Mr. PHILLIPS] is recognized.

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

Mr. PHILLIPS of California. I yield.

Mr. LARCADE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. LARCADE. Mr. Chairman, I have protested so many times about this Government giving away billions of the taxpayers' money to foreign countries and disregarding our own people and country that in justice to my constituents and conscience, I must again raise my voice against the reductions for the Department of Agriculture appropriations, H. R. 3601.

Agriculture is the basis of the economy of our Nation. Agriculture is the backbone of our country; and anything which is done to weaken or take away the governmental services of this industry is bound to effect the entire country.

Mr. Chairman, I cannot understand how members of the Committee on Agriculture and other Members of Congress representing farm districts can agree to reduce such items of the appropriations for the Department of Agriculture as the school-lunch program, rural electrification, soil erosion, forest protection, production and marketing administration, marketing service, to conserve our natural resources, and all of the other services which are so important to our agricultural population, and all of which contribute so richly to the prosperity of our country.

Many of our veterans are taking up agricultural pursuits, and to my amazement, even appropriations having to do with programs and benefits for these ex-service men are being either discontinued or so reduced by the reductions in this appropriations bill that this deserving group will be deprived of assistance to which they had looked forward to being provided by their Government through the Department of Agriculture.

Mr. Chairman, many times I have pointed out on the floor of this House that it was my privilege to represent one of the most important agricultural districts of this country, and I take this opportunity to say that as the representative of my district I have opposed and I now do most vehemently oppose these reductions in the approprations for the important and necessary services to my district and agriculture in general.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD following the remarks of the gentleman from California [Mr. PHILLIPS].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PHILLIPS of California. Mr. Chairman, there is no man on the floor who is more interested in the school-lunch program nor more in favor of the school-lunch program than I am. I want it understood that the only issue before the House at this time, no matter what oratory may be heard upon this floor, is who shall supervise, who shall manage the school-lunch program; whether it shall be directed from Washington or directed locally; whether it shall actually be as it started out to be, a school-lunch program involving surpluses, or whether it shall become a complete nutritional program the jurisdiction over which rests no longer with the Committee on Agriculture but with the Committee on Education and Labor; and, finally, who shall pay for it.

I have had experience with this program. It has been my observation, and this can be supported by the facts, that the best programs have been those which have been supervised locally, managed locally, and for which, for the greater part at least, local or State money has been used. Such programs for years have been carried out by churches, Rotary Clubs, Kiwanis Clubs, and other groups like these, as well as by school groups like the PTA.

There must be some sort of a Federal clearing house, and my amendment is directed to maintaining Federal supervision, and enough for an actual matching program, and to let additional money for the program be raised in the States. I do not see how any Member of Congress can say this should become a paternalistic, federally-supported program when there are surpluses in every State treasury. We have in my State, for instance, a balance of $430,000,000; you apparently have in the treasury of Alabama a current balance at the present time of $30,000,000; Mississippi has $22,000,000, and States which are spoken of as in great need have from $3,000,000 to $501,000,000. I say that California can well afford to pay the costs of this program in California out of its own funds. I know of nothing more important than the children of the United States of America.

To my mind, the needs of children, as future citizens of the United States, takes precedence over any other necessity to be paid from a State pocketbook. I think this should be a State-supported program and not by Federal payments. For that reason I offer the amendment which is now before you.

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

Mr. JAVITS. Mr. Chairman, I shall vote for the amendment which will increase the amount of the school-lunch appropriation for fiscal 1948 from the $45,000,000 recommended by the committee to $75,000,000, and to eliminate the restricting proviso regarding the ability of the State to match the funds derived from the Federal Government with income from the school lunches themselves. We must give the first thought in this program to its maximum effectiveness and the second thought to the details of the business arrangements between the Federal Government and the States. I do not see that we have any right to harm the program because the business arrangements do not seem to the Committee appropriate but rather that every effort must be made to improve the arrangements so that they are suitable without impairing the program. We must not forget that the whole program is provided for by Public Law 396 of the Seventy-ninth Congress and I see no reason for departing from the principle approved by that act. Therefore, I will

vote to appropriate the full amount the program required for the next fiscal year as set up in the budget—$75,000,000.

As I said at the time I fought for the deficiency appropriation for the school-lunch program for fiscal 1947:

I consider the school-lunch program a part of the national responsibility for health. The program of a hot lunch for school children has met with the universal approval of mothers, teachers, educational authorities, and Parent-Teacher Associations. The cost is infinitesimal compared to the benefits. The health of the child determines the health of the man. I look forward to legislation which will be a national expression of the responsibility for the health of all citizens. The school-lunch program is an early and a necessary step.

The CHAIRMAN. The gentleman from New York [Mr. BUCK] is recognized for 1½ minutes.

Mr. BUCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCK: On page 52, line 23, strike out "$45,000,000" and insert "$11,470,400."

Mr. BUCK. Mr. Chairman, the National School Lunch Act, ever since it was first presented to us, has been replete with misrepresentation. Originally declared to be for the purpose, among other things, of encouraging the domestic consumption of nutritious agricultural commodities and other food, it was enacted at a time when food rationing still prevailed in this country and when millions of people throughout the world were starving. Even today when our fabulous exports of foodstuffs are depleting our own supplies and causing prices to rise proportionately, the Administrator of the School Lunch Program, in testifying recently before the subcommittee, made the outlandish statement on page 1151 of the hearings that the program had "provided one of the best possible outlets for nutritious farm products that might otherwise contribute to local or national food surpluses." Proof that this bureaucrat did not himself believe the statement I have just read is evidenced by his further statement two pages beyond in the hearings which reads:

In the current year, with the exception of potatoes and a few other perishable commodities, surpluses suitable for the school-lunch program have been limited.

The fact is that schools have purchased food for the lunch program with complete freedom of action and in disregard of whether or not a particular commodity is surplus.

The height of misrepresentation, however, is in connection with State matching of Federal contributions. I am certain it was the impression of 95 percent of the Members of this House that this matching would be bona fide. Yet what do we find was the actual practice for the fiscal year 1947? The Federal Government will have expended $72,975,000. State and local governments appropriated but $11,470,400. The difference—and I submit that this is one of the most unconscionable acts of financial finagling which has ever come to my attention—was made up by the assumption that the pennies paid by the children for their lunches were a part of the State contribution. Then, for good measure, the States included as their contribution for matching purposes $25,000,000 of unaudited and unauditable "donations" from churches, parent-teachers' associations, service clubs, and so forth.

My amendment is for the purpose of reducing the Federal contribution to the amount actually appropriated for school lunches by the State and local governments during the fiscal year 1947.

I feel that even this sum is excessive in view of the fact that the Federal Government is some $260,000,000,000 in the red whereas at the end of the fiscal year 1946, there were surpluses in the treasuries of every State in the Union, as per the following figures published by the Bureau of the Census:

Alabama	$30,000,000
Arizona	11,000,000
Arkansas	12,000,000
California	490,000,000
Colorado	22,000,000
Connecticut	29,000,000
Delaware	13,000,000
Florida	38,000,000
Georgia	15,000,000
Idaho	10,000,000
Illinois	188,000,000
Indiana	89,000,000
Iowa	49,000,000
Kansas	27,000,000
Kentucky	25,000,000
Louisiana	27,000,000
Maine	9,000,000
Maryland	33,000,000
Massachusetts	13,000,000
Michigan	84,000,000
Minnesota	29,000,000
Mississippi	22,000,000
Missouri	62,000,000
Montana	9,000,000
Nebraska	10,000,000
Nevada	5,000,000
New Hampshire	6,000,000
New Jersey	42,000,000
New Mexico	7,000,000
New York	501,000,000
North Carolina	98,000,000
North Dakota	17,000,000
Ohio	162,000,000
Oklahoma	26,000,000
Oregon	58,000,000
Pennsylvania	180,000,000
Rhode Island	6,000,000
South Carolina	18,000,000
South Dakota	15,000,000
Tennessee	32,000,000
Texas	55,000,000
Utah	3,000,000
Vermont	8,000,000
Virginia	74,000,000
Washington	90,000,000
West Virginia	22,000,000
Wisconsin	93,000,000
Wyoming	8,000,000

Thus there is not a single State in the Union which could not adequately finance its school-lunch program without any participation by the Federal Government.

In conclusion, I wish to address myself to the Members of the House who represent the States who will pay the bulk of the cost of any money spent by the Federal Government for the school-lunch program.

You Members from Massachusetts should know that your State will receive back in benefits but 43 cents of every dollar your taxpayers must pay into the Federal Government for the school-lunch program. For Connecticut taxpayers the figure is but 28 cents; for New York, 18 cents; for New Jersey, 50 cents; for Pennsylvania, 57 cents; for Ohio, 40 cents; for Indiana, 67 cents; for Illinois, 31 cents; for Michigan, 43 cents. This program short-changes your taxpayers. I hope you will all bear this fact in mind in your consideration of this appropriation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

Mr. DIRKSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DIRKSEN. What is the parliamentary situation with respect to amendments that are pending? The time, of course, was closed on this amendment and all amendments thereto.

The CHAIRMAN. That is correct.

Mr. DIRKSEN. Does action occur now on the substitute offered by the gentleman from New York [Mr. BUCK]?

The CHAIRMAN. That is correct.

Mr. CANNON. Mr. Chairman, immediately upon the presentation of the amendment I submitted a substitute which I sent to the desk. I took it for granted it had been read.

The CHAIRMAN. It has not.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the substitute amendment offered by the gentleman from Missouri be read now.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

The Clerk read as follows:

Substitute offered by Mr. CANNON:

Page 52, line 23, strike out "$45,000,000" and insert in lieu thereof "$75,000,000."

Page 52, line 23, strike out the colon, insert a period and strike out the remainder of the paragraph through line 25.

Mr. DIRKSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DIRKSEN. As I understand it, the substitute offered by the gentleman from Missouri is not presently before the Committee.

Mr. CANNON. Mr. Chairman, I have offered it.

Mr. DIRKSEN. It could not have been offered, otherwise it would be before the Committee at the present time. I want to be sure that the members of the Committee appreciate the parliamentary situation and the things on which we vote. My understanding is we vote first on the amendment offered by the gentleman from New York [Mr. BUCK] to reduce the amount from $45,000,000 to $11,470,000.

The CHAIRMAN. That is correct.

Mr. DIRKSEN. When that is disposed of, then the gentleman from Missouri will offer his substitute or amendment to modify the pending amendment, to raise it from $45,000,000 to $75,000,000.

The CHAIRMAN. That is correct.

Mr. DIRKSEN. What about the amendment offered by the gentleman from California [Mr. PHILLIPS]?

The CHAIRMAN. That will be the last amendment voted on.

Mr. DIRKSEN. Mr. Chairman, if there is no more time desired, I should like to be recognized.

The CHAIRMAN. There are others on the list. The Chair recognizes the gentleman from Georgia [Mr. PRESTON].

Mr. PRESTON. Mr. Chairman, the gentleman from California [Mr. PHILLIPS] a moment ago told us how much he loved the little children of America, how important they are to the country, yet in the same breath he wants to take this money away from them. That just does not add up, to me.

A few years ago the big tax burden that the people bore was by State and county taxes. Today the big tax burden is from taxes due the Federal Government. The States, the municipalities, the counties, and the various subdivisions of our country are not getting back in return the proper ratio of money that we are paying into the Federal Treasury. Our taxes are pyramiding. This program is a program which works as a return from our Federal tax dollars. It is a uniform program that provides nutritious lunches throughout the entire United States. We all know it has paid huge dividends. I want to go on record favoring the amendment by the gentleman from Missouri [Mr. CANNON] to increase this appropriation to $75,000,000.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, under leave to extend my remarks, I quote from a statement issued by the National Congress of Parents and Teachers, which I submit for the consideration of Congress with the hope that adequate funds will be provided for this necessary and worth while program. I feel that it would be neglect of our duty if we do not do so.

Today the number of school children who cannot go home to a nourishing meal at noon is multiplying rapidly. For example, children attending high schools or consolidated rural schools often cannot go home for lunch, the large areas served by these schools make for distances too great to be covered during the noon hour. Also, many mothers are either employed or for other reasons have no time to prepare and serve a nutritious lunch during their children's brief noontime recess. Moreover, children of the same family who attend different schools are seldom able to get home at the same time, and under these conditions lunch at home becomes a hurried, unsatisfactory arrangement. Finally, parents living in large cities frequently prefer their children to remain at school rather than face traffic hazards at the busy noon hour. Student and police patrols cannot be effectively operated during this brief midday interval. The war revealed that malnutrition is much more widespread than most of our people realized. It was found to be most prevalent among the low-economy groups, but many young people from families having good incomes and from farm homes having an abundance of food also showed dangerous dietary deficiencies. These could be attributed only to poor food habits, cold and unpalatable meals, and unbalanced diets. It is generally believed that if all school children were assured a nutritious and palatable meal at noon the health of the school children could be greatly improved and foundations laid for healthier adulthood.

The school-lunch program should be the answer to this, and has proven that it is.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I can only make a very brief observation in the time allotted me. In that time I want to restate the facts that were cited by my colleague the gentleman from Mississippi [Mr. ABERNETHY], a few minutes ago. I want to point out to you that less than a month ago this Congress appropriated $350,000,000 with which to feed the so-called starving people of Europe, half of whom 3 years ago were running bayonets through good American bellies; and yet you have only $45,000,000—less than one-seventh of that amount—to spend on our own children.

I can show you undernourished children now down in the State of Mississippi. I can show them to you in Tennessee, in Arkansas, in Louisiana, and other places; and I assure you they would be in a pretty bad fix if it were not for this school-lunch program. I think it would be criminal to refuse to restore the funds for this school-lunch program. If you vote to cut the funds any further for this item or if you leave it stand at only $45,000,000 you ought to go home and hang your head in shame.

Mr. KENNEDY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KENNEDY. Mr. Chairman, in its report on H. R. 3601 the Appropriations Committee stated they are reducing the budget of the school-lunch program from $75,000,000 to $45,000,000.

According to the provisions of Public Law 396 covering the school-lunch program, $10,000,000 was authorized to be set aside for nonfood items, which includes equipment. Thus, in effect, there will be but $35,000,000 left for food in the program.

If the recommendations of the committee are taken the result will be that States will have to do one of two things:

First. The States will have to choose the number of schools within the State that can be handled throughout the next school year, which in turn will mean that approximately only 35 percent of the presently participating schools will be included in the program.

Second. In the event the States choose to continue the program in all presently participating schools, it is estimated that the program will last only through the first half of next year.

I feel that either of these alternatives would be disastrous, and consequently urge that the House restore for the school-lunch program the seventy-five million requested.

Everyone familiar with the wonderful work done by this program should insist that this project be maintained in its entirety.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I asked for this time because I am going to support the amendment for $75,000,000, but I want to say this in the short time allotted to me, that we have 26,000,000 bushels of Irish potatoes in excess of the needs of the country. I do not understand why a great committee like the Committee on Appropriations, interested in saving funds and saving food, I suppose, could not have worked out a proposition whereby some of the 26,000,000 bushels of Irish potatoes that are spoiling and wasting in this country, and which cannot be sold at home and abroad, might not be given to some of these school children throughout the length and breadth of the United States. If we want to do a real service to the school children of the country as a whole we should make some arrangement whereby some of these funds can be used for the purpose of supplying the school children with food that otherwise would go to waste and spoil and rot in this country. I commend this thought to the gentleman from Illinois as a proposition of a humanitarian nature that he can work upon without expending any funds.

Mr. LYNCH. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LYNCH. Mr. Chairman, in the reduction of the school-lunch program appropriation from the $75,000,000 recommended by the Bureau of the Budget to the $45,000,000 recommended by the Appropriations Committee, the Republican majority in the House has hit the American school child a body blow where it would hurt most—his little stomach. It seems almost inconceivable that Republican economy should go so far. When we see the program of the Republican Party taking shape first in the form of big tax reductions for the higher brackets and penny reductions for the low-income groups; then in the threatened extension of excise taxes which would put the burden of reducing the national debt on those least able to pay; later, in the reduction of the various appropriation bills, thereby throwing thousands of faithful Government employees with years of service out of work; and finally, in this last economy move of curtailing school lunches, we are filled with well grounded fear for the future welfare of the country.

We have voted millions of dollars for the relief and rehabilitation of the countries of Europe, some of which were our enemies. But when it comes to taking care of the first line of defense of our own country—our own children—the Republican majority is apparently willing that they should go undernourished and underfed.

I have time after time heard our colleagues on the other side of the aisle rant and rave about communism. Of course, it is a threat and a danger, but it is because of the program which I have referred to before that it will become a greater danger and a greater threat to this country. Hungry mouths will make Communists. That is the procedure that Russia is using to Sovietize the countries within its present sphere. That is the procedure that will make Communists in our own country. I hope that the House

will adopt the Cannon amendment to increase the school-lunch appropriation to $75,000,000—it will be the humanitarian and patriotic thing to do.

Mr. ROONEY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROONEY. Mr. Chairman, in the usual steamroller fashion of this Congress the majority party has again limited debate on an important amendment. I wish to announce that I shall support the substitute amendment offered by the distinguished gentleman from Missouri [Mr. CANNON] which seeks to increase the inadequate amount, $45,000,000, allowed by the Republican majority for the vitally necessary school-lunch program to the amount, $75,000,000, requested by President Truman and the Bureau of the Budget for the fiscal year 1948.

Less than a year ago Public Law 396 of the Seventy-ninth Congress which I supported was approved by President Truman and our school-lunch program became basic law. Now, less than a year later, at a time when we are spending billions of dollars for foreign relief, the Republican majority of this House scraps the law and denies a pitifully small sum needed for the most valuable assets we have, our American children. Mr. Chairman, I have all along supported our school-lunch program and I shall continue to do so.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS. Mr. Chairman, this matter has been before us on another occasion when we were asking for a deficiency appropriation, and I had something to say about it at that time, as other members did, and I do not wish to belabor you nor to criticize you and to speak in terms of maudlin sympathy about the poor little children, and so on. But, as a matter of fact, my friends, the poor little children are involved.

I wish to address myself in this minute and a half that I have, which is very short, to the thought of the strength of our Nation. I am alarmed and worried about this great Nation of ours like you are. You are as honest and sincere and patriotic as I am; I am certain of that. But all of us who are honest and sincere and patriotic American citizens are trying to look not to the next election but to the next generation, and I am thinking about the health of our Nation and the strength of our Nation, and I am telling you that there are very few things we can do to strengthen our Nation more, in my judgment, than to keep the school-lunch program going in a big way.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

THE SCHOOL-LUNCH PROGRAM: "WE FEED THE GERMANS AND JAPS BUT NEGLECT OUR OWN MOST VALUABLE CROP—OUR CHILDREN"

Mr. SABATH. Mr. Chairman, I consider this action by the Committee on Appropriations the most outrageous of all the meat-ax slashes they have made.

Last session we passed a law, after long and careful consideration, to help supplement the diet of undernourished children. Now they come in and cut the appropriation and by that action virtually nullify the law.

Millions have been appropriated for the relief of hungry and needy people of other countries. For the terrible Turks and for the Greeks you have appropriated more millions, not alone to feed and clothe them, to provide them with arms and munitions.

MONEY TO HELP PRODUCE RECORD CROP—BUT NOT FOR CHILDREN

We have appropriated more millions on millions—and you have voted for those appropriations—to provide fertilizer and soil conservation programs to help the farmers produce record crops; but for the most valuable crop of all, our children, the future citizens, yes, and soldiers, of America, you are providing a niggardly sum, grudgingly and disparagingly.

Yes, you have voted for appropriations to save the cattle, to guard against foot-and-mouth disease, to feed wild ducks—but to feed needy children of our own, American children, you have cut down the already too small budget by $30,000,000.

My colleague, and the gentleman from Illinois [Mr. DIRKSEN], has told you that only 1 out of 10 of the school children obtains the free lunch available under this grant. Let his figures be correct; yet I still say to you that that means we can make it possible for 750,000 school kids to be happy with a hot midday meal, to be better students and better junior citizens, and to grow up to be better and stronger and healthier adults.

He has told you that in Chevy Chase the children all buy their own lunches and pay the regular full price; but he neglected to tell you that Chevy Chase is perhaps the wealthiest community in Greater Washington.

THIS ECONOMY IS A CHEAT ON THE AMERICAN PEOPLE

I have voted for all measures designed to help the American farmer to raise his income, his standards of living, and these wonderful record-breaking crops of which we all have been so proud.

No one has begrudged those funds.

But now for the benefit of children who otherwise might not be able to eat a lunch at all, or at best would have a scrap of bread or a cold boiled egg, I surmise that all of you will vote for this paltry sum on the pretext of economy.

What a cheat you are giving the American people.

You have just passed a bill reducing the tax bill of the wealthy by $3,000,000,000. Is this the way you will make it up—by taking even the lunches away from poor, defenseless urchins?

FOLLOWING DICTATES OF PARTY LEADER

In all this you are, I presume, following the advice of your real party leader, former President Hoover, for he testified before a House committee only a few days ago that he is in favor of feeding the Japanese and the Germans, though we still have not started to bring back the bodies of our 300,000 dead, and our hospitals still are overcrowded with the maimed from the war of resistance against their aggressions. I suppose this is on the theory that we started the war against the Nazis and the Japs.

I well remember that it was this same President Hoover who prevented money appropriated for the relief of starving cattle from being used for the relief of starving people when it appeared the cattle would live without it.

It is easy to understand that his heart would bleed for our defeated enemies but not for our own underprivileged children, who may be the next victims of those enemies when they have been rehabilitated.

You have done everything possible to encourage the high prices which make it harder and harder for underpaid parents to feed their children, with the cost of bread and milk nearly doubled; but you will not do this little bit to make up for that.

The American people will not soon forget this triumph of selfishness over humanity.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. BRYSON].

Mr. BRYSON. Mr. Chairman, with your indulgence, I should like to speak to you briefly and informally.

A matter of great importance which I would like to refer to is the school-lunch program about which my fellow Carolinian has spoken to you. I am very much interested in public affairs now, and I have been for a quarter of a century. I have been in public affairs for that length of time.

I can truthfully say that I know of nothing for which public moneys are expended from which we receive so much value as the school-lunch program.

In my State, of necessity, we have had to consolidate many schools. I would like to point out, too, that in spite of the report about the poor schools in the South, I do not know any State that spends more per capita than the State of South Carolina.

I might add that that assumption as to the state of the schools in the South is now entirely justified. Lately I saw statistics to prove my statement above. South Carolina is carrying a greater load than any other State in an effort to meet its school problems.

Very often children are required to travel 40 and 50 miles to school in our State by way of bus. I remember when we had the controversy about daylight-saving time.

I have seen children in the first grade standing on the highway at the break of dawn, and frequently standing in the chill of the early morning hours, waiting to be transported 40 or 50 miles to school.

I have children in my own home and I know that they get up in haste and confusion, and they frequently do not feel like eating breakfast. As a result, they go away to school, and if they are not provided a hot lunch during the midday, they do not have any warm food until they reach home at the close of day.

I cannot too strongly endorse the school-lunch program.

Mr. PRICE of Florida. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PRICE of Florida. Mr. Chairman, I rise in opposition to this cut in appropriations in the funds for our school-lunch program. In the past weeks we have seen this House vote for millions of dollars to feed the hungry of Europe and I have no quarrel with that program but we should remember that charity begins at home. Why should we not look after the underprivileged of our own States? The records show that millions of our young men were rejected by our armed forces due to the lack of proper nourishment while they were growing into manhood. Let this House forget political promises and campaign talk when it comes to feeding the children of our country.

We can go along with the Republicans on their economy drive in many instances but let us not bring such questions into this argument.

Mr. MANSFIELD of Montana. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MANSFIELD of Montana. Mr. Chairman, I am disturbed and dismayed by the amendments offered by the gentleman from New York [Mr. BUCK] to reduce the child-lunch appropriation to $11,000,000 and the amendment offered by the gentleman from California [Mr. PHILLIPS] to reduce it to $25,000,000. I am convinced that the $45,000,000 appropriation recommended by the Appropriations Committee is not enough and consequently I will vote for the amendment offered by the gentleman from Missouri [Mr. CANNON] to increase that amount to $75,000,000.

I must compliment the Republicans for the well-organized steam roller they have used throughout this session and in the consideration of this bill to take away from the American people and the American children the help and the assistance which the Government should rightly give to them. The result has been that organization has triumphed over consideration of our people's needs and the steam roller has functioned at the expense of specific Government obligations and duties in behalf of people who need our assistance.

I am amazed at the callousness of the opposition to the school-lunch program. We can appropriate millions to relieve the distress of people overseas, but we find it difficult to look after our own. I have received scores of letters and telegrams in behalf of the school-lunch program and, as a consistent supporter of it, I will continue to give it my full support. I hope the House will vote to increase the amount for the school-lunch program because we will be investing our money in our greatest national asset—our children.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, last year on the 6th day of June the Congress of the United States passed this act:

> It is hereby declared to be the policy of the Congress, as a measure of national security, to safeguard the health and well-being of the Nation's children, and to encourage the domestic consumption of nutritious agricultural commodities and other foods, by providing an adequate supply—

Mr. Chairman, I trust that we will not bypass that word "adequate." If we intended to hold out to the people of this country that we recognize the value of this program and that we propose to enter into an agreement with the several States to furnish an adequate supply of foods for the school children of this country, we ought to stand by it now. With all due respect, I suggest to the members of this committee that it is mockery to make this amount less than $75,000,000. Let us be sincere in this matter.

Mr. ALLEN of Louisiana. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ALLEN of Louisiana. Mr. Chairman, I rise in support of the amendment of the gentleman from Missouri [Mr. CANNON] to raise the appropriation for school lunches to $75,000,000 instead of the sum of $45,000,000 now in the bill. I expressed myself on this matter in general debate yesterday and I cannot say much in the short time now allotted.

This school lunch has been written into our statutory law. The law authorizes $75,000,000 as the Federal contribution to the joint State-Federal program. I am supporting this amendment to appropriate the full amount authorized by law.

