

paid no money to individuals for anything except clerical work. (3) None. (4) None. (5) Townsend bill, H. R. 16.

Wootton, Walter F., 818 Chronicle Building, Houston, Tex. (1) Compensation as previously reported and \$530 for months of September, October, and November, 1947. (2) Hotel Baker, Dallas, Tex., \$10.50; and to various other hotels, restaurants, telegraph and telephone companies, Pullman Co., and others in amounts less than \$10. (3) Hotels, \$14; meals, \$34.40; transportation, \$24.34; telephones, telegrams, tips, taxis, and incidentals, \$28.03; entertaining, \$33.35. (4) None. (5) All railroad legislation affecting Texas railroads.

Wootton, Edward W., Wine Institute, 900 National Press Building, Washington, D. C. (1) \$3,000 quarterly, salary as manager of the Washington office of the Wine Institute, principal offices at 717 Market Street, San Francisco. (2) Received by the undersigned for all personal services rendered as manager of this office, some of which services involve legislative activity. (3) See (1) and (2) above. No expenditures were made by undersigned to any other person for legislative purposes. (4) None. (5) Proposed amendments to Internal Revenue Code affecting wine and brandy production and representations with respect to agricultural exemptions under Fair Labor Standards Act.

Worley, Harry F., president of the National Customs Service Association, 3353 Reno Road NW., Washington, D. C. (1) He received only salary and reimbursement of travel, postage, office supplies, and office and incidental expenses. No part of money received for salary or expenses was expended in support of or opposition to any legislation. (2) See No. (1). (3) See No. (1). (4) Customs Service News, published monthly by the National Customs Service Association. He is the editor. It covers the activities of the association, news of prospective and enacted legislation, and news of personal interest to the membership. (5) He supports legislation which would benefit officers and employees of the Federal Government and opposes legislation which is against their interests. He directs legislative, administrative, or court action affecting the interests of the officers and employees of the United States Customs Service. His appearance before the committees of Congress is incidental to other activities, and forms only a small portion of the aggregate.

Wormhoudt, Marion P., 701 Union Trust Building, Washington, D. C.; R. W. Britton, 1416 Cherry Street, Erie, Pa. (1) None received and none expended during previous quarter. (2) None. (3) None. (4) None. (5) Proposal to amend provisions of the Internal Revenue Code relating to partnerships.

Wozencraft, Frank W., 605 Southern Building, Washington, D. C.; Independent Bankers Association, 410 Gulf States Building, Dallas, Tex. (1) \$3,000 fees for services (received by firm of Case & Wozencraft); \$700 reimbursement for traveling, telephone, and telegraph expenses. (2) Air lines, hotels, etc., in connection with travel involved; Western Union and telephone company. (3) See (2) above. (4) [Blank.] (5) Bank holding company legislation.

Wright, Walter C., Jr., Tax Equality Committee of New Jersey, Inc., 44 Cooper Street, Woodbury, N. J. (1) Receipts, \$77.09; expenditures, \$76.94. (2) and (3) Railway express, expressage, \$1.95; United States Post Office, postage, \$34.09; Secretary of State of New Jersey, filing fee, \$2; county clerk, Mercer County, N. J., filing fee, 25 cents; Roy Sampson, Woodbury, N. J., sign, \$2.50; New Jersey Bell Telephone Co., phone calls, \$5.55; Western Union Co., telegram, \$1.07; various restaurants, meals, \$3.14; various common carriers, carfare, \$6.53; various gas stations, gas, oil, etc., \$19.86; total, \$76.94. (4) Woodbury Daily Times, Woodbury, N. J., and perhaps some of the other 55 or 60 newspapers

in New Jersey that I sent the same news release to. (I have no way of knowing which of the other papers printed this.) (5) I am supporting any and all legislation tending to place cooperative associations on the same tax basis as noncooperative associations. More particularly, I am opposed to the virtual exemption from Federal income taxes the co-ops enjoy at present.

Yonkers, Andrew J., Socony-Vacuum Oil Co., Inc., 26 Broadway, New York, N. Y. (1) Money received, salary, \$875 (this represents one quarter of the amount of registrant's annual remuneration which is attributable to the performance of duties which are subject to the Lobbying Act); reimbursement for traveling expenses, \$172.35; total, \$1,047.35. Money expended (in connection with duties related to the Lobbying Act), \$172.35. (2) Railroads, air lines, taxis, hotels, restaurants, telephones, and tips. (3) Normal traveling expenses. (4) None. (5) Legislation affecting the petroleum industry.

Young, Donald A., United States Chamber of Commerce, 1615 H Street NW., Washington, D. C. (1) Received salary, \$2,500; expenses, \$36.68. Expended transportation, \$18.35; meals, \$5.25; telephone, \$13.08. (2) Taxi companies, telephone company, restaurants. (3) Transportation to and from, and communication with, the Capitol; other normal and necessary expenses. (4) None. (5) All legislation of interest to business.

Zook, John D., Ohio Chamber of Commerce, 17 South High Street, Columbus, Ohio. (1) None. (2) None. (3) Actual and necessary traveling expenses on employer's business. (4) None. (5) Legislation dealing with social security, labor, taxation, and other matters of interest to our organization.

SENATE

FRIDAY, JANUARY 30, 1948

(Legislative day of Monday, January 26, 1948)

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:

O Lord our God, even at this moment as we come blundering into Thy presence in prayer, we are haunted by memories of duties unperformed, promptings disobeyed, and beckonings ignored. Opportunities to be kind knocked on the door of our hearts and went weeping away.

We are ashamed, O Lord, and tired of failure.

If Thou art drawing close to us now, come nearer still, till selfishness is burned out within us and our wills lose all their weakness in union with Thine own. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Chief Clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., January 30, 1948.
To the Senate:

Being temporarily absent from the Senate, I appoint Hon. WILLIAM F. KNOWLAND, a Senator from the State of California, to perform the duties of the Chair during my absence.

A. H. VANDENBERG,
President pro tempore.

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

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, January 28, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On January 29, 1948:

S. 944. An act for the relief of Oran Curry.

On January 30, 1948:

S. 1043. An act for the relief of Frank J. Shaughnessy, collector of internal revenue, Syracuse, N. Y.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 179) to change the date for filing the report of the Joint Committee on the Economic Report.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 2192) for the relief of the Massman Construction Co.; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JENNINGS, Mr. REEVES, and Mr. CRAVENS were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

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

S. 1100. An act for the relief of Frankie Stalnaker;

H. R. 2361. An act to authorize the filing of actions in State courts to quiet title to lands described in a treaty between the United States and the Delaware Indians, dated October 3, 1818;

H. R. 3153. An act to provide for the sale or other disposal of certain submarginal lands located within the boundaries of Indian reservations in the States of Montana, North Dakota, and South Dakota;

H. R. 3322. An act to facilitate rights-of-way through restricted Osage Indian land, and for other purposes; and

H. R. 3326. An act to provide for the granting of certificates of competency to certain members of the Osage Indian Tribe in Oklahoma, and for other purposes.

LEAVES OF ABSENCE

Mr. BARKLEY. Mr. President, I ask unanimous consent that the two Senators from Florida [Mr. PEPPER and Mr. HOLLAND] may be excused from attending the sessions of the Senate for the balance of this week and next week, in order that they may attend hearings on flood-control matters pertaining to the State of Florida.

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

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that beginning with the present week end I may be absent from the Senate for a week or

10 days on official business of the Joint Committee on Atomic Energy.

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

INCOME FROM CHEROKEE NATIONAL FOREST—LETTER FROM W. R. PADDOCK

Mr. MCKELLAR. Mr. President, I ask unanimous consent that there be printed in the RECORD as a part of my remarks a letter under date of January 19, relating to the Cherokee National Forest, from W. R. Paddock, forest supervisor of the United States Forest Service.

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

UNITED STATES DEPARTMENT
OF AGRICULTURE, FOREST SERVICE,
CHEROKEE NATIONAL FOREST,
Cleveland, Tenn., January 19, 1948.
The Honorable KENNETH MCKELLAR,
Washington, D. C.

DEAR SENATOR MCKELLAR: I have just been informed that the Tennessee State treasurer has been paid \$30,988, which represents the annual return to the State of 25 percent of the income from the Cherokee National Forest. These funds, as you probably know, are distributed to the 10 counties which contain national forest lands for use in supporting their schools and roads.

In addition, 10 percent of the forest income is spent within the national forest to maintain the road system. This forest-road system is important locally, as it serves the local residents living within or adjacent to the national forest. Also, forest products are hauled over these roads, and they are used by recreationists, hunters, and fishermen.

Federal acquisition of the lands within the Cherokee Forest has been carried on progressively over a period of 35 years with the present acquired area being 565,000 acres. Most of these lands were acquired in a cut-over condition. Part of the area is rough, at high elevations and protection results are mainly intangible watershed values. However, the greater part of the forest is becoming increasingly productive. The present timber yield should continue and even increase in future years. In addition to timber-sale income, the national forest has a considerable revenue from miscellaneous land uses, such as summer-home-site rental, recreation concessions, and grazing.

For your information, the payments to the individual counties are listed. Payment is on the basis of the national forest acreage in each and amounts to nearly 6 cents per acre:

Carter	\$4,090
Coke	2,076
Greene	1,704
Johnson	2,324
McMinn	124
Monroe	7,716
Polk	7,654
Sullivan	1,921
Unicoi	2,789
Washington	589

I trust the foregoing information concerning the Cherokee National Forest will be of interest to you.

Very truly yours,

W. R. PADDOCK,
Forest Supervisor.

MEETING OF SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

Mr. FLANDERS. Mr. President, I ask unanimous consent that the subcommittee of the Committee on Banking and Currency now considering the subject of meat rationing may hold a session this afternoon.

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

DEMOCRATIC PRIMARY RETURNS FOR 1915

Mr. MCKELLAR. Mr. President, I ask unanimous consent that there be printed in the RECORD the returns of a primary election held in Tennessee more than 30 years ago, in 1915. It is very difficult to get these returns, and I wish to have them preserved in the RECORD.

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

Counties	Democratic primary, Nov. 20, 1915			Run-off primary, Dec. 15, 1915	
	Lea	McKellar	Patterson	McKellar	Patterson
Anderson	56	156	92	199	91
Bedford	477	641	702	740	555
Benton	322	182	346	324	175
Bledsoe	90	136	61	123	52
Blount	306	234	162	307	211
Bradley	67	206	132	240	122
Campbell	296	61	72	175	82
Cannon	219	270	390	323	192
Carroll	371	291	476	557	353
Carter	283	63	97	195	129
Cheatham	172	96	304	336	227
Chester	176	229	128	228	99
Claborn	359	248	168	552	164
Clay	73	148	152	225	115
Coke	143	215	129	372	147
Coffee	391	292	524	426	392
Crockett	153	542	491	408	259
Cumberland	36	93	101	142	100
Davidson	3,302	1,177	4,683	2,493	4,387
Decatur	148	175	194	175	113
DeKalb	151	375	331	358	199
Dickson	292	142	472	390	353
Dyer	361	754	529	1,099	478
Fayette	78	629	397	579	272
Fentress	39	117	29	85	23
Franklin	624	386	466	620	417
Gibson	534	1,238	992	1,627	753
Giles	661	179	1,090	779	644
Grainger	37	384	68	378	96
Greene	368	596	252	920	213
Grundy	61	57	212	105	115
Hamblen	189	291	128	384	132
Hamilton	1,400	1,696	648	1,955	861
Hancock	66	112	25	79	20
Hardeman	192	920	568	864	161
Hardin	96	315	130	222	61
Hawkins	165	349	361	589	299
Haywood	407	466	384	640	317
Henderson	608	177	97	204	208
Henry	761	920	628	1,178	620
Hickman	353	165	471	412	334
Houston	169	112	169	233	115
Humphreys	343	74	462	263	271
Jackson	281	221	445	341	313
Jefferson	82	165	135	234	190
James	13	24	3	(¹)	(¹)
Johnson	49	28	13	53	14
Knox	1,178	1,568	502	2,501	1,038
Lake	438	159	336	321	194
Lauderdale	196	597	324	657	280
Lawrence	271	295	360	405	222
Lewis	130	89	157	124	108
Lincoln	516	673	650	939	652
Loudon	185	220	108	271	168
McMinn	198	579	121	508	114
McNairy	55	215	250	260	157
Macon	24	195	159	171	109
Madison	761	842	796	1,311	844
Marion	155	422	242	486	219
Marshall	267	287	811	545	556
Mauzy	1,425	525	1,049	1,271	829
Meigs	79	140	88	101	76
Monroe	145	534	156	570	133
Montgomery	480	292	611	612	531
Moore	103	202	82	161	184
Morgan				132	74
Obion	703	985	1,027	1,069	653
Overton				338	244
Perry	270	265	316	178	148
Pickett	14	181	36	170	21
Polk				249	114
Putnam	673	244	807	494	605
Rhea	193	355	115	372	161
Roane	164	194	229	276	282
Robertson	577	782	843	1,156	718
Rutherford	561	690	1,102	1,076	821
Scott	8	29	15	21	52
Sequithe	19	69	103	101	69
Sevier	51	89	37	83	35
Shelby	136	5,222	2,222	5,781	1,865

¹ No election.

Counties	Democratic primary, Nov. 20, 1915			Run-off primary, Dec. 15, 1915	
	Lea	McKellar	Patterson	McKellar	Patterson
Smith	369	411	970	605	626
Stewart	355	284	312	375	221
Sullivan	1,257	863	122	1,472	550
Sumner	487	1,463	838	1,091	685
Tipton	42	1,090	553	1,266	527
Trousdale	91	444	294	335	174
Unicoi	37	9	51	23	101
Union	66	169	32	149	64
Van Buren	106	90	19	202	20
Warren	239	516	337	466	242
Washington	965	294	339	942	503
Wayne	51	60	75	48	46
Weakley	836	905	951	1,197	792
White	208	340	608	404	423
Williamson	616	562	565	579	473
Wilson	266	799	702	510	760
Total	31,786	41,645	39,270	55,454	33,927

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT OF FOREIGN SURPLUS DISPOSAL

A letter from the Secretary of State, transmitting, pursuant to law, the eighth report of the Department of State on the disposal of United States surplus property in foreign areas, including therein a report from the Foreign Liquidation Commissioner under section 202 of the Philippine Rehabilitation Act of 1946 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

REPORT ON CONTRACT TERMINATIONS AND SETTLEMENTS

A letter from the Secretary of the Treasury, transmitting, pursuant to law, the fourteenth quarterly report on contract settlement, covering the period October 1 through December 31, 1947 (with an accompanying report); to the Committee on the Judiciary.

WITHDRAWAL OF PUBLIC NOTICES IN YUMA RECLAMATION PROJECT

A letter from the Under Secretary of the Interior, transmitting a draft of proposed legislation to authorize the withdrawal of public notices in the Yuma reclamation project, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

AUDIT REPORT OF FEDERAL DEPOSIT INSURANCE CORPORATION

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on the audit of the Federal Deposit Insurance Corporation for the fiscal year ended June 30, 1946 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

AUDIT REPORT ON TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on the audit of Tennessee Valley Associated Cooperatives, Inc., for the fiscal year ended June 30, 1947 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

REPORT OF ADMINISTRATOR OF RENT CONTROL, DISTRICT OF COLUMBIA

A letter from the President of the Board of Commissioners of the District of Columbia,

transmitting, pursuant to law, the semi-annual report of the Administrator of Rent Control, for the period July 1, 1947, to December 31, 1947 (with an accompanying report); to the Committee on the District of Columbia.

REPORT OF OPERATIONS OF CAPITAL TRANSIT CO.

A letter from the president of the Capital Transit Co., transmitting, pursuant to law, a report covering the operations of the Capital Transit Co. for the calendar year 1947, together with a balance sheet as of December 31, 1947 (with an accompanying report); to the Committee on the District of Columbia.

REPORT OF WASHINGTON GAS LIGHT CO.

A letter from the president of the Washington Gas Light Co., transmitting, pursuant to law, a detailed statement of the business of that company, together with a list of stockholders, for the year ended December 31, 1947 (with accompanying papers); to the Committee on the District of Columbia.

PETITIONS

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

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the Board of Aldermen of the City of St. Louis, Mo., favoring the enactment of legislation providing for the construction of sport-participation establishments as an aid in the reduction of juvenile delinquency; to the Committee on Banking and Currency.

The petition of the West Palm Beach Townsend Club, No. 1, West Palm Beach, Fla., praying for the enactment of legislation providing for a uniform national pension system; to the Committee on Finance.

Petitions of Ida Thompson and Howard Lipscomb, of Paces, Va., praying for the enactment of the bill (S. 984) to prohibit discrimination in employment because of race, religion, color, national origin, or ancestry; to the Committee on Labor and Public Welfare.

By Mr. MAYBANK:

A concurrent resolution of the Legislature of the State of South Carolina; to the Committee on Armed Services:

"Concurrent resolution memorializing the Congress of the United States of America to direct the War Department of the United States to maintain the complete operation of the facilities at the Charleston ordnance depot

"Whereas Charleston ordnance depot, a facility of the United States Army, situate in the county of Charleston, S. C., is an installation operating upon an area of over 6,700 acres of land with a present valuation of over \$56,000,000 and possessing one of the finest deep-water dock facilities on the east coast of the United States; and

"Whereas this facility has been in operation for a period of 25 years and has rendered outstanding and invaluable services in the field of Army ordnance in respect to the storing, assembling, renovating, and shipping of ammunition in World Wars I and II; and

"Whereas the geographical location of this depot together with its most advanced and complete physical properties combined with its employment of outstanding technicians and highly trained ordnance personnel, which technicians and personnel have made their homes in the area adjoining such depot and to offer to such depot skilled labor unexcelled in this country; and

"Whereas the present international emergency confronting the world today has placed this country, together with its armed forces charged with the protection of life and liberty of its people, on notice that its national integrity and even its physical boundaries are only so safe as its state of military preparedness; and

"Whereas the past history of the participation of the Charleston ordnance depot as an instrumentality of national defense of this country has been an outstanding value and assistance to the protection of this country and to her allies in waging war; and further that should this country become involved in another major conflict, the Charleston ordnance depot, its services and facilities, would be necessary military establishment in the protection of our beloved country: Now, therefore, be it

"Resolved by the house of representatives (the senate concurring), That the Congress of the United States of America be hereby memorialized to direct the War Department of the United States to maintain in a full and complete status the facilities of the Charleston Ordnance Depot, Charleston, S. C.

"January 29, 1948, Columbia, S. C., House of Representatives."

THE MARSHALL PLAN

Mr. HOEY. Mr. President, I have received a letter from Dr. DeWitt B. Nettleton, of Pinehurst, N. C., referring to a petition containing the signatures of 2,053 citizens from 23 States endorsing the Marshall plan. Pinehurst is a well-known winter resort in North Carolina, and the people signing this petition are in Pinehurst from all over our country.

I ask unanimous consent that Dr. Nettleton's letter be printed in the RECORD, and that the letter and petition be referred to the Committee on Foreign Relations.

The ACTING PRESIDENT pro tempore. Without objection, the letter and petition will be referred to the Committee on Foreign Relations, and the letter will be printed in the RECORD.

The letter is as follows:

PINEHURST, N. C., January 29, 1948.
The Honorable CLYDE R. HOEY,
Washington, D. C.

DEAR SENATOR HOEY: I have just mailed you the petition in favor of the Marshall plan which you so kindly offered to place in the hands of Senator VANDENBERG.

The total of 2,035 signatures is most gratifying to the committee having the matter in hand, although we might have had a few more; Mrs. James Boyd told me this morning that people wishing to sign were still coming to her office.

Signed as it is by a substantial number of citizens who are residents of 23 different States and the District of Columbia, and who represent both major political parties, this committee requests that this petition be given the weight implicit in these facts.

May I express to you the thanks of this committee and of all the signers of the petition for your personal interest in this matter, and for delivering the same into the hands of Senator VANDENBERG.

Respectfully yours,

DEW. B. NETTLETON,
Chairman, Pinehurst-Southern Pines
Committee for the Marshall Plan.

LEGISLATION BENEFICIAL TO WIDOWS AND OTHER DEPENDENTS OF WAR VETERANS

Mr. LODGE. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD resolutions adopted by Captain Lester S. Wass Post, No. 3, American Legion, Gloucester, Mass., and endorsed by the Disabled American Veterans, Chapter 74, the Veterans of Foreign Wars of the United States, Post 1624, the AMVETS, and the newly formed National Guard Veterans' Organization, all of

Gloucester, Mass., favoring the enactment of legislation beneficial to widows and other dependents of war veterans.

There being no objection, the resolutions were received, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

CAPTAIN LESTER S. WASS POST,

No. 3, AMERICAN LEGION,

Gloucester, Mass., January 12, 1948.

Be it resolved in regular meeting assembled of Captain Lester S. Wass Post, No. 3, American Legion, Gloucester, Mass., That the Congress of the United States be petitioned to amend all present laws and regulations pertaining to widows and other dependents of veterans of any war participated in by the Armed Forces of the United States to allow (authorize) the previously mentioned widows and other dependents to draw the existing pensions regardless of any other income which they may be receiving from any source whatsoever; also be it

Resolved, That the Congress of the United States be petitioned to make all income received by any widows or other dependents of any veteran exempt from all taxation by the Federal Government.

Unanimously passed, December 23, 1947, by Captain Lester S. Wass Post, No. 3, American Legion, Gloucester, Mass.

EDWARD S. DEGNAN,

Adjutant.

This resolution has also been passed unanimously by the Disabled American Veterans, Chapter 74, of Gloucester, Mass., and by the Veterans of Foreign Wars of the United States, Post 1624, of Gloucester, Mass. Also by the AMVETS of Gloucester, Mass., and the newly formed National Guard Veterans' Organization of Gloucester, Mass.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, January 30, 1948, he presented to the President of the United States the enrolled bill (S. 1100) for the relief of Frankie Stalnaker.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GURNEY (for Mr. ROBERTSON of Wyoming), from the Committee on Armed Services:

S. 1195. A bill to repeal the laws relating to the length of tours of duty of officers and enlisted men of the Army at certain foreign stations; with an amendment (Rept. No. 847).

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

S. 1520. A bill to amend section 3 of the act of August 24, 1912 (37 Stat. 554), as amended, so as to provide reimbursement to the Post Office Department by the Navy Department for shortages in postal accounts occurring while commissioned officers of the Navy and Marine Corps are designated custodians of postal effects; without amendment (Rept. No. 848).

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

S. 1478. A bill to authorize the transfer of lands in the Fort Wingate Military Reserve, N. Mex., from the War Department to the Interior Department; with amendments (Rept. No. 853).

By Mr. CAPPER, from the Committee on Agriculture and Forestry:

S. J. Res. 164. Joint resolution to authorize the Regional Agricultural Credit Corporation of Washington, D. C., to make loans to fur farmers, and for other purposes; with an amendment (Rept. No. 849).

By Mr. HICKENLOOPER, from the Joint Committee on Atomic Energy:

S. 1004. A bill to amend the Atomic Energy Act of 1946 so as to provide that no person shall be appointed as a member of the Atomic

Energy Commission or as general manager of such Commission until an investigation with respect to the character, associations, and loyalty of such person shall have been made by the Federal Bureau of Investigation; with amendments (Rept. No. 851).

By Mr. TOBEY, from the Committee on Interstate and Foreign Commerce:

S. J. Res. 173. Joint resolution to continue until July 1, 1949, the authority of the Maritime Commission to sell, charter, and operate vessels, and for other purposes; with amendments (Rept. No. 856).

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. LANGER, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereupon pursuant to law.

REPORT OF JOINT COMMITTEE ON ATOMIC ENERGY (S. REPT. No. 850)

Mr. HICKENLOOPER. Mr. President, I have here a report in the nature of a general outline of the activities of the Joint Committee on Atomic Energy to be made to the Congress. The law contemplates that the Joint Committee shall inform the Congress from time to time as to its general activities, and this report has been adopted. I send it to the desk, and without taking the time to read it, I ask unanimous consent that the report may be printed in the RECORD in full.

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

DEVELOPMENT AND CONTROL OF ATOMIC ENERGY

FIRST REPORT OF THE JOINT COMMITTEE ON ATOMIC ENERGY TO THE CONGRESS OF THE UNITED STATES

This report is submitted to the Congress by the Joint Committee on Atomic Energy in order to give the Members of Congress a brief outline of the general fields of activity of the joint committee from the time of its active organization to date. The Atomic Energy Act of 1946 imposes strict injunctions of secrecy against revealing details or other information falling within the classification of restricted data and in order that these legal prohibitions be observed, it will be necessary to make this report in general terms.

Section 15 (b) of the Atomic Energy Act of 1946 (Public Law 585, 79th Cong.), among other provisions, states:

"The joint committee shall make continuing studies of the activities of the Atomic Energy Commission and of problems relating to the development, use, and control of atomic energy."

History of the act

Shortly after the first military use of the atomic bomb in August 1945, a number of proposals for exercise of control over the production, use, and development of atomic energy were introduced in both Houses of Congress. On October 3, 1945, the President sent a message to the Congress stressing the necessity of legislation. On October 29, the Senate adopted Senate Resolution 179 establishing the special committee on atomic energy, and all bills concerning atomic energy introduced in the Senate were referred to this committee. Bills concerning atomic energy introduced in the House were referred to the Military Affairs Committee. Both committees held open and executive hearings, receiving the testimony of a large

number of witnesses in the scientific, technical, military, business, and Government fields.

Following weeks of discussion in the Senate special committee, S. 1717, introduced by Senator McMAHON, chairman, was reported back to the Senate on April 19, 1946, as amended in committee. On June 1, the bill was passed by the Senate and was referred to the House Military Affairs Committee. After a number of amendments, this committee reported H. R. 5364 (S. 1717 as amended), which passed the House of Representatives on July 20 and went to conference. Here the bill was agreed upon in its final form and the conference report was accepted by both Houses on July 26. With the affixing of the President's signature on August 1, 1946, Public Law 585 came into force and effect.

With the enactment of this law, it was declared to be the policy of the people of the United States that:

"Subject at all times to the paramount objective of assuring the common defense and security, the development and utilization of atomic energy shall, so far as practicable, be directed toward improving the public welfare, increasing the standard of living, strengthening free competition in private enterprise, and promoting world peace."

Following the effective date of the act, the President, on October 28, 1946, announced the recess appointments of the members of the Atomic Energy Commission, as follows: David E. Lillenthal, Chairman; Robert F. Bacher, Sumner T. Pike, Lewis L. Strauss, William W. Waymack.

These appointees took their oaths of office and assumed their duties on November 1, 1946, and it was directed by the President in Executive Order 9816 that title to the properties of the Manhattan Engineer District be transferred to the Atomic Energy Commission effective midnight, December 31, 1946, and this was done.

On December 12, 1946, the President appointed, as provided by the act, members of the General Advisory Committee, as follows: Dr. James B. Conant, president of Harvard University; Dr. Lee A. DuBridge, president of California Institute of Technology; Dr. J. Robert Oppenheimer, University of California; Dr. Enrico Fermi, University of Chicago; Dr. I. I. Rabi, Columbia University; Hartley Rowe, chief engineer of United Fruit Co.; Dr. Glenn T. Seaborg, University of California; Dr. Cyril S. Smith, University of Chicago; Hood Worthington, chief chemist of E. I. du Pont de Nemours Co.

These appointments are not subject to Senate confirmation.

Thereafter, on January 4, 1947, Dr. J. R. Oppenheimer was named chairman of this General Advisory Committee.

On December 30, 1946, the President announced the recess appointment of Carroll L. Wilson to be general manager of the Commission, subject to Senate confirmation. The announcement of this appointment completed the Presidential appointees provided for in the act who are subject to Senate confirmation.

Pursuant to section 2 (c) of the act, the Secretary of War and the Secretary of Navy appointed, as representatives of their respective Departments, members of the Military Liaison Committee, as follows: Lt. Gen. Lewis H. Brereton, United States Army, chairman; Maj. Gen. Lunsford E. Oliver, United States Army; Col. John H. Hinds, United States Army; Rear Adm. Thorvald A. Solberg, United States Navy; Rear Adm. Ralph A. Ofstie, United States Navy; Rear Adm. William S. Parsons, United States Navy.

On January 31, 1947, Maj. Gen. Lunsford E. Oliver was reassigned and Lt. Gen. Leslie R. Groves was appointed to this vacancy.

On August 2, 1946, the day of adjournment of the Seventy-ninth Congress, second session, the Joint Committee on Atomic Energy,

as provided by the act, was appointed as follows:

By the President pro tempore of the Senate, Mr. McKELLAR, on the part of the Senate: Mr. BRIEN McMAHON, of Connecticut; Mr. RICHARD B. RUSSELL, of Georgia; Mr. EDWIN C. JOHNSON, of Colorado; Mr. TOM CONNALLY, of Texas; Mr. HARRY F. BYRD, of Virginia; Mr. ARTHUR H. VANDENBERG, of Michigan; Mr. EUGENE D. MILLIKIN, of Colorado; Mr. BOURKE B. HICKENLOOPER, of Iowa; Mr. WILLIAM F. KNOWLAND, of California.

By the Speaker of the House, Mr. RAYBURN, on the part of the House of Representatives: Mr. R. Ewing Thomason, of Texas; Mr. Carl T. Durham, of North Carolina; Mr. Aime J. Forand, of Rhode Island; Mr. Chet Holifield, of California; Mr. Melvin Price, of Illinois; Mr. Charles H. Elston, of Ohio; Mr. J. Parnell Thomas, of New Jersey; Mr. Carl Hinshaw, of California; Mrs. Clare Boothe Luce, of Connecticut.

This joint committee organized on August 2, 1946, and Senator McMAHON was elected chairman and Representative Thomason vice chairman.

On January 20, 1947, after the commencing of the Eightieth Congress, the Joint Committee on Atomic Energy was appointed as follows: Mr. BOURKE B. HICKENLOOPER, of Iowa; Mr. ARTHUR H. VANDENBERG, of Michigan; Mr. EUGENE D. MILLIKIN, of Colorado; Mr. WILLIAM F. KNOWLAND, of California; Mr. JOHN W. BRICKER, of Ohio; Mr. BRIEN McMAHON, of Connecticut; Mr. RICHARD B. RUSSELL, of Georgia; Mr. EDWIN C. JOHNSON, of Colorado; and Mr. TOM CONNALLY, of Texas.

By the Speaker of the House of Representatives, Mr. Martin, on the part of the House of Representatives: Mr. W. Sterling Cole, of New York; Mr. Charles H. Elston, of Ohio; Mr. Carl Hinshaw, of California; Mr. James E. Van Zandt, of Pennsylvania; Mr. James T. Patterson, of Connecticut; Mr. R. Ewing Thomason, of Texas; Mr. Carl T. Durham, of North Carolina; Mr. Chet Holifield, of California; and Mr. Melvin Price, of Illinois.

The first meeting of the joint committee was held on January 21, 1947, at which time Senator HICKENLOOPER was elected chairman and Representative COLE, vice chairman. Later, upon his appointment to the Federal district court, Representative Thomason resigned from the House of Representatives and Representative LYNDON B. JOHNSON, of Texas, was appointed by the Speaker to succeed him on the joint committee.

The Presidential nominations for the members of the Commission and the general manager were referred to the Senate section of the joint committee on January 20, 1947. Hearings on these nominations were conducted by the Senate section of the joint committee over the period from January 27 through March 4, 1947, and consisted of 32 public sessions and 6 executive sessions. Fifty-five witnesses were heard and interrogated, including all of the nominees, and the committee afforded full opportunity to other Members of the Senate who were not members of the committee to request witnesses, to question witnesses, and to participate in the hearings.

At the conclusion of the hearings, the committee voted to and did recommend to the Senate that the Senate advise and consent to the appointment of all of the nominees and on April 9, 1947, they were confirmed by the Senate. Under the provisions of the act, the terms of the Commissioners will expire 2 years after August 1, 1946, which was the effective date of the act. The terms of each member of the Commission will eventually be 5 years, but the terms of the members appointed in 1948, when all present terms expire, are as follows: One Commissioner to be appointed for a period of 1 year, one Commissioner for a period of 2 years, one Commissioner for a period of 3 years, one Commissioner for a period of 4 years, and one Commissioner for a period of 5 years. Each of these terms expires on

August 1 of the year in which the respective term ends, and as each term expires, an appointment for that position is to be made for a period of 5 years.

Activities of the joint committee

Section 15 of the Atomic Energy Act of 1946, among other provisions, defines the activities of the joint committee as follows:

"The joint committee shall make continuing studies of the activities of the Atomic Energy Commission and of problems relating to the development, use and control of atomic energy. The Commission shall keep the joint committee fully and currently informed with respect to the Commission's activities. All bills, resolutions, and other matters in the Senate or the House of Representatives relating primarily to the Commission or to the development, use, or control of atomic energy shall be referred to the joint committee."

It also provides:

"The committee is authorized to utilize the services, information, facilities, and personnel of the departments and establishments of the Government."

Fully aware that the field of atomic energy is of vast significance to the people of the United States and of the world, and conscious of the unprecedented problems created by this revolutionary development of science, the committee members undertook, as their first activity, the task of familiarizing themselves with the general nature of this new field. It seemed axiomatic that there must be general comprehension of the nature of this complex subject before the committee could undertake to evaluate the activities of the Commission or to make future recommendations to the Congress.

Immediately subsequent to the confirmation of the Commissioners and the general manager, the joint committee began a program of consultations and executive hearings with the Atomic Energy Commission and with other departments and agencies of the Government that have varying degrees of responsibility in the program. These meetings have been held frequently and for the purpose of acquainting the committee with the operation of the program and policies of the Commission and to keep the committee informed with respect to the efficiency of the integration of the various activities and responsibilities of all departments and agencies of the Government in the advancement of the research and development of atomic energy in this country. These inquiries have, in general and in varying degrees of detail, covered the fields of overall objectives, physical plant, security, production, personnel, materials, town management, labor, international objectives, health and biological programs, raw materials, weapons, industrial and agricultural prospects, military application, and other matters incident to these general fields.

Beginning with the organization of the committee, the selection of a staff was commenced. This staff now numbers 16 people and is set up under an executive director, a deputy director, and 4 sections: information, production, security, and development. Five members of the staff spend a substantial portion of their time visiting the various installations for inspection of activities coming within their particular fields, and they, together with other members of the staff, keep in constant touch with the Atomic Energy Commission through its headquarters staff. A constant liaison and flow of information from the field and the headquarters is maintained, designed to keep the joint committee currently and fully informed. In addition, the committee maintains continuous liaison with the Atomic Energy representation of the United States at the United Nations headquarters, with one member of the staff in continuous assignment there.

It should be stated at this point that the joint committee does not attempt to pass

judgment on specialized scientific or technical procedures involved in the program. The committee represents the legislative branch of the Government and is not equipped to be an authority in highly specialized fields of research or technology. Moreover, the committee has not assumed the responsibilities for administrative policies that are clearly vested in the Atomic Energy Commission under the act, but is attempting to gain as much information and knowledge from an over-all standpoint as will enable the committee to recommend, from time to time, any legislation that may be desirable and to keep abreast of the potentially changing needs and requirements of a tremendous program that, without doubt, is still in its infancy.

Following numerous hearings and consultations by the committee between April and the 1st of August 1947, most of the committee members undertook inspection trips to the major physical installations of the Commission, such as those at Oak Ridge, Los Alamos, the Radiation Laboratory at Berkeley, the Hanford Works, the Argonne National Laboratory at Chicago, and some other installations. These inspections by committee members, based upon a background of information previously developed by studies, are invaluable in creating a more comprehensive understanding of the project and a first-hand view of the physical properties and the objectives and progress of this development.

The value of these inspection trips has proven itself in many ways. The sheer size and complexity of the plants and the diversity of the laboratory activities cannot be comprehended without personal observation. Information secured on these trips has helped provide the committee with factual background against which to evaluate progress. Many opportunities to acquire information and make independent appraisal of specific activities presented themselves. Such personal observation and inquiry provide an important means for independent judgment which the committee feels is essential to the fulfillment of its duties under the act.

Close liaison with key personnel of the Commission also has been maintained through continuous contact by the committee staff members with the Commission headquarters in Washington. Numerous conferences have been held with the chiefs of the statutory divisions, other division heads, and with personnel at varying levels within the organization, both in Washington and in the field. Periodic reports of these activities are made to the committee which keep the constantly developing picture available to its members.

The joint committee has also been aware of the importance of keeping fully informed of the progress of international purposes and plans for the control of atomic energy. For the achievement of this purpose, the committee maintains a staff representative at the United Nations who acts in the capacity of unofficial observer for the committee at the meetings of the United Nations Atomic Energy Commission. Studies have been made of the various proposals for international control, the working papers of the subcommittees and the progress of the negotiations. In this connection, the committee has also heard reports from the Under Secretary of State and the Deputy American Delegate to the United Nations Atomic Energy Commission.

Besides the information which comes to the committee directly from personal inspections and conferences, from the Commission, and from its own staff, committee members have examined and considered a vast quantity of information obtained from other sources. Staff members have carried on a continuous program of research, compilation and analysis of unclassified information relating to scientific development, practical applications, international negotiations and

activities in foreign countries. This has made it possible for the committee to continue its educative program as well as to carry out the directive of the Atomic Energy Act to "make continuing studies . . . of problems relating to the development, use, and control of atomic energy."

Much information of a classified nature, especially information relating to security, production, and military matters has been presented to the Committee in executive session. In addition to the Chairman and the Commissioners of the Atomic Energy Commission, witnesses appearing before the committee in executive session have included the General Manager of the Commission, and his principal technical aides; the General Counsel; the Director of Security; Secretary of National Defense; Under Secretary of State Lovett; former Under Secretary of State Acheson; Dr. Frederick H. Osborn, deputy delegate to the United States; the Joint Chiefs of Staff; members of the Military Liaison Committee; the Director of the Central Intelligence Agency; Gen. Leslie R. Groves, Chief of the Armed Forces Special Weapons Project; Dr. Vannevar Bush, Director of the Research and Development Board, and Harry A. Winne, vice president in charge of engineering of the General Electric Co. Further meetings will be held periodically with these and other persons.

It is the considered conviction of the committee that, until such time as an effective, enforceable and reliable program for the international control of atomic energy is in successful operation, the most vital business of the Atomic Energy Commission must be the meeting of the atomic requirements of national defense. Executive and administrative responsibility for adequately meeting these requirements is combined by law in the President, the Department of National Defense, and the Atomic Energy Commission.

The joint committee has been assured that those charged with these responsibilities are keenly aware thereof. This phase of the atomic energy program is of paramount and continuing interest to the Joint Committee and the committee considers that continuous knowledge and reassurance of the adequate discharge of these responsibilities is fundamentally necessary to its reliable evaluation of the general success of our program.

The concern which large segments of the public, the press and Members of Congress have shown for the security of our atomic energy program, is shared most actively by the members of the joint committee.

The joint committee is informing itself as completely as possible on all phases of the vital problem of maintaining security in the whole field of atomic energy. The scope and ramifications of the security responsibility which faces the Atomic Energy Commission are tremendous. Clearance for employment of thousands of persons, physical protection of numerous plants, adequate safeguarding of production, as well as accounting for and protection of millions of restricted documents are major problems of the security program.

Numerous visits have been made to the various facilities of the commission for the specific purpose of observing the status of physical security at these installations. Such matters as physical protection afforded by fences and protective lighting; the qualifications, training and efficiency of the guard force; the visitor control system; shipment security; document control; and the storage of restricted materials have been the subjects of intensive study.

The joint committee has reviewed the investigative files of the Atomic Energy Commission relative to the employees of the commission and its contractors. In a number of these cases reviewed, certain questions were raised by the committee and the matters were discussed in detail with the Atomic Energy Commission and its security staff. (In cer-

tain of these cases, the committee has requested that the commission outline in detail its security policy as applied to these specific instances. In the majority of these cases, the personnel involved had been employed during the time when the project was operated by the Manhattan engineer district.) The committee feels strongly that it must continue to follow closely, as it has in the past, the type of personnel engaged in the atomic energy program. To this end the committee staff will continue to conduct these studies of the personnel investigative files of the Atomic Energy Commission. It is the opinion of the committee that the matter of security of personnel is of extreme importance in the over-all problem of the protection of the vital aspects of this important program.

The joint committee has been assured by the Atomic Energy Commission that it is vitally concerned with the problem of personnel security and has recently established a Review Board, headed by former Associate Justice Owen J. Roberts, to assist it in establishing standards and criteria with regard to the employment of personnel in this program. In this connection, the Commission is increasing its efforts to assure itself that there will be no weak links in the chain. The Commission is mindful of the importance of guarding against losses of security through weaknesses or disloyalty of personnel. The Canadian incident involving Dr. Allen Nunn May is ample warning to all of us of the consequences of relaxed vigilance.

The intent of the Congress with regard to security is clearly indicated in the terms of the Atomic Energy Act of 1946. The joint committee is convinced that the Atomic Energy Commission is devoting continuous attention to the responsibility of carrying out this intent. It has inaugurated programs designed to strengthen security and to further protect the vital phases of the project.

While recognizing that the Atomic Energy Commission is unique among Federal agencies, the committee, nevertheless, is aware of parallels, in many of the Commission's production activities, with major American industries such as petroleum refining, heavy chemical production, construction, and power equipment manufacture. It is, therefore, the policy of the committee to apply certain criteria applicable to private industry as yardsticks in studying the operations of the Commission.

To this end, the joint committee has requested from the Atomic Energy Commission a statement of its major programs in terms of present accomplishment and long-range forecasts for future activities. While the difficulties of formulating and stating such programs against a background of currently changing events are acknowledged, the committee believes it is impossible to examine current activities, expenditures and programs intelligently without possessing a clear-cut definition of the aims of the Commission in discharging their responsibilities under the Atomic Energy Act. The first report has been received and is being studied. Subsequent reports will be received on a quarterly basis.

Inquiries are made on such matters as production; construction; contractor performance; town management; personnel policy; power development; radioisotope sales; medical, biological, agricultural, and basic research; fiscal policy; stock piling; expert licensing; health and safety standards; and national research laboratories.

The relative importance of each of the above, and other subjects, to the joint committee's activities varies, but every effort is being made to integrate the total information so as to compose a relatively complete picture of atomic energy development today and in the months and years to come.

As a result of the threatened strike at Oak Ridge in November and December 1947, the joint committee has undertaken a thorough investigation of the important problem of a

formula that will assure continuity of work in the atomic-energy program. The committee is unanimous in its conviction that the national security demands uninterrupted operation of the critical facilities of the Atomic Energy Commission. Of the several operating production plants of the Atomic Energy Commission, Oak Ridge is the only one where labor is organized and bargains collectively for the production workers involved. The threat of a strike posed serious potential results as a consequence of interruption in the flow of materials from a possible shut-down of facilities and pointed up sharply the necessity for such an investigation. The committee expects to continue with its investigation and to recommend such action as its conclusions may justify.

Legislation

The committee has heretofore requested, and the request is in continuous effect, from the Atomic Energy Commission and from the Secretary of Defense, that any problems which they believe to exist or are reasonably foreseeable in the future, and which may require legislation or alteration of the act, be suggested to the committee from time to time for study and recommendation. At the time of filing this report, no such suggestions or recommendations have been received. It is the opinion of the committee that sufficient time has not yet elapsed to warrant any conclusions as to whether or not additional or supplemental major legislation will be needed in the program but constant attention is given at all times to this subject.

Summary

The joint committee is a legislative committee which was created as a special servant of the Congress to follow this vast and complex program within the terms of the act. The joint committee does not at this time recommend to the Congress any major legislation affecting the policies or the philosophy of the act. As a legislative committee, it does not feel that it should at this time draw any final conclusions respecting the operation of this program or the administrative policies in effect. Sufficient time has not elapsed to warrant conclusions of this kind. This is not to be construed either as an attitude of hostility or an attitude of approval, but on the contrary expresses an attitude on the part of the committee to objectively evaluate the various phases of the program as a result of more mature opportunity.

The Nation is presently far ahead of any other nation in the over-all knowledge and development in the atomic energy field, and the joint committee believes that we must continue to maintain our preeminence in this field in the future.

Respectfully submitted.

THE JOINT COMMITTEE ON ATOMIC ENERGY,

BOURKE B. HICKENLOOPER, *Chairman*.
W. STERLING COLE, *Vice Chairman*.

INTERIM REPORT OF SPECIAL COMMITTEE TO STUDY PROBLEMS OF AMERICAN SMALL BUSINESS—SURVEY OF ALASKAN NEWSPRINT RESOURCES (S. REPT. NO. 852)

Mr. CAPEHART. Mr. President, from the Special Committee To Study Problems of American Small Business, I ask unanimous consent to submit, pursuant to Senate Resolution 20, appointing a special committee to study problems of American small business, an interim report relating to a survey of Alaskan newsprint resources, and request that it be printed with illustrations.

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed as requested by the Senator from Indiana.

UNITED STATES INFORMATION SERVICE IN EUROPE (S. REPT. NO. 855)

Mr. SMITH. Mr. President, Senate Resolution 161 of July 26, 1947, authorized the Committee on Foreign Relations to appoint a subcommittee to make a "complete study and investigation with respect to the nature, manner of performance, and effect of all activities carried out by the State Department or any other agency of the Government for the purpose of acquainting the peoples of foreign countries with the United States, its peoples and their activities, and the policies and objectives of its Government." The subcommittee was authorized for the purpose of this resolution to cooperate with a subcommittee of the Committee on Foreign Affairs of the House of Representatives and to report not later than February 1, 1948.

I am pleased to ask unanimous consent to submit to the Senate this report and appendixes entitled "The United States Information Service in Europe."

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BYRD:

S. 2088. A bill to provide that the farm-acreage allotments for type 21 fire-cured tobacco for the marketing year 1948-49 shall not be less than such allotments for the marketing year 1947-48; to the Committee on Agriculture and Forestry.

S. 2089. A bill conferring jurisdiction on the Court of Claims to hear, determine, and render judgment on the claim of the heirs of William H. Peters and Washington Reed; to the Committee on the Judiciary.

By Mr. GURNEY:

S. 2090. A bill to authorize the President to permit nationals of other nations to receive instruction and training in schools, training establishments, ships, units, and other installations maintained or administered by the Department of the Army, the Department of the Navy, the Department of the Air Force, or the United States Coast Guard; to the Committee on Armed Services.

By Mr. BUCK (by request):

S. 2091. A bill to provide that children be committed to the Board of Public Welfare in lieu of being committed to the National Training School for Girls; that the property and personnel of the National Training School for Girls be available for the care of children committed to or accepted by the Board of Public Welfare, and for other purposes; to the Committee on the District of Columbia.

By Mr. CAPEHART:

S. 2092. A bill to amend section 8 of the act of June 19, 1886, as amended, and section 27 of the Merchant Marine Act, 1920, as amended, to enable the people of Alaska to obtain needed shipping service; to the Committee on Interstate and Foreign Commerce.

By Mr. LODGE:

S. 2093. A bill to incorporate the Italian-American World War Veterans of the United States; to the Committee on the Judiciary.

By Mr. CAIN:

S. 2094. A bill for the relief of Mrs. Pearl Shizuko Okada Pape; to the Committee on the Judiciary.

By Mr. WATKINS:

S. 2095. A bill to authorize the Secretary of the Interior to construct, operate, and

maintain the Central Utah project; to the Committee on Interior and Insular Affairs.

By Mr. MORSE:

S. 2096. A bill to except from the Federal admissions tax the first \$100 collected in any calendar year from the sale of admissions the proceeds of which inure to the benefit of any high or elementary school; to the Committee on Finance.

By Mr. BUTLER:

S. J. Res. 180. Joint resolution to maintain the status quo in respect of certain employment taxes and social-security benefits pending action by Congress on extended social-security coverage; to the Committee on Finance.

AMENDMENT OF PUBLIC HEALTH SERVICE ACT—AMENDMENT

Mr. SMITH submitted an amendment intended to be proposed by him to the bill (S. 1454) to amend the Public Health Service Act in regard to certain matters of personnel and administration, and for other purposes, which was ordered to lie on the table and to be printed.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (H. R. 4790) to reduce individual income-tax payments, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

EXTENSION OF AUTHORITY OF SPECIAL COMMITTEE TO STUDY PROBLEMS OF AMERICAN SMALL BUSINESS ENTERPRISES

Mr. WHERRY (for himself, Mr. CAPEHART, Mr. CAIN, Mr. MARTIN, and Mr. MURRAY) submitted the following resolution (S. Res. 191), which was referred to the Committee on Rules and Administration:

Resolved, That the authority conferred by Senate Resolution No. 20, Eightieth Congress, agreed to January 24, 1947 (creating a special committee to study the problems of American small business enterprises) and continued by Senate Resolution No. 153, Eightieth Congress, agreed to July 26, 1947, is hereby continued until the expiration of the Eightieth Congress.

Such committee is hereby authorized to expend from the contingent fund of the Senate \$50,000 in addition to the amounts heretofore authorized for the same purposes.

INTEROCEANIC SHIP CANAL ACROSS ISTHMUS OF TEHUANTEPEC

Mr. CHAVEZ submitted the following resolution (S. Res. 192), which was referred to the Committee on Interstate and Foreign Commerce:

Resolved, That in the furtherance of inter-American defense and Western Hemisphere economic progress and solidarity, the President is requested to enter into negotiations with the Government of the Republic of Mexico for the purpose of ascertaining the willingness of that Government to make a treaty providing for the construction, operation, and maintenance of an interoceanic ship canal across the Isthmus of Tehuantepec.

A PROGRAM FOR AGRICULTURE—ADDRESS BY SENATOR BALL

[Mr. BALL asked and obtained leave to have printed in the Record an address entitled "A Program for American Agriculture," delivered by him at the annual banquet of the Minnesota Farm Bureau Federation, at St. Paul, January 21, 1948, which appears in the Appendix.]

PENNSYLVANIA GOALS CONFERENCE—ADDRESS BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the Record an address delivered by him in introducing Hon. Clinton P. Anderson, Secretary of Agriculture, at a dinner meeting of the Annual Pennsylvania Goals Conference, Production and Marketing Administration, United States Department of Agriculture, at Harrisburg, Pa., on January 12, 1948, which appears in the Appendix.]

ADDRESS BY SENATOR MARTIN BEFORE UNION LEAGUE OF KANAWHA COUNTY, W. VA.

[Mr. BRICKER asked and obtained leave to have printed in the Record an address delivered by Senator MARTIN at a luncheon meeting of the Union League of Kanawha County, W. Va., and the Kanawha County Women's Republican Club at Charleston, W. Va., on January 26, 1948, which appears in the Appendix.]

AMERICAN STABILITY AND WORLD PEACE—ADDRESS BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the Record an address entitled "American Stability and World Peace," delivered by him at the annual meeting of the Pennsylvania Dress Manufacturers' Association at New York City on January 3, 1948, which appears in the Appendix.]

CITATION OF SENATOR MARTIN BY VETERANS OF FOREIGN WARS, AND STATEMENT TO COMMUNIST WAR VETERANS

[Mr. COOPER asked and obtained leave to have printed in the Record a citation given to Senator MARTIN, of Pennsylvania, by the Veterans of Foreign Wars of the United States, and a statement made by Senator MARTIN, of Pennsylvania, to Communist war veterans on May 9, 1947, which appear in the Appendix.]

THE CHICAGO SUBWAY—ADDRESS BY MAJ. GEN. PHILIP B. FLEMING

[Mr. LUCAS asked and obtained leave to have printed in the Record an address on the subject of the Chicago subway, delivered by Maj. Gen. Philip B. Fleming, Administrator of the Federal Works Agency, before the Chicago Association of Commerce and Industry, at Chicago, January 21, 1948, which appears in the Appendix.]

EDITORIAL TRIBUTE TO THE LATE JOSEPHUS DANIELS, FROM NEW YORK TIMES

[Mr. TAYLOR asked and obtained leave to have printed in the Record an editorial tribute to the late Josephus Daniels, published in the New York Times of January 16, 1948, which appears in the Appendix.]

THE OLD MASTER—EDITORIAL FROM THE DAILY ADVANCE, OF LYNCHBURG, VA.

[Mr. BYRD asked and obtained leave to have printed in the Record an editorial referring to a speech delivered by former Postmaster General James A. Farley at Lynchburg, Va., published in the Daily Advance, Lynchburg, Va., January 16, 1948, which appears in the Appendix.]

MORE POST OFFICES, MORE MONEY FOR POSTMEN—EDITORIAL FROM THE HOME NEWS (BRONX AND MANHATTAN, N. Y.)

[Mr. LANGER asked and obtained leave to have printed in the Record an editorial entitled "We Want More Post Offices; Postmen Need More Money," from the Home News (Bronx and Manhattan, New York City), of January 27, 1948, which appears in the Appendix.]

OUR PACIFIC POSSESSIONS—EDITORIAL FROM THE NEW YORK TIMES

[Mr. CORDON asked and obtained leave to have printed in the Record an editorial entitled "Our Pacific Possessions," from the New York Times of January 4, 1948, which appears in the Appendix.]

THE PRESIDENT'S BUDGET—EDITORIAL COMMENTS

[Mr. LUCAS asked and obtained leave to have printed in the Record an editorial entitled "Not Phony," from the Washington Star of January 29, and one entitled "Phony Economy," from the Washington Post, of January 30, which appear in the Appendix.]