No one knows better than I do the trials and tribulations of a boy being reared under hard financial circumstances. I have known what it means to be hungry. We have many American children now who know what that means. I consider, Mr. Chairman, that this school-lunch program, this provision to give a school lunch to children standing in need of it, is a program to strengthen America and make our future citizens not only strong physically but strong mentally. We want to build and keep America strong and certainly this school lunch is a very effective way to do it.

I cannot too strongly urge the adoption of the Cannon amendment and thus insure to the American children a continuance of this program. I make this appeal in behalf of the children of America. Stand by them.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, of all the puzzling matters that face the American people today, I think there is more confusion and more indignation on the part of the population generally concerning the acts of our Government in regard to this one thing; that is, that we are voting millions and billions of dollars to aid the people in the war-stricken countries and even the enemy countries and doing so little relatively for our own people. The majority are acting in the name of economy. I am willing to see work done in other parts of the world to rehabilitate those devastated lands, but I hate to see a refusal on the part of our own Government to do likewise for our own sections of the country. I am willing to clothe and feed the people of the world but we must not neglect our own, and we are doing it in this Agriculture appropriation bill just as the House did in the Interior appropriation bill some weeks ago.

When the school-lunch program had its origin the idea may have been to accomplish two things at once, to distribute surplus agricultural products of food and at the same time to benefit the school children by this nutritional program. It may be that the first objective is no longer needed, but who can tell when it may be needed? I, too, have heard a great deal of complaint about spring potatoes being destroyed, and I also think it is a shame. Of course I know that new potatoes may be of such a perishable character as to make them entirely unsuited for shipment abroad to starving people. But that does not necessarily prevent the use of such food for American children. The other great value of the school-lunch program continues to exist.

With so many millions of our young men disqualified for military service in the war because of lack of nutrition in childhood, it ought to be a warning that the very safety of our Nation depends upon the good health of our boys and girls. Even if we no longer need a market for surplus food in school lunches, the other need is all-compelling, and we are short-sighted indeed if we do not exercise great generosity in implementing the program with suitable funds. I know what school lunches mean in the far Southwest, and I know that even in the best of farming communities many children are suffering from malnutrition. Liberal support and scientific management in this work will repay the Nation and the future great dividends. A saving here is expensive.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, I rise now merely to point out the implications that are contained in all these amendments. There are 50,000 schools having school lunches and receiving Federal aid today. There are over 200,000 schools in the United States. On that ratio, you can, by multiplying the amounts by four times, find the implied responsibility this Congress is assuming under these amendments. Under the Buck amendment calling for $11,000,000, eventually, if all the schools participate, it will be approximately $45,000,000.

Under the Phillips formula it will be $100,000,000. Under the committee amendment which I support it will be $180,000,000, eventually, if all schools participate, or four times the amount in the bill which services 50,000 of our 200,000 schools. Under the Cannon amendment it will be $300,000,000.

I want the committee to have the full importance of all that is implied in these amendments.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I supported the school-lunch program heretofore. I am for it now. I feel that some of my friends who want to economize on the children of America and who talk about inefficiency and waste are among those who have voted repeatedly to give billions of dollars to foreign nations, much of it for waste and extravagance. I feel the time has come when we should look after our own people. Charity still begins at home.

Mr. Chairman, to cut the budget estimates 32 percent in the appropriations for the Agriculture Department is not justifiable. It is true that there are duplications that should be eliminated. It is equally true that there are some cuts that should be made. But such cuts should not be made on wealth-producing projects such as the REA, soil conservation, and land-purchase projects for veterans and others. These and others are wealth-producing and not wealth-consuming projects.

I know that the Appropriations Committee claims that the REA has more money than it can spend. That may be true in some localities, but not in others. In my own State only 1 farmer out of 10 has electricity in his home. Modern facilities demand that these farmers, who help feed the Nation, be given some of the conveniences enjoyed by city people. Modern civilization and full production demand that the REA be extended to every farm in this Nation where it is at all practicable. This cannot be done by cutting the REA appropriations.

The REA has a backlog of applications now totaling $240,000,000. The REA estimates this figure will be $270,000,000 by July 1 against which it will have only $10,000,000 in unallotted funds. In other words, it would take $260,000,000 to break even on July 1—without any money to cover new applications through 1948.

The truth is that in place of cutting REA loans $25,000,000, the budget estimate, the committee, realizing the great benefit of REA, should have increased it. If the REA was to accept all of the applications, and extend the benefits of the REA to all the applicants, it would take $361,000,000 by June 30, 1948. I feel that at least the $25,000,000 should be reinstated.

I also feel that the 28½-percent cut in administration funds will mean 25-percent fewer farm people who will receive electricity in 1948 than if the cuts were not made. I feel that at least part of these administration funds should be restored. A 28½-percent cut is too severe.

The committee argues that the REA co-ops, when once set up, are capable of running their own business without Federal supervision. In this way they feel that the expense can be cut. I do believe in local self-government but the committee forgets that the REA is still a very young institution, and that its activities are still expanding. This is especially true in North Dakota and other States like North Dakota. I shall, therefore, vote to restore the budget estimate in the appropriation when that amendment is offered.

Next we come to soil conservation. Here again we have not only a wealth-producing project, but a wealth-saving project; a project that prevents depletion of our soil; a project that prevents erosion, and the dust bowls. Here again the committee argues that the program is completed. Yet the program has but started. Surely to severely cut the estimates in this appropriation is a mistake.

This is especially true when we consider the foreign commitments, the commitments such as the $3,750,000,000 gift to Great Britain, the $750,000,000 gifts made recently and the $27,000,000,000 that we have at present committed ourselves to, but that I am satisfied another administration and another Congress will repudiate.

However, be that as it may, if we are to continue to fulfill these commitments in any degree at all, we will have to conserve our soil. We will have to prevent soil depletion, erosion, and dust bowls. I shall, therefore, vote for and support the restoration of the budget estimates for soil conservation.

I am proud that I voted against the gag rule that was adopted yesterday. That gag rule permits the Appropriations Committee to write the Nation's laws. It virtually sets it up not only as an appropriation committee, but as a legislative committee. I feel that that gag rule, the same as gag rules under previous Congresses, is an insult to the Members of Congress.

I realize that first we gag ourselves, and then say we cannot do anything because we were gagged. I am sorry that so many of my friends yesterday voted for the gag rule. Party regularity must cease when the Nation's welfare is at stake, when the problems of agriculture are at stake. These are not party issues; they are American issues.

Under the gag rule which we adopted yesterday, Members are prohibited from raising points of order. This rule was expressly adopted—deliberately adopted—to permit the Appropriations Committee to change laws as well as to make appropriations.

Under the 1935 law there was a permanent appropriation for agriculture of a sum equal to 30 percent of custom-duty receipts. This amounted to about $148,000,000 each year. Under the law this was used by the Department of Agriculture to steady the market of surplus commodities.

A point of order could have been made against this on the grounds that it is legislation in an appropriation bill, but the gag rule prohibits this. It waives all points of order. I shall assist and do all I can to have that legislative provision stricken from the bill.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. ROHRBOUGH].

Mr. ROHRBOUGH. Mr. Chairman, I rise in support of the substitute amendment offered by the gentleman from Missouri. I do that because I am interested in young people. We have been having reports that there is a wave of juvenile delinquency. It is mighty hard for young people to be good when they are hungry. I do not know whether or not as we grow older we forget how much it means to youngsters, to small boys and small girls, to have enough to eat.

We are commanded to hunger and thirst after righteousness, but I tell you that the people who are hungry physically cannot hunger and thirst after righteousness. They cannot be good. So, I support the amendment to prevent malnutrition and to promote better citizenship.

Mr. POTTS. Mr. Chairman, I have listened with a great deal of interest to the arguments for and against the provision in the Agriculture appropriation bill with respect to school lunches.

The people of my district have been writing to me on this subject and there is no doubt that they want adequate provision made for continuation of the program.

Accordingly, in compliance with the will of the people of my district, as expressed to me, I intend to vote against those amendments which will reduce the appropriation of $45,000,000 as contained in the bill for school lunches and I intend to vote for the amendment which will increase the appropriation to $75,000,000.

Mr. KERSTEN of Wisconsin. Mr. Chairman, the school-lunch program is primarily a measure of agricultural stabilization. It is only incidentally a child-feeding program. The sum that will tend best to stabilize the agricultural program of our country is the sum we should support. In my opinion that sum is seventy-five million.

While some States may be prepared to take over the child-feeding portion of the program, other States are not.

My district is primarily an industrial district. But I recognize the complete interdependence of industrial and agricultural communities. A crippling blow to the stability of agriculture is a crippling blow to American industry and vice versa.

It is poor economy to cut the school-lunch figure when that cut is a blow to agricultural stability.

Furthermore, how can we justify crippling the child-feeding feature of the program? Which schools do we wish to strike out? On what particular children do you wish the ax to fall?

Mr. JONES of North Carolina. Mr. Chairman, I am opposed to a number of provisions in H. R. 3601 and hope that they will be corrected by proper amendment. The over-all cut of 32 percent in the appropriation for the Agriculture Department, as set forth in H. R. 3601, is entirely too severe and deprives the Agriculture Department and the farmers of many needed services to which the farmers are entitled and which are necessary to preserve their present pros-

perous economy. These cuts affect not only the farm program, but the living conditions and welfare of the farm population throughout the Nation.

I am especially opposed to the provision which reduces the allowance for the school-lunch program from $75,000,000 to $45,000,000. The program was eliminated by the House deficiency bill for 1947, but was reinstated by amendment over the objection of the Republican leadership. Now after this was done, this bill reduces this much-needed appropriation from $75,000,000 to $45,000,000 for 1948. In my opinion, this reduction is absolutely unjustified and is a step backward in the farm life of our Nation. It comes at the very time when this much-needed program was expected to be a permanent set-up and a great advantage in promoting not only the education, but the health of the children of our Nation. It is a disappointment to everyone concerned in this splendid program because it was expected that the program would be expanded rather than abandoned.

We have not time to enumerate the many advantages of the school-lunchroom program or the benefit that the children of the Nation derive from the program. These are demonstrated by the expansion and growing popularity of the program.

The declaration of the policy contained in the act of the Seventy-ninth Congress is as follows: "It is hereby declared to be the policy of the Congress as a measure of national security to safeguard the health and well-being of the Nation's children and to encourage domestic consumption of nutritious agricultural products and other food, by assisting the States through grants and aid and other means in providing an adequate supply of food and other facilities for the establishment, maintenance and operation and expansion of nonprofit school-lunch programs." In initiating, supporting, and maintaining the national school-lunchroom program, the Government of the United States has rendered invaluable aid to the cause of public education and to public health in all of the States of the Union and it seems a tragedy to cut it out when it probably is just entering upon a period of its greatest use to public education.

The very able and progressive superintendent of public instruction in North Carolina, Dr. Clyde Erwin, has urged me and the other members of the North Carolina delegation in Congress to support the program and to urgently request the Appropriations Committee of the House not to desert this important needed legislation which contributes immeasurably to the health and education of the children of the United States. I am informed that the education leaders of many of the States of the Union have written similar letters to their Congressmen urging that this program be supported to the limit.

I hope the Cannon amendment will be adopted.

Mr. Chairman, I would like to submit a letter received from Mr. W. D. Reynolds, county agent of Mecklenburg County, Charlotte, N. C., giving a very intelligent picture of conditions of agricultural life and future prospects of agriculture in the United States provided that the agriculture program is not cut in such a severe way as to handicap, if not destroy, the farm program which has proven so successful and has made the farmers prosperous for the first time in the history of our Nation:

OFFICE OF COUNTY FARM AGENT,
Mecklenburg County, Charlotte, N. C.

Hon. HAMILTON C. JONES,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN JONES: I understand there is a bill being considered by the Agricultural Committee of the United States Congress to reduce the appropriations for agriculture. First, let me suggest to you that in my humble opinion farm people of America have made more progress during the last 15 years than any time in history, and I sincerely believe that one of the big factors causing this splendid progress has been the far-sighted leaders in our Federal Government, the Congressmen, Senators, and others. To me, it would be no less than a tragedy now to hamper this progressive segment of society by reducing the appropriations of the Federal Government to such a point that our agricultural agencies would not be able to render to the farm people the same good services they have become accustomed to during the past few years. Let me hasten to assure you that it is my humble opinion that the farmers have never had more than their share of the appropriations made by our good Congress, and I further believe that the money appropriated has been spent wisely.

As I travel over the county and State and talk to farm people, I am almost daily reminded that this farm or that farm was an old run-down, washed-away farm 15 or 20 years ago. But today we find the soil being reclaimed and rebuilt through the help of the agricultural agencies. I am particularly thinking of the terracing program and soil building, the farmers being encouraged to plant cover crops, pastures and forest trees on certain spots or fields, and then too, the material such as lime, acid and potash that the farmers have been educated to use. Through the help of the Agricultural Department they have been encouraged to use these better practices in a number of cases by certain allowances made to them by our good Government.

It is an uphill road when we go out and talk to farmers about the needs of their soil and they explain to us in all too many cases that they do not have the wherewith to finance the project, but when the Government lends encouragement by supplying certain materials, the road is made easier and progress is much faster.

Now, we have heard some discussion about the overlapping of certain agencies, but in my humble opinion that is merely a mole hill and it has been developed into a mountain by people who do not know how the different agencies plan and work together. Certainly, that is true of our county and there is no reason why that could not be true in every county in the United States. The county agent's program is purely an educational program while the Triple A for instance cooperates by furnishing some of these materials that we have spoken of, which certainly helps to make for a better rural condition. Let me assure you that the farm people are asking no special favors, but they do feel that they are entitled to their fair share of Federal help, and it is useless for me to tell you that unless we continue to encourage the farm people to use better practices in preserving their soil when cultivating their crops and in fact in using better agricultural practices in both field crops and livestock, America stands to lose much. In fact, the whole world will be affected. We must give to the farm boy the same opportunity that business and other professions offer.

Your continued interest in our farm people will not be forgotten by those who till the soil.

Yours truly,

W. D. REYNOLDS,
County Farm Agent.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, let us get the parliamentary situation ironed out. The bill as reported by the subcommittee contains $45,000,000 for school lunches with the proviso that the money paid by children for lunches shall not be considered for matching purposes.

The gentleman from California [Mr. PHILLIPS] offers an amendment to reduce the amount to $25,000,000.

The gentleman from New York [Mr. BUCK] offers a substitute amendment to reduce the amount to $11,470,000.

When it is in order, the gentleman from Missouri will offer to make it $75,000,000, which was the budget request.

Let us see where we are on this thing and notwithstanding, I hope you will pardon me when I say it, but it is the only adjective I can think of, some of the mawkish sentiment that has been expressed here, as a matter of fact, if we did not offer anything in this bill, there would still be $160,000,000 for school lunches. Secondly, let us make it clear that this is not a free lunch. When the deficiency appropriation bill was here for $6,000,000 recently, the welkin resounded in the well of this House with talk of free lunch. Let us see what Dr. Ockley said. Here is his testimony: "One out of every nine children gets a free lunch."

I asked him that, and he said, "Yes, sir." He said, "One in nine is free, and eight out of nine pay the full amount. The ninth child gets a ticket."

Now, then, they can go right on with their school-lunch program, even if the Federal Government did not contribute a nickel to this.

You talk about potatoes and about surplus. This is a cash program. When this money is made available the Department sets it up on a quarterly basis and the cash is allocated to the various States. Do they have to buy surplus potatoes with it? No. They do not. Do they have to buy any food that is in abundance? Read the testimony. The Department says they do not have to buy any surplus supplies. We have no control over them. It is a nutrition program, on a cash subsidy basis. That accounts for the fact that we cannot order them around and tell them what to do on this thing, without writing a lot of provisions and provisos in here that are impossible. Now, that is the whole story.

The logical amendment is the one offered by the gentleman from New York [Mr. BUCK], because if you are going to match direct appropriations by States and counties, it is $11,400,000. So he proposes to match it. That is the law. If you want to include nonfood assistance, then you take the amendment offered by the gentleman from California, because that would be a little more than direct matching, plus the $10,000,000 for nonfood assistance. Now, why $45,000,000 in the bill? First, we match the direct appropriations. Secondly, we

include the nonfood assistance, and that is $10,000,000. Then we give credit to all donations and contributions by churches, by luncheon clubs, whether they are offered in kind or cash or in materials or what. So I thought we were extremely generous in the subcommittee in making it $45,000,000. However, the gentleman from New York [Mr. BUCK] has offered the logical amendment, and the gentleman from California [Mr. PHILLIPS], who has given special study to it and who is a member of the subcommittee, has included, no doubt, the nonfood assistance, and reduced it from $45,000,000 to $25,000,000.

So that is the story. Then, the gentleman from Missouri [Mr. CANNON] will come along and ask you to approve $75,000,000.

Let me conclude by saying that only 25 percent of the Nation's schools are being fed through this program today. If you want to carry it out logically, make up your mind, according to the testimony before the committee, that this will cost the Federal Government somewhere between $350,000,000 and $600,000,000 a year. There is going to be an end to it, but the children will be fed just the same.

One other thing. Out in Chevy Chase they have a school and they serve hot lunches. Mr. HORAN's wife goes there three times a week to that school to help serve. They pay 25 cents for the lunch. They get no Federal help. They have $600 in the school treasury. They can buy playground equipment if they want to. However, if you go into the Federal program, all the money must go into the program and there will be no opportunity to use it for playground equipment. The children will still be fed.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

All time for debate has expired.

The question comes first on the substitute offered by the gentleman from New York [Mr. BUCK].

The substitute was rejected.

Mr. CANNON. Mr. Chairman, I offer a substitute, which I send to the desk.

The Clerk read as follows:

Substitute amendment offered by Mr. CANNON to the amendment offered by Mr. PHILLIPS of California:

On page 52, line 23, strike out "$45,000,000" and insert in lieu thereof "$75,000,000."

On page 52, line 23, strike out the colon, insert a period, and strike out the remainder of the paragraph through line 25.

The CHAIRMAN. The question comes on the substitute amendment offered by the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, on that I ask for tellers.

Tellers were ordered; and the Chairman appointed Mr. DIRKSEN and Mr. CANNON to act as tellers.

The Committee divided; and the tellers reported that there were—ayes 139, noes 155.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs to the amendment offered by the gentleman from California [Mr. PHILLIPS].

Mr. RANKIN. Mr. Chairman, may we have that amendment reread?

The CHAIRMAN. Without objection, the Clerk will read the Phillips amendment.

There was no objection.

The Clerk reread the Phillips amendment.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from California [Mr. PHILLIPS].

The question was taken; and on a division (demanded by Mr. PHILLIPS of California) there were—ayes 85, noes 153.

So the amendment was rejected.

The Clerk read as follows:

For expenses necessary to enable the Secretary to administer the provisions of the Agricultural Marketing Agreement Act of 1937 (7 U. S. C. 608c–608d), including personal services in the District of Columbia, $525,300.

Mr. PASSMAN. Mr. Chairman, I ask unanimous consent to extend my remarks after the reading of line 10, page 52 of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PHILLIPS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS of California: On page 53, line 6, strike out "525,300" and insert "$725,300."

Mr. PHILLIPS of California. Mr. Chairman, may I have the attention, please, of the gentleman from Illinois [Mr. DIRKSEN], and the gentleman from Missouri [Mr. CANNON], and presumably those other members of the subcommittee who might be on the conference committee between this House and the other body.

I am introducing this amendment so that it will be in the RECORD, and the discussion will appear in the RECORD at this point. This item, on page 53, appearing as $525,300, is the amount of money appropriated by the subcommittee for the administration of the marketing acts. Heretofore this money has been taken from the administrative percentage of the section 32 funds. When representatives of the Department of Agriculture came to the subcommittee this year and asked for an appropriation, they set no amount, expecting that it would be taken from section 32 funds. The subcommittee appropriated exactly the same amount that was used in fiscal year 1947, thinking we were appropriating all that the Department wanted.

It is my belief that a part of the section 32 funds will be released. Immediately the administrative percentage will apply, and those funds may then be used for the item which now appears on page 53. I am therefore putting in a figure of $725,300, which I believe will be the amount needed. I am suggesting that when it goes to the other body, the committee there will probably remove this item entirely from this position in the bill and will apply it against the administrative percentage of section 32 funds.

I ask unanimous consent, Mr. Chairman, that the amendment may be printed in the RECORD, and that I may now withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The Clerk read as follows:

Market news service: For collecting, publishing, and distributing, by telegraph, mail, or otherwise, timely information on the market supply and demand, commercial movement, location, disposition, quality, condition, and market prices of livestock, meats, fish, and animal products, dairy and poultry products, fruits and vegetables, peanuts and their products, grain, hay, feeds, cottonseed, and seeds, and other agricultural products, $1,520,000.

Mr. DIRKSEN. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DIRKSEN: Page 53, line 19, strike out "$1,520,000" and insert "$1,527,500."

Mr. DIRKSEN. Mr. Chairman, the amount involved is $7,500 for a marketing news reporter for dairy products in the Cleveland area. It is a committee amendment.

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

Mr. DIRKSEN. I yield to the gentleman from Missouri.

Mr. CANNON. Has it been approved by the Bureau of the Budget?

Mr. DIRKSEN. No; unfortunately it has not. I had not hoped it would be necessary to take the time of the Committee to discuss it, but I shall do so. A very gracious and charming Member of this great deliberative assembly, the gentlewoman from the State of Ohio [Mrs. BOLTON] spoke to me about this little matter quite some time before the committee concluded its reports. They have a marketing news reporter for dairy products at a number of places, including Atlanta, Detroit, St. Louis, and elsewhere, and it was felt there was a great need for the installation of two people in existing office facilities at a cost of $7,500 for this service. I think it is richly deserved, so I promised the lady that I would bring it to the attention of the committee. It has had the approval of the subcommittee, and I hope the House will do this good turn for a very charming and very competent Member of this body.

Mr. CANNON. Mr. Chairman, I rise in opposition to the amendment. I realize it is a lack of gallantry, Mr. Chairman, to oppose any proposition from the Member's district, and I fully concur with what the gentleman from Illinois has said about her charming personality. I am very anxious to go along, but this bill is part of a project to cut the President's budget $6,000,000,000, and now instead of cutting the budget we are even going above the budget.

Mr. DIRKSEN. I might say to my very genial friend from Missouri that we could set up 1,000 offices or an equivalent amount for the amendment he offered a few months ago.

Mr. CANNON. Yes, but we could feed 7,000,000 children and perhaps that is a little more important than a marketing service. The Department has not recom-

mended the expenditure, at least we have had no official notice of it, the Budget Bureau does not approve of it, so, Mr. Chairman, I am constrained reluctantly to oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

The Clerk read as follows:

Loans: For loans under title II, $60,000,000.

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 58, strike out all of line 12 and insert in lieu thereof the following: "Loans: Title I and section 43, $25,000,000; title II, $60,000,000; in all for loans, $85,000,000."

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

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

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 25 minutes, the last 15 minutes to be reserved to the committee.

Mr. WHITTEN. I will reserve the right to object unless the next to the last 5 minutes is reserved for that side of the committee.

Mr. DIRKSEN. Obviously the chairman of the committee cannot agree to that. After all, this is an amendment that departs from the committee action.

Mr. WHITTEN. I mean of the last 10 minutes, 5 are to be reserved for the gentleman from Missouri [Mr. CANNON].

Mr. DIRKSEN. I have no objection to that.

Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 25 minutes.

Mr. McCORMACK. May I suggest to the gentleman that that motion is subject to a point of order since there has been no debate on the amendment.

Mr. DIRKSEN. Very well. Since no debate has ensued, I withdraw my motion for the moment.

Mr. McCORMACK. The gentleman can submit a unanimous consent request.

Mr. DIRKSEN. I do not want to encumber the gentleman from Mississippi further.

Mr. WHITTEN. Mr. Chairman, this provision of the bill does not represent the considered action of the Republican majority members of the committee. This committee met for eight long weeks, and at the conclusion of the hearings, after hearing innumerable witnesses, the bill was marked up. After 8 weeks of tedious testimony, in many cases, the committee met and marked up the bill. The Republican majority members of the committee subscribed to the amendment which is on the Clerk's desk. Ten days after that happened and 10 days after the clerks had filed the reports and the hearings had been printed, the Republican steering committee met on Monday a week ago. The next day the committee was called back, and then the majority members of the committee reopened this case and struck out the $25,000,000 for the farm-tenant-purchase loan.

In doing that action, which was after the committee had concluded its consideration of the matter, they said to the American veterans, 49,000 of them who made application for the purchase of land under the farm-tenant-purchase program, "You will be cut off and denied the privileges that have been given to other citizens during the time that you were in the service."

I know the distinguished gentleman from Illinois, as smooth and suave as he is, is going to say that land prices are high and it will add to inflation. That is not what they said to those boys when they were out on the battlefronts fighting for their country.

I say to you, under Judge Tarver's chairmanship they carried a provision which protected any purchaser in that the Farm Security could not approve the purchase of a single piece of land unless it was at a reasonable price. Thus, this group on the Republican side who earlier subscribed to this program only had to write such protective language into this bill.

I would like to call attention to the fact further that by striking out that provision for future loans they are striking out the 35,000 applications by the veterans which are in process of being approved. When you go back to your respective districts, I am sure you will have an answer for this.

But as I was saying a while ago, when you were acting on the AAA amendment I had a friend from my State who was defeated for reelection to Congress some years ago. He told me later, "Everything that the people were sore at me about I had perfect defense for, but the trouble was they would not listen to me." Gentlemen, you may have a technical excuse, such as the demands of your party leaders to cut out this program of farm-tenant purchase. You may have a call on you to cut out AAA payments which you guaranteed last year by your action, but I am saying to you that when you break faith with your people back home in your districts you had better send for the gentleman from New York [Mr. TABER] and the gentleman from Indiana [Mr. HALLECK] and some of your Republican leaders because you are likely to need them. I am just afraid your people back home would not listen to them at that.

Mr. DIRKSEN. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved for the committee.

Mr. CANNON. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CANNON. Mr. Chairman, I do not want to interrupt the gentleman from Illinois, but under the rules of the House on a motion to limit debate may not include assignment of the time.

Mr. DIRKSEN. Mr. Chairman, I withdraw my previous motion and now move that all debate on this paragraph and all amendments thereto close in 20 minutes.

The motion was agreed to

TENANT PURCHASE FUNDS ARE BEING REPAID; LOANS NECESSARY TO CONTINUE IMPORTANT SERVICE FOR FARM VETERANS

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if the Members understood this amendment and the conditions that pertain to the farm-tenancy program, I believe this amendment would be agreed to.

For example, there are 72,000 acres that belong to the United States Government being liquidated under the Tarver amendment. None of that land can be sold unless there is a provision by which the purchasers, who must be veterans, can make loans. Unless provision is made for the extension of loans under the Bankhead-Jones Act, that land cannot be sold—72,000 acres of it.

The gentleman's amendment provides for $25,000,000. The Administrator tells me that 60 percent of all of current loans are going to veterans of the Second World War. That means that $15,000,000 would be virtually earmarked for them.

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

Mr. HAYS. I yield.

Mr. MAHON. I think the gentleman's position is further enforced by the fact that the members of the committee and the chairman of the subcommittee the gentleman from Illinois [Mr. DIRKSEN] have confidence in Mr. Lasseter, who is head of the Administration, and we can be sure that if he cannot loan this money advantageously, it will remain in the United States Treasury.

Mr. HAYS. Exactly. Mr. DIRKSEN's comments evidenced that in the RECORD—his praise of Mr. Lasseter's forthright handling of this program.

Now, here is an opportunity for us, without breaching the economy policy, to provide for several hundred or perhaps several thousand veterans who want land. The gentleman from Mississippi [Mr. WHITTEN] told us that 49,000 of them have applications on file. This is not a breach of the economy policy. This money is being paid back. The Government has loaned $282,000,000 under the Bankhead-Jones Act, and only $50,000 of that is considered lost.

Moreover, we are not adding to the inflationary influence. Let me make that clear. There is a reason for asserting that. The reason is that under the provisions of the law we passed last year it is sold to veterans, not at its present market value, which is an inflated value, but at its earning capacity value.

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

Mr. HAYS. I yield.

Mr. MURDOCK. Do I understand if we do not approve this amendment that the bill which the gentleman introduced and which the Congress passed last year will be ineffective?

Mr. HAYS. It would be of no effect whatever as to these remaining farms because the loan procedure could not be used. We told the veterans at that time that we were going to take the rehabilitation project land and earmark it for them. In addition we have 3,000,000 acres

of land that the War Assets Administration will certify as surplus property for sale, some of which will be available for purchase by farm veterans. The Farm Credit Administration has 300,000 acres by transfer from War Assets that will be for sale. We should sell it at its earning capacity value and in family-size units to veterans of the Second World War.

Altogether we have loaned to 44,000 farmers money with which to acquire title to land under the Bankhead-Jones Act, and 7,000 of them have already paid out in full, although, as I pointed out yesterday, they are 40-year loans. This is not an appropriation of $25,000,000. It is the earmarking of a loan fund, practically every dollar of which will be paid back.

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

Mr. HAYS. I yield.

Mr. HAND. I think the gentleman has probably answered my question, but is not this program working out advantageously in dollars and cents?

Mr. HAYS. Exactly. Thousands are repaying the debt in advance of the due date. Now, I do not want to hit below the belt. I know none of the Members of this House want to be unfair to the veterans. I have not indicated that any of you are unfair, but as a business proposition, to help some of the 650,000 who once said on an Army questionnaire that they wanted to go back to the land, we ought to continue this service. This is not an emotional appeal. It is good business. The Bankhead-Jones program is working out.

Let us take the $25,000,000 and, as contemplated by FHA, devote $15,000,000 of it to veterans of World War II who are filing these applications by the thousands. Let us put the emphasis on this farm program rather than on the regular veteran farm loans under the GI bill of rights, where we are really adding to the inflationary pressures.

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

Mr. COOLEY. Mr. Chairman, as indicated by the gentleman from Arkansas, this is not a gift. It is a loan and a sound investment of Government funds. There is not a single good reason why we should deny this Government aid to the underprivileged farmers of America, and especially to our veterans who cannot obtain the necessary assistance from other sources.

I know that my very persuasive and artful friend from Illinois will try to hang this thing around the President's neck. He will blame President Truman for the destruction of the tenant-purchase program, merely because President Truman indicated to the Secretary of Agriculture the desirability of a conference looking toward the prevention of inflation of farm-land values. After the President wrote to the Secretary of Agriculture, the letter to which I have heretofore called your attention, the gentleman from Illinois held another star-chamber session and without hearings of any kind, but under the lash of his party leadership, struck this $25,000,000 from the bill and abruptly ended the tenant-purchase program. I invite the gentleman's attention again to the letter from Secretary Anderson, which I read this morning, in which he stated definitely that he had conferred with the President and that the President assured him definitely that he did not intend for his letter to have such disastrous and devastating effect upon this very worthwhile program. When I knew that the gentleman from Illinois would attempt to hold the President responsible for the action taken by his committee, I communicated with the Secretary of Agriculture and also with the White House, in an effort to ascertain the President's views with reference to the tenant-purchase program. I realized, of course, that the President was at the bedside of his mother, but appreciating the importance of the matter and believing that I knew the President's views, I insisted that he be advised as to the interpretation being placed upon his communication to the Secretary of Agriculture. The President, within the last 48 hours, was advised of the interpretation being placed upon his communication, and the letter from Secretary Anderson, which I read this morning, explains the President's position.

I know that this program cannot possibly be continued without the support of at least some of the Republicans in this House. May I remind you of the fact that the Farmers Home Administration bill was written by both Republicans and Democrats. My recollection is that it passed the House unanimously only a short year ago. It was recognized then as a sound program. Since its approval it has been managed properly by a man who has made an excellent record. I beg you Republicans to reconsider the action of your committee. Why should we single out veterans from the rural sections of America and attempt to economize by depriving them of the benefits of legislation which we so recently enacted in their behalf. You say you are trying to protect veterans from the evils of inflation. If you are so interested in veterans, why not protect all of them from the evils of inflation? Why not accord the same treatment to the veterans who live in the city? All of this talk about inflation is nothing but a lot of ballyhoo and nonsense and a desperate effort on your part to cover up the real purposes you have in mind. Loans which have recently been made by the Farmers Home Administration have averaged slightly more than loans made in the previous year. The Secretary's letter to me indicates an increase of only $3 a farm. Suppose the average loan has been somewhat higher than in the previous year, that does not necessarily mean inflation, because there has been a general rise in prices of everything. All of this talk about inflation is just an afterthought. If we have inflation now, certainly we had it 30 days ago, and at the time when this very able and distinguished subcommittee first reported this measure.

I take great pride in the successful operation of this agency. During the last 12 months the agency has been careful and cautious in making loans. I have not heard of a single unusually large loan being made anywhere in the country. All of the loans have been small loans to finance the purchase of family-size farms. Certainly both parties should take pride in the record which has been established since Congress authorized the creation of the Farmers Home Administration.

I stated earlier in the day that veterans' organizations were in favor of the tenant-purchase program. At the Forty-seventh Encampment of the Veterans of Foreign Wars, which was held September 4, 1946, the following resolution was adopted:

Be it resolved by the Forty-seventh Annual Encampment of the Veterans of Foreign Wars of the United States, That the national legislative committee be authorized to take such action as it deems appropriate to insure that adequate Federal appropriations are available to provide the credit, guidance, and other services required by farm veterans; and be it further

Resolved, That the national legislative committee also inquire into the adequacy of the legislation affecting veterans as family-type farmers, and to the extent that it fails to meet the needs of farm veterans so advise the Congress and the various agencies and departments of the Government that are involved, and support specific legislation affecting the welfare of veterans as family-type farmers as may come before the Congress from time to time.

On February 16, 1947, the following resolution was adopted by AMVETS national executive committee:

Whereas a definite service can be rendered by assisting veterans of World War II who desire to become farmers and there is need for representation by AMVETS in the making of policies affecting agriculture: Now therefore be it

Resolved, That a national agriculture committee of American Veterans of World War II be created to further the interests of veterans who are engaged in agriculture, such as:

1. Assistance to veterans in their efforts to purchase and to become established on farms.
2. Further extension of rural electrification power lines.
3. Improved farm-to-market roads.
4. Better rural health facilities.
5. Improved rural educational facilities;

and be it further

Resolved, That this committee consist of seven members to represent the various phases of agriculture throughout the Nation and to be selected on the basis of training and experience in agricultural problems. This committee shall be composed of a chairman and a member from each of the six AMVETS districts, the district members of the committee to be selected by the respective district vice commanders and the chairman to be appointed by the national commander and to serve during the administration of the national commander.

Moved by William Kipp, of Illinois. Seconded by Joseph Crespi, of Georgia. Adopted by unanimous vote of national executive committee.

The agricultural policy of the American Legion as expressed May 16, 1946, is in the following language:

Veterans are coming back to farming at a time when good farms and farming equipment are both hard to find and expensive to buy. During the years they were in the service, they missed their chance to benefit by the good yields and high prices of the wartime period. By every rule—economic necessity, law, and sentiment—the veteran farmer has first call upon opportunities in the field of American agriculture.

The American Legion, however, realizes that in many instances the interests of the veterans are best served by the furtherance of a program benefitting the entire agricultural population.

Therefore, the Legion supports a program for all farmers and asks only that veterans receive preference in obtaining the basic farm needs.

It shall be the policy of the American Legion to endorse and encourage adequate programs to make available: (1) family-size, sound, economic farm units, (2) short- and long-term credit at low interest rates, (3) farm stock, machinery, and equipment, (4) farm housing facilities—and it shall further be the policy of the American Legion that veterans shall have definite preference in acquiring the benefits of these programs.

It shall further be the policy of the American Legion to sponsor extension of existing Government credit facilities to enable disabled veterans to obtain farm purchase and operating loans.

It shall further be the policy of the American Legion to endorse and encourage adequate programs to make available: (1) rural medical care, (2) extension of power lines to rural areas, (3) improved farm-to-market roads, (4) improved marketing facilities, (5) extension and improvement of rural education.

It shall further be the policy of the American Legion to endorse and encourage adequate programs to conserve and extend our natural resources.

On March 7, 1947, at the national rehabilitation conference of the American Legion, in the city of Washington, the following recommendation was adopted with regard to the activities of the United States Department of Agriculture:

That the United States Department of Agriculture should make available maximum assistance, not only in providing financing but also in planning and sound management guidance.

You take your positions with the facts before you. The Republican Party must take full responsibility for the result achieved. This is a sad day for American agriculture. This is the testing ground. This is the place where the roll is called; the place where the truth, however cruel and disappointing it may be, is made known.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I can appreciate the difficulty of trying to examine 2,800 pages of hearings. I appreciate also the advantage that the members of the subcommittee enjoy because for seven solid weeks they have lived with this thing intimately. So now and then inaccuracies creep into the debate, which are quite natural. That is understandable.

Let us look at this whole picture a moment. Is it such a heinous crime for the chairman of a subcommittee to confer with his own leadership? Have you gentlemen not done it for 14 years? Is it treason or a felony for the chairman of this subcommittee to sit down with the distinguished Speaker of this House, the gentleman from Massachusetts [Mr. MARTIN], or the distinguished majority leader of this House, the gentleman from Indiana [Mr. HALLECK], or the steering committee, and compare notes on matters of policy? Is there something so wrong with that? But that is not the reason there was a reconsideration of some items in this bill.

That reconsideration took place on the afternoon of May 20, early in the week, and let me tell you why it took place. It was on a previous Saturday that the very esteemed President of the United States had notified the Secretary of Agriculture to convene a conference on the 9th of June, a few days from now, and that the conference should concern itself with one thing—the appreciation in land values.

What did the President say about it? First, he pointed out that land values had appreciated 92 percent over the 1935–39 level. That is not the gentleman from Illinois speaking; that is the distinguished President of the United States from the great State of Missouri, your President and mine. He pointed out in that statement, which was made public, that in the last 12 months ending March 1, 1947, land values had increased by 12 percent. But the President said something more than that which intrigued my fancy, and I quote him:

In many areas land prices have reached peaks which cannot be sustained by probable long-time farm earnings.

In addition thereto he expressed a special concern for the war veterans of the country who are interested in buying land. My good friend from Arkansas [Mr. HAYS], and my good friend from North Carolina [Mr. COOLEY], talked about the war veterans. I am interested in the war veterans and the President is interested in them also and does not want to see them saddled with high-priced farms which in the face of a recession of commodity levels will stick them and send the farms back to the Government or make them lose the farms as a result of foreclosure.

We reconsidered this matter and we finally took out farm-tenant loans entirely. The gentleman from Mississippi [Mr. WHITTEN] wants to restore that $25,000,000.

Let us see in dollars and cents what has actually happened. I yield to no one in my regard for Mr. Lasseter, the Administrator of the Farmers Home Administration. He is a grand fellow, he is one of the finest administrators in Government today, he was candid and forthright with the committee. What did he say? He said first of all, and this is in contravention of the statements that have been made on the floor, that farms did not increase $3 over last year; they increased $1,700 over last year. Here are the figures: The 1945 average was $5,947; the 1946 average was $7,610. Those are Mr. Lasseter's figures.

But he said something more and you will find it on page 1416 of the hearings, if you are interested:

Owners are getting fearful right now, owners of land, and they want to sell to veterans, to farm tenants who can qualify.

The owners now want to get out and get the high price and stick the veteran and stick the farm tenant, then let the Government bail them out at a later date.

Mr. Lasseter said something else, and you will find it on page 1419 of the hearings. He said:

We have to shop around very carefully to get suitable farms.

They are very difficult to get. Now, there is an opportunity for the veteran, and you gentlemen who have made a case here against this bill yesterday and today have not told the whole truth. Why do you not say that these are 40-year, 3½-percent loans and that there is an opportunity under the GI act to get 40-year, 3½-percent loans, and nearly three times as many have been made in the space of 18 months as would be made in twice that length of time under the Farmers Home Administration. So, the opportunity is there, and this is a wise and discreet action on the part of the committee, and I hope the amendment will not prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 94, noes 129.

So the amendment was rejected.

Mr. BROOKS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS. Mr. Chairman, I want to solemnly protest the tragic action of the Appropriations Committee in fairly ruining our farm appropriations. This action is a calamity of the first magnitude to our rural sections. Its full proportions will not be seen for some time to come, but every section of the Nation will feel the impact of this drastic reduction within the next few months.

I feel the action of this committee in cutting the soil-conservation payments is especially to be condemned. Out of the full sum of $300,000,000 recommended by the Bureau of the Budget as being the sum necessary for this year, only $165,000,000 has been placed in this bill. This means a cut to the AAA program for the coming year of $135,000,000 on this item alone; and for the year following, it means the elimination of the entire program.

I doubt that there has been a single phase of the internal program which has meant so much to the farmer as the soil-conservation program and the soil-conservation payments. This program has transformed barren wastes into fertile producing areas. It has taken submarginal land and has made it produce in prolific quantities. It has made it possible in this time of world-wide food scarcity for our farmers to produce all-time records in crops. Our President has called upon our farmers to help produce for a starving world; and with the aid of this most valuable program they have gone to work and have done the job. Millions of people throughout the world who otherwise might starve will now live because of the remarkable results from this great program.

At this particular time, Mr. Chairman, the farmers in our section are interested in the fertilizer program. They have already made commitments for fertilizers, and they are now engaged in placing these fertilizers in the soil and over the meadows. They are moving ahead as requested by the President and as indicated by the statements of former President Hoover to again produce a record-breaking harvest. The world fairly cries out in anguish for the American farm production, and our farmers are working as the hungry peoples of America and other lands pray for the harvest. At this particular time the cut of funds creates a new problem for them; it takes their mind off their work; it makes it impossible for them to meet some of their commitments; and it most assuredly will affect the amount of the harvest.

The Clerk read as follows:

Salaries and expenses: For the making and servicing of new loans, insuring mortgages, the servicing and collecting of loans made under prior authority, and the liquidation of assets transferred to Farmers Home Administration pursuant to the Farmers Home Administration Act of 1946, $18,000,000.

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: Page 58, line 21, strike out "$18,000,000" and insert "$25,000,000."

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. WHITTEN. Mr. Chairman, I think this matter deserves the serious consideration of each Member on the floor. There have been many times in the past, when this agency was the Farm Security Administration, that I certainly disagreed with many, many things in connection with it, but the gentlemen who have had charge of it in recent years have done a splendid job, with which I think all will agree. The thing you cannot avoid is that there are now $800,000,000 of debts outstanding that are owed to the United States, and those loans must be serviced. Those people should repay the Government of the United States and should pay their debts as fast as they can during the time their income is fairly good. The man who is now administering this agency has done a splendid job. Last year he was one of the few in the departments who came in with a request for less personnel. This year he came in with a request for still less personnel than last year. Last year an amendment was offered on this floor to reduce the administrative personnel of the then Farm Security Administration from $24,000,000 to $23,000,000, only a $1,000,000 cut. At that time the distinguished chairman of this committee opposed any such amendment and said:

There are many outstanding loans that must be collected, and you will find a table in the hearings to the effect that there are $16,000,000 that could be charged off at the present time. So if we reduce it too much and use what I commonly call a meat-ax technique with respect to this administrative appropriation, we may lose an equivalent amount or more and curtail or cripple some of these functions.

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

Mr. WHITTEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. If the committee action stands and the gentleman's amendment is not adopted, it will reduce this administrative cost to 2.4 percent of the amount of outstanding assets to be administered.

Mr. WHITTEN. That is right. The fact that you have eliminated new loans will not cut out more than just a few people in the administrative personnel, but this agency under Mr. Lasseter reduced the personnel from 8,900 to 8,400 last year, and this year under the President's budget reduced it from 8,400 to 7,200. The committee cut this fund from $30,000,000 for the over-all operation to $25,000,000 in its first meeting, and 10 days later went back and cut out an additional $7,000,000. In 1 year you are reducing an agency that administers $800,000,000 of loans from 8,400 to 4,250 administrative personnel, if you do not adopt this amendment.

If the gentleman from Illinois was correct last year in saying that he was opposed to the use of a meat-ax technique, certainly when you reduce an agency to which you must look for the collection of $800,000,000 and cut it in half within 1 year, you are using the meat-ax technique.

I plead with you, whether you are in sympathy with this program or not, whether you are on this side of the aisle or on that side of the aisle, where you have an administrator that comes in and shows you a good record of reducing personnel in his agency by 1,000 or 1,500 people each successive year, I say that when he is charged with the obligation of collecting $800,000,000 and of trying to see that these people do come back and get to be good citizens and farm owners and worthy members of the agricultural fraternity, it is poor business to reduce this appropriation by any such figure as from $30,000,000 to $18,000,000, to reduce his personnel by approximately 50 percent. I think this amendment certainly should be adopted.

Mr. COOLEY. Does not the gentleman believe it will be impossible to manage the affairs of this agency properly with the small amount of money that is now being provided?

Mr. WHITTEN. I think it can be conservatively stated that we will lose $50,000,000 as a result of failure to provide properly for the administration of this agency.

Mr. HULL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HULL. Mr. Chairman, for more than 30 years the farmers and small-town business people have been interested in the development of an agricultural program which would bring some security and advancement to the farming sections of the country. Their claims to national attention and Federal interest have not been readily granted. The idea, centuries old, that the farmer should supply all others with food, fibers, and general assistance regardless of his own welfare or share in national progress, has persisted in opposition to every move to bring agriculture to a parity with industry. In consequence, the program has been slow in developing and insufficient for its purpose. The aim may be praised, but its accomplishment denied by those who fail to realize that only as agriculture prospers can town and country alike share in general advancement and enhancement of opportunity.

After a war in which victory was made possible by the united endeavors of all, and in which those in agriculture fully met every responsibility, earning and gaining universal approval for their loyalty and the success of their endeavors, it would seem that there should be the warmest approval of expansion of an agricultural program rather than a determined effort to sabotage and destroy it. The program is not perfect. It needs improvement. Undoubtedly it has many weaknesses which are recognized, and which should be remedied. The common endeavor should be its proper expansion and the broadening of agricultural opportunity.

Instead of expansion, this appropriation bill, if enacted, will bring curtailment, and even the elimination of some activities. It is based upon the contention that farmers are doing better, some are making money, hence an insufficient program should be supplanted by another even more insufficient.

The national debt of $259,000,000,000 is pointed to as making necessary reductions in Federal appropriations for the Agricultural Department which administers the many laws passed by Congress for rural betterment. Regardless of the war endeavors of the farmers at home and on the battlefields, and the wartime restrictions which compelled them to live and work under severe handicaps while carrying on for our Nation's success and supremacy, now they are called upon to sacrifice more and more while our Government turns its attention and its resources, including those of agriculture, to the rehabilitation of the world.

This bill, if passed, will reduce Federal expenditures for the agricultural program by $393,000,000, or about 35 percent below the appropriations for the present fiscal year. Nobody objects to the minor economies which can be effected by stopping unnecessary departmental expenditures, the discharge of unnecessary employees, or other savings, even though small, in the interest of general economy, but the purpose should be to improve rather than to destroy. Some features of this bill serve rather to destroy than to improve.

Economy is a broad word. Economizing on agriculture by limiting funds for rural electrification, soil erosion, the Farmers Home Administration, the Agricultural Adjustment Administration, school lunches, and other important activities accomplish relatively little savings when compared with other ac-

tivities which add many times as much to the Federal budget.

For instance, in today's press is the statement that our Federal Treasury will expend nearly $5,000,000,000 for foreign relief of various kinds, an amount 12 times as great as the cut in appropriations in this measure. Recently Congress appropriated $300,000,000 for the rearmament of the army of Greece and rehabilitation of that country. At the same time, another $100,000,000 was voted for equipment for the armies of Turkey, for the possible protection of the American and British oil interests in the Middle East. In these appropriations alone our Treasury will be drawn upon for a greater amount than all the savings proposed in this bill for agriculture.

Is Congress so forgetful of the heroic work of our farmers in war and in peace that it will compel our farm program to be without funds in order to increase the power of the armies of Turkey and Greece? Must agriculture be called upon to pay the cost to the Treasury of the loans, grants, and gifts to Greece and Turkey?

Must the expansion of rural electrification, for instance, be stopped in order to send another $78,000,000 to Korea to rebuild the ruined industries owned by foreign interests in that country?

RURAL ELECTRIFICATION

Rural electrification has come a long way in my district in Wisconsin since the REA program began. We have 10 rural electric cooperatives that are now serving more than 22,000 members. The why these farm families are putting electric power to use for their own profit and convenience is a dramatic demonstration of the tremendous good that can come out of the rural electrification program.

The money that REA lent to these 10 cooperatives is paying dividends to the farmers, to the communities in which they live, and in turn, to the Nation. But the record does not stop there. The cooperatives are paying back the money they borrowed. They are paying it back with interest.

The 10 cooperatives in my district have paid $1,791,543 in principal and interest, and of this $93,921 has been ahead of schedule.

This outstanding record, which I know is duplicated in all parts of the country, raises a very serious question as to the wisdom of the House Appropriations Committee in reducing the REA appropriation for the next year. In the name of economy the committee proposes to sentence thousands of farmers to at least another year in darkness. This is not economy, because the money these farmers need to build power lines will eventually be paid back. Neither is it good sense to throw obstacles in the path of progress.

In my district, the House bill will affect about 9,000 farm families. All of them will have to wait longer for their light and power if the Rural Electrification Administration has to operate on a curtailed basis. About 5,000 of them will have to wait for loan-fund allocations.

All through the war I received letters from farmers who told me how they were hoping to get electricity with the coming of peace. Since VJ-day many of them have told me they have their farms wired in anticipation of electric service. Occasionally a housewife tells me she has been lucky enough to buy a refrigerator or a milk cooler, and she is anxious to know how long it will be before she can put them into service.

These people are growing impatient. And I do not blame them. They have had an opportunity to see what electricity means to farmers who already have it. While other farmers are in a position to modernize, to cut production costs with cheap power, and to enjoy many of the comforts of twentieth century living, they—the farmers still without electricity—have got to wait. They have to continue living decades behind the times and they have to compete with farmers who are farming on an up-to-date scale.

There are more than 9,000 of these people in my district. Throughout the Nation there are two and one-half million. Some of them, I am sure, are in most congressional districts.

What are you going to tell those who helped elect you? That this action is taken to help cut their taxes? They know better—they know that the REA program is self-liquidating. Are you going to tell them that you do not care if they have to live by kerosene lantern an extra year or two?

If the House bill is approved as it now stands, it simply means this Congress has gone on record as holding back the extension of rural electric service. Is that the kind of a record this Congress wants to make? I, for one, will have no part of it.

Rural electrification is on the threshold of what could be its greatest year in history. Manpower and materials are becoming available again on a scale that would permit line construction to leap forward. The opportunity is here and we cannot take advantage of it by practicing false economy of the kind we have under consideration.

The administration of this program, as shown by its record, is one of efficiency and accomplishment. It has established a record unequaled by any private lending institution. In 1935 the Congress entrusted this agency with the job of making loans to electrify rural America. It has discharged its obligation well. More than $1,000,000,000 of Federal money has been lent to over 1,000 borrowers in a program that has directly and indirectly resulted in the electrification of nearly 60 percent of this country's farms—and, I repeat, this money is being paid back.

In my own district, I know of no Federal program that has done so much for my rural constituents, at such trifling cost to the Nation's taxpayers, as this rural electrification program. I am sure that most of my colleagues would be able to say the same.

I believe, and I know that the people whom I represent believe, that only two things could possibly delay the progress of rural electrification. One would be the influence of selfish interests; the other, our own nearsightedness. Obviously, we are not going to let selfish interests influence us in a matter in which the good of the entire country is involved. At the same time, let us not be nearsighted. If we fail to give full support to this valuable Nation-building program, we will be guilty of subscribing to bad business.