ST. LAWRENCE SEAWAY—EDITORIAL FROM THE BOSTON HERALD

[Mr. SALTONSTALL asked and obtained leave to have printed in the Record an editorial entitled "St. Lawrence Ascension," published in the Boston Herald of January 28, 1948, which appears in the Appendix.]

PROGRAM OF BALTIMORE YOUTH ADVISORY BOARD—ARTICLE FROM BALTIMORE SUN

[Mr. O'CONNOR asked and obtained leave to have printed in the Record an article entitled "Award Honors Helpfulness," published in the Baltimore Sun of January 25, 1948, dealing with the program initiated by the Baltimore Youth Advisory Board, and certain awards in connection with that program, which appears in the Appendix.]

CONTINUATION OF RENT CONTROL—STATEMENT BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the Record a statement made by him on January 30, 1948, before a subcommittee of the Senate Committee on Banking and Currency, in connection with Senate bill 1741, to continue rent control, which appears in the Appendix.]

THE ST. LAWRENCE SEAWAY—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the Record a statement regarding the St. Lawrence seaway prepared by him, which appears in the Appendix.]

AMERICAN AID TO THE PEOPLES OF THE WORLD—STATEMENT BY WALTER WHITE

[Mr. CAPPER asked and obtained leave to have printed in the Record a statement by Walter White, secretary of the National Association for the Advancement of Colored People, before the Senate Committee on Foreign Relations, January 27, 1948, which appears in the Appendix.]

AUTHORIZATION FOR COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS TO MAKE CERTAIN EXPENDITURES, ETC.

Mr. LUCAS. Mr. President, on Wednesday there was a report from the Committee on Rules and Administration of Senate Resolution 189. I regret that I was not here when the resolution was acted upon. There are some things in it which, it seems to me, ought to be discussed. It calls for an appropriation of \$125,000. It was agreed to, apparently, without any objection. I ask unanimous consent that the vote be reconsidered and the resolution placed on the calendar.

Mr. WHERRY. Mr. President, I ask that the distinguished Senator withhold the request, if he will, at least until the chairman of the Committee on Expendi-

tures in the Executive Departments is in the Senate Chamber.

Mr. LUCAS. I will do that.

Mr. WHERRY. I suggest to the Senator that he make the request later in the afternoon, when the chairman is present.

Mr. LUCAS. I shall be glad to comply with the request.

POSTPONEMENT TO MARCH 1, 1948, OF
SUBMISSION OF REPORT BY JOINT
COMMITTEE ON THE ECONOMIC RE-
PORT TO STUDY CONSUMERS' PRICES

Mr. BALDWIN. Mr. President, Senate Concurrent Resolution 19, which was the concurrent resolution that created the subcommittees of the Joint Committee on the Economic Report to study consumers' prices, provided that the report of the committee should be submitted by the 1st of February. The three subcommittees, Mr. President, held very extensive hearings all over the country. As a matter of fact, I doubt if in recent years, if ever before, such an extended attempt has been made to get to the people and discuss with them any single problem. The result of it is that we have a tremendous amount of material. I think it is the sense of the committee, as a result of the meeting held a couple of days ago, that we would ask unanimous consent to extend the time for filing that report from the 1st of February until the 1st of March this year.

Personally I regret very much that we have to ask this extension, and I am extremely hopeful that the report of the committee will be available before the 1st of March, because it deals with the all-important subject of consumer prices. I am familiar, however, with the task with which the staff has had to labor, and with which the committee has had to labor. We desire to compile and submit a complete report, and to do so we shall need this additional time.

Therefore, Mr. President, I submit a concurrent resolution and ask unanimous consent for its present consideration.

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

The concurrent resolution (S. Con. Res. 38) was read, as follows:

Resolved by the Senate (the House of Representatives concurring). That section 2 of Senate Concurrent Resolution 19, Eightieth Congress, first session, is amended by striking out "February 1" and inserting in lieu thereof "March 1."

Mr. WHERRY. Mr. President, reserving the right to object, may I ask the Senator from Connecticut whether the concurrent resolution has been adopted by the members of the subcommittee to which the Senator refers?

Mr. BALDWIN. I know that the Senator from Ohio [Mr. TAFT], were he present, would offer this concurrent resolution. It was his office which got in touch with me about it. I have talked with two members of the committee, the Senator from Alabama [Mr. SPARKMAN] and the Senator from Vermont [Mr. FLANDERS]. Perhaps they can advise the Senate concerning that matter. I did not happen to be present at the last meeting of the committee myself because

I was attending the funeral of a dear friend in New York, so I cannot speak from my actual knowledge, but I am sure the resolution was favorably acted upon by the subcommittee.

Mr. WHERRY. Has the Senator requested that the concurrent resolution be presented to the Committee on Rules and Administration for its action?

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is asking unanimous consent for the present consideration of the concurrent resolution.

Mr. WHERRY. The Senator from Connecticut desires that the resolution be immediately acted upon on the floor of the Senate, without having gone through the usual procedure of having been referred to the Committee on Rules and Administration?

Mr. BALDWIN. That is correct.

Mr. WHERRY. The Senator states that the subcommittee is in favor of the resolution. The procedure is an unusual one.

Mr. FLANDERS. Mr. President, the concurrent resolution was agreed to by the subcommittee.

Mr. WHERRY. Very well. I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the concurrent resolution without reference to the Committee on Rules and Administration?

Mr. WHERRY. Mr. President, I am not going to object. I am stating to the Senate that the procedure requested to be taken now is an unusual one. The Senator in making his request does not follow the regular procedure, which is to have the resolution referred to the Committee on Rules and Administration, which would then act upon it, and, if it acted favorably, it would report it to the Senate for its consideration. In the future I believe we should adhere more strictly to that rule. I realize that the request is only for an extension of time to submit a report. I desire to accommodate the Senator. I believe the time should be extended. Therefore, I shall waive any objection. However, again I wish to say that the procedure is in violation of the rule. I think the rule is a very important one, which Members of the Senate should follow, if they can do so.

Mr. BALDWIN. Mr. President, I want to make it perfectly clear for the RECORD, so far as I am concerned, that I wish the report could be made available on the 1st of February, but it could not be made available as of that date. The concurrent resolution is one which the chairman of the committee, apparently, at the request of the full committee, was going to present today himself; but, not being present, his office has asked me to present it.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Connecticut for immediate consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 38) was considered and agreed to.

CELEBRATION IN CUBA OF FIFTIETH
ANNIVERSARY OF AMERICAN AND
CUBAN VICTORIES IN WAR WITH
SPAIN (S. REPT. NO. 854)

Mr. MARTIN. Mr. President, the Joint Committee on the Observance and Celebration in Cuba of the Fiftieth Anniversary of American and Cuban Victories in the War With Spain, created by House Concurrent Resolution 108, Eightieth Congress, agreed to July 26, 1947, submits the following report pursuant to section 2 (b) of said resolution:

In the discharge of its duties under House Concurrent Resolution 108, your committee has considered various plans for the observance contemplated by the resolution, and has had the active cooperation of representatives of the Cuban Embassy in Washington. After discussion of all plans, your committee has unanimously agreed upon the following recommendations:

(a) In connection with the observance of the fiftieth anniversary of the sinking of the United States battleship *Maine* in Habana Harbor, it is recommended that a delegation be appointed to be composed of two Members of the Senate to be appointed by the President of the Senate, two Members of the House to be appointed by the Speaker, and two representatives of the United Spanish War Veterans, consisting of the commander in chief and one other member of that organization, to attend the ceremony that will be held in Habana, Cuba, on Sunday, February 15, 1948. This action was approved after it was indicated by a spokesman for the Cuban Embassy that the Cuban Government would formally invite the delegation, through diplomatic channels, within the next few days. Expenses in connection with the visit of the delegation to Cuba are to be paid from the moneys authorized by House Concurrent Resolution 108.

(b) It is recommended that a joint session of the Congress of the United States be called for Monday, April 19, 1948, at which time the President of the United States will address the joint session. The President has already agreed to such action. In Habana, Cuba, on the same date, a joint session of the Cuban Legislature will be held, with the President of Cuba addressing the joint session. National and international broadcasting companies have indicated their willingness to cover these two joint sessions.

(c) While your committee is submitting this report not later than February 2, 1948, as provided in House Concurrent Resolution 108, it is recommended that the committee, together with its authority and authorized moneys, should be continued for a period of 30 days after April 19, 1948.

The necessary resolutions to carry out the foregoing recommendations will be submitted contemporaneously with this report.

To carry out this proposal, I ask unanimous consent that a concurrent resolution, which I submit, be now considered.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania has asked unanimous consent to have considered at this time, without reference to committee, a concurrent resolution. Or does the Senator merely ask unanimous consent to submit the concurrent resolution?

Mr. MARTIN. I should like to have consideration of the concurrent resolution now, because it is necessary to have the committee continued if we are to carry out the plan.

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

The concurrent resolution (S. Con. Res. 39) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That in commemoration of the fiftieth anniversary of the victory over Spain, resulting in the liberation of Cuba, the two Houses of Congress shall assemble in the Hall of the House of Representatives at 1 o'clock in the afternoon, on Monday, April 19, 1948.

That the joint committee created by House Concurrent Resolution 108, Eightieth Congress, is empowered to make suitable arrangements for fitting and proper exercises for the joint session of Congress herein authorized.

That invitations to attend the exercises be extended to the President of the United States and the Members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the diplomatic corps (through the Secretary of State), the general of the armies, the Chief of Staff to the Commander in Chief, the Chief of Staff, United States Army, the Chief of Naval Operations, the Chief of Staff, United States Air Force, the commandant of the Marine Corps, and the commandant of the Coast Guard, and such other persons as the joint committee shall deem proper.

That the President of the United States is hereby invited to address the American people at the joint session of the Congress in commemoration of the fiftieth anniversary of the victory over Spain.

Mr. LUCAS. Mr. President, reserving the right to object, how much money will this cost?

Mr. MARTIN. The committee had an appropriation of \$25,000, none of which has been expended. The proposed expenditure would be entailed by the sending of six persons to Havana, Cuba, for the observance of the fiftieth anniversary of the sinking of the battleship *Maine*.

Mr. LUCAS. Where does the \$25,000 come from?

Mr. MARTIN. It comes equally from the contingent funds of the House and of the Senate.

Mr. LUCAS. Did the original concurrent resolution provide for the kind of trip now proposed to be made?

Mr. MARTIN. The original concurrent resolution called for the appointment of four Members of the Senate and four Members of the House to recommend a suitable celebration of the fiftieth anniversary of the freedom of Cuba, and the report which I have just read, unanimously agreed to by the joint committee, recommends that we send a committee to Cuba to join in the celebration of the fiftieth anniversary of the sinking of the battleship *Maine*, and that on the 19th of April, which is the fiftieth anniversary of the adoption of the resolution that Cuba ought to of right be a free and independent state, there be held a joint session of the two Houses of Congress, to be addressed by the President of the United States. This would make a very fine and dignified recognition of this very important point in history. The broadcasting companies have signified their willingness to give us a world-wide hook-up. At this critical period in the history of the world it seems a fine opportunity for those two nations, which have gotten along so well during the past 50 years, to afford an example to the world that America is not an aggressive nation, but is interested in having free

government established throughout the world. The Cuban Government has very enthusiastically entered into these plans.

Mr. LUCAS. Mr. President, I object to the present consideration of the concurrent resolution.

The ACTING PRESIDENT pro tempore. Objection is heard. The concurrent resolution will be referred to the Committee on the Judiciary.

Mr. WHERRY. Mr. President, will the Senator from Illinois withhold his objection for just a moment so that I may ask a question?

Mr. LUCAS. Certainly.

Mr. WHERRY. Is my understanding correct, that a former concurrent resolution of authorization has already been passed, and that this simply amends the former concurrent resolution?

Mr. MARTIN. Yes. Of course, if it is desired to refer the concurrent resolution to the Committee on Rules and Administration, that is entirely agreeable to me.

I also ask unanimous consent to submit two other concurrent resolutions to carry into effect the recommendations of the committee. We must remember that the committee is to make its report on or before February 2, 1948.

Mr. LUCAS. Mr. President, I should like to accommodate the Senator from Pennsylvania; but a little while ago I asked unanimous consent for the reconsideration of a resolution which was passed on Wednesday. My request was objected to, and I think under the circumstances I shall object.

Mr. WHERRY. Mr. President, I hope the distinguished Senator will not allow that observation to stand in the Record. I did not object to reconsideration of the resolution. I asked the distinguished Senator to withhold his request until the chairman of the committee could be present.

Mr. LUCAS. That is correct; but the Senator told me later in the corridor that two Senators would object.

The ACTING PRESIDENT pro tempore. The Senator from Illinois objects.

Mr. MARTIN. Mr. President, I ask unanimous consent to submit two other concurrent resolutions in connection with this report, for appropriate reference.

The ACTING PRESIDENT pro tempore. Without objection, the concurrent resolutions will be received and appropriately referred.

EXTENSION OF JOINT COMMITTEE ON OBSERVANCE AND CELEBRATION OF VICTORY OVER SPAIN

Mr. MARTIN submitted the following concurrent resolution (S. Con. Res. 40), which was referred to the Committee on the Judiciary:

Resolved by the Senate (the House of Representatives concurring), That House Concurrent Resolution 108, Eightieth Congress, agreed to July 26, 1947, is amended by striking out the last sentence of section 2 (b) and inserting in lieu thereof the following: "The committee shall cease to exist upon the expiration of 30 days after April 19, 1948."

FIFTIETH ANNIVERSARY OF SINKING OF UNITED STATES BATTLESHIP "MAINE"

Mr. MARTIN submitted the following concurrent resolution (S. Con. Res. 41),

which was referred to the Committee on the Judiciary:

*Resolved by the Senate (the House of Representatives concurring), That House Concurrent Resolution 108, Eightieth Congress, agreed to July 26, 1947, is amended by adding at the end of section 3 thereof the following: "The funds made available under this concurrent resolution shall be available for paying the expenses of a delegation to attend the ceremonies that will be held in Habana, Cuba, on Sunday, February 15, 1948, in connection with the observance of the fiftieth anniversary of the sinking of the United States battleship *Maine*, to be composed of two Members of the Senate to be appointed by the President of the Senate, two Members of the House of Representatives to be appointed by the Speaker, and two representatives of the United Spanish War Veterans, consisting of the commander in chief and one other member of that organization, together with the expenses of any of the employees of the committee whose services are required in connection with this ceremony."*

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, just prior to the continuance of the debate on the St. Lawrence seaway by the distinguished Senator from Louisiana, I should like to suggest to the membership of the Senate, because some have asked me about it, the program for next week. It is the intention now to adjourn, at the conclusion of the session today, until Monday next at noon. Such a motion, of course, will mean that there will be a morning hour on Monday, during which the calendar will be called from the beginning for the consideration of measures to which there is no objection, after which the order of business again will be the St. Lawrence seaway, as the unfinished business on the calendar.

It is also our intention to have an executive session today when the debate is concluded for the day. On the calendar there are certain nominations which I think should be brought to the attention of the Senators at this time, because we shall ask that they be confirmed today.

It is also the intention, beginning Monday, to have daily sessions until the debate on the St. Lawrence seaway is concluded, if that meets with the approval of the Senate, at least until Thursday night. If it has not been concluded by that time, we will make further announcements about the program for the Friday session and also for next week.

If there is any question any Senator would like to ask, I shall try to answer it, but the program for next week is about as I have outlined it. I make this statement for the benefit of those who are interested in the program and who have telephoned me about it.

THE ST. LAWRENCE SEAWAY

The Senate resumed the consideration of the resolution (S. J. Res. 111) approving the agreement between the United States and Canada relating to the Great Lakes-St. Lawrence Basin with the exception of certain provisions thereof.

The ACTING PRESIDENT pro tempore. Under the order of Wednesday last, the Chair recognizes the senior Senator from Louisiana [Mr. OVERTON].

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

Mr. OVERTON. If it is the purpose of the Senator to suggest the absence of a quorum, I think there are about as many Senators now present as would be here after a quorum call.

Mr. WHERRY. I was about to say that if the Senator from Louisiana desired a quorum call, I would suggest the absence of a quorum.

Mr. OVERTON. I would not object to yielding for that purpose a little later.

Mr. WHERRY. Very well.

Mr. OVERTON. Mr. President, when the Senate was last in session, day before yesterday, we were addressed on the subject of the St. Lawrence seaway by the distinguished Senator from Massachusetts [Mr. LODGE]. His discourse upon this subject was very thorough, very able, and brilliant. It covered the whole subject matter, all that the proponents are now urging, and the opposition, in their arguments. After that masterly address by the junior Senator from Massachusetts I do not feel that I can add very much to the subject matter of the controversy, but I find myself face to face with one acquaintance. Shortly after I had been in the Senate, in 1934, I spoke against what was known in that day as the Great Lakes-St. Lawrence seaway treaty. It was presented to the Senate as a treaty, and it always has been presented as a treaty. Traditionally there has not been any agreement between the Dominion of Canada and the United States of America with respect to the boundary waters between the two countries, which has not been submitted in the form of a treaty. The agreement regarding the St. Lawrence project lost its aspect as a treaty, not by any act of the Senate, but by a decree of the State Department because it was felt that as a treaty possibly it could not muster a two-thirds vote in the United States Senate. Therefore, as a matter of strategy, it was considered better to offer it as an executive agreement, in the hope that it would command a majority vote of the Senate and of the House.

When the project was presented in 1934, the principal argument was that it would give employment to the unemployed. It came up again in 1945 as a national-defense project. Now, in 1948, it comes before us dressed in all the togs it had worn before—unemployment relief, navigation, power, national defense, plus the new theory presented, of self-liquidation through the levying of tolls.

It is doubtful if any measure ever considered by Congress has been the subject of more extensive hearings, more prolonged debate, and more decisive action than has the project for the construction of the Great Lakes-St. Lawrence seaway. Time after time for nearly a quarter of a century it has been paraded, in one form or another, through the legislative halls, each time to be decisively beaten back. When it was last presented as an amendment to a river and harbor bill it was defeated by a vote of more than 2 to 1. Impractical though it may be, economically unsound as it is, nevertheless, its proponents, in a critical hour like this, are insisting again that we dissipate our time and energy and sorely

needed national funds on a proposition which the people of the country, through their chosen representatives, have repeatedly rejected.

To my mind, the one thing which strongly indicts the St. Lawrence project as insupportable is the readiness with which it has been able through the years to change outwardly its shape and form, and yet inwardly remain the same stupendous blunder. It has been presented to the Congress as a treaty; it has come here as a public works project; and it has been here in the form of an agreement between the United States and Canada, in which form it now appears. Furthermore, the project continues to be, even in its more favorable aspects, highly questionable in its economics. Perhaps its proponents hope to becloud even further its economic unsoundness, and lull the Congress into agreement by covering its obvious defects with the lures of self-liquidation and national defense.

I fail to understand the reluctance, yea, the refusal, of the proponents of the St. Lawrence project to allow it to be the subject of the same searching study to which all our public works, in whatever category, are put. Could it be that they know it will fail to meet the test? Could it be that they, too, are convinced that if the searchlight of practical engineering and sound waterway economics is applied to it, it will be exposed as thoroughly unsound? It must be that their failure to demand this study proves their own apprehension that the project is not only impractical, but would never be able to stand on its own feet economically. This refusal of the proponents to allow the project to be carefully scrutinized in the regularly established way thunders its economic weakness. I know that the proponents of the St. Lawrence would have Senators believe and would have the country believe that such a study has been made, but I assert now that the thoroughgoing engineering and economic study which the Congress for nearly half a century has required on all waterway projects has not been made on the St. Lawrence. The established method for such examination has been ruthlessly and strangely ignored.

Congress many years ago established a method for examining all waterway projects, and since early in the present century the Congress has scrupulously insisted repeatedly that each project it authorized must first be handled in this established, orderly, and thoroughly sound manner.

The adopted method provides for the direction by the Congress of a preliminary examination and survey by the Army engineers. If the report is favorable, a complete survey and examination is undertaken, first by a district engineer, and then by a division engineer, who reports his conclusions to the Chief of Engineers. The Chief of Engineers first sends the report to the Board of Engineers for Rivers and Harbors, which then conducts a hearing on the project. The Board of Engineers for Rivers and Harbors then submits its report to the Chief of Engineers, who, in turn, also studies the entire case and drafts a report, which

report, as a precaution, under recent legislation, is submitted for comment to the governor or governors of the State or States involved. Thereupon the Chief of Engineers submits the entire report to the Congress.

If the report of the Chief of Engineers is favorable, the proper committee in the Senate or House calls for public hearings. These hearings are exhaustive and frequently extend over a considerable period of time. If the congressional committees then decide that the project is meritorious, appropriate authorization legislation is reported. The project then bears the scrutiny of the entire Congress, and to be effected must be adopted by it.

I insist that the St. Lawrence seaway is in no different category from any other waterway project in the country.

I am well aware of the argument which has been advanced by the proponents that the St. Lawrence seaway is different, and that it cannot, and should not, be treated as are our other waterway projects because of its international aspects. That argument collapses of its own weight. The St. Lawrence, except for length, is no different from the St. Mary's River, which connects Lake Superior and Lake Huron. It, too, is on the international boundary. The improved project falls within both Canada and the United States. But, mark you, they reckoned without their hosts, because the improvements on the St. Mary's River were, in truth and in fact, subjected to the same study and authorization process as were the improvements on the Ohio River.

In recent weeks many of us have been disturbed about the developments in Panama in connection with the great Canal which crosses that Isthmus. Many in this body on both sides of the aisle have become so disturbed that they have presented bills which would eventually lead to construction of other canals, one in Nicaragua, one in Mexico, and suggestion has been made of other routes through other Central American countries. Those who have taken the lead in this matter have not, however, attempted to circumvent the well and long-established policy of Congress. They could have followed the example of the proponents of the St. Lawrence and set out to evade the necessary engineering and economic study which should be given to such a huge undertaking. To their everlasting credit, however, they have not pursued that course, but rather have presented legislation which calls for a survey and examination by the Army engineers to determine the engineering practicability and the economic soundness of the various routes under discussion. And it is significant to point out that, at least from the standpoint of national defense, the situation to the south of us roars its importance, in comparison with that of the St. Lawrence, as a national-defense measure.

The claims of the proponents of the St. Lawrence project have been heard here. They are given in the report which accompanies the joint resolution now under consideration. They say, and would have the Senate believe, that an engineering and economic study has been made on this waterway. Just what, then,

is the so-called study which they use as the foundation of their entire argument? Who made it? How was it made? And why was it made as it was?

Well, first of all, someone asked the Army engineers to state whether the project was practical from an engineering standpoint, and if it was practical, how much it would cost to build it. That is all the Army engineers have been asked about. Then the proponents turned to the Department of Commerce and asked, in effect, How much commerce will such a waterway carry? That, in substance, was the problem which the Department of Commerce was given. So the Army engineers on the one hand go out and determine if such a channel can be built and then sit down with their pencils and figure the cost of construction. Simultaneously the Department of Commerce sits down and sends out some questionnaires, looks up a few figures here and there, does a bit of meditating and a bit of simple arithmetic, and profoundly states that so many millions of tons of commerce would use the waterway annually.

I have no animosity toward the Department of Commerce. As a matter of fact, I think the Department of Commerce, in its own particular fields, has done a reasonably able job. The Department of Commerce has had no experience in inland-waterway economics, and, so far as I know, has never conducted any economic studies in connection with the construction of any of our coastal harbors or inland waterways. The Department of Commerce did not then have and does not now have the personnel and the background which such a highly technical study demands.

Why were not the Army engineers asked to make the usual study of the St. Lawrence? Over and over that question repeats itself in every consideration of the St. Lawrence, in every test to which it is subjected. I do not know the answer. But I repeat that I suspect that it is because even the proponents know, as do many of us, that such a searching study might sound the death knell of the St. Lawrence project.

Now let us turn for a while to the national defense aspects of the St. Lawrence project. If ever a bubble burst wide open and dissipated into thin air, so has this empty claim of the proponents of the St. Lawrence that the project is of immeasurable and incalculable worth to our national defense. The claim is so thoroughly fantastic that it raises a serious doubt in my mind whether it was seriously advanced by the advocates of the proposal. So weak and lame is this contention that I have become convinced that it could not have been advanced in seriousness, but rather was held out as alluring bait in the absence of more substantial arguments. What does the official witness of the Department of National Defense, as it is now constituted, say about this fantastic claim? That witness before the committee was Secretary Royall. What did he say? I quote his testimony:

The Army's position and the War Department's position is that the St. Lawrence seaway is not vital to national defense, but

that the project would be helpful to national defense.

Through several pages of testimony in the hearings before the subcommittee an effort was made to obtain a stronger statement from Secretary Royall. I commend him for his honesty and frankness. Again and again he repeated verbatim and in substance this statement.

There is not a creek in Indiana, there is not a marsh in Florida, or a bayou in Louisiana about which Secretary Royall could not have made the same statement. The improvement of a creek, if it permitted full and extensive agricultural operations, would, of course, not be vital to the national defense, but the production of the food and fibers would quite obviously be helpful in time of war. I recall that during the war there were even some creek improvements which the War Production Board said were vital to the national defense. But the War Department will not say that the St. Lawrence is vital to the national defense. They say of the St. Lawrence what the War Production Board said of Loggy Bayou in north Louisiana, that its improvement would be helpful to the national defense. But the War Production Board would not allow the improvement of Loggy Bayou because it was not vital to the national defense.

The subcommittee and the majority report of the full committee make a valiant but vain effort to substantiate the claim of national defense necessity. The testimony shows that again and again an effort was made to make the project appear as one without which our great Nation no longer can defend itself from a foreign foe.

Mr. President, I submit that very far from being vital to our national defense, the St. Lawrence project, if built, may serve as the agent for seriously challenging our ability to protect that which we hold so dear from assault from without. I assert that the St. Lawrence waterway is not only not vital to the national defense, but that it would be harmful—perhaps even fatally harmful—to our national security.

This is not the first time in our national history that a situation similar to this has come under the eye and comment of one of our greatest statesmen. Before the Louisiana Purchase, the boundary of the United States did not extend beyond the western bank of the Mississippi River. The region extending westward beyond the Mississippi was owned and controlled intermittently by France and Spain, and then France again. It was a serious menace to our national defense as well as to our national economy. France owned and controlled the mouth of the Mississippi from the approximate latitude of Baton Rouge on down and held dominion over the remaining half of the mighty river.

In his third annual message to Congress on October 17, 1803, Mr. Jefferson, as President of the United States, who had negotiated the Louisiana Purchase, commenting on it, said:

The property and sovereignty of the Mississippi and its waters secure an independent outlet for the produce of the Western States and an uncontrolled navigation through

their whole course, free from collision with other powers and the dangers to our peace from that source.

Previous to this message to Congress, Thomas Jefferson wrote to John Dickinson as follows:

MONTICELLO, August 9, 1803.

DEAR SIR: Your friendly favor of the first instant is received with that welcome which always accompanies the approbation of the wise and good. The acquisition of New Orleans would of itself have been a great thing, as it would have ensured to our western brethren the means of exporting their produce; but that of Louisiana is inappreciable, because, giving us the sole dominion of the Mississippi, it excludes those bickerings with foreign powers, which we know of a certainty would have put us at war with France immediately, and it secures to us the course of a peaceable nation.

From the standpoint of national peril the St. Lawrence situation is more acute, in one important sense at least, than the situation with respect to the Mississippi River. The United States did have control of one-half of the Mississippi in practically its entire length. The St. Lawrence rises in the United States, leaves its borders and flows many miles through the Dominion of Canada. A foreign nation owns and controls not only its mouth, but its borders on both sides. While we are happily at peace today with the Dominion of Canada, and I hope will ever be, there can be no prediction as to what may occur sooner or later in a world so torn with bitterness, greed, and the prospects of additional warfare. Even if we remain on friendly terms with Canada, some strong foreign power may seize the outlets and lower reaches of the St. Lawrence, wrest it from the hands of the Dominion of Canada and have it backfire upon us as a menace, and perhaps a disaster to our national defense. Except for the unnavigable Rio Grande, the St. Lawrence is the only river rising in the United States and debouching its waters into the open sea through a foreign land. We have absolute power and dominion over all our streams and inland navigable waters from source to mouth.

Little consideration seems to have been given to the effects of this gigantic supposedly national cure-all upon one of the most vital cogs in our national-defense machinery, namely, the merchant marine, which may well be dealt a crippling if not fatal blow by construction of the St. Lawrence Channel. A few years ago the late Senator Josiah Bailey, of North Carolina, then chairman of the old Senate Commerce Committee, asked the principal ship operators in the country to express to him their views on this project. Their responses to the Bailey letter were read by me into the CONGRESSIONAL RECORD last May 8, and may be found on pages 4771-4779, volume 93, part 4. All except 1 of the 32 responding to the inquiry opposed the seaway, and stated that in the event of its construction they would be unable to extend operations to the Great Lakes area. That response was from the operators of vessels under the American flag. The late Senator Bailey communicated with 32 of the principal ship operators, and 31 of them answered that if the St. Lawrence

project were built they never expected to use it, and they showed that they could not use it.

These are the men who carry our goods to the four corners of the earth and bring back in their ships the raw materials, the finished products, and the produce our economy demands from around the globe. They qualify as the best experts on shipping. Day in and day out, year after year, they have engaged in it as a business enterprise.

Never have they been unwilling to enter into any shipping trade which offered economic merit. But what do they say of the St. Lawrence project? Our ships, they say, cannot and will not operate there. Since the channel would be only 27 feet in depth, ships drawing more than 24 feet could not use it. American ships, practically all of which have been constructed to much greater draft, could not operate on the route, but many foreign ships could.

Mr. President, I should like to read a statement showing the depths of the principal ports of the United States. Bear in mind that the depth of the St. Lawrence Channel is to be 27 feet, and that vessels drawing more than 24 feet could not use that channel.

These are the depths of the ports for which I have figures:

	Feet
Portland, Maine.....	35
Boston, Mass.....	40

Those are the minimum controlling depths in those harbors.

	Feet
Providence, R. I.....	35
New York, N. Y.....	45
Philadelphia, Pa.....	37-40
Baltimore, Md.....	35-39
Norfolk, Va.....	40
Newport News, Va.....	40
Wilmington, N. C.....	32
Charleston, S. C.....	35
Savannah, Ga.....	34
Jacksonville, Fla.....	30
Tampa Harbor, Fla.....	30
Mobile, Ala.....	32
New Orleans, La.....	35-40
Lake Charles, La.....	35
Port Arthur, Tex.....	36
Beaumont, Tex.....	34
Houston, Tex.....	34
Texas City, Tex.....	34
Corpus Christi (Port Aransas), Tex.....	34
Los Angeles-Long Beach, Calif.....	35
Richmond, Calif.....	30-32
Oakland, Calif.....	30-35
San Francisco, Calif.....	40
San Pablo Bay and Mare Island Strait, Calif.....	30
Portland, Oreg.....	35
Seattle, Wash.....	34
Tacoma, Wash.....	29-30
Everett, Wash.....	30

Those are the actual depths authorized by Congress with respect to those ports of the United States.

Now, let us turn from the main ports of the United States and look at the ports on the Great Lakes. Let us see how they can utilize even vessels of 27-foot draft. The following are the authorized depths of the principal ports on the Great Lakes:

	Feet
Duluth-Superior, Minn.....	25-26
Two Harbors (Agate Bay), Minn.....	26
Milwaukee, Wis.....	21
Ashland, Wis.....	25
Chicago, Ill.....	21
Calumet Harbor, Ill.....	25-26
Indiana Harbor, Ind.....	25-26

I regret that the senior Senator from Wisconsin, who has charge of the joint resolution and who is so interested in the Great Lakes region, is not here to get these figures. Apparently he is not apprised of them.

	Feet
Gary Harbor, Ind. (private).....	27
Muskegon, Mich.....	21
Detroit, Mich. (in through channel).....	25-26
Toledo, Ohio.....	25
Cleveland, Ohio.....	25
Sandusky, Ohio.....	21-22
Buffalo, N. Y.....	22-25
Rochester (Charlotte) Harbor, N. Y.....	20
Oswego Harbor, N. Y.....	21

There is the story.

So, Mr. President, we see that in the Great Lakes there are harbors of insufficient depth to accommodate themselves to the proposed new traffic without the expenditure of vast sums of money.

The St. Lawrence would open our shipping to the tramp steamers of the world, thus taking from American bottoms American goods which should be transported on American-flag ships. For many, many years our Government has subsidized our merchant marine to make it competitive with the fleets of other nations, who build ships and man them for a fraction of the cost which a United States operator must pay. Even then, an inadequate merchant marine always has been a source of anxiety to our military leaders when they were faced with the problem of defending our country.

Certainly the American seamen who transported fighting men to fronts which covered the globe, and then made it possible for them to stick there by the constant flow of ammunition, food, clothing, and equipment played an extremely vital role in the victory in the last war. Without our merchant marine, we would never have been able to have maintained ourselves in the dark days of 1942 and 1943.

I think it would be just as unwise for us now to scrap our merchant marine as it would be to say that in these days of rockets and atom bombs, the tank no longer is a practical means of warfare, and we will therefore abandon our armored forces. That would be nonsensical. Yet the proponents of the St. Lawrence seaway are asking us to do to the American merchant marine what they would not dare propose for our tank and air forces—cripple and destroy them.

Among the objections offered by the ship-line operators was that the seaway would be in use only 7 months each year, since ice conditions would prevent operations during five winter months. They explained that port facilities and offices would have to be maintained the year round, even though cargoes could be handled only 7 months. At the same time, they said, similar facilities would have to be continued at Atlantic ports to provide for traffic during the time the seaway was inoperable.

One operator pointed out that Chicago is only 1,500 miles from the ocean via the Mississippi River system to New Orleans, whereas the route through the Great Lakes and the St. Lawrence to the ocean would be in excess of 2,200 miles. He expressed the opinion that current freight rates, including the cost of transfer from barge to ship at New Orleans, are cheaper than the ship rate would be from Chicago to the Atlantic by way of

the St. Lawrence, since the reduced draft and high insurance rates caused by the rocky canal channels and 15 locks through the St. Lawrence project would, along with the distance involved, offset any other considerations.

Are we, then, Mr. President, going to trade our merchant marine, which so recently so well proved its worth to our national defense, for something which even the Secretary of War has damned with faint praise as "helpful to our national defense"? Are we to say to those brave men who struggled so bravely against the elements and against enemy submarines only a short time ago that we no longer need them? Are we to say to those who felt the impact of hot enemy lead or who sat hungry in open lifeboats for days, awaiting rescue, that their sacrifices were unnecessary? Yet that is what we would do if we were to build the St. Lawrence seaway and open it to the tramp steamers of the world, and thus take from our own merchant marine that which would keep it virile and ready against the day when it might again be called to arms.

Mr. President, in presenting this joint resolution, the proponents of the St. Lawrence seaway have gone even farther astray than they ever dared before. By inserting a section providing for the imposition of tolls on the use of the proposed waterway under the guise of self-liquidation, they are undertaking to overturn a policy so firmly imbedded in our national life that its origin is found in the ordinances under which this then infant Nation was governed under the Articles of Confederation.

Mr. President, the matter of tolls is very important. It is a brand new phase of this subject; it has been injected into this proposal only recently. Now for the first time it has been brought to the attention of the Senate. During my 17 years in the Senate of the United States I have had occasion to make some study of waterways. Therefore, if I may suggest the absence of a quorum, without losing the floor—

The ACTING PRESIDENT pro tempore. The absence of a quorum has been suggested. The clerk will call the roll.

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

Alken	Gurney	Moore
Baldwin	Hatch	Morse
Ball	Hawkes	Murray
Barkley	Hayden	Myers
Brewster	Hickenlooper	O'Connor
Bricker	Hill	O'Daniel
Bridges	Hoey	O'Mahoney
Brooks	Ives	Overton
Buck	Jenner	Reed
Bushfield	Johnson, Colo.	Revercomb
Butler	Johnston, S. C.	Russell
Byrd	Kem	Saltonstall
Cain	Kilgore	Smith
Capehart	Knowland	Sparkman
Capper	Langer	Stennis
Chavez	Lodge	Stewart
Connally	Lucas	Taylor
Cooper	McCarran	Thomas, Utah
Cordon	McCarthy	Thye
Donnell	McClellan	Tobey
Downey	McFarland	Tydings
Dworshak	McGrath	Vandenberg
Eaton	McKellar	Watkins
Ellender	McMahon	Wherry
Ferguson	Magnuson	Wiley
Flanders	Malone	Williams
Fulbright	Martin	Wilson
George	Maybank	Young
Green	Millikin	

Mr. WHERRY. I announce that the Senator from Wyoming [Mr. ROBERTSON] is absent on official business.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Oklahoma [Mr. THOMAS] are absent on public business.

The Senators from Florida [Mr. HOLLAND and Mr. PEPPER] and the Senator from Virginia [Mr. ROBERTSON] are absent by leave of the Senate.

The Senator from North Carolina [Mr. UMSTEAD] and the Senator from New York [Mr. WAGNER] are necessarily absent.

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

Mr. OVERTON. Mr. President, there is no policy which is more thoroughly embedded in our national life than the policy of no tolls on any waterways within the jurisdiction of the United States. That policy was established in the very dawn of the Nation. Its origin is found in the ordinance under which the then infant Nation was governed under the Articles of Confederation. Repeatedly since that time the Congress and our administrative agencies reaffirmed our national belief that our waterways should be open to all on equal terms. I am of the view that the proposal now before us is the greatest threat which has ever faced the use and continued development of our great inland-waterway system.

I was particularly struck by the testimony of the representative of the Association of American Railroads when he appeared before the subcommittee of the Committee on Foreign Relations of the United States Senate and discussed the toll feature. I think his statement perhaps best illustrates the fear which I am sure many Senators share with me that the imposition of a toll on the St. Lawrence would serve as only the forerunner of an attempt to levy similar assessments on our other waterways. Dr. J. H. Parmelee, vice president of the association, had this to say:

Now, if a principle of tolls is established on the St. Lawrence waterway, presumably that will be continued into other waterways. It at least would be an opening wedge for its consideration by Congress in connection with waterway developments elsewhere. We would welcome that as a development of thought and principle in this country, and to that extent it seems to me that every railroad in the United States, regardless of its position and location, is interested in this principle of self-liquidation as proposed to be applied to the St. Lawrence waterway. In other words, I am putting it on a somewhat broader basis than that of merely traffic competition.

Dr. Parmelee's statement is the view of the railroad industry, for many times the railroads have come forward advancing proposals to levy tolls on our inland waterways.

Let us go back to the beginning and trace as best we can this national policy of toll-free waterways. Apparently the earliest national declaration on the subject of taxation for use of navigable waterways was in the Ordinance of 1787 for the Government of the Territory of the

United States northwest of the Ohio River, in which article 4 states:

The navigable waters leading into the Mississippi and St. Lawrence and the carrying places between the same shall be common highways and forever free, as well to the inhabitants of the said territory as to the citizens of the United States and those of any other States that may be admitted into the Confederacy, without any tax, impost, or duty therefor.

In the early days of our Republic when our great rivers served as the principal avenues of commerce, our natural waterways remained free for use by all. The Federal Government faced waterway development as one of the important issues of the day, for many of the leading statesmen of that period recognized the necessity for the development of our great natural resources and the extension of our avenues of travel if we were to become strong and virile. In those early days in the beginning of the nineteenth century, the Congress authorized surveys and provided funds for clearing and snagging our rivers. A great city in my own State, Shreveport, was named for Captain Shreve, whose name became legend on the rivers for his efforts to clear them of obstructions and open them to navigation. With meager funds and primitive methods, he traveled the great rivers of our country—the Missouri, the Ohio, the Mississippi, the Red, and the Arkansas—keeping them as best he could open to the commerce of a growing Nation. Captain Shreve's career was a fitting parallel to the history of his day. But in his day, as now, there were no tolls on these great natural waterways. I doubt seriously that our great western development could have ever been accomplished if the leaders of that day had been so blind as to have insisted upon or allowed the imposition of tolls on those streams.

Mr. FERGUSON. Mr. President—
The PRESIDING OFFICER (Mr. IVES in the chair). Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. OVERTON. I yield.

Mr. FERGUSON. Does the Senator make a distinction between the Mississippi River, the Missouri River, the Ohio River, and the St. Lawrence River, the latter river being an international waterway?

Mr. OVERTON. None whatsoever, because the St. Lawrence River rises in the United States, flows within the jurisdiction of the United States for a large part of its course, and then flows through the Dominion of Canada. I make no such distinction as that, because if tolls are imposed on the St. Lawrence River, they will be imposed on a river which is within the control and jurisdiction of the United States.

Mr. FERGUSON. The same thing took place on the Suez Canal and on the Panama Canal.

Mr. OVERTON. I shall reach that in a moment, and show the difference between the two situations.

Mr. FERGUSON. Is the Senator familiar with the fact that the 1909 treaty between the United States and Canada

provides, in effect, that tolls might be charged on this international waterway?

Mr. OVERTON. There has been no agreement as to the imposition of tolls on the part of the United States.

Mr. FERGUSON. Does not the treaty provide for such tolls?

Mr. OVERTON. I do not recall exactly whether it so provides. If the able Senator from Michigan says it does, I accept his statement.

Mr. FERGUSON. I do not think there is any doubt about it.

Mr. OVERTON. But, as a matter of fact, tolls have never been imposed. There has to be an agreement by the Congress.

Mr. FERGUSON. Up to this time they have not been imposed. Is the Senator seriously objecting to a provision for the self-liquidation of the St. Lawrence waterway project?

Mr. OVERTON. I am.

Mr. FERGUSON. And that objection comes principally from the fact that he fears that would cause the Congress to impose tolls on the Mississippi, the Ohio, and various other rivers of this country?

Mr. OVERTON. That is correct.

Mr. FERGUSON. I see a great distinction, because the St. Lawrence River is an international waterway. The treaty provides that such tolls may be imposed, and therefore self-liquidating projects could be established. But I do not see any precedent whatever for any fear the Senator may have that that would make domestic waterways in America toll waterways. I hope the Senator does not feel that way about it.

Mr. OVERTON. It certainly is an entering wedge. The President of the National Association of American Railways testified that he felt it was an entering wedge, in effect, and said that we could not very likely escape that conclusion. If tolls are imposed on the use of the St. Lawrence River, tolls could also be imposed on the use of other navigable streams within the domain of the United States. I just read a quotation from his testimony.

Mr. FERGUSON. Were not the railroads the ones who first objected to transit of the St. Lawrence River being free of tolls, because it involved competition which was unfair to them, because they paid taxes on their rights of way, and had to pay all the expenses of private enterprises, and therefore objected to building a waterway to be free of tolls? Now they reverse themselves and say, "We are fearful, now, that there will be tolls upon the Mississippi River." Does not the Senator think that they are bringing that forward for the purpose of giving the people on the Mississippi River occasion to feel that they will be prejudiced by this particular project?

Mr. OVERTON. I am not talking about the Mississippi River only; I am talking about all the streams throughout the United States.

Mr. FERGUSON. So am I. I am interested in the Mississippi River, and in every other river in the United States.

Mr. OVERTON. I know, because I have dealt with river and harbor bills for a number of years in the Senate, that every time one of those bills provided

that navigation projects be authorized, railroad companies appeared in favor of tolls being imposed upon the waterway involved. They pointed out that the competition was unfair; that they had to pay taxes, and so forth, that they had great burdens to bear, and that therefore there should be tolls imposed upon the use of such waterways. They take the position now before the Committee on Foreign Relations, "If you start with the St. Lawrence waterway, all right and good. We will be glad of it, because we will consider that as an entering wedge."

Mr. FERGUSON. I think they are opposing it. They first opposed it on the toll idea. They thought there should be tolls, and then when the committee arranged legislation to provide for tolls, they said, "You people on the Mississippi, be careful, because if the Government ever puts a toll on the St. Lawrence River you can expect tolls on the Mississippi River and every other waterway."

Mr. OVERTON. They are opposing and have opposed, as the Senator knows, the St. Lawrence waterway from the very beginning. They have opposed it on the ground of undue competition with railroads. However, they are not opposing the imposition of tolls on the St. Lawrence waterway; they are opposing the St. Lawrence waterway itself.

Mr. FERGUSON. Will the Senator yield further?

Mr. OVERTON. I yield.

Mr. FERGUSON. The early railroad people of America had great vision; there is no doubt about it. I hope that the present operators of the railroads will acquire the same vision, and not oppose a project like the St. Lawrence waterway, because at the outset it may take a few dollars from them, for I am satisfied that when the project is completed the whole Nation will be benefited, and the railroads will be carrying local traffic to various inland points of America, even across the border into Canada, and it will bring to them a much greater harvest than they have experienced up to the present time. It will require vision. Railroad men in the past were men of vision. I hope the present railroad operators will look at what is proposed from the standpoint of the Nation as a whole, and not merely from the standpoint of a particular waterway.

Mr. OVERTON. Let me say, Mr. President, that the early development of the West was not by the railways. It was by those who had the vision to use the waterways. They used canoes, skiffs, and flatboats, and carried their produce along the rivers which had their sources in the western area. After the West was built up sufficiently to invite the railroads, the railroads went in and, under big land grants given by the United States, proceeded to construct railroads.

I am not in sympathy with the railroads in their desire to impose tolls on waterways. On the contrary, I have continuously fought the imposition of tolls upon our waterways. Let me tell the Senator what happened. The railroads ran commerce off the waterways of the United States when they got entrenched with their roadbeds and their rolling

stock which carried freight swiftly, and they were in competition with the steamboats and finally drove them off the rivers. Water transportation has come back. We have barge lines and towboats, with their modern Diesel engines, and the waterways are able now to maintain themselves.

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

Mr. OVERTON. I yield.

Mr. FERGUSON. I am in sympathy with the waterways. We are appropriating great sums for them, without the imposition of tolls. Coming from Michigan, I favor the development of the whole United States. Let me read what one of the railroad men said—Dr. Parmelee—on page 212 of the record of the hearings. The Senator from Wisconsin [Mr. WILEY] was asking the question, and this is his question:

What your answer means now is that you would be in favor of it if you could get all of the competing facilities with the railroads put on a self-liquidating basis.

Dr. PARMELEE. I would not say in favor of it; no. I don't know that any business enterprise goes out and works hard for its competitors. But at least we would not be before Congress opposing it.

Senator WILEY. We agree, then, that you are in favor of the self-liquidating idea?

Dr. PARMELEE. Absolutely; yes, sir.

Mr. OVERTON. He explained in another statement why. He said:

If the principle of tolls is established on the St. Lawrence waterway, presumably that will be continued in the other waterways.

That is the reason why.

It at least would be an opening wedge in the consideration by Congress in connection with waterway development elsewhere.

Mr. FERGUSON. On what page is that?

Mr. OVERTON. I do not have the page, but it is a verbatim quotation from his testimony. I am sorry I do not have the page.

Mr. FERGUSON. Does the Senator really take seriously the statement that if the waterway is put on a self-liquidating basis this Congress would impose tolls on waterways inside the United States?

Mr. OVERTON. I am not talking about this particular Congress, but I have read enough of history and have lived through a large enough portion of it to know that policies can gradually be upset and overturned. I have seen that in my day. It has happened sometimes from one session to another. But as a rule policies are gradually undermined. That is what can happen. I take it very seriously. It may happen if we undertake to impose tolls on a waterway simply because a part of the stream flows through another country.

Mr. FERGUSON. Does the Senator really believe that constructing this waterway would be a detriment to Louisiana?

Mr. OVERTON. I am not making any such argument. I said at the outset that I would not. I would rather discuss the subject from a broad national standpoint. Is the Senator upholding it simply because he thinks it will benefit Michigan?

Mr. FERGUSON. No; but I think it will benefit Louisiana.

Mr. OVERTON. I am very glad to have the Senator's opinion on that question.

Mr. FERGUSON. The development of the Midwest has been a great benefit to Louisiana.

Mr. OVERTON. I am certain the imposition of tolls will not be of any benefit to Louisiana, or to Missouri, or to Michigan.

Mr. President, I was talking about Captain Shreve. Following that, I began to make the statement that in 1884, 64 years ago, Congress adopted legislation declaring free waterways to be the national policy. Now the proponents of the project undertake to say, "Yes; it is a free waterway; but if a part of it goes into the Dominion of Canada it is no longer to be a free waterway, but is to be taxed with tolls because the Dominion of Canada wants it"—or because of some other reason, perhaps because they want to build this project into a scintillating rhapsody of self-liquidation.

Mr. President, I shall undertake to show that there will not be any self-liquidation about it.

In 1884, 64 years ago, the Congress adopted legislation declaring free waterways as the national policy; and then in 1909 reiterated the policy in language which is, so far as I am able to determine, the law of the land today. This language, which is contained in a River and Harbor Act of March 3, 1909, reads as follows:

That no tolls or operating charges whatever shall be levied upon or collected from any vessel, dredge, or other watercraft for passing through any lock, canal, canalized river, or other work for the use and benefit of navigation now belonging to the United States or that may be hereafter acquired or constructed.

The Interstate Commerce Commission has followed that policy and has stated it succinctly on numerous occasions. Perhaps the Commission's clearest expression on the policy is contained in its decision in the case of Decatur Navigation Co. against Louisville & Nashville Railroad, which was decided on July 14, 1914. In that decision the Commission made this statement:

A natural waterway improved by the expenditure of public funds should be thrown open as far as possible to the free and unrestricted use of all those who desire to avail themselves of it. It differs materially from a privately constructed and privately owned roadbed which, though quasi-public in nature, is built by individuals or corporate interests primarily for their own gain. A navigable river is a public highway, a natural avenue of commerce, and the public interest demands that its advantages be utilized to the fullest extent.

I should like to have the Senator from Wisconsin, who apparently is very much interested in this question, consider carefully that statement by the Interstate Commerce Commission. Certainly the Interstate Commerce Commission has given as much study to this question as anyone else has and is not inclined to favor the waterways.

Mr. President, I shall repeat the opening sentence of the decision of the Interstate Commerce Commission which I have already quoted.

Mr. WILEY. What is the date of that decision, please?

Mr. OVERTON. July 14, 1914. It is to be found in the case of Decatur Navigation Co. against Louisville & Nashville Railroad:

A natural waterway improved by the expenditure of public funds should be thrown open as far as possible to the free and unrestricted use of all those who desire to avail themselves of it.

Mr. President, what is it proposed that we do with the St. Lawrence? Would not we be pouring money out of the coffers of the United States Treasury to build up the St. Lawrence as a waterway? If we do that, does not it come within the purview of the statement made by the Interstate Commerce Commission that such waterways should be free and unrestricted in their use?

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

Mr. OVERTON. I yield.

Mr. WILEY. Of course the distinguished Senator from Louisiana realizes that the St. Lawrence River, after passing the northern boundary of New York, is wholly in Canada; that the portion of the river which flows out of Lake Ontario to Montreal runs between two nations; after that, on its way to the sea, it flows entirely in Canadian territory. The Senator from Louisiana understands that, I am sure; does he not?

Mr. OVERTON. I also understand that the Great Lakes are a part of this whole project, and that one-half of all of them, with the exception of Lake Michigan, lies within the United States. All of Lake Michigan lies within the domain of the United States.

Mr. WILEY. The Senator from Louisiana also understands, does he not, that his statement that the St. Lawrence rises in the United States is incorrect?

Mr. OVERTON. No; I was not incorrect.

Mr. WILEY. The St. Lawrence is the outlet for the Great Lakes system, and the Great Lakes system provides a boundary between the United States and Canada.

Apropos of the discussion about the railroads which the distinguished Senator from Michigan [Mr. FERGUSON] had with the distinguished Senator who now has the floor, let me say now that in 1900 or thereabouts, the great railroad men of the United States, including Howard Elliot, of the Northern Pacific; H. E. Byram, of the Milwaukee & St. Paul; C. H. Markham, of the Illinois Central; Fred W. Sargent, of the Northwestern; Ralph Budd, of the Great Northern; Charles Donnelly, of the Northern Pacific; Edward Pennington, of the Soo; S. M. Felton, of the Chicago North Western; Hale Holden, of the Burlington; and Henry Thornton, of the Canadian National, the men who had the vision and built the railroads, saw the possibilities of the St. Lawrence project, and endorsed it.

Mr. OVERTON. I do not question that. But the Senator from Wisconsin now takes the position that the American railroads are opposed to this project. That is quite true.

Mr. WILEY. No, Mr. President. If the Senator will further yield, let me say

that the situation is that the railroads have gotten into the hands of the eastern interests, and they have formed an association; and my dear personal friend, Mr. Faricy, has been elected by all the railroads and has come to Washington, and it is now his business to look after the business of the railroads before the Congress.

But many eminent Members of this body—and among them I mention such outstanding Senators as the distinguished Senator Walsh, of Montana—have said and demonstrated, I think, without any question, that all railroads to the west and even those south of the Great Lakes will essentially be benefited by the construction of the St. Lawrence seaway project, and that if any railroads are injured, it will be those that go from Chicago to the east coast.

Mr. President, although the railroads now have one great organization and one gentleman who speaks for all of them, the actual fact is, as indicated by former Senator Walsh and other outstanding men, that the best interests of the railroadmen will be promoted by seeing to it that this waterway is constructed.