FARMERS HOME ADMINISTRATION

The Seventy-ninth Congress provided the Farmers Home Administration Act which took over most of the functions of the Farm Security Administration. The committee has deleted completely the budget estimate of $35,000,000 and provides no funds for farm tenant loans. The production and subsistence loan program has been reduced from $90,000,000 to $30,000,000. The Farm Tenant Mortgage Insurance fund has been reduced from an estimated $15,000,000 for 1948 to $1,000,000, and the item for salaries and expense to administer the program throughout the country has been reduced from $30,000,000 to $18,000,000.

The congressional district which I represent is made up of 11 rural counties in which farmers are largely engaged in the dairy industry. As a result of severe drought and low prices that prevailed in the middle thirties, many hard-working, conscientious farmers, through no fault of their own, lost their farms. When the old Farm Security Administration was established many of those farmers were given the opportunity to make a new beginning and to reestablish themselves as farm owners. Since the start of the program and up to January 1, 1947, 10,718 farmers in my district were granted loans to the extent of $8,670,723. Of that number of farmers, 409 were granted farm ownership loans to the extent of slightly less than $2,000,000, of which 109 have repaid their loans in full. Of the total of 10,718 farmers who received loans, 5,733 of such loans have been paid in full as of January 1, 1947, and the total amount loaned has been reduced from $8,670,723 to $2,176,184. As of January 1, 1947, 280 veterans of World War II applied for and received loans in the amount of $578,850. It is estimated that an additional 138 veterans will have had their loan applications approved as of June 30 of this year, making a total of 418 veterans' loans. Private banks in my district have cooperated fully with the Farmers Home Administration. In excess of 5,000 farmers in my district who have repaid their obligations to FSA and the Farmers Home Administration, are now having their credit needs taken care of by local banks and other lending institutions.

Today I received a letter from Mr. A. R. Vogtsberger, vice president of the Bank of Menomonie, Menomonie, Wis., which I quote:

Congressman MERLIN HULL,
Washington, D. C.

DEAR MR. HULL: I notice that the finance committee has cut the appropriation for the Farm Home Administration by 30 percent.

This seems to me to be a drastic cut since we feel that the administration of the loans that are now outstanding should be continued and we believe too that the cut of $15,000,000 to $1,000,000 for insured mortgages is entirely too drastic.

We believe the farmer has gotten to be the forgotten man again, and we do think that the program that the former Farm Security Administration carried on was a good one and should be continued; and as you will remember, we have cited many cases of farmers who could not have continued if it had not been for the Farm Security Administration.

We know you are opposed to such a cut, but we want you to know how we feel about it.

At the meeting of the Chippewa Club, which consists of 10 banks in this territory, each and every one of them was polled and they were all favorable to keeping the $15,000,000 for the guarantee of loans and also were favorable to the continuation of the FSA work.

With kindest personal regards.

Sincerely yours,

A. R. VOGTSBERGER.

The Farm Security Administration, and its successor, the Farmers Home Administration, have been important factors in encouraging family sized farm ownership, particularly in the interest of our returned servicemen who have no other means of securing the initial funds to acquire farm land, or, in the case of renters, to acquire operating equipment. The program has been highly successful in my State and in my district, and I doubt the wisdom of emasculating this excellent program as proposed in the bill.

THE SCHOOL-LUNCH PROGRAM

As stated in the committee report, during the year 1946 about $234,000,000 was expended on the program in 55,000 schools throughout the country. Of this amount, $75,000,000 was provided by the Federal Government. The committee has reduced the Federal Government's appropriation from $75,000,000 to $45,000,000. For the fiscal year 1947 the sum of $81,000,000 was made available for the program, of which $75,000,000 was obtained from section 32 funds under the act of 1935 which provided that 30 percent of the customs receipts could be used for various purposes, which included the school lunch program. The committee has recommended that all of section 32 funds for the year 1948 are to be rescinded.

During the 1947 fiscal year, $1,108,836.41 Federal food assistance was allocated to the State of Wisconsin from the Federal school lunch fund. With the aid of this Federal assistance, 131,718 Wisconsin school children participated in the grant-in-aid school-lunch program. If the present figure of $45,000,000, out of which $10,000,000 is earmarked for equipment, is appropriated, $525,573.72 will be available for Wisconsin's school lunch food assistance in 1948. This represents a decrease of about 53 percent. Unless a large additional amount is made available from within the State to offset this decrease, the Wisconsin school lunch program will be considerably curtailed the coming school year.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

No one can deny the patriotic response of farmers when requested by their Government to produce food and fiber to win a war. All time production records were broken with less help on the farms, and with worn-out and inadequate equipment. They are still being asked to maintain high levels of production to feed the starving world.

Farmers who were gradually recovering from the great drought and depression of the thirties, during which time soil fertility had become seriously depleted, were again called upon to produce for victory. During the past few years soil fertility has again become depleted. The AAA was, and is, an important factor in stepping up the usage of phosphate and potash fertilizers, and limestone. AAA personnel aided farmers in demonstrating the practicability of strip and contour farming, which added many thousands of tons of food to national production. It should be a matter of public interest to see that the land that produced the food for our armed forces, and much of the food for our allies, is brought back to average productive efficiency.

In Wisconsin in 1937 only 415,000 tons of agricultural limestone was used, as compared with the present level of production and use of limestone of 2,250,000 tons per year. Even prior to the war there was great concern with regard to the general problem of erosion and our dwindling forestry resources. Included in the AAA program was that of farm forestry and gully control, as well as tree planting.

AAA has supplied soil conservation materials, 50 percent of the cost of which was borne by the farmers who applied the materials, planted the trees, and so forth. In Wisconsin from 1940 through 1946 there has been applied 503,414 tons of phosphate and potash fertilizer, 10,422,300 tons of agricultural limestone, 47,301 acres have been planted to trees in connection with the farm-forestry and gully-control program, and 2,028,700 acres are part of the strip and contour-farming program. From 1940 to the present the records indicate sharp increases in accomplishments as described, which demonstrates increasing efficiency on the part of AAA personnel, and greater farmer participation and interest in the program.

In connection with the agricultural-limestone program, there was more involved than simply the application of the ingredient to the soil. Large numbers of people and much expensive equipment had to be provided to quarry limestone deposits, pulverize, and transport it. Such processors of limestone felt they were working on a continuing program. One of the lime-works operators in my district has stated to me that the proposed cut in the 1947 AAA program will bankrupt 70 percent of the limestone producers and truckers who acquired equipment relying on bona-fide contracts entered into with their Government for the 1947 program.

The administrative budget has been so reduced as to end for all practical purposes the popular and wholly justifiable Federal program to aid in the rebuilding of the soil on American farms.

Mr. H. CARL ANDERSEN. Mr. Chairman, I believe if any person were to study the lessening of duties that are today facing the Farmers Home Administrator he would find that this allowance of $18,000,000 is absolutely reasonable.

Keep in mind another thing. Times are good all throughout the agricultural regions. Farmers do not have any difficulty today in finding the money necessary to pay what is due the Government. They do not need much supervision from any agency of Government. They will pay their loans if they have a good crop and decent prices.

We have fought several times on the floor today against this growing bureaucracy. Here is where there is a great deal of it. Here is where we have excessive duplication in government. Do you people realize that the Farmers Home Administration in many ways duplicates the work of the Extension Service?

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. H. CARL ANDERSEN. I yield to the gentleman from New York.

Mr. TABER. If there was a consolidation of these duplicating activities, we could save $20,000,000.

Mr. H. CARL ANDERSEN. I believe that we could save at least that under the bill if the Committee on Agriculture would bring together under one head, Extension Service preferably the Soil Conservation Service, the Extension Service, the Farmers Home Administration, and the AAA county and township committee organization.

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

Mr. H. CARL ANDERSEN. I yield.

Mr. COOLEY. If the Congress is going to deprive the returning rural veteran of the opportunity to buy a country home or a farm——

Mr. H. CARL ANDERSEN. Mr. Chairman, I decline to yield further because the gentleman is laboring under a misapprehension. The returning veteran does have the opportunity under the GI bill of rights to make a loan. We are not depriving him of that. That is a different category of loan. In this particular portion of the bill we are keeping that veteran from having a great big mortgage indebtedness piled on top of his head from under which he can never get out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WHITTEN].

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 93, noes 122.

So the amendment was rejected.

The Clerk read as follows:

All rights, interests, obligations, and duties of the Reconstruction Finance Corporation arising out of loans made or authorized to be made to the Secretary of Agriculture for the purpose of making rural rehabilitation and farm tenancy loans in accordance with the Department of Agriculture Appropriation Act of 1947 and prior appropriations and loans under the Farmers Home Administration Act of 1946 are, as of the close of June 30, 1947, vested in the Secretary of the Treasury; the Reconstruction Finance Corporation is authorized and directed to transfer, as of the close of June 30, 1947, to the Secretary of the Treasury and the Secretary of the Treasury is authorized and directed to receive all loans outstanding on that date, plus ac-

crued unpaid interest, therefore made to the Secretary under the provisions of the acts named above, and all notes and other evidences thereof and all obligations constituting the security therefor. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the unpaid principal of the loans so transferred, plus accrued unpaid interest through June 30, 1947. Subsequent to June 30, 1947, the Reconstruction Finance Corporation shall make no further loans or advances to the Secretary and the Secretary of the Treasury is hereby authorized and directed, in lieu of the Reconstruction Finance Corporation, to lend or advance to the Secretary, in accordance with the provisions of the acts referred to any unobligated or unadvanced balances of the sums which the Reconstruction Finance Corporation has theretofore been authorized and directed to lend to the Secretary. For the purpose of making such loans or advances, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are extended to include such loans or advances to the Secretary of Agriculture. Repayments to the Secretary of Treasury on such loans or advances shall be treated as a public-debt transaction of the United States.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have seen men jump from one side of a fence to the other, but I have never seen a man on both sides of a fence at the same time.

The gentleman from Minnesota [Mr. H. CARL ANDERSEN], who just addressed the House a moment ago, stood here and argued very forcefully and, apparently from the vote, very persuasively, that he was trying to protect the poor veterans from the evils of inflation. Then, in the next breath, he said we did not need this agency. He said, "We have all the money we need under the GI bill of rights in another agency of the Government."

How can you sincerely maintain the position that your objection to this bill is that you are trying to protect the veterans from inflation and stand here and argue that we have another agency of the Government, which you favor, which has plenty of money to make loans to veterans on the present farm real estate market? The fact is, and everybody knows and I think the country will know, that it is not due to the fear of inflation, it is not due to a letter from Mr. Truman or a letter to Mr. Anderson, but it is due solely to a desire on the part of the Republican Party to reduce the expenditure of Government funds. That is all it is. If you can justify your position, then applaud the statement. So the RECORD does show that that remark brought forth almost unanimous and universal applause from the Republican side. I notice that not a single Democrat applauded.

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

Mr. COOLEY. I yield.

Mr. FORAND. Have the Republicans reached any conclusion yet as to how much they will reduce the budget?

Mr. COOLEY. I do not think they have, but I think they know this is just fallacy. The Republicans are saying that they are saving money everywhere along the line, and they are trying to cut down Government expenditures. What they are doing is depriving 49,000 veterans of the right to buy a farm home and an opportunity to finance it.

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

Mr. COOLEY. I yield.

Mr. POAGE. It seems pretty clear, does it not, that the Republicans have decided that the easiest place to make reductions is to take it out of the farmer's hide?

Mr. COOLEY. That is right. It is an effort to wreck the farm program. That is all it is, pure and simple. You took all the section 32 money; you completely destroyed the crop-insurance program, and now you destroy the tenant purchase program.

There is no way for you to get around the fact that you are accomplishing just this. If you are going to handicap this agency financially and not give Mr. Lasseter, the Administrator, the necessary money with which to operate, it would be better to repeal the whole agency and deprive it of the operating loan also, because, frankly, a veteran can now obtain money to operate his farm and to finance his farm operations much more easily than he can obtain a 40-year loan at 3-percent interest to finance the purchase of a farm home.

Take the crop-insurance program. When we liquidated that Corporation before we gave it $3,000,000 with which to liquidate, but now you give them only $1,000,000. When the show is over and the collections are all in you will lose far more than $1,000,000, the amount you are giving the Corporation. I dare say collections will not be as good 12 months from now, I may say to the gentleman from Illinois [Mr. DIRKSEN] as they are now. When you cut this personnel more than 50 percent you cannot expect the same degree of efficiency.

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

Mr. COOLEY. I yield.

Mr. HOFFMAN. If we do not cut down somewhere how are we going to get money enough to give the Turks and the Greeks what the gentleman wants to give them and a lot of others want to give them?

Mr. COOLEY. I do not know what the gentleman wants to give them but I know I voted for the Greek loan and I do not apologize to the gentleman from Michigan or anyone else for the way I voted. I voted for the $350,000,000 loan for general foreign relief, and I do not have to apologize to the gentleman from Michigan.

Mr. HOFFMAN. Does the gentleman want to give less to our farmers so we can give more to the Greeks and the Turks?

Mr. COOLEY. I have been working all along in the interest of our farmers.

Mr. HOFFMAN. I would like to have them get something somewhere along the line.

Mr. COOLEY. What the gentleman's party is doing is wrecking the program, and the responsibility is being fixed in the House today.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. SMITH of Ohio. Mr. Chairman, the pending bill, H. R. 3601, appropriates roundly $805,000,000 for the Agricultural Department for the fiscal year 1948. This is approximately four times more than was appropriated in 1930 and nearly six times more than the average annual cost from 1921 to 1930. The Department of Agriculture has grown into a giant bureaucracy that is eating out the substance of our people, distorting natural price relationships, and regimenting the farmers.

Like most of the executive agencies of the Government, it has become a powerful engine for confiscating private property and redistributing what it does not use for its own sustenance, not only with respect to the farming communities and other industrial interests, but in respect of the farmers themselves.

It is the grossest delusion that the political authority in Washington can put a floor under agricultural prices without regimenting the farmer and dictating the amount of wheat, corn, or other crop affected by such floor he may grow. So-called parity prices can ultimately be sustained only by the exercise of the power of the political regime controlling the Government to dictate to the farmer not only how much but also what he shall grow.

This is fully recognized by the crop allotment program instituted under the AAA. Tyranny is the weapon used to enforce compliance. Farmers are fined for growing more wheat than they are ordered to grow. The ultimate effectiveness of the program is dependent upon the enforcement of the crop allotment plan. It was specifically instituted for that purpose.

The Agriculture Department has become a menace to our people through the use to which it is being put in the international field. I refer to the system of pooling the crops the American farmer grows with those produced by other nations and leaving it to an international agency, where the United States has only one vote, to determine what portion of such pool shall be allocated to the United States.

The danger to the American people of this policy becomes evident when it is realized that the sugar shortage is primarily caused by this program.

Few people realize that this program is to be extended to include many other farm crops.

I submit that this is a dangerous program to the American people. The Agricultural Department has become a gigantic political exploiting machine and should be abolished.

Mr. POAGE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I take this time because it is now becoming apparent that those of us who want to speak on some of the amendments which will be offered will be denied that opportunity. The request

will be made to limit debate by unanimous consent. When that is refused, a motion to that effect will be offered, which will be carried, in spite of all the assurances of yesterday that there would be adequate opportunity for everyone to express their views.

Mr. Chairman, I want to call the attention of this House to one of the widespread misunderstandings in regard to the money now available to the REA. That amendment will come up shortly. The REA, of course, is one of those agencies that has a great public appeal, it is serving a great number of farm people; a great many more people would like to have its services. I recognize it has not been possible for the REA to extend its lines to everyone who would like to have the service of that organization. It has not been possible to build all of the lines for which money has been appropriated in the past year or two; neither has it been possible for everybody in the United States who had the money to pay for an automobile to buy one. It has not been possible to get a great many of the things our people would like to buy and for which they may have the funds.

Presently there is something over $300,000,000 that has been appropriated and is still in the hands of the REA. We have been told on the floor of this House that that money is available for allocation to build new lines, but that is incorrect. That money is not available for allocation. That money, every dollar of it, has been allocated. If you want a new line authorized or approved in your district or anywhere else in the United States, you have to provide additional funds here for lending purposes. It cannot be done out of the money that has been promised to build a line off across the creek. You simply cannot take that same money and build a line on the other side of the creek. The commitments are out on that money. There is no money in the REA from which you can make new allocations.

The REA now has applications pending for about $240,000,000. By July 1 the REA expects to have applications in excess of $270,000,000. If we appropriate all of the money that is provided here, we will be short probably forty-five or fifty million dollars on the 1st of July of being able to take care of all the applications already pending.

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

Mr. POAGE. I yield to the gentleman from Mississippi.

Mr. RANKIN. The REA will have applications for $270,000,000 on the 1st of July. If this bill passes in its present form, there will only be available $225,000,000.

Mr. POAGE. That is right, and I want to make it perfectly clear that this sum is a reduction both from the amount available this year and from the Budget estimates. There are those who have erroneously stated that it is not a reduction, but let the Members of the House know what the situation is. On page 376 the Budget reads:

Loans: For loans in accordance with sections 3, 4, and 5 of said act, and for carrying out the provisions of section 7 thereof, $25,000,000; and for the same purposes an additional sum of $225,000,000, to be borrowed from the Reconstruction Finance Corporation in accordance with the provisions of section 3 (a) of said act.

Heretofore the law has required that REA get a portion of its funds from the RFC. The RFC could only lend 85 percent of the principal of the outstanding obligations constituting security for its loans. The exact wording of the law is found in 49 Statutes, page 1364, and reads:

Provided, That no such loan shall be in an amount exceeding 85 percent of the principal amount outstanding of the obligations constituting security therefor.

This means there had to be certain appropriations from the Congress in order to make the first loans, or at least to provide the necessary 15 percent margin. The Budget recommended this year that there be an appropriation of $25,000,000 from the general fund for loans and that there be additional authority for REA to borrow $225,000,000 from RFC. Both the $25,000,000 of direct appropriations and the $225,000,000 of RFC funds, which made $250,000,000, were available for loans to build lines and to make allocations in the coming year. This bill provides but $225,000,000. Figure it with any kind of pencil you want to, there is $25,000,000 that you are not going to get to build lines in your district, and mine, to serve people who are now applying that we would have had if we passed the Budget estimate.

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

Mr. POAGE. I yield to the gentleman from Washington.

Mr. HORAN. Is it the gentleman's understanding that this $25,000,000 which was deleted was available for loaning purposes?

Mr. POAGE. Of course it was. If the gentleman will but read the Budget, he will see that it was listed as for loans.

Mr. HORAN. It was on deposit.

Mr. POAGE. Oh, no; it was not on deposit. The gentleman simply does not understand how we made loans under the old set-up. I do not like to be dogmatic, but I happened to have been on the subcommittee that wrote that bill under which we have been operating, and I believe I know how it worked. We could make loans from the RFC up to 85 percent of the principal of the obligations constituting the security for the RFC loans. In other words, suppose there was only one loan involved. If the REA were to loan $100,000 to a local co-op, it would be necessary that the REA finance $15,000 out of appropriated funds. Then it could get $85,000 of RFC funds. In other words, RFC never advanced more than 85 percent of the funds. At least 15 percent of all funds REA ever loaned had to come from appropriated funds, and that is the reason it was necessary to make part of the loan funds available in the form of a direct appropriation. The $25,000,000 which the budget proposed to supply as a direct appropriation would provide funds with which REA could make loans to local cooperatives totaling $25,000,000, and in addition the notes taken to secure this amount would, in turn, serve as the needed "margin" to support an RFC loan to the REA of several times that amount.

Mr. HOEVEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, 65,000 Iowa farm families still do not have electric service. They are among those called upon to produce the food which is now going to all corners of the world. They should not be penalized in the splendid work they are called upon to do, and the expansion of the REA program today in many respects is more vital than it was in the war years.

The loan funds last year totalled $350,000,000 including a one-hundred-million-dollar deficiency appropriation. The present appropriation bill seeks to cut the loan authorization to $225,000,000, which amounts to a cut of 35.7 percent. Such a reduction will seriously cripple the REA program in Iowa.

A large backlog of applications already exists, and if the needed appropriations are not forthcoming there will be a long delay in getting electricity to those Iowa farmers who do not already have the service. It is estimated that if the proposed cuts for REA go through 25 percent fewer Iowa farm people can secure electricity in 1948 than if the cuts were restored. I speak out for the farm people of my State who certainly are going to be penalized if the proposed cuts are made.

The loans made under the REA program are a sound investment. This money is not a gift, and anyone who knows the facts will agree that the repayment record of the REA cooperatives continues to be very satisfactory. In view of the splendid record made in the loan field, and in view of the great need for the expansion of the program at this very time, let me urge the Congress to appropriate the money needed to effectively carry on the splendid work that is being done by REA for the rural people of America.

Mr. DIRKSEN. Mr. Chairman, I move that all debate on this paragraph do now close.

The motion was agreed to.

The Clerk read as follows:

Salaries and expenses: For administrative expenses, including personal services in the District of Columbia; not to exceed $500 for newspapers; and not to exceed $500 for financial and credit reports, $4,000,000.

Mr. CANNON. Mr. Chairman, I offer an amendment, and I ask unanimous consent that the remainder of this section be considered as read, because both items should come in the same amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The remainder of the section is as follows:

Loans: For loans in accordance with sections 3, 4, and 5 of said act, and for carrying out the provisions of section 7 thereof, $225,000,000, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3 (a) of said act.

Sections 3 (a) and 3 (f) of the Rural Electrification Act of 1936, approved May 20, 1946, as amended (7 U. S. C. 901-915), are hereby amended to read as follows:

"SEC. 3. (a) The Secretary of the Treasury is hereby authorized and directed to make loans to the Administrator, upon the request and approval of the Secretary of Agriculture, in such amounts in the aggregate for each fiscal year commencing with the fiscal year ending June 30, 1948, as the Congress may from time to time determine to be necessary, either without interest or at such rate of interest per annum, not in excess of the rate provided for in sections 4 and 5 of this act, as the Secretary of the Treasury may determine, upon the security of the obligations of borrowers from the Administrator appointed pursuant to the provisions of this act or from the Administrator of the Rural Electrification Administration established by Executive Order No. 7037. Interest rates on the unpaid balance of any loans made by the Reconstruction Finance Corporation to the Administrator prior to July 1, 1947, shall be adjusted to the interest rate, if any, established for loans made after June 30, 1947, in accordance with the foregoing provision: *Provided*, That such obligations incurred for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines, or systems shall be fully amortized over a period not to exceed 35 years, and that the maturity of such obligations incurred for the purpose of financing the wiring of premises and the acquisition and installation of electrical and plumbing appliances and equipment shall not exceed two-thirds of the assured life thereof and not more than 5 years. The Administrator is hereby authorized to make all such endorsements, to execute all such instruments, and to do all such acts and things as shall be necessary to effect the valid transfer and assignment to the Secretary of the Treasury of all such obligations, and to execute such trust instruments as shall be agreed upon by the Administrator and the Secretary of the Treasury providing for the holding in trust by the Administrator of all such obligations for the Secretary of the Treasury as security for loans to the Administrator heretofore made by the Reconstruction Finance Corporation or made or to be made by the Secretary of the Treasury. All rights, interests, obligations, and duties of the Reconstruction Finance Corporation arising out of loans made or authorized to be made to the Administrator are, as of the close of June 30, 1947, vested in the Secretary of the Treasury; the Reconstruction Finance Corporation is authorized and directed to transfer, as of the close of June 30, 1947, to the Secretary of the Treasury and the Secretary of the Treasury is authorized and directed to receive all loans outstanding on that date, plus accrued unpaid interest, theretofore made to the Administrator under the provisions of this act, and all notes and other evidences thereof and all obligations constituting the security therefor. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the unpaid principal of the loans so transferred, plus accrued unpaid interest through June 30, 1947. Subsequent to June 30, 1947, the Reconstruction Finance Corporation shall make no further loans or advances to the Administrator; and the Secretary of the Treasury is hereby authorized and directed, in lieu of the Reconstruction Finance Corporation, to lend or advance to the Administrator, in accordance with the provisions of this subsection 3 (a), any unobligated or unadvanced balances of the sums which the Reconstruction Finance Corporation has theretofore been authorized and directed to lend to the Administrator. For the purpose of making loans or advances pursuant to this section, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are extended to include such loans or advances to the Administrator. Repayments to the Secretary of the Treasury on such loans or advances shall be treated as a public-debt transaction of the United States.

"SEC. 3. (f) All moneys representing payments of principal and interest on loans made by the Administrator shall be paid to the Secretary of the Treasury in payment of loans made to the Administrator by the Reconstruction Finance Corporation or the Secretary of the Treasury; upon the payment of such loans all moneys representing payments of principal and interest on loans made by the Administrator shall be covered into the Treasury as miscellaneous receipts."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. CANNON: On page 61, line 3, strike out "$4,000,000" and insert in lieu thereof "$5,600,000," and on page 61, line 6, strike out "$225,000,000" and insert in lieu thereof "$250,000,000."

Mr. RANKIN. Mr. Chairman, I offer a substitute.

Mr. CANNON. Mr. Chairman, I yield to the gentleman from Mississippi for the purpose of offering a substitute.

The Clerk read as follows:

Substitute amendment offered by Mr. Rankin: On page 61, line 3, strike out "$4,000,000" and insert "$5,600,000," and in line 6 strike out "$225,000,000" and insert "$300,000,000."

Mr. CANNON. Mr. Chairman, REA was not established until 1935. It has been in existence only 12 years, and six of those years were war years, with all their limitations on labor, material, and appropriations. And yet in those 12 years electricity has been brought to 10,000,000 farmers; REA lines span the continent and serve the people of every State in the Union.

Few services have been provided for agriculture in the last 2,000 years—from the days of Cincinnatus down to the present time—which have contributed so generously to the health and comfort and happiness and prosperity of the American farm, and especially the American home. I mention the home especially, because it is to the women and children of the family it renders its greatest service and upon whom it bestows its choicest blessings.

It offers the solution of one of the national problems of the day. There has been an alarming drift of population from the country to the cities. All that is best in national character is reared on the farm and exemplified in the farm family. Economists and statesmen have studied the problem for a generation. And here is the answer. Through the medium of REA we are bringing heat, light, and power to the farmstead—and at a rate the farmer can pay. At last we are offering inducements which will keep the young generation down on the farm.

But the success of this great program is menaced by the curtailment of funds with which to finance its expansion. Instead of recommending appropriations sufficient to meet its barest needs, the committee is proposing to deny money needed both for loans to farmers and for administrative expenses essential to its maintenance and development.

Mr. Chairman, the most dangerous and damaging limitation that can be made in the REA program is the proposed cut in administrative expenses. Administration is the nerve center, the motive power, and at the same time the governor. It does not matter how much money you have for lending, if you do not have the administration and supervision to process applications and direct operations you might as well have nothing at all. Administration is the vital point in the success of the program. And the heavy cut in administrative expense recommended by the committee—from $5,600,000 to $4,000,000—means the denial or at best the delay, of services to thousands of waiting farm families, with handicaps in both the quantity and the quality of supervision.

I know, Mr. Chairman, the argument that will be made here that they already have more money than they can use, that they cannot get labor and material and cannot spend what they have. But, Mr. Chairman, as our American philosopher, Josh Billings well said: "It is better not to know so much than to know so much that ain't so." When the Administrator was before the committee I asked him how much money they needed, how much money they could use. I asked him if the $250,000,000 recommended by the budget was sufficient. He said, no, that they had asked for $300,000,000, and that the full $250,000,000 was not sufficient to meet their needs and supply installations. The gentleman from Texas has already explained, and I will not go into it, that the money on hand has been allocated and will not be available to accommodate new business.

This is a long-term program. Applications are coming in every month. I do not know what you get from your districts, but from my State we are continuously in receipt of letters appealing for service, "Why cannot we have the REA? Why cannot I be connected? Why cannot you run a line down to my farm?" There is a universal demand throughout the country for this service. The gratifying part of it is that it does not cost the Federal Government a cent. All of this money is coming back. It is not given, but lent—and on good security.

My friends, why should we deny the farmer's wife and children this great boon of modern civilization? Why should we refuse them when it costs the Government nothing and will be paid back with interest?

Mr. DIRKSEN. Mr. Chairman, I move that debate on the pending amendment and all amendments to the REA title in the bill close in 15 minutes.

Mr. RANKIN. Mr. Chairman, I hope the gentleman from Illinois [Mr. DIRKSEN] will not insist on that motion.

The CHAIRMAN. The question is on the motion of the gentleman from Illinois [Mr. DIRKSEN].

The motion was agreed to.

RURAL ELECTRIFICATION

Mr. RANKIN. Mr. Chairman, I am asking for the adoption of this amendment to give to the REA not the $361,000,000 the co-ops say they need.

Frankly, that is what I should like to see done. But to give the $300,000,000 that the head of the REA asked for.

Let us see what the situation is. You have $340,000,000 already allocated. They talk about this fund or this amount being provided. It is already allocated, and your farmers who have not asked for and been allotted funds will not be taken care of unless this amendment is adopted.

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

Mr. RANKIN. Yes.

Mr. JENSEN. Am I to understand that the present Bureau of the Budget reduced the request of the REA by $50,000,000?

Mr. RANKIN. That is right.

Mr. JENSEN. Before it came to the Congress?

Mr. RANKIN. Yes, sir. And I do not propose to have the Bureau of the Budget legislate for me on rural electrification legislation. When the Steelman order was issued it paralyzed rural electrification. I took the proposition up with the President and got that order changed in order that we might proceed to electrify the farm homes of the Nation.

Frankly, the co-ops in my district have been fairly well cared for. I doubt if they will get a dollar of this money, because they have already secured their loans. But your people are going to need every dollar of this money. You have provided for $225,000,000. There will be $270,000,000 of applications by the 30th day of June to cover that $225,000,000. And $30,000,000 worth of applications are coming in every month. That means that by the first of the year you will have more than enough applications to absorb this entire $300,000,000.

Remember, this is not money that you are giving to anybody. Every dollar of this money comes back with interest. Not only that, but it is enriching the farm homes of America, and therefore enriching the Nation.

You are stimulating the pride of the farm women. You are relieving the drudgery on the farms and in the farm homes. This money will do more good than any other money provided in this bill. Nothing we have ever done for the American farmer has been worth as much to him as rural electrification.

For the first time in the history of this country the rural children are rushing through school to get back home, whereas 15 years ago they were rushing through school to get away from home.

This is building up our own country. It is building your State and mine. There is no politics in it. It does not matter whether you are a Republican or a Democrat, the light looks the same. Your people are clamoring for it. The fact is that some of your States have far surpassed my State in the use of the money that has already been provided. But if you cut this down to $225,000,000, we are already assured that there will be cooperatives turned away for want of funds, which will result in slowing down the greatest program ever established for the benefit of the American farmers.

If I did not feel so deeply on this proposition, if I had not gone through this fight for the last 15 years, if I had not been in contact with the farmers of every State in this Union, if I had not seen what rural electrification was doing, I would not be standing here now making this fight at the end of a hectic day when you are all tired and want to get out. But I say to you it is necessary that this amendment be adopted in order to provide funds, not to give to somebody, but to enable our farmers to help themselves. For your information, I am inserting a table showing the progress we have made in rural electrification since I began this fight.

The matter referred to follows:

Rural Electrification Administration: Number and percent of farms receiving central-station electric service, by States, 1934, 1940, 1945, and 1946

State, division, and territory	Farms receiving central-station electric service, Dec. 31, 1934 [1]		Farms receiving central-station electric service, Apr. 1, 1940 [3]		Farms receiving central-station electric service, June 30, 1945 [5]		Increase in electrified farms from Dec. 31, 1934, to June 30, 1945	Farms receiving central-station electric service, June 30, 1946 [5]		Increase in electrified farms from Dec. 31, 1934, to June 30, 1946	Increase in electrified farms from Dec. 31, 1934, to June 30, 1946	Farms receiving central-station electric service, Dec. 31, 1946		Increase in electrified farms from Dec. 31, 1934, to Dec. 31, 1946
	Number	Percent [2]	Number	Percent [4]	Number	Percent [5]	Percent	Number	Percent [6]	Percent	Number	Number	Percent [6]	Percent
Maine	13,959	33.3	20,221	51.9	27,087	64.2	94.0	29,072	68.9	108.3	15,113	30,165	71.5	116.1
New Hampshire	9,495	53.7	10,845	65.5	15,298	81.4	61.1	16,054	85.5	69.1	6,559	16,605	88.4	74.9
Vermont	7,945	29.4	12,213	51.8	18,916	71.4	138.1	21,857	82.5	175.1	13,912	23,708	89.5	198.4
Massachusetts	14,494	41.3	26,220	82.2	33,287	89.9	129.7	34,071	92.1	135.1	19,577	34,647	93.6	139.0
Rhode Island	1,975	45.6	2,457	81.5	3,148	87.4	59.4	3,248	90.1	64.5	1,273	3,308	91.8	67.5
Connecticut	10,138	31.5	16,995	80.3	20,155	90.6	98.8	21,133	95.0	108.5	10,995	21,251	95.5	109.6
New England	58,006	36.7	88,951	65.8	117,891	78.4	103.2	125,435	83.5	116.2	67,429	129,684	86.3	123.6
New York	57,825	32.7	102,283	66.7	125,433	83.9	116.9	134,237	89.8	132.1	76,412	137,986	92.3	138.6
New Jersey	15,162	51.6	21,298	82.4	23,697	90.4	56.3	24,656	94.0	62.6	9,494	24,851	94.7	63.9
Pennsylvania	45,182	23.6	94,081	55.7	125,612	73.1	178.0	136,388	79.4	201.9	91,206	141,544	82.4	213.3
Middle Atlantic	118,169	29.7	217,662	62.5	274,742	79.1	132.5	295,281	85.0	149.9	177,112	304,381	87.6	157.6
Ohio	48,048	18.8	137,680	58.9	165,387	75.0	244.2	182,424	82.7	279.7	134,376	191,190	86.7	297.9
Indiana	23,476	11.7	91,127	49.4	125,931	71.6	436.4	137,369	78.1	485.1	113,893	142,857	81.2	508.5
Illinois	28,379	12.3	80,027	37.5	121,771	59.6	329.1	134,890	66.0	375.3	106,511	141,929	69.5	400.1
Michigan	42,152	21.4	131,126	69.9	146,325	83.5	247.1	153,725	87.7	264.7	111,573	158,109	90.2	275.1
Wisconsin	39,206	19.6	87,556	46.9	123,006	69.2	213.7	137,751	77.5	251.4	98,545	144,365	81.2	268.2
East North Central	181,261	16.7	527,516	52.4	682,420	71.5	276.5	746,159	78.2	311.6	564,898	778,450	81.6	329.5
Minnesota	13,783	6.8	50,075	25.4	93,208	49.3	576.3	106,284	56.2	671.1	92,501	110,800	58.6	703.9
Iowa	32,047	14.4	73,308	34.4	133,113	63.7	315.4	155,506	74.4	385.2	123,459	163,278	78.1	409.5
Missouri	17,893	6.4	39,204	15.3	77,852	32.0	335.1	97,942	40.3	447.4	80,049	108,786	44.8	508.0
North Dakota	1,968	2.3	3,218	4.4	7,498	10.8	281.0	8,601	12.4	337.0	6,633	9,451	13.6	380.2
South Dakota	2,939	3.5	3,981	5.5	8,964	13.0	205.0	10,143	14.8	245.1	7,204	10,866	15.8	269.7
Nebraska	9,544	7.1	22,832	18.9	39,120	35.0	310.0	40,689	36.4	326.3	31,145	40,378	36.1	323.1
Kansas	13,224	7.6	27,960	17.9	46,056	32.6	248.3	51,273	36.3	287.7	38,049	54,231	38.4	310.0
West North Central	91,398	7.7	220,578	20.2	405,811	39.3	344.0	470,438	45.6	414.7	379,040	497,790	48.2	444.6
Delaware	1,791	17.3	3,545	39.4	5,650	60.8	215.5	6,357	68.4	254.9	4,566	6,452	69.4	260.2
Maryland	6,791	15.3	17,170	40.7	24,124	58.4	255.2	26,990	65.3	297.4	20,199	30,036	72.7	342.3
Virginia	14,954	7.6	42,144	24.1	65,035	37.6	334.9	77,786	44.9	420.2	62,832	84,854	49.0	467.4
West Virginia	3,647	3.5	25,199	25.4	39,148	40.1	973.4	44,137	45.2	1,110.2	40,490	48,331	49.5	1,225.2
North Carolina	9,672	3.2	67,627	24.3	113,574	39.5	1,074.3	131,378	43.7	1,258.3	121,706	41,237	49.1	1,360.2
South Carolina	3,796	2.3	27,568	20.0	55,114	37.3	1,351.9	63,227	42.8	1,565.6	59,431	68,147	46.1	1,695.2
Georgia	6,956	2.8	42,409	19.6	82,248	36.4	1,082.4	95,727	42.4	1,276.2	88,771	103,531	45.8	1,388.3
Florida	5,700	7.8	15,476	24.9	24,750	40.5	334.2	30,792	50.3	440.2	25,092	32,389	53.0	468.2
South Atlantic	53,307	4.6	241,138	23.7	409,643	39.3	668.5	476,394	45.7	793.6	423,087	514,977	49.4	866.1

Footnotes at end of table.

Rural Electrification Administration: Number and percent of farms receiving central-station electric service, by States, 1934, 1940, 1945, and 1946—Continued

State, division, and territory	Farms receiving central-station electric service, Dec. 31, 1934 [1]		Farms receiving central-station electric service, Apr. 1, 1940 [3]		Farms receiving central-station electric service, June 30, 1945 [5]		Increase in electrified farms from Dec. 31, 1934, to June 30, 1945	Farms receiving central-station electric service, June 30, 1946 [5]		Increase in electrified farms from Dec. 31, 1934, to June 30, 1946	Increase in electrified farms from Dec. 31, 1934, to June 30, 1946	Farms receiving central-station electric service, Dec. 31, 1946 [5]		Increase in electrified farms from Dec. 31, 1934, to Dec. 31, 1946
	Number	Percent [2]	Number	Percent [4]	Number	Percent [6]	Percent	Number	Percent [6]	Percent	Number	Number	Percent [6]	Percent
Kentucky	8,480	3.0	38,607	15.3	72,602	30.4	756.2	87,791	36.8	935.3	79,311	94,571	39.7	1,015.2
Tennessee	9,727	3.6	38,884	15.7	71,458	30.5	634.6	83,381	35.6	757.2	73,654	87,487	37.3	799.4
Alabama	11,053	4.0	33,907	14.6	73,129	32.7	561.6	86,564	38.8	683.2	75,511	94,133	42.1	751.7
Mississippi	2,802	.9	26,078	9.0	52,816	20.0	1,784.9	64,435	24.5	2,199.6	61,633	75,047	28.5	2,578.3
East South Central	32,062	2.8	137,476	13.4	270,005	28.1	742.1	322,171	33.6	904.8	290,109	351,238	36.6	995.5
Arkansas	2,943	1.2	21,303	9.8	46,149	23.2	1,468.1	63,102	31.8	2,044.1	60,159	68,558	34.5	2,229.5
Louisiana	2,826	1.7	16,058	10.7	36,778	28.4	1,201.4	49,239	38.1	1,642.4	46,413	54,933	42.5	1,843.8
Oklahoma	5,648	2.6	20,149	11.2	49,473	30.0	775.9	64,548	39.2	1,042.8	58,900	70,134	42.6	1,141.7
Texas	11,466	2.3	79,127	18.9	162,290	42.2	1,315.4	196,910	51.1	1,617.3	185,444	212,508	55.2	1,753.4
West South Central	22,883	2.0	136,637	14.2	294,690	33.6	1,187.8	373,799	42.6	1,533.5	350,916	406,133	46.3	1,674.8
Montana	2,768	5.5	7,947	19.0	11,401	30.2	311.9	13,497	35.8	387.6	10,729	14,299	37.9	416.6
Idaho	13,433	29.8	25,439	58.3	32,139	77.4	139.3	34,733	83.7	158.6	21,300	35,644	85.9	165.3
Wyoming	527	3.0	3,474	23.1	5,632	43.1	968.7	6,283	48.0	1,092.2	5,756	6,485	49.6	1,130.6
Colorado	7,145	11.2	14,823	28.8	24,637	51.7	244.8	28,133	59.1	293.7	20,988	29,986	63.0	319.7
New Mexico	1,350	3.3	4,479	13.1	7,645	25.7	466.3	10,250	34.5	659.3	8,900	10,618	35.8	686.5
Arizona	5,577	29.6	5,607	30.4	9,280	70.6	66.4	9,594	73.0	72.0	4,017	10,703	81.4	91.9
Utah	16,130	52.5	17,411	68.5	20,019	76.1	24.1	20,762	78.9	28.7	4,632	20,872	79.3	29.4
Nevada	946	25.6	1,555	43.5	1,639	47.8	73.3	1,713	50.0	81.1	767	1,838	53.6	94.3
Mountain	47,876	17.6	80,735	34.6	112,392	52.9	134.8	124,965	58.8	161.0	77,089	130,445	61.4	172.5
Washington	40,060	47.5	58,283	71.4	68,194	85.4	70.2	72,388	90.6	80.7	32,328	74,670	93.5	86.4
Oregon	17,839	27.5	36,369	58.8	48,635	77.0	172.6	51,857	82.1	190.7	34,018	52,802	83.6	196.0
California	81,093	53.9	107,904	81.3	121,873	87.7	50.3	123,246	88.7	52.0	42,153	124,036	89.3	53.0
Pacific	138,992	46.4	202,556	73.3	238,702	84.7	71.7	247,491	87.8	78.1	108,499	251,508	89.2	81.0
United States	743,954	10.9	1,853,249	30.4	2,806,296	47.9	277.2	3,182,133	54.3	327.7	2,438,179	3,364,606	57.4	352.3

[1] Edison Electric Institute.
[2] Percent of all farms in State as shown by 1935 United States census of agriculture
[3] 1940 United States census.
[4] Percent of all farms in State as shown by 1940 United States census.
[5] REA estimates, revised 1947, based on final United States census of agriculture, 1945.
[6] Percent of all farms in State as shown by 1945 United States census of agriculture.

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

The gentleman from Wisconsin [Mr. O'KONSKI] is recognized for 1½ minutes.

Mr. O'KONSKI. Mr. Chairman, I want to endorse wholeheartedly the sentiments of the gentleman from Mississippi [Mr. RANKIN]. I do not think there is a single agency in the history of America that has contributed so much to the welfare of the people of America as the REA. I think we should look at the record they have set. Right now, for instance, their payments are $20,000,000 in advance of what they owe on their loan. You show me another agency or show me any agency in any foreign country where the repayments exceed by $20,000,000 what they owe the Government. With that kind of a record I think the committee should have accepted their terms without equivocation and without pressure from any source. I do not think the Bureau of the Budget should have cut the original demand.

Figures do not lie but there are too many liars who can figure. Figures can be made to prove anything. It is like the case of the family which had four children and they were discussing whether or not they should have five. The wife said she did not want a fifth child because statistics showed that every fifth child born was a Chinaman, and she did not want any Chinaman.

Let me give you some statistics. The difference between what the REA requested and what the committee allowed is the difference between whether or not 135,000 farmers in the United States of America are going to be connected with electricity in the coming fiscal year. I think that the $5,000,000 to connect 135,000 farmers is well worth while. Let us put on the lights in America before we keep the lights burning all over the world.

The budget estimates provide for $250,000,000 in loan funds and $5,600,000 in administrative funds. The House bill provide for $225,000,000 in loan funds and $4,000,000 in administrative funds. These reductions below the budget estimates will seriously retard the progress of rural electrification and delay, for at least another year, the extension of electricity to 135,000 rural consumers.

The slow-down in the program will come at a time when the 2,500,000 farmers still without electricity are more keenly desirous of electrifying their farms than ever before. By July 1 the backlog of applications on hand will amount to $270,000,000 and will be accumulating at the rate of $30,000,000 per month. Farmers are insistently demanding the extension of electric power lines with which to modernize their living and working conditions. Construction materials required for rural power lines are becoming increasingly available. A reduction in REA funds will curtail the rural electrification program in what otherwise would unquestionably be by far the year of its greatest expansion.

The reduction in funds for salaries and expenses—amounting to $1,600,000—will have the effect of hampering program operations in the three major fields of activity—making loans, supervising construction, and protecting the Government's investment.

At the present time REA is striving to make loans to bring electric service to farmers in all sections of the country, even going into new sections in which little or no rural electrification development had been attempted prior to 1935. The reduction in lending operations will mean that the bulk of the loans will have to go to areas where the feasibility of rural electrification can be easily established; other communities that desire electricity just as much, but where more intensive preliminary studies must be made, will have to wait.

Under the agency's present program, it is estimated that about 198,000 miles of rural high lines could be completed in 1948. The committee reductions will bring this downward to an estimated 150,000 miles.

The agency will have the responsibility of servicing and safeguarding a billion dollars' worth of Government funds which have been lent to more than 1,000 borrowers. The successful operation of the electric systems so financed constitutes the real security for the Government. In the past, REA's counsel and advice—of a type which is available only

from this agency—have enabled borrowers to cope with the management and operating problems to the extent that successful operations and prompt repayment have been the result. The percentage of farms electrified has increased from 11 percent to 57 percent in the last 12 years. Today advance payments on REA's loans amount to approximately $20,000,000, while delinquencies are negligible. So far the record has been outstanding. To curtail the program at this time invites a serious threat to a similar record in the future.

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

The Chair recognizes the gentleman from Texas [Mr. POAGE] for 1½ minutes.

Mr. POAGE. Mr. Chairman, in 1½ minutes which the chairman of the subcommittee has so generously allowed to each of us who have expressed an interest in REA, I think I have just about enough time to call the attention of the American people to the interest that the great Republican Party has shown in keeping the lights burning in rural America.

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

Mr. POAGE. No. The committee has very generously allotted me a minute and a half to speak for the rural people who want lights and cannot get them. I am sorry I cannot spend that time on the gentleman from Iowa. The committee has most generously expended 15 minutes of its valuable time considering the question of providing light and power for all the farming people of America—a touching tribute to their interest in rural people. Think of it, my friends, the chairman of the subcommittee, supported almost unanimously by the membership of the majority party, has taken official action and has, as this record will reflect, decided that lights and power for farm people are worthy of exactly 15 minutes' time. Why, my friends, I am surprised to see such tremendous interest shown in the farming people of America. Full 15 minutes, not cut short to 12 or 14 minutes but full 15 minutes, to be devoted to the American farmer. I am delighted to see that the Republican Party was willing to even recognize that there are farmers who still use kerosene lamps. I am sorry to see that the majority party gives every indication of refusing to provide money with which to enable these farmers to borrow enough to get lights. Mr. Chairman, to show my appreciation of the overwhelming generosity of the subcommittee chairman in the matter of time, I yield back the remaining two seconds of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at each point in the RECORD where I spoke today.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. Mr. Chairman, the money represented by this cut will remove skilled and experienced engineers, competent scientists in the electrical field, who have done absolutely wonderful things for America.

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

Mr. HOBBS. I cannot yield when I only have a minute and a half. Too frequently I yield to my own hurt.

To give you an illustration, the cost of a transformer to reach up to the high-power line and bring the electricity down so it can be connected with a dairy or farmhouse was $1,500 until REA came. Now, through the skill of two men on the force, that is going to be eliminated entirely by this cut; the cost of transformers has been reduced to $20 apiece. They have been able to do away with so many poles that it is estimated they have saved a million dollars by plowing one shallow furrow and laying the line underground. They have invented a marvelous means of giving farmers utterly without telephone lines or service, telephone service by "hitchhiking" on light or power lines. This works better than regular telephone lines. Such geniuses in REA are to be fired by reason of these cuts.

Technical consultation, standardization and research activities dealing with rural power systems is a continuous and necessary activity and is the very foundation for the design, construction, and operation of an electric system. Unlike services such as engineering, bookkeeping, legal advice, and so forth, it cannot be contracted for locally by the individual REA borrowers. These services can only be carried out on an over-all national scale by specially trained engineers thoroughly familiar with the power industry. For example, the Consumers Service Section, Technical Standards Division of REA has been charged with the responsibility of conducting basic engineering studies of rural power systems, for the purpose of reducing costs and improving the quality of electric service to the farm power users.

Because of the reduced REA budget as recommended by the House committee this important function will be abolished or curtailed to such an extent that this type of service will be lost to rural power systems. Here is how the reduced budget affects this section. Sixty percent of the engineering positions will be abolished, including that of the section head. This particular section has demonstrated its value by reducing the cost in the operation of rural power systems by sponsoring the development and improvement of such equipment as oil circuit reclosers. This development alone has resulted in an annual savings of operating expenses of well over a million dollars on those projects who are now using this type of equipment. Considerable improvement in these reclosers can be made only by engineers who are familiar with switchgear design and performance and of power system operation.

At the present time this section has been actively engaged in the work being carried on by the Radio Technical Planning Board, which was created at the suggestion of the Chairman of the Federal Communications Commission. This Board is composed of the radio and power industry representatives. The purpose of this Board is to consult with and make recommendations to the FCC on technical matters based on the best engineering practices in the proper application of radio communication by the many services who have need for this type of service. It has been only recently that the power utility group has been recognized by the FCC as a public servant which needs radio services for the protection of health and property. REA projects are particularly interested in this activity. The use of radio in the operation of rural power systems offers a tool in which the operator himself will be able to dispatch the maintenance crews expeditiously to the location where an emergency exists. This, in effect, is a protection to life and property. It is well to point out here that the greater part of the rural power lines extend into remote areas which do not now have adequate communication facilities. This is definitely a handicap in the operation of rural power systems because valuable time is lost in restoring service after it has been interrupted. An interruption to a farm power user results in a direct financial loss to him.

Further, this section has been responsible for a reduction in transformer core losses which has resulted in a saving of many thousands of dollars annually in the purchase of wholesale power. These are only a few items to indicate what has been accomplished by this section.

The need for basic engineering on rural power circuits will always exist. Very little is known about load characteristics on rural circuits. Insufficient data is available for use in the future design of rural power lines because the nature and type of load are practically unknown. The REA-financed systems offer one of the best laboratories for obtaining this information.

Inductive coordination problems have been very successfully handled by the Consumers Service Section. The nature of this work deals with interference from power lines to communication circuits, such as telephone, telegraph, and radio. Through good engineering practices both power and communication circuits have been so coordinated that the average layman has never known that such a problem existed. Of necessity, both power and communication circuits must be designed and constructed to operate with the least amount of interference to each other so that the best quality of service may be rendered to the rural population. It has been demonstrated on many occasions by engineers of long experience that the coordination of power and communication circuits can be operated in the same area. It must be remembered that it requires highly skilled technicians to attain this objective.

Much has been said in recent years regarding telephone service in rural areas, which was probably brought about in the use of mechanical and electrical equipment on the farm. Senator LISTER HILL, Alabama, has introduced a bill in Congress for a Rural Telephone Administration. This created a challenge to the power and communication engineers, and, as published in a recent electrical engineering journal, the author pointed out that it is being attacked rigorously

from three angles: First, there is great activity in the extension of direct-wire communications to the farm; second, intensive studies are being made and experiments carried on in the joint wire use of power poles for telegraph and telephone poles for power; third, intensive experiments are being carried on in the joint use of carrier telephones on power lines to render telephone service to farmers who have electric power service. This third item is generally known as telephone conversation hitchhiking over power lines. This is another instance where the Consumers Service Section has contributed toward improving living standards in the rural areas.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, we have heard on this floor many, many times that in Japan 90 percent of the rural farms are electrified. That is not by any means the condition with us. It is true that rural electrification has spread rapidly in this country, but I tell you, Mr. Chairman, without the aid of this REA less than half of the rural farms now electrified would never have been electrified—and that in the homeland of Thomas A. Edison.

We know very well that municipalities are by law given preference, and cooperatives are given preference in the purchase of power produced by Government plants. If you want to carry out the plain intent of the law you must provide more money for REA. You will hamper it by cutting down this part of the program, and that is equivalent to nullifying the law we have already passed giving preference to REA for power produced at Government dams.