I agree that the situation we now confront is somewhat similar to that in the case of the Taft-Hartley bill, with respect to which the leaders of certain movements made very positive statements, and in that connection said they voiced the views of American labor. They attempted to influence some legislators, and to a certain extent they did influence some of them. However, those leaders did not actually express the opinion of the common workingman of America. The polls which have been taken since that time have clearly indicated that those leaders did not correctly express the views of the American workingman.

So it is that today the organized voice of the railroads, the big fellows, whose interests are closely allied with those of the financial interests in the East, does not represent the heart and soul of the railroads or the heart and soul of the men who work for and are interested in the railroads; at least, that is my own conclusion, based upon conversations I have had with many of those who are directly concerned, and also based upon a study of the practical situation and a consideration of the outline map of the United States.

Mr. OVERTON. Mr. President, after all is said and done, the Association of American Railroads is opposed to the construction of the St. Lawrence seaway, and is in favor, if the seaway is authorized, of the imposition of tolls on its navigation, and in that connection it makes the frank statement that that would be an entering wedge for the imposition of tolls on other waterways in which the United States is interested or over which it has dominion.

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

Mr. OVERTON. I shall be very glad to yield, if the Senator from Wisconsin can throw any light on this matter. If he can show me that the Association of American Railroads is not opposed to the St. Lawrence seaway project, and is

not in favor of the imposition of tolls if the project is authorized, then I shall be very glad to hear about it.

Mr. WILEY. I admit that on the record the Association of American Railroads is opposed to the St. Lawrence seaway. That is why that organization is lobbying around here. But that is not the question.

I should like to have the Senator from Louisiana indicate the page of the hearings from which he quoted a few moments ago when he made the statement that the imposition of tolls on the St. Lawrence seaway project would be an entering wedge.

Mr. OVERTON. That statement is to be found at the bottom of page 211, and I should like to have the Senator read it.

Mr. WILEY. Is the Senator from Louisiana referring to the hearings on Senate Joint Resolution 104?

Mr. OVERTON. I refer to the hearings on Senate Joint Resolution 111, held on May 28 and 29 and June 11, 12, 13, and 20, 1947.

Mr. President, in 1939 the House of Representatives Committee on Interstate and Foreign Commerce had before it legislation proposing the imposition of tolls on the users of inland waterways. So we see that the matter of the imposition of tolls on our inland waterways is something that is being agitated and is pressed from time to time, and we see that in 1939 there was pending in the House of Representatives a legislative proposal for the imposition of tolls on the users of inland waterways. At that time the Secretary of War made a statement in regard to that legislative proposal. Of course, the very able and distinguished Senator from Michigan [Mr. FERGUSON] likes to quote the Secretary of War as being in favor of this project, but I should like to have the Senator listen to what the Secretary of War had to say in reference to the question we now are discussing:

The establishment of a tolls system would be a reversal of a long-established national policy regarding navigable waterways as highways open to all without restrictions in the form of charges for use. The great preponderance of freight transported on inland waterways is composed of bulky, low-grade commodities that would not move in volume if low-cost transportation were not available. Any influence, therefore, which resulted in an increased transportation cost would be reflected in a decreased movement of freight.

That is just as true of the St. Lawrence as it is true of the Mississippi River, of the Arkansas, or of the Missouri.

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

Mr. OVERTON. No, not until I finish this quotation.

The ACTING PRESIDENT pro tempore. The Senator declines to yield.

Mr. OVERTON. I continue the quotation:

It is believed that the imposition of a toll system would, at this stage of waterway development, almost certainly defeat its primary purpose. Faced with ever-lessening traffic requiring ever-increasing tolls per ton to meet the requirements of this bill, the situation would progress toward a total absence of tonnage, an impossible toll charge, and a complete break-down of the waterway transportation system.

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

Mr. OVERTON. I yield.

Mr. WILEY. Would the Senator support the bill if the toll feature were eliminated?

Mr. OVERTON. Not a bit. I never have supported it. I do not expect to support it.

Mr. WILEY. When a similar bill without a toll feature in it was considered at a former time, I believe the Senator argued it would be a great detriment to the port of New Orleans and the South, if the St. Lawrence waterway were put through. Is that not correct?

Mr. OVERTON. That was at a time when there was a limitation on the amount of water that could be taken out of an American lake, namely, Lake Michigan, and sent down the Illinois River. I made the argument, among other arguments, that that limitation should not be imposed upon the United States of America under the guise of a treaty.

Mr. WILEY. Were not all the witnesses from New Orleans, at that time, and at the hearings on the pending measure, this time, basing their testimony on the theory that if the St. Lawrence seaway were completed New Orleans would lose a considerable amount of traffic?

Mr. OVERTON. I do not know. I did not attend the former hearings, and I have not attended the latter hearings, nor have I read the evidence before the committee.

Mr. WILEY. Was the testimony not based on the theory that New Orleans would be economically injured?

Mr. OVERTON. I do not know. I do not know what the New Orleans people said, and I do not care; I am speaking for myself. Now, that is being perfectly frank.

Mr. WILEY. The Senator is always frank and always responsive. He has made it definitely clear now that, no matter what kind of resolution were offered, no matter what the people of the country asked in relation to the St. Lawrence, whether that it be toll free or accompanied by the imposition of tolls, the Senator would be against it. That is very clearly the situation.

Mr. OVERTON. I did not say anything of the kind. I do not recollect the people of the United States rising en masse and blocking office 135, begging me to support the St. Lawrence seaway. When that time comes, I shall give such a bill consideration.

This comment, particularly the last portion of it, could be made just as pertinent to the proposition now before us. I have stated publicly in recent months and repeat here that the toll provision in this resolution can well become, if enacted, one of the most ironic chapters in our legislative history, for by its enactment we will be destroying what the proponents of this measure have stated is their principal purpose—the lowering of freight rates by development of ocean navigation on the St. Lawrence River and the Great Lakes. The cost of the toll will materially narrow the margin between present rates and anticipated lower rates on the St. Lawrence.

I hope the Senator from Wisconsin will listen to this, because I am making a direct attack on one of his favorite arguments.

Mr. WILEY. I am listening.

Mr. OVERTON. The cost of the toll will materially narrow the margin between present rates and anticipated lower rates on the St. Lawrence to such an extent that the use of the waterway will not be attractive, anticipated tonnages will not be forthcoming, higher tolls will become necessary, and a vicious spiral will be begun which will result in destruction of the very goal which is now sought.

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

Mr. OVERTON. I yield.

Mr. WILEY. I should like to ask, what is the distinction? We spent over a billion dollars maintaining a 9-foot channel in the Mississippi River from Chicago to New Orleans. Not 1 cent of that has come back, and we have had a pittance of traffic. The undisputed testimony showed that not one carload of wheat moved from Kansas City to the South. We have spent a billion dollars on the project, and have received nothing in return. We are now asking that the St. Lawrence seaway project be put on a self-sustaining basis. The undisputed evidence, even of the opposition, is that it would be a paying proposition, today, if operated on a toll basis. Let us take their own figures from the record. The opposition has failed to concede the fact, apparent in all history, that wherever the railroads have gone, wherever we have developed our resources, our action was not based upon an assured promise that the costs would be recovered. It was the increased industry and improved economic life of the community that made the railroads and canals successful.

Mr. OVERTON. May I interrupt the Senator?

Mr. WILEY. Yes.

Mr. OVERTON. I did not yield to him for a dissertation on the Mississippi River or the Ohio River. I called his attention to this statement of mine, and I wanted to see if he could answer it. It is logical. I repeat, the cost of the toll will materially narrow the margin between present rates and anticipated lower rates on the St. Lawrence to such an extent that the use of the waterway will not be attractive, anticipated tonnages will not be forthcoming, higher tolls will become necessary, and a vicious spiral will be begun which will result in destruction of the very goal which is now sought.

Mr. WILEY. I am sure if the Senator listened to my argument the other day, he obtained the basic figure, and he will find the testimony in the RECORD. I should like, in answer to the precise question the Senator has asked me, to call attention right now, to the distinguished people from New York, men of outstanding business ability, engineers, if you please, including the engineers of the Army, and others, who have said the project would be self-liquidating. They have so stated, and have given us the figures. I repeat that no one can look into the future with absolute certainty, but one

may look into the future and not sell this country short by saying "This is a growing country."

Mr. OVERTON. Mr. President, I do not yield further. The Senator goes far afield when I try to narrow him down. This is a long debate, and I want to narrow him down to the point under consideration. I am unable to do it. Every time he gets a chance, he goes floating down the Mississippi River.

Mr. WILEY. And back to New Orleans.

Mr. OVERTON. I should be very glad to welcome the Senator.

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

Mr. OVERTON. I want to answer the statement of the Senator from Wisconsin, then I will yield. He says the Army engineers say it is self-liquidating. Let me read what General Wheeler, the Chief of Army engineers, has to say. I quote from his testimony:

Before the Corps of Engineers could render a definite finding as to whether the new deep-water navigation works on the St. Lawrence River could be made to pay out by the imposition of tolls, it would be necessary to make a thorough study of all prospective traffic, the character and amount of tonnage that would actually move under a toll system in conformity with certain assumed principles and toll rates such as those set forth in section 3 (a) of Senate Joint Resolution 111, and the actual net income from those tolls as compared with the assessed navigation costs.

The Chief of Engineers said it would take 1 year of hard study to arrive at that.

Mr. SALTONSTALL. Mr. President, just along that line, I should like to ask the Senator from Louisiana if it is not true that a great deal of the grain now moving through the 14-foot canal and using the Welland locks would have to go into bigger bottoms, which would have to pay toll, in order to make the seaway supporting? There would not be room enough in the Welland locks to take all the present toll-free traffic and also enough additional toll traffic to make the seaway self-liquidating.

Mr. OVERTON. The Senator is absolutely correct on that point. I am very glad to have him make that observation.

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

Mr. OVERTON. I yield.

Mr. TYDINGS. Not only are the observations of the Senator from Louisiana and the Senator from Massachusetts sound, in my judgment, but the situation is even worse than either one of them has pictured it. On the one hand, all the taxpayers of the United States would have to put up the money to build the canal, yet a great many of the taxpayers would have to put up the money and at the same time father and favor a project which would injure irreparably their own business, because in order to support the traffic, the traffic would have to be siphoned from countries that now enjoy it, because of natural advantages. Those people would be injured by the loss of that traffic, and in addition, they would be taxed to create something that would injure their own business.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question right along the line of the statement of the Senator from Maryland?

Mr. OVERTON. I yield.

Mr. SALTONSTALL. Is it not a fact that in all the harbors and seaways on the Atlantic and Pacific, up to 1944, approximately \$705,000,000 was spent on new improvements? This one seaway, if built, will cost as much as the improvements put into all the harbors that are operating 12 months in the year, if not more, and this seaway, which will take at the maximum 30,000,000 tons of traffic, is operating only 7 months in the year, yet it will cost just as much as all the improvements up to 1944. Is that not a fact?

Mr. OVERTON. That is my recollection of the figures, but I am not absolutely accurate as to the figure of \$705,000,000. It is approximately that amount.

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

Mr. OVERTON. I yield.

Mr. WILEY. At this time, as an answer to what has been said by my three distinguished opponents, I want to say that the American Farm Bureau, representing the farmers—

Mr. OVERTON. May I interrupt? Are they discussing tolls?

Mr. WILEY. Yes; that is part of the proposition.

Mr. OVERTON. Very well, I should like to know what the farmers think.

Mr. WILEY. They represent the National Farmers Union, and they are indirectly and directly interested in their own economic welfare.

Mr. OVERTON. What do they say about tolls? God bless the American farmer. I am for the farmer, but I want to know what the farmer has to say about tolls.

Mr. WILEY. The Senator has never before been against the farmer, but now we have got him on the spot.

Mr. OVERTON. Does the Senator say I have always heretofore been against the farmer?

Mr. WILEY. No, the Senator has never before been against the farmer, but he is now.

Mr. OVERTON. I am not against the farmer now.

Mr. WILEY. In answer to the statement of the distinguished Senator from Massachusetts, in which I think his able collaborationist from Maryland concurred, I want to say that they have neglected entirely the argument which one Great Lakes shipper was patriotic enough to advance, and which is also included in the final letter from the shippers that was introduced yesterday by the Senator from Massachusetts [Mr. LODGE]. In one of the letters sent to the late Senator Bailey a Great Lakes shipper frankly says that it is in the interest of America to have the seaway developed, and that it would be well to do so, though it might result in hurting his own business.

The point I want to make is that last season 50,000,000 tons of freight were carried through the MacArthur lock alone. Through the Soo locks over 100,000,000 tons of freight were carried in one season of 7 months. Some eastern

Senators boast about what can be done on the east coast. Let me say to them that the Welland Canal can accommodate a considerable amount of freight, but at a certain point in the canal the cargo carried in the larger boats must be unloaded and reloaded into smaller boats. Stevedores are obliged to handle the cargo. If cargo is destined to Montreal by way of the Welland Canal it must be transshipped—it must be unloaded and reloaded.

I call attention to the last letter introduced into the Record by the Senator from Massachusetts [Mr. LODGE], in which it is pointed out that it is only common sense that the cost of transportation must be greater when there must be transshipment, when cargo must be unloaded from larger boats and placed in smaller boats. It is admitted that larger boats can handle cargo better than the small ones, and that if the shipment can be made through in larger boats it will result in a saving of at least 10 cents a bushel of grain for the farmer.

Mr. President, it has been estimated by Julius Barnes that if the present condition in Europe continues, we will have to ship, not a hundred million bushels but 400,000,000 bushels from Canada and the United States through the ports, and with such heavy traffic shipment by canal will be advantageous.

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

Mr. OVERTON. I will yield to the Senator from Massachusetts after I have replied to the Senator from Wisconsin. I should in all seriousness like to make an observation to the able and distinguished and beloved Senator from Wisconsin. I have sat here now for 2 days of debate and observed the criticisms which have fallen so profusely from the lips of the Senator from Wisconsin.

Mr. WILEY. Mr. President, will the Senator from Louisiana speak a little louder?

Mr. OVERTON. I said, Mr. President, that I had sat here now for 2 days and listened to the rapid fire of criticism which has shot from the lips of the Senator from Wisconsin. He has leaped on the Senator from Louisiana and said, "He is prejudiced in favor of the Mississippi River; he is an enemy of the farmer"; he has leaped on the able Senator from Maryland [Mr. TYDINGS] and said that he is being influenced by selfish interests in order to help his own city of Baltimore; he has leaped upon the junior Senator from Massachusetts [Mr. SALTONSTALL] for 101 different arguments that he has made. The Senator from Wisconsin has been drawing sectionalism into this cause, which ought to be a national cause. The debate ought to be free from all such censure.

Mr. President, I am going to ask the Senator from Wisconsin if he will not rise and bow his head with me in prayer, and utter the words from the Universal Prayer, by Alexander Pope:

Let not this weak, unknowing hand
Presume Thy bolts to throw,
And deal damnation round the land
On each I judge Thy foe.

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

Mr. OVERTON. I yield.

Mr. WILEY. I shall bow my head, surely. I am sure the distinguished Senator has indulged in a very clever retort. But now I bow my head and I pray that wisdom may be granted to the opposition and that they may have a larger vision, and see the needs of a great country, not simply for today or tomorrow, because the job cannot be done in 6 years. I pray that their children and grandchildren will not look back upon the record and say, "There they stood thinking they were right, and once again they brought a Pearl Harbor upon America." So I do pray, sir, but I pray that unto this great body there will be granted a larger vision, so we will not think simply in terms of Wisconsin or Massachusetts, or New Orleans, or other cities, but that we shall think of our country, as Webster did, as one country, inseparable, and that we may see the need in this hour and in the future for the development of the great St. Lawrence waterway.

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

Mr. OVERTON. I yield.

Mr. SALTONSTALL. I am a little disturbed after listening to poetry and the invitation to pray. I cannot speak poetry. I can pray, but I am not going to pray just at this moment.

Instead, it is my desire now to answer one set of facts which the Senator from Wisconsin has just presented. He stated again that over 50,000,000 tons of freight had gone through the MacArthur lock in the past year. I would call to his attention a fact with respect to which I think I am correct. The MacArthur lock has two sets of locks—one of which accommodates large vessels and one which accommodates small vessels. The Welland Canal, through which all kinds of vessels must go in order to make the proposed seaway self-liquidating, has only one set of locks, and those locks can be used either by toll-free ships of small cargo capacity or toll-paying ships of big cargo capacity. There we find a bottleneck. The Senator cannot rightly compare the traffic which may go through this seaway and the traffic which has gone through the MacArthur lock.

Mr. WILEY. Mr. President, will the Senator again yield?

Mr. OVERTON. I yield.

Mr. WILEY. I should like to clear up the matter of the MacArthur lock. The Soo locks and the MacArthur lock are one, but the MacArthur lock is only part of the whole Soo lock system. Through the Soo locks last season were carried more than 100,000,000 tons of freight. Traffic going one way through the MacArthur lock amounted to nearly 50,000,000 tons. That is my answer with respect to the MacArthur lock. The MacArthur lock, and the lock in the Welland Canal, as I understand, and the locks contemplated to be built in connection with the St. Lawrence seaway will have 30 feet clearance, and the channel will have a clearance of 27 feet. If one lock at the Soo can accommodate 50,000,000 tons of traffic going only one way—it was not a two-way traffic, as it will be when the commerce of tomorrow utilizes this great lock system—Senators can imagine what will happen when ships come back loaded. On that basis, as was testified,

it is estimated that practically 70,000,000 or 80,000,000 tons of freight will be handled through the St. Lawrence seaway.

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

Mr. OVERTON. I yield.

Mr. TYDINGS. The genial, able, and distinguished Senator from Wisconsin a moment ago charged the Senator from Louisiana [Mr. OVERTON], the Senator from Massachusetts [Mr. SALTONSTALL], and myself with that narrowness of vision which is sometimes attributed to those afflicted with sectionalism. As I look at Wisconsin, and I look at this great canal, which is a dream, and I think how the people, the farmers, the merchants, the businessmen, and the boatmen will be penalized, hurt, injured, put at a disadvantage, discriminated against if the canal is built, then I must say that my admiration for the Senator from Wisconsin mounts even higher than mountains, because here is one man who has approached the question without the slightest vestige of narrow sectionalism.

Mr. OVERTON. Mr. President, if, as I predict, the imposition of tolls on the St. Lawrence is followed by the placing of tolls on our other inland waterways, the situation becomes even darker. Existing rail rates in much of the territory which would be served by the St. Lawrence waterway are pegged to a great extent on rates which prevail on existing waterways and the Great Lakes. The placing of tolls on the Upper Mississippi, the Missouri, the Ohio, the Illinois, and numerous of their tributaries, would almost immediately remove from them great tonnage, and in the matter of a few years we would find them used scarcely at all, and the way would be open for increased transportation costs by overland carriers. This feature, therefore, is a very real threat in that it not only would not allow cheap movement, but would serve as a means to force even higher the existing tariffs.

Now, I think it might be well, since the point is certain to be raised, to dispose of the contention that the use of the Panama Canal is subject to tolls. That was a contention which some Senator raised, I think it was the Senator from Wisconsin, and I told him that I would touch on that point later. We may as well take it up and dispose of it now.

In the first instance, the Panama Canal was not constructed with the view of equalizing competition between waterway and overland carriers, which is among the stated reasons for construction of the St. Lawrence waterway. Nor is the Panama Canal entangled with any hypothesis about the relation of specific toll rates to the theoretically more efficient utilization of natural resources. Nor is the Panama Canal picture spotted with any elaborate allocation of costs among the several functions served by the enterprise.

I have found a very interesting statement in House Document No. 159, Seventy-ninth Congress, first session, which is the Report on Public Aids to Domestic Transportation. This report quite fully discussed the matter of tolls on waterways and had this to say, among

other things, regarding the Panama Canal:

Because the Panama Canal is the only Federal waterway on which tolls are charged and because it is the only interoceanic canal among all the Federal navigation projects, there is no need to consider the consequences—immediate or remote—if the level of tolls established should prove to be inequitable in comparison with the level of tolls on some other waterway. Because the Canal is only a 50-mile passage in a journey, for each vessel, that is thousands of miles long, there is little likelihood that a small increase in tolls would greatly restrict, or, a small decrease largely encourage, the use of the waterway by commercial vessels.

This document was written long before there was any thought, so far as I know, of injecting a toll feature into the St. Lawrence waterway legislation. But there is nothing in this legislation as now before us which would change the statement in the slightest.

I think it unnecessary to burden the Senate at this time with a detailed discussion of the toll feature as applied to the St. Lawrence waterway. Such a discussion, in the first instance, would be entirely beside the point, if for no other reason than that the necessary engineering study and economic data upon which a reasonably accurate estimate of construction costs can be based is entirely lacking. Any discussion, therefore, of the details of the toll would be entirely superfluous, because there is not the beginning of a basis for discussion.

But, then, this is typical of the entire proposition. Someone apparently had a dream one night and undertook to translate it into reality the next day by inserting into this measure a so-called self-liquidating proviso through levying of tolls. This feature has had just about the same study as any other feature of the project, which means that it has been handled rather haphazardly and superficially. Nowhere can I find where any study has been made of what commodity will pay how much toll between what points, what traffic will be considered local and not subject to tolls, how the tolls will be collected and by whom—in fact, there is no answer to any question which might be raised by the toll provision. I am aware of some obviously hastily arrived at figures in the majority report which fail to reflect the detailed study required in such a far-reaching undertaking. I think it might be pertinent to point out that General Wheeler, Chief of the Army Engineers, in his testimony before the committee estimated that at least 1 year would be required to make a study of the toll feature alone. Of course, it is quite obvious that the time which has elapsed since introduction of the resolution under consideration has not yet reached a year.

The very agency upon which the proponents relied for their economics has testified with great emphasis on the necessity of a thorough study of the toll feature.

I should like to have the able Senator from Wisconsin [Mr. WILEY], as well as the Senator from Michigan, listen to this. Probably it escaped their notice. I want to show them that the Department of Commerce damns the very

method by which it is undertaken to determine that tolls would make the St. Lawrence waterway self-liquidating.

I quote from part VII of the St. Lawrence Seaway, prepared by the Department of Commerce in 1941. On pages 30 to 32 of this survey are the following very pertinent comments:

Whether or not tolls should actually be levied on the St. Lawrence seaway is a matter of national policy which requires careful study and analysis. The question of charging tolls on waterways has been a highly controversial issue in American history and has become enshrouded in tradition and practice which does not allow a quick and partial solution. With the exception of the Panama Canal, waterways established by the United States have been notably free of tolls. This policy is embedded in the law of the country. * * *

Furthermore, a consideration of tolls in any one case, such as the St. Lawrence seaway, necessitates an examination of the effect of such tolls upon competitive routes. Tolls cannot be charged on the St. Lawrence without studying the effects of this practice upon the Ohio and the Mississippi River systems and the New York State Barge Canal.

The problem of charging tolls on the St. Lawrence is further complicated by the fact that there already exists an extensive canal system from Lake Superior to the lower St. Lawrence River which is free of tolls. The effect of a new schedule of toll charges upon existing traffic must certainly be studied very carefully and the possibilities of discriminatory charges in order to preserve the relative position of industries and commerce established on a principle of free water transportation must be examined. This is particularly important since Canadian national policy in the St. Lawrence watershed, which is the Dominion's economic life line, is based upon the principle of toll-free water transportation.

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

Mr. OVERTON. I yield.

Mr. FERGUSON. I appreciate that the Department of Commerce, being a part of the executive branch, would naturally rather have this a free highway. But it was a congressional idea. The able senior Senator from Michigan [Mr. VANDENBERG] is responsible, and the Congress is responsible, for this self-liquidating idea. When the Department of Commerce was speaking about the waterways of America being free from toll, it was correct, but the international highways, such as this canal would be, are an entirely different problem. The United States Congress, being the policy-making body, being responsible for appropriating the people's money to build a project like this, naturally conceived the idea, and should conceive the idea, that it should be self-liquidating. So, after all, while it is a great international project, it will in the end cost the taxpayers nothing. If we put more projects such as this in our international relations on a self-liquidating basis, America and the other countries will all be better off.

Mr. OVERTON. The point I raise, and the point I am undertaking to emphasize as I go along, is that once the committee says, "We are going to make it self liquidating," instead of leaving the question of self-liquidation to those who had made a study of it through the century and a half of existence of this Nation, it turned it over to the Department

of Commerce. The Department of Commerce was not in a position to make a study of the question. It says so in effect. It could not make a hurried report, and no one else could. Let me repeat:

Whether or not tolls should actually be levied on the St. Lawrence seaway is a matter of national policy which requires careful study and analysis. * * * Furthermore, a consideration of tolls in any one case, such as the St. Lawrence seaway, necessitates an examination of the effect of such tolls on competitive routes.

Tolls cannot be charged on the St. Lawrence without studying the effects of this practice upon the Ohio and the Mississippi River systems, and the New York State Barge Canal.

Mr. WILEY. Mr. President, what is the date of that report?

Mr. OVERTON. Nineteen hundred and forty-one.

That is what our authority says. I quote further from the report of the Department of Commerce:

The problem of charging tolls on the St. Lawrence is further complicated by the fact that there already exists an extensive canal system from Lake Superior to the lower St. Lawrence River which is free of tolls. The effect of a new schedule of toll charges upon existing traffic must certainly be studied very carefully, and the possibilities of discriminatory charges in order to preserve the relative position of industries and commerce established on a principle of free water transportation must be examined.

This is particularly important since Canadian national policy in the St. Lawrence watershed, which is the Dominion's economic life line, is based upon the principle of toll-free water transportation.

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

Mr. OVERTON. As soon as I finish another sentence or two.

The peculiar nature of traffic through the St. Lawrence River—

I should like the Senator to digest all of this as I go along.

Mr. WILEY. I am listening to the Senator.

Mr. OVERTON. I am not making this argument. The Department of Commerce is making it. They are the Senator's authority.

The peculiar nature of traffic through the St. Lawrence canals at present and through the prospective seaway also creates some problems that require careful examination. Low-priced staple agricultural products form a considerable part of this traffic. Hence a flat charge on a tonnage basis, as at Panama Canal, may not be effectively applicable in the case of the St. Lawrence seaway. It is important, therefore, to study the possibilities of discriminatory rates between classes of products that utilize the seaway.

I now yield to the Senator from Wisconsin, and, when he has finished, I will shoot the last barrel of the Commerce Department's criticism of the Senator's method of procedure.

Mr. WILEY. Mr. President, I should like to have every Senator listen. I agree fully with what the Department of Commerce stated in 1941. But 7 years have gone by since then. The Department of Commerce has made a study. Apparently the Senators who signed the minority report of the committee have not studied it. The report of the Depart-

ment of Commerce was made in November of 1947. It gives all the evidence and the statistics, and answers everything which has been said. It took the Department 7 years to get the facts. In view of the great objection made, and the ignorance which exists as to what the Department of Commerce has found, in view of the fact that Senators apparently have not read the record, and because Secretary Harriman was a great railroad man, and gave estimates of tonnage and the possibilities of return on a self-liquidating basis, I ask that excerpts from the report of the Department of Commerce be printed in the Record following the conclusion of the remarks of the distinguished Senator from Louisiana.

Mr. OVERTON. I have no objection. One thing that should be carefully stated is the effect of the tolls on the Ohio and Mississippi Rivers. I think it will be found that the Department never made such a study.

The ACTING PRESIDENT pro tempore. Is the Senator from Wisconsin asking permission to have the report printed in the Appendix, or at the conclusion of the remarks of the Senator from Louisiana.

Mr. WILEY. The latter.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit A.)

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

Mr. OVERTON. I yield.

Mr. FERGUSON. The Senator's last question was, I think, an appropriate one, as to what effect tolls on this international waterway would have on domestic waterways. I think I can answer that by saying that they are in an entirely different category. One is an international highway; the others are purely domestic highways. When Congress lays down the theory and policy of a toll on this particular highway it is not in the least affecting the policy which has already been established on the other highways.

Mr. OVERTON. The Department of Commerce, apparently, differs with the Senator from Michigan. I read what the Department had to say. In plain words they said that the effect upon the Ohio, Mississippi, and Missouri Rivers, should be considered.

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

Mr. OVERTON. I yield.

Mr. REVERCOMB. I followed with a great deal of interest the statements regarding tolls. May I inquire if it is not a fact that if tolls can be established in any amount or at any rate for passage through the project there must be an agreement between Canada and this country? Is not that correct?

Mr. OVERTON. That is correct.

Mr. REVERCOMB. And no such agreement has been had?

Mr. OVERTON. Not at all.

Mr. REVERCOMB. In fact, no rate has been made, no provision for tolls has been agreed upon. So, as a matter of fact, as we stand here today in the Senate and discuss the question, we do not know whether there will be any toll charged, or if a toll shall be charged, we

do not know what the rate will be. Is not that correct?

Mr. OVERTON. That is correct.

Mr. REVERCOMB. We do not know whether Canada will agree to tolls or to any rate. It seems to me that we are not in position to discuss it. It has not developed far enough, in fact, for us to discuss the question of tolls. Everything seems to be based upon surmise. We are here engaged in a long discussion as to what the toll will be, what the return will be, when no tolls have been fixed. We do not know whether they will ever be fixed. They cannot be fixed until Canada agrees with us regarding them.

I make that observation because it has occurred to me that before we discuss how much return will come in to liquidate the project we should at least know what the rate will be. That we do not know, because no move to establish the facts has yet taken place.

Mr. OVERTON. That point is well taken by the Senator. The treaty contemplates that in the future there shall be an agreement between Canada and the United States as to whether there shall be any tolls, and, if so, what shall be the rates, and the other necessary provisions to be inserted in such an agreement. Of course, one man's prophecy is as good as that of another man. My prophecy may not be worth anything in this connection.

Mr. REVERCOMB. Will the Senator yield at this point?

Mr. OVERTON. I yield.

Mr. REVERCOMB. These are all prophecies. We are not talking about facts. We are not talking about established tolls; they are surmises.

Mr. OVERTON. That is correct. The treaty provision itself on the subject of tolls is a mere hope.

Mr. REVERCOMB. Or a desire. Even if a toll be established we do not know what part of it will come to this country and what part will go to Canada, do we?

Mr. OVERTON. How much of it?

Mr. REVERCOMB. Yes.

Mr. OVERTON. We do not know how much of the revenue will come to this country.

Mr. REVERCOMB. No one knows at this time. We are talking about liquidating with money that we do not know will exist, and even if it shall exist, we do not know what it will amount to.

Mr. OVERTON. I want to make this prophecy. I think Canada is so wedded to a toll-free system on the St. Lawrence waterway, which is her principal waterway, that she will never agree with the United States on any system of tolls. I may be incorrect about that.

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

Mr. OVERTON. I yield.

Mr. WILEY. I think the Senator is wrong about that, because already Canada and the United States have agreed in principle that the seaway be made self-liquidating through a system of toll charges. I say again to the Senate that this is simply an authorization. An agreement was made in 1941 and it would have come before the Senate if it had not been for Pearl Harbor. It provided that tolls should be levied subject to negotiation and approval of the two

Houses of this Congress and of the Canadian Parliament. I may say that it is stated in the agreement that the tolls shall not exceed \$1.25 a ton.

Mr. REVERCOMB. I take it from the statement of the able Senator from Wisconsin that an amount has not been agreed upon. Until such amount has been agreed upon there can be no talk of self-liquidation, as the term is used here. We do not know how long it will require. We do not know that an amount will be agreed upon. No minimum is fixed; only a maximum is fixed. How can any of us say that there will be liquidation? Within what time will it be liquidated? We cannot tell that when we do not know what the charge will be upon the various types of commerce and cargoes carried.

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

Mr. OVERTON. I yield to the Senator from Wisconsin.

The ACTING PRESIDENT pro tempore. The Chair would like to interrupt to call attention to the rule that no Senator shall interrupt another Senator in debate without his consent, and that in order to get consent he must first address the Presiding Officer. It will help the parliamentary situation if there are not two or three Senators seeking recognition at the same time.

Mr. OVERTON. I agree with the Chair.

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

The ACTING PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. OVERTON. I yield.

Mr. FERGUSON. The joint resolution lays down a pattern or standard for the guidance of the executive branch in relation to the liquidating provision. Section 3 provides as follows:

Sec. 3. (a) During the period of construction the President is authorized and directed to negotiate a further agreement with the Government of Canada, under the provisions of the Boundary Waters Treaty of 1909, defining the rates of charges or tolls to be levied for the use of the new deep-water navigation facilities on the St. Lawrence River, authorized in this joint resolution—

This is the provision which sets up the standard. That standard may be reviewed; that is, the question of whether or not they have lived up to it may be reviewed by both Houses of Congress—

Provided, That (1) the total charges shall be fair and equitable and shall give due consideration to encouragement of increased utilization of the navigation facilities, and to the special character of bulk agricultural, mineral, and other raw materials; (2) that tolls shall vary for ships in ballast and according to the character of cargo with the view that each classification of cargo will so far as practicable derive relative benefits from the use of these facilities; (3) that in no event shall the total charges exceed the equivalent of \$1.25 per short ton of laden cargo, and may be less, depending on character of cargo; (4) that tolls may also be charged for passengers but that in no event shall the total charges exceed the equivalent of \$1.50 per passenger; (5) that tolls shall apply only on traffic utilizing the new deep-water navigation works in the St. Lawrence River, with such exception of local or way or Government traffic as may be agreed upon by the two countries: *Provided further*, That such agreement shall become effective

only after approval by the Congress of the United States and the Parliament of Canada.

That is similar to the provisions with respect to the Panama Canal. It is said that such procedure with respect to the Panama Canal worked out satisfactorily.

Mr. President, it is practically impossible to work out in advance all the details of a toll agreement. Therefore the President is given this right and is provided with this standard to guide him in applying the agreement, after it is ratified, so that we may proceed to work out a satisfactory arrangement.

In the past, Canada and the United States have been able to work out satisfactory arrangements. They have been negotiating on this matter. At the present time both of them approve the idea of self-liquidation.

The 1909 treaty provides for tolls. Therefore I see no reason why we should not start this project, and then proceed in an orderly way, as we did in the case of the Panama Canal, to work out a satisfactory toll arrangement.

I thank the Senator for yielding to me.

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

Mr. OVERTON. In just a moment.

First, Mr. President, let me say that we are a long way from any agreement with respect to tolls. Canada may at any time fail to agree with us in regard to any of the various toll provisions contained in the joint resolution. Such action would then end the matter of tolls.

In the meantime we are to authorize the canal and it is to be built. But before we receive any tolls we shall have to wait and wait until some agreement is made with Canada with respect to all the intricate details of revenue tolls, some of which are outlined or stated in this joint resolution. It will be necessary for both countries to agree that the total charges are fair and equitable. In other words, both the Congress of the United States and the Parliament of Canada will have to agree that they are fair and equitable. They will also have to agree that the tolls properly vary for ships in ballast and according to the character of cargo with the view that each classification of cargo will so far as practicable derive relative benefits from the use of these facilities.

How difficult it will be for there to be a meeting of the minds in regard to such an indefinite clause. That is my point. The joint resolution clearly provides:

(3) That in no event shall the total charges exceed the equivalent of \$1.25 per short ton of laden cargo, and may be less, depending on character of cargo.

That is most indefinite. The joint resolution also provides:

(4) That tolls may also be charged for passengers.

The amount to be charged is set forth as a dollar and a half, but only as a maximum.

It is also provided that the tolls shall apply only on traffic utilizing the new deep-water navigation works on the St. Lawrence River.

So for purposes of charging tolls it will be necessary to separate the traffic that uses the new navigation works on

the St. Lawrence from the traffic that now uses that waterway. The latter traffic will be free from tolls. With respect to all those complicated matters and the arrangements made regarding them, the Congress of the United States and the Parliament of Canada must agree.

Now I yield to the Senator from West Virginia.

Mr. REVERCOMB. Mr. President, when I first made my inquiries of the able Senator, I did not know that I was going to precipitate such an extensive discussion of this point. But I think it is well to have this debate occur, because it seems to me that in the discussion of this very important question, when so much emphasis has been laid upon the self-liquidation feature, and when the appeal is made to the Members of the Senate, "Oh, no; this project will not cost the Government anything in the end; eventually it will pay for itself," we should realize that today we do not know how much will be paid or whether, indeed, any amount will be paid.

Section 3 of the pending joint resolution, which has been read by the able Senator from Michigan, points out emphatically that no agreement has been made. It says that the Government of the United States is willing to enter into an agreement or negotiations with Canada to make an agreement. That clearly indicates—and it seems to me it clinches the point—that today we do not know what the return from the canal will be.

So it seems to me that we are putting the cart somewhat before the horse when the Congress, which is asked to pass this joint resolution, is also told that in the future it will be necessary to decide what rates shall apply to the use of the waterway.

Also, I note in section 3 the statement that—

In no event shall the total charges exceed the equivalent of \$1.25 per short ton of laden cargo, and may be less, depending on character of cargo—

And the further statement that—

Tolls may also be charged for passengers but that in no event shall the total charges exceed the equivalent of \$1.50 per passenger.

I point out that those are maximum amounts or charges. Today we do not know whether in the suggested negotiations with the Government of Canada, which may or may not desire to negotiate upon this subject, the maximum will be fixed at \$1.25 a ton. Canada may say, "We want a free canal here; we are going to benefit by it, and we want no tolls; but we will agree upon 10 cents a ton"—or perhaps they will suggest 20 cents a ton, Mr. President.

So it seems to me that we cannot talk about liquidating the cost of a project or paying for it until we know what the project will pay in the way of returns, or at least until we know the basis of the returns.

Certainly no one would undertake to build a toll bridge until he had calculated in advance what the returns from it would be, if it were desired to obtain a return from the investment. We are

told that this canal will provide sufficient return on the investment; but certainly no one would ordinarily attempt to build a toll bridge, for instance, until the tolls for persons or the tolls for traffic across the bridge had been determined.

Likewise, in connection with the canal, one of the strongest appeals which is made by the proponents is that it will pay for itself. But today they are forced to place in the very measure that is now before the Senate evidence that there is no provision in regard to what the returns will be, and that we cannot say at this time what returns will be made.

So it seems to me we are discussing a very nebulous and unreal matter when we say that the St. Lawrence seaway will pay its own way, inasmuch as we do not know whether there will be any payment at all; and even if there is payment, certainly we do not know what amount will be paid. It is obvious that we cannot seriously consider the alleged self-liquidation feature of the project until we know what the income from it will be. However, we do not know that today.

Mr. OVERTON. Mr. President, first let me shoot this last bolt from the Department of Commerce against the claim that this system will be self-liquidating. This is the last paragraph, which I have been wanting to read for the last half hour. Of course I am always glad to yield to my associates, especially when they throw a great deal of light upon a question.

Here is what the Department of Commerce said in 1941, but it is just as true today as it was then:

The St. Lawrence seaway is not a continuous canal system. It consists, in fact, of a series of canals separated from each other by lakes, rivers, and channels. There is way-traffic over part of the distance in this extensive Great Lakes-St. Lawrence system, between, for instance, Lake Superior and Lake Michigan, or between Lake Erie and Lake Ontario, or between Lake Ontario and Montreal. Some traffic utilizes one segment, other traffic uses two links in the waterway system, and there is also through traffic which utilizes all of the canals in this interconnected system. Hence the establishment of tolls must be studied in the light of this situation, which is immeasurably more complicated than at either the Suez Canal or the Panama Canal.

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

Mr. OVERTON. I yield.

Mr. THYE. More important than the question of tolls is the question of navigation and its effect upon the parts of the United States that are concerned. We must consider the effect on the Senator's part of the United States and also its effect on my part of the United States. The question is whether the transportation made possible by this project will afford benefits, and, if so, what benefits, to the great central section of the United States. We need that transportation. We need it in order to develop the real resources of our Nation.

But more important than that is the fact that today the New England area is handicapped for lack of power, and because of that very lack of power, at this time, it is necessary to ration electricity to certain functions within the economy in the New England area.

So again I say that more important than the actual capacity of this project are the benefits that the great United States, my country and yours, will derive from it.

We must remember that even our great Secretary of State, General Marshall, has said that we need this project so far as national defense is concerned. If the Senator and I wish to study the question from the standpoint of national defense and the need for electricity on the part of our Nation should it ever again be confronted with a world conflict, we should consider carefully the words of the Secretary of State. In addition, we realize that we need electricity for industrial uses in these great United States—not only in the New England area, but in the more central portions of our Nation. So I say—

Mr. OVERTON. Mr. President, if I may interrupt the Senator, let me say I doubt seriously that very much electricity from this particular project will be used in the United States, except in the State of New York.

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

Mr. OVERTON. Yes. However, let me point out that I am not discussing the question of power, and I shall not go into that subject matter.

Mr. THYE. If the Senator will yield, I shall appreciate it.

Mr. OVERTON. I should rather not reargue the whole subject matter, but I shall be very glad to yield to the Senator.

Mr. THYE. I thank the Senator.

Mr. OVERTON. I will yield to him, if he will confine himself to the tolls question.

Mr. FERGUSON. Mr. President, will the Senator yield, in connection with the matter of tolls?

Mr. OVERTON. I want to conclude, as it is getting late. I will yield, but this will be the last time I will yield.

Mr. FERGUSON. I thank the Senator. I appreciate his courtesy.

Mr. OVERTON. I have just a few more remarks to make, and I should like to conclude my presentation of the subject.

Mr. FERGUSON. The Senator has been very kind, and I appreciate his yielding, because I should like to say something on the question raised by the able Senator from West Virginia about the fact that the agreement has not been entered into prior to the building of the canal, and also the statement that possibly Canada would never enter into this agreement about tolls. In paragraph 1 of the pending resolution itself will be found these words:

Provided, That the President, before said agreement enters into force, obtains satisfactory assurances, by exchange of notes or otherwise, that the Government of Canada agrees to the principle of making the new deep water navigation works on the Great Lakes-St. Lawrence system herein authorized self-liquidating by charging reasonable tolls, this principle to be implemented through the conclusion of arrangements satisfactory to both governments pursuant to section 3 of this joint resolution.

In other words, before the resolution becomes effective the President of the

United States, through exchange of notes, shall be satisfied that Canada agrees to the self-liquidation. Naturally, it is impossible to tell at the present time what the amount will be, but they must agree that over so many years it would be liquidated.

As I said before, the 1909 treaty provided for tolls. We have here a recognition of the fact that certain parts of the canal are wholly within the United States, and therefore we have some right to say what tolls should be charged. We could impose even our own tolls upon it, so as to be able to obtain a fair liquidation. But as I see it, the whole agreement is a fair and reasonable one providing for self-liquidation. All that is required is that the Executive, whoever he may be, should enter into a reasonable agreement for liquidation, subject, however, to paragraph 3, which sets up certain limitations or standards. I thank the Senator.

Mr. OVERTON. I answer the Senator from Michigan by renewing my prediction. I do not think they will ever reach an agreement on the subject of tolls.

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

Mr. OVERTON. I yield.

Mr. GEORGE. If the Senator will yield to me for just one moment, I should like to suggest that if the matter is of such extreme importance and is yet in an embryonic state, that is all the more reason why we should be patient enough at least to have a treaty which would become binding upon the two countries.

I should like to call attention, if the Senator from Louisiana will permit me to do so, to the result of our impatience in the case of Panama very recently. We were too impatient to have a treaty when we could have had one, and we paid out vast sums of money in Panama. We are now invited to leave Panama without regard to the expenditures of money we have made therein. I do not suggest that that may occur in the case of Canada, but I do suggest that no nation can predicate its action upon the assumption that any other nation will act otherwise than in its own self-interest under any circumstances.

Mr. WILEY and Mr. REVERCOMB addressed the Chair.

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

Mr. OVERTON. Mr. President, I shall proceed to conclude my address as soon as the Senator from Georgia concludes.

Mr. GEORGE. I conclude with the statement that very recently we negotiated a treaty with Mexico dealing with the waters of the Colorado River and the Rio Grande. We had the patience then to approach the subject in the way in which we should approach the pending question. We are here asked hurriedly to commit ourselves, and, at the least that anybody can say, we are allowing the camel to get his nose under the tent, so that hereafter we shall be bound to do things that we do not now intend, unless there is first concluded a dependable agreement.

Mr. WILEY. Will the Senator yield?

Mr. OVERTON. I am sorry, I should like very much to yield, but I am tired. I must conclude. I have but a few more remarks.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana declines to yield.

Mr. OVERTON. Mr. President, one of the main purposes of my trespassing upon the time of the Senate in the consideration of the pending business has been to bring the Senate's attention to the new phase of the Great Lakes-St. Lawrence waterway, and that is the unscientific, impractical, and indefensible levying of toll charges. I hope that this phase of the problem will be commented upon by other Senators, either for or against the measure.

There are many phases of the proposed venture which time does not permit me to present for the consideration of this body. I have had under study the Great Lakes-St. Lawrence waterway project since my entrance into the Senate in 1932. I have spoken against it on a number of occasions and have covered practically every question and issue involved in prior debates. I have omitted, for instance, what to me is one of the most interesting and, at the same time, most important issues involved, and that is whether the proposal submitted by the President is a treaty or an executive agreement. I respectfully insist that it is a treaty, and have in hearings conducted before committees of the Senate and in debate on the floor undertaken to show why unquestionably under international authority and in the light of our traditional relations with Canada with respect to our boundary waters the compact before us has all the elements and all the importance of a treaty between two sovereign powers.

Neither, Mr. President, have I commented on the obsolete and antiquated method of construction of the St. Lawrence channel in the light of our own experience with inland waterways and harbors. Modern merchant ships have caused us to throw into the discard on our projects authorized for inland waterways and harbor projects the 27-foot channel. We have substituted the 30- to 35-foot channel. I am speaking now of channels to be used by oceangoing vessels, and not by barge lines. We are, on all waters that are to be used by our merchant vessels, providing as rapidly as possible channels of no less depth than 35 feet. And the day is not far off when we shall be obligated to utilize 40-foot channels to take care of the advancements in modern merchant-ship construction.

Neither have I alluded to the power program contained in the proposal—a power project in which the United States is to furnish the money for Canada to build the dams and make all the large capital investment, leaving only to Canada the burden of installing its own generating equipment at a comparatively small cost and, at the same time, giving to Canada the right to utilize one-half of all the power generated.

In fine, Mr. President, the proposal is one that seeks to gather all the votes that it can of either the Senate or the

Senate and House combined by unsubstantiated offers of lower freight rates to the Middle West, of cheaper power to New York—and when I say New York I mean New York only—and to navigation, both domestic and foreign, and the further untenable argument of a superior and grandiose bastion of national defense. Mr. President, the project falls crashing to the ground with its overweighted cargo of inept rhetoric and futile promises that can never be realized.

EXHIBIT A

CAPACITY OF THE SEAWAY

SEAWAY CAN ACCOMMODATE ESTIMATED ORE, GRAIN, AND COAL TRAFFIC

From the foregoing commodity studies, potential seaway traffic has been estimated at thirty to thirty-seven and a half million tons of iron ore, six and one-half to eleven and one-half million tons of grain, and about 4,000,000 tons of bituminous coal, making a grand total for these three commodities of forty and a half to fifty-three million tons. In addition there is a distinct possibility that a huge traffic in petroleum might develop although any substantial traffic in this commodity should be regarded as a long-range rather than an immediate possibility. Accordingly the following discussion is in terms of the three commodities, ore, grain, and coal, which would move in large volume on the seaway shortly after its completion.

The question now arises as to whether the capacity of the proposed seaway will be adequate to handle such a heavy volume of traffic. For more than a decade, discussion of the St. Lawrence project has been in terms of a capacity of approximately 25,000,000 tons. This figure was derived from an estimate prepared in 1934 by the United States Army Board of Engineers.¹ The 1934 estimate of the Army Engineers was one of practical, as distinguished from theoretical, capacity, and apparently was based on the assumption that the traffic pattern on the seaway would resemble the pattern then prevailing on the Great Lakes. This assumption involved an exceptionally unbalanced cargo movement with 80 percent of the traffic moving down-bound and only 20 percent up-bound. On this basis, the Army Engineers arrived at an average tonnage per vessel passage through the locks of only 3,800 tons. This relatively small tonnage per vessel multiplied by 7,230 vessel passages produce a maximum tonnage of 27,473,000 tons, which was then reduced to 25,000,000 tons.

Theoretical capacity of the St. Lawrence project represents the total traffic which could be moved through the seaway during a normal 240-day navigation season if the locks were constantly operated at top speed and if every vessel passing through the locks in each direction were fully loaded. The Canadian Government has estimated that the limiting lock on the seaway, lock No. 2 on the Welland Canal, has an effective capacity of 28 single lockages per day with the largest bulk freighters on the Lakes.² Assuming that each vessel passing through the locks carried 10,000 tons of freight, the Canadian authorities arrived at a capacity figure of 67,720,000 tons for 6,720 vessel passages. If vessels such as the new lake ore freighters, which can carry more than 15,000 tons, comprised the entire traffic of the seaway and were fully loaded in both directions the theoretical capacity of the project would be in the neighborhood of 100,000,000 tons.

Obviously it is impractical to expect that either the 100,000,000- or the 67,000,000-ton

¹ Survey of the Great Lakes-St. Lawrence Seaway and Power Project. S. Doc. 116, 73d Cong., 2d sess., 1934, p. 76.

² Letter to Transportation Division, Department of Commerce, from H. H. Wright, Secretary of the Canadian Embassy, April 15, 1947.

figure will ever be realized, but it is equally obvious that under conditions of full utilization with relatively balanced traffic in each direction, the practical capacity of the seaway is far in excess of the 25,000,000 tons assumed in previous discussions of the subject. As a matter of fact, in 1945 the MacArthur Lock in the upper lakes, which is of the same general dimensions as the limiting lock on the seaway, handled 42,000,000 tons of traffic, despite the fact that most of the tonnage moved in one direction.

With specific reference to the traffic estimates on ore, coal, and grain of from forty and one-half to fifty-three million tons, it appears likely that the seaway should be able to handle such a volume. The number of vessel passages required to move ore up-bound by lake freighters with carrying capacities of 15,000 tons would be 2,000 vessel passages for 30,000,000 tons of ore and 2,500 vessel passages for 37,500,000 tons. These same lake freighters would be available for carrying down the river the estimated potential volume of grain and coal. More than half of the boats would have to make the down-bound trip in ballast. The utilization of from 2,000 to 2,500 vessel passages one way and 4,000 to 5,000 vessel passages in both directions for ore, coal, and grain would leave an excess theoretical capacity of 850 to 1,350 one-way vessel passages, and 1,700 to 2,700 vessel passages in both directions.

Some questions have been raised about the effect of present interlake traffic utilizing the Welland Canal on the capacity of the Canal for seaway traffic. It has been contended that interlake traffic would absorb all but about 10 of the lockages available per day at the Welland Canal, thus reducing the capacity of the Welland Canal for seaway traffic to 10 large vessels per day.³ Consideration of the actual movement of interlake traffic utilizing the Welland Canal and the anticipated movement in ore, grain, and coal vessels indicates that such a restriction is highly unlikely.

Total traffic through the Welland Canal in 1945 was about 13,000,000 tons, of which down-bound traffic constituted 91 percent.⁴ Canadian statistics do not show how much of the down-bound traffic actually terminates in Lake Ontario and how much is transshipped in small canallers down the St. Lawrence River. However, the interlake items may be derived from the following table showing down-bound through and way traffic over the Welland Canal:⁵

Down-bound Welland Canal traffic, 1945 (In thousands of short tons)

Wheat.....	3,014
Gasoline.....	610
Petroleum.....	1,398
Soft coal.....	4,313
Iron ore.....	1,391
Hard coal.....	114
Total.....	10,840

If interlake traffic is to constitute a restriction on the seaway capacity of the Welland Canal, it would have to be the result of the movement of the above-listed commodities, which made up 92 percent of the total down-bound tonnage in 1945.

Most of the tonnage in wheat and coal either moved directly from the Welland Canal down the St. Lawrence River or was transshipped from Lake Ontario ports in small St. Lawrence canallers. The data on through

³ Testimony of Chauncey J. Hamlin, Chairman of Niagara Frontier Planning Board, on S. J. Res. 111, op. cit., p. 251.

⁴ Canal Statistics, Dominion Bureau of Statistics; 1945 canal statistics were used by Mr. Hamlin in advancing his contention on the highly restrictive effect of interlake traffic on capacity of the Welland Canal for seaway traffic.

⁵ Ibid.

traffic via the St. Lawrence canals show that 2,000,000 tons of wheat were shipped down the St. Lawrence in 1945, or two-thirds of the amount which moved through the Welland Canal. Two million six hundred thousand tons of soft coal went down the St. Lawrence in 1945, or about 60 percent of the volume moving through the Welland Canal.* All of the wheat and most of the soft coal shown as moving down the St. Lawrence River are the same wheat and coal which moved through the Welland Canal. On the other hand, the iron-ore movement is strictly interlake. No iron ore moved down the St. Lawrence.

No matter what precise proportion of the volume of wheat, coal, and ore was interlake, the movement of these commodities should not seriously restrict the capacity of the Welland Canal for seaway traffic. It has already been demonstrated that more than 50 percent of the boats carrying ore up the seaway will not have return cargo. These vessels will probably pick up interlake bulk cargo on an out-of-pocket cost basis rather than return light down the seaway. Since their down-bound rates do not have to be fully compensatory, the large lake freighters will be able to compete most effectively with smaller carriers for the down-bound interlake trade. Further, the present down-bound interlake iron-ore movement will probably be eliminated altogether as a result of diminution of the ore flow from the head of the Lakes and the advantages of restricting upper lake ore tonnage to destination points on Lakes Erie and Michigan.