Every move to minimize the amount of money available to REA, or, as in this case, to reduce the amount of money available for administration, reduces by that much the number of REA projects, and the number of farmers not now supplied with electricity, that will be supplied. With our modern equipment it is possible to produce much more electricity than we have ever formerly produced. Especially is that true at the great dams on our rivers. I contend that those who want to restrict the output of hydroelectric power and restrict its availability to farmers are in effect bringing about a scarcity which can benefit no one excepting possibly the utilities who would serve a small fraction of the nearest farmers by taking the cream of the prospects, leaving the great majority unserved.

As I indicated, we have written into the law and it is on the statute books that preference shall be given in the sale of cheap power from Government dams to municipalities and to REA cooperatives in the disposition of such power. I know who have fought enacting such provisions during the years that I have been in Congress, and I know that, regardless of their professions of interest in aiding farmers, they can, without outright repeal of those liberal preference laws, through minimizing or limiting appropriations for REA, make it possible to have the same effect as an outright repeal of such statutes would be. I have no desire to injure the private production of power and I am willing to protect the property rights of such as have pioneered utilities in new communities, but I will not go so far as to strengthen their monopolistic control by limiting the rural electrification program.

The gentleman from Missouri and the gentleman from Mississippi have made eloquent appeals. I wish we had more time to present this case.

I hope the amendment will be adopted.

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

The gentleman from Mississippi [Mr. WILLIAMS] is recognized.

RURAL ELECTRIFICATION

Mr. WILLIAMS. Mr. Chairman, I am unalterably opposed to the slash which has been made in funds for rural electrification. And it is utterly ridiculous for our friends on the right to point to the cutting of these funds as a saving for the American taxpayer, because every dollar of this appropriation will be repaid into the United States Treasury with interest, and the American people will not lose a dime. This kind of economy is as phony as a $3 bill.

Mr. Chairman, in 1934, only 10 percent of America's farms were electrified. And yet today, primarily through the splendid efforts and cooperative management of the REA, more than 52 percent of the rural homes enjoy the comforts and advantages of electricity. No program ever conceived or enacted by Congress has meant more to the American farmer, and I heartily and sincerely advocate not only its continuance, but also its expansion.

Remember, Mr. Chairman, and Committee members, that it is the rural citizen who produces so that the urban citizen may have food and clothing. Certainly he is entitled to at least a few of the comforts and conveniences now enjoyed by his brothers in the cities. The way to provide this comfort is through rural electrification.

Every dollar spent by REA is an investment in the future of America.

The CHAIRMAN. The gentleman from Mississippi [Mr. WINSTEAD] is recognized for 1½ minutes.

Mr. WINSTEAD. I wish to say merely that down in my section of Mississippi my people do not share in the great flood-control projects of the hill sections; we did not reap the financial benefits of the war-production programs that have been going on. We are a rural area, composed largely of small home and farm owners. They had the initiative and ingenuity to make their living without government assistance before they would go on the relief rolls during depression.

If you want to centralize your entire population from the rural areas to the cities, where your housing problems are so desperate, just continue as you are going in this bill—fail to electrify the homes in the rural sections of the country. If you want to encourage people to go back to the farms and to the rural sections, give them cheap electric power and roads. Then you will have no trouble about your population having concentrated in the cities where they give so much trouble.

The people in my State have had deposits up for 6 years and have looked forward to the day when the war would be over so that they might have their homes electrified. That same thing is true throughout the country. They expect, and are entitled to, the comforts and benefits of electricity.

Remember, Mr. Chairman, this is not a gift; this is a loan, and the Government cannot lose. The Government is taking no chance in providing funds to continue and extend rural electrification.

This amendment should pass; it is an investment in America's future.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, I have taken quite a bit of time in the consideration of this bill, but, being a member of this subcommittee, I regret that our distinguished chairman saw fit to limit debate and that I have such a short time to discuss such an important subject as rural electrification. The majority members of this committee said that they would grant approximately all of the funds that were requested for loans, but then cut the administrative expenses by about one-third. Actually, it has been stated here that the reduction in loan authority of $25,000,000 will mean the elimination next year of 135,000 miles of rural lines. I say to you the Republican members of this committee have seriously hampered the expansion of this program when they cut down the administrative expense. Every move in the construction of a line clears through the administration of this agency in Washington. From the time the application is made, and the engineers of the national agency go over the application and make the survey, until the line is actually constructed, the matter is under administrative authority.

The amount of administrative funds as approved by the House would result in reduction of almost 30 percent in the personnel of the agency. This reduction would sharply retard the progress of rural electrification on the eve of what would otherwise be the year of greatest accomplishment in the history of the program. Specifically, the House reduction would:

A. Restrict loan allocations to those projects requiring least preliminary investigation.

B. Retard construction.

C. Decrease the Administration's ability to protect the Government's $1,000,000,000 investment in existing systems.

The work of the Rural Electrification Administration, including the staff divisions as well as the line divisions with field personnel, may be classified into the three following general categories:

First. Making loans.

Second. Building lines.

Third. Protecting the Government's investment.

PROGRAM IN 1948 COMPARED WITH PREWAR PEAK YEARS

Although the staff of the agency would be reduced by the House bill from the present number of 1,100 to approximately 775, or slightly more than the

average employment during the years of 1939 and 1940, the program of the agency in 1948, as shown by the following figures, will be at least three times as large as the average of 1939 and 1940, the prewar peak years.

	Average of 1939 and 1940	Estimated 1948	Excess of 1939 and 1940
			Pct.
Loan authorizations	$90,000,000	$225,000,000	150
Consumers connected per year	222,500	535,000	140
Total consumers connected	403,800	2,454,000	510
Advance of funds	80,500,000	340,000,000	320
Total investments	171,600,000	1,065,000,000	520
Number of REA personnel	735	775	5

The above table discloses how the 1948 program is vastly greater than that of 1939 and 1940. For example:

First. The loan authorization is $135,000,000 greater.

Second. More than twice as many consumers should be connected during 1948.

Third. Four times as much money will be advanced—a quarter of a billion dollar increase.

Fourth. Not only are the lending and construction activities vastly greater than in 1939 and 1940, but also the activities concerned with safeguarding and servicing the Government investment are multiplied sixfold.

Notwithstanding the administrative demands of the largest program REA has faced, the House bill provides a reduction of the existing staff from approximately 1,100 to about 775. This compares with an average of 735 who carried out the much smaller program in 1939 and 1940.

EFFECT OF HOUSE REDUCTION ON THE 1948 PROGRAM

Specifically, the effect of the reduction in administrative funds as passed by the House would be reflected in the three major functions of the agency as follows:

Loans: There is insistant demand for electric service throughout every part of the Nation, but in order to loan the $225,000,000 passed by the House, with a sharp reduction in the REA staff, it will be necessary to make rather radical departures from the present pattern of loan operations.

Obviously, it will be necessary to reduce sharply the amount of time and effort spent in reviewing loan applications. Therefore, by force of circumstance, loans will tend to be concentrated in those areas where the least intensive analysis is required to determine economic feasibility of the project. That will mean that the bulk of the loans will go to the older, better established borrowers in the economically most favored areas. It will simply be necessary to lay aside applications from borrowers in areas where any additional effort is required in order to determine the feasibility of the loan. In other words the development of rural electrification, under the program resulting from the House action, would not be on a truly national basis.

Construction: The labor and material situation is improving almost daily. Given an adequate administrative staff with which to function, the 1948 construction program would surpass by a wide margin any previous records for the construction of rural power lines. It has been estimated that with our present staff it would be possible to complete the construction of 198,000 miles of line in 1948. With staff reductions amounting to almost 30 percent, it is estimated that it will not be possible to complete more than 150,000 miles in 1948. Every single step in the construction program, from approval of the original plans and specifications through inspection of construction to final advance of funds for completed work, will be slowed up. These are jobs that must be done. To adopt any other course would be costly and unwise. For instance, simply to reduce the amount of engineering assistance and supervision would mean that the Government would be investing funds in electric systems which might or might not be adequately designed to serve as the basis for a self-liquidating loan.

Specifically, a reduction of nearly 30 percent in the number of field and office engineers of the agency will:

First. Delay the approval of plans and specifications, engineering contracts, material contracts, construction contracts, and the supervision of construction progress in the field. The result will be to slow down construction and the connection of new consumers by about 25 percent, and to seriously delay the advance of funds with which borrowers meet their bills to both contractors and material suppliers. In addition, construction costs will be higher because the reduced engineering staff will not be able to make sufficiently detailed cost studies and reviews of system designs to obtain lowest construction and operating costs.

Second. Delay the approval of plans which the cooperatives prepare to meet the many technical operating problems growing out of the greater demands for power which farm people are placing on their utility systems. These include such problems as sectionalizing studies, voltage regulations, rephasing, increasing substation capacity, and so forth.

Third. Delay progress in the construction of generating facilities in parts of the country where power is rationed at the present time or where it is impossible to connect new consumers because of inadequate power supplies.

Protecting the Government investment: In addition to spearheading the largest construction program in history during 1948, REA also will have the responsibility for servicing and otherwise safeguarding a billion dollars' worth of Government funds invested in nearly 1,000 utility systems operating in 46 States and two of the Territories. The real security of the Government in these systems is based on satisfactory and efficient operation of the properties. The great bulk of these loans has been made to farmer cooperatives whose actual experience in the electric utility business is limited wholly to that gained from operations ranging from a few months to at most about 10 years. Although it is the policy of REA to withdraw its counsel and advice as rapidly as its borrowers can efficiently cope with their management and operating problems, the facts in the case are that the multifarious problems arising from the rapid growth of the cooperatives during the last few years is confronting even the most experienced with circumstances in which they need specialized assistance of a kind they can obtain only from REA.

The average REA-financed system will, in 1948, represent an investment of more than $1,000,000 with approximately 800 miles of line serving 2,500 members. Furthermore, in the all-out effort of the last dozen years to get power lines to as many farm people as possible, many of the problems concerned with long-time sound management and the financial welfare of the cooperative have had to be deferred and are now calling for REA attention.

A reduction of nearly 30 percent in the REA staff will reduce the management assistance available to the cooperative to such a point that personnel will not be available in many cases where positive action is necessary to prevent jeopardy of the Government's loan, nor will it be possible to provide the assistance which might prevent such situations from arising. Audits of borrowers' records, which constitute a basic security for this billion-dollar investment, would be so sharply reduced that we would be able to make an adequate check on the financial status of our borrowers on an average of about once every 2 years, whereas good business practice requires more frequent audits. Advice and counsel on such matters as labor relations, training of system personnel, cooperative organization and system appraisal will have to be drastically curtailed.

With the present REA staff—all included, administrative, professional, and clerical—there is an average of only about one person to administer relations with a million-dollar borrower. Under the House bill this would be reduced nearly 30 percent.

Do not kid yourselves when you fail to provide sufficient funds for the administration of the REA. You restrict the program and you are responsible for thousands of farm families being delayed in receiving electricity. You will have prevented them from finding their lot a little easier; their lives a little brighter.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. TRIMBLE].

Mr. TRIMBLE. Mr. Chairman, I hope the amendment will be adopted and the authorization for loans to Rural Electrification Administration will be increased. In my own district, and I am sure the same situation exists in all parts of the country, there is a great backlog of applications pending for the extension of rural electrification lines. The amount allowed by the committee will not begin to take up the applications already filed.

If a gift of money were being asked for the various rural electrification co-ops, then I could well understand the opposition of the committee. But even so, just for the sake of argument, let us say that it is a gift. It is my contention

that it would be good business even as a gift on the part of the Government of the United States for three reasons:

First. It would greatly encourage our free-enterprise system because, with the extension of electric energy, the addition of each new home and service would increase the demand for refrigerators, washing machines, stoves, heaters, and many other items in the home, thus affording free enterprise an opportunity to manufacture and sell additional items, thereby adding to their revenue and ability to serve.

Second. It would encourage the faith of the people in the country which they love.

Third. It would bring money into the Treasury of the United States by increasing production and encouraging industry with the incident increase in taxes paid in

As I say, even if it were a gift, it would be good business on the part of the Congress.

However, it is not contemplated that this money be a gift. It is only an authorization for loans to the cooperatives to extend their services to the people who have waited so long for such service. It has been the happy experience of the Rural Electrification Administration that these loans have been good loans, and they are being repaid with interest and many times repaid ahead of due date.

In addition to the interest which the Government receives from the money it loans, it increases its wealth by reason of the taxes collected. The little cooperative which serves my home section paid more than $9,000 in taxes last year, in addition to the interest which it paid to the Government on its loans.

We hear a lot these days about subversive activities. If we want to kill off subversive activities, the best thing we can do is to make our people happy and make our own fine system work. I know of no single better way to do it than to let the cooperatives have all the money they need. I mean all they need, to extend electric energy to every home and to every small industry that does not have it now.

I shall vote for the amendment because I believe it is true economy, even looking at it in a cold-blooded, dollars-and-cents manner.

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

Mr. TRIMBLE. I yield to the gentleman from Kentucky.

Mr. CLEMENTS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Mississippi [Mr. RANKIN] to increase the funds for REA loans by $25,000,000 and to restore by $1,600,000 the appropriation for REA administrative purposes. With all other Members of this body genuinely interested in the completion of the REA program, which would bring the great boon of electricity to every American farm, I thoroughly disagree with and vigorously protest against the action of the majority of the Appropriations Committee in cutting the funds for the maintenance, operation, and expansion of the activities of the Rural Electrification Administration during the coming fiscal year.

REA IS SELF-LIQUIDATING

First, let me emphasize that REA is a lending agency—not a spending agency. Let me further stress the fact that REA is on a sound financial basis and, as the record proves, compares most favorably with any private lending institution. All REA loans are self-liquidating at a flat interest rate of 2 percent over an amortization period of 35 years. As of April 1, 1947, REA had approved loans totaling $1,010,037,390 to 1,011 borrowers—of which 931 were cooperatives, 40 were public utility districts, 20 were other public bodies, and 20 were commercial power companies—and as of the same date these borrowers had paid back a total of $131,673,620 in principal and interest on their loans; of this amount $19,995,641 represented payments on principal in advance of due dates. Payments overdue more than 30 days totaled only $1,001,014; in other words, less than one-half of 1 percent of all REA loans are delinquent. Insofar as large-scale, Nationwide financial operations are concerned, that record speaks for itself.

REA LIGHTENS FARM BURDEN

Every Member of this House who has accorded any study to the background of the operations of the Rural Electrification Administration understands and appreciates that the activities of this agency developed out of the needs of the American farmer and his family who, of all groups in our national economy, are the hardest, most diligent, and conscientious workers. Rural electrification is the means by which the major share of the burden of manual labor—the real drudgery—entailed in operating a farm is transferred from the muscles and back of the farmer to power-driven farm machinery and equipment; it is the means by which the numerous household tasks of his wife are made easier, and through which their home and barn are instantly and adequately illuminated. It is, indeed, the miracle that has contributed more substantially to the comfort, convenience, health, contentment, and prosperity of the entire farm family than any other single improvement, making for happier living, greater efficiency, and increased agricultural production.

HOW REA OPERATES

Twenty years ago only 3 percent of the 6,000,000 farms in this country had electricity; 10 years ago just slightly more than 10 percent of these farms had electricity. Why? Because the privately owned commercial power companies could not operate on a profitable basis in rural areas located beyond the immediate vicinity of cities and towns. The Government's answer to the problem of bringing electricity to the American farmer and his family is REA, which is the agency through which Federal credit is extended for rural electrification, thus enabling our farm population to organize and operate its own power systems. The Rural Electrification Administration operates no electrical facilities, but is merely the Federal facility through which rural electrification is made possible. Through Government loans to cooperatives, public utility districts, municipalities, or commercial power companies REA finances electric generation, transmission, and distribution facilities in order to bring electricity to farm families too far removed to receive commercial central station electric service. This agricultural appropriation bill for the fiscal year 1947–48 proposes to cut back by $25,000,000 funds for REA loans.

In addition to loans to local farmer cooperatives and other borrowers, the Rural Electrification Administration provides technical advice, engineering assistance, legal advice, and a standardized accounting system to its borrowers. This bill further proposes to decrease by $1,600,000 the funds for these activities; such a cut could only result in hampering the REA program and curtailing its progress. Efficient regional electric service cannot be planned and carried into operation without an adequate staff of engineers, legal counsel, accountants, and other professional specialists required to do this job, for which reason this $1,600,000 cut in administrative funds should be restored.

IMAGINARY ISSUES

Despite confusing and biased arguments to the contrary, the activities of the Rural Electrification Administration present no real issue between private and public power because they are not in competition. REA services a clientele that, in the main, the privately owned commercial power companies cannot reach. That statement is borne out by the fact that at the inception of the REA program it was hoped and believed that the commercial power companies would take the initiative in the rural electrification program, but this hope proved to be ungrounded in that out of $100,000,000 made available for this program in 1935 out of Emergency Relief funds the commercial power companies borrowed less than $1,000,000, which conclusively proved that the problem of rural electrification was not going to be solved by the privately owned utility companies. Instead, it became obvious that the farmers themselves, in cooperation with the Federal Government, would have to take the lead. Rural electric cooperatives began springing up throughout the entire country, and their achievements during the past 10 years have definitely established that the nonprofit farmer cooperative is the answer to the problem of rural electrification.

REA FUNDS ARE ALLOCATED FAIRLY

The Rural Electrification Act, approved May 20, 1936, specifically requires that 50 percent of the funds available for lending purposes in each year be allocated to the States "in the proportion which the number of their farms not then receiving central-station electric service bears to the total number of farms of the United States not then receiving such service." Thus in every State applicants are guaranteed an opportunity to borrow on a fair and proportionate basis for the development of rural electrification.

Congress annually fixes the limit of REA's lending authority for each fiscal year and directs the lending of funds within that set limitation. This annual loan fund has ranged from as low as $10,000,000 to as high as $550,000,000. As previously indicated, in this current bill

it is proposed that REA have $25,000,000 less than the Administration's recommendation with which to make loans during the coming fiscal year.

Mr. Chairman, already we have glanced at the financial record of the Rural Electrification Administration; now let us glance at the record of REA's achievements.

REA ACHIEVEMENTS

Of approximately 6,000,000 farms in this country, only 3 percent of them had electricity in 1925; in 1935—the year REA went into action—slightly more than 10 percent of the Nation's farms had electricity. In other words, in 1935 less than 750,000 American farms had central-station electric service, but at the close of the first 10-year period of REA operations 3,106,775—or approximately 53 percent of all farms in this country—had electricity. Half of the farms serviced with electricity since 1935 are serviced by REA-financed lines, the rest being on lines of commercial power companies whose activities in rural areas have been encouraged and stimulated by the REA program—which, incidentally, proves that REA is not a Government monopoly, but instead a cooperative agency from top to bottom, keyed to take the initiative and serve as the spearhead in spreading rural electrification throughout the Nation in cooperation with farm groups, local public bodies, or commercial power companies.

As of April 1, 1947, REA borrowers were operating 524,161 miles of lines, serving 1,754,073 farms and other rural consumers in 46 States, Alaska, and the Virgin Islands. About 80 percent of the consumers on REA-financed lines are farms, the remainder being nonfarm rural homes, churches, schools, community halls, stores, and a variety of rural industries, such as creameries, grain elevators, woodworking plants, machinery repair shops, and quarries. The stimulation of rural industries is not by any means the least of the contributions of the REA program to rural welfare and progress.

And now please bear this in mind: That record of achievement has been made despite the fact that of the 12 years REA has been in existence 6 of those years were war years, during which period, as we all know, labor, and all its technical skills, as well as materials and funds, were, of necessity, diverted and channeled into the gigantic task of winning the war; thus for 6 years the demands of war practically brought to a halt the activities of REA; and while this agency is still confronted with the handicap of material shortages, the prospect of obtaining these needed materials is considerably brighter now than it has been during the course of the past several years. War has delayed and unavoidably thrown the REA program behind schedule. To impede or obstruct this program at this time would be a definite set-back to the 3,000,000 American farmers still awaiting REA service, and would retard American agriculture generally. This is not the time to cut back the Rural Electrification Administration program—now is not the time to reduce REA funds by $25,000,000 for loans nor to slash by 30 percent the funds for REA administrative purposes, as proposed in this bill.

DUTY AND RESPONSIBILITY OF CONGRESS

Mr. Chairman, Congress is the only channel through which funds for the Rural Electrification Administration are cleared and made available; therefore, the progress and expansion of the REA program wholly depends on the decision we make here. During 1945 and 1946 REA borrowers resumed large-scale construction, which was made possible because of the cessation of war, which released manpower and materials to civilian peacetime pursuits, and because Congress authorized $550,000,000 for REA loans—larger than the total loans in the agency's previous 10 years of existence—in addition to which $98,081,550 was available from previous allotments which had not been advanced due to wartime restrictions on civilian construction. It was my privilege to support and vote for this $550,000,000 fund for REA loans, and I shall continue to favor maximum REA loans because I believe that in the interests of our great farm population this program should and must be completed as rapidly as possible. To handicap, hinder, or cripple the REA expansion program during this coming fiscal year—when manpower and materials are again becoming available on a scale that would permit REA's construction program to forge ahead and regain the momentum it lost during the war years—would reveal not only a lack of true vision and initiative but would impose on the 3,000,000 remaining American farms still without electricity a distinct and wholly unnecessary privation. The adoption now of a "penny-wise and pound-foolish" policy toward REA would be the epitome of false economy. To attempt to obstruct progress is only to delay it unwisely, and in this instance to the detriment of the farm families of the Nation who anxiously are awaiting the blessings of electricity.

REA BENEFITS TO KENTUCKY

In my own State of Kentucky, the first REA loan was approved in October 1935. Prior to that time, only 8,480 Kentucky farms—or 3 percent of all the farms in the State—had electricity. According to estimates—based on the 1940 census—32.1 percent, or 76,650 Kentucky farms, now have electricity. As of April 1, 1947, the 26 Kentucky REA borrowers, all of whom are cooperatives, were operating 16,327 miles of power lines and serving 69,582 rural consumers. As of the same date, our Kentucky rural electric cooperatives had received REA loan approvals totaling $35,042,355; of this amount, $19,019,853 had actually been advanced for construction projects. Kentucky's REA borrowers had paid $3,966,908 of the principal and interest on their loans, including $600,197 repaid on principal before it was due.

Kentucky, which basically is an agricultural State, has benefited under the REA program, but the job of rural electrification there, as elsewhere, is not as yet completed by any means; while marked progress has been made, approximately 162,157 Kentucky farms still lack electricity. They should have it, and have it without any unnecessary delay, as should every other American farm. REA's goal is electric service to every one of the remaining 3,000,000 potential rural consumers still to be served. REA is now on the threshold of its greatest opportunity to continue the spread of the convenience of electricity to every rural family in the Nation. It is up to Congress to take advantage of that opportunity and complete the job of rural electrification. We can make a real contribution toward that objective by restoring the ill-advised and wholly unwarranted cuts made in this bill for REA activities during the coming fiscal year.

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

Mr. TRIMBLE. I yield to the gentleman from South Carolina.

Mr. BRYSON. Mr. Chairman, I ask unanimous consent to extend my remarks in the Appendix of the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

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

Mr. TRIMBLE. I yield to the gentleman from Minnesota.

Mr. BLATNIK. Mr. Chairman, the few minutes which have been allotted to me will not permit a full discussion of the many objectional features of this measure. Hence I must limit my observations to specific examples where this unwise slash in appropriations will cause great harm to the State of Minnesota and to my district.

In the first place, I want to go on record as being wholeheartedly against the cut in the funds of the Rural Electrification Administration. In my opinion, the present rural electrification program is doing about as much for the American farmer as anything else that has ever been attempted by the Federal Government. Millions of our farm housewives have benefited from the REA in that it provides electric energy for cooking, heating, ironing, washing, and many other of the numerous household tasks which would otherwise be drudgery. It has benefited the daily operations of the farmer by providing cheap energy for pumping, elevating, mixing, and so forth. Life has become more productive, pleasant, and worth while for the people, living on 52.9 percent of the farms in the country as a result of rural electrification.

This measure, which proposes to cut $1,600,000 from the administrative expenses of the REA, and $25,000,000 from its loan authorization, is certain to have detrimental effects upon the REA program. In the first place, this cut will mean that many applications for loans by farm cooperatives now pending must be rejected for lack of funds. Just last week I received a telegram from the Carlton County Cooperative Power Association, Carlton County, Minn., protesting this cut in funds. This association has 850 members, of whom only 260 members have been receiving the benefits of electric power. Recently the association made application for a loan for the purpose of building 246 miles of power line in order to provide the same service to its other 500 members. If this cut is to

stand, these good people are to be deprived indefinitely of rural electrification.

This is not an isolated example. Farm cooperatives all over the United States will be unable to go forward with their REA program if the House upholds this proposed slash. In fact, the REA needs some $361,000,000 for the 1948 fiscal year to meet its lending requirements—the $225,000,000 provided in this bill will not even begin to cover application for loans now pending.

This slash is a crushing blow to the hopes of millions of American farmers who desire the advantages of rural electrification. As I stated before, about 53 percent of all farmers in America are today enjoying the benefits of rural electrification. I maintain that we should make it 100 percent—we should expand and extend the rural electrification to cover every farm in the United States, large or small.

May I remind my colleagues that this slash in REA funds cannot be considered an expenditure in the first place. For most of the REA funds are used to make loans to farm cooperatives, which are paid back to the Government from their earnings. In other words, REA funds represent an investment rather than a Government expenditure, and to slash these funds in no way represents an economy.

This reduction in the REA funds is but part of the general pattern of false economies whereby the proponents of this bill are able to cut the heart out of the entire farm program. Although it has been estimated that $300,000,000 is needed for the AAA conservation program, the appropriations for this program have been cut by $100,000,000 down to a total of only $150,000,000. At the same time the crop-insurance program is reduced by $8,000,000; the Farmers Home Administration by $55,000,000; and the Production and Marketing Administration by $27,000,000. Thus the Federal farm program is drastically curtailed—function by function—through the indiscriminate use of the economy ax.

A second example of false economy is found in the proposed reduction in the funds for the school hot-lunch program. You will recall that the Seventy-ninth Congress appropriated $75,000,000 for this program for the 1947 fiscal year. You will also remember that this appropriation was inadequate and that it was necessary to make a deficiency appropriation of $6,000,000 to carry the program from March 31 to the end of the current school year. Even this total of $81,000,000 for the present fiscal year was far from adequate, and that the estimated annual fiscal needs for this service is approximately $120,000,000.

In the face of these facts, the majority now proposes to reduce the appropriations for the national school-lunch program to $45,000,000 for the 1948 fiscal year—a slash of 40 percent. The effect of such a cut is that funds for this purpose will be exhausted by January 31, 1948, and the program will go by default at that time.

I have always favored Government economy, but it is not economical to sacrifice the health and well-being of our children. I maintain that expenditures for food for our school children is a sound investment as they contribute to the building of a healthy citizenry for tomorrow. I call upon my colleagues to subordinate their desire to reduce taxes for the benefit of the wealthy, and restore this budget cut and thus make possible the conservation of America's most precious natural resources—our children.

Another instance of irresponsible budget slashing is found in the reduction of the funds of the United States Forest Service. The lumber and pulpwood industry is an important one in my State of Minnesota, and these industries will suffer from this slash. To slash the national forest protection and management expenditures by over $1,500,000 is bound to hurt the forest-conservation program. The proposed one-half millon dollars reduction in the funds needed for forest research means that our efforts to discover new uses for forest products will have to be curtailed.

Let me give you a concrete example of the effect of this slash in the United States Forest Service budget. A few months ago 400 veterans of World War II living in the city of Ely, Minn., pooled their resources and organized a pulp-manufacturing business. The name of the firm is GI Inc. Before the firm can begin production, an RFC loan is required. At the present time all initial stages in securing this loan have been passed; the only remaining condition in qualifying for this loan is an official survey regarding the forest resources in the area.

Now we find the hopes and plans of these 400 GI's being jeopardized as a result of this cut by one-half million dollars in the funds needed for forest-resources investigations. These veterans cannot get their RFC loan without this official survey, and there can be no such survey without adequate appropriations.

As the House Committee on Agriculture states in its report on this bill, "the appropriation of funds must be geared to some kind of basic philosophy." This is an obvious truth. But the big question is, To what kind of a basic philosophy? I say certainly not one that gives so little assistance to those who need it so much.

Mr. MANSFIELD of Montana. Mr. Chairman, will the gentleman yield?

Mr. TRIMBLE. I yield to the gentleman from Montana.

Mr. MANSFIELD of Montana. Mr. Chairman, I rise in support of the amendments to increase the funds for the Rural Electrification program because of the need which exists and the necessity to get this program under way. Due to the war, materials have been scarce and necessary building of lines has not been done. Surely now, when we have access to materials, we should proceed with this program as rapidly as possible. It is hard to understand why this Appropriations Committee is so loathe to grant sufficient funds to bring cheap power to rural America. The REA program has done more than any other single factor to bring happiness and security to our farm families and I hope the House will grant the added funds.

When we consider that a country like Japan is 90 percent electrified and the United States only 52 percent electrified we should pause to wonder. My own State is only approximately 35 percent electrified and I am looking forward to the day when Montana and the Nation will be completely electrified—cheaply and satisfactorily. It is one of the answers to the security which all America craves and all America deserves. I hope the Republican steam roller will not smother this worthy amendment as it has consistently and unanimously done on every amendment considered to this time.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, I fully agree with the gentleman from Texas. The distinguished gentleman and minority leader from Texas [Mr. RAYBURN] and REA has no better friend on this floor than the gentleman from Washington now addressing you. However, I want to call your attention to the fact that every amount for loans in the President's budget is in this bill. But I want to remind you that a year ago we appropriated money for rivers and harbors, we appropriated for reclamation and War Department civil functions, we appropriated money for airports, we appropriated money for REA and other civil functions, for the construction of more or less public works, and after we went home the President, using the excuse that they were inflationary and made too much construction for this country, froze those funds, and over $400,000,000 of those funds are still frozen. Now, there are in allocations and loan grants in this bill, half a billion dollars for REA. I rejoice that that is true. But, if we are to break the President's budget, and go over it by action on these amendments I ask you in all honesty, what expectation have we that the President will not again, in the name of the inflation that he only 2 weeks ago showed he was fearful of, freeze those funds in the name of a sensible program for fiscal 1948.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, it might be expected that on a subject like REA there would be a little more light and a little less heat. I have great affection for the gentleman from Mississippi, but the fact of the matter is that he is greatly mistaken. Now, we might just as well be honest about it. Yesterday he used the figure here of $361,000,000 in demands for power, and where did he get it?

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

Mr. DIRKSEN. I am not going to yield at this point.

I will tell you where that figure came from, and I do not yield, Mr. Chairman. There are over here in the files of the Committee on Appropriations the questionnaires that a former Democratic Member of Congress by the name of

Clyde Ellis sent out to all the cooperatives, and there he dumped on our desk in the hearing room all of the questionnaires, and the aggregate is $361,000,000. That is the figure that shows up in the mimeographed letter that came to the desk of nearly every Member of Congress this week.

Now, then, what is in them? Well, we went to the trouble to analyze them. Here is a request for a line to cost $6,000 a mile in Tennessee, when the Federal Power Commission told us that the average cost was $1,500. Here is a request to build a line of 115 miles to serve 62 consumers. There are 600 of those questionnaires lying over there. That is where they got this estimate. We have been more than generous with the REA, and you should vote this amendment down. They have more money than they need right now.

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

The question is on the substitute amendment offered by the gentleman from Mississippi [Mr. RANKIN] to the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 106, noes 141.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. CANNON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PHILLIPS of California and Mr. CANNON.

The Committee divided; and the tellers reported that there were—ayes 144, noes 159.

So the amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and be subject to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Strike out lines 24 and 25 on page 71, and lines 1, 2, and 3 on page 72 and insert in lieu thereof the following: "Notwithstanding any other provision of section 32, Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended (7 U. S. C., 1940 ed. 612 (c)), not more than $40,000,000 shall be available during the fiscal year ending June 30, 1948, for use in effectuating the purposes of that act. The remainder of the fund appropriated by said act for the fiscal year 1948 is hereby rescinded effective July 1, 1947, and shall be carried to the surplus fund and covered into the Treasury immediately thereafter."

Mr. CASE of South Dakota. Mr. Chairman, I reserve a point of order against the amendment.

Mr. DIRKSEN. Mr. Chairman, I prefer that the point of order be made now.

The CHAIRMAN. The gentleman from South Dakota will state the point of order.

Mr. CASE of South Dakota. Mr. Chairman, I wanted to know exactly what the amendment proposes to do. Obviously, it proposes to amend existing law. I may not want to insist upon the point of order if I can hear it explained.

Mr. DIRKSEN. Mr. Chairman, whether or not the point of order is made will determine the action of the committee. I prefer that the point of order be disposed of at this time.

Mr. McCORMACK. Mr. Chairman, I think in order to protect the chairman of the committee, the gentleman from South Dakota [Mr. CASE] ought to reserve his point of order or make it now.

Mr. DIRKSEN. I expect to see the point of order made now and disposed of, because it will have some bearing on our future action.

Mr. CASE of South Dakota. Mr. Chairman, I have received some explanation of the amendment and I do not insist on the point of order, and I withdraw the point of order.

Mr. DIRKSEN. Mr. Chairman, I have offered this amendment after consultation with the chairman of the House Committee on Agriculture and as many of the members of the Subcommittee on Appropriations as I could discuss it with, and it seems to be agreeable.

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

Mr. DIRKSEN. I yield.

Mr. McCORMACK. Have you conferred with the members of the subcommittee on the Democratic side?

Mr. DIRKSEN. No. As a matter of fact, we were not departing from the committee position and I rather imagine the Committee on Agriculture discussed it with some members on that side.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

I would like to know what the parliamentary situation is. Has the gentleman reserved his point of order, or not?

The CHAIRMAN. No. The gentleman from South Dakota has withdrawn the point of order.

The question is on the amendment offered by the gentleman from Illinois.

Mr. WHITTEN. Mr. Chairman, if it is in order to be heard at this time, I would like to be heard.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. WHITTEN. Mr. Chairman, I would like to say to the gentlemen on this side particularly, that from section 32 funds, as they were originally sent down, $100,000,000 of the estimated $148,000,000 would have been used for AAA payments. The committee today having reduced the AAA payments, provided for such payments as will be made by direct appropriations, and the $100,000,000 of the $148,000,000 estimated in section 32 funds, not being needed for that purpose, it means, then, that of $48,000,000 that would have been available if the budget recommendation had been followed, $40,000,000 is made available by the chairman's amendment. In effect, you are getting $40,000,000 out of an estimated $48,000,000 that would have been available for the general purposes of section 32, exclusive of the $100,000,000 that might have gone to the AAA payments.

I would like to ask the gentleman from Illinois if that is not a correct statement of his amendment. That is, will the amendment make available $40,000,000 for general section 32 purposes, of the estimated $48,000,000 that would be available?

Mr. DIRKSEN. No. It would be $40,000,000 out of the estimated $48,000,000 that would be available. The whole amount of customs receipts was estimated at $148,000,000, but in the budget estimate, $100,000,000 was transferred to the conservation and use payments, and the other was earmarked for section 32. This makes provision for $40,000,000 of the $48,000,000 which otherwise would have been stricken entirely from the bill.

Mr. WHITTEN. The gentleman, of course, was not paying attention to my earlier remarks, but they are in line with what the gentleman has said. As far as I am concerned, on this committee I have been vitally interested in the section 32 funds. They have proven one of the greatest bulwarks of safety for the American farmer and while $40,000,000 is not $48,000,000, it will substantially meet the needs of the American people. I would like to believe my Republican colleagues are yielding because they have seen the light at this late hour, but I am certain that what they have seen is the handwriting on the wall.

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

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is very apparent now that the chairman of the subcommittee, with the concurrence of the Republican members of the subcommittee, forced by the militant fight made by the Democratic members on the subcommittee, concurred in by the gentleman from Kansas [Mr. HOPE] and several other members of the Republican Party, has now offered this amendment which will bring some relief to the farmers. The credit for this amendment is entirely due to the militant fight that has been made on the floor of the House yesterday and today by a small group of Republican Members and the entire Democratic membership in the House.

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

Mr. McCORMACK. I yield.

Mr. GOFF. I wonder if the gentleman is speaking for the farm constituency he has, those concrete farmers in South Boston?

Mr. McCORMACK. The gentleman from Massachusetts is speaking for the people of South Boston. The gentleman from Massachusetts has supported all farm legislation. The gentleman from Massachusetts spoke for the first Bankhead cotton quota act which was the first piece of farm legislation years ago that passed this House by six or seven votes.

The gentleman from Massachusetts has consistently voted for farm legislation, and I have done it because I do

not think I should view these questions from a sectional angle, and that while I am serving a congressional district here I feel that it is my duty to represent the national interest of the people as a whole.

So in answer to the gentleman whose kindly but wise inquiry was made, the gentleman who represents South Boston—and I represent the people of that district with pride—answers in the affirmative that in making my remarks I am expressing the views of the people of my district, and there is not one farm located in the district.

A motion to recommit will be made. That motion will include increasing the soil-conservation item from $165,000,000 to $300,000,000. I understand it will include an increase for the school-lunch program and an increase for the rural-electrification program. I have no knowledge of anything else or any other items that may be included therein, but those three matters will be included in the motion to recommit and when the vote is had the farmers of the United States and those interested in this bill can interpret the vote and know that a vote against the motion to recommit is a vote against increasing soil conservation to $300,000,000, is a vote against increasing the school-lunch program to $75,000,000, and is a vote against increasing the rural-electrification program.

We now have the practice set in this bill and in the Interior Department bill. In that connection I call the attention of the people of the great Northwest and West to the fact that their hopes are being decimated by the sharp reductions in the appropriations made in the bill by the Republicans and that the control of the Republican Party is in the East. There is an eastern domination of the Republican Party.

This bill conveys to the farmers of the country confirmation of the statement that the Republican Party in making appropriations for the farmers in this bill as they did in making appropriations for the West and Northwest in the Interior Department bill were dominated by the eastern wing of their party.

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

Mr. DIRKSEN. If I may be permitted a comment, I may say to the gentleman from Massachusetts that there is not a member of the Subcommittee on Agricultural Appropriations who comes from east of the Allegheny Mountains.

Mr. Chairman, I ask unanimous consent that all debate on this amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. BATES of Massachusetts. Mr. Chairman, reserving the right to object, I should like to ask a question.

Mr. DIRKSEN. Mr. Chairman, I move that all debate on the pending amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the corrections may be made that will be submitted to the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that all Members of the House may have the right to extend their remarks in the RECORD on the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that in connection with the amendment adopted on research, the total be corrected to read "$9,500,000."

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CLEVENGER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CLEVENGER. Mr. Chairman, during the last session of Congress the OPA Act was repealed. There were cries of anguish from the bureaucrats, who predicted dire results.

Let me analyze what happened: Goods reappeared on the shelves. Our economy started to function. In the first quarter this year our national income increased to the rate of $180,000,000,000. Retail sales in March, according to a report of United States News, reached $107,400,000,000. In addition, the public was consuming more goods than in any period in history.

For the first time since 1930 we have a balanced national budget, full employment, and, at the same time, are able to help in restoring world economic conditions.

That condition was the result of the repeal of the OPA. In my opinion, if the OPA had not been repealed, the predictions of the planners of a national income of $140,000,000,000, with 8,000,000 unemployed, would have come to pass.

Then our Nation would not have been prosperous; we would not have been able to balance the budget and reduce taxes. We would have had a national deficit and an increase in appropriations from a reduced national income.

Next, let us look at present price levels. For the past 30 days the 35 leading raw materials, which determine our income and that of the world, have been practically stabilized at 170 percent of 1926 price levels.

If you will recall the price of gold, which is still the yardstick for international exchange, was increased from $20.67, the 1926 price, to $35 an ounce, also an approximate increase of 170 percent. In other words, our prices during the past 30 days have been at par with the only monetary yardstick at the present time.

The farmer is being blamed for high prices and a campaign has been on for weeks to get his price down. At the present time farm marketings are 140 percent of the 1930–39 averages and from the same number of farm acres. The result of this 140-percent farm production times the price at present is the reason for $180,000,000,000 of national income.

Supposing because of controls and the shortage of farm labor, fertilizer, farm machinery, and possibly weather conditions, our farm production drops back to 1930–39 levels, what will be the result? Our national income even with present price levels would be approximately $140,000,000,000, we would have unemployment and a return of national deficits.

Let me say to some of my fellow Members of Congress from the Eastern States, you are still following the plan. For each $1 of farm income the national income will be $7, and if his price or production drops you are going to suffer in direct proportion.

Therefore, whether you represent labor, manufacturing, or finance you should be seriously concerned about the farmers' welfare.

There is plenty of evidence of a desire to break down our farm income. Although Congress repealed the OPA the planners are using their controls over exports and imports as price control.

Under the Constitution Congress was given the right to control our domestic and foreign commerce. But, through the Trade Agreements Act and War Powers Act, Congress gave its control away.

The planners are now thinking in terms of an International Trade Organization which can tell the farmer what to plant, the price he is to receive and how much can be sold to other nations. Then there will be no need for Congress.

A good illustration of what is happening to our price structure can be illustrated by the price of lard.

Because of OPA restrictions and confusion our hog numbers on January 1, 1947, had dropped to 1939 levels. We had a good corn crop and the farmer using the hog as a factory fed to heavier weights, thus giving us both more meat and lard.

For this contribution to our food supply and national income he is now being penalized. Allocations for exports of fats and oils have prevented shipments to the hungry in Europe.

The result has been a piling up of lard in storage. In addition with control of tariffs they have permitted imports of fats and oils to help depress lard still further. And, in addition to that they have been carrying on a program for our housewives to save grease for soap.

What does it all add up to? Because of this control, according to a news item from the Chicago market, heavy hogs have dropped in price $6 to $10 per hundred-weight. The farmer in many cases suffered a loss in trying to produce food.

Quoting from the same article, "Despite increased output and the heaviest accumulation of lard in 3 years, exports under Federal control in the first quarter of 1947 were 11 percent below the same period in 1946 and 54 percent below 2 years ago."

They have led the American people to believe that they need these controls to feed the world and that they must have these controls under the War Powers Act—an emergency measure.

In my opinion these controls are preventing food from reaching the hungry in other nations and the record proves this contention.

In the first 3 months this year we exported approximately $614,000,000 worth of food. We imported $421,000,000. In this 3-month period our exports were less than the first 3 months of 1946. On the other hand, our imports of food increased 36.7 percent over the same period in 1946.

On the basis of the record for the first 3 months of 1947 our total food exports will be approximately $2,500,000,000, with imports practically equaling exports by the end of the year.

With an estimated export total of $13,000,000,000, food products will be about 19 percent.

This ought to illustrate how these controls are being used to benefit the large industries through the foreign loans which we have been making.

As a Member of Congress I am warning you that we are permitting the destruction of our agricultural economy—the foundation of our national income.

It is just a matter of months until the control over exports and low prices for fats and oils will bring on the depression which the planners have been predicting and seem to want.

I do not want another depression and if it is to be prevented Congress must act to regain its constitutional power to control domestic and foreign commerce.

Mr. CANNON. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Chairman, I want to express my appreciation of the courtesy and consideration shown the minority by the chairman of the subcommittee, the gentleman from Illinois [Mr. DIRKSEN].

I count it a privilege to have served under the chairmanship of the gentleman from Illinois. Within my membership on that subcommittee we have never had a chairman of greater ability and more sincere devotion to the real interests of agriculture and the Nation.

I am certain, I violate no confidence when I say that in the event of the misfortune of having a President in the White House of his political affiliation he would unquestionably be a member of the President's Cabinet—and if within the next 6 or 10 years is entirely within the realm of possibility that he would appoint the Cabinet himself.

In anticipation of such happy auspices, I want to take the precaution of now entering application for special consideration. The President of the United States has the duty of appointing some to desirable positions carefully chosen Members of the opposite party on bipartisan and nonpartisan commissions.

May I here take advantage of this occasion to petition:

"Remember me when thou comest into thy kingdom."

Mr. Chairman, one of the fairest provisions of our system of procedure is the rule for the motion to recommit. The minority is necessarily at a disadvantage. For example, on one amendment which was offered today a change of six votes would have carried the proposition, a very important one; still, we have no opportunity of getting a record vote on it in the Committee of the Whole.

So the rules provide that the minority may offer one motion to recommit in order to secure a record vote on what they may consider to be the essential features of their program.

We will offer a motion to recommit which will comprise three very simple provisions. It will submit three amendments. The first amendment will be for $300,000,000 for the AAA, and nothing else, just the $300,000,000 for AAA. The second amendment will ask $75,000,000 for school lunches, and nothing else, just the $75,000,000 for school lunches. And the third will provide $250,000,000 for REA.

Accordingly, Mr. Chairman, a vote for the motion to recommit will be a vote for AAA, for school lunches, and for REA. A vote against that motion to recommit will be a vote against the farmers, the farm family, and the hungry children of America.

Mr. DIRKSEN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HERTER, 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. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. DIRKSEN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

Mr. CANNON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CANNON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CANNON moves to recommit the bill to the Committee on Appropriations with instructions to report it back forthwith with the following amendments:

On page 48, line 26, strike out "$165,614,290" and insert in lieu thereof, "$300,000,000."

On page 52, line 23, strike out "$45,000,000", and insert in lieu thereof "$75,000,000", and strike out the remainder of the paragraph through line 25.

On page 61, line 6, strike out the figure "$225,000,000" and insert in lieu thereof the figure "$250,000,000."

Mr. DIRKSEN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. CANNON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 174, nays 180, answered "present" 4, not voting 71, as follows:

[Roll No. 67]

YEAS—174

Abernethy	Gary	Miller, Calif.
Albert	Gathings	Mills
Allen, La.	Gordon	Monroney
Almond	Gore	Morgan
Andrews, Ala.	Gorski	Morris
Barden	Gossett	Murdock
Bates, Ky.	Granger	Murray, Tenn.
Battle	Grant, Ala.	O'Brien
Beckworth	Gregory	O'Konski
Bell	Hardy	O'Toole
Blatnik	Harless, Ariz.	Pace
Bonner	Harris	Passman
Boykin	Harrison	Patman
Brooks	Hart	Peden
Brown, Ga.	Havenner	Philbin
Bryson	Hays	Pickett
Buchanan	Hedrick	Poage
Bulwinkle	Hendricks	Preston
Burleson	Hobbs	Price, Fla.
Camp	Hoeven	Price, Ill.
Cannon	Holifield	Priest
Carroll	Huber	Rains
Celler	Hull	Rankin
Chapman	Jackson, Wash.	Rayburn
Chelf	Jarman	Richards
Clark	Johnson, Okla.	Rivers
Clements	Johnson, Tex.	Robertson
Colmer	Jones, Ala.	Rogers, Fla.
Combs	Jones, N. C.	Rooney
Cooley	Karsten, Mo.	Sabath
Cooper	Kee	Sasscer
Courtney	Kefauver	Schwabe, Mo.
Cox	Kennedy	Sheppard
Cravens	Keogh	Sikes
Crosser	Kerr	Simpson, Ill.
Cunningham	Kilday	Smathers
Davis, Ga.	King	Smith, Va.
Davis, Tenn.	Kirwan	Spence
Dawson, Ill.	Klein	Stanley
Deane	Lane	Stigler
Delaney	Lanham	Stratton
Dolliver	Larcade	Talle
Domengeaux	Lea	Teague
Donohue	Lemke	Thomas, Tex.
Dorn	Lesinski	Thomason
Doughton	Lucas	Trimble
Douglas	Lusk	Vinson
Drewry	Lyle	Walter
Durham	Lynch	Wheeler
Eberharter	McCormack	Whitten
Elliott	McMillan, S. C.	Whittington
Engle, Calif.	Madden	Williams
Evins	Mahon	Wilson, Tex.
Fallon	Manasco	Winstead
Feighan	Mansfield, Mont.	Wood
Fernandez	Marcantonio	Worley
Fogarty	Martin, Iowa	Zimmerman
Folger	Meade, Md.	
Forand		

NAYS—180

Allen, Calif.	Arends	Bender
Allen, Ill.	Arnold	Bennett, Mo.
Andersen, H. Carl	Banta	Bishop
Anderson, Calif.	Barrett	Blackney
Andrews, N. Y.	Bates, Mass.	Boggs, Del.
	Beall	Bolton

Bradley
Bramblett
Brehm
Brown, Ohio
Buck
Buffett
Burke
Busbey
Butler
Byrnes, Wis.
Canfield
Carson
Case, N. J.
Chadwick
Chenoweth
Chiperfield
Church
Clason
Clevenger
Clippinger
Coffin
Cole, Kans.
Cole, Mo.
Cole, N. Y.
Corbett
Cotton
Coudert
Crawford
Crow
Dague
Dawson, Utah
Devitt
D'Ewart
Dirksen
Dondero
Ellsworth
Elsaesser
Engel, Mich.
Fellows
Fenton
Foote
Fulton
Gamble
Gearhart
Gillette
Goff
Goodwin
Graham
Griffiths
Gross
Gwynne, Iowa
Hale
Hall,
Edwin Arthur
Hall,
Leonard W.
Halleck
Hand
Harness, Ind.
Herter
Heselton
Hill
Hoffman
Holmes
Hope
Horan
Howell
Jackson, Calif.
Jenison
Jennings
Jensen
Johnson, Calif.
Johnson, Ill.
Jones, Ohio
Jones, Wash.
Judd
Kean
Kearns
Keating
Knutson
Kunkel
Landis
Latham
LeCompte
LeFevre
Lewis
Lodge
Love
McConnell
McCowen
McDonough
McGarvey
McGregor
McMahon
McMillen, Ill.
MacKinnon
Macy
Maloney
Mathews
Meade, Ky.
Meyer
Michener
Miller, Conn.
Miller, Md.
Mitchell
Muhlenberg
Mundt
Murray, Wis.
Nodar
Norblad
Owens
Patterson
Phillips, Calif.
Plumley
Potts
Poulson
Ramey
Reed, Ill.
Reed, N. Y.
Rees
Reeves
Rich
Riehlman
Rizley
Robsion
Rockwell
Rogers, Mass.
Rohrbough
Ross
Russell
Sadlak
St. George
Sanborn
Sarbacher
Schwabe, Okla.
Scott, Hardie
Scrivner
Seely-Brown
Short
Simpson, Pa.
Smith, Maine
Smith, Ohio
Smith, Wis.
Snyder
Springer
Stefan
Stevenson
Stockman
Sundstrom
Taber
Taylor
Thomas, N. J.
Tibbott
Tollefson
Van Zandt
Vorys
Vursell
Wadsworth
Welch
Wigglesworth
Wilson, Ind.
Wolcott
Wolverton
Woodruff
Youngblood

ANSWERED "PRESENT"—4

Angell
Bennett, Mich.
Case, S. Dak.
Kersten, Wis.

NOT VOTING—71

Andresen,
August H.
Auchincloss
Bakewell
Bland
Bloom
Boggs, La.
Brophy
Buckley
Byrne, N. Y.
Curtis
Davis, Wis.
Dingell
Eaton
Ellis
Elston
Fisher
Flannagan
Fletcher
Fuller
Gallagher
Gavin
Gifford
Gillie
Grant, Ind.
Gwinn, N. Y.
Hagen
Hartley
Hébert
Heffernan
Hess
Hinshaw
Javits
Jenkins, Ohio
Jenkins, Pa.
Johnson, Ind.
Jonkman
Kearney
Keefe
Kelley
Kilburn
McDowell
Mansfield, Tex.
Mason
Merrow
Miller, Nebr.
Morrison
Morton
Nixon
Norrell
Norton
O'Hara
Peterson
Pfeifer
Phillips, Tenn.
Ploeser
Powell
Rabin
Rayfiel
Redden
Riley
Sadowski
Scoblick
Scott,
Hugh D., Jr.
Shafer
Smith, Kans.
Somers
Towe
Twyman
Vail
Weichel
West

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Sadowski for, with Mr. Ploeser against.