There remains only for consideration the down-bound movement of petroleum and gasoline, which totaled in 1945 roughly 2,000,000 tons, of which no more than 160,000 tons continued down the St. Lawrence River.

The growing shortage of petroleum supplies in the United States, which furnish the down-bound tonnage via the Welland Canal, will probably lead to the development of an up-bound seaway petroleum movement to Lake Ontario points before the down-bound petroleum movement becomes an obstacle to seaway traffic. Even if down-bound traffic continues at present levels, the number of lockages absorbed by the down-bound tankers at 2,000,000 tons would be only about 660 one way, if each tanker required a single lockage. The existing lake tankers are about 250 feet long, 43 feet wide, with a loaded draft of about 14 feet and an average carrying capacity of 3,000 tons. Two tankers can easily be locked simultaneously, indicating a maximum reduction in the number of lockages required to about 330 one way. Neither the minimum nor the maximum number of lockages required for the small tankers would interfere with estimated seaway movement of forty and one-half to fifty-three million tons of ore, grain, and coal.

TOLL CHARGES AND REVENUES

There are three questions with respect to the provisions for toll charges in the pending legislation which are germane to the purposes of the present study. These are:

1. Will the indicated volume of ore, grain, and coal move via the seaway if the cost of the movement is increased by the imposition of tolls?
2. Can toll rates be so adjusted as to encourage the use of the largest lake freighters in order to assure the most efficient and economical utilization of the limited capacity of the seaway in relation to the huge volume of potential traffic which it is estimated will be available?
3. What amount of total toll revenue might be derived from the estimated tonnage of ore, grain, and coal traffic without interfering with the above two objectives?

It is clear from the section on iron ore that the delivered cost of imported ore via the seaway, particularly if it originates in Labrador, will be considerably less than that

of taconite under present technological developments. A toll charge of as much as 50 cents per short ton would apparently not interfere with the seaway movement or force diversion to other methods of transport.

Inasmuch as up-bound ore would constitute the principal seaway tonnage, it would be desirable to give maximum encouragement to down-bound bulk commodities in order to stimulate the development of a balanced traffic in both directions. While apparently most grain and coal could support a toll charge equal to the indicated rate for iron ore, without eliminating the rate savings on the seaway movement as compared with alternative routes, it may be desirable, in order to promote the maximum volume of grain and coal shipments, to set somewhat lower charges for these commodities. A rate of 25 to 35 cents per ton would probably assure maximum grain and coal seaway traffic. Tolls for vessels in ballast might be set at 15 cents per dead-weight ton. Vessels going down the seaway could accordingly carry coal or grain at toll charges only 10 or 20 cents a ton higher than if they sailed in ballast. With the net burden of coal and grain tolls at such low levels there is no question but that the large, low-cost lake freighters will displace the small, higher-cost vessels which can use the existing free-canal system.

In view of the limited capacity of the seaway in relation to the volume of traffic now

anticipated, it is essential that toll charges be graduated in such a way as to furnish the maximum advantage for using vessels of great carrying capacity. Accordingly, for vessels carrying bulk commodities and for vessels operating in ballast, it would appear desirable to fix a minimum charge based on vessels of at least 12,000 tons carrying capacity. The net effect of this measure would be to make the toll per ton of cargo, on a vessel carrying 8,000 tons, 50 percent higher than for a vessel carrying 12,000 tons. Combined with the low operating-cost advantages already enjoyed by the large lake carriers because of their huge carrying capacity, the toll differential would insure that bulk commodities, which require no transfer or can be transferred at low cost, would be handled on the seaway by lake carriers of greatest carrying capacity.

On the basis of the suggested toll charges discussed above, the toll revenue from ore, coal, and grain, and from ore carriers returning light would range from 21 to 27 million dollars. It is not intended to advance these figures as the revenue which should or will be derived from seaway traffic in ore, coal, and grain. The sole purpose of the estimate is to indicate the revenue which might be raised by assessing tolls at levels which do not interfere with the volume of seaway traffic, and which would encourage maximum use of the largest carriers.

Possible range of toll charges and toll revenue

Commodity	Potential traffic	Per ton toll charge	Total revenue
		Cents	
Ore.....	30-37½ million tons.....	50	\$15,000,000-\$18,750,000
Grain.....	6¼-11½ million tons.....	25-35	1,625,000- 4,025,000
Coal.....	4 million tons.....	25-35	1,000,000- 1,400,000
Ballast.....	19½-22 million tons (deadweight tonnage).....	15	3,300,000- 2,925,000
Total.....			20,925,000- 27,100,000

Mr. BUTLER. Mr. President, I intend to vote against the pending joint resolution (S. J. Res. 111) providing for improvement of the existing St. Lawrence waterway. My constituents are entitled to know my reasons for reaching this decision, and I therefore desire to set them forth clearly on the record.

This is another one of those questions upon which the public is inclined to take strong positions for and against, without having the opportunity to give the proposal the detailed study that it deserves. I have received numerous highly emphatic letters from friends in my State, expressing strong convictions in favor of the proposal. I have also received many letters expressing equally strong opinions against it. My correspondents, in most cases, have not had an opportunity to study the financial and engineering aspects of the problem. They have not had available to them the detailed hearings, committee reports, and other studies which delve into the practical considerations involved. Their opinions are, therefore, necessarily based to a large extent on incomplete information—brief statements of public officials as reported in the press, and the like.

Those of us who must vote on this matter have a definite responsibility to inform ourselves more fully. The responsibility lies with us to decide whether it is in the interests of the United States to authorize the expenditure of several hundred millions of dollars. This particular question revolves, to a large extent, around detailed figures setting forth the estimated costs and anticipated bene-

fits of the waterway. On the basis of my study of these figures, I have come to the conclusion that this project is not sound from an engineering and financial standpoint.

As a matter of fact, the principal conclusion to which I have come is that the studies and preparations that have been made to date for the project are hopelessly inadequate to justify us in going ahead. This question has been under consideration now for almost half a century in one form or another. In all that time, it might be thought that by now enough facts would have been developed to enable us to render a clear-cut judgment on its advisability. In my opinion, that is not the case. Let me mention some of the things on which we do not yet appear to have enough information on which to act.

First of all, the evidence in the record as to the capacity of the waterway when it is constructed is inconsistent and inconclusive. The only real study we have to date is that of the Army engineers, which indicated a capacity of 25,000,000 to 27,000,000 tons.

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

Mr. BUTLER. I yield.

Mr. AIKEN. The Senator from Nebraska understands that the Army engineers' estimate was based on one-way traffic?

Mr. BUTLER. I am making my statement, I will say to the Senator from Vermont, on the basis of the report I have read from the Army engineers.

* Canal Statistics, 1945. Op. cit.

Mr. AIKEN. That is correct. And their report took into consideration that there would be almost wholly one-way traffic, at the time they made that estimate, I believe, of 30,000,000 tons a year.

Mr. BUTLER. They included, however, any estimate they thought was reasonable for traffic both ways. They did not limit it to traffic one way.

Mr. AIKEN. But the two-way traffic was not included in the estimate of 30,000,000 tons.

Mr. BUTLER. Mr. President, the Army engineers have not made any revision of this estimate on capacity and were not willing to do so without making a thorough study of the subject. Proponents of the measure have insisted that the physical capacity would run somewhere between 40,000,000 and 100,000,000 tons. On a question of this sort, we certainly should be able to secure a fairly definite figure from competent engineers, since it is an engineering question. The question is all the more important since estimates justifying the waterway as a self-liquidating proposition are based on a traffic of at least 35,000,000 tons annually. I very earnestly believe we should not be asked to support this proposal until the Army engineers go definitely on record that the waterway has a physical capacity of at least 35,000,000 tons.

Secondly, we do not have any definite up-to-date study from an impartial authoritative source of the potential traffic that might use the waterway. On the question of the economic potentialities of the waterway we have only the St. Lawrence survey of 1941, prepared by the Department of Commerce. This study claimed a tonnage of only 25,000,000 representing an increase of only 16,000,000 tons over present traffic, and numerous errors have been pointed out in this old report.

It is true that last summer during the Senate hearings, the Department of Commerce presented us with revised estimates which are much more optimistic. In presenting these estimates, however, the Secretary of Commerce admitted frankly that the Department had not yet made a detailed analysis of potential traffic on the waterway. It is also true that late last year the Department of Commerce went much further in presenting detailed estimates in a publication in the series of industry reports on domestic transportation, entitled, "An Economic Appraisal of the St. Lawrence Seaway Project." This study makes a fairly full analysis of some of the important factors involved. It does not, however, attempt to deal with all the principal types of cargo which might be expected to move over the waterway. The discussion is confined to only four commodities—iron ore, grain, coal, and petroleum—and traffic in two of these items—iron ore and petroleum—is entirely hypothetical. This study does not touch at all on most of the commodities dealt with in the 1941 report by the Department of Commerce.

In the same way, General Wheeler told us that the Corps of Engineers had never made an exhaustive study of this subject. He went on to say that a definite finding of the economic feasibility of

the project by the Corps of Engineers would require a full study of all prospective traffic, which would take more than one year to complete. In other words, neither the Department of Commerce nor the Corps of Engineers has given us firm estimates that would justify us to assume the project can be self-liquidating.

Proponents of the measure before us apparently base most of their optimism on the assumption that a very heavy traffic in iron ore or petroleum upstream may develop at some time in the future. They do not attempt to prove that this traffic will develop; they merely say that it might. In other words, the case is built on hypothetical possibilities. We should not authorize this project on the basis of guesswork. We can find out a great deal more definitely just what is in prospect. If the upper-lake ore deposits should become depleted to such an extent as to require upstream movement of substantial tonnages of iron ore, we will know about it in plenty of time to make provision for improved transportation when the time comes. The same is true of the hypothetical traffic in petroleum products.

Thirdly, no definite determination has yet been made that the tolls which could be charged on traffic would return sufficient revenue to pay the cost of the construction. The recent study by the Transportation Division of the Commerce Department attempts to show that these costs could be liquidated by a low level of tolls which would not unduly burden the prospective traffic. This section of the report, however, is based on the assumption that gigantic quantities of traffic would be handled. In fact, the section implies that about 75,000,000 tons might be handled each year. This figure is in sharp contrast with even the optimistic estimates of the physical capacity of the waterway. Furthermore, it is based on the assumption that tremendous quantities of iron ore would move upstream. If the iron ore traffic does not develop or if it should happen that the waterway cannot accommodate anything like 75,000,000 tons, the conclusions of this tabulation would fall to the ground. In that case, a sharply higher level of toll rates would be necessary which might place such a heavy burden on the commerce as to divert traffic from using the waterway. What we should do is figure out whether the potential traffic can afford a toll of \$1.25 a ton or higher. Then we should compute whether there will probably be enough traffic on that basis to pay the costs. Until we know these essential facts, we should not authorize this waterway.

Fourthly, the whole question of tolls is so much up in the air that we should insist on some definite decisions before we go ahead. The level of tolls is to be set through negotiation with Canada. We do not know precisely what the Canadian viewpoint on this question is, and whether Canada will be willing to agree on a level of tolls high enough to make the project self-liquidating. That is something that could well be settled in advance of the enactment of this legislation. Although it would not be possible to settle on exact toll rates for every

item, it would certainly be advisable to agree on the general considerations and the type of formulas to be used in arriving at the toll rates. As it is now, we are asked to assume that there will be no trouble at all in reaching an agreement with Canada that will be satisfactory to us, and we are asked to approve this legislation before negotiations on that point have even begun.

Fifthly, from a reading of the record, it is not apparent exactly how much electricity will be generated and how much of that power will be firm power available the year around. Testimony from recognized authorities appear to differ by as much as 100 percent in the estimate of power to be generated.

Mr. AIKEN. Mr. President, I should like to have the Senator state for the record the authority for the statement he has just made respecting such a wide range of difference in the estimates of power which would be developed. I have no such knowledge as the Senator has just stated. I know that when the power companies tried to secure the St. Lawrence development they estimated a certain amount of power. Herbert Hoover's committee estimated a certain amount of power. The Army engineers estimated a certain amount of power. The Federal Power Commission estimated a certain amount of power. All those I have mentioned are quite good authorities on the subject. But so far as I know they have not varied greatly in their estimate, and I know they have not varied as much as 100 percent. Perhaps the Senator means that the flow of the river will vary 100 percent. That is true. The high-water flow of the St. Lawrence is approximately double the low-water flow. The St. Lawrence has the most constant flow of any river in the world. Most rivers will have about 30 to 40 times as much water in high water as they will in low water. So I am wondering if that is what the Senator refers to. I wonder if the Senator's reference to a variation of as much as 100 percent does not refer to the flow of the river, between the high- and the low-water marks. However, I should like to know who the Senator's authorities are.

Mr. BUTLER. Let me say to the distinguished Senator from Vermont, whom I respect very highly, especially on the question of public power, that I think if he will listen to the very brief comment which I intend to continue to make on this particular phase of the subject, he will be perfectly satisfied with my position.

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

Mr. BUTLER. I yield.

Mr. AIKEN. I am a little surprised at the Senator's attacking the power phase, because at the last national meeting of the Rural Electrification Associations every delegate from the State of Nebraska voted in favor of the St. Lawrence seaway. Knowing the Senator's admiration for the REA and his support of the REA, I am rather surprised to see him take issue with the delegation from his own State, which seems to have an entirely different viewpoint.

Mr. BUTLER. I will say to my friend from Vermont that if he will be patient

and allow me to continue my statement on the subject I think he will find that there is very little difference, if any, between his position and mine with reference to REA and the development of power.

Testimony from recognized authorities appears to differ—and for the benefit of the Senator from Vermont I shall endeavor to supply him with the source of the authority for this statement.

Mr. AIKEN. I should like to have those authorities.

Mr. BUTLER. Facts of that sort can be developed fairly accurately, and I shall do my utmost to satisfy my friend from Vermont.

In the Committee on Interior and Insular Affairs we have had to do with a number of projects dealing with the generation of electric energy, and we have never found too much difficulty in determining fairly exactly how much power will be generated by a particular project. Until we get some definite figures on this phase of the proposal, I do not believe we should go ahead.

Sixth, there has been no definite determination at all of the harbor improvements that will be necessary for the various Great Lakes ports, in order to permit them to handle the larger boats that supposedly will come to them if the St. Lawrence waterway is deepened to 27 feet. This is a very important point which has been almost completely glossed over in the hearings. The Brookings Institution report estimated this item at \$175,000,000. We should insist on full and accurate data on this question before we go ahead.

In short, the whole project appears to be enveloped in a maze of conflicting testimony and optimistic guesswork. If we are to go ahead with this development, we have a right to expect fairly definite answers from competent authorities on all of these points. We should refuse to accept any such proposal until we are supplied with much more exact and adequate data than we have been supplied with in this case.

This is the part which I thought might interest the Senator from Vermont:

I hope my previous remarks regarding the power phase of this particular measure will not be construed as opposition to an expansion of the Federal Government in this field where such developments can be worked out on a sound basis. The power side of this project in particular seems to have a great deal of merit, even though the facts that have been given to us on this point are not as complete as they might be. The project has been presented to the public in such a way as to imply, however, that we cannot proceed with the power development unless we also authorize the waterway. That is not true. Facilities for generating tremendous quantities of additional power could be constructed without necessarily going ahead with the other plans for deepening the channel. I should be happy to see plans along this line developed further, so that rural electrification cooperatives and other consumers in that area could be assured of an additional supply of low-cost power without burdening the entire Nation with the excessive cost of this entire project.

There are other important considerations to which we should give careful attention. Much has been made of the supposed advantages of the project from the standpoint of national defense. Under the new conditions which we are likely to face, however, there is no reason to think that our Great Lakes ports will be any safer from attack than our Atlantic ports. Chicago and Detroit are about the same distance from Europe by air as are Boston and New York. More important, nine-tenths of the proposed waterway lies in the territory of a foreign power, although we are expected to put up two-thirds of the money for the construction. Our relations with Canada have been extremely friendly for well over a century, and I trust will always remain so.

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

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

Mr. AIKEN. I presume the Senator expects his constituents at home to read his speech. I know that he wants them to know the facts as they are. He states that the United States is supposed to put up approximately two-thirds of the total cost of this project. I know that he wants his folks at home to know that that is because Canada has already completed a great part of the work which she was expected to do, including the Welland Canal and other works, and will, of course, be given credit for the work which has been done previously. In fact, Canada spent \$133,000,000 in developing her part of the waterway, as far as she has gone, while the United States was spending only \$18,000,000 on our part. I know that the Senator wants his constituents to know that; and I hope that if he prints his speech and sends it to them, he will not omit my remarks.

Mr. BUTLER. I can assure my good friend from Vermont that his remarks will be included when the speech is spread over the State of Nebraska—as very likely will be the case.

However, I repeat that nine-tenths of the waterway is within the Dominion of Canada, while about one-tenth is in our area, and the costs are not so divided.

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

Mr. BUTLER. I yield.

Mr. AIKEN. I invite the Senator's attention to the fact that all the main dams will be within the borders of the United States, and all the locks and canals which it is proposed to build will be within the United States. The part which will be in Canada is the Welland Canal, and the deepening of the bed of the St. Lawrence River after it leaves the international boundary. Most of the construction work to be done, including all the main dams, will be in the United States; and one-half of the power plant and the power dam will be in Canada, and one-half in the United States.

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

Mr. BUTLER. I yield.

Mr. REVERCOMB. Since the point has been raised, let me ask the Senator from Vermont upon what basis it is proposed that the United States shall

pay so much more of the construction cost than Canada is expected to pay.

Mr. AIKEN. Because Canada has already expended \$133,000,000 in developing her part of the waterway, at a time when costs were much lower. Of course, Canada is being given credit for her far-sightedness, and is being credited with the development at present-day costs. I think there is no difference of opinion as to that basis of reasoning.

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

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

Mr. REVERCOMB. Let me say to my able friend from Vermont that there is quite a difference of view upon that division, certainly from the standpoint of the Senator from West Virginia.

The able Senator has stated that the division of cost is based upon the fact that the Welland Canal was built several years ago by Canada. Let me say to the able Senator that the cost of this project was estimated last May by the Army engineers at more than \$838,000,000. The cost of \$838,000,000 is to be divided as follows: \$523,531,000 to be paid by the United States, and \$315,770,000 to be paid by Canada.

That is not the whole of it. Canada is to be credited with \$132,672,000 for her part of the construction involved in the Welland Canal. Upon what basis was the cost originally divided, with more than \$523,000,000 against the United States, and only \$315,000,000 against Canada? That was before credit was allowed for the Welland Canal. What is the basis for that division?

Mr. AIKEN. Mr. President—

Mr. WILEY. Mr. President—

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

Mr. BUTLER. I think the Senator from Vermont had better answer the question of the Senator from West Virginia.

Mr. WILEY. Mr. President, I can answer the question.

Mr. BUTLER. I yield to the Senator from Wisconsin.

Mr. WILEY. That question was put to the Government authorities, and I have the answer before me, verbatim:

When the 1932 treaty was negotiated the division of total cost, including past expenditures, was practically equal for the United States and Canada. The reason for the changed cost relationship today is that past expenditures were primarily Canadian and were made at a time when construction costs were comparatively low. Canada has already expended \$133,000,000 on navigation works which are integral parts of the seaway, as compared with \$32,000,000 for the United States. Future expenditures, on the other hand, for the most part cover works assigned to the United States, and have been estimated on the basis of the higher construction costs now obtaining. In any event, the pending legislation provides for self-liquidation of the new navigation works so that the proportion of cost borne by each country is not a primary factor in evaluating the project. The users will pay for the new navigation works.

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

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

Mr. REVERCOMB. Mr. President, we have talked about the question of the users paying for the project. I take it that is the idea of liquidating the project by tolls. I think it has been very clearly brought out that the tolls are not fixed. We do not know what they will be. We do not know how long it will take to liquidate the project, if it shall ever be liquidated. So that the statement made by representatives of the Administration hardly answers the question which I have asked regarding the division of costs. The plain figures show that the division is put down as \$523,000,000-plus against the United States and only \$315,000,000 against Canada, originally. Canada's proportion of \$315,000,000 is credited with \$132,000,000, leaving Canada's estimated share at \$183,000,000.

I bring that up because of the question being raised regarding the proportion of costs. It seems to me that is an unfair apportionment of costs. I ask why the United States should have to put up so much more than should Canada.

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

Mr. BUTLER. I yield.

Mr. AIKEN. Mr. President, I was going to reply in a general way in the same manner that the Senator from Wisconsin replied to the Senator from West Virginia, but inasmuch as the Senator from Wisconsin had the reasons written out verbatim, I think that is the best answer to leave in the Record. Certainly costs are lower on the Canadian side. The costs of labor are lower, and Canada was far-sighted enough to complete much of her work while costs were not over half what they are today. Therefore she is being given credit for that work.

I hope that the views of the Senator from West Virginia are not colored by the fact that the power generated at the St. Lawrence side would effect a saving of 7,000,000 tons of coal a year, if it were used to take the place of coal. As a matter of fact, it would not be used for that purpose. The use of coal would increase as a result of this great development. But here is where a saving might be effected. The power generated at the St. Lawrence dam would have an equivalent energy of 21,000,000 barrels of oil. Everyone in the United States knows how necessary it is to save oil today. Everyone in the St. Lawrence area knows how difficult it is to get oil today. It is costing our people 14 cents a gallon to buy oil. That amounts to \$7 a barrel. There is \$140,000,000 worth of oil going to waste down the St. Lawrence River every year. Why do we quibble over whether Canada is getting credit for \$1,000,000 or \$10,000,000 more than she should get? I feel that it would be impossible to propose a bill of any kind for the development of water power for the benefit of the people which would satisfy the Senator from West Virginia or the Senator from Nebraska.

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

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

Mr. REVERCOMB. Let me assure the Senator from Vermont that the views of the Senator from West Virginia are not colored by anything that should not color them; and I am certain that the Senator's views are not colored by the fact that he hopes to get some cheap power in his State.

Mr. AIKEN. I never in my life saw so many broadminded people in one spot as we find right here.

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

Mr. BUTLER. I yield.

Mr. REVERCOMB. Mr. President, when I asked why there was such an unfair apportionment of the costs and asked upon what basis the division was made I heard a discourse upon coal, oil, and power. It is brought out that Canada paid for the Welland Canal, and that we ought to credit Canada \$132,000,000 more than that amount against her apportioned costs for the construction of the Welland Canal. The Senator from Vermont has stated that when Canada constructed the Welland Canal labor was cheaper and materials were cheaper. I am wondering if the Senator means to tell us that we are not only giving Canada credit for the cost of the Welland Canal, but are giving her the value of the Welland Canal as if it were constructed as of today. Will the Senator answer that question for me?

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

Mr. BUTLER. I yield to the Senator from Wisconsin. I do not wish to yield for a digression.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska yields to the Senator from Wisconsin for the purpose of answering the question raised by the Senator from West Virginia, but not for a digression.

Mr. WILEY. I want to say that Herbert Hoover, a good Republican, said that the determination of the amount of tolls should be made by the two countries for construction and completion, otherwise they will have no idea what the actual necessary amounts are.

The total cost of the canal is estimated at \$720,000,000. The total Canadian cost is \$230,000,000. Deducting that from the total cost would leave \$490,000,000. We deduct the power cost to the United States of \$161,000,000, and that leaves the total cost of the power to the United States \$329,000,000. The cost to both Canada and the United States is \$398,000,000. Then we get into the question of the interest charges and what they should be.

Answering directly the question, I want to say that, as was stated yesterday, the former Governor of New York always looked at the record. We should look at the record, and here it is:

When the 1932 treaty was negotiated, the division of total cost, including past expenditures, was practically equal for the United States and Canada. The reason for the changed cost relationship today is that past expenditures were primarily Canadian and were made at a time when construction costs were comparatively low. Canada has expended \$133,000,000 on navigation works which

are integral parts of the seaway as compared with \$32,000,000 for the United States. Future expenditures, on the other hand, for the most part cover works assigned to the United States and have been estimated on the basis of the higher construction costs now obtaining. In any event, the pending legislation provides for self-liquidation of the new navigation works, so that the proportion of cost borne by each country is not a primary factor in evaluating the project. The users will pay for the new navigation works.

In relation to that, my good friend from West Virginia has throughout the day suggested that we cannot with any degree of certainty evaluate the future return. There are men like former President Hoover, men like Mr. Stimson and others, who have said that the construction of the project would be in the public interest. No farmer can tell what his crop will be, but he has faith and he plans and hopes that the sunshine, the rain, and other factors will help him to produce his crop. That is the sort of faith that has produced America.

We have the great potential savings suggested by the Senator from Vermont [Mr. AIKEN] in connection with millions of dollars worth of potential oil going down the river, generating electricity to take care of the heat units needed by the people of New York.

Montreal is the second port in America from the standpoint of tonnage. It feeds only 15,000,000 Canadians. But when we start to feed Milwaukee, Chicago, Cleveland, and the other Lake ports, with their population of 50,000,000, what does the Senator suppose the traffic will be?

I have faith in the future of America which, it seems to me, some of my distinguished Republican colleagues do not have.

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

Mr. BUTLER. I yielded a moment ago for the purpose of permitting the Senator from Wisconsin to answer the question which was asked by the Senator from West Virginia. I did not yield for a digression, but I believe that in the answer we got a hundred-percent digression. I yield to the Senator from West Virginia.

Mr. REVERCOMB. I want to say to the Senator that I appreciate very much his yielding in order to get an answer. I have not received the answer yet. The only answer I got to my question was that the Senator from Vermont [Mr. AIKEN] talked about coal and power, and the Senator from Wisconsin spoke of the future of the country, and tolls. That did not answer my question. I thank the Senator from Nebraska for yielding. I shall have to wait and let the question be answered later.

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

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

Mr. AIKEN. I wish to plead guilty to that with which the Senator from West Virginia, by inference, charges me. I do wish to see the power rates in New York and New England cut in half. They should be cut in half in order to bring them down to the level of the power rates which exist in more favored parts of the country. I am afraid I am guilty of partiality in that direction.

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

Mr. BUTLER. For a digression or for a question?

Mr. REVERCOMB. A question.

Mr. BUTLER. I yield.

Mr. REVERCOMB. I wish to reiterate that it seems to me the question pends unanswered. Later in the course of the discussion I hope to bring into the Record the inequitable division, as I consider it, which is made between the two countries.

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

Mr. BUTLER. For a question or an answer?

Mr. WILEY. For a question.

Mr. BUTLER. I yield.

Mr. WILEY. The Senator has stated that my answer was a digression. However, I ask whether my statement does not answer expressly, directly, and dynamically, the question of the Senator from West Virginia.

Mr. BUTLER. I can say—

Mr. WILEY. I wish to point out that this is the question, and I have read it twice to the Senate:

When the 1932 treaty was negotiated, the division of total costs—

Mr. BUTLER. Let me interrupt the Senator right there to ask whether I correctly understood him to refer to "the 1932 treaty"?

Mr. WILEY. That is what it says.

Mr. BUTLER. I observe that it was a treaty, not an agreement.

Mr. WILEY. I repeat, Mr. President:

When the 1932 treaty was negotiated, the division of the total costs, including past expenditures, was practically equal for the United States and Canada.

I have read that twice before.

Mr. BUTLER. Mr. President, before continuing my very brief statement, which I have practically completed, I wish to point out very plainly at this time, inasmuch as this statement may be circulated in toto among the people of my State, that neither the distinguished Senator from Vermont nor the distinguished Senator from Wisconsin nor any other Member of the Senate is more friendly to the development of the power facilities of the United States than I am.

Mr. President, when I was interrupted for this digression, I was touching upon the subject of our relations with Canada, which for a period of more than a century have been extremely friendly, and we all trust they will remain so forever. The fact remains, however, that Canada is a sovereign nation, just as we are, and she may very well have different interests and may take a different course of action in case another conflict occurs. In 1898, we were at war, but Canada was not. From 1914 to 1917 and from 1939 to 1941, Canada was at war, but we were not. In case of a future conflict, there is no reason to think that our interests will be identical. In those circumstances, we shall have no real control whatever over the use of this waterway, which is proposed to be built largely with our money. We shall not be in a position to insist that the lower nine-tenths of it be made available to our traffic.

One other point deserves attention: The proposed waterway will not be usable

for 4 or 5 months each year. It is unfortunate that the Great Lakes-St. Lawrence system is located so far north. It would be better if it started in Nebraska for instance. Although the winter freeze there would impede transportation to some extent for several months, the period would not be as prolonged as for the location of the proposed St. Lawrence project.

Mr. President, in conclusion I should like to emphasize just one further point which seems to me rather important: Inasmuch as this is a proposal to improve conditions for ocean navigation, it might be thought that the steamship companies would be among its strongest advocates. However, that is not the case. In fact, the oceangoing steamship operators seem to be less interested in this whole question than almost any other group is. Just 2 years ago, 32 leading American steamship companies were asked what would be their practical reaction to construction of the waterway. Only one of those companies replied that its vessels would use it, and one other was unable to give a definite opinion. Thirty companies stated that they had no intention of using the waterway, if constructed. What stronger testimony could we have on the practical value of this project? If the steamship operators themselves—practical men who know the problems of navigation—have no confidence in this plan—how can we of the Senate overrule their judgment and determine to construct it anyway? If oceangoing steamers are not going to use the waterway, its construction will not benefit even those lake ports and other groups which have been most vocal in support of the idea.

Mr. President, we are still laboring under the load of a gigantic wartime debt. We are still paying taxes at a record rate for peacetime. We are still struggling to find some way of reducing a Federal budget which is over four times as high as our greatest prewar peacetime budget. This resolution proposes that we spend another half billion dollars on a proposal for which no clear case has been made, and which would be of very doubtful value. If we mean what we say about reducing the cost of Government, we cannot possibly afford to approve this measure at this time.

AWARDS IN VOICE OF DEMOCRACY CONTEST

Mr. MURRAY. Mr. President, it is most encouraging and inspiring in these times, when democracy is on trial throughout the world, to find that here at home a widespread interest exists among our young people in respect to the ideals and privileges we enjoy as citizens under our American form of government.

Recently a national contest for scholarships, under a program entitled "Voice of Democracy," was conducted among high school students of the country. This program was sponsored by the National Association of Broadcasters, the Radio Manufacturers Association, and the United States Junior Chamber of Commerce. The winners in the contest were selected by a panel of distinguished judges on the basis of having written and voiced the best 5-minute broadcasts on

the subject, "I Speak for Democracy." Approximately 20,000 students participated, and four young ladies, representing the States of Ohio, Maryland, Oklahoma, and Montana were selected as co-equal winners of the contest. These four successful contestants were awarded prizes at a National Awards Luncheon held in Washington, D. C., at the Hotel Statler, on January 28, 1948, presided over by Dr. John W. Studebaker, commissioner of the Office of Education. The awards were presented by the Honorable Tom C. Clark, Attorney General of the United States, consisting of a certificate designating each as a winner in the contest, together with a \$500 scholarship award.

In this contest, 38 States and Alaska entered contestants, representing approximately 20,000 high-school students, boys and girls, in 500 communities. Twenty of the State winners were boys, but the preliminary screening of entries to 12 found 7 girls and 5 boys among the finalists. Three finalists were selected by the screening judges in each of the four sections of the country. In the final contest, the panel of judges was made up of Attorney General Tom C. Clark, Gen. Omar N. Bradley, Father Edward J. Flanagan, Mrs. Oveta Culp Hobby, United States Senator Warren G. Magnuson, Fleet Admiral Chester W. Nimitz, and Mr. James Stewart, of Hollywood. The winners in the contest were Miss Janet Geister, of Cuyahoga Falls, Ohio; Miss Laura Shatto, of Hagerstown, Md.; Miss Alice Wade Tyree, of Lawton, Okla.; and Miss Rose Ellen Mudd, of Missoula, Mont.

I think it is significant that these four young ladies were the winners in this contest. It is indicative of the growing influence of American women in public affairs.

I am especially proud of the fact that a Montana girl, Miss Rose Ellen Mudd, a student at the Sacred Heart Academy at Missoula, was one of the winners. She was entered in the contest by radio station KGVO, of Missoula, with the cooperation of the Montana Junior Chamber of Commerce of that city. I have been deeply impressed by her radio talk on the subject of democracy, and feel justified in bringing it to the attention of Senators.

I am sending to the desk a transcription of Miss Rose Ellen Mudd's broadcast, copies of the addresses delivered at the national awards luncheon by Hon. Tom C. Clark, United States Attorney General, and by Dr. John W. Studebaker, Commissioner of Education, and an editorial from the Washington Post of January 28, 1948, entitled "Speak for Democracy." I ask that these may be printed in the Record following my remarks, in the order presented.

There being no objection, the matters were ordered to be printed in the Record, as follows:

I SPEAK FOR DEMOCRACY (By Rose Ellen Mudd)

I am an American. As an American, I can do many things. Is it a coincidence that the word American ends in "I can"? That "I can" is the basis for democracy? It expresses the free will and determination of a free people—people who govern themselves.

"I can" was the spirit of the pioneering Americans when they faced the hardships of an unknown, uncivilized land and overcame them. Their spirit remained when they faced overwhelming odds and great dangers to gain their freedom from England.

"I can" was the spirit of the Nation, when, looking at the political systems of the other countries of the world, and their results, the American statesmen formed our Constitution and the Bill of Rights. They vowed to insure, to themselves, and to us, their posterity, the rights of mankind—freedom of speech, of the press, of religion. Freedom from want, and from fear. Freedom from the tyranny of government—the right to rule ourselves. The voice of America—the Constitution—was born.

"I can" was the spirit of the people when our liberty was threatened in 1918, and again in 1941. We had to win to save an ideal. The voices of democracy spoke, and we did. The cost was great, but the willingness to pay was greater, for we knew the worth of the prize that was threatened.

The men of America who instituted our democratic principles, the great Emancipator who enforced them, the American people who have held them so securely—all have the spirit of the Constitution, and a wholesome pride in their superior government which gave them freedom. With this spirit democracy has triumphed many times in many things.

To share this great gift with the rest of the world is our goal. But first we must show the world the worth of democracy, and help others to see its advantages. Our spirit of brotherhood, tolerance, and respect for our fellow men—that is the essence of democracy. We must speak for democracy in a strong voice—telling the world of its greatness, and urging it to enjoy it with us.

I am an American citizen of 1947, in whose hands a portion of the peace of the world lies. I too remember the Constitution, its meaning, and its worth. I have a share in the voice of democracy, and I wish to speak in its behalf. I want the people of America to live democracy. I want to share the blessings of freedom with the world, for I know that to keep the world, I must help to keep the peace.

I have the spirit of "I can." I want to share that spirit, and with God's help, I will.

REMARKS OF TOM C. CLARK, ATTORNEY GENERAL OF THE UNITED STATES, IN AWARDED PRIZES TO FOUR WINNERS OF VOICE OF DEMOCRACY CONTEST FOR HIGH SCHOOL STUDENTS SPONSORED BY THE NATIONAL ASSOCIATION OF BROADCASTERS, THE RADIO MANUFACTURERS ASSOCIATION, AND THE UNITED STATES JUNIOR CHAMBER OF COMMERCE, SOUTH AMERICAN ROOM, STATLER HOTEL, WASHINGTON, D. C., WEDNESDAY, JANUARY 28, 1948

I am happy to join in honoring these four young ladies this afternoon.

Before turning to the very pleasant task allotted me of awarding the prizes, I should like to say a few words about Our American Way of Life.

This occasion is significant of what can happen in America. Four young ladies, in a national contest, have won the final awards. They competed with the Nation's best—both boys and girls. This could happen only in a land where equality of opportunity is a part of the national creed. I do hope it symbolizes an era in which women will take a more active interest in public life.

The greatness of America is grounded in enduring principles. Our American heritage is something more than a rich continent lying between two oceans.

It is a land where its citizens can get joy out of achievement and thrill out of creative effort.

In this land of freedom, each of us has undreamed-of opportunities.

You, young people, are living in the most challenging age of all times. You now have wonderful tools with which to explore and utilize the rich resources of the earth for the betterment of mankind. Mind you, I said, betterment of mankind.

Although many of the geographical frontiers are closed to exploration, there are still frontiers of science, of medicine, of law, and of thought—all frontiers of fuller living that challenge each of us to the highest endeavor.

As we meet this challenge, we are determined to make this America a better, a more Christian-like, a more beautiful place in which to live. Each of us is proud of our country; we must each so live that our country will be proud of us.

I SPEAK FOR DEMOCRACY

(By John W. Studebaker, U. S. Commissioner of Education)

(Introductory remarks on Station WOL and the Mutual Broadcasting System network in Washington, D. C., January 28, 1948, honoring the four national winners in the high school radio-speech contest under the title, "I Speak for Democracy")

Ladies and gentlemen, we are here today to honor the youth of our country. Twenty thousand young Americans, in 500 communities, did some real thinking about our way of life last November. They thought about their responsibilities, their opportunities, and the future of the United States. In a Nation-wide contest, they delivered brief speeches with the title "I Speak for Democracy."

These speeches about our representative form of government were made in response to an opportunity provided by the National Association of Broadcasters, the Radio Manufacturers Association, and the United States Junior Chamber of Commerce. This contest, in addition to developing a wholesome competitive spirit among these young people, has had the effect—we hope—of stimulating new interest, on the part of teachers, in the usefulness of radio as a teaching instrument. Those of us who share the responsibility of educating the young people of our Nation have long recognized the great value of radio as a learning tool.

The radio industry and the Junior Chamber of Commerce are to be commended for their role in this unique program.

Here is how the contest worked. First, a school, next the community, then the entire State, selected a winner. Finally, recordings made by the State winners were sent to the national judges. We are now about to make the national scholarship awards to the four co-equal national winners representing the four major divisions of the country.

One of the national judges is here for the climax of this contest, Attorney General Tom Clark. Admiral Nimitz, Gen. Omar Bradley, Senator Warren Magnuson, Jimmy Stewart, the motion picture star, Mrs. Oveta Culp Hobby, wartime director of the Women's Army Corps, and Father Flanagan, of Boys' Town; the other judges—unable to be here—are probably listening now.

In a moment you will be introduced to the four successful contest winners who today will receive their awards. You may have been surprised, as I was, to learn that they are all girls. Perhaps this result portends a large increase in the representation of the fair sex in places of leadership.

I have known these girls for about 24 hours. I have seen them conduct themselves with poise and dignity but with great natural spontaneity before the President of the United States, who received them yesterday at the White House. So long as our schools and our homes can produce such earnest and intelligent young people as these, we can be reassured about the future of our Nation.

It is my pleasure now to introduce the Attorney General of the United States, who will make the presentations to our guests, the Honorable Tom C. Clark.

REMARKS BY JOHN W. STUDEBAKER TO THE LUNCHEON GUESTS, FOLLOWING THE PRESENTATION OF AWARDS TO THE WINNERS BY THE HONORABLE TOM C. CLARK, ATTORNEY GENERAL OF THE UNITED STATES

Now that you have been introduced to the national winners in the I Speak for Democracy contest, I know you are all eager to hear their winning speeches. That opportunity will be afforded you in a few minutes. Before presenting excerpts from the speeches, may I say a further word about what I conceive to be the significance of this contest.

First, I think it is significant that the judges who heard many of the State finalist entries were impressed by the extent to which these high school students had a firm hold on the central concept of democracy, namely, the concept of the dignity and worth of the individual human person. It is from this concept that our democratic convictions about human freedom stem—convictions so superbly expressed in our Declaration of Independence and our Constitution but more especially in the Bill of Rights—convictions succinctly summarized in the freedom pledge, given currently in the schools in connection with the Freedom Train and its exhibits of the priceless documents of our American heritage:

"I am an American. A free American. Free to speak without fear. Free to worship God in my own way. Free to stand for what I think right. Free to oppose what I believe wrong. Free to choose those who govern my country. This heritage of freedom I pledge to uphold for myself and for all mankind."

Second, it is significant that this contest has been conducted at this particular time, when the democratic concept of freedom, exemplified in our American way of life, is under serious attack in many areas of the world, when doctrines of class hatred, proletarian dictatorship, a completely planned economy, and atheism, struggle for supremacy with democratic ideals of human liberty. The impact of this struggle is centered in Europe and Asia. But it is by no means limited to those continents.

Inasmuch as the conflict is ideological, it can best be resolved by educational means. Our schools and colleges, together with the radio, the press, the motion pictures, and other instrumentalities of free inquiry and free communication have a vital responsibility here—a responsibility to make clear to our own citizens, and indeed to all men wherever they can be reached, the crucial differences between democracy and its rivals. When those differences have been made entirely clear, and when the practices which flow from them are also made apparent, I have no doubt about the eventual choice mankind will make.

It is my conviction that our schools and colleges, as well as the press and the radio, must clearly recognize and aggressively accept the responsibility of propagating the democratic faith. Let me add that in so doing we shall need propagation through deeds as well as by words. The message of democracy, especially if it is to carry hope to the millions of discontented, groping, hungry people in other parts of the world, must be accompanied by deeds of understanding and helpfulness and reconstruction.

Third, I think it is significant that the radio industry in America, represented by the National Association of Broadcasters and the Radio Manufacturers Association, should have been active sponsors of this educational contest. The educational uses of radio have tremendous possibilities. These possibilities are as yet largely unexplored. I do not refer alone to the uses of radio by teachers in schools and colleges. I refer as well to the

educational uses of radio by broadcasters who reach the great rank and file of citizens of all ages, but especially the adult citizens, in a program of education for democracy. Such a program can be replete with drama and interest—a powerful force for the further development of social intelligence and concern for human welfare. I congratulate the industry and the broadcasters for their growing interest and effort in this field.

Finally, it seems to me significant that we in this audience should all of us by our presence here today be giving testimony to our interest in and concern about what the schools of this country are doing in the development of an understanding of and a zeal for American democracy. In just a moment now you will have evidence of the way in which the cream—I was about to say the peaches and cream—of our high school youth think and feel about democracy. It is heartening to know that these young ladies are representative of more than 20,000 contestants who submitted speeches, and of some 7,000,000 high school youth of this country who in their homes and schools and communities are learning to know and to live, as well as to speak for, democracy. The United States Office of Education is proud of these young ladies, representative of the high school youth of this Nation, proud also, with the support of Congress, to have a part in assisting the schools and colleges throughout the country to strengthen and improve at every possible point their programs of instruction designed to develop zeal for American democracy.

[From the Washington (D. C.) Post]

SPEAK FOR DEMOCRACY

The four high school girls to whom Attorney General Clark will today present awards as winners of the Voice of Democracy competition are honored visitors in the Capital. They topped some 20,000 contestants in all parts of the country, boys among them, although one would never suspect it from the outcome, to win trips to Washington and \$500 scholarships in a contest sponsored by the National Association of Broadcasters, the Junior Chamber of Commerce and the Radio Manufacturers Association. The contest as a whole afforded reassurance as to the soundness of democracy in this country at the grass roots. Each contestant made a 5-minute speech, I Speak for Democracy. They spoke not alone with fervor but with a maturity of outlook and a sense of the significance of their subject that went entirely beyond the conventions of patriotism. We congratulate the winners, Laura Shatto, Janet Geister, Alice Wade Tyree, and Rose Ellen Mudd, on their triumph—and even more on their understanding of the richness of their heritage.

THE FUEL-OIL SHORTAGE

Mr. WHERRY. Mr. President, before the Senate proceeds to the consideration of executive business, I should like to make a brief comment in regard to the statement made by the distinguished Senator from Vermont that the New England States are short of fuel oil—which of course is the fact, and I do not want in any way to attempt to detract from the force of his argument that the St. Lawrence seaway should be developed in order to provide improved and increased transportation for fuel oil and other commodities. Nevertheless, I now call attention to the fact that the acute shortage of fuel oil which is being experienced in the United States is due to many factors. One of them, and a prime factor it is, is transportation. I call the attention of the Members of the Senate to the report which was filed ap-

proximately 60 days ago by the Committee on Small Business. In it the committee pointed out that this administration was selling to foreign governments 100 T-2 tankers, 51 of which were taken out of the active fleet, and 29 of which were taken out of the active service which has been bringing fuel oil from the Gulf States to the port of Baltimore and to other ports on the Atlantic coast as far north as Boston, Mass. A letter of protest was written to the President of the United States before those sales were confirmed, and in that letter attention was called to the acute situation in regard to transportation, and it was pointed out that such a shortage of fuel oil would develop unless the sales were made to citizen applicants, instead of to noncitizen applicants. That was pointed out clearly, and it cannot be disputed or denied.

So the acute fuel-oil shortage in which we now find ourselves is partly caused by the fact that we have transferred to foreign countries these 100 T-2 tankers, which cost \$4,500,000 apiece, but were sold to foreigners for \$1,500,000 apiece.

Mr. President, that is not all that report reveals. I say this not only as a United States Senator but as an American citizen and an American taxpayer: Twenty-seven percent of the steel which went into tubular steel has been exported from the United States during the past year. That is what has caused the shortage in pipe-line construction and also the loss in the bringing in of new wells in proven territories, and also wildcat wells. But primarily the loss thus caused is a loss of transportation, because increased pipe-line facilities would provide added transportation for fuel oil and natural gas. Three hundred and thirty thousand tons of pipe-line steel was provided for the Saudi Arabia oil fields, but now the portion of it which has been shipped cannot even be used, because of the troubles in Palestine. It is because of those shipments that pipe-line construction in the United States has been blocked. That is extremely regrettable, because such construction in this country would afford the transportation facilities which are so badly needed in order to bring fuel oil and natural gas to the consumers in the United States.

So I desire to call attention to the fact that transportation is a vital factor in this situation. If the present trouble is to be cured for the balance of the present fuel-oil season, and also in the future, next summer, we must reconsider what has been done and we must see to it that a sufficient number of vessels are repaired or reconditioned so as to replace the vessels which have been taken from our active service, the loss of which is so largely responsible for the present acute situation in regard to supplies of fuel oil.

Mr. President, although there has been this shortage, as we all realize, yet it would not have been as acute as it is at this time but for the sale of those vessels. So if the present acute situation is to be alleviated, we shall have to obtain more vessels by way of having ships reconditioned, and thus put more vessels into the service of carrying fuel oil be-

tween the Gulf and the eastern seaports, so as to alleviate any further suffering this winter from cold.

THE ST. LAWRENCE SEAWAY

The Senate resumed the consideration of the resolution (S. J. Res. 111) approving the agreement between the United States and Canada relating to the Great Lakes-St. Lawrence Basin with the exception of certain provisions thereof.

Mr. LODGE. Mr. President, I realize that under the rules of the Senate it is not possible to have cartoons reproduced in the RECORD. If that were possible, I should certainly ask unanimous consent to have reproduced a cartoon by C. K. Berryman which appeared in the Washington Evening Star of Wednesday, January 28. It shows a snow-covered scene, with John Q. Taxpayer standing in front of a bulletin board on which the following items appear:

LATEST BULLETIN

Prices continue to rise. Housing prospects dim. Oil shortages alarming. Peace prospects terrible. New fight against tax-reduction. White House balcony under way.

On the other side is shown a picture of the President saying to John Q. Taxpayer, "I tell you what—let's build the St. Lawrence Canal!"

Mr. WILEY. Mr. President, I ask unanimous consent that a telegram from the aluminum workers' union, one from Walter P. Reuther, international president of the UAW-CIO and a letter from Julius H. Barnes, president of the National St. Lawrence Association, be printed at this point in the RECORD.

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

MASSENA, N. Y., January 29, 1948.

HON. ALEXANDER WILEY,
United States Senate,
Washington, D. C.:

Employment is dropping steadily and metal orders are delayed in filling because of a power shortage in Massena, N. Y., today. Ninety-four men have been laid off at the Aluminum Co. of America plant this week. Power supply present operations at this aluminum plant is largely imported from Canada. One pot line that reduces alumina to aluminum by an electrolytic process was shut down Monday, January 26, for lack of power. The power that would be available by harnessing the St. Lawrence River for producing electric power is desperately needed in this entire area. The United States Senate must approve the St. Lawrence project in its entirety.

ALUMINUM WORKERS' UNION, No. 19256,
J. J. CALLAHAN, Secretary.

WASHINGTON OFFICE, UAW-CIO,
Washington, D. C., January 29, 1948.

Walter P. Reuther, international president of the UAW-CIO, today sent the following wire to Senator ARTHUR VANDENBERG, urging prompt passage of the pending St. Lawrence seaway resolution:

"On behalf of almost 1,000,000 UAW-CIO members in the United States and Canada, I urge prompt, favorable action on Senate Joint Resolution 111, approving the United States-Canadian agreement on the St. Lawrence seaway and power project. Production in the Northeast is already suffering from power shortages.

"The development of the St. Lawrence project will end the risk of similar power deficits in the future. It will create additional wealth for the whole Nation through

the expansion of transportation and power facilities and will contribute to the creation of a full production and full employment economy. In such an economy the Great Lakes region can have its rightful outlet to the sea without detriment to the ports and industries of the Atlantic seaboard.

"More than 12,000,000,000 kilowatt-hours of energy a year which the St. Lawrence project can add to the power output of the United States and Canada will be a tremendous boon to the peoples of both countries.

"WALTER P. REUTHER,
"International President, UAW-CIO."

NATIONAL ST. LAWRENCE ASSOCIATION,
Washington, D. C., January 22, 1948.

MY DEAR SENATOR: I am writing to you concerning a matter which I feel has overriding national importance. During many years of service as president and chairman of the board of the United States Chamber of Commerce, I came to appreciate the fair-minded and enlightened devotion to public interest which characterizes our public officials. It is in this spirit that I address you regarding the St. Lawrence seaway project.

In these momentous days we must ever keep before us the mainspring of the strength of American democracy—the free development of our natural and human resources and the great skill in technology and management which is the marvel of the world. The St. Lawrence project is one of those magnificent achievements within our grasp, and of immediate interest. Currently the project will come before you as Senate Joint Resolution 111, which authorizes its construction on a self-liquidating basis.

The St. Lawrence seaway, like the Panama Canal, will be a national investment, meeting all its expenses and interest on the investment. All of us can approve and support such a businesslike proposition, which puts it above criticism on the ground of Government economy and eliminates the danger of diversion of business from existing transportation systems through Government subsidy. The St. Lawrence seaway as now proposed is a self-supporting investment in national security and prosperity.

In the accompanying brief summary you will note the importance attached to this project by the Joint Chiefs of Staff, the United States Corps of Army Engineers, and the United States Maritime Commission for peacetime commerce and national security in periods of emergency.

Five former Presidents of the United States Chamber of Commerce are enrolled with us in support of this great undertaking: Eric Johnston, John H. Fahey, James Kemper, Henry I. Harriman, and the writer. In addition, such prominent business and civic leaders as Henry Ford II, John Cowles, Cyrus Eaton, Edward J. Noble, Owen D. Young, Marshall Field III, Laird Bell, Mrs. Franklin D. Roosevelt, William L. White, and a host of others are associated with us in our plea to you that you give sympathetic consideration to this measure.

Business opinion is in favor of the St. Lawrence project. A poll of business opinion conducted by Modern Industry magazine gave the following results: Should Modern Industry favor the St. Lawrence seaway project?

	Yes	No
	Percent	Percent
New England.....	54.0	46.0
Mid-Atlantic.....	55.1	44.9
North Central.....	75.1	24.9
South.....	55.5	44.5
Midwest.....	73.8	26.2
Mountain and Pacific.....	62.1	37.9

United States average, 63.7 percent, yes; 36.3 percent, no.

Other polls of public opinion show overwhelming approval by the general public.

National leaders over the past 25 years have, without exception, recommended the construction of this project. Presidents Calvin Coolidge, Herbert Hoover, Franklin Roosevelt, Harry S. Truman; Secretaries of State Charles Evans Hughes, Henry L. Stimson, Cordell Hull, James F. Byrnes, Edward Stettinius, and George C. Marshall; Governors Alfred E. Smith, Herbert H. Lehman, Thomas E. Dewey, Charles Edison, Harold Stassen, and a host of others. These leaders have not been mistaken. Their support is based on the best engineering and business analysis and study of the project.

A project of such national importance needs your earnest consideration, untrammelled by temporary local considerations. In urging the approval of this, we are asking you to join with us in building up America for our children and grandchildren.

The Great Lakes-St. Lawrence Valley is the lifeline of the continent of North America. Our own industrial and agricultural civilization is based upon cheap transportation on this waterway. Canada is wholly dependent on it. The further development of this area will be a contribution to the wealth and progress of these two nations which stand today as the bulwark of democracy. The 12,000,000 people of Canada are the best customers of the United States, barring none. With the development of the St. Lawrence project it can be expected that Canada, as well as the United States, will grow in industry and population, thereby making a greater contribution to public well being in peacetime, and to defense of the continent in event of danger to our security.

The stakes are high; the decision is yours.
Very truly yours,

JULIUS H. BARNES,
President.

Mr. LODGE. Mr. President, I present a telegram from Mr. W. C. Hushing, chairman of the national legislative committee of the American Federation of Labor, in opposition to the St. Lawrence seaway, which I ask to have printed in the RECORD at this point.

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

WASHINGTON, D. C., January 28, 1948.
Hon. HENRY CABOT LODGE, Jr.,
United States Senate,
Senate Office Building:

Under date of January 27, President Green advises me that the executive council of the American Federation of Labor now in session reaffirms the American Federation of Labor's position in opposition to the St. Lawrence waterway project. Our testimony as presented on March 1, 1946, by Legislative Representative Lewis Hines to Senate Committee on Foreign Relations, sets forth our views. I wish to advise you and the other Members of this fact because the project is now under debate in the Senate.

W. C. HUSHING,
Chairman, National Legislative Com-
mittee, American Federation of Labor.

Mr. WHERRY. Mr. President, the hour having arrived when the opponents of the measure have apparently concluded for the day, I should like to suggest, in fact, I should like to make a unanimous-consent request, that after the Senate reconvenes on Monday next at noon, and after the morning hour, the pending business, which is the St. Lawrence seaway bill, shall continue to be considered, and that the distinguished senior Senator from Wisconsin shall be recognized.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

EXTENSION OF PRESIDENTIAL AUTHORITY UNDER TITLE III OF SECOND WAR POWERS ACT, 1942

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Banking and Currency.

(For President's message, see proceedings of the House of Representatives for Thursday, January 29, 1948, on p. 636.)

MASSMAN CONSTRUCTION CO.

The ACTING PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 2192) for the relief of the Massman Construction Co., and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WILEY. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. WILEY, Mr. DONNELLY, and Mr. McGRATH conferees on the part of the Senate.

EXPENDITURES, ETC., BY COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS—MOTION TO RECONSIDER

Mr. LUCAS. Mr. President, I enter a motion to reconsider the vote on Wednesday, January 28, 1948, agreeing to Senate resolution 189, authorizing the Committee on Expenditures in the Executive Departments to make certain expenditures and to employ temporary assistants.

The ACTING PRESIDENT pro tempore. The motion will be entered.

EXECUTIVE MESSAGES REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE SESSION

Mr. WHERRY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar.

POST OFFICE DEPARTMENT

The legislative clerk read the nomination of Vincent C. Burke, of Kentucky, to be First Assistant Postmaster General.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

Mr. O'MAHONEY subsequently said: Mr. President, the Senate has just confirmed the nomination of Mr. Vincent C. Burke to be First Assistant Postmaster General of the United States. I did not want the occasion to pass without taking a moment to express my very high opinion of the character and ability of Mr. Burke. It was my good fortune to be First Assistant Postmaster General in 1933. At that time Mr. Burke was selected as Deputy First Assistant Postmaster General, and I can say from personal experience that he has all the qualifications that go to make an excellent Postmaster General. With Mr. Donaldson as Postmaster General and Mr. Burke as First Assistant Postmaster General, the people of the United States may be certain that the Post Office Department is headed by two of the ablest career men in the service of the Government. I feel we are all fortunate today that the Senate, acting upon the recommendation of the Committee on Post Office and Civil Service, has confirmed the nomination of Mr. Burke. I thank the Senator.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of John R. Alison, of Florida, to be Assistant Secretary of Commerce.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

INTERSTATE COMMERCE COMMISSION

The legislative clerk read the nomination of Walter M. W. Splawn, of Texas, to be an Interstate Commerce Commissioner.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

FEDERAL COMMUNICATIONS COMMISSION

The legislative clerk read the nomination of Wayne Coy, of Indiana, to be a member of the Federal Communications Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

The legislative clerk read the nomination of George E. Sterling, of Maine, to be a member of the Federal Communications Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

COAST AND GEODETIC SURVEY

The legislative clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. WHERRY. Mr. President, I ask sundry nominations in the Coast and Geodetic Survey be confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc. That completes the calendar.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

COAST GUARD

Mr. WHERRY. Mr. President, from the Committee on Interstate and Foreign Commerce, and at the request of the Acting Chairman, the Senator from New Hampshire [Mr. TOBEY], I report favorably sundry nominations in the Coast Guard, and I ask unanimous consent for their immediate consideration. There are approximately 1,400 of the nominations, a complete list of which appears in the CONGRESSIONAL RECORD of January 16, at pages 283, 284, 285, and 286.

The ACTING PRESIDENT pro tempore. Is there objection?

The Chair hears none, and the clerk will state the nominations.

The legislative clerk proceeded to state the nominations.

Mr. WHERRY. I ask that the nominations in the Coast Guard be confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

Mr. WHERRY. I ask that the President be immediately notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, so there may be no mistake about the procedure next week, I may suggest to Members of the Senate that the motion tonight will be a motion to adjourn, so that we shall proceed under the morning hour Monday, at which time there will be a call of the calendar, from the beginning, on bills to which there are no objections, after which the pending business, which is the St. Lawrence seaway bill, will be resumed. At that time, because of the unanimous-consent request just granted, the Senator from Wisconsin will be recognized.

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

Mr. WHERRY. I am glad to yield to the Senator from Wisconsin.

Mr. WILEY. In order that those who read the RECORD may comprehend what is to take place on Monday, the Senator from Wisconsin does not expect to take the floor and speak at that time, but he

does expect that the Senator from Michigan [Mr. FERGUSON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Vermont [Mr. AIKEN], and possibly the Senator from Wisconsin [Mr. McCARTHY] may, if we can apportion the time among ourselves. My understanding with the distinguished Senator from Massachusetts is that on Tuesday he will have the day, and then, after that, we shall try to work out an amicable allotment of time, in an effort to conclude debate, if possible, next week.

Mr. WHERRY. Mr. President, I again call to the attention of Members of the Senate the fact that it will be the intention, if the Senate approves, beginning Monday, to have daily sessions up to and including Thursday night, if the pending business is not then disposed of. On Thursday, we shall make an announcement relative to a session on next Friday, and the proposal for the following week. All of this, of course, is subject to the approval of the Members of the Senate.

Mr. LODGE. Mr. President, if the Senator will yield, I desire to inquire whether any unanimous-consent agreement has been entered into other than the agreement to recognize the Senator from Wisconsin on Monday.

Mr. WHERRY. That is all.

The ACTING PRESIDENT pro tempore. That is the only unanimous-consent agreement that has been entered into.

Mr. LODGE. The understanding is that on Tuesday the opponents of the pending measure will have a day in which to present their views on the subject, although there are a great many who want to speak in opposition, and I do not know whether they can complete their addresses on Tuesday or not.

Mr. WHERRY. Mr. President, I think there should be a clear understanding that the only unanimous-consent agreement that has been made is that when the Senate proceeds with the pending business, after the call of the calendar on Monday, the Senator from Wisconsin shall be recognized. Any further understanding or unanimous-consent agreement will have to be reached or made at that time.

The ACTING PRESIDENT pro tempore. That is the understanding of the Chair.

Mr. LUCAS. Mr. President, of course, I would move that that be done. Under the strict parliamentary rule, the Chair can at that time recognize anyone he wishes to recognize.

Mr. WHERRY. Certainly.

The ACTING PRESIDENT pro tempore. Aside from the Senator from Wisconsin, who will be recognized; but whoever the occupant of the Chair is at that time certainly from that point on will recognize, under the rules of the Senate, whatever Senators seek recognition on the floor.

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

The PRESIDENT pro tempore. The Senator will state it.

Mr. LUCAS. Am I to understand that the Senate can at this time by unanimous consent enter into an agreement whereby the Chair is duty bound to rec-

ognize some one Senator on Monday next, when the session convenes?

The ACTING PRESIDENT pro tempore. The Chair will say that he has not been a Member of the Senate as long as the able and distinguished Senator from Illinois, but he has always been informed that the Senate could do anything by unanimous consent, and the effect of such an agreement is to suspend the rule up to that point.

Mr. LUCAS. Mr. President, will the Chair repeat that?

Mr. WHERRY. Has the Senator concluded?

Mr. LUCAS. No. I think this is very important, because I have always understood, since I have been a Member of the United States Senate, that a unanimous-consent agreement could not be made whereby a Senator would be recognized on the following day, and that it was definitely up to the Senator presiding at the time as to whom he would recognize. If there is a new ruling on that, I should like to know it, although I know such practice as we have been discussing has been followed consistently and continuously without any objection. I merely raised the point for the information of the Senate, in order to get a parliamentary ruling on it. I am sure, if the Chair makes that ruling, he is making a ruling which is diametrically opposed to many rulings that have been made in the past.

The ACTING PRESIDENT pro tempore. It is simply a unanimous-consent agreement which has been asked from the floor, and that was agreed to by the Senate of the United States, which acts as a temporary suspension of the rule up to that point. The Chair is informed by the Parliamentarian it is not an unprecedented action on the part of the Senate or of the Presiding Officer in a similar situation.

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

Mr. WHERRY. I yield.

Mr. LUCAS. I am very glad to know that, and I should like to take a look at the precedents, myself, on this point, between now and next Monday, because if I have been laboring under a delusion all the years that I have been in the Senate, upon this parliamentary question, I certainly should like to know about it. I still maintain that there is no unanimous-consent agreement that can bind the then Presiding Officer to recognize the Senator from Wisconsin on Monday next when we meet on a new legislative day.

The ACTING PRESIDENT pro tempore. The Chair will say to the able Senator from Illinois that the latest precedent that he would cite to the Senator from Illinois is the precedent whereby the senior Senator from Louisiana obtained the floor today.

Mr. LUCAS. I am not questioning that at all. I say to the Chair that it is done frequently. The only question I raise is this: Assuming that the President pro tempore, the Senator from Michigan, on Monday next recognizes the Senator from Illinois, what will the Senate do about that, under the unanimous-consent agreement?

The ACTING PRESIDENT pro tempore. The Chair would say that very

likely the Presiding Officer on next Monday would have read the RECORD, and the matter may take care of itself.

Mr. LUCAS. That is not the question. Of course, it is a hypothetical question, and if the Chair does not care to answer, he does not have to do so, but I maintain I have a material point involved in this parliamentary situation. We have a great parliamentarian in Mr. Watkins. I am certain I have talked with him some time in the past about this very point. It may be I wholly misunderstood him.

The ACTING PRESIDENT pro tempore. The Chair is going to rule that the request of a Member of the Senate was for unanimous consent that this action be carried out, the consent was given by the Senate itself that the procedure be followed on Monday, and therefore it is in order.

Mr. LUCAS. If I may have one more word, I just want to add that I seriously submit that whoever occupies the chair on next Monday can recognize the Senator from Wyoming or the Senator from Illinois, if he rises, notwithstanding the terms of the unanimous-consent action taken today, and if such were done, no point of order would be in order upon such recognition.

THE DROPPING OF 66 KANSAS CITY VOTE INDICTMENTS

Mr. KEM. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a newspaper clipping entitled "Sixty-six Kansas City Vote Indictments Dropped."

Mr. President, I can well understand the reason for dismissing these indictments, because they were based upon stolen ballots and in the absence of the ballots fraud with respect to them is not susceptible to proof. I hope, however, that this action will not mislead anyone into thinking that the Kansas City, Mo., vote scandals are cleared up. That is by no means the case. The Attorney General has never satisfactorily explained his gross failure to act as the duties of his office require. The Kansas City, Mo., vote scandals still remain a blot on the elections in 1946.

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

[From the Washington Evening Star of January 29, 1948]

SIXTY-SIX KANSAS CITY VOTE INDICTMENTS DROPPED

KANSAS CITY, January 29.—Vote-fraud charges against 66 persons indicted by a State grand jury which investigated the 1946 Kansas City primary election were dismissed yesterday in circuit court.

The mass dismissals followed a ruling by Circuit Court Judge James W. Broadus that testimony of former grand jurors as secondary evidence was not admissible under Missouri law.

Ballots and records which the grand jury used in its investigation were stolen, and Prosecutor James G. Kimbrell had proposed to use grand jurors as witnesses to offer testimony regarding the missing information.

Among the contests in the 1946 primary was the Fifth Missouri Congressional District race for the Democratic nomination. Enos Axtell, backed by President Truman, defeated Roger C. Slaughter, the incumbent. In the general election, however, Republican ALBERT L. REEVES defeated Mr. Axtell.

ADJOURNMENT TO MONDAY

Mr. WHERRY. Mr. President, I move that the Senate adjourn until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 15 minutes p. m.) the Senate adjourned until Monday, February 2, 1948, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 30 (legislative day of January 26), 1948:

DEPARTMENT OF COMMERCE

Isaac N. P. Stokes, of the District of Columbia, to the position of Solicitor, Department of Commerce.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Joseph T. Evans, Elkmont, Ala., in place of R. B. Evans, retired.
Benjamin F. Screws, Shorter, Ala., in place of S. B. Baker, transferred.
Charles B. Brock, Steele, Ala., in place of J. T. Wheeler, resigned.
Larry Robinson, Tuskegee Institute, Ala., in place of J. A. Johnson, transferred.

ALASKA

Marletta M. Benson, Metlakatla, Alaska, in place of T. E. Benson, resigned.

ARIZONA

Edward S. Brewer, Cactus, Ariz., in place of F. V. Howey, resigned.
H. Fay Hall, Chloride, Ariz., in place of C. L. Kinsey, resigned.
Nellie C. Sawyer, Inspiration, Ariz., in place of L. L. Horan, resigned.

ARKANSAS

Woodrow M. Freeze, Jr., Cash, Ark., in place of Claude Gregory, retired.
Dallas Johnson, Pollard, Ark., in place of J. C. Latta, retired.

CALIFORNIA

Floyd M. Harvey, Adin, Calif., in place of F. M. Harvey, resigned.
Ernest W. Hutton, Agoura, Calif. Office became Presidential July 1, 1947.
Edna Stratton Hamilton, Bolinas, Calif., in place of H. I. Hoirup, deceased.
Anita V. Reid, Burrell, Calif. Office became Presidential July 1, 1947.
Florence E. Kahmar, Camino, Calif., in place of E. M. Carsten, deceased.
Charles W. Ray, Cedarapines Park, Calif. Office became Presidential July 1, 1947.
Keith L. Tobin, Cutler, Calif., in place of D. M. Tobin, resigned.
Viola S. Pambianco, French Camp, Calif., in place of V. F. Gorrell, retired.
Beatrice K. Geiger, Herlong, Calif., in place of G. E. McIntire, resigned.
Grace R. Aldridge, Joshua Tree, Calif. Office became Presidential October 1, 1946.
Fern C. Barber, Lemoncove, Calif., in place of F. J. Darby, resigned.
John L. McKindley, Lockeford, Calif., in place of J. A. Coll, deceased.
Joseph J. Joaquin, Madrone, Calif., in place of N. K. Kirby, retired.
John E. McSweeney, Mill Valley, Calif., in place of J. C. Strouss, deceased.
Louise H. Blanchard, Occidental, Calif. Office became Presidential July 1, 1947.
Mary E. Bailey, Piru, Calif., in place of E. Cornelius, retired.
Lillie E. Connor, Richvale, Calif., in place of LaVerne Friberg, resigned.
James W. Kern, Santa Susana, Calif., in place of L. R. Riave, retired.
Ernest D. Robinson, Willow Creek, Calif. Office became Presidential July 1, 1947.

COLORADO

Harold Iacovetto, Artesia, Colo. Office established March 25, 1946.
 Richard Ernest Lemesary, Calhan, Colo., in place of C. N. Funk, resigned.
 Elma N. Adams, Collbran, Colo., in place of Loudene Humeston, resigned.
 Donald W. Kelly, Lafayette, Colo., in place of M. F. O'Day, retired.
 Raymond H. Talbot, Pueblo, Colo., in place of C. F. Horn, deceased.
 Netta M. Finch, Springfield, Colo., in place of V. L. Finch, deceased.

FLORIDA

Mary R. Buzbee, Gibsonton, Fla., in place of P. L. Buzbee, deceased.

IDAHO

Claude L. Overson, Firth, Idaho, in place of H. W. Winschell, resigned.
 Mabel Logue, Stibnite, Idaho, in place of E. N. Martin, resigned.

ILLINOIS

Daniel J. Boyd, Blue Island, Ill., in place of A. J. Lagod, resigned.
 William K. Armstrong, Chandlerville, Ill., in place of G. J. Armstrong, resigned.
 Ray B. Brockhouse, Chapin, Ill., in place of W. R. Fisher, transferred.
 Andrew J. Rogers, Jr., Cordova, Ill., in place of L. A. Cooper, transferred.
 James O. Brown, Long Point, Ill., in place of G. F. Turner, retired.
 John W. Bosaw, New Haven, Ill. Office became Presidential July 1, 1944.
 Frank C. Spengler, Shannon, Ill., in place of A. J. Geiseman, transferred.
 Besse M. Hewitt, Steward, Ill., in place of T. F. Kirby, deceased.
 Beatrice E. Reck, Winslow, Ill., in place of H. M. Deam, resigned.

INDIANA

Bernice West, Castleton, Ind., in place of N. M. Sigman, resigned.
 Dale M. Sands, Claypool, Ind., in place of Walter Bouse, transferred.
 George W. Horan, Collegeville, Ind., in place of F. A. Hehn, resigned.
 Everett J. Laun, Kingsford Heights, Ind., in place of W. J. Rash, resigned.
 Robert D. Long, Millersburg, Ind., in place of W. D. Stoner, transferred.
 Arnold B. Rhodes, Tippecanoe, Ind. Office became Presidential July 1, 1946.

IOWA

Robert B. Christopher, Huxley, Iowa, in place of Albert Johnson, retired.

KANSAS

Allen M. Hunter, Garden City, Kans., in place of L. N. Green, resigned.

KENTUCKY

James A. Hamblin, Buckhorn, Ky. Office became Presidential July 1, 1945.
 Arthur Kelly Hearon, Clay, Ky., in place of P. L. McGraw, deceased.
 Orland C. Seeley, Corbin, Ky., in place of N. M. Elliott, removed.
 John M. Magee, Cynthia, Ky., in place of S. F. Sprake, deceased.
 Lillian Bodenheimer, Freeburn, Ky. Office became Presidential July 1, 1943.
 Helen Jaeger, Independence, Ky., in place of A. B. Jaeger, deceased.
 Roy P. Peters, Lily, Ky. Office became Presidential July 1, 1945.
 John C. Ryan, Pine Knot, Ky. Office became Presidential July 1, 1944.
 Robert F. Gillespie, Sadieville, Ky., in place of W. A. Marshall, transferred.
 Hodge J. Slayden, Salem, Ky., in place of Jessie Mitchell, resigned.
 Mary M. Deaton, Toner, Ky. Office became Presidential April 1, 1947.
 Rachel A. Galvin, Waverly Hills, Ky., in place of M. F. Beck, transferred.
 George G. Willson, Whitley City, Ky., in place of B. K. Morris, removed.

LOUISIANA

Allen J. Lorio, Hahnville, La., in place of P. D. Lorio, Jr., resigned.
 Erna P. Watts, Walker, La., in place of W. A. Rheams, resigned.

MAINE

Donald F. Lord, Belgrade Lakes, Maine, in place of N. A. Harnden, transferred.

MASSACHUSETTS

William P. Stone, Jr., Monson, Mass., in place of J. R. Crowley, resigned.

MICHIGAN

Alexander S. Lynch, Carney, Mich., in place of V. R. Moran, transferred.
 Ernest A. Sackerman, Grand Rapids, Mich., in place of F. C. Jarvis, retired.
 Clarence F. Goerner, Howard City, Mich., in place of Sidney Reynolds, resigned.
 Edward J. Murphy, Kawkawlin, Mich., in place of H. J. Staudacher, retired.

MINNESOTA

Olice S. Erickson, Willmar, Minn., in place of A. G. Erickson, retired.

MONTANA

Donald R. Lamoreux, Corvallis, Mont., in place of S. E. Dickson, resigned.

NEW HAMPSHIRE

Joseph E. Hurley, Wilton, N. H., in place of J. R. K. Kelley, retired.

NEW JERSEY

Charles M. Kammerer, Carlton Hill, N. J., in place of F. J. Baker, resigned.
 Walter C. Farley, Oldwick, N. J., in place of M. D. Farley, deceased.

NEW MEXICO

Antonio J. Trujillo, Questa, N. Mex. Office became Presidential July 1, 1944.
 Paul Madrid, Vaughn, N. Mex., in place of Leon Panebouef, resigned.

NEW YORK

Manuel Fisher, Harris, N. Y., in place of H. A. Monroe, resigned.
 Alvah P. Saulpaugh, Red Hook, N. Y., in place of A. P. Saulpaugh, transferred.
 Winston R. Reel, Schuylerville, N. Y., in place of D. J. Falvey, deceased.
 Arthur J. Kane, Waverly, N. Y., in place of M. G. Baldwin, resigned.

NORTH CAROLINA

Thomas E. Bivins, Hillsboro, N. C., in place of Shepperd Strudwick, retired.
 Robert H. Ballew, Nebo, N. C., in place of J. C. Parks, transferred.
 William Lester Farrell, Pittsboro, N. C., in place of F. C. Mann, deceased.

NORTH DAKOTA

Richard S. Rhoades, Killdeer, N. Dak., in place of Fred Hollingsworth, resigned.

OREGON

Agnes M. Hashberger, Coldton, Oreg., in place of C. P. Hunter, retired.
 Kenneth P. McCollum, Elkton, Oreg., in place of G. K. McKinney, resigned.
 Myra M. Brinker, Freewater, Oreg., in place of R. O. Brinker, resigned.
 Merle R. Brown, Philomath, Oreg., in place of M. M. Cummings, resigned.
 Celia W. Smith, Wauna, Oreg., in place of G. E. Wright, resigned.

PENNSYLVANIA

Chester J. Kukleski, Braddock, Pa., in place of Jennie Moran, retired.
 Frank W. Coughanour, Jr., Hopwood, Pa., in place of A. L. P. Lieb, resigned.
 Wiley C. Hamby, Salona, Pa., in place of C. B. Herr, retired.
 George L. Strausbaugh, Seven Valleys, Pa., in place of S. E. Henry, resigned.
 Willis C. Latshaw, Spring City, Pa., in place of R. E. Walley, resigned.
 Ida M. Christie, Starford, Pa. Office became Presidential July 1, 1945.

Charles A. Brader, Tannersville, Pa., in place of W. E. Kresge, retired.
 Robert A. Lanzendorfer, Twin Rocks, Pa., in place of M. E. Ford, resigned.
 Joseph Walter Petrovich, Wilburton, Pa., in place of Wilbert Larzelere, retired.
 Eaton A. Hartman, Windsor, Pa., in place of E. C. Smith, deceased.

PUERTO RICO

Domingo Lopez, Maricao, P. R., in place of L. B. Lopez, retired.
 Josefa G. Lorenzi, Yauco, P. R., in place of L. M. Diaz, transferred.

SOUTH CAROLINA

Jesse W. Parris, Clifton, S. C., in place of B. F. Cannon, retired.
 Helen A. Geraty, Yoniges Island, S. C., in place of J. W. Geraty, retired.

SOUTH DAKOTA

Leo V. Marek, Avon, S. Dak., in place of M. A. Hornstra, deceased.
 Nettie A. Boatman, Columbia, S. Dak. Office became Presidential July 1, 1943.
 Franklin deHaai, Corsica, S. Dak., in place of C. J. Ver Steeg, transferred.
 Vernon Morgan, Pine Ridge, S. Dak., in place of Orval Ogle, resigned.
 Milton B. Tracy, Pollock, S. Dak., in place of H. M. Boschker, resigned.

TENNESSEE

Lee T. McDaniel, Pittsburgh Landing, Tenn. Office became Presidential July 1, 1945.
 Ross Bass, Pulaski, Tenn., in place of W. F. English, deceased.
 Earnest T. Browder, Sweetwater, Tenn., in place of J. N. McGuire, resigned.

TEXAS

Glenn H. Henderson, Bryson, Tex., in place of S. C. Milburn, retired.
 Walter G. Marek, Burlington, Tex., in place of F. A. Krause, transferred.
 James R. Brown, Denison, Tex., in place of J. H. Parrish, retired.
 Charles H. Yowell, Dodd City, Tex., in place of R. H. Mills, deceased.
 Frederic E. Edgar, High Island, Tex., in place of J. H. Bugg, resigned.
 Granville W. Elder, Houston, Tex., in place of John Dunlop, retired.
 Harold Sparks, La Villa, Tex., in place of W. E. Cooper, resigned.
 John C. Groce, League City, Tex., in place of V. L. Platzner, resigned.
 Charley J. Nichols, Mansfield, Tex., in place of E. O. Driskell, retired.
 Isaac E. White, Markham, Tex., in place of C. B. Fisher, resigned.
 Otis Avery, Seymour, Tex., in place of J. E. McDuffey, resigned.
 Joe R. Christian, Tenaha, Tex., in place of I. B. Davidson, resigned.
 Wallace Fred Cannon, Thornton, Tex., in place of M. E. Cannon, transferred.
 Ralph W. Palmer, Tornillo, Tex., in place of O. H. Palmer, retired.

UTAH

C. Henry Nielsen, Brigham, Utah, in place of Nello Christoffersen, resigned.
 Donald L. Vance, Fairview, Utah, in place of N. S. Brady, transferred.
 Claud M. Glazier, Kanab, Utah, in place of A. C. Ford, resigned.
 Andrew W. Swanson, Kanosh, Utah, in place of C. C. Cutler, resigned.

VERMONT

Kathleen H. Shove, South Woodstock, Vt., in place of Louis Bartel, retired.

VIRGINIA

Pauline B. Hatfield, Hurley, Va., in place of N. J. Carroll, removed.
 Minna D. Deane, Nottoway, Va., in place of E. L. Deane, deceased.
 Della M. Lawson, White Stone, Va., in place of B. N. Hubbard, resigned.

WASHINGTON

Edward W. Schoenholz, Alderwood Manor, Wash., in place of H. L. Parker, resigned.
 Daniel B. Killion, Bryn Mawr, Wash., in place of W. L. Killion, retired.
 Walter A. Oliver, Hoodsport, Wash., in place of W. H. Lunt, resigned.
 William Lorin McClure, Oakesdale, Wash., in place of R. V. Browder, removed.
 Sherman T. Combs, Packwood, Wash. Office became Presidential July 1, 1947.
 Harley E. Chapman, Prosser, Wash., in place of Paul Hamilton, resigned.
 Lonnie D. Leeper, Pasco, Wash., in place of A. A. Barnes, retired.

WEST VIRGINIA

William G. Meredith, Dailey, W. Va. Office became Presidential July 1, 1945.
 William W. Hammond, Kearneysville, W. Va., in place of F. O. Trump, retired.
 Eulan N. Lester, Panther, W. Va., in place of Ethel Cline, resigned.
 Marietta Walker, Peach Creek, W. Va., in place of A. O. Shelton, resigned.
 Troy R. Swecker, Valley Head, W. Va., in place of N. S. Wood, resigned.
 Walter S. Bambrick, Weirton, W. Va., in place of S. P. Shlanta, removed.

WISCONSIN

Claude A. Thomas, Forest Junction, Wis. Office became Presidential July 1, 1945.
 Norbert I. Lehmann, Hustisford, Wis., in place of P. A. Panetti, resigned.
 Donald L. Schulz, Irma, Wis., in place of Henry Magnuson, resigned.

WYOMING

Kenneth L. Wingo, Encampment, Wyo., in place of M. C. Corum, retired.
 Roxanna M. Smith, Lingle, Wyo., in place of M. N. Hanna, transferred.
 George L. Gibson, Powell, Wyo., in place of L. O. Stephens, resigned.
 Silvio J. Pedri, Reliance, Wyo., in place of Naomi Grove, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 30 (legislative day, January 26), 1948:

POST OFFICE DEPARTMENT

Vincent C. Burke to be First Assistant Postmaster General.

DEPARTMENT OF COMMERCE

John R. Allison to be Assistant Secretary of Commerce.

INTERSTATE COMMERCE COMMISSION

Walter M. W. Splawn to be an Interstate Commerce Commissioner for a term expiring December 31, 1954.

FEDERAL COMMUNICATIONS COMMISSION

Wayne Coy to be a member for the unexpired term of 7 years from July 1, 1944.

George E. Sterling to be a member for the unexpired term of 7 years from July 1, 1943.

COAST AND GEODETIC SURVEY

TO BE CAPTAINS FROM THE DATE INDICATED AFTER THEIR NAMES

Jack Senior, January 1, 1948.
 Ronald D. Horne, March 1, 1948.
 Charles K. Green, March 1, 1948.

TO BE COMMANDERS, FROM THE DATE INDICATED AFTER THEIR NAMES

Henry C. Warwick, January 1, 1948.
 Benjamin H. Rigg, March 1, 1948.
 Albert J. Hoskinson, March 1, 1948.

TO BE LIEUTENANT COMMANDERS, FROM THE DATE INDICATED AFTER THEIR NAMES

Ernest B. Lewey, January 1, 1948.
 John C. Mathisson, March 1, 1948.
 George E. Morris, March 1, 1948.

TO BE ENSIGNS FROM THE DATE INDICATED AFTER THEIR NAMES

Eugene W. Richards, December 20, 1947.
 Samuel D. Parkinson, December 30, 1947.
 Harrison F. Dunbrook, January 7, 1948.
 Ward A. Kemp, October 10, 1947.

UNITED STATES COAST GUARD

The following nominations for permanent commissions in the United States Coast Guard, which were confirmed today, were received by the Senate on January 16, 1948, and are shown in full in the Senate proceedings of the CONGRESSIONAL RECORD for that day under the caption "Nominations," beginning with the name of Gordon T. Finlay appearing on page 283 and ending with the name of Robert G. Frye appearing on page 286:

Gordon T. Finlay et al.,
 Claude H. Broach et al.,
 Robert E. Combs et al., and
 Willard L. Jones et al.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 30, 1948

The House met at 12 o'clock noon.

Dr. Earl F. Nauss, Congregational minister from Rindge, N. H., Navy chaplain, retired, offered the following prayer:

Almighty God, before whom the generations of men do rise and achieve and pass away, age after age the living seek Thee and find that of Thy goodness there is no end. Grant that, as our fathers trusted in Thee and found the fulfillment of their lives and their highest dreams, we, too, in this fateful hour of the world's life may be true to our finest and noblest moral obligations, so that we can assume our rightful place of leadership in the life of our country and in the life of the world, so the truth may prevail and prejudice be set aside, and the ways of freedom and of peace and of happiness be fully known.

Almighty God, who hast given us this good land for our heritage, we humbly beseech Thee that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will. Bless our land with honorable industry, sound learning, and pure minds. Save us from violence, discord, and confusion, from pride and arrogance, and from every evil way. Defend our liberties, and fashion into one united people the multitudes brought hither out of many kindreds and tongues. Endue with the spirit of wisdom those to whom in Thy name we entrust the authority of government, that there may be justice and peace at home, and that through obedience to Thy law we may show forth Thy praise among the nations of the earth. In the time of prosperity fill our hearts with thankfulness, and in the day of trouble suffer not our trust in Thee to fail.

Now may the blessing of Almighty God be upon you, leading your minds and hearts into the way of peace, your hands that they be generous, your thoughts that they be true. Amen.

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

BOARD OF VISITORS—UNITED STATES NAVAL ACADEMY

The SPEAKER. Pursuant to the provisions of title 34, section 1081, United States Code, the Chair appoints as members of the Board of Visitors to the United States Naval Academy the following Members on the part of the House: Mr. HUGH D. SCOTT, Jr., Pennsylvania; Mr. BRADLEY, California; Mrs. ST. GEORGE, New York; Mr. JOHNSON, Texas; Mr. SASSCER, Maryland.

BOARD OF VISITORS—UNITED STATES MERCHANT MARINE ACADEMY

The SPEAKER. Pursuant to the provisions of Public Law 301, Seventy-eighth Congress, the Chair appoints as members of the Board of Visitors to the United States Merchant Marine Academy the following Members on the part of the House: Mr. McMAHON, New York; and Mr. KEOGH, New York.

The Chair lays before the House the following communication:

JANUARY 28, 1948.

The SPEAKER,
 House of Representatives,
 Washington, D. C.

DEAR MR. SPEAKER: Pursuant to Public Law 301 of the Seventy-eighth Congress, I am hereby appointing the following members of the Merchant Marine and Fisheries Committee to serve on the Board of Visitors to the United States Merchant Marine Academy: Hon. T. MILLET HAND, Hon. JOHN C. BROPHY, Hon. EDWARD J. HART.

As chairman of the Committee on Merchant Marine and Fisheries, I am authorized to serve as an ex officio member of the Board.

Respectfully,
 ALVIN F. WEICHEL,
 Chairman, Merchant Marine
 and Fisheries.

BOARD OF VISITORS—UNITED STATES COAST GUARD ACADEMY

The SPEAKER. Pursuant to the provisions of Public Law 183, Seventy-sixth Congress, the Chair appoints as members of the Board of Visitors to the United States Coast Guard Academy the following Members on the part of the House: Mr. SADLAK, Connecticut; Mr. FORAND, Rhode Island.

The Chair lays before the House the following communication:

JANUARY 28, 1948.

The SPEAKER,
 House of Representatives,
 Washington, D. C.

DEAR MR. SPEAKER: Pursuant to the act of April 16, 1937, as amended (Public No. 38, 75th Cong., 1st sess.), I have appointed the following members of the Committee on Merchant Marine and Fisheries to serve as members of the Board of Visitors to the United States Coast Guard Academy for the year 1948: Hon. EDWARD T. MILLER, Hon. MITCHELL JENKINS, Hon. EMORY H. PRICE.

As chairman of the Committee on Merchant Marine and Fisheries, I am authorized to serve as an ex officio member of the Board.

Respectfully,
 ALVIN F. WEICHEL,
 Chairman, Merchant Marine
 and Fisheries.

OLIVER WENDELL HOLMES DEVISE

The SPEAKER. Pursuant to the provisions of Public Resolution 124, Seventy-fifth Congress, the Chair appoints as a

member of the Committee of the Oliver Wendell Holmes Devise the gentleman from Pennsylvania [Mr. SARBACHER] to fill the existing vacancy thereon.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend his remarks in two instances in the RECORD and to include extraneous matter.

INDEPENDENT OFFICES APPROPRIATION BILL, 1949

Mr. WIGGLESWORTH, from the Committee on Appropriations, reported the bill (H. R. 5214) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1949, and for other purposes, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. THOMAS of Texas reserved all points of order on the bill.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. ROSS asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. BUTLER asked and was given permission to extend his remarks in the RECORD with reference to the St. Lawrence waterway and include therein an editorial from a New York paper and in another instance to include a statement by the Board of Supervisors of Erie County.

SPECIAL ORDER GRANTED

Mr. HESELTON. Mr. Speaker, I ask unanimous consent that, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 15 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE OIL SITUATION—HOUSE JOINT RESOLUTIONS 311 AND 312

Mr. HESELTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HESELTON. Mr. Speaker, yesterday afternoon I discussed two resolutions which I introduced providing for temporary restrictions on the exportation of certain petroleum products. The text of the resolutions can be found in my remarks on page 713 of the RECORD, have been numbered House Joint Resolutions 311 and 312, and have been referred to the House Committee on Interstate and Foreign Commerce.

Yesterday I said it was my intention to prepare further references to certain material which I felt would be of interest to my colleagues. Unfortunately, I have

not been able to complete that work, but I shall insert the material as soon as possible.

In the meantime, may I again call your attention to the committee's recent report which is now printed and is numbered 1270 of this session of the Eightieth Congress.

Also, yesterday I read an editorial from the Boston Post, commenting on the committee's recommendation with reference to these exports. Today I want to insert in my revision of these remarks certain other editorials commenting on the committee's recommendation.

I call your particular attention to the fact that these are expressions of opinion by people who have lived in this area of shortage and cold during the last month and who face an even worse period of discomfort and difficulty these next 2 months unless we here join in providing the only immediate source of assistance available to them.

One sentence in the editorial of the Post is significant:

Consumers, therefore, may well ask why action was not taken when the indicated shortage first became known.

In the editorial from the Athol (Mass.) Daily News, there are these three sentences:

As the days lengthen, and the weather gets snowier and snowier, and colder and colder, the great petroleum mystery becomes more and more mysterious. * * * To date, we know of only one really constructive recommendation that has been made by an official group. The House Interstate Commerce Committee has called for at least a temporary halt in exports of American oil.

The full editorial is as follows:

THE PETROLEUM PUZZLE

As the days lengthen, and the weather gets snowier and snowier, and colder and colder, the great petroleum mystery becomes more and more mysterious. And nearly everybody who says anything about it becomes more and more confusing. We confessed our own confusion a long time ago, and wish to report that our state of mind has not improved. Nevertheless, we feel it is our turn to say something on the subject.

The thing that troubles us the most is that persons in high official positions have not been telling the truth all through the discussion. Perhaps they told a little truth occasionally, but not all the time. For instance, they gave us a merry song and dance about the reason for the New England shortage. At first it was a lack of tankers. This reason disappeared when it became known that tankers were lying idle, and others had been turned over to foreign nations. So the practiced prevaricators in Washington dug up another one. This time it was a lack of refining facilities and a lack of materials for drilling new wells. Now they have fallen back on an explanation that has been argued for 30 years or more; that there is a basic shortage of petroleum in the ground under the United States. So Secretary of the Interior Krug wants a few billions to develop production of synthetic oil and gasoline.

No doubt it would be a good idea for Americans to get started in the production of petroleum from sources other than wells. The materials are available, but have been considered in the light of a long-range reserve. But we would like to know a whole lot more about the entire oil situation before getting into a \$9,000,000,000 proposition. This time, incidentally, we would like to hear nothing but the truth, and we would like

to hear most of it from persons who know their stuff and who do not hold political office.

There are some pretty able men outside that charmed circle who have been maintaining that there is no immediate shortage of oil in the ground. And there are others who have been pointing to American exports of oil and asking why they have been permitted. Japan received much oil from us before Pearl Harbor. Russia continued to receive American oil long after the shooting stopped in Europe. During the war, there were various weak explanations of why supplies in other parts of the world were not tapped to a greater extent. Among others, a question we would ask is: Where is all the oil produced outside the United States going at the present time, and is the United States getting its fair share of it?

To date, we know of only one really constructive recommendation that has been made by an official group. The House Interstate Commerce Committee has called for at least a temporary halt in exports of American oil. Representative JOHN W. HESELTON of the congressional district which includes Athol and Orange, says this recommendation is of the utmost importance. We agree with him, and hope somebody will make a few more that are as fundamentally sound.

Mr. Speaker, the news dispatches continue to bring very dismal reports as to the situation, not only in New England, but practically all over this country, including even Tennessee and Texas.

I understand that 20,000 people idle yesterday in the Detroit area will be out of work for at least a week.

It is reported that approximately 15,000 steel workers are out of work in the Pittsburgh area. In Ohio, 10,000 are out of work in Cincinnati, 3,500 in Dayton, 1,100 in Toledo, 200 in Youngstown, 1,000 in Steubenville, 2,300 in Warren, 2,000 in Massillon, 1,200 in East Liverpool, and 500 in Cleveland.

It is reported that all industrial users, schools, and most commercial establishments in 333 Texas and Oklahoma towns were cut off from their service of gas and gas supplies due to the tremendous demands arising from the fuel-oil shortages in their areas. Gas was also cut off from 900 industrial users in the Kansas City area of Missouri, apparently for the same reason.

An editorial from the Worcester (Mass.) Telegram makes very interesting reading. You will note the reference to the statement by the Assistant Area Fuel Oil Coordinator, "It is a real shortage; no one is fooling anybody."

While the editorial is entirely correct that "Embargoes, fuel policies, automobile slow-downs, and synthetic oil plants just will not bring oil to New England today," I believe sincerely that we should not relax our efforts on any score. We should continue to press the Government to conserve every drop of oil possible. We should demand that unrelenting efforts should be made to put additional tanker service into the east coast. We should act promptly in trying to conserve whatever oil is possible from our export program and turn it to the shortage areas.

The editorial follows:

OIL CRISIS DEEPENS

Probably because the administration has, in the past, cried "Wolf" too often, an unfortunate skepticism seems to exist among

some persons that the oil shortage isn't too bad.

Roscoe H. Goddard, assistant area fuel oil coordinator, has issued a statement to straighten these people out. The time has come, he said, when consumers must wake up to the fact that the oil crisis is even worse than had been predicted. "It is a real shortage; no one is fooling anybody," he said.

A succession of quick developments in Washington served to underscore Mr. Goddard's local warning. Senator BRIDGES, New Hampshire Republican, demanded an embargo on all oil exports. The House Interstate and Foreign Commerce Committee asked that a national fuel policy be established. There were suggestions made that wartime speed controls be reimposed on automobile drivers in order to save gasoline. Secretary of the Interior Krug asked the expenditure of some \$9,000,000,000 over a 5- to 10-year period to build synthetic oil plants.

Whether these ideas are sound or unsound must be beside the point at the present time. Embargoes, fuel policies, automobile slowdowns, and synthetic oil plants just won't bring oil to New England today. The consumer still has the responsibility of cutting down on his own fuel consumption, while hoping that measures will be taken to relieve the situation quickly—and to make sure it won't happen again next year.

While he's shivering in his poorly heated home, he can't be blamed for thinking, however, that a little planning by the administration last summer would have saved much of his present discomfort. A few tankers allocated to this region would have helped a great deal. The cold New England resident has, indeed, had enough, and he's likely to remember this winter's oil shortage when the chilly days of next November roll around.

I have been reliably informed today that under the immediate jurisdiction of the Federal Works Agency there are 18 buildings heated by oil with a fuel oil consumption daily of 3,200 gallons. I am advised that within the District 4 buildings have been converted to fuel oil, but as yet I do not have the exact date. I cannot reconcile this with the report made by General Fleming to Mr. Steelman, but I shall try to do so over the week end.

Finally, Mr. James Terry Duce, vice president of the Arabian Oil Company, gave some extremely important testimony before the House Committee on Interstate and Foreign Commerce this morning. It is my understanding that the chairman, the gentleman from New Jersey [Mr. WOLVERTON] expects to insert the full statement in the Appendix of the RECORD so all Members may have this information immediately. In the meantime, I wish to quote a few sentences.

Mr. Duce said:

It is the impact of the scarcity of materials which results in such shortages, as we are now facing in the United States. I am inclined to believe that even this shortage would have been averted if the Maritime Commission had put in operation early this year the tankers which they had moored in their various yards. There is an abundance of oil in the world. We have immense reserves in the Middle East. If all the world produced from its reserves at the same rate as the United States is producing from its reserves, there would be a surplus instead of a shortage in oil at the present time. We have pushed our production in Arabia up from 200,000 barrels per day last year to over 300,000 barrels per day at the close of 1947.

I recognize, as all of you do, that this is not just a problem of locating fuel oil, but one of transporting it. During the December hearings, I devoted a good deal of attention to the Maritime Commission's decision to sell the remaining T-2 tankers to foreign purchasers. I remained completely unsatisfied with the explanations given in terms of the then-known increasing difficulties in this country. It has recently developed that some 11 of these tankers are on our coasts and apparently the Maritime Commission did in January make a commendable, although belated, effort to secure assurances from a number of purchasers that the tankers would be used on the east coast run north of Norfolk until spring.

EXTENSION OF REMARKS

Mr. ELSAESSER asked and was granted permission to extend his remarks in the RECORD.

Mr. HILL asked and was granted permission to extend his remarks in the RECORD and include the recommendation of the American National Livestock Association.

Mr. GILLIE asked and was granted permission to extend his remarks in the RECORD and include a resolution from the Northside High School at Fort Wayne, Ind.

Mr. TWYMAN asked and was granted permission to extend his remarks in the RECORD and include a speech by Gov. Dwight H. Green of the State of Illinois.

Mr. ANGELL asked and was granted permission to extend his remarks in the RECORD and include an article on hydroelectric power by Ivan Bloch.

Mr. PASSMAN asked and was granted permission to extend his remarks in the RECORD.

Mr. KEFAUVER (at the request of Mr. PRIEST) was granted permission to extend his remarks in the RECORD in two instances; in one to include an editorial from the Buffalo Evening News, and in the other instance to include an address on juvenile delinquency by Mr. J. Pope Dyer.

Mr. BLAND asked and was granted permission to extend his remarks in the RECORD on the Merchant Marine and to include an article from News Week.

Mr. ANDERSON of California asked and was granted permission to extend his remarks in the RECORD and include a letter.

GENERAL DEBATE ON THE TAX BILL

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the time for general debate on the bill H. R. 4790 be extended 2 hours on Monday, the time to be equally divided between the gentleman from North Carolina and myself.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KNUTSON]?

There was no objection.

THE MEAT SITUATION

Mr. HILL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. HILL. Mr. Speaker, in view of the fact that so much pressure seems to be going on in the United States today concerning the return of rationing of meat, I wanted to present to the House this morning the recommendation of the American National Livestock Association at its fifty-first annual convention in Boise, Idaho, on January 14. I want to read one short portion of their recommendation:

Maximum production coupled with a sound fiscal and monetary policy on the part of the Government will provide the most effective remedy for inflation. This would insure the consumer a maximum supply of meat at equitable prices. It can be accomplished only under an economy free from rationing, price controls, or other arbitrary restrictions.

The SPEAKER. The time of the gentleman from Colorado has expired.

THE LATE FRANKLIN DELANO ROOSEVELT

Mr. JOHNSON of Texas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, to revise and extend my remarks, and to insert a brief letter.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JOHNSON]?

There was no objection.

Mr. JOHNSON of Texas. Mr. Speaker, on this day, in 1882, was born a man destined to guide his country through its greatest perils. As Franklin Delano Roosevelt loved his countrymen, so they loved him. That affection of one man for the many—and of the many for one man—bound our Nation together in a unity we have missed since he left us.

The altogether personal affection so many millions of us felt for Mr. Roosevelt was brought into poignant focus when he died. In our teeming cities, in small towns, at crossroad stores, and along lonely country trails, almost unbearable grief came to the people of America.

To those shocking words, "Roosevelt is dead," men, women, and children reacted as though the news concerned one near and dear to them. Some wept. Some were swept by black despair. Some were appalled at the unfillable gap left in the world's leadership.

In the small town of Lockhart, Tex., in my congressional district, one who loved Roosevelt found some comfort in the way so many of us find it: He told his wife what was in his heart. She was away from home, and he wrote her. I lately obtained a copy of that letter, written by Fleetwood Richards, of Lockhart.

Mr. Richards has a distinguished record of public service in our Texas Legislature. Because his letter so beautifully expressed the sorrow so many of us felt on that fateful day in 1945, and expressed it in language beyond our capacity, I have presumed upon my friendship with Mr. Richards to offer the letter today as a memorial to Franklin Delano Roosevelt:

LOCKHART, TEX., Friday, April 13, 1945.

MY DEAREST GUSSIE: Roosevelt is dead. Sorrow and gloom shrouds the town of Lockhart, and its people. Business and people are

almost at a standstill. Golf has not been mentioned in almost a full day. The report of his death reached me in the Domino Hall. That is where Americanism lingers in the rough. There is where it is most typical. There is where Roosevelt is most loved and appreciated. There is where labor relaxes and recreates. The news stopped every game. No sounds were audible, except sighs. The leader of their hopes, the prince of their cause, their refuge, had gone. Silently, they went away. They walked slower, they talked less, and they thought more. It was the saddest moment in all American life. Their ship was without a rudder.

In his going, anxiety reached its greatest peak. Determination did not seem to falter or hesitate. It seemed to absorb vengeance. Hope was uncertain. It must wait. The future must build and sustain it. World peace took a body blow. It did not fall. It did not take the count. It is disappointed, and that disappointment should be, and must be, its inspiration and determination to work, to sacrifice and to succeed. It is humanity's only hope.

In a weak and humble way, on every occasion, and at every call, I have tried to shoulder my responsibility to him, and the cause that he represents. Maybe I have been a small part of a great undertaking. I feel so. I served him, and his cause, and the people's cause, as I see it, with an apostle's devotion, free of selfish motive.

I say, and maybe I never could have said it before, a man is dead that I never doubted or questioned. Somehow, I followed him and his leadership with a faith and confidence, free of every doubt. He gave a part of his life's span to the cause of humanity and liberty. In it all, I think that he was conscientious. To the down-trodden, he was as faithful as Paul was to Christ. He served and saved others, "himself he could not save."

I never committed an act, or spoke a word that made his road longer or his burden heavier. I never added weight to his weakened body or his troubled mind. I tried to give him strength. I might have been, and I think that I was, a little more diligent and devoted to him, and the purposes and ideals that he championed, than I have been to myself and my own soul. In it all, I am satisfied.

Love,

FLEETWOOD.

EXTENSION OF REMARKS

Mr. LYNCH asked and was given permission to revise and extend the remarks he expects to make in the Committee of the Whole today on the bill H. R. 4790, and to include therein certain data.

Mr. REGAN 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 article which appeared in Tom Breneman's magazine Old Age.

Mr. LESINSKI asked and was given permission to extend his remarks in the RECORD and include a copy of a letter written jointly by Mr. August Scholle and Mr. Hopkins, of the Michigan Congress of Industrial Organizations.

Mr. HUBER asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. FORAND asked and was given permission to revise and extend the remarks he expects to make in the Committee of the Whole this afternoon and include therein certain quotations and tables.

Mr. SCHWABE of Missouri asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD and include an address by Mr. Morgan L. Fitch, retiring president of the National Association of Real Estate Boards.

Mr. BUFFETT asked and was given permission to extend his remarks in the RECORD.

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the Appendix of the RECORD in four separate instances and in each to include extraneous matter.

Mr. JENKINS of Ohio asked and was given permission to revise and extend the remarks he expects to make in the Committee of the Whole and include therein certain tables.

SLACK-WATER ROUTE FROM THE GULF TO THE GREAT LAKES, PITTSBURGH, ST. LOUIS, MINNEAPOLIS, AND ST. PAUL

Mr. RANKIN. 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 Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, you heard the remarks of the gentleman from Massachusetts [Mr. HESLTON] to the effect that the oil shortage is not only causing suffering throughout the New England States but is also having a serious effect in Detroit, Mich.

Today we are going before the Committee on Appropriations to ask for funds to begin a project that will provide a slack-water route from the Gulf of Mexico to Pittsburgh, Pa., by way of the Ohio River to Chicago, Ill., by way of the Illinois River to St. Louis, St. Paul, and Minneapolis on the Mississippi River.

If that great project were in operation today, that vast wealth of oil produced in Mississippi, Texas, Louisiana, and Arkansas could easily be transported into the Great Lakes by barges and distributed, not only throughout that area but throughout the Northeastern States as well.

You noticed where two barges arrived here in Washington yesterday with 10,000 tons of oil. If we had this great inland waterway completed, providing this slack-water route, as I said, to Pittsburgh, Pa., to the Great Lakes, St. Louis, St. Paul, and Minneapolis, there would be no shortage of oil in that area, the people in the Northeastern States could be supplied.

This great slack-water route from the Gulf to the Great Lakes, and to all points on the upper Mississippi and the Ohio, is absolutely necessary if those great industrial centers are to maintain their present positions in that respect.

The SPEAKER. The time of the gentleman from Mississippi has expired.

ADJOURNMENT OVER

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that when the House

adjourns today it adjourn to meet at 11 o'clock on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PROGRAM FOR WEEK OF FEBRUARY 1

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, in the absence of the majority leader the gentleman from Indiana [Mr. HALLECK], I take this time for the purpose of informing the House what the program will be for the following week.

Monday we hope to complete action on the tax bill.

Tuesday, unanimous consent has already been granted to take up the Consent Calendar which otherwise would have been called on Monday. Following the Consent Calendar, the Private Calendar will be called. Immediately after consideration of these two calendars we will take up the independent offices appropriation bill, which bill we hope to complete on Wednesday.

On Thursday we will start consideration of House Resolution 447, continuing investigation already begun by the Armed Services Committee under authority of H. R. 141.

At the present time Friday's business remains undetermined.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I recognize that the majority leader is not present today; however, I have talked to him about the possibility of the Committee on Rules reporting a rule for the consideration of a bill to extend the Synthetic Liquid Fuels Corporation. I want to express the hope that if the rule is reported it can be included in the program which the gentleman has just announced.

EXTENSION OF REMARKS

Mr. YOUNGBLOOD asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. GRANT of Indiana asked and was given permission to extend his remarks in the RECORD in two instances, in each to include a newspaper article.

Mrs. LUSK asked and was given permission to extend her remarks in the RECORD and include a report from the American Council on Education in reference to a survey that has been made of veterans' education.

MAHATMA MOHANDAS K. GANDHI

Mr. KEATING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEATING. Mr. Speaker, peace, perfect peace is now the reward of the

world's foremost recent disciple of peace, martyred, while on his way to prayers, in the cause to which he has devoted his life.

Mohandas K. Gandhi was more than a great political leader. He was a great spiritual leader, almost a saint, to uncounted millions of our brothers in the vast subcontinent of India. The report is that he met his death at the hands of one of the Hindu extremists who disagreed with his advocacy of nonviolence in the settlement of the raging clashes with the Muslims in his unfortunate, strife-torn country.

It may be said the course he advocated lacked realism. Most, probably all of us, would doubt the soundness of his methods. Often firmness, unfortunately sometimes a show or even the use of force, is necessary to achieve domestic tranquillity or international harmony. Nevertheless, one is bound to admire the unconquerable spirit of a figure who was willing to lay down his life, so often in jeopardy from his prolonged fasts, for the sake of a principle in which he believed.

Most recently, since the partition and creation of India and Pakistan, his crusade, waged with prayer and entreaty rather than the sword, was for the protection of the Muslim minority in predominantly Hindu India. Equally zealous was he in the preservation of freedom from oppression for those with whom he differed and the establishment of national freedom for those with whom he agreed.

During the 3 years it was my high privilege to serve my country in India and the Far East I acquired a deep respect for this spiritual giant, who, passionately devoted to the faith of his fathers, possessed a sweet religious tolerance so essential for us to emulate. To me, therein lies the essential greatness for all time of this courageous world figure. Therein the lesson of his life for us who follow Christ as our Master.

It seems fitting, therefore, Mr. Speaker, that we pause for a moment in the deliberations of this great body to pay tribute to a renowned son of a sister nation and a dauntless spiritual leader who now belongs to the ages. With this encomium, however, as the martyred Gandhi would wish it, should be uttered our fervent prayer that bloodshed may cease and that the peace for which he died may descend upon and rest permanently with his native land.

DIVERSION OF GRAIN FOR DISTILLERIES

Mr. HAYS. 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 Arkansas?

There was no objection.

Mr. HAYS. Mr. Speaker, for the information of the House, I would like to make a brief statement regarding Senate bill 1842, which would extend the President's authority to control the diversion of grain from foods to the distillation of liquor. I hope that a reconsideration of this bill may be accom-

plished without emotion. It is a matter of grave importance.

There are psychological factors involved and I think it would be unfortunate for the people of the world to get the impression that the American people are unwilling to reduce our supply of liquor or, at least, to suspend for the time being its rapid accumulation in reserve stocks, when there is such a critical need for this grain for food purposes.

The Committee on Banking and Currency by a close vote refused to report the bill. I am endeavoring to get in touch with our chairman who is necessarily away from the city. I believe the splendid message which the President submitted yesterday will influence his thinking to the point of giving us at least a chance to reexplore the problem.

The President's request is a reasonable one and the Senate bill should be adopted. The passage of this bill would prevent a race between the distilleries to acquire huge supplies of grain and would enable the Congress to assemble further facts on this important issue. This much I am sure of, the people of the United States would approve reasonable limitations on the manufacture of liquor in a period of great scarcity when such grains might be used for food for our own people and for those abroad who are in a less favored position.

I am pleased to learn that several members of the Banking Committee who were absent when the vote was taken and even some who voted with the prevailing side have expressed the view that there should be a reconsideration of this matter. We shall request the chairman the gentleman from Michigan [Mr. Wolcott] to call a special meeting of the committee and I trust that he will grant this request. Otherwise, with the expiration of the President's authority to control purchases by distilleries there will be competitive buying of grain sorely needed for food.

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

THE LATE FRANKLIN DELANO ROOSEVELT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, on January 30, 1882, 66 years ago, there was born one of the world's great figures, our late beloved President Franklin D. Roosevelt. Down through the passage of time, as the happenings of the past are recorded in history, we find two minds or types of prominent world figures, one outstanding in the pages of history because of his constructive contribution, and the other occupying prominent mention in the pages of history because of his destructive contribution. The life of Franklin D. Roosevelt is now a part of the history of all times. I remember his last appearance in this Chamber, and my colleagues who were present on that occasion also do, when he addressed his last joint session of the Congress. He

spoke for the first time from the well of the House as we, who were present on that occasion, will remember, due to the pain and suffering that the braces, that he was compelled to wear for so many years during his life, imposed upon him.

In paying tribute to his memory today it is not my purpose to recount the acts and the deeds of his great career; of his fearless and constructive contributions in time of economic upheaval or in time of war, but to make reference to the place in history he will occupy for all time as long as the past and the present is connected with the future. Franklin D. Roosevelt is this generation of Americans' contribution to the outstanding constructive figures of all time, and among them his name will appear in the top group. We, of this generation, are unable to fully grasp the significance of life and the influence his life will have upon the peoples of all lands for countless generations to come. But even today, within a few years after his death, whether one was a supporter or a critic of Franklin D. Roosevelt, they will recognize that he will be recorded in history as one of the outstanding constructive personages of all times. So, my colleagues, without regard to political affiliations or the position one may have taken on his recommendations while Franklin D. Roosevelt was with us as our President, but as Americans, we pause to pay our respects to the memory of a great man, a great American, a great President, a great figure in the history of all times.

I now yield to the distinguished leader of the Democratic Party, our former Speaker, the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, it matters not how Mr. Roosevelt was appraised during his lifetime or how he is appraised at this early date after his passing. It is my opinion that he was of such a character and type that, as we move from him, his stature will grow larger and he will be one of the outstanding leaders not only in the history of his own country but in the history of the world. He had the rare gift of interpreting the inarticulate longings of vast masses of plain, simple people, and that is why so many loved him. He was truly their voice and their hope.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the distinguished gentleman from Illinois.

Mr. SABATH. Mr. Speaker, I shall always highly appreciate my good fortune in knowing the very great American and personality that attracted and held world renown for more than 12 years by his transcendent contribution not only in bringing the United States from the Slough of Despond but to rescuing the whole world in freedom's darkest hour, Franklin Delano Roosevelt, intimately for more than 30 very active years. Moreover, I shall never cease to be grateful for the opportunity and privilege that was mine to sustain and follow his unparalleled leadership in establishing a fair degree of equilibrium to a distraught world. For his efforts during the more than 12 years he occupied with such

singular success the highest office within the gift of a free people, history is increasingly doing him justice. It is indeed a great tribute to his marvelous accomplishment that the tongues of his erstwhile critics grow progressively weaker.

Surely nobody would deny that this good man gave his life for his country, just as a soldier at the battlefield may have given his life; and I do not believe he would have chosen a different result, so fervently did he strive to make this a better world for men of unselfish and high purpose. Indeed, he was the apostle of the so-called common man wherever found.

It is easy to believe that his efforts to promote the welfare of suffering mankind through establishment of the United Nations Organization were something closest to his tired heart.

We have had many great men at the head of our Government, Washington, Jefferson, Madison, Jackson, Lincoln, Wilson; but it seems to me that, considering the enormity of the scenes in which Mr. Roosevelt played such an important part, compared to the restricted work of other Presidents, the attributes of all his illustrious predecessors were concentrated quite largely in him.

With the passage of time this great man's work will be better understood and appreciated, and his name will properly range alongside those of Washington, founder of the Republic; Jefferson, the fountain of its idealism; and Lincoln, the exemplar of its magnanimity and the preserver of its unity, among the colossal world figures of all time.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the distinguished gentleman from California.

Mr. HOLIFIELD. Mr. Speaker, today is the birthday of Franklin Delano Roosevelt. On April 12, 1945, this great American passed away in his Warm Springs, Ga., cottage. He was the thirty-second President of the United States.

We have had many beloved Presidents, many who have rendered great service to their Nation in times of peace and war. But history does not record a time when problems were greater, when leadership was more needed, when faith and confidence in constitutional government was more at stake, than during the 12 years of his service.

At a time when dictators throughout the world were capitalizing on economic chaos for their own selfish desire for power, Franklin Delano Roosevelt, faced with unparalleled conditions of economic collapse, used the power of government to rebuild our shattered economy and to preserve our constitutional and civil liberties.

History will accord him greatness commensurate with his service to humanity. Long after his detractors have given up their futile effort to blacken his memory, the stature of this great man will grow in the hearts of the people, not only in our Nation but throughout the world.

It was chiefly through his encouragement that the age-old quest for universal peace was crystallized into the framework of the United Nations. No greater

task remains to those of us who face the terrible responsibilities of an atomic world than that of supporting with all our heart and soul the purposes of the United Nations, which he bequeathed to us.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the distinguished gentleman from Pennsylvania.

Mr. EBERHARTER. Mr. Speaker, I join with those who have spoken previous to me on the subject of our beloved former President of the United States, Franklin D. Roosevelt. His memory will always be green to many, many millions of people not only of the United States but of all the world. His ascendancy to the greatest office within the gift of the American people, in my opinion, marked a new era of history not only for this country but for the world. I know that his good influence today is still great, not only among the people of this country but among the people of the world. His powerfully beneficent influence will long remain a factor in the history of the entire world to come.

Mr. McCORMACK. Mr. Speaker, I yield to the distinguished gentleman from Georgia [Mr. CAMP].

Mr. CAMP. Mr. Speaker, I wish to add a word for the people of the Fourth Congressional District of Georgia, among whom our great humanitarian leader lived and was loved and was known as a good neighbor. It was there that he came to regain his health. It was there he passed on to his eminent reward. Every man, woman, and child in that part of the country reveres him as the greatest humanitarian.

Mr. McCORMACK. Mr. Speaker, the life of Franklin D. Roosevelt was a symbol of the hopes and aspirations of countless millions of people. In death his memory will still be a symbol for countless millions of people until the history of man ceases.

Mr. Speaker, I yield to the distinguished gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I often felt the grip of the iron hand of this great man upon my throat, but there was never bitterness on my part and there is none now. Time may prove that heaven alone is tall enough to place a wreath upon the brow of his fame.

Mr. McCORMACK. Mr. Speaker, may I say to my friend from Georgia, having been very close to the late President for many years, as I was, and as our beloved leader, Franklin D. Roosevelt had a very high personal regard for my friend from Georgia [Mr. Cox]. In conversations that I had with him, I know of the warm personal feeling that he had for him. I welcome this opportunity to express this so that the gentleman from Georgia will know it and so that his people will know it and so that the pages of the CONGRESSIONAL RECORD will record that fact. Today, my colleagues, as we did yesterday in honoring another great President, we pause to pay our respects to one who during his lifetime by his leadership and his constructive contributions has placed

his name forever uppermost in the pages of history of all time as one of the great constructive leaders of men.

EXTENSION OF REMARKS

Mr. CRAWFORD asked and was given permission to extend his remarks in the RECORD and include a schedule of 1948 State primary elections.

MAHATMA GANDHI

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACKSON of California. Mr. Speaker, sad news is the order of today. Mahatma Gandhi, that ardent and devout exponent of universal peace, has fallen before the bullet of an assassin. It is doubtful if the Western World could every fully understand the working of Gandhi's mind, but we can understand one thing about his passing, and that is the fact that he fell victim to the one thing he abhorred above all else, violence. Not even his high motives, his strong character, his firm faith in the goodness of his fellow men, were sufficient to turn aside the fatal bullet. Force, brutal and undisguised, has for this moment won a victory over ideals and the welfare of mankind. Whether this defeat is of a permanent nature, none can say.

As there are violent fates for men who dare to plead for and live in the cause of peace, so there are like fates for nations. There are nations dedicated to peace, and others dedicated to force. The wise nation works for human happiness and human welfare in a peaceful universe, with the full knowledge of these facts, and in order that its service may not be rendered null and void in the face of brute force, goes always prepared to meet and repel that force in pursuit of its objectives.

The object lesson is clear in the tragic death of Mohandas Gandhi. I trust that we shall see and appreciate its application to present world conditions.

EXTENSION OF REMARKS AT THIS POINT

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement made before the Committee on Interstate and Foreign Commerce this morning by James Terry Duce, vice president of the Arabian-American Oil Co., which I consider of such great importance that I believe the House should have the benefit of it at this time.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, the statement is as follows:

THE ALL-IMPORTANT QUESTION OF MIDEAST OIL (Statement by James Terry Duce, vice president of the Arabian American Oil Co., delivered before the House Interstate and Foreign Commerce Committee, on January 30, 1948)

Mr. Chairman, gentlemen, my name is James Terry Duce. I am vice president of

the Arabian American Oil Co. I was director of the Foreign Division of the Petroleum Administration for War during the war period. I have just returned from an extensive trip to the Middle East. I assume that the committee wishes to hear the latest developments in that area and to know something of our plans.

In starting, however, I would like to make a general statement about the oil situation. A great deal of the testimony that has been given on the Hill during the last few months in respect to oil does not differentiate between the two separate problems, that of general supply in peacetime and the question of wartime supply. In peacetime when steel and other commodities used in the production of oil are abundant, no problem has ever arisen regarding oil supply. It is the impact of the scarcity of materials which results in such shortages, as we are now facing in the United States. I am inclined to believe that even this shortage would have been averted if the Maritime Commission had put in operation early this year the tankers which they had moored in their various yards. There is an abundance of oil in the world. We have immense reserves in the Middle East. If all the world produced from its reserves at the same rate as the United States is producing from its reserves, there would be a surplus instead of a shortage in oil at the present time. We have pushed our production in Arabia up from 200,000 barrels per day last year to over 300,000 barrels per day at the close of 1947.

The war supply problem is somewhat different. There we have the interaction of a great many factors—the strategic one which the military people can best tell you about, and the constant problem of supplying steel sufficient to cover the thousand and one separate requirements of waging war. If we have the necessary steel and the manpower, we can produce the oil. If we don't, then shortages appear. It was always a question during the last war as to which had priority—guns and tanks or wells and factories, and we were always faced with the question—whether you should use manpower in the Army or in manufacturing and production. In oil production itself there also arose the question as to the most efficient source of supply, where the largest amounts of oil could be produced by the smallest amount of steel, and manpower to supply a special theater of operations. The Middle East and South America used less steel in production than the United States, but processing plants were not available and some of the areas were subject to the hazards of attack. In the early stages of the last war, the Middle East was a very unsafe zone and it was hardly the place at that time to invest in steel and manpower. Later as the enemy was driven back into Italy from northern Africa, it became desirable to build up production for these military supplies.

First I present chart 1. This chart is for the purpose of showing the size of the Middle East. On it you will notice we have thrown a shadow of the United States on the same scale, so you can compare roughly the area of the Middle East to that of the United States. The prospective area for oil in the Middle East extends from the Turkish border to the southern boundary of Saudi Arabia, a distance equal to the distance from the Canadian line to Houston, Tex.

Chart II shows the concessions already held with the present interest in these concessions. You will note first the Anglo-Iranian concession in Iran owned by Anglo-Iranian Oil Co., a British corporation. Second, there is the Iraq Petroleum Co. group of concessions which include all of Iraq, part of Syria, Lebanon, Palestine, Cyprus, Oman, Qatar, Trucial Coast and the Hadramout. There used to be a concession to an Iranian Petroleum Co. affiliate in Saudi Arabia, but this has been surrendered. The concession

on the Sheikdom of Kuwait is held jointly by the Anglo-Iranian and the Gulf, an American company. The Saudi Arabian concession is held by the Arabian American Oil Co., whose stock is owned by the Texas Co. and the Standard Oil Co. of California and will, as and when certain conditions are satisfied, also be owned by the Standard Oil Co. of New Jersey and the Socony-Vacuum Oil Co.; the division of ownership will then be 30 percent to the first three and 10 percent to the last. In the case of the Iraq Petroleum Co., this stock is owned 23 1/4 percent by Shell, a British and Dutch corporation; 23 1/4 percent by the Anglo-Iranian Co., an English corporation; 23 1/4 percent by the Near East Development Co., which in turn is owned 50 percent by Standard Oil of New Jersey and 50 percent by the Socony-Vacuum Oil Co. In addition, a gentleman by the name of Gulbenkian owns a 5-percent interest in the corporation. The areas of these concessions are shown in the chart.

Chart III shows the reserves of the world and on the same chart I show roughly the prospective areas of the world. They are marked in red. I have done some reestimating of the reserves on the basis of the discoveries during the past year, and it is to be noted for instance that we have somewhat increased the reserves in the Middle East as the Anglo-Iranian has discovered a new field in Lali and there have been extensions to the Kuwait field and in Saudi Arabia we have extended the Abqaiq field to the north and discovered a new producing horizon. The United States estimate I have used is the American Petroleum Institute estimate for 1946. I believe there will be a slight upward revision of the reserves in this country for 1947. Preliminary estimates indicate that this may mean a proved reserve of 21,345,000,000 barrels. This figure does not include distillate, casing-head gasoline, and similar hydrocarbon products not ordinarily counted as crude oil. I would like to point out that, with a reserve of 32,000,000,000 barrels in the Middle East, we are now approaching a point where the reserves are one-third greater than those in the United States. If we were producing these at the same rate as we are producing the reserves of the United States, we would be producing about 9,000,000 barrels per day. The Middle Eastern production is still somewhat under 1,000,000 barrels per day. It is divided about as follows:

Country	Production Barrels per day	Producing wells average Barrels per day
Bahrain.....	29,000	426
Iran.....	405,000	7,105
Iraq.....	97,000	8,818
Kuwait.....	61,000	5,545
Saudi Arabia.....	299,000	7,119

This production comes from 189 wells, or an average of about 5,000 barrels per day per well. In the United States there are about 440,000 wells, producing 5,341,000 barrels per day, or an average of about 12 barrels per well.

The figures for South America are as follows:

Country	Production Barrels per day	Producing wells average Barrels per day
Colombia.....	70,000	48
Mexico.....	153,000	151
Trinidad.....	58,000	34
Venezuela.....	1,250,000	244

The production comes from 9,299 wells, or an average of 164 barrels per well.

I have not at the present time in my possession full information on the number of operating strings of tools in the Middle East. In Arabia we are operating presently five strings. In Bahrain there is one string operating and there are two strings in Qatar, the peninsula south and east of Bahrain. In Kuwait, I believe there are seven strings operating, but that is subject to correction and after I have had time to make a definite inquiry, I will give the information to the committee. I do not have information on the situation either in Iraq or Iran, but at any rate, there are relatively small numbers of strings operating there. I do not believe that in the entire Middle East there are operating more than 30 strings of tools. This will be somewhat increased as the pipe-line construction goes forward.

As the average string of tools drills about 4 wells per year, you can see that the total wells completed during any single year probably is in the neighborhood of 120. I would estimate that this will not increase greatly even though the takings from the Middle East should exceed 2,000,000 barrels per day within the predictable future. In the United States we are running continuously about 4,000 strings of tools, as noted in the Oil and Gas Journal.

So much for the present production situation. There are, of course, now in planning or under construction a number of pipe-line projects in the Middle East. The one furthest along is the 16-inch line from Kirkuk to Haifa by the Iraq Petroleum Co., which will be completed during this year and will then start to run 120,000 barrels per day to the Mediterranean. Following the construction of this line is the trans-Arabian pipe line. This has now been surveyed and pipe is being moved to the Middle East for its construction. It will be a 30-31-inch line running a distance of 1,040 miles from the Abqaiq field to Sidon on the Lebanese coast. The initial capacity of this line will be approximately 300,000 barrels per day, but it can be increased to 450,000 barrels per day by the addition of some five pump stations. It will consume 287,950 tons of steel. Of this amount 235,250 tons is main-line pipe, 2,700 tons is small pipe incident to the construction of the line and 50,000 tons of other steel which includes tanks, piling, and structural steel. It may be that we will reroute the line slightly in the south in order to facilitate the dispatch of oil either from the Mediterranean or the Persian Gulf, which would have certain strategic advantages. If so, an additional 8,360 tons of steel may be required in late 1949 in which case the total requirements for the line will be 296,310 tons.

Theoretically, it would require 59 T-2 tankers to carry 300,000 barrels per day to Suez from Saudi Arabia. The construction of this number of tankers would require 337,000 tons of steel. If the pipe line is brought up to its ultimate maximum capacity of 450,000 barrels per day, an additional 29 tankers would be required, or 168,500 tons of steel, making a total steel requirement of 505,500 tons to construct this many tankers. I must, however, warn you in giving these figures for T-2 tankers that they require completely efficient operation and that there is very little allowance made for stand-by and other time-consuming operations and that this is the minimum number of tankers required to produce the same result as the pipe line. In talking of the steel requirement for the pipe line, I might point out to you that the American Iron and Steel Institute recently published figures that 2,500,000 tons of new steel-making capacity is being added in the United States during the year 1948. The production of steel for 1947 exceeded the production of any other peacetime year by 17,000,000 tons. The requirements of the pipe line are approximately 1.7 percent of this increase or 10 percent of

the new capacity to be added during this year.

Some time ago I also gave some figures to Mr. Averell Harriman, the Secretary of Commerce, on the subject of the requirements of steel per well in Saudi Arabia compared with the United States average. This steel refers to tubular goods, both casing and connections. Abqaiq wells require about 247 tons per well. The average production per well is something over 10,000 barrels per day, so roughly they produce 3,000,000 barrels per year or 12,146 barrels per ton of steel. The United States average well requires 49 tons of steel for casing and other tubular goods. The production per new well is about 36,500 barrels, or 745 barrels per ton per year. I would not, however, submit to this committee that these are the only factors to be considered. They are, however, the factors which you might well consider in relation to the present situation.

Last week the production in Saudi Arabia was 315,000 barrels per day. We have, however, about reached the capacity of our present facilities. Of this amount of oil, 107,000 barrels per day goes to the island of Bahrain for processing and an additional 120,000 barrels per day goes to our refinery at Ras Tanura. That leaves 88,000 barrels per day to be shipped offshore. Our capacity to ship offshore is limited by our loading facilities and also by our stabilizer capacity. Saudi Arabian oil contains an appreciable percentage of hydrogen sulphide and it is necessary to remove this by a preliminary distillation process which boils off the hydrogen sulphide and reconditions the oil. Oil thus treated is harmless on tankers. We used the unstabilized oil, however, in our refinery without serious results, but it is the stabilizer capacity which at the present time limits our offshore shipments. We are increasing our stabilizer capacity 17,000 barrels per day at Dhahran as of the 17th of March. We are starting to build a new stabilizer at Abqaiq and expect to build another new stabilizer at Abu Hydriya. When this stabilizer capacity is completed we expect to be able to still further step up our shipments of crude through our sea terminals on the Persian Gulf, if it is desirable to do so. We are making plans already to increase the shipments of crude and products to 500,000 barrels per day by July 1, 1949, and could relatively easily increase the available crude 100,000 barrels per year if we are given permission to export the steel necessary to construct stabilizer, pipe line, and port facilities.

I am sure similar conditions apply to the Kuwait Oil Co. in Kuwait and to the Anglo-Iranian production in Iran. The production in Iraq, of course, depends upon the pipe-line outlets from the Kirkuk and other fields to the Mediterranean.

With this background, I would now like to talk a little bit about other pipe lines. Probably the next line to be built will be the Middle Eastern line which will run from Abadan, and probably Kuwait, to a point on the Levant coast, probably in Syria. The pipe line will pass through the Houms Gap in the Lebanese Mountain Range. This line will be a 34-36-inch line, with a capacity of about one-half million barrels per day. It will be built by the Anglo-Iranian Oil Co. in partnership with the Standard Oil Co. (New Jersey) and the Socony-Vacuum Oil Co. It is scheduled for completion about 1953. The Iraq Petroleum Co. is also considering a major line from Kirkuk and some of the fields in that area to the Levant coast. It will probably be a 30-31-inch line with an ultimate capacity of somewhere in the neighborhood of 400,000 barrels per day. In addition, the Gulf Oil Corp. and the Shell Co. are considering the construction of a line from Kuwait to the Levant coast. Size and capacity of this line is still under discussion. I might add also that the Iraq Petroleum Co. affiliate in Qatar is developing a new field and that may mean an additional capacity

on the Persian Gulf. This field, the Dukan field, would, from the preliminary information we have on it, appear to be one of major consequence. When all of these lines are completed, there will be at least one and one-half million barrels of oil delivered daily upon the shores of Lebanon, Palestine, and Syria and this will be available for European markets and will enable the producing companies in Venezuela and Colombia to ship oil to the United States of America instead of to the European markets. If part of Middle Eastern oil were available at the present minute, there would be a better supply situation on the eastern seaboard of the United States in that Middle Eastern oil would be brought to the European market and substituted there for oil now sent to that area from Venezuela, Trinidad, and Colombia.

The construction of the Trans-Arabian Pipe Line Co. has been disturbed this winter by the outbreak of cholera in Syria along the route of the line. It was further interrupted by the riots and civil disturbances incident to the UN decision to partition Palestine. Nevertheless, we will strive to complete the construction of our line on time, as we believe the construction of this line is in the interest of all the people in the Middle East and of the people of the United States, and is a prime essential in the implementation of the Marshall plan.

Now I have stated that it is in the interest of the people of the United States that this line be built and I think it is now up to me to give you some information on the oil situation which will substantiate that opinion. I submit chart IV. This chart shows the consumption of petroleum products, crude-oil production and refinery runs for the latest available period compared with similar forward estimates for the year 1951. These estimates were made by the statistical department of the Standard Oil Co. (New Jersey). The estimate shows that the present total world petroleum demand is in the neighborhood of 8,000,000 barrels per day and that this will reach 10,000,000 barrels per day by the year 1951. Now how will we supply this oil? I am making assumptions here that the United States crude oil production will be maintained at the present level and that the added requirements will have to come from foreign sources. I might remark in passing that if the United States crude oil production continues to increase, I still believe it will only be enough to allow the necessary leeway in such estimates as I am here laying before you. You will note, therefore, that we now estimate that the Western Hemisphere is producing 6,931,000 barrels per day and that this will increase by the year 1951 to 7,337,000 barrels per day or an increase of 406,000 barrels per day. We believe this will come mainly from Venezuela, with some additions from Colombia. Production in the Marshall plan countries will increase but slightly. In the Middle East we expect to increase from 872,000 barrels per day to 1,624,000 barrels per day by 1951, or an increase of 752,000 barrels per day. The Eastern Hemisphere, including India, Japan, and the Dutch East Indies, will increase from 219,000 barrels per day to 379,000 barrels per day or an increase of 160,000 barrels per day, coming mainly from the Dutch East Indies. We believe that there will also be some increase in natural gasoline and synthetic petroleum products amounting to 86,000 barrels per day. There is one point which I should emphasize and that is that all of these estimates are dependent upon a continuous and prompt supply of essential materials to the operating fields. These results are also dependent upon the refining capacity available. There is no use in building the facilities to bring crude to refineries unless we further increase the refinery capacity of the world, for the refineries of the world are working almost at capacity at the present time, the efficient and the inefficient. The bulk of the Middle East pro-

duction will be required for the European recovery plan, where it is expected that consumption will increase to 1,375,000 barrels per day and most of this oil must be processed in refineries to be built in Europe. Conversely, there is no available crude for the European refineries to operate on unless Middle Eastern crude oil supplies are made available to them. The crude oil sources in the Western Hemisphere cannot supply both the increased demand in the Western Hemisphere and the requirements of the European recovery plan.

Our figures indicate that net exports from the Western Hemisphere to the Eastern Hemisphere will decline from a figure of 690,000 barrels per day in 1947 to 390,000 barrels per day in 1951, and as more refining capacity is installed in the Eastern Hemisphere beyond this period, it is expected that exports from the Western to the Eastern Hemisphere will be reduced to a nominal figure and will be mainly lubricating oil and similar special products. The present drain on the Eastern Hemisphere runs about 700,000 barrels per day or is equivalent to a billion barrels every 4 years. So new refineries and new crude are essential.

I now turn to chart V. This shows the world demand and production and refinery runs in 1947 versus 1951. You will note that this provides an increase in Western Hemisphere production from 6,931,000 barrels per day to 7,337,000 barrels per day and in the Eastern Hemisphere from 1,760,000 barrels per day to 2,464,000 barrels per day. Taking the last quarter of 1947 as an index crude refinery runs in the Western Hemisphere will increase from 6,624,000 barrels per day to 7,299,000 barrels per day, while the Eastern Hemisphere will increase from 1,173,000 barrels to 1,926,000 barrels per day. The net exports from the Western Hemisphere will drop from 694,000 barrels per day to 392,000 barrels per day. All of this is dependent upon steel allocations and judging from such estimates which have been made in the past will be subject to considerable variation in actual practice. If more serious disturbances occur in the Middle East, they will interrupt production and an impossible load will be thrown on the petroleum resources of the Western Hemisphere. Further than that, the tanker situation may affect the transportation of petroleum. If the demand continues to increase, there will be need also for additional tanker construction despite the pipe lines built in the Middle East. This will depend partially upon the policy of the Maritime Commission and also upon the opening of the European yards for the construction of the tankers where tanker construction has always been cheaper than in the United States. I am not an expert on this matter, but I think if war were to break out tomorrow, we would find we were desperately short of tanker capacity. The construction of the pipe lines in the Middle East is in itself a contribution to the solution of this question, for as long as they are available, tankers will not have to travel around Arabia to the Mediterranean and back, 7,200 miles.

As to the present shortage in the United States, I cannot plead to be an expert on the many complex factors which have resulted in this situation. I point out to you that the estimates of consumption made at the close of the war were on the conservative side with the result that the construction of facilities did not proceed as rapidly as might have been expected. I would like to recite to you a story of my own. During the tail end of the war period we built a refinery at Ras Tanura with a capacity of 50,000 barrels per day. A great many estimates were made of the markets which this refinery would reach and the general conclusion was that if we did not have war business, the refinery would stand on the Ras Tanura Peninsula as a monument to the folly of the men who built it, and I am now quoting the words of

a major executive of one of the large oil companies. We opened the refinery. We never operated at less than 100-percent capacity and we have now pushed this 50,000-barrels-per-day refinery up to something over 120,000 barrels per day, and we could sell more oil if we could process it. I believe the gentleman who made this statement about the refinery being a monument to our folly was entirely sincere. I was a little more optimistic and thought we might run at one-half capacity. I believe the statisticians who made these estimates were entirely honest, but they simply did not allow for the astounding increase in demand.

The oil industry, gentlemen, is a vast and complex affair. Oil from the Middle East is absolutely essential to the implementation of the Marshall plan. The middle eastern reserves should be so developed that the people who wish to use oil should have it without any great to do. The industry must create the ways and means of getting this oil to the markets where it can be used. To do this, there are only two requirements, peace and a supply of those essential materials necessary to get the oil out of the ground to process and transport it. The nub of the materials question at the present time seems to be steel, particularly tubular goods. I would like to impress the committee with one thing and that is that you cannot regulate the export of steel satisfactorily unless you at the same time consider its use in the United States. I see people building ornamental steel fences, using steel for cans where bottles would do while at the same time we get complaints that the essential industries which are dependent upon steel are short. We cannot continue to supply areas abroad with essential crude oil and products unless we have the steel to produce it. We can make efficient use of that steel.

Furthermore, abroad we have the problem of housing. It has been difficult at times for us to get licenses for building material. The housing of Americans abroad, largely ex-GI's is just as much a problem as at home. As a matter of fact, we can build houses abroad with less steel and less products of other types than we can at home because as far as possible we use native material. We expect to do our job in the Middle East. We expect to present our plans to the constituted authorities in the United States and I hope that we will get the necessary materials to carry out the plans which we have which are an essential in the plans for European recovery.

EXTENSION OF REMARKS

Mr. HAND (at the request of Mr. CANNFIELD) was given permission to extend his remarks in the RECORD and include a radio address.

THE TAX-REDUCTION BILL

Mr. KNUTSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4790) to reduce individual income-tax payments, and for other purposes.

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. 4790, with Mr. HOEVEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair wishes to state the gentleman from Minnesota [Mr. KNUTSON] has used 2 hours 7 minutes; the gentleman from North Carolina [Mr. DOUGHTON] has used 1 hour 20 minutes.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Georgia, [Mr. CAMP].

Mr. CAMP. Mr. Chairman, I regret exceedingly that the committee has been unable to bring before the House at this time a more comprehensive tax-revision bill than the one now before us. I also regret that we must consider the bill under a closed rule. I in no way criticize the Committee on Ways and Means or the Rules Committee for the rule. I know it is the same rule under which we have considered tax legislation for many years, but our tax system at this time is so complex and so replete with inequalities and injustices that I deplore the fact that we cannot be more comprehensive in this legislation.

During the great war just closed, when we were making every effort to pay at least half of the war expense as we went along, not only for that economic reason but in order to prevent inflation, we resorted to every means we could conceive of to raise money by taxation. We levied a great number of excise taxes. We placed \$5 stickers on everybody's automobile. We placed a tax on telephone messages; on railroad tickets; on trunks and luggage; on auto parts. Every conceivable article in interstate commerce was taxed. We were taxing the pots and pans of the poor. We had a 60-cent tax, and we still have it, on a \$3 lady's handbag. Many of those taxes are not only unjust but some of them are confiscatory.

We have put out of business a very fine little industry in the United States, that of raising fur-bearing animals. We have practically paralyzed one of the great industries of one of my southern neighbor States, that of trapping. I am convinced that this Congress should, without great delay, make these taxes more real and less confiscatory and less burdensome.

If this bill which is before us is passed reducing as some say the national revenues by \$7,000,000,000, what hope do we have of making any further revision of these excise taxes unless we operate this Government in the red? It is deplorable to think of this Congress in this year when our national income is at the highest level in all history, with corporate profits double what they were a year ago and 10 or 12 times what they were in 1939, with more people employed than ever before in our history, operating this Government in the red. Deficit spending in the years 1948 and 1949 ought not to be even considered or thought of. Because of the high levels of taxation which now exist, to my mind I think it necessary that we have tax revision, and tax revision necessarily means some tax reduction.

It did not matter so much about the inequality of the privilege which the community-property States enjoyed when tax rates were low; nobody said much about it. However, at present levels this is such an injustice to the residents of the common-law States that we must in all conscience grant that same privilege to the people of all the States.

I favor that part of the bill that is before us. It ought to be made the law.

There is another group of citizens in this country who need and should have at once some tax relief. Why, we are taxing under our present system people who make as little as \$50 a month. With eggs at a dollar a dozen and meat nearly that high, how can that man live? Some relief ought to be given to people in those low brackets. In that direction this bill in my opinion does not go far enough. Raising the exemption only \$100, from \$500 to \$600, I believe is not enough relief for those people.

Another class of citizens about whom we do not think much is the man who makes around \$5,000 a year on the main streets of these little American towns, the backbone of the country, the man who has to support the church in that town and pay the city taxes, keep up the schools. That man's tax burden at the present time is high. Something ought to be done to lower it, and yet we cannot in good conscience grant reduction here which will endanger the financial integrity of our country.

Any bill which reduces our national income as much as six or seven billion dollars will prohibit any payment on the national debt. During the war we actually asked for the pennies of the school children. We sold our bonds and securities in every school in this land. It is estimated that 80,000,000 of our people hold these bonds and with this large national debt and with our national securities all over our land, anything which might affect their value 1 cent might produce national calamity. I do not think this Congress can consider for a moment failure to make a payment on the national debt this year. As a matter of fact, I would like to support the proposition mentioned here on the floor yesterday of our setting aside a certain percentage of the national income and place the confidence of our people even higher in these securities.

Mr. Chairman, I am not one of those who criticize this bill too much. There are two features in it I am heartily in favor of. I am in favor of granting some reduction, but I just cannot see how you can cut taxes \$7,000,000,000 and pay anything on the national debt.

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

Mr. CAMP. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman is one of the valued members of the committee.

Mr. CAMP. I thank the gentleman.

Mr. KNUTSON. I do not know of a fairer man in the House, and I say that in all sincerity. The gentleman from Georgia is always fair. His figures are based on an income of \$200,000,000,000. The Department of Commerce estimates the income at \$205,000,000,000 for the next fiscal year. Now, we have a very good staff that is not given to going off half-cocked. Their figures are always reliable. I know the gentleman will concede that. The staff figures are based on an income of \$209,000,000,000. It depends upon what base one argues from.

Mr. CAMP. Absolutely. I understand that there are various estimates of the

national income and I also understand that no matter how competent or how expert these people are they cannot guess it exactly, but some of these experts tell us that it may result in a reduction of \$7,100,000,000. We know what the budget request is. A speaker who preceded me explained that 80 percent of the budget is in such items that we cannot effect any reductions. We cannot reduce the amount that we will have to pay back to our taxpayers who have overpaid their taxes. That cannot be reduced 1 cent. I do not believe the Congress will consider for a moment repealing any of the laws we have passed granting veterans hospitalization and other benefits. I know that we are going to pass an appropriation bill for national defense affecting the Army and Navy and we may actually increase the amount proposed for our atomic energy defense. We have only \$7,500,000,000 within which to make any reduction.

I just cannot in conscience consider any bill which will reduce our income and our Federal revenues to the point where we must have deficit spending.

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

Mr. CAMP. I yield to the gentleman from Utah.

Mr. GRANGER. I compliment the gentleman on the fine statement he is making on this important bill, but I am wondering about this, knowing, as I do, your interest in the small taxpayer. How is it that your great committee has not up to now given any consideration—at least, as far as I know, they have not—to reduce some of these burdensome taxes that are plaguing the little fellow and the big fellow, the excise taxes?

Mr. CAMP. I have been clamoring for it and discussing it for the last year and a half.

Mr. GRANGER. The telegraph, the telephone, railroad freight rates, and passenger tickets are not luxuries any more. Why are they not removed?

Mr. CAMP. I think my friend knows the answer to that.

Mr. GRANGER. No; I do not.

Mr. CAMP. I think you will find that one of the first acts of the Eightieth Congress was to pass a resolution that we would not do anything about excise taxes.

Mr. GRANGER. We may have passed it, but I cannot see any rhyme or reason for worrying about the little taxpayers when every one of them has to pay taxes for the cheap amusements they have, their telephones, and their telegrams, and nearly everything else, such as talcum powder and similar articles for the care of children. It would mean a whole lot more than this trifling reduction they will get on taxes under this bill.

Mr. CAMP. I agree with the gentleman 100 percent, and I believe the gentleman knows that I have worked toward that end.

My friends, our people are willing to pay taxes in this country. Their response to the call of this Nation during the last 10 years has been one of the grandest defenses that we have ever shown to the rest of the world. The world knows that America is going to preserve her integrity, but the people of

this country are relying on you to do justice. Who is representing them here in the preservation of their fiscal policy and their financial integrity? It is you and I. We are the chosen representatives of our people. What are our businessmen going to think of us if we reduce the Federal income to the point where we have to borrow money in the good years 1948 and 1949? Do you reckon they will have the same respect for or confidence in their chosen representatives that they do now?

I regret exceedingly that there is not a reduction of excise taxes in the bill that is here before us. Any consideration of reducing taxes that leaves out those revenues is not comprehensive and will not be understood by our people. You can look for criticism wherever you go. A lady's handbag is just as necessary a part of her wardrobe and her daily necessities as a man's hat, and perhaps more so, and there is 60 cents tax on the lowest-priced bag. We are forgetting those things. They ought to be in this bill. I will go along for some tax reductions so long as it enables us to meet our fiscal requirements, to make a substantial and a decent payment on the national debt, and leave us free to go home uncriticized.

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

Mr. CAMP. Gladly, sir.

Mr. HOBBS. I wonder if the gentleman will answer this question or if it should not be addressed to a member of the committee? Was there a serious effort made by the committee to increase the deduction or exemption based upon the increased cost of living? Does the gentleman think that \$100, about the price now of one Christmas dinner for a family of four or five, with all the "trimmings," is a sufficient deduction?

Mr. CAMP. I do not. I would favor raising the present exemption from \$500 to \$700.

Mr. HOBBS. Has the committee seriously addressed itself to that problem?

Mr. CAMP. I think so, but not too seriously. I think the bill was too well prepared when we started, and I do not think they wanted to change it very much. I deplore the fact that we have not changed it.

Mr. HOBBS. I thank the gentleman.

Mr. GEARHART. Mr. Chairman, I yield such time as he may desire to the gentleman from North Dakota [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, last year I supported the tax-reduction bills because I recognized the need for tax reduction not only in the lower brackets, which is important, but in all brackets. It is unhealthy for any nation to tax its people to a point where taxation means confiscation of property, and that is the situation which confronts us today, 3 years after the termination of war. These wartime taxes must be reduced so that those in the lower brackets can better meet the cost of living and so that other capital will be released for investment and expansion in business enterprise. Only in this way can we increase production and maintain full

employment. For these and other reasons, I will support the tax bill before Congress today.

COMPARISON BETWEEN TAX LAWS IN CANADA AND THE UNITED STATES

Recently I read the budget speech of the Honorable D. C. Abbott, Minister of Finance for the Dominion of Canada. In comparing Canada's finances and tax pattern with ours, some very revealing facts have come to light, and I should like to bring some of these facts to your attention. First I should like to include a table taken from page 16 of Minister Abbott's budget speech of April 29, 1947, comparing proposed taxes in Canada with existing tax rates in the United States, and also H. R. 1 as passed by the House of Representatives March 24, 1947:

Comparison of personal income tax—Canada and United States—Married taxpayer, no children

Income	Canadian tax at new rates	U. S. A. tax at present rates ¹	U. S. A. tax at rates in bill passed by House of Representatives
\$1,200.....	-----	\$15	\$11
\$1,300.....	-----	32	23
\$1,400.....	-----	49	35
\$1,500.....	-----	67	47
\$1,600.....	\$10	84	59
\$1,800.....	36	118	82
\$2,000.....	70	152	106
\$2,250.....	120	195	138
\$2,500.....	170	238	183
\$2,750.....	220	280	224
\$3,000.....	270	323	258
\$3,500.....	370	411	329
\$4,000.....	470	505	404
\$5,000.....	670	694	555
\$7,500.....	1,260	1,292	1,034
\$10,000.....	1,990	2,024	1,619
\$20,000.....	6,140	6,142	4,913
\$30,000.....	11,315	11,676	9,340
\$50,000.....	23,043	24,453	19,562
\$75,000.....	38,968	42,707	34,166
\$100,000.....	56,143	62,714	50,171
\$200,000.....	132,493	147,697	118,157

¹ The U. S. A. taxes shown are Federal taxes only; most States have income taxes in addition to the Federal tax. In Canada no personal income tax is levied now by any province. Under the United States income tax law every taxpayer is allowed a deduction of 10 percent of income up to a maximum of \$500 in lieu of deductions for medical expenses, charitable donations, etc., and this is taken into account in calculating the taxes for United States; Canadian taxpayers who can claim such deductions would pay less tax than shown by this table, since no allowance has been made for such deductions in calculating the Canadian tax.

NOTE.—In calculating the above Canadian taxes it has been assumed that all incomes up to \$30,000 are entirely earned incomes, and that incomes of more than \$30,000 include earned income of that amount and additional investment income to make up the total. No distinction is made between investment and earned income under the United States tax.

It is obvious that the tax proposals offered last year, and the one now being considered, are not extreme, when we study the foregoing table. Since the war's end, the Dominion of Canada has enacted two tax reductions, one averaging 22 percent and one averaging 29 percent, aggregating 51 percent. During this same period of time, the people of the United States were granted two Presidential vetoes, the only vetoes handed down and sustained during the 160 years of United States existence since the Constitution, through article I, gave the revenue power to Congress.

Our Secretary of the Treasury, Mr. Snyder, contends that a tax reduction in 1948, 3 years after the war, would

produce a Treasury deficit. Canada's Minister of Finance, on the other hand, reported that instead of producing a deficit, the first tax cut of 22 percent yielded \$500,000,000 more revenue than advance estimates and resulted in "a surplus larger than the accumulated total of all the previous surpluses in our history."

Much is made of the theory enunciated by the President in his veto messages that tax reduction would increase inflationary pressures. This did not occur in Canada. From August 1939 to September 1947, a period of 8 years, Canada's cost-of-living index rose 38.3 percent. In that same period here in the United States the cost-of-living average rose 66.1 percent. It is interesting to note that prices increased more than 15 points on the cost-of-living index in the 90-day period immediately after the President's two tax vetoes. Whether there is a relation between the vetoes and the price boom is debatable, but nevertheless the facts indicate that the boom occurred after such vetoes. There are many sound economic arguments which indicate that there is a definite connection. Farmers, merchants, industrialists, and labor all concede that increased production is the true answer to high prices. Yet, when we take money to maintain government, which is nonproductive in the material sense, and take this money from the people who would invest it in productive enterprise, then we are thwarting production and adding to inflationary pressures. If business expands more revenue can be obtained even though the tax base is lower, for the tax base broadens from the creation of more jobs and more taxable property. Canada seems to have proved this basic theory.

FARMERS LOSE BY FAILURE OF GOVERNMENT TO REDUCE TAXES

We need not rely upon statistics from Canada to prove the direct relation between prices and taxes. Hark back to the days following World War I. It was not until 1924 that Congress began cutting taxes on a broad scale. The "bust" in 1921-22 hit the farmer especially hard. He is in better shape today primarily because he has had record crops, record production per man and per farm, and the need for his products has been exceptionally high. He does not have the same farm indebtedness on real and personal property. However, he will be the first to feel another depression, and the wage earner's plight will quickly follow. After a long delay after World War I three tax-reduction acts were passed in a row: the Revenue Acts of 1924, 1926, and 1928. These acts were followed by the greatest prosperity boom—without price inflation—in modern times. National income increased by \$20,000,000,000 over 1922. Pay rolls in factories, cash farm income, every phase of our economy established new and healthy records. Tax reduction netted American farmers \$2,000,000,000 as the economic effect of three tax reductions after the First World War. It can be done again, and not only the farmer, but the entire Nation will benefit, through passage of bill 4790.

Mr. GEARHART. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I have a great deal of sympathy for the position taken by my distinguished colleague from Georgia [Mr. CAMP], who has just preceded me, in his discussion with reference to excise taxes. There is no question but that we must reduce excise taxes. This is a major task and belongs in a category of its own. The Ways and Means Committee decided that it would be wise to consider only personal income tax at this time. Tax legislation divides itself into about four categories, as follows: Personal income taxes, corporation income taxes, excise taxes, and estate and gift taxes, and so forth. The Ways and Means Committee should by all means, in the near future, give consideration to the matter of reducing excise taxes on some of the commodities the gentleman named and some other commodities. I should be glad to give consideration to the reduction of taxes on telegrams, telephone calls, railroad tickets, ladies' handbags, medium-priced cosmetics which are in great general use, and other commodities.

The bill that is before us today has come before us in a most natural way. It is inevitable that we have this bill. The country is looking to Congress for tax relief. I am going to give you briefly the progress of this legislation.

Last year, in the first part of the first session of the Eightieth Congress, the Ways and Means Committee brought in a bill just like this bill in principle and in purpose, but not, of course, exactly like it as far as the rates and exemptions and so forth are concerned. We brought in what was then known as H. R. 1. H. R. 1 passed this House by a tremendous vote. It went to the Senate and passed by a tremendous vote. The President vetoed it. It came back and failed of passage in this body by a two-thirds vote. As you know it is a very difficult matter to pass a bill by a two-thirds majority over the veto of the President. The members of the President's party usually want to stand by their President.

At that time the President and those who were close to him took the position that there should be no tax reduction at all. I do not mean to imply that all the Members on the Democratic side favored that position at all, because I know they did not. However, the Administration itself took the position that it was not in favor of any tax reduction. Maybe that is not a bad position, and I am not condemning it, but the people of the country think we should have tax reduction. I am just stating historically what happened in connection with the progress of this legislation.

The people of the country, we thought, were demanding tax reduction, so when Congress came back into session we brought H. R. 1 back into the House again for consideration under another number, with a few amendments to it. What were these amendments? How did H. R. 1 differ from the bill that we passed a little later? There was no great material difference in principle; about the same amount of tax reduction was involved. I think maybe we gave

some consideration to giving a little more advantage to those in lower brackets. One change that we made was to change the date when the bill should become effective. The first bill would have been effective January 1, 1947, while the second bill was to be effective on January 1, 1948. This second bill passed the House by a tremendous vote. It then went to the Senate where it was passed by a tremendous vote. It then was sent to the President who vetoed it. It came back to the House and we passed it over the President's veto by a two-thirds vote. Many Democrats must have voted to override the President's veto. What is the use now of these, or any of us straining at a gnat as we discuss this matter? Let us stand as we did when we voted to override the President's veto.

Many on the Democratic side, many of the leaders on the Democratic side, have heretofore taken a position in favor of tax reduction, and voted to override the President's veto. I do not find fault with my colleagues on either side with reference to their position on this tax matter. But let us place the responsibility where it should be. Who is responsible for this program? Who is responsible for our being here now? It was the action of the President of the United States in vetoing a tax bill. Of course he had a perfect legal right to do that. But no President in the history of the Nation ever vetoed a tax bill except Mr. Roosevelt, who on one occasion vetoed a tax bill with a great deal of gusto. That was the time that the famous incident of "Dear Alben" occurred. And President Roosevelt was at that time overwhelmingly overridden in both branches of the Congress by a two-thirds vote. That taught Mr. Roosevelt a lesson which he learned well enough not to attempt it again. No other President ever vetoed a tax bill except our present President, Mr. Truman. Why do I seem to speak so earnestly and with so much zeal on this question? I will tell you. Under the Constitution of the United States, the House of Representatives has been given some prerogatives above the President and above the Supreme Court and above everybody else. One of those prerogatives is the right to control the purse strings of the Nation. That is our right and more than that, it is our duty under the Constitution. That duty was given to us solemnly and up to this time, we have been able to carry that duty out with only one exception. And that was last year when President Truman intervened and exercised his veto. He took advantage of his right to veto a bill. It never was intended in principle that the President should veto tax bills. The House of Representatives and the Senate of the United States representing the people are charged with the duty of managing the finances of the country. It is not primarily the business of the President. His responsibility is to wisely and honestly manage the spending of the money that the Congress appropriates to him.

I am sorry that this bill may contain some provisions that will not permit some of you to vote for it. That is only proof that it is good legislation. You stand up one after the other and you

say, "I would like to do this but the amount of the reduction is too much." "Something else ought to be done." That only proves that this is good legislation and that it was carefully prepared and is fundamentally right, although it may not meet the desires and wishes of everybody concerned. I want to call to your attention again and I do not want to be obnoxious about it, but I want to put the responsibility where it belongs.

What is the reason that we have to consider tax legislation at all? What is the reason that we have to collect so much more in taxes now than we formerly did? Just before the last World War the national budget was about eight or nine billion dollars. The President now asks for a budget four or five times that much. What is the reason for all this increase? It was brought out yesterday that we have gone through a great war. Certainly we have, but that war has now been over for several years. But we still have in the White House and in the many other branches of the executive department of the Government an apparent irresistible tendency to spend money. That is the real trouble. I have said this on the floor repeatedly, and I challenge anybody today to point to a single instance when Mr. Roosevelt ever demanded economy. I will go further and say that you cannot show me where he ever even suggested that economy should be practiced. Nobody has ever met that challenge. I ask you again today, Where has the present incumbent at the White House ever indicated that he wants to save any money? Is there anybody who wants to stand up and tell me that Truman has orally or in writing ever advocated economy in Government spending? I honestly do not know of any instance. Why do I say with some degree of boastfulness that nobody will say that I am wrong? Reason with me while I ask you, Why is the President's budget this year larger than it was last year by several billions of dollars? Is the time ever going to come when anybody in this New Deal administration is ever going to try and save some money? Is it always going to be spend, spend, spend?

During the last 16 years nobody at the White House has ever said a word about economy. Now, we have to do something about this economy business, just as sure as you live. It would be small of me to say that the President shows his desire to spend by defiantly building that little balcony down there at the White House. That is a small item to refer to. I love my distinguished friend from North Carolina [Mr. DOUGHTON] because he has always stood for economy. He has been compelled to swallow a lot of extravagant expenditures that he did not like, and so have I; but, by nature, by reputation, by character, he is economical. If he were in the White House, he would not build that veranda. No, sir. He would take that money and pay it on this debt, and so would I. But the President is different. I say to you in all solemnity and sincerity that the President must show some economy, and if he does not we have little hope of reducing our national debt as we go along.

The President at this time has now recommended some tax reduction. He is now willing for it although last year he was against it. I wish to compliment the Secretary of the Treasury. When he comes before the Ways and Means Committee he indicates that he wants to do the right thing. I know that in his heart he does not favor this \$40 suggestion that the President so "boyantly" recommends. Nobody in the Treasury has ever stood up and admitted that he is the father of this \$40 idea. Just who is the father of it? Strange as it may seem I have heard that a woman is the father of that \$40 idea. Be that as it may I do not chastize the Secretary of the Treasury for he should stand by the President. They owe him an obligation to stand by him or else resign.

Now, what kind of a tax expert is this President of ours? Is he a tax expert? Has he shown by his capacity since he has been in the office of President that he knows more about taxes than does the gentleman from North Carolina, [Mr. DOUGHTON], or the gentleman from Tennessee, [Mr. COOPER], or the gentleman from Texas, [Mr. RAYBURN], or the gentleman from Massachusetts [Mr. MCCORMACK], or Members on our side. Has he shown anything like that? If he has, why has not somebody stood up on this floor and defended the \$40 payment completely and enthusiastically? Nobody has. The gentleman from Tennessee [Mr. COOPER] would not do it, because he is a scientific tax man and he is a good tax man and he knows whereof he speaks. The gentleman from North Carolina [Mr. DOUGHTON] would not do it. Nobody has done it. Never before in my experience in this Congress have I seen the President's party turn him down on his recommendation for taxes. They have done that in this case. Nobody champions the President's suggestions. He surely has not shown himself to be such a tax expert that any sound thinking Member of Congress should follow him should he veto this bill.

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

Mr. JENKINS of Ohio. I yield.

Mr. LANHAM. Is there any real difference in the President's proposition of a \$40 credit and raising the exemption to \$700? Is there any real difference?

Mr. JENKINS of Ohio. Yes. I should be glad if the gentleman would ask some of the tax experts on his side of the aisle to tell him the difference—

Mr. LANHAM. I am asking you to tell me.

Mr. JENKINS of Ohio. Well then, I will answer the gentleman. Taxation is a science. It is not a hodgepodge. You cannot say, "Eeny, meeny, miney, mo, \$40." It does not work that way. Taxation is a science; Congress has built up a symmetrical tax structure, and tax experts recognize certain principles in taxation. One is that all taxes must be just and fair, and they must be general in their application. For many, many years men on both sides of the aisle have recognized what we call progressive taxation, graduated taxation. That is the only way I can explain that this provision is not in consonance with good

tax legislation. In other words, we must make those pay who are able to pay. Whenever you adopt a scheme like this \$40 pension it is almost childish. I dare say you cannot find a tax expert anywhere who will approve that suggestion of the President.

Maybe I have not answered the gentleman to his own satisfaction. He may be one of those who wishes to insist on the \$40 across the board. Now I will give the gentleman another answer to it. Under our tax systems for many years we have given different rates and different advantages to certain people down in the lower brackets as against those in the higher brackets, but under the President's program a man gets a \$40 credit and no more; the relief quits at \$40. A person whose taxes amount to only \$40 gets just as much relief as a man whose taxes amount to \$400 or \$4,000 or \$40,000. There is absolutely no sense to such a program. I believe that the man who only has a \$40 tax to pay should have a much higher percentage reduction than the man who pays \$40,000 in taxes. But a reduction of only \$40 would not amount to anything to one called upon to pay \$40,000 in taxes.

Mr. LANHAM. The gentleman has not answered my question at all as to what difference there is between a \$40 reduction and a lifting of the exemption from \$500 to \$700.

Mr. JENKINS of Ohio. I have just told the gentleman.

Mr. LANHAM. The gentleman has not answered my question at all.

Mr. JENKINS of Ohio. I repeat, that nobody gets more than \$40; that is all.

Mr. LANHAM. Suppose the exemption were raised, would anybody get more than \$40?

Mr. JENKINS of Ohio. Certainly.

Mr. LANHAM. I do not follow the gentleman if the exemption were raised.

Mr. JENKINS of Ohio. I am not talking about just one exemption, I am talking about a whole symmetrical tax bill. I think I have answered the gentleman and now, if you please, I shall go ahead.

There are two important problems at stake in the consideration of this bill. I do not find any fault with those who say we should not make such a big reduction as is provided in this bill. That is a matter to be debated, a matter to be discussed. Many people are sincere in that belief.

We have heard a good deal about the effect of the program we have before us, two widely differing sets of figures as to the amount of tax reduction. But for the moment let me discuss the statement of my good friend the gentleman from Tennessee [Mr. COOPER] and my good friend the gentleman from Georgia [Mr. CAMP], who has just spoken. They say we are going to have to borrow money to pay taxes. I most respectfully and emphatically disagree with them, that we are going to have to borrow money to pay taxes; that is just not true at all. That is a very catchy statement because a lot of people do not stop to figure it out. The truth is that we are going to have plenty of money to do more than pay our expenses, and I am going

to prove that with the figures shown in the report.

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

Mr. JENKINS of Ohio. I shall be glad to yield.

Mr. GRANGER. The gentleman spoke of his tax experts a short time ago. That is a thing that confuses me, how people can arrive at these two vastly different answers. Am I to understand that the gentleman has a group of tax experts that got the answer he wanted and that the Democrats had a group that got the answer they wanted?

Mr. JENKINS of Ohio. No; I can explain that. There is an important and a very good reason for it. The gentleman knows that the Treasury under every administration has always been very conservative. Their guess must go out to the country. When they make their guess it goes out to the country as the Treasury's guess, as the administration's guess, as the Government's guess. They have always underestimated. I have never found fault with that, but that is the fact, they have always underestimated. Here we are talking about the facts and we have got to deal with the facts, and we want the opinion of these other experts whose opinions have been more accurate time after time and upon whom we rely. They are employed for that purpose, employed by the Ways and Means Committee of the House and by the Finance Committee of the Senate, employed to give us the best basis for legislation, not for politics, not to save the administration, but what is best for now. Nobody knows what their politics is. As far as I am concerned I do not know how any of them voted or whether they voted, nor do I know where they live.

Mr. GRANGER. All the more I cannot understand how the gentleman from Ohio and the gentleman from Tennessee are so far apart.

Mr. JENKINS of Ohio. I do not know how far apart we are. Wait until I get through with these figures and then see what the situation is. Let us take first the fiscal year 1948-49. I have a chart here which I shall have printed in the Record at the end of this statement. I appreciate that it is not easy to get all that we might say about these figures into the Record, but we can understand each other as I point out these figures to you. Here are the estimated receipts for 1946. They are given by our experts. I do not have room to put the figures of the Treasury on the blackboard, but they are in the report and the same explanation would follow.

Here are the estimated receipts for 1948 as given by our experts, and they have proven to be more accurate always than the other estimates.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In using the term "our experts" does the gentleman mean the experts of the Joint Committee on Internal Revenue Taxation?

Mr. JENKINS of Ohio. I mean the Nation's experts in a legislative way, not that they belong particularly to our Ways and Means Committee.

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

Mr. JENKINS of Ohio. I yield to the distinguished gentleman from New York.

Mr. LYNCH. In arriving at the estimated receipts what was the amount of the total personal income that the gentleman worked on? Was it \$209,000,000,000?

Mr. JENKINS of Ohio. Yes; \$209,000,000,000 which is different than the amount taken by the Treasury, and my answer. Why do we take that? The Treasury estimates two hundred billion. We have long since passed \$200,000,000,000. The figures if issued today by the Treasury would, I feel, be up to \$209,000,000,000 because that is what they are, and every safe prediction indicates that they are going to keep up at that rate. Here is what the President's estimate was.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Rhode Island.

Mr. FORAND. I would like to know what the gentleman's authority is for saying that the Treasury is for saying that the Treasury would give us the figure of 209?

Mr. JENKINS of Ohio. I assume they will tell you the truth. I did not say I spoke to or for the Treasury.

Mr. FORAND. The gentleman stated that if you called up the Treasury they would give you this figure. I want the gentleman's authority for that.

Mr. JENKINS of Ohio. I would have as much authority for it as the gentleman would have.

Mr. FORAND. I would not get the 209.

Mr. JENKINS of Ohio. Why not? Mr. FORAND. Because I know that the gentleman would not get it either.

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

Mr. REED of New York. Mr. Chairman, I yield the gentleman such additional time as he may desire.

Mr. JENKINS of Ohio. Mr. Chairman, there is no use quibbling about this. I maintain that the figure should be 209 billion, and my figures are based on that amount. This is not a fake figure. This is a figure that is wholly justified. Of course, I have not the time to go through all of the ramifications to show how it is justified.

Here is a figure that is also justified. The President's estimated expenditures for 1948 are \$37,728,000,000. He estimated first either 35.7 or 37.5, and then increased it two or three hundred million dollars during the session. That is the kind of economy I am complaining about.

Here are the figures. This leaves a surplus of \$8,762,000,000. Now, how do we propose to reduce the taxes here? Some say 6 billion, some say 7 billion, some say 7.1 billion. Why the difference? The difference is that they estimate in the year when the taxes are paid. You know, of course, that the heavy part of the taxes are not paid in the first part of the year. They are paid in the last part of the year. The estimated amount of taxes to be paid in the year 1948 between now and June is \$1,040,000,000.

This will leave a surplus in the Treasury of \$7,772,000,000.

What will they do with that money? That money will carry over until next year, into 1949; but the Secretary of the Treasury has the power to pay on the debt any time he wants to. Any time he has surplus cash in the cash drawer he may pay on the debt, but he cannot pay on it when there is a President spending all the time and finding some other place to spend the money. Until we have cooperation and coordination, we will not have real economy. We are not going to pay our debt off very fast.

Let us take 1949. What are the estimated tax receipts for 1949? \$47,317,000,000. The budget has already come up with a total of \$39,669,000,000. It is much more than the budget last year. At that rate we will go into debt. That is why we will have to borrow money if we do have to do it. If the President spends more year after year, of course we are going to have to borrow the money. If he is going to spend \$2,000,000,000 more next year than this year we might as well give up the ghost. But we have to do our duty, we have to economize and get the facts.

When we make this deduction there is a surplus of \$7,648,000,000. This is the surplus for 1949.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Rhode Island.

Mr. FORAND. How is the President going to spend money if Congress is not going to appropriate it?

Mr. JENKINS of Ohio. Because you fellows will vote with him.

Mr. FORAND. But you fellows are in the majority. If this Congress does not vote the money, the President cannot spend it.

Mr. JENKINS of Ohio. Certainly, that is all right, but he can run out and make a lot of obligations and bind the country, and the country feels obligated to carry on. I am one who likes to respect the President, and whenever the President makes a deal, I like to stay with him, especially if the honor of the country is at stake, and we had to do that many times under the Roosevelt administration, and many commitments were made on matters we did not know anything about. We trusted him, and now we find out that things were not done the way we thought they were.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from New York.

Mr. REED of New York. There is nothing to prevent the President from borrowing, is there?

Mr. JENKINS of Ohio. No; that is right. He has a right to borrow under laws already passed, and sell bonds, and so forth.

Now, let us go back where I was. There is a good round \$7,648,000,000 of surplus, and here we take \$7,100,000,000 off of that. Now then, that is the biggest tax-reduction figure that we can get from these computations. I could slip a figure in there and say \$6,000,000,000, or I could take \$6,000,000,000 for this year and \$6,000,000,000 for next year and divide

the 2 years, but we wanted to be fair, because this is what we are going to have to pay. This tax reduction is going to come off just about that time in 1949. Deducting this figure of \$7,100,000,000, we will have a balance. That will give us a balance of \$548,000,000 saving in money. We get this much of a balance without cutting anything from the President's budget. We would save that much even if we paid out everything that the President has been able to think of. Now, how much money are you going to save? Do you think we will save any? Someone said here yesterday, "We have not saved any in the last session of Congress." But some other person said, "We saved \$6,000,000,000." You heard the gentleman from New York, JOHN TABER, the chairman of the Committee on Appropriations, say yesterday on this floor that he was going to cut the budget this coming year by \$4,500,000,000. Add \$4,000,000,000 onto this figure of \$548,000,000 and you will have approximately \$5,000,000,000 that they ought to pay on the debt, and that should be a handsome payment on the debt. I would like to go down with you some day, Mr. DOUGHTON, to the Treasury and say, "We expect you to pay that amount on the national debt because it is a surplus. How much more will be there? Well now, do you think that we are going to spend \$6,000,000,000 on this foreign business, that we call this Marshall plan business? Your guess is just as good as mine. But, we are not going to spend that \$6,000,000,000 this year on this Marshall plan. I repeat, no; we are not. The temper of the House is not going to stand for it, and you on that side are not going to vote for it, either. It will not be that much. Suppose it will be \$3,000,000,000. Add the \$3,000,000,000 which you will thus save to the \$548,000,000 and you will have quite a surplus. What else will we do? We do not know. We do not know if we are going to spend all these items that the President has in his budget, and we surely know that the gentleman from New York, JOHN TABER, and his crowd will save us three or four billion dollars. So, I would not be surprised; in other words, I will be very much disturbed and disappointed if we do not have a balance of about eight or ten billion dollars. Of course, we cannot have this much if we do not try to economize and if we give it away.

Now, you talk about this business of borrowing money with which to pay taxes. Let us be fair and take the figures, and take the honest-to-God figures, and be courageous. Let us go ahead and cut some taxes. I would prefer to have the amount a little less than it is, but we cannot change this bill. What will you take out? You surely do not ask me to take away from these poor people at the bottom \$1,000,000,000. You do not want me to do that. You do not want me to take out the community-property program that the country is demanding, do you? You do not want me to take off from the blind, do you? You do not want me to take off for the old school teachers and elderly people who get some consideration in this bill? What do you want me to do? Well, I will tell you. I

would like to cut, too, but we cannot cut in a reasonable way unless we just cut the tree clear out of shape. I want to see a symmetrical system built and I want to keep up the economic strength and then have a well-balanced budget and pay off on the national debt, and we will reduce taxes, and business will be satisfied and the people will be happy.

Now I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think the gentleman should point out—and I think I am correct in this—that included in the \$39,669,000,000 is this \$4,440,000,000 which the President put in the budget, anticipating that the Congress would probably support that amount for foreign aid.

Mr. JENKINS of Ohio. Yes; and \$1,500,000,000 besides that. But, it never has been voted on yet, and we are going to save some money on that if I guess right.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. This includes an additional \$600 for the blind, does it not?

Mr. JENKINS of Ohio. Yes.

Mr. WINSTEAD. Take the physically handicapped who are barred from civil-service employment, why were they not included in that?

Mr. JENKINS of Ohio. Well, sir, my good friend, it is a long story, but let me give you this story. When the social-security bill was passed in 1935—that is a long time ago and many of you were not here then—that was a great piece of legislation. That legislation came up from the President of the United States, Mr. Roosevelt. And, do you know, he did not have a provision in that proposed legislation making any provision for the blind. There was no provision in there for the blind. I want to claim the honor of having such a provision placed in the bill, if you will permit me to do so without seeming egotistic, for it was largely by my efforts on this floor and in the Committee on Ways and Means that the blind got the first legislation giving them a pension. I am willing to give the handicapped some attention and give them some consideration, but it is a big, long story. You go back and start with the question of how much you will give a man with one leg off or with two legs off, or with two eyes gone. Where are you going to stop? That is a serious situation to contemplate.

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

Mr. JENKINS of Ohio. I yield to the gentleman from Kentucky.

Mr. ROBSION. When the social-security bill was under consideration, your humble servant that is speaking now offered an amendment to that bill to give a Federal pension of at least \$25 a month to the needy blind and the needy totally and permanently disabled. Nearly all the Republicans voted for it, but our Democratic friends, who had a three or four to one majority in the House at that time, stuck to their bill and defeated that amendment.

Mr. JENKINS of Ohio. The gentleman is right.

Mr. ROBSION. After that, the gentleman from Ohio did the very thing he told you he did.

Mr. JENKINS of Ohio. When the Senate took up the legislation it inserted my amendment, word for word, in the bill, and it became part of the law. It was a long battle and it took a lot of work and a lot of trouble to get the provision for the blind into that bill. I hope we may sometime be able to do something for the handicapped.

For the benefit of the Members, Mr. Chairman, and for ease of reference, under permission previously secured in the House I include these blackboard figures in tabular form, as follows:

[In millions of dollars]

	Fiscal years	
	1948	1949
1. Estimated receipts.....	46,490	47,317
2. President's estimated expenditures....	37,728	39,669
3. Surplus before tax reduction.....	8,762	7,648
4. Tax reduction, H. R. 4790.....	1,040	7,100
5. Surplus after tax reduction.....	7,722	548

Mr. KELLEY. 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 Pennsylvania?

There was no objection.

Mr. KELLEY. Mr. Chairman, during this period when there is so much discussion of tax reduction and tax relief for low-income groups, it is a good time to reflect upon the status of a group that has been entirely neglected in the last few years. This is the group over 65 years of age who come under the social-security program and those who have never been covered by the program.

The time has long since passed when the benefits for these people should be increased. It is difficult to understand how those responsible for tax relief could overlook these vast numbers of our aged and dependent people. The increased cost of living has placed their meager income in the bracket of the almost nonexistent.

It is incumbent on the Congress to give some relief here and to do so without delay. If it is not advisable to increase social security payments and broaden the coverage, then let us make some other provision for these people. It is hard to imagine that they can keep their bodies and souls together, as matters now stand. I know I have had many come to me with tears in their eyes, appealing for help, and I am just one Member of Congress and not even on the committee with jurisdiction over such legislation. Surely it is the same with every other Member of this body, and I take this means to urge the committee to give immediate attention to the needs of this group.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Chairman, the enactment of the Knutson bill into law means the wrecking of the Marshall plan

for foreign aid and rehabilitation and the certain weakening of our national defense. These results will follow as surely as night follows day. When you vote for this bill it seems to me that it is a vote either for the sabotage of the Marshall plan and the crippling of national defense or for an uncontrolled inflation that will pay off our Government bonds with 50-cent dollars or less. Mark well my words. Those who vote for this bill will go down in history as the hatchet men of the Marshall plan.

The majority is assuming a cut in Federal expenditures of two or three billions in the President's 1949 budget. We all want to see expenditures cut to the lowest amount consistent with the efficient operation of our governmental functions on the domestic scene and sufficient to accomplish effective aid on the foreign scene. We can judge from the experience of the past year how successful the Congress may be this year in making substantial reductions below the President's budget of \$39,700,000,000.

You will recall that with great fanfare it was declared last year that the House would cut the President's budget by \$6,000,000,000. The legislative body at the other end of the Capitol was not so enthusiastic and limited their boasts to four and five-tenths billions. We were told, during the course of hearings on the present bill, by the Director of the Budget, that actually the expenditures of Government for fiscal 1948, instead of being reduced below the President's budget, will exceed the original estimates by \$200,000,000 by June 30 of this year. I know that the majority exerted every effort to fulfill their boast of drastic reductions in the 1948 budget, but the result was the verification of the accuracy of President Truman's estimate on expenditures during the present fiscal year. With that experience in mind, is there any reasonable ground for belief that in fiscal year 1949, which commences on July 1, 1948, that the majority will be able to cut expenditures \$3,000,000,000, or even \$2,000,000,000? Upon both these assumptions they predicate a surplus to justify the tax loss the Government would incur under this bill.

Assuming an inflated personal income of \$209,000,000,000 in calendar year 1948 and assuming a cut in the President's budget of two billion, it is claimed by the proponents of the bill that there will be then a surplus of \$2,500,000,000 which can be paid off the national debt. Let us find out the basis for such an assumption and then determine, as practical businessmen, whether we can take the financial risk involved.

Personal and corporate incomes were as follows—and these figures are furnished me by Mr. Colin F. Stam, Chief of Staff of the Joint Committee on Internal Revenue Taxation:

First half 1948:	
Personal.....	\$212,000,000,000
Corporate.....	31,000,000,000
Second half 1948:	
Personal.....	205,000,000,000
Corporate.....	25,000,000,000
First half 1949:	
Personal.....	195,000,000,000
Corporate.....	20,000,000,000

You will note that the first half of 1948 is the anticipated high-water mark. At the hearing I made special inquiry of the joint staff's economist as to whether this \$212,000,000,000 personal income for first half of 1948 was due in part to inflation and not to real productivity, and I was advised in the affirmative. This inflation is likewise reflected in the average of \$209,000,000,000 for calendar year 1948, so it must be evident that for this bill to work out successfully, we must have either or both continued inflation or a reduction in Government expenditure below the President's budget, which the majority tried to effect in this present fiscal year and failed miserably. I might state here that the estimate made by Secretary Snyder with respect to personal incomes, and assuming that a determined effort is made to stem inflation, is \$200,000,000,000. Will we hold the line against further inflation, or will we—as we must under this bill—hope for and encourage further inflation so that total personal incomes will hold to the swollen \$209,000,000,000 figure.

Under the Republican theory that when this bill passes, assuming \$209,000,000,000 of personal income and a \$2,000,000,000 reduction in Government expenditures, there will still be a \$7,100,000,000 tax reduction, resulting in a \$2,500,000,000 surplus. Let us look at the second half of the proposition, viz, reduction of \$2,000,000,000 in expenditures. Can the Republicans do more cutting on the President's 1949 budget than they did on the 1948? I doubt it. Seventy-nine percent of the 1949 budget of \$39,700,000,000 goes to five big functions: First, national defense; second, international affairs; third, veterans affairs; fourth, interest; fifth, tax refunds. Let us take them in reverse order. Tax refunds—are we not going to pay the claims of persons who have proper tax claims against the Government? Are we going to tell the taxpayer whose withholding collections exceeded the tax due, "We are sorry. We can't pay your claim. We must reduce taxes before we pay claims." What about interest on War Savings bonds—can the interest be cut down or can we fail to pay interest in order to have a tax cut. I think not. What of the veteran? Are you going to cut down on the President's estimate of what the veterans' program requires? If so, what becomes of the recent announcement that the bill to increase subsistence pay and on-the-job training pay for veterans will come before the House this very week. So thus we come to national defense and international aid. There is where the two or three or more billions of dollars must be cut, if you put through this bill. You cannot cut anywhere near two or three billion dollars on the 21 percent of the remaining budget. You tried last year and failed. You cannot do it this year. Your cut, if any, must come in national defense or the Marshall plan. Every dollar that you fail to give to the effective implementation of the Marshall plan is a dollar that you must needs give to national defense in payment of your folly. Every dollar that you fail to give for the needed rehabilitation of western Europe and China is going to be spent

manifold, not alone in money, but mayhap again in sweat and toil and blood. I regret that I cannot entertain the hope that the Republican majority will place our national defense and foreign aid, which is another form of national defense, above the political expediency of a tax-reduction program in a Presidential election year, when we in the House also run for reelection.

I call your attention to an article that appears in today's New York Herald Tribune, a strongly Republican paper. It is entitled "Real Issue in the Tax-Bill Debate Is Viewed as Russia's Cold War."

The article reads as follows:

REAL ISSUE IN THE TAX-BILL DEBATE IS VIEWED AS RUSSIA'S COLD WAR—MARK SULLIVAN SAYS THAT, EVEN THOUGH WE MAY NOT LIKE IT, WE MUST GIVE AID TO EUROPE, AND THIS RAISES ISSUE OF NO TAX CUT

(By Mark Sullivan)

WASHINGTON, January 29.—The House is debating a tax-reduction bill formulated by the Republicans, with the practical certainty it will be passed early next week. From that point on, developments can only be estimated. The bill as passed by the House will be changed in the Senate. If the bill ultimately passed approximates the present House measure, President Truman is likely to veto it. Throughout the process there will be further complications. Democrats in Congress, reluctant to make a record which looks like outright opposition to any tax reduction whatever, may propose or endorse a measure not greatly unlike the one now before the House but with the amount of the reduction much smaller.

Somewhere along the line—probably when and if there is a veto and Congress is debating whether to override the veto—the basic question will come to the front. This is, should there be tax reduction at this time?

Tax reduction is to be distinguished from tax revision. Tax revision is a need crying to heaven. The structure and details of the existing tax laws, as distinguished from the amounts laid and collected, are a monstrosity. Among other harms, too complex for discussion here, it puts difficulty in the way of small businesses growing and otherwise creates a motive for them to sell their businesses, hence to make big businesses bigger. However, tax revision as such is not pertinent here. What is before us is tax reduction and the amount of it.

BARUCH'S PROPOSAL

A school of thought which holds tax reduction at this time to be unwise is reflected by, among many other thoughtful persons, Mr. Bernard M. Baruch, who says tax reduction should be postponed for 2 years at least. His recommendation on this point is one in a program of related steps designed to meet what he called the Siamese twins of our over-all problem—the stopping of inflation coupled with aid for European recovery.

Our over-all problem begins with our relation to Russia. The leaders and government of that country are conducting a "cold" war upon us—meaning, as forthrightly described by officials of our Government and as coming to be recognized by our people—an everything-short-of-shooting war. For meeting this war we need to be strong in every respect, including financial strength on the part of our National Treasury.

The need for financial strength is double. For the economic and ideological war that is actually on we need financial strength in order to aid European countries toward economic help. We want them to have economic help in order to enable them to resist the advance of communism and Russia domination across western Europe towards us.

We need financial strength for a related purpose, to the same end of defense against the Russian threat to us. We need it, that is, for military preparedness. Not only must we take into account the possibility that the everything-short-of-shooting war may come to a stage which includes shooting. Further than that, military strength on our part is a deterrent to the Russian threat even so long as it remains economic and ideological. If the Russian and Communist heads felt that we were militarily weak or were likely to become so, they would already have been bolder and would have advanced farther.

There is a phrase used by lawyers to forestall alternative contingencies, "and/or." But in our resistance to Russia and communism, there is no "or"; the word is "and." At one and the same time we must lay out money for European recovery and for strengthening our Military Establishment.

AIR POLICY REPORT

The latter need was stated explicitly and starkly early this month by a group of distinguished citizens whom President Truman had appointed as an Air Policy Commission. Their report, entitled with somber emphasis, "Survival in the Air Age," said that if we are to have relative security against atomic air attacks we should spend on our air forces in 1948 and 1949 the amount of \$1,300,000,000 each year more than now planned in the budget. The report added, "The Air Force is inadequate even for this (period) when we are relatively free from danger of * * * attack."

Meanwhile, the need of funds for aid to Europe is essential to defense against the economic and ideological war already on. We may not like it, we may see the disadvantages of it; we may argue over the amounts and the methods of administration, but we must go on with it and probably enlarge it.

Whether, in this condition, we should reduce taxes, and if so how much, or use the whole of any surplus revenue for strengthening the Treasury or for reducing the national debt, is the real base of the debate now going on in Congress.

Mr. Chairman, thus far I have confined myself to the statistics and optimistic assumptions of the Republican majority. Very briefly I shall give you the contrast as I see it from the minority view.

Briefly, we base our position on the Treasury and Bureau of the Budget analyses that the personal incomes for 1948 will approximate \$200,000,000,000, assuming the holding of inflation within present confines. On that basis and assuming no cut in the President's budget, at the end of June 30, 1949, the Government would be in the red by \$2,100,000,000. Imagine in the years of greatest national income, that the Government would have to go out to borrow money in order to reduce taxes. It is just too fantastic. It is contrary to every sound fiscal policy. It is dangerous; it is imperiling our national solvency; it is jeopardizing the earnings of 85,000,000 American citizens who, during the war, patriotically invested every thin dime they had in war stamps and war bonds. It is almost unbelievable that any tax proposal such as this would be advocated by responsible legislators that would produce a budget deficit and an increase in the public debt at a time when the country is not at war, where personal and corporate incomes are at their highest, and where unemployment is at its lowest ebb.

From all estimates, these high personal and corporate incomes will not continue if we control inflation. It is estimated that personal incomes will drop from an estimated \$212,000,000,000 in the first half of 1948 to \$195,000,000,000 in the first half of 1949, a decrease of \$17,000,000,000, which means a loss in income to the Government of approximately \$4,250,000,000. Corporate revenues are anticipated to drop from \$31,000,000,000 in the first half of 1948 to \$20,000,000,000 in the first half of 1949, a decrease of \$11,000,000,000, a revenue loss to the Government of approximately \$2,750,000,000.

Again repeating the figures so that you may note the downward trend:

(In billions of dollars)

Calendar year	Personal income	Corporate profits
1948 (first half).....	212	31.0
1948 (second half).....	205	25.0
1949 (first half).....	195	20.0

These figures were officially sent me by the counsel for the Joint Committee on Internal Revenue Taxation and are partially set forth in the majority report. They lead to the inescapable conclusion that the downward trend of personal and corporate income will soon be upon us. For every \$4,000,000,000 loss of national income there is a \$1,000,000,000 loss in Government revenue.

This shows that instead of the estimated deficit under the Knutson bill the deficit will be increased to \$4,000,000,000. If there is a falling off of 10 percent of the estimated personal incomes there will be a deficit of \$6,000,000,000, and if there is a falling off of 15 percent there will be a deficit of \$8,000,000,000 instead of the original anticipated deficit of \$2,500,000,000.

Therefore, if we pass this bill—and assuming no reduction in the President's 1949 budget—at the end of June 30, 1949, we will have a deficit of \$2,100,000,000, according to the Secretary of the Treasury, or a small surplus of \$500,000,000, according to the figures of the majority, to pay on the national debt. What will happen to the country after July 1, 1949, or do not the Republicans feel that they will have any responsibility at that time?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LYNCH. Mr. Chairman, I ask unanimous consent to insert the remarks of the gentleman from New York [Mr. KLEIN] on this subject 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. KLEIN. Mr. Chairman, I have listened to the debate on this soak-the-poor tax proposal with increasing amazement.

So far as I can discover, the gentlemen on the other side want to reduce taxes, reduce the debt, reduce prices, reduce inflation, and reduce everything except corporation profits, all at the same time.

The Republican Party has tried to draw an analogy between a family budget and a governmental budget. It cannot

be done, because they are two different things, but there are points of comparison.

Suppose for a moment, Mr. Chairman, that you are just a private citizen working for a living, and not too good a living, with a big family. Almost imperceptibly you slip into debt. Along comes the opportunity of a lifetime, but just for a limited period. For say 5 years you have a guaranty of an income just double what you are making. When it ends it ends, and you have to go back to the old income.

Now, if you are a smart and prudent householder, Mr. Chairman, you will pay off your debts, increase your savings, pay your insurance premiums in advance, and maybe pay cash for things you absolutely have to have, even if it means a little squeezing and cutting down on luxuries. At the end of your 5 years of clover you are prepared.

THE PRODIGAL SON

Your debts are paid. You have money in the bank. You are ready to return to the old inadequate income free of worry and able to work toward a secure old age.

With this bill, Mr. Chairman, you are proposing that the American people do just the opposite of what prudence tells us we should do.

You are willing to play the role of the prodigal son, to spend our substance and let our debt ride.

This is not the time to cut taxes.

This is the time to cut debts.

We know that right now the national income is the highest in all history. We also know that the cost of living and corporation profits are the highest on record.

How long will it last?

We do not know. I do not know, you do not know, the wisest men in our land do not know.

We do know that we have a staggering debt load—a debt which many of the Republican who now support this bill said would smash our economy.

Why have they changed their minds? Is it because retirement of the debt would mean that some people who are receiving a comfortable income from investments in Government securities would have to find new places to put their money?

NO END TO GREED FOR PROFITS

Is it because the big corporations, the wealthy money barons, the bankers and merchants and manufacturers have no end to their greed, and hey want more and more profit, less and less responsibility for government?

Again, I do not know the answer.

I do know that not one argument advanced in support of this bill makes sense. It is inflationary; it is against public policy; it is inconsistent with high statesmanship and even good business methods; it discriminates against the poor and gives special benefits to the rich.

If the Republican leadership really wants to help the great mass of our people, then send this phony tax-reduction bill back to committee to die, and bring out instead a real price-control bill to stop inflation, reenact the excess profits tax, raise minimum wages to 75 cents

an hour, and repeal the Taft-Hartley Act just for a start.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, I am one of those who has for many months been urging a reduction of taxes in this country with the one proviso that the tax reduction be made so as to help those little people who have not enough left today to meet the needs of their families. Proof of that fact lies in the introduction last March of my bill, H. R. 2577, to increase exemptions from \$500 to \$700 for all taxpayers and their dependents. This was before H. R. 1, the first Knutson tax bill, was brought to the floor.

I followed that up with an expression of my views when I offered a motion to recommit the second Knutson bill, H. R. 3950. In the hope that my colleagues would give some study to the matter, I introduced, last July, in behalf of the gentleman from Michigan [Mr. DINGELL], the gentleman from Pennsylvania [Mr. EBERHARTER], and myself, H. R. 4405, proposing a different approach to tax reduction.

In considering the question of income-tax reduction we should bear in mind the inflationary spiral now prevalent in this country. The over-all effect that a tax cut will have on prices people will have to pay for the things they purchase merits our most serious consideration.

An over-all tax reduction at the present time would mean billions of dollars added to the purchasing power of the people; it would mean billions of dollars in the stream of commerce in this country at a time when people with money are bidding against one another for goods that are in short supply.

I think we ought to note just where the bidding comes from. It does not come from the 29,000,000 taxpayers whose weekly pay is less than \$20. Nor does it come from the other 14,000,000 taxpayers whose wages are from \$20 to \$27 a week. And very little of this bidding up of prices comes from the 9,000,000 who earn from \$27 to \$77 a week.

In other words, the bidding comes from the 1,700,000 whose annual income is above the \$4,000 mark, and it is for that reason that I stand on record and shall continue to do what I can to see that the tax on the low-income taxpayer is relieved to a marked degree. I am urged to move on in that direction, particularly now that we have the result of the studies made by the Bureau of Labor Statistics recently, which show that for a family of four the minimum budget requirement in the city of Washington, for example, is \$3,562 a year.

I am not going to go into a great deal of detail as to how much deficit financing the bill under consideration will mean, because that has been discussed at great length, but I concur with my colleagues on this side of the aisle in their statement that if the bill now under consideration should ever become law, as it is now written, there will be deficit financing, and, as the Secretary of the Treasury testified before our committee, at the end of the fiscal year 1949 we would

be in the red by something around \$2,000,000,000. You know and I know that if we are short \$2,000,000,000 in budget revenue, that means an increase in the public debt by that amount. I am seriously concerned regarding that point. I think that we should pay a reasonable amount on the public debt every year in order to get away from paying that enormous interest which is now running at the rate of \$5,200,000,000 a year, and the sooner we eliminate the payment of such huge interest the sooner we will be in a position to reduce taxes for all concerned. But at the present moment I think that we should be reasonable. I think that we should strive to help those who need help, but that we cannot afford to lose any of the revenue.

The proponents of this bill argue that there is an actual need today for a tax reduction in the higher brackets in order to provide incentives for risk capital, for new business, and so forth. Now, what is the record as of today? Figures produced by the Treasury Department show that in 1939 there were 3,316,000 operating businesses in this country. That dropped during the war to 2,860,000 in 1943. In 1945 there were 3,134,000 operating businesses. In 1946 there were 3,503,000 operating businesses. As of June 1947 there were 3,783,000 operating businesses, an increase in the period of 1 year of 200,000 new businesses. Are people scared? Proponents of this bill talk about the bad effect that the proposed reinstatement of the excess-profits tax would have upon business. I hold in my hand here part of a survey that was made of 50 corporations in this country. That shows that the one that made the least profit in 1947, over and above its profit in 1946, after taxes—remember, after taxes—made a net profit over 1946 of 25.9 percent. I also have in this list another corporation whose profits, after taxes, in 1947 were 246.9 percent over its net profits, after taxes, in 1946. I do not think they are doing bad at all for themselves. Do you?

They talk about the lack of investment capital, and so forth, but according to a press release of the Securities and Exchange Commission dated January 13, 1948, expenditures for new plants and equipment of business in the United States, and that includes manufacture, mining, railroad transportation, and all others, amounted to \$15,680,000,000 as compared with \$5,200,000,000 in 1939.

We also have a very, very interesting statement made by the Secretary of Commerce before our committee on that point, and this I am going to quote verbatim. I take this from page 10 of the mimeographed copy of the Secretary's statement before our committee. It reads as follows:

So much for the current and prospective rate of investment. Let me turn now to the question raised by your committee about the availability of funds. We have two sets of data which bear on this point. The first shows the various sources of savings which make the investment of the economy as a whole possible; that is, how much of the saving is made by persons, by corporations, and by governments. The second shows the various direct sources of funds used for investment by corporations; that is, the amount

arising from internal sources and the amounts obtained from bank loans, bonds, common stock, etc.

Table 3 on the following page presents the first set and shows the sources of saving and their use for investment purposes in 1947. Total investments amounted to \$39,000,000,000, of which \$30,000,000,000 was domestic investment referred to in the discussion of table 1, and the remaining \$9,000,000,000 represented our net foreign investment. The foreign investment includes, it should be noted, \$5,000,000,000 of goods financed by Government loans.

Then, going over to page 16 of this same document, we find the Secretary saying:

In 1947, corporations expended \$14,500,000,000 on plant and equipment, \$7,000,000,000 on enlarging their inventories, and added roughly \$5,000,000,000 to their trade receivables. This aggregate of \$26,000,000,000 was financed by approximately \$15,000,000,000 of retained profits and depreciation reserves, \$4,000,000,000 of net new capital issues—that is, new issues in excess of pay-offs—and \$3,500,000,000 of bank loans, as well as by a \$1,000,000,000 increase in trade payables, a \$2,000,000,000 increase in other payables, and a \$1,000,000,000 reduction in liquid assets.

In liquid assets, of course, is included Government bonds.

It appears, therefore, that to finance \$26,000,000,000 in capital requirements, corporations needed to raise not much over \$7,000,000,000 through new issues and bank loans, nor were they compelled to reduce their liquid assets to a significant extent, as had been the case in the previous year.

What does business think of the future? The proponents of this bill seem to think that business is scared. Well, I will quote from that Republican bible, the New York Herald Tribune:

Corporate profits for 1947 after taxes are estimated at about \$17,000,000,000. In 1946 they were \$12,500,000,000. In 1939 they were \$5,000,000,000.

They failed to show this additional point, which is very interesting:

In 1932, the last year under a Republican President, corporate profits after taxes were zero.

In fact, corporate losses after taxes were \$3,400,000,000.

That same newspaper, in its review of 1947, says that farm income in 1947 was \$18,000,000,000, while in 1946 it was \$15,000,000,000. But in 1939 it was only four and a half billion dollars.

They show that the gross national production for 1947 is about \$235,000,000,000.

The national income for 1947 exceeds \$200,000,000,000, and the final figure will probably reach \$225,000,000,000.

Much has been said about lack of savings being available for capital. I have said repeatedly that your drop in savings is a real one. But let the New York Herald Tribune of January 2 speak on that subject. I quote:

The 131 savings banks of New York grew from \$5,500,000,000 in 1941 to \$9,700,000,000 in November of 1947, an increase of 76.5 percent. The peak rate of increase for net savings deposits was reached in 1945 when increases amounted to \$1,100,000,000. In 1947 the gain was only \$470,000,000, or 48 percent below the gain in 1946.

This is attributable to people in the low-income groups withdrawing their

savings in order to meet their daily expenses instead of being able to continue banking savings.

How does business look upon the future? General Electric in 1947 exceeded all peacetime production records. Its sales in 1947 exceeded their estimated goal by \$1,000,000,000. This is according to Charles E. Wilson, president of the corporation, and he estimates that 1948 will exceed 1947 by another 20 percent.

Westinghouse Electric reached a production peak of \$800,000,000 in 1947 and expects greater gains in 1948. The entire electric manufacturing industry's total output for 1947 was 50 percent higher than it was in 1946. It was 40 percent above the peak war year of 1941 and surpassed 1940 production by 150 percent.

The machine tool industry had a volume of \$300,000,000 in 1947, and expects to surpass that in 1948.

The freight car builders have set a target of 10,000 a month during 1948. On December 1, 1947, they had orders for 125,395 cars.

That, my friends, is the picture. So those of you who fear that your corporations will not fare well need not be afraid of imposing the type of excess-profits tax recommended by the President.

After all, we will collect excess-profits taxes only from those corporations that actually make excess profits. Someone has said, "You are going to hit only 22,000 of these corporations out of all the corporations in the United States, and that is discrimination." Let me tell you, those corporations in that category have been discriminating against the American people, and they deserve to be discriminated against, if that is your interpretation.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman from Rhode Island yields back 1 minute.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, we have once again arrived at the time to discuss that all-important, universally unpopular subject of taxation. I think the American people expect some definite action and would like to have it as nearly unanimous as possible. Personally, I am going to vote for a tax-reduction bill. I would prefer a bill along the lines outlined by our distinguished colleague the gentleman from North Carolina [Mr. DOUGHTON], who for many years was chairman of the Committee on Ways and Means. I think his views are conservative, safe, and sound. I would like to see a reduction in the tax bill of from \$3,500,000,000 to \$4,500,000,000. I think the country is expecting that. I think we can safely rely on that much reduction and at the same time take care of the necessary expenditures of the Federal Government and pay an appreciable amount on our national debt.

Now, that opinion is the result of what reading I have done, the debates to which I have listened, and the best conclusions I can deduce.

I would be more disturbed than I am at this particular moment if I thought the majority side really expected this bill to go through as now written. I do not think it will. I do not think they expect it will. I think it will be changed and I think my friends will be greatly disappointed if it is not changed, because we cannot afford to get too close to the border line with our Government balance. We cannot play with red ink when we are financing a great Government.

As far as expenditures are concerned, I am not one of those who subscribe to the theory that the principal job of the Federal Government is to collect all the money it can from the people and then spend it. I think the Federal Government owes the same type of good common sense and economy in the handling of the people's money as is expected of any other trustee, real or theoretical. If we apply that principle and occupy the position of a trustee and practice the principles and rules that we are supposed to, Government expenditures can be reduced. I do not know how much is expected to be cut from our so-called foreign expenditures, but I do know that the American people are looking more and more each day and are lifting their eyebrows a little higher each day as they gradually realize how much a billion dollars is, and how many billions we expect to send abroad. It is highly probable that that amount will be considerably reduced. If so, then I think it is timely, I think it is safe, sane, and sound that the American people be given that credit on their 1948 tax bill.

For a long time I have been in favor of the community-property provisions. Up until this good hour it has been a very unfair arrangement in this country. This bill seeks to level that off. Of course, we are in favor of increasing the exemption, because at the outset that exemption was supposed to be what you might term bread and meat money—actual living costs. That was the idea that was back of that exemption, but we kept trimming it down until there is not one single man in this House who would dare to say he thought \$400 or \$500 was an honest exemption. It simply does not represent what we started out to do. So I am definitely in favor of those provisions.

I cannot go along with the \$40-perman proposition. I get some consolation out of the fact that the overwhelming majority of the democratic members of the Ways and Means Committee share that same view. I think the Republicans are of the same opinion, that that will not work and is not the best solution. So I cannot go along.

It looks now that some kind of a motion to recommit will be offered. I do not know just what it will include but, as I said in the outset, I want it to be sound; I want it to be safe for my Government; I want it to provide for what we may term a reasonable amount for application on our national debt; a reasonable reduction in taxes for the American people generally, because when we legislate in this body we do not in-

dulge in class legislation. We legislate for all the American people.

I am not irritated at any particular group. I think there should be a tax reduction in the full sense of the word. Not knowing just what the motion to recommit will include, I may find myself voting for the bill offered by the majority, not with the idea that that bill is going to pass as is—I do not believe it will—but with the fervent hope that the bill will be put in line, that it will draw back just a little bit away from the danger line, and that it will provide for approximately \$4,000,000,000 reduction. Then we will have that little safety margin we so often need and yet so seldom see a year or two ahead.

With the expression of these few views I hope we will continue this debate and when the bill comes back that it will be a bill in the general interest of the American people and provide for payment of our debt a reasonable amount, and provide some real tax relief because the American people are getting a little tired. They have been carrying a burden, they have been through a hard war, and they have paid a lot. So let us begin to take them into consideration and not get frightened over this subject of inflation. I do not know why the argument has turned so much on that point because in one breath some say that even though we turn loose some \$6,000,000,000 or \$7,000,000,000 to foreign lands for purchases in this country that will not produce inflation, yet in the same breath they say if we give our own taxpayers \$3,000,000,000 or \$4,000,000,000 credit on the payment of their taxes that will create inflation. My mind is not that limber; it just cannot take curves that sharp; I cannot reason that way.

I heard the statement of the gentleman from North Carolina [Mr. DOUGHTON], and I congratulate him on his very reasonable and sound views, and I hope we shall have an opportunity to express ourselves in favor of the proposition he has outlined.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from North Carolina has consumed 11 minutes.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, in the beginning may I say that I am in agreement with much that the gentleman from North Carolina [Mr. BARDEN], who has just preceded me, has said. This does not mean that I subscribe in toto to his remarks.

Mr. Chairman, in arriving at the attitude which I am to assume toward this bill, three questions present themselves: First, should there be Federal tax reduction at this time? Second, in case the first question is answered in the affirmative, then how much should the reduction be? And, third, how should the reduction be applied?

When President Truman vetoed two tax-reduction bills in the last Congress and opposed any tax reduction of any name or nature at this time, I gave much

thought to his objections. However, recent experience convinced me that the administration will spend all of the money made available by the Congress, and that there seems to be a perfect willingness on the part of the executive branch of the Government to take from the people as much tax money as possible with little regard for the ability of those same people to continue war taxes in peacetime.

With a national debt of \$258,000,000,000, with a larger Presidential budget for the ensuing year than was even asked for in the current year, I am forced to the belief that unless the amount of money provided by taxes is reduced there is little prospect of any reduction of Government spending. Yes, I believe in reducing the national debt and the report of the Ways and Means Committee, buttressed by tax expert testimony as shown in the hearings, shows that there can be tax reduction without interfering with the essential functions of government and at the same time make payment on the public debt. In short, it seems to me that a case has been made for adequate money to support an efficient government with assurance that there can also be made a sizable payment on our national indebtedness.

The amount of tax reduction cannot be determined by guess and by golly. The tax experts in the Treasury Department have submitted income estimates for the coming year. The tax experts of the Ways and Means Committee of the House and the Finance Committee of the Senate have also submitted estimates. The Treasury estimates are more conservative; however, the Treasury is naturally under obligation to the administration of which it is a part. The congressional experts are nonpartisan and serve as our advisers during Republican administrations and Democratic administrations alike. We have no knowledge as to their politics and no one will question their sincerity and their expert ability. Their job is to get the facts, whatever they are. Long experience has taught us that the congressional tax experts have over a period of years been more accurate in their estimates than have the Treasury experts. As I recall, the Treasury experts base their submitted figures on a contemplated \$200,000,000,000 national income. The congressional experts base their figures on a prospective \$209,000,000,000 income. Now somebody is wrong here and generally I believe in deciding honest differences of this kind on the side of caution. If the figures which have been presented on the blackboard by the very careful and efficient gentleman from Ohio [Mr. JENKINS], a member of the Ways and Means Committee, are correct, then there can be tax reduction and debt retirement, irrespective of whether there is any reduction in the President's budget. Members of the Ways and Means Committee, as well as the Appropriations Committee, give assurance that there can be a reduction in the President's budget somewhere between \$2,000,000,000 and \$6,000,000,000 for the coming year. Personally, the \$6,000,000,000 mark seems too ambitious to me; however, certainly there

can be a cut of \$2,000,000,000 or \$3,000,000,000 in the budget without curtailing necessary activities on the part of the Government.

Now I would like to go into further detail; however, time will not permit. My thought is that we will not be doing violence to a sound fiscal policy by reducing income taxes at this time.

I have always believed that in the levying of taxes ability to pay should be an important factor. At the same time, I realize that we all enjoy the blessings of our Government and that we should all be willing to contribute to its support. While the President is opposed to any tax relief at this time, he demands, however, that if any reduction is made everybody from the humblest wage earner to the wealthiest millionaire be given a deduction of \$40 each in income tax. This violates the philosophy of levying taxes according to the ability to pay and is in every way unsound from a tax standpoint. It is purely a political suggestion. Give everybody an exemption of \$40 and then make the business of the country pay the amount of that exemption in additional taxes. This economic royalist and soak the rich and the corporations talk just does not appeal to me. It is production, jobs, wages, and income that the American people must have if we are to continue as the greatest nation on earth, with our people enjoying a standard of living undreamed of in the Old World.

The tax bill now before us follows the ability-to-pay principle. Exemptions are raised. Taxes are reduced more on the lower income and less on the higher income. The graduated bracket system is invoked and I have heard no one criticize the soundness of this principle from a tax-collecting standpoint. Let us think these things through in a business way and eliminate all demagogic thinking.

Above all else we must be sure that tax legislation provides enough money to operate the Government, maintain our national commitments, and make a reasonable payment on the national debt the coming year. We have already had too much deficit spending. Indeed, that has been the habit since 1930. Each year the national debt is larger. Each year the spending on the part of the Government is greater and each year it has taken more red ink to balance the Treasury's books. This deficit spending must stop or our country will be bankrupt. It is easy to talk about cutting expenses but talk is not enough.

Mr. Chairman, within a few days the Congress will again be called upon to estimate the over-all budget for the coming year. This responsibility must be approached on a sound basis. Personally, I am opposed to promising something in the way of governmental spending that cannot be realized. This is not only unfair but it is also injurious politically. Let us be candid and only approve a budget that will do the job which must be done. The Congress in the end will be measured by what it does and not by what it promises. Possibly I am a little conservative. I know that the peo-

ple whom I represent are demanding more economy in Government, and the more economy we practice the less money we will be compelled to take out of the pockets of the taxpayers and the more money we will have to apply on the national debt. All the people are asking of Congress is that it use the same judgment in carrying on the Government business that common, everyday, sound businessmen, big and little, use in their own affairs. I want to do that very thing. To this end I shall support this tax bill. Maybe the estimated reduction of present taxes is a little large. I am sure that many Members have this feeling. Be it remembered, however, that all tax legislation must originate in the House, and this bill is what the Ways and Means Committee gives us. Therefore, if we believe in tax reduction at this time we will vote for this bill and send it on its way to the Senate. In that body the bill will be reviewed, amendments will possibly be added, and eventually the bill will come back from the Senate. Then a conference committee will iron out differences, if any there be, between the House bill and the Senate bill. At that juncture we will all be given a final vote on the perfected bill. Feeling as I do, Mr. Chairman, I shall vote to send this bill on its way to the end that there may be an early vote on a final bill.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. EBERHARTER].

The CHAIRMAN. The gentleman from Pennsylvania [Mr. EBERHARTER] is recognized.

Mr. EBERHARTER. Mr. Chairman, the gentleman from North Carolina [Mr. BARDEN], who just preceded me, made an observation which I think is worthy of attention. He said that should this present bill become law he would be fearful of the consequences. He also stated that he believed the majority who are sponsoring this bill would be fearful of the consequences if this proposal became law. I believe the gentleman from North Carolina is absolutely correct in his observation that the sponsors of this proposition hope that it does not become law in its present form, because I believe they agree with the minority that it would be bad for this country not only for this fiscal year but for ensuing fiscal years. If my memory is correct, it used to be that the Ways and Means Committee of the House was very jealous of its prerogatives in writing tax bills. It used to come before the country and before the House membership and say: "We have labored long and diligently on a bill and we think we have something that will stand up, something that is right, something that is good for the country." But the attitude seems to have changed. In effect they now say: "We will get a start on a tax-reduction bill, then we will let the other body perfect it."

I hope that when the Democratic Party takes over control of the House we will assume and resume the responsibility which correctly belongs in the House of Representatives of proposing

tax legislation that is sound, that is timely, that is equitable, and that will be to the best interests of the country as a whole. This bill is not timely, this bill is not sound, this bill is not equitable, and I intend this afternoon to devote most of my time in an endeavor to prove to you beyond any question of doubt that it is not equitable, that it is unfair, that it gives relief where relief is not needed and denies a proper amount of relief to those who are entitled to and need relief.

First, let me take a few minutes to review what occurred since the Republicans took over control of the Congress on January 1 of last year. There was introduced H. R. 1, that famous H. R. 1, that bill which is unlamented now. "H. R. stands for House of Representatives. It could also stand for "House Republicans No. 1" proposal because it was the first bill introduced by the Republicans in the Eightieth Congress.

We all remember the proposition of the 20-percent reduction in taxes across the board. It sounded pretty good; it looks like a fair proposition when you say 20 percent across the board; it sounds like everybody gets the same reduction. But when we began to examine the effect of a 20-percent reduction across the board, when we began to understand the import of it we were all astounded. We found and the country as a whole found, and the Republicans agreed with us, that it was unfair, that those in the high income brackets, the people who have a real high income, would have a reduction in the payment of taxes to a less sum than they paid before the war. I repeat, they would be reduced to paying less taxes than they paid in 1939. While on the other hand the wage earner, the white-collar worker, the professional man not in the high brackets, and the great majority of taxpayers would have been faced with the proposition of paying taxes amounting to several hundred percent greater than they paid in 1939, several hundred percent greater than they paid before the war.

What would be the result? We have a debt of \$257,000,000,000 or \$258,000,000,000. The result would be that the lower-income groups would be saddled with that debt and the higher-income groups reduced to paying less taxes than they paid before the debt was incurred. That was the result of the proposed 20-percent across the board reduction, House Republican proposal No. 1. It would have resulted in the veterans and their children being saddled with the war debt. The Republicans could not get that across. The Democratic Members of Congress and President Truman are entitled to the thanks of the people of this country, not only the people living today but their children, for rejecting that proposal.

Well, the second bill came along and they changed their original proposal a little bit. They made it a 10-percent, a 20-percent, and a 30-percent reduction instead of a straight 20-percent-across-the-board reduction. That was a little bit of an improvement, but it was not much of an improvement; because an examination of the figures again demonstrated that there would be the same end

result, and they can get up all the charts they want and all the figures they want, and it would still be found that the 10, 20, and 30 proposition that was embodied in the second proposal of the Republicans had the same end result of putting the burden of paying the war debt on the shoulders of the veterans and the low-income groups; and reducing the tax payments of those in the upper income groups to close to the low level of 1939. So, for the second time President Truman and the Democratic Members of Congress are entitled to the thanks of the people for saving them from such unhappy consequences.

Now, Mr. Chairman, we are in the midst of considering their third attempt to reduce taxes, and I can show you, and that is going to be my endeavor right now, that the end result will be almost the same and in some respects worse. This bill makes three principal changes in the present tax structure. The first important change is the increase in the per capita exemption from \$500 to \$600. The second is the feature of permitting married persons to split their incomes and pay on the basis of one-half of the income of the husband, if he earns the entire income, instead of paying on the principal amount, thereby reducing him to a lower bracket. The third important change is the reduction in estate and gift taxes to the extent of about 50 percent. As for the first proposition, Mr. Chairman, I have no particular quarrel with that. I think the Democrats, as they have shown last year and this year, have consistently fought for a tax program at the proper time that would increase the exemptions above their present levels. It was not embodied in the first or second Republican proposals, and it is only embodied in here to a very slight degree because it has been forced on them. It is a recognized principle that if you increase exemptions a great deal of benefit does go to those who are not receiving high incomes. The Republicans were practically forced by the action of the President and the Democrats in Congress to include this increase of \$100 in exemptions. But now as to the second proposal, a lot of people all over the country are hailing with a good deal of satisfaction the proposal to permit a husband and wife to split their total incomes and thus be placed in a lower tax bracket. I wonder if the people of this country know who it is that gets the benefit of that provision? Mr. Chairman, unless you make over \$5,000 a year and are married, you do not get any benefit whatsoever from that provision. You do not get one cent tax reduction from that splitting provision. Who gets the benefit? When your income is at \$6,000, \$7,000, \$8,000, \$10,000, \$12,000, \$15,000, then you get a great benefit. But, as to those wage earners making \$50 a week, \$60 a week, \$75 a week, those making \$90 a week, if they are married, this provision does not help them in the slightest degree. The benefits go to those making more than that. So, in that respect, Mr. Chairman, the bill does not give any relief where it is most needed.

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

Mr. EBERHARTER. I yield to the gentleman from Rhode Island.

Mr. FORAND. I believe it would be wise for the gentleman to tell the House that 97 percent of the benefits of the split-income provision go to those with incomes in excess of \$5,000.

Mr. EBERHARTER. I thank the gentleman. That is exactly correct. Ninety-seven percent of the benefits of this split-income provision go to people who make more than \$5,000 a year. Of course, below that, there is no possibility whatever of getting any benefit.

Mr. GRANT of Indiana. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Indiana.

Mr. GRANT of Indiana. I think it might be well to point out as well that more than 70 percent of the benefits of the entire bill go to those with incomes under \$5,000.

Mr. EBERHARTER. Yes, you give a few small crumbs to those in the lower income groups, but the big benefit goes to those making a lot of money. That is where the savings are.

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

Mr. EBERHARTER. I yield to the gentleman from Missouri.

Mr. REEVES. The gentleman represents a district in the State of Pennsylvania. Did not Pennsylvania last year adopt the community-property system for the express and avowed purpose of helping people with incomes exceeding \$5,000?

Mr. EBERHARTER. I am glad the gentleman brought that subject up. That is correct. But what I am pointing out now is that the total effect of this bill is to give the big relief to the big-income group. That is true with respect to taxpayers living in Pennsylvania. It is fair in a lot of respects, because 13 States already have that provision. But I say that the benefits go to those who are above the \$5,000-a-year income bracket.

Mr. REEVES. Does the gentleman feel that we should perpetuate this discrimination in favor of the 11 remaining community-property States and against the other 37 non-community-property States?

Mr. EBERHARTER. No, I do not say that. The split-income provision is all right, but at the same time the way it should be corrected is to put that provision in but make an adjustment of the percentages so that benefits to the same extent would also go to the lower income groups. This Knutson bill provision is an unscientific way of doing it, giving special relief just to one group of taxpayers.

Mr. REEVES. May I ask if the gentleman considers that it is scientific from the standpoint of tax theory to continue to require a married man in a common-law State to pay as much as 40 percent more Federal income tax on his income than a married man in a community-property State?

Mr. EBERHARTER. No; I said when you put any split-income provision in a tax bill you should make some provision so that those in the lower-income group can get commensurate relief with those in the upper-income groups.

Mr. Chairman, I think the main provision of this bill is a reduction in the

personal-income tax, the so-called 10-, 20-, and 30-percent reduction. What is the true measure of tax reduction? What is the proper yardstick? The proper yardstick of tax reduction, in my opinion, is how much more money will a taxpayer have to spend, how much will his spending money increase by reason of a tax reduction? How much will he have left after he pays his taxes? That is the true measure of how much relief is being given to the taxpayers of the country.

I call your attention to page 69 of the committee report, table 3. Under the Knutson bill, if a married man, who has no children makes \$1,200 a year, he will get an increase in his spending money of \$38 a year, a 3.3-percent increase, a little over \$3 a month. It will give a man earning \$2,000 a year \$84 more to spend per year, \$7 a month, a 4.6-percent increase in his spending money. The fellow making \$4,000 a year is given \$164 a year more to spend or \$14 a month or about 6 percent more. Is not that a lot of relief to give to a man making \$1,200 a year if he is married—to give him \$3 a month; and to give the \$2,000-a-year married man \$7 a month more to spend; and then cry out to the country that we are giving relief where it is needed?

To the \$10,000-a-year married man it gives \$730 a year more to spend or 9 percent more, which is about \$60 a month more.

But they take a little better care of the \$25,000-a-year man, too. The fellow that needs it so bad—they give him \$3,493 more a year to spend, which is \$300 a month more, or 21.9 percent more. That is what they are giving in this bill. Yet they give the little fellow 3 percent more to spend. They give the \$25,000-a-year man 21 percent more to spend. Let us go along to the \$100,000-a-year man. They give him \$18,163 a year more to spend, which is \$1,500 a month—that poor fellow—he needs that money. They increase his spendable income by 49.3 percent. And yet they increase the \$1,200-a-year man by 3 percent. Let me give you one more example. The \$500,000-a-year man gets \$62,590 a year more to spend, which is \$5,000 more a month, or 67.6 percent more than he had before. Relief for the poor, relief for the fellows who need it? Relief for the married man, the workingman, or even the fellow making \$5,000 a year? They give the poorest fellow 3 percent more and give the chap who has a \$500,000 income 67 percent more.

We have a chart here in our report, No. 1 on page 68. Note that this is a chart by percentages. The line indicates percentages. Right here is the \$1,000 figure and it goes on up to the \$2,000, \$3,000, \$4,000, and \$5,000 figure. Notice how the percentages go almost straight up when they get to the \$15,000 and \$20,000 bracket. The percentages with reference to those fellows go way up high. That is very graphic, Mr. Chairman, and very informative. This bill is truly a windfall for the wealthy and those who do not need relief.

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

Mr. EBERHARTER. I yield.

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Mr. KEAN. How would the gentleman increase the percentage of these little men with \$1,200 a year that he is crying about so much? How would the gentleman increase the percentage more than that 3.3 percent of this little man with \$1,200 a year income that he is crying about so much? The figure is 3.3 percent, because we are taking away all his taxes by the Knutson bill. That is why the percentage is small. Do you want to give him a bonus?

Mr. EBERHARTER. Take the \$2,000-a-year man. You give him only \$84 a year or \$7 a month.

Mr. KEAN. I was asking you how you could increase the fellow getting \$1,200 a year about whom you are crying so much.

Mr. EBERHARTER. You can increase the exemption so that he would not have to pay any tax.

Mr. KEAN. He does not have to pay anyway under the Knutson bill. The little fellow you are talking about pays no taxes under the Knutson bill.

Mr. EBERHARTER. The chap making \$2,000 a year gets the percentage that I have indicated.

Mr. KEAN. You are talking about the fellow with \$1,200 a year income.

Mr. EBERHARTER. I am talking about the fellow making \$2,000 a year.

Mr. KEAN. Now you are talking about a new one.

Mr. EBERHARTER. No, I said take the fellow with \$2,000 a year income. You give him \$7 a month relief. That is not much money. He should not have to pay any taxes. Instead of giving the fellow who makes \$500,000 a year \$5,000 a month more to spend, you should help the person in the lower income bracket. The people in the higher income brackets do not need such relief. This bill is worse than the original bill, H. R. 1.

Under H. R. 1, a man with a \$50,000 income had his spendable money increased by 19.7 percent, but under the bill before us today, instead of having an increase in his spendable income of 19.7 percent, he gets an increase of 32½ percent. So as bad as H. R. 1 was, this is a great deal worse.

Take the \$100,000-a-year man. Under the original H. R. 1 he got an increase of 34.2 percent, but in the bill under consideration today you are going to give him an increase of 49.3 percent. Oh, yes; they are giving relief where it is needed.

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

Mr. EBERHARTER. I yield.

Mr. REEVES. In the case of a man with a \$100,000 income, the gentleman understands that in the community-property State he pays an income tax of nearly \$13,000 less than in the non-community-property States.

Mr. EBERHARTER. Oh, yes. I appreciate that.

Mr. REEVES. So that a great majority of the reduction which he gets comes from the income-splitting feature, which the gentleman's State adopted last year. So that your \$100,000 taxpayer is already safe.

Mr. EBERHARTER. That act in Pennsylvania was declared unconstitu-

tional. You just confirm any statement I have made that all relief is going to the big fellow. It is not only the result of one provision of the bill; it is the result of a combination of all these provisions; adding a little here and a little there as you go on.

Mr. REEVES. I would like to make one more observation, if I may. The majority of that difference results from the income-splitting feature which, as I understand, the gentleman has endorsed in this debate.

Mr. EBERHARTER. Mr. Chairman, I call the committee's attention to the chart on page 71 to verify what I have previously stated with respect to reducing the taxation to nearly the level of the prewar period for those in the very high brackets, and increasing it by several hundred percent in the low-income brackets. The \$4,000-a-year man, under the Knutson bill under consideration today, would pay 868.2 percent more taxes than he paid in 1939, before the war; whereas the millionaire would pay only 8.1 percent more. All the figures along the line show that the higher the income bracket the more his percentage of reduction is in comparison with what he paid in 1939. So here, Mr. Chairman, they are trying to reverse the historic principle under which taxes have been levied in the past, particularly under Democratic administrations; the principle of taxation based on ability to pay. That is a sound principle. That is a principle on which this country should operate. Let those pay who can afford to pay—pay their fair share. So this bill is wrong in principle. This House should not, by its vote, sanction a reversal of that principle which I have just mentioned. I cannot subscribe to a measure of this sort. It is unfair.

There are other provisions in the bill. I do not want to take up too much time. But, for instance, if you leave a large estate, if you leave \$60,000 to your children, you do not have to pay any Federal tax, but if you leave more than \$60,000 you will be taxed on everything you leave over \$60,000. That is the present law. What do they do in this bill? Instead of making you pay as you did before you only pay on 50 percent of what you leave over \$60,000. Is that relief for the poor? Is that an equitable thing? Giving, according to the Treasury, \$245,000,000 more every year to those people who leave more than \$60,000 when they die? That is not relief for the needy, Mr. Chairman. That is not relief for the needy. The benefits there go to those who die and leave more than \$60,000 to their children or whoever they leave it to.

O, Mr. Chairman, there are lots of other provisions in here. This bill is not going to help those who need it. It is not going to help cut down the high cost of living. It is not going to reduce the inflationary spiral. It is giving the money where it is not needed. It is dictated solely by political considerations, political expediency. It will further devalue the dollar. The dollar is not worth very much now but it is certainly going to be worth less if this proposal should become law.

It is not going to contribute to better relations between labor and management. Union labor leaders know what this bill is doing. Do you think they are going to be less demanding for an increase in wages for the workingman when they know what this bill provides? They will say: "No; we will go on strike." That will retard production. This bill will not help increase production.

Mr. Chairman, this bill is untimely. It is unsound, it is not equitable, it should not pass, and I am certain it will never become law.

The CHAIRMAN. The gentleman from Pennsylvania has consumed 28 minutes.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield to the gentleman from West Virginia [Mr. Love] such time as he may desire.

Mr. LOVE. Mr. Chairman, I rise in support of H. R. 4790, and I shall vote for this legislation. The terms of the present bill are particularly pleasing to me as I do not believe that the same yardstick should be used in measuring a fair tax relief to taxpayers in all brackets. In my opinion, a percentage reduction, although helpful, is not sufficient relief to those in the lower-income groups. Neither do I believe that increased exemptions are sufficient relief to those in upper-income brackets. I firmly believe the total amount of taxes should be cut, not shifted, and exemptions should be increased for all, and that a percentage should be cut from all tax payments.

In February 1947, I introduced H. R. 2171, to increase exemptions to \$700 and cut all payments 10 percent. The present bill substantially follows these principles. All exemptions are increased to \$600, relieving those of the lower-income groups, in particular. All taxes are cut from 30 to 10 percent, relieving the burden in the upper brackets, in particular, and thereby fostering venture capital, increased production, and additional jobs. The bill also provides additional \$600 exemptions for those over 65 years of age and for the blind. Married people are also permitted to split their income for tax purposes as provided in the community-property States. Seventy-two percent of the tax relief in this bill goes to those having net incomes, after exemptions, of less than \$4,000.

Due largely to the economy of the Eightieth Congress, we are approaching a sound fiscal policy. We have been cutting Federal expenditures. Incidentally, we have not cut deep enough, in my opinion. It is sound economy to make substantial payments on our national debt and it is sound economy to relieve the wartime tax burdens of our people. The time is at hand to legislate and execute all three of these basic principles.

Continuing the economy measures of the Eightieth Congress, it may be conservatively estimated that the Federal surplus for the fiscal year 1948 will be \$8,800,000,000, and for the fiscal year 1949 a surplus of \$10,000,000,000 is probable. The present bill would reduce Federal revenue by \$7,100,000,000 in fiscal 1949. It follows, therefore, that we could have an actual tax reduction this year by passing H. R. 4790 and also pay

approximately \$10,000,000,000 toward our national debt during the fiscal years of 1948 and 1949.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. Tollefson].

Mr. TOLLEFSON. Mr. Chairman, we, as citizens and taxpayers, must be honest and realistic in our approach to the problem of national financing. We must fully realize that we cannot cut our national revenues by a large arbitrary figure and still request and obtain full appropriations for western reclamation and power projects, adequate Federal aid to our public schools which are in great need of funds at this time, and adequate funds for construction of necessary public buildings which many of our communities need desperately.

Last year I voted for the tax-reduction bill. A new issue has arisen this year, however, which completely changes our national financial picture. I refer, of course, to the need to adequately finance necessary features of the Marshall plan in order that we may lay the ground work for a lasting peace throughout the world. I feel that we should make every honest effort to determine the exact cost of our domestic and foreign programs before we arbitrarily cut our national revenues.

And there is another matter which disturbs me greatly. We taxpayers are paying a yearly interest, largely to private financial institutions, of \$5,225,000,000 on our public debt. Think how much more good an expenditure of this size could bring if it were channeled in the direction of aid to our schools and development of our resources. It is sound economic practice that we use every possible surplus of Government revenue to retire our huge national debt and eliminate, therefore, this tremendous yearly interest charge.

I strongly favor higher exemptions than H. R. 4790 provides for low-income groups and those living on annuities such as pensions and blind benefits. Equitable taxation reforms which are not included in H. R. 4790 are needed for partnerships and small businesses. The percentage cut on surtaxes should be made more equitable than that presently advocated in H. R. 4790 so that in terms of dollars the increased purchasing power will be placed in the hands of those who need it most, namely, the low-income groups.

The income-tax reduction of \$4,000,000,000 as proposed by several Republican Senators is more realistic than the \$6,000,000,000 reduction proposed by H. R. 4790. It would be realistic, also, from the standpoint of veto-proof legislation. I shall support a more equitable and workable tax-reduction bill which undoubtedly will result from the House-Senate compromise, and which actually could be made law.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. Keane].

Mr. KEANE. Mr. Chairman, under the present Democratic tax structure the chief burden of income taxes is on the

lower-income group. The Knutson bill, while reducing the burden of all classes of taxpayers, shifts the chief burden to the higher-income group so that those with incomes over \$4,000 are in aggregate paying more income taxes than those in the group below \$4,000.

Under the present law those with incomes under \$4,000 pay \$11,987,000,000, while those with incomes over \$4,000 pay \$9,293,000,000. Under the Knutson bill those with incomes under \$4,000 will pay only \$7,284,000,000, while those with incomes over \$4,000 will pay \$7,446,000,000.

This is a well-balanced bill and that is the reason why our friends on the other side of the aisle are finding it so hard to settle on a proposal which will reduce the cost and still be fair to all classes of taxpayers.

The cuts for the low-income group are substantial, and while the percentage cuts in the medium- and higher-income brackets are small, they at least lend some encouragement and hope to those in these brackets upon whom we must rely to provide the jobs which employ the great mass of our people.

I suppose there is not much use in burying dead cats any deeper, but I want to again call your attention to the statement of Leon Keyserling, of the President's Council of Economic Advisers on the Town Meeting of the Air the other night. Keyserling has been reputed to be the author of the fantastic \$40-cost-of-living bonus for everyone except those who need it most.

When one of the speakers stated that an increase in corporation taxes would increase prices, Keyserling said that this would be prevented by the price controls which the President had recommended.

Of course this would not mean only selective-price control, but price control for the products of 22,000 corporations.

So, evidently, this proposed corporation tax is part of the pattern for regimentation of our people which the smart boys around the President are trying to put across.

The gentleman from North Carolina—the esteemed former chairman of the Ways and Means Committee, for whom I have the greatest affection and respect—has suggested that the percentage reduction be cut in half. This would reduce the estimated loss to the Treasury by \$1,859,000,000. I wonder if he realizes that \$1,314,000,000, or 70 percent, of this reduction would be taken out of the hides of the lower-income group—those whose incomes are under \$4,000?

The gentleman from Rhode Island [Mr. Forand] has just tried to prove that there is ample capital available for risk investment.

Let us look at the record as supplied by the Department of Commerce. In 1946 out of corporate funds available of \$23,600,000,000, only \$900,000,000, or about 4 percent, was derived from new investments in their common stocks.

In 1947 out of corporate funds available of \$26,000,000,000, only \$800,000,000, or about 3 percent, was derived from new investments in their common stocks, and of this amount more than 50 per-

cent was invested in relatively riskless public-utility stocks.

But in this same year, 1946, these corporations borrowed four and one-half billion, while in 1947 they borrowed approximately six billion.

Do you think for a moment that these corporations would have sold bonds and borrowed money from the banks if they could have fulfilled their needs by selling common stocks?

The gentleman from Rhode Island is a good enough businessman to know that this is so.

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

Mr. KEAN. I yield to the gentleman from Rhode Island.

Mr. FORAND. Is the gentleman questioning the statement I read from the testimony of the Secretary of Commerce?

Mr. KEAN. I am certainly questioning the Secretary's conclusion as I did when he appeared before us.

Mr. FORAND. What the gentleman from Rhode Island said on that score was a quotation from the Secretary of Commerce and if the Secretary of Commerce is wrong then I am wrong.

Mr. KEAN. He is wrong.

Mr. FORAND. I do not think he is wrong.

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

Mr. KEAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. We should also bear in mind that interest rates are advancing with respect to future capital construction. Your corporations have substantially diminished their liquid assets with respect to cash on hand and Government bonds in order to increase the inventories the Secretary has referred to, in order to partially pay for the expansion in plant which they have already accomplished. Now they move into a tightening credit market, higher interest rates, higher cost of production. I wish I could believe what the Secretary of Commerce has said through the gentleman from Rhode Island [Mr. FORAND], but I cannot come to an agreement with his forecast.

Mr. KEAN. Neither can I.

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

Mr. KEAN. I yield to the gentleman from Missouri.

Mr. REEVES. The gentleman made the point that there was a measurable shift in new corporate financing from equity financing, that is, the issuance of common stock, to debt financing. I think it is particularly significant that between 1946 and 1947 there was a drop of from 58-percent equity financing to only 29-percent equity financing in 1947, indicating that the necessary capital for new venture and new investment is not available, and all business is now obliged to resort to debt financing, which is manifestly an unhealthy condition and inflationary.

Mr. KEAN. The gentleman is correct.

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

Mr. KEAN. I yield.

Mr. FORAND. I will ask the gentleman if it is not true that the Secretary

of Commerce also testified that it is not so much the difficulty of obtaining capital as it is the difficulty of obtaining materials that are in short supply now?

Mr. KEAN. He said that, and it is true in some cases.

Mr. FORAND. I thank the gentleman.

Mr. KEAN. The gentleman from Tennessee [Mr. COOPER] and the gentleman from New York [Mr. LYNCH] based their objections on the impossibility of further cuts in the budget. This is a doctrine of despair.

Every speaker seems to have acknowledged that taxes are too high for every segment of our population. They are too high for the employee trying to support his family in a decent way in the face of the high cost of living.

They are too high for the small businessman, and the junior executive who is trying to set up a competence to protect his family.

They are too high for the well-to-do. There is no reason to be especially sorry for this group, but confiscatory taxes destroy their historical function which is to supply capital to expand business and thus provide more wages.

It has been estimated that it takes from seven to ten thousand dollars of capital to provide one job in industry. This must come from some source. If individuals cannot supply it the only recourse is the Government itself, and you have socialism and all that it implies.

If we are going to take the attitude that it just cannot be done, it is most discouraging for I doubt that we can continue the dynamic economy which has built up our country with a Federal expenditure of \$40,000,000,000 a year.

Present taxation is a millstone around the neck of anyone who is trying to get ahead, and cannot help but lower our American standard of living of which we are so proud.

But I am glad that the gentleman from Tennessee and the gentleman from New York have brought out the fact that the key to reasonable taxes is a reduction in Government spending.

If we are going to carry out our many commitments, we must have a powerful United States—a Nation which is economically strong.

I refuse to accept the premise that we cannot under a free competitive system fully develop our resources—both human and material. We must prove to the doubting nations of the world that we have here that system which will bring the greatest welfare to the average man.

Mr. VURSELL. 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 Illinois?

There was no objection.

Mr. VURSELL. Mr. Chairman, last year in 1946 the Republican leadership in Congress passed a tax-income-reduction bill in an effort to relieve the American taxpayers of about \$4,500,000,000 in taxes. The President vetoed the bill, and not quite enough courageous Democrats voted with us Republicans to get the two-thirds majority necessary to pass that tax bill over his veto.

We, who promised relief from these high wartime taxes to the American people in the last campaign and who were prevented from carrying out that promise by the Presidential veto, are back again this year attempting to keep our promise by passing this tax bill, H. R. 4790, that will give the people about \$6,000,000,000 in tax relief. As usual, the President is against this bill and is asking the members of his party in the House and Senate to line up solidly against it. We will pass this bill in the House and send it to the Senate. The Senate will pass it with possibly some revisions, and then it will go again to the White House for the President's decision.

Mr. Chairman, the people in the third year after the war are demanding a reduction of the highest taxes they have ever been called upon to pay. We can give the people a \$6,000,000,000 tax reduction, balance the budget and have \$3,000,000,000 left over to pay on the national debt. If we can cut the \$42,000,000,000 budget request of the President for the running expenses of the Government in the next year by \$3,000,000,000, we can have more billions for payment on the national debt. If the President would cooperate with the Republican House and Senate, we could cut his request over \$3,000,000,000. Of course, it is too much to expect that he will cooperate when we recall that 1 year ago when we attempted to cut the budget by \$5,000,000,000 he and his entrenched administrative bureaucrats opposed every reduction we sought to make at that time.

Mr. Chairman, the Members of Congress, both Democrats and Republicans, know that this is a fair, just, and equitable tax bill. Were it not for the pressure of the administration on the Democrat Members of this House, it is my firm belief that they would join almost solidly in support of the measure before us, and I predict when the bill comes back from the Senate and they are placed in a position on the final roll call where they will have to vote for or against tax reduction, that enough of them will vote for this bill to carry it over a Presidential veto. A great majority of the Democrat Members as well as the Republicans, are anxious to give their people tax relief. The greatest obstacle in the way of the Democrat Members of the House, is the effort and the power of the President to prevent them from joining with us to give the people they represent the tax relief this bill offers.

Mr. Chairman, the administration raises the old cry of a year ago that if \$6,000,000,000 in tax relief is left in the pockets of the American taxpayers the spending of it will be inflationary. They want to keep this amount of the taxpayers' money and have the Government spend it. How will the Government spend it? The administration intends to give this money to European and other countries. What will these countries do with it? The administration has already planned through the Marshall plan for these foreign countries to spend this money here in the United States buying the grain, food,

farm machinery, fertilizer, and manufactured products, which is more inflationary than to let the taxpayer spend his own money for the food, clothing, doctor, and dental bills, and the things he needs for the comfort of his own family.

To deny the taxpayer who earns this money by the sweat of his brow the right to spend it himself, or save it for a rainy day by claiming such use of it by him would be inflationary, and on the other hand, take the taxpayers' money and give it to foreign countries to spend in this country, which is twice as inflationary, is a policy of sacrifice and punishment against the American people never before attempted in the history of this Nation by any administration.

WHAT THIS BILL DOES

Mr. Chairman, this bill raises the exemption on every taxpayer and his dependents from the present exemption of \$500 to \$600. The man with a wife and two children will get an extra \$100 exemption on each of the four. While this will benefit every taxpayer, over 90 percent of the benefit in this exemption raise will go to those whose net incomes are \$5,000 or less.

The raising of these exemptions alone will free 6,000,000 small taxpayers from paying any taxes whatsoever.

The taxpayer who, after taking these exemptions, has a net of \$1,000 or less on which he must pay taxes will then get a 30-percent tax reduction.

First. He gets a large percentage in relief by the \$100 extra exemption and then he gets a 30-percent relief in the amount upon which he must pay. This will give probably a general 40-percent relief to the little taxpayers who pay on any amount up to \$1,000. There are 25,000,000 taxpayers in this group in the low-income brackets who will get this big reduction in addition to over 7,000,000 in the lowest-income group who will pay no taxes whatsoever. This high percentage rate of reduction for those in the low-income bracket is an attempt to give them much greater relief because we realize that they need greater relief to help meet the present rise in the cost of living.

Second. The taxpayer, after exemptions, who pays on a net of from \$1,000 to \$1,396 will receive in addition to his added \$100 per capita exemption a sliding scale reduction of from 30 percent to 20 percent. This will give substantial relief to 13,000,000 taxpayers.

Third. The taxpayer who, after exemptions, will pay on a net of \$1,396 up to \$4,000, will receive in addition to the increased per capita exemption of \$100, a reduction of 20 percent. There are 7,000,000 taxpayers in this group.

Fourth. Taxpayers who, after exemptions, pay in excess of \$4,000 will receive a reduction of 20 percent on the first \$4,000, and above that in earnings, only 10 percent. There are 2,000,000 taxpayers in this group. Even though this group is relatively small as compared with the other groups these 2,000,000 taxpayers will pay 44 percent of the total income tax of the Nation. And, out of the over \$6,000,000,000 of tax relief provided in this bill this group that pays 44 per-

cent, only receives a reduction of 28 percent of the over \$6,000,000,000, while those in the lower brackets will get 72 percent of the over \$6,000,000,000 in reduction which they can use and spend as they like.

This bill also gives great relief to those over 65 years of age, as follows: Those 65 years of age will get an added exemption of \$600, making a total exemption of \$1,200.

This should wipe out the tax on many of the school teachers of the Nation who are now paying either taxes on their salaries, or taxes on their annuities.

It practically wipes out all tax against the blind of the Nation by raising exemptions higher for them than any others.

It provides for married people to divide their incomes and will give relief to a great many married couples.

Mr. Chairman, yet, when the figures prove that those in the lower brackets get 72 percent of the reduction, yet the President when he gets ready to veto this bill will most likely make the same charge that he made against a similar bill a year ago, that this bill benefits the rich and penalizes the low-income group. Of course, there was no truth in his statement a year ago, and will be none if he repeats it as to this bill.

Those in the highest brackets are allowed a 10-percent reduction because we Members of the Congress and everyone who has thought tax legislation through realizes that you cannot take from 50 to 75 percent in taxes away from those who must replace worn-out machinery and keep their machinery repaired and in good condition year after year, without finally throwing millions of laboring men out of employment. They must have this encouragement now to renew equipment and expand plants if we are to keep 60,000,000 people employed. This 10 percent which will encourage risk capital to be spent, is probably worth more to the employees in the lower-income groups by way of insuring them employment than the big tax reduction we give them in the beginning of this bill.

Mr. Chairman, this is not a political tax bill like the \$40-a-vote bill offered by the President, which is so worthless that neither the Democrat Members of the House nor Senate have attempted to substitute it for this bill. This is an American equity tax bill seeking to push the economy of the United States Government forward for continued employment and greater production. This is not an inflationary tax bill. It is a tax bill to combat inflation. Greater production is the only real cure for inflation. This bill will greatly increase production. And, as we greatly increase production, more wealth is made against which these lower tax rates will operate, and by the expansion and creation of greater production and greater wealth the passage of this tax bill will not likely cut \$1,000,000,000 out of the revenue of the Government, while at the same time it will give \$6,000,000,000 relief from these high wartime taxes to the taxpayers who are carrying this terrific load.

Mr. Chairman, after the last World War when the Republicans came into

power when a depression was on, they passed a tax-reduction bill every year for three successive years. Every time they reduced the tax levies business expanded so much that they collected more money with the result that they balanced the budget and reduced the national debt by a billion dollars a year for 10 successive years. Sound policies written into this tax bill will not only give the people the relief they seek but will continue employment at a high peak, the production of wealth at a high peak, will expand business and probably bring in more extra revenue at these lower rates than the \$6,000,000,000 in relief we insist the American people shall have in 1948.

Mr. DOUGHTON. Mr. Chairman, I yield such time as she may desire to the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, I regret that I cannot support the tax bill before us.

Inflation—that is the No. 1 problem in America today.

Inflation is the monster that is eating up wages and savings.

How to pay for milk, meat, bread, rent, and still pay the doctor and buy a pair of shoes is the constant worry of the mothers and fathers living on limited and low incomes.

If prices are allowed to continue unchecked, no one will escape the final debacle, not even the corporations which today are enjoying profits 67 percent higher than they were during the peak war year of 1943.

Mr. Chairman, what have the Members of this body done to protect the living standards of the people they represent? Whistled in the wind, sung lullabies, or offered poison—unadulterated poison—sugar-coated, of course. That is what this tax bill is—poison, sugar-coated.

The Knutson bill will cut your taxes—that is the sugar.

The poison the sugar covers is that the bill is economically unsound and socially immoral.

We cannot whistle away our \$258,000,000,000 war debt, the debt we incurred to remain freemen.

We ought to pay that debt out of swollen profits today and not out of the mouths of men tomorrow.

We cannot pay off the war debt and at the same time cut taxes the way this bill proposes we cut them.

We must balance our budget if we are not to further accelerate the inflationary spiral. And it is nonsense to talk of balancing proposed tax cuts with cuts in the budget.

How can one talk of reducing the budget, 79 percent of which directly reflects the cost of the war, the effects of the war, and our efforts to prevent a future war, a budget which leaves only 21 percent for national housekeeping? To cut this 21 percent would retard the expansion and development of our economy and would seriously threaten a reduction in our national income.

Of course, everyone wants his taxes cut, but not if taxes are cut in such a way that it places an unbearable burden

tomorrow on the shoulders of those least able to carry it.

And that is what this tax bill will do. There are many ways taxes can be cut. The 10-20-30 plan is not the only one. Taxes can be cut for the benefit of those who have the most or those who have the least.

Historically it has been the American principle to tax according to the ability to pay.

Are the low-income groups who are being priced out of the durable market and who are struggling with the cost of food, clothing, and rent helped in this tax bill before us?

Oh, yes; they are given a few dollars relief, but those in the high brackets are given a windfall.

Since I fall in the high-income bracket that ought to seem attractive, but my common sense tells me that what is not good for the country as a whole cannot, in the long run, be good for me either.

If we continue as we are going, our economy is in danger of pulling apart. As prices rise, walls are built between the producer and the buyer.

How to keep the buyer in the market and pull prices down?

That is the answer we should be seeking.

The President has outlined a tax program that would give relief without jeopardizing our ability to balance the budget or pay off our war debt.

I introduced a bill along these same lines in the special session. I would have given a cost-of-living credit of \$100 to every taxpayer and each of his dependents.

My bill would restore a tax on excess profits. Restoration of the excess-profits tax would hold Government revenues up where they are needed to keep our house in order.

This tax is not punitive, indeed, it is highly desirable. It is a positive step toward controlling runaway prices and a positive step toward saving business—big and little. Federal Reserve indexes show that the volume of physical production is 20 percent below wartime level. Profits are not based today on increased production but on unfair and inequitable prices. Inflated prices if allowed to continue will destroy the savings of the people and business itself.

If we needed an excess-profits tax during the war to control inflation, how much more do we need it now? An excess-profits tax now would go a long way to finance the Marshall plan of aid to Europe, to pay off the debt, and to provide the basis for reducing the tax on low-income groups which are suffering most from inflation.

My bill would have also removed excise taxes on telephone and telegraph and on transportation of property and persons—taxes which are discriminatory against the consumers of the West, and even ruinous to many businesses.

It is all very well to talk of stimulating management incentive and piling up investment capital, but how much stimulating and how much piling up of capital do we have to have, and at what cost?

Surely we must think, too, just a little about keeping the consumer in the buying market.

Increasing taxes on swollen corporation profits would remove the incentive to charge all the market can bear.

The President's proposal of a cost-of-living credit of \$40 for every taxpayer and each of his dependents is an honest, straight, across-the-board tax reduction—with the same amount of tax relief for everybody.

Surely the rich man does not need more tax relief than the poor man at this time. And the more money we release in the high-income brackets the more we add to inflation.

The profit incentive is very important but the incentive to keep on living is also important. I cannot support the Knutson tax bill. I hope that the recommendational motion will contain basically the President's recommendations.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, the Republican tax bill before the Congress today is the ARP. It will revitalize America. It adheres to the principle that free men may work and toil, earn, save and have, and be unhampered by unreasonable demands from their Government. It will restore a proper incentive for Americans to think, to dream, to invent, to build, to dare, and to undertake. It promises a reward for those who have the courage to take a risk. It means more enterprise, more production, more jobs, more of the products of civilization at reasonable cost, more revenue for the Government, and more take-home pay for all the workers of the land.

This bill is the only proposal that will bring tax relief to all of the American people. It is an honest bill. It does exactly what it purports to do.

All citizens are entitled to fair and equitable treatment. The sons of the poor and rich alike fought and died in the recent war. The honest and ethical thing to do is to grant a proportionate tax reduction to all the taxpayers of the Nation. This the Knutson bill does.

It calls for the most generous reduction for those people in the lowest income-tax bracket. We are told that the average American family consists of the taxpayer, his wife, and two children. The Republican bill would increase the personal exemptions for such an average family by \$400. In addition to that, it calls for a 30-percent tax reduction for those taxpayers whose surtax net income is a thousand dollars or less. In this group are found half of the taxpayers of America.

At the present time a married taxpayer in a non-community-property State whose income is \$10,000 pays a tax of \$2,640 annually. If that same man lived in a community-property State, half his income would belong to his wife and the total tax paid by the two of them would be \$2,000, or \$640 less. Is that fair? Should it be corrected? This bill corrects the inequity which now exists between the community-property States and the non-community-property States.

Among our older citizens, some now receive a retirement check that is tax free. Others pay taxes on their retirement checks. Still others receive no retirement check and continue to work and

pay taxes to pay somebody else's retirement check which is tax free. The pending proposal gives an additional \$600 personal exemption to all persons over 65 years of age. It is especially helpful to the older person who still must work to eat. It is sound; it is fair—and no other tax proposal carries it.

The approximately 250,000 blind taxpayers in this Nation will, under the Republican proposal, have their personal tax exemption raised from \$1,000 to \$1,200.

It is tax relief for all. It does bring more relief to the poor than to the citizen a little better off, but it is not of exclusive benefit to any one income group. It might be argued that the handful of extremely wealthy people in America need no tax reduction, but it can never be argued that the great middle class does not need tax reduction. The Republican bill is the only one that brings a noticeable tax reduction to that group.

Businessmen, office workers, skilled artisans, doctors, editors, leading farmers, and like citizens who are neither rich nor poor are the group who make America what it is. America is the land of the middle class. In every community in this Nation it is they who carry on, managing and supporting our schools, helping our churches, the Red Cross, the Boy Scouts, and every other worth-while thing. The Republican tax bill is the only one which would bring an equitable reduction in taxes to the middle class.

A tax-reduction bill can be given to the country and we will still be able to make a substantial payment on the national debt. The Treasury Department contends otherwise, but it seems to have a set of figures to justify any argument that it wishes to make. Last year the Treasury Department made an error of approximately six and one-half billion dollars in its estimate of the national income. Other estimating authorities revised their figures following the income-tax payments in March 1947. But the Treasury stuck by its erroneous figures until after Congress had adjourned.

High taxes create an atmosphere that invites excessive spending. Tax reduction is an essential part of budget reduction. The objectives of tax reduction are greater production, more goods at less cost, more jobs, more take-home pay, and a greater incentive for new enterprises, new plans, and new jobs for the citizens of America. This tax proposal will relieve our citizens of part of their wartime taxes; it will provide incentive capital and will be the structure for new dreams, new plans, new undertakings, more jobs, greater production and more good things in life within reach of all. The payment of the national debt requires, more than anything else, a strong, vigorous, forward-looking economy that will produce more from which taxes can be paid to get America's economic job done. Unless we have tax reduction, the sources of our private enterprise will dry up and socialism will be upon us.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I do not take the well of this House to try

to bring any light to the experts of the Ways and Means Committee on the subject of taxation. I do not consider that I am qualified to bring them figures which they do not have; but I do take the floor to express the way this tax problem looks to me. I have listened attentively to the debate and I have read the different tables which were printed in the committee hearings and the report. To me this problem is not so much a matter of percentage or a matter of charts as it is a matter of human beings. When I think of a tax bill—and I can modestly say that I approach it as a man who is in the upper income tax brackets, having business interests outside of my Congressional income—I think of it from the standpoint of the 300,000 people in my district and the maintenance of their standard of living. We often use these phrases without reducing to the terms of whether a family of four will have two bottles of milk delivered this morning or only one bottle of milk; whether they will be able to eat three pounds of hamburger meat this week or no hamburger meat; and then I think of most of the people in my district who receive \$3,000 a year or less. I will take the figures from your own chart of 52,000,000 taxpayers in the United States, and tell you that 40,000,000 of those taxpayers make less than \$3,000 per year. The families of those taxpayers have less than \$3,000 a year to spend for food and clothing and medical attention; and I am not going to be facetious and refer to the recreational opportunities of life because when they pay for food, clothing, and medical attention they have a deficit at the end of the year and they dip into their savings to maintain even the semblance of a decent standard of living. I said semblance, not a real standard of living.

If the President's proposal of a \$40 credit to each dependent were given to a family of four making \$3,000 a year it would mean it would eliminate from the tax roll approximately 8,000,000 families or 10,000,000 taxpayers. That would mean they would have \$160 a year more with which to buy shoes for their children, to buy food for their children to eat, possibly to get a little dental work done and have some medical attention. That is what it would mean, and therefore I unhesitatingly state that when you get through with all of your charts and all of your figures you come back to the proposition: Do you want to give to a family of four, the families of 40,000,000 American taxpayers, the difference between a \$2,520 a year standard of living—and I will explain that figure in a minute—and a \$2,680 standard of living?

Let me explain that. The family with \$3,000 income in June of 1946 can buy today with the 26-percent increase in the cost of living \$2,520 worth of food, clothing, and medicine. In other words, that family has already received a reduction in their standard of living of 26 percent. Those figures are unassailable and cannot be questioned. So when we give them a \$40 credit per person per family of 4, we do not give them the standard of living they had in June 1946, when the OPA

price controls were removed. We merely raise the actual wages or actual purchasing power in terms of commodities from \$2,520, plus \$160, up to \$2,680 per year. In other words, they are \$320 per year behind their standard of living of June 1946.

Mr. Chairman, remember that applies to 40,000,000 taxpayers out of the 52,000,000. So I say that I am for giving tax relief where it is needed, where it means food to eat, clothes to wear, medicine to cure the sick. I want to make it very plain at this time that I am not for a tax reduction from the over-all tax income figure. I believe that the over-all taxes should remain at their present total and that such relief as is given from a humane standpoint to the 40,000,000 taxpayers should be assessed in the higher brackets, and I am talking about myself when I say that, and the other 12,000,000 taxpayers who earn over \$3,000 per year, I think they should make up the difference and any surplus that accrues therefrom should be paid on our national debt. That is the only way you are going to stop this inflationary rise.

Do not worry about inflation when you give a family of four another bottle of milk a day. Do not worry about inflation when you allow them to have meat four times a week instead of three times a week. The thing that you should be worried about is the maintenance in America of a decent family standard of living. You can save money for those in the high-income brackets, you can take it out of the living standards of the poor, and you will widen the gulf between the 40,000,000 people and the 12,000,000 people. May I point out to you that when that gulf becomes wide enough the middle ground vanishes and you have economic chaos on the one hand and over-privileged classes on the other. That naturally brings about a condition that was brought about in the nations of Europe, when the middle ground vanished and the people, because of economic desperation, turned to the man on horseback, the man in the public square, the man on the soap box who offered them the palliative of communism or some other form of totalitarian government.

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

Mr. HOLIFIELD. I yield to the gentleman from New Jersey.

Mr. KEAN. The gentleman comes from California?

Mr. HOLIFIELD. That is right.

Mr. KEAN. The gentleman today has the benefit of the community-property law?

Mr. HOLIFIELD. Yes.

Mr. KEAN. Would not the gentleman give to the common-law States the same benefits?

Mr. HOLIFIELD. I am glad the gentleman brought up that point because I intended to speak on that point. I do not believe there is any moral argument against extending to the other 37 States besides the 11 that have it at the present time, the same split income tax privilege. I say that as a man coming from a community-property State. However, I did not pass the law. It was there. It is a hold-over from the Napoleonic code

which all the Spanish areas, such as Texas and California, had at the time they became States in the Union. I certainly agree with the gentleman that the split income privilege should be extended to every State in the Union. I might point out, however, that in return for that split income privilege certain laws which apply to property relations between husband and wife, and husband and wife and children, occur in the State of California, which I think might well be also extended in other States for the protection of the American family which is, after all, the basic element in our civilization.

Mr. KEAN. The gentleman knows that the largest part of the increase in benefits given to the upper income group under this bill is due to the community-property provision.

Mr. HOLIFIELD. No; I do not know that. I have heard the figure that approximately \$800,000,000 relief would be given to the other 37 States. I think that that relief should be given to them. I think it is just a question of moral equity, of adjusting an inequitable tax situation, which has existed for many years.

Mr. KEAN. As the gentleman knows, that benefit goes to the group of married men with children. It does not benefit anybody unless he has an income of \$4,450.

Mr. HOLIFIELD. There are many points in the tax law, of course, which apply only to certain brackets. In all fairness, I think that the split income tax privilege should go to the people in the higher brackets in other States, the same as in the community-property States, and I will apply the same principle to them that I applied to the relief of the low income bracket families. I believe that that amount which is reduced from tax income should, in turn, be levied against excess profits, in the high corporate income brackets. About 22,000 corporations would be affected by such a change, I understand.

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

Mr. HOLIFIELD. I yield to the gentleman from Nebraska.

Mr. CURTIS. I am glad to hear the gentleman say that he favors this tax reduction for these non-community-property States. By the same token, if the Congress does that, does the gentleman not think that they should extend some tax reduction to the middle class of persons, for instance, the widow or widower, who have no one with whom to split their income, toward adjusting all the burdens of the household?

Mr. HOLIFIELD. Of course, that is a complication which might be taken care of by your honorable committee. I have no particular thought on that subject. It would introduce an additional principle which I do not think at present is in the law in the community-property States.

Mr. CURTIS. I think if you examine the pending bill it does that very thing, and that if you try to do equity to all the groups you will find it most difficult to cut down the cost of the bill. When you deal with 50,000,000 taxpayers and Fed-

eral revenue amounting to 45, 50, or 55 billion dollars, if you are going to extend equity to all the groups you are going to have to deal with some big figures.

Mr. HOLIFIELD. I certainly agree with the gentleman that it is a complicated matter, but as I said in the beginning of my talk, I did not expect to bring a great deal of light to the members of the committee who have studied this law. But I wanted to give my own opinion in all honesty.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. Under the bill we are now considering, in excess of 52,000,000 of our taxpayers have incomes of less than \$5,000 on which they receive tax reductions of \$4,691,000,000. In view of what the gentleman has stated about the need for increased funds for that group under \$5,000, with which I have no disagreement whatever—

Mr. HOLIFIELD. Under \$3,000.

Mr. SIMPSON of Pennsylvania. The figure I gave, sir, was under \$5,000.

Mr. HOLIFIELD. I see.

Mr. SIMPSON of Pennsylvania. I thought the gentleman would have no objection to those people obtaining that relief.

Mr. HOLIFIELD. No objection at all. I want them to get every bit of relief which is put in the Knutson bill and more, too. I would like to see that relief given strictly on the basis of the need of human consumption for the necessities of life, that is all.

Mr. SIMPSON of Pennsylvania. Excepting the need for that \$4,691,000,000 for those under \$5,000, and the community-property provision, and a little bit to equalize those who are widows or widowers with one dependent, perhaps, you practically get all the benefit included in the Knutson bill; the gentleman is in favor of it. I think we have really got a very good argument for the Knutson bill if you include those items.

Mr. HOLIFIELD. I certainly want to tell the gentleman that so far as the Knutson bill goes toward relief in the lower-income brackets that I certainly will go along with it. The only place that I would part with him would be in the fact that it does not go as far as the President's proposal, and in the overall reduction, which would not allow a payment on the public debt. I think it is just a prime business principle that each individual should pay his debts out of his income just as soon as he can. This principle should apply to our Nation also.

Mr. SIMPSON of Pennsylvania. Under the President's proposal of allowing \$40 reduction to each, the aggregate reduction would be somewhere around \$3,000,000,000 for the taxpayers with incomes of less than \$5,000. Under the Knutson bill that total is \$4,600,000,000-odd. Therefore, under the bill we are now considering there is substantially more dollar relief for individuals with incomes of less than \$5,000 than there is under the proposal of the President to give \$40 to each taxpayer and dependent.

Mr. HOLIFIELD. The figure the gentleman used of \$5,000 is different from

the figure I used of \$3,000. I applied my reasoning to those with incomes of \$3,000 or less. It may be true that what the gentleman says about \$5,000 or less is right. I cannot argue with him on that. I applied my figures to \$3,000 or less because out of the 52,000,000 taxpayers in the United States 40,000,000 are making \$3,000 or less. That is the point I made.

Mr. SIMPSON of Pennsylvania. Under the \$3,000 limit there are 38,000,000 people. Under the Knutson bill their saving will be \$2,900,000,000.

Mr. HOLIFIELD. Which would be less than the \$40 tax credit application to people of that income bracket.

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

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. May I ask where the so-called middle class comes into this picture? What salaries do they get? Is it \$3,000 to \$12,000, or \$4,000 to \$10,000? Are not they in the majority?

Mr. HOLIFIELD. If I understand the gentleman right, he wants to know about the middle class. I consider the middle class as among the 40,000,000 taxpayers. I do not judge the middle class by the income brackets; I judge the middle class by the 40,000,000 taxpayers out of the 52,000,000, which is a preponderant majority, and which I think includes people such as our firemen, policemen, school teachers, the little professional men, the wage earners in the factories that produce the wealth of America, and their wives and their children. Eighty percent of the people of the United States I include in the bracket under \$3,000 per year.

May I ask the gentleman if he would not rather see a family of four get \$160 relief than have the percentage of relief which the Knutson bill will give him in the bracket he is in.

Mr. NICHOLSON. In answer to the gentleman, may I say that all I know—

Mr. HOLIFIELD. It is a simple question. I know the gentleman will be glad to answer it yes or no.

Mr. NICHOLSON. I cannot answer it yes or no. All I know is that the middle class of the people are the people who pay the taxes in this country. Under this bill, as I see it, we middle-class people are getting the advantage of it. The poor pay in proportion, yes. There are so many of them, and we will always have them. There are only a few rich people, but there are so many of us middle-class people. That is where we are protecting them. That is what I think we are doing. I am asking the gentleman if he can give me any figures on it.

Mr. HOLIFIELD. The gentleman has had figures. He can read my speech tomorrow and he will see that the 40,000,000 taxpayers I speak of who subsist on less than \$3,000 a year need the \$160 a year more than the gentleman needs the reduction this bill will give him in his tax bracket, or that I would get in my tax bracket.

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

Mr. HOLIFIELD. I yield to the gentleman from Minnesota.

Mr. KNUTSON. As I understand the gentleman's argument, he proposes to rob Peter to pay Paul.

Mr. HOLIFIELD. That depends. If the gentleman speaks of robbing the man in the high-income bracket to feed the children of the people under \$3,000 a year of annual income, the children that grow up to be the soldiers who fight the battles to preserve this Nation, yes, I will be glad to rob Mr. Rich Peter to pay Mr. Poor Paul, so his children can have an adequate diet and adequate medical attention.

Mr. KNUTSON. I am a little hard of hearing. Will the gentleman repeat that?

Mr. HOLIFIELD. I merely started to say that I hope I am not taking too much time.

Mr. KNUTSON. I will yield the gentleman more time since he is making such an interesting statement.

Mr. HOLIFIELD. The gentlemen on my side have not asked me to leave the well of the House as yet. I will do so if they ask me, or I may be glad to take advantage of the gentleman's kind offer.

Mr. KNUTSON. We have some right to hear the gentleman even if they do not want to hear him. Besides, the gentleman is making an interesting statement.

Mr. HOLIFIELD. I thank the gentleman. I am sure the gentleman would be interested in my remarks.

Mr. KNUTSON. Just what was the gentleman's reply about "robbing Peter to pay Paul"?

Mr. HOLIFIELD. I know the gentleman would like to have a full answer on that. There are 12,000,000 taxpayers above the \$3,000 bracket. I will select the classification of a man who makes \$100,000 a year. He gets approximately an \$18,000 reduction in his taxes. Under the present law he has a tax of \$55,000 and under the Knutson bill as I understand it he will have a tax of roughly \$36,000. Now I would gladly take from that gentleman some of the \$18,000—not all of it, but some of the \$18,000—benefit which he gets under the gentleman's bill and distribute it at the rate of \$40 per person, thus affecting 40,000,000 families in America who are under the \$3,000 per year annual income. If the gentleman says that that is "robbing Peter to pay Paul," then I say that I am perfectly willing to do a little robbing of that kind.

Mr. KNUTSON. Does not the gentleman think that if Jim Pendergast knew that any member of his party—

Mr. HOLIFIELD. I hope the gentleman will not get political when we are engaged in an economic discussion.

Mr. KNUTSON. Does not the gentleman think that if Jim Pendergast knew that any member of his party was increasing the price of votes from \$2 to \$40, he would roll over in his grave?

Mr. HOLIFIELD. I was hoping that the gentleman would not get political.

Mr. KNUTSON. I am not getting political. I am merely making an observation. I think we must be practical.

Mr. HOLIFIELD. I would not be unkind enough to bring up the name of Joe Pew and some of the other sponsors of the gentleman's party.

Mr. KNUTSON. I would be glad to bring up Joe Pew's name.

Mr. HOLIFIELD. I would not want to associate the gentleman with some of the fine men who finance the gentleman's party and who under the gentleman's bill will get the highest take-home percentage of anyone in America.

Mr. KNUTSON. I deny that statement, and if the gentleman would read the bill he would not make that statement.

Mr. HOLIFIELD. I did not say percentage of relief but I said percentage of take-home pay, so let the gentleman correct that in tomorrow's RECORD if he wishes.

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

Mr. HOLIFIELD. I yield.

Mr. NICHOLSON. I think that the middle-class people in the United States pay the bill. I do not believe that any middle-class person objects to taking care of the poor. Furthermore, we middle-class people have fought this war that you are talking about. I was in it and my two children were in it and that is all that they had to give, and yet we are willing to take care of the poor people that you are talking about. It is the great middle class that is in this picture.

Mr. HOLIFIELD. If the gentleman wants to identify himself with the 40,000,000 taxpayers, that is perfectly all right with me. I feel that they are honorable people. I feel that they are the ones who are in need and that they should have more help than the people in the upper-income brackets. I am sure my friend is in that bracket because I know that his salary as a Congressman raises him into the 12,000,000-taxpayer class out of the 52,000,000. Although the gentleman may be middle class in other ways, he is not middle class in his income earning.

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

Mr. HOLIFIELD. I yield to my friend from California.

Mr. GEARHART. I want the gentleman from California to understand that I share with him the desire to give greater benefits to the people in the lowest-income tax brackets. In other words, proportionately they should share more in that relief for the simple reason that they are greatly the more in need of it.

Mr. HOLIFIELD. That is right. I am glad the gentleman takes that position and I am sure that he will vote for the recommittal motion in order to achieve that purpose.

Mr. GEARHART. I wonder if the gentleman will remain as firm in that conviction in the light of my further inquiries. Of course, I don't know what the motion to recommit is to contain. I do not want to foreclose myself the opportunity.

Mr. HOLIFIELD. I hope the gentleman does not get too complicated in his tax knowledge. I have heard him make some wonderful speeches on this floor on the theory of taxation. Frankly, I have not been able to follow him, and I do not think the Members on his side have been able to follow him as far as supporting his ideas on tax matters is

concerned, but I will be glad to listen to the gentleman's question.

Mr. GEARHART. With that prelude, for which I thank the gentleman—for a part, at least—I would like to comment upon the gentleman's statement of a moment ago in which you stated that you would cut down the tax benefits of certain groups in the higher brackets and credit the money saved in that way to the poorer people in the lower brackets.

Mr. HOLIFIELD. That is correct.

Mr. GEARHART. I was wondering if the Dingell bill, the President's proposals in legislative form, is not subject to the same criticism that you level upon the Knutson bill. Would you not take the \$40 cost-of-living credit from John D. Rockefeller and Henry Ford, Jr., and the many big taxpayers like them, and spread it among the poor people at the other end of the tax rolls?

Mr. HOLIFIELD. My understanding of the President's proposal was that John D. Rockefeller would be allowed \$40 credit on his tax bill.

Mr. GEARHART. You, it would seem, are willing to grant this cost-of-living credit to John D. Rockefeller, and others like him. Would it not be better to give the rich less and the poor more, as would the Knutson bill under its 30-, 20-, and 10-percent formula?

Mr. HOLIFIELD. I do not follow the gentleman. I