Mrs. Norton for, with Mr. Kearney against.

Mr. Pfeifer for, with Mr. Gwinn of New York against.

Mr. Hébert for, with Mr. Auchincloss against.

Mr. Morrison for, with Mr. Bakewell against.

Mr. Heffernan for, with Mr. Hess against.

Mr. Powell for, with Mr. Towe against.

Mr. Riley for, with Mr. Gavin against.

Mr. Rayfiel for, with Mr. Eaton against.

Mr. Bloom for, with Mr. McDowell against.

Mr. Byrne of New York for, with Mr. Vail against.

Mr. Somers for, with Mr. Brophy against.

Mr. Norrell for, with Mr. Fletcher against.

Mr. Fisher for, with Mr. Elston against.

Mr. Kelley for, with Mr. Morton against.

Mr. Dingell for, with Mr. Jenkins of Pennsylvania against.

Mr. Buckley for, with Mr. Jenkins of Ohio against.

Mr. Mansfield of Texas for, with Mr. August H. Andresen against.

Mr. Bennett of Michigan for, with Mr. Gifford against.

Mr. Ellis for, with Mr. Merrow against.

Mr. Angell for, with Mr. Shafer against.

Mr. Boggs of Louisiana for, with Mr. Smith of Kansas against.

Mr. Case of South Dakota for, with Mr. Jonkman against.

Mr. Kersten of Wisconsin for, with Mr. Grant of Indiana against.

Mr. Rabin for, with Mr. Weichel against.

Mr. Peterson for, with Mr. Gillie against.

Mr. Redden for, with Mr. Gallagher against.

Mr. West for, with Mr. Johnson of Indiana against.

Mr. Bland for, with Mr. Scoblick against.

Mr. Flannagan for, with Mr. Miller of Nebraska against.

Mr. Hagen for, with Mr. Hartley against.

Mr. ANGELL. Mr. Speaker, I have a pair with the gentleman from Michigan, Mr. SHAFER. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. CASE of South Dakota. Mr. Speaker, I was announced as being paired with the gentleman from Michigan, Mr. JONKMAN. Mr. JONKMAN would have voted "nay" had he been present. Under the circumstances I should have my vote recorded as "yea" and then withdraw it and vote "present."

Mr. BENNETT of Michigan. Mr. Speaker, I have a pair with the gentleman from Massachusetts, Mr. GIFFORD. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. KERSTEN of Wisconsin. Mr. Speaker, I have a pair with the gentleman from Indiana, Mr. GRANT. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DIRKSEN. Mr. Speaker, on that I demand the yeas and naps.

The yeas and nays were ordered.

The question was taken and there were—yeas 315, nays 38, not voting 76, as follows:

[Roll No. 68]

YEAS—315

Abernethy
Albert
Allen, Calif.
Allen, Ill.
Allen, La.
Almond
Andersen,
H. Carl
Anderson, Calif.
Andrews, Ala.
Andrews, N. Y.
Angell
Arends
Arnold
Banta
Barden
Barrett
Bates, Ky.
Bates, Mass.
Battle
Beall
Beckworth
Bell
Bender
Bennett, Mich.
Bennett, Mo.
Bishop
Blackney
Boggs, Del.
Bolton
Bonner
Boykin
Bradley
Bramblett
Brehm
Brooks
Brown, Ga.
Brown, Ohio
Bryson
Buck
Buffett
Bulwinkle
Burke
Burleson
Busbey
Butler
Byrnes, Wis.
Camp
Canfield
Carroll
Carson
Case, N. J.
Case, S. Dak.
Chapman
Chelf
Chenoweth
Chiperfield
Church
Clark
Clason
Clements
Clevenger
Clippinger
Coffin
Cole, Kans.
Cole, Mo.
Cole, N. Y.
Colmer
Combs
Cooley
Cooper
Corbett
Cotton
Coudert
Courtney
Cravens
Crawford
Crosser
Crow
Cunningham
Dague
Davis, Ga.
Davis, Tenn.
Dawson, Utah
Deane
Devitt
D'Ewart
Dirksen
Dolliver
Domengeaux
Dondero
Donohue
Dorn
Doughton
Douglas
Drewry
Durham
Elliott
Ellsworth
Elsaesser
Engel, Mich.
Engle, Calif.
Evins
Fallon
Fenton
Fernandez
Folger
Foote
Forand
Fulton
Gamble
Gary
Gathings
Gearhart
Gillette
Goff
Goodwin
Gore
Gossett
Graham
Granger
Grant, Ala.
Gregory
Griffiths
Gross
Gwynne, Iowa
Hale
Hall,
Edwin Arthur
Hall,
Leonard W.
Halleck
Hand
Hardy
Harless, Ariz.
Harness, Ind.
Harris
Harrison
Hays
Hedrick
Hendricks
Herter
Heselton
Hill
Hoeven
Hoffman
Holmes
Hope
Horan
Howell
Hull
Jackson, Calif.
Jackson, Wash.
Jarman
Jenison
Jennings
Jensen
Johnson, Calif.
Johnson, Ill.
Jones, Ala.
Jones, N. C.
Jones, Ohio
Jones, Wash.
Judd
Kean
Kearns
Keating
Kee
Kennedy
Kerr
Kersten, Wis.
Kilday
Knutson
Kunkel
Landis
Lane
Lanham
Larcade
Latham
Lea
LeCompte
LeFevre
Lemke
Lewis
Lodge
Love
Lucas
Lusk
Lyle
McConnell
McCormack
McCowen
McDonough
McGarvey
McGregor
McMahon
McMillan, S. C.
McMillen, Ill.
MacKinnon
Macy
Mahon
Maloney
Mansfield,
Mont.
Martin, Iowa
Mathews
Meade, Ky.
Meade, Md.
Meyer
Michener
Miller, Conn.
Miller, Md.
Mills
Mitchell
Monroney
Morgan
Morris
Muhlenberg
Mundt
Murdock
Murray, Tenn.
Murray, Wis.
Nodar
Norblad
Owens
Pace
Passman
Patterson
Peden
Philbin
Phillips, Calif.
Pickett
Plumley
Potts
Poulson
Preston
Price, Fla.
Priest
Rains
Ramey
Rankin
Reed, Ill.
Reed, N. Y.
Rees
Reeves
Rich
Richards
Riehlman
Rivers
Rizley
Robertson
Robsion
Rockwell
Rogers, Fla.
Rogers, Mass.
Rohrbough
Ross
Russell
Sadlak
St. George
Sanborn
Sarbacher
Sasscer
Schwabe, Mo.
Schwabe, Okla.
Scott, Hardie
Scrivner
Seely-Brown
Sheppard
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Smathers
Smith, Maine
Smith, Va.
Smith, Wis.
Snyder
Spence
Springer
Stanley
Stefan
Stevenson
Stigler
Stockman
Stratton
Sundstrom
Taber
Talle
Taylor
Teague
Thomas, N. J.
Thomas, Tex.
Thomason
Tibbott
Tollefson
Trimble
Twyman
Van Zandt
Vinson
Vorys
Vursell
Walter
Welch
Wheeler
Whitten
Whittington
Wigglesworth
Williams
Wilson, Ind.
Wilson, Tex.
Winstead
Wolcott
Wolverton
Wood
Woodruff
Worley
Youngblood
Zimmerman

NAYS—38

Blatnik
Buchanan
Cannon
Celler
Dawson, Ill.
Delaney
Eberharter
Feighan
Fogarty
Gordon
Gorski
Hart
Havenner
Hobbs
Holifield
Huber
Johnson, Okla.
Johnson, Tex.
Karsten, Mo.
Kefauver
Keogh
King
Kirwan
Lesinski

Lynch	O'Brien	Price, Ill.
Madden	O'Konski	Rooney
Manasco	O'Toole	Sabath
Marcantonio	Patman	Smith, Ohio
Miller, Calif.	Poage	

NOT VOTING—76

Andresen, August H.	Gillie	Nixon
Auchincloss	Grant, Ind.	Norrell
Bakewell	Gwinn, N. Y.	Norton
Bland	Hagen	O'Hara
Bloom	Hartley	Peterson
Boggs, La.	Hébert	Pfeifer
Brophy	Heffernan	Phillips, Tenn.
Buckley	Hess	Ploeser
Byrne, N. Y.	Hinshaw	Powell
Chadwick	Javits	Rabin
Cox	Jenkins, Ohio	Rayburn
Curtis	Jenkins, Pa.	Rayfiel
Davis, Wis.	Johnson, Ind.	Redden
Dingell	Jonkman	Riley
Eaton	Kearney	Sadowski
Ellis	Keefe	Scoblick
Elston	Kelley	Scott, Hugh D., Jr.
Fellows	Kilburn	Shafer
Fisher	Klein	Smith, Kans.
Flannagan	McDowell	Somers
Fletcher	Mansfield, Tex.	Towe
Fuller	Mason	Vail
Gallagher	Merrow	Wadsworth
Gavin	Miller, Nebr.	Weichel
Gifford	Morrison	West
	Morton	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Riley for, with Mr. Fisher against.

Mr. Norrell for, with Mr. Sadowski against.

Mr. Morrison for, with Mrs. Norton against.

Mr. Auchincloss for, with Mr. Pfeifer against.

Mr. Smith of Kansas for, with Mr. Powell against.

Mr. Gavin for, with Mr. Klein against.

Mr. Towe for, with Mr. Rayfiel against.

Mr. Jenkins of Ohio for, with Mr. Bloom against.

Mr. Kearney for, with Mr. Kelley against.

Mr. Ploeser for, with Mr. Byrne of New York against.

Mr. Hess for, with Mr. Heffernan against.

Mr. Elston for, with Mr. Dingell against.

Mr. Johnson of Indiana for, with Mr. Rabin against.

Mr. Miller of Nebraska for, with Mr. Buckley against.

Mr. Bakewell for, with Mr. Somers against.

General pairs until further notice:

Mr. August H. Andresen with Mr. Bland.

Mr. Hagen with Mr. West.

Mr. Jenkins of Pennsylvania with Mr. Mansfield of Texas.

Mr. Jonkman with Mr. Peterson.

Mr. McDowell with Mr. Redden.

Mr. Gillie with Mr. Hébert.

Mr. Grant of Indiana with Mr. Flannagan.

Mr. Morton with Mr. Boggs of Louisiana.

Mr. Fletcher with Mr. Cox.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1. An act to reduce individual income-tax payments.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MILLIKIN, Mr. TAFT, Mr. BUTLER, Mr. GEORGE, and Mr. BARKLEY to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. WOLVERTON asked and was given permission to extend his remarks in the RECORD and include resolutions adopted at a mass meeting held in the city of Camden last night on the subject Jewish Rights in Palestine.

Mr. CASE of South Dakota asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include brief data.

Mr. REEVES asked and was given permission to revise and extend the remarks he made in the committee today and include copy of a grand-jury report and copy of telegrams.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an excerpt from News Week magazine. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost $228.50, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a very inspiring eulogy.

Mr. RANKIN asked and was given permission to extend and revise the remarks he made in the Committee of the Whole today and include certain statistics and data on rural electrification.

Mr. EBERHARTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include a communication received from Frederick C. McKee, of Pittsburgh, on the Mundt bill to authorize the State Department to continue its short-wave broadcasts.

Mrs. ROGERS of Massachusetts (at the request of Mr. DIRKSEN) was given permission to extend her remarks in the Appendix of the RECORD on two different subject matters.

Mr. MACY (at the request of Mr. DIRKSEN) was given permission to extend his remarks in the RECORD.

INCOME-TAX PAYMENTS

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1) to reduce individual income tax payments, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Minnestota [After a pause.] The Chair hears none and appoints the following conferees: Messrs. KNUTSON, REED of New York, WOODRUFF, DOUGHTON, and COOPER.

PERMISSION TO ADDRESS THE HOUSE

Mr. SADLAK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objections to the request of the gentleman from Connecticut?

There was no objection.

Mr. SADLAK. Mr. Speaker, I was immensely pleased this afternoon to learn that Mr. Boleslaus J. Monkiewicz, of New Britain, Conn., was named by Attorney General Clark as a member of the parole board.

I am sure that this appointment will also be good news to the Members of this House, especially Mr. Monkiewicz' former colleagues on the Judiciary Committee with whom he served with distinction during the Seventy-sixth Congress, and to his former colleagues on the Banking and Currency Committee with whom he served so eminently during the Seventy-eighth Congress.

During these two terms in the House of Representatives, Attorney Monkiewicz represented the At-Large District of Connecticut, the same district I am privileged to represent in this Congress.

It was my good fortune and a genuine pleasure to refer to this new member of the parole board as my "chief" or "boss," the affable term by which secretaries on the Hill refer to Members of Congress, for I was a secretary on his office staff for 40 months of his combined two terms until I took leave to go on active duty with the Navy.

Mr. Monkiewicz' fine family background, excellent character, legal training and practice, fairness, consideration of others, ability to cooperate with others, wide knowledge of human behavior, eminently fit him for the position to which he has been appointed today.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. KEARNEY (at the request of Mr. GAMBLE), for 1 week, on account of illness.

To Mr. BROPHY (at the request of Mr. ARENDS), for 4 days, on account of official business.

To Mr. O'HARA (at the request of Mr. ARENDS), indefinitely, on account of official business.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 107. Joint resolution limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 3029. An act to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 8 o'clock and 31 minutes p. m.) the

House adjourned until tomorrow, Thursday, May 29, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

715. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 30, 1946, submitting a report, together with accompanying papers and illustrations, on a review of reports on Greenwich Harbor, Conn., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on April 24, 1945 (H. Doc. No. 272); to the Committee on Public Works and ordered to be printed, with two illustrations.

716. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 11, 1947, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Rock Hall (Rockhall) Harbor, Kent County, Md., authorized by the River and Harbor Act approved on March 2, 1945 (H. Doc. No. 273); to the Committee on Public Works and ordered to be printed, with an illustration.

717. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated October 31, 1946, submitting an interim report, together with accompanying papers and illustrations, on a preliminary examination and survey for flood control at the city of Tucson, Ariz., and vicinity, in accordance with the Flood Control Act approved on June 28, 1938, which authorizes a preliminary examination and survey of Gila River and tributaries, Arizona and New Mexico (H. Doc. No. 274); to the Committee on Public Works and ordered to be printed, with three illustrations.

718. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated January 2, 1947, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Little Sioux River, Iowa, authorized by the Flood Control Act approved on August 28, 1937 (H. Doc. No. 275); to the Committee on Public Works and ordered to be printed, with two illustrations.

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. ROSS: Committee on Merchant Marine and Fisheries. House Report No. 333 (pt. II). Supplemental report to accompany H. R. 673. A bill to repeal certain provisions authorizing the establishing of priorities in transportation by merchant vessels. Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 3251. A bill to amend the act of July 24, 1941 (55 Stat. 603), as amended, so as to authorize naval retiring boards to consider the cases of certain officers, and for other purposes; with an amendment (Rept. No. 477). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOSSETT: Committee on the Judiciary. H. R. 3149. A bill to amend the act approved December 28, 1945 (Public Law 271, 79th Cong.), entitled "An act to expedite the admission to the United States of alien spouses and alien minor children of citizen members of the United States armed forces"; with an amendment (Rept. No. 478). Referred to the House Calendar.

Mr. GOSSETT: Committee on the Judiciary. H. R. 3398. A bill to extend the period of validity of the act to facilitate the admission into the United States of the alien fiancées or fiancés of members of the armed forces of the United States; without amendment (Rept. No. 479). Referred to the House Calendar.

Mr. ANDREWS of New York: Committee on Armed Services. H. R. 3629. A bill to authorize the transfer to the Panama Canal of property which is surplus to the needs of the War Department or Navy Department; without amendment (Rept. No. 480). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. H. R. 3072. A bill to authorize the preparation of preliminary plans and estimates of cost of for the erection of an addition or extension to the House Office Buildings and the remodeling of the fifth floor of the Old House Office Building; with an amendment (Rept. No. 481). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLACKNEY: Committee on Armed Services. H. R. 2314. A bill to amend section 12 of the Naval Aviation Cadet Act of 1942, as amended, so as to authorize lump-sum payments under the said act to the survivors of deceased officers without administration of estates; with an amendment (Rept. No. 482). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 1845. A bill to amend section 371, title 10, United States Code (military leave for Federal employees); with an amendment (Rept. No. 483). 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:

Mr. GROSS:

H. R. 3645. A bill relating to the exchange of certain private and Federal properties within Gettysburg National Military Park, Pa., and for other purposes; to the Committee on Public Lands.

By Mr. JOHNSON of Illinois:

H. R. 3646. A bill to provide equitable relief to contractors supplying dairy products to armed forces; to the Committee on the Judiciary.

By Mr. MICHENER (by request):

H. R. 3647. A bill to extend certain powers of the President under title III of the Second War Powers Act; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 3648. A bill to amend section 3406 (a) (4) of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. SCHWABE of Oklahoma:

H. R. 3649. A bill to amend the Revenue Act of 1945; to the Committee on Ways and Means.

By Mr. PATTERSON:

H. R. 3650. A bill to amend Veterans Regulation No. 1 (a), part I, as amended, to establish a conclusive presumption of service incurrence of tropical diseases; to the Committee on Veterans' Affairs.

By Mr. MILLS:

H. R. 3651. A bill to amend the act of December 5, 1945, entitled "An act granting travel pay and other allowances to certain soldiers of the war with Spain and the Philippine Insurrection who were discharged in the Philippine Islands"; to the Committee on the Judiciary.

By Mr. ROBERTSON:

H. R. 3652. A bill to provide for the transfer of title to certain temporary housing and facilities to educational institutions, States and political subdivisions thereof, local public agencies, and nonprofit organizations having possession of such housing and facilities; to the Committee on Public Works.

By Mr. SIMPSON of Pennsylvania:

H. R. 3653. A bill allowing a credit against the additional estate tax for inheritance, estate, legacy, or succession taxes paid to any State; to the Committee on Ways and Means.

By Mr. CRAVENS:

H. R. 3654. A bill to amend section 6 of Public Law 526, Seventy-ninth Congress, second session, and for other purposes; to the Committee on Public Works.

By Mr. BROOKS:

H. R. 3655. A bill to provide for the selection and elimination and retirement of officers of the Regular Army, and to provide retirement benefits for members of the Reserve components of the Army of the United States, United States Navy and Marine Corps, and Coast Guard; to the Committee on Armed Services.

By Mr. DONOHUE:

H. R. 3656. A bill to permit holders of bonds issued under the Armed Forces Leave Act of 1946 to assign such bonds for the purpose of making payment on certain loans guaranteed under the Servicemen's Readjustment Act of 1944; to the Committee on Armed Services.

By Mr. TOWE:

H. R. 3657. A bill to provide for a Board of Visitors to the United States Naval Academy and for a Board of Visitors to the United States Military Academy, and for other purposes; to the Committee on Armed Services.

By Mr. HOWELL:

H. R. 3658. A bill to amend paragraph (1) of section 2 of the Securities Act of 1933, as amended, relating to the definition of the term "security" contained therein; to the Committee on Interstate and Foreign Commerce.

By Mr. LANDIS:

H. R. 3659. A bill to raise the minimum wage standards of the Fair Labor Standards Act of 1938; to the Committee on Education and Labor.

By Mr. HAND:

H. R. 3660. A bill to establish a National Superhighway Commission in order to provide for the making of plans and surveys for the construction of a national superhighway system; to the Committee on Public Works.

By Mr. JUDD:

H. R. 3661. A bill to direct the Secretary of the Interior to assist in the establishment in Minneapolis, Minn., of a home and recreational center for American Indian girls; to the Committee on Public Lands.

By Mr. KNUTSON:

H. J. Res. 210. Joint resolution to extend the time for the release, free of estate and gift tax, of certain powers, and for other purposes; to the Committee on Ways and Means.

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 to refuse passage of H. R. 2876, creating a Redwood National Park and a national forest area in California; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. COUDERT:

H. R. 3662. A bill for the relief of Col. W. M. Chubb; to the Committee on the Judiciary.

By Mr. ELSAESSER:

H. R. 3663. A bill for the relief of Luke Mauriello; to the Committee on the Judiciary.

By Mr. FORAND:

H. R. 3664. A bill for the relief of Walter F. Zagrodny; to the Committee on the Judiciary.

By Mr. GORSKI:

H. R. 3665. A bill for the relief of Adam Stefan Hawrylak; to the Committee on the Judiciary.

By Mr. HART (by request):

H. R. 3666. A bill for the relief of Universal Steamship Co. for losses sustained due to the interruption of a voyage of the American schooner *Ninette M. Porcella*, by reason of a Presidential proclamation, effective September 28, 1917, forbidding sailing vessels from entering the war zone; to the Committee on the Judiciary.

H. R. 3667. A bill for the relief of S. H. Brown and M. Brown, also known as the Universal Steamship Co., a Georgia corporation, to cover the loss of their bark *Brown Brothers*, destroyed by a German raider during the World War; 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:

581. By Mr. PATMAN: Petition of John W. Goodwin and 41 other citizens of Cass and Bowie Counties, Tex., favoring the passage of S. 265, a bill to prevent the interstate transmission of advertising of all alcoholic beverages and the broadcasting of such advertising by means of radio; to the Committee on Interstate and Foreign Commerce.

582. By Mr. GWYNNE of Iowa: Petition of Mrs. C. A. Borden and others of the city of Waterloo, Iowa, protesting against compulsory universal military training; to the Committee on Armed Services.

583. By the SPEAKER: Petition of the chairman, Union Republican Progressive Party of Puerto Rico, petitioning consideration of their resolution with reference to amendments to H. R. 3309; to the Committee on Public Lands.

584. Also, petition of the Engineers' Club of Minneapolis, petitioning consideration of their resolution with reference to appreciation for the restoration of the name Hoover Dam; to the Committee on Public Lands.

585. Also, petition of Branch Local No. 23, Patrolmen's Benevolent Association, New Brunswick, N. J., petitioning consideration of their resolution with reference to endorsement of H. R. 1613; to the Committee on Ways and Means.

586. Also, petition of the members of the Valdosta Townsend Club, No. 2, Valdosta, Ga., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

587. Also, petition of the Associated Townsend Clubs of Hillsborough County, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

588. Also, petition of the Brotherhood of Railway and Steamship Clerks, petitioning consideration of their resolution with reference to endorsement of legislation amending the Fair Labor Standards Act of 1938; to the Committee on Education and Labor.

589. Also, petition of Aquinas Council, No. 757, Knights of Columbus, petitioning consideration of their resolution with reference to endorsement of the Sasscer bill, to make Good Friday a Federal legal holiday; to the Committee on the Judiciary.

SENATE

THURSDAY, MAY 29, 1947

(Legislative day of Monday, April 21, 1947)

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

Dr. Edward Hughes Pruden, pastor, First Baptist Church, Washington, D. C., offered the following prayer:

Our God and Father, we thank Thee that amidst the changing scenes of our earthly existence there stands One among us who is the same yesterday, today, and forever. Save us, we pray Thee, from the folly of assuming that changing circumstances affect the unchanging truths upon which our Nation has been founded. Today we would rededicate ourselves to those sacred ideals which were so much a part of our founding fathers' very existence, and which in turn made America great.

As we begin this day's work, we look to Thee for the illumination of Thy spirit, knowing that Thou art the source of all our sufficiency, and that apart from Thee we can do nothing.

Through Jesus Christ our Lord we pray. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of Wednesday, May 28, 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. 1) to reduce individual income-tax payments; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KNUTSON, Mr. REED of New York, Mr. WOODRUFF, Mr. DOUGHTON, and Mr. COOPER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS

Petitions, etc., was laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

Petitions of the members of the South Miami Townsend Club, No. 1, and the members of the Associated Townsend Clubs of Hillsborough County, both in the State of Florida, praying for the enactment of the so-called Townsend plan to provide old-age assistance; to the Committee on Finance.

A resolution adopted by the Union Republican Progressive Party of Puerto Rico, San Juan, P. R., favoring an amendment to the Organic Act of Puerto Rico providing for the election of a Governor by the citizens of Puerto Rico; to the Committee on Public Lands.

A resolution adopted by the Union Republican Progressive Party of Puerto Rico, San Juan, P. R., favoring the enactment of the so-called Langer bill granting statehood to Puerto Rico; to the Committee on Public Lands.

PROHIBITION AGAINST LIQUOR ADVERTISING

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 New York East Annual Conference of the Methodist Church on May 18, 1947, favoring the enactment of Senate bill 265, to prohibit the transportation of alcoholic-beverage advertising in interstate commerce.

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

Be it resolved, That the New York East Annual Conference of the Methodist Church go on record as favoring the passage of bill S. 265, by Senator ARTHUR CAPPER, of Kansas, to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages, and for other purposes; that the secretary of this conference send notice of this action to Senator ARTHUR CAPPER; Senator WALLACE H. WHITE, JR., chairman of the Senate Committee on Interstate and Foreign Commerce; Senators ROBERT F. WAGNER and IRVING IVES, of New York; and Senators RAYMOND BALDWIN and BRIEN MCMAHON, of Connecticut; and that the ministers of our conference be urged to take action in their respective churches to build up active support for this measure by petitions, letters, and telegrams to the appropriate Senators.

ECONOMIC REHABILITATION OF GERMANY—RESOLUTION OF UNITED STATES CHAMBER OF COMMERCE

Mr. WHERRY. Mr. President, I present and ask unanimous consent to have printed in the RECORD a resolution entitled "Economic Rehabilitation of Germany," which was adopted at the thirty-fifth annual meeting of the United States Chamber of Commerce, Washington, D. C.

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

ECONOMIC REHABILITATION OF GERMANY

World prosperity is the fortunate consequence of high productivity. But high productivity in any country requires surrounding conditions adequate for and conducive to creating in men's minds and souls a willingness to work and toil for objectives worth the struggle and sacrifice for their attainment.

The rapid acceleration of Germany's ruin is leading to the desperate readiness of the German people to accept even communism as an escape from political, economic, and social chaos.

The shifting sands of destiny and the fatal course of history have transferred to new areas, west and east, the world's political and economic centers of gravity. Notwithstand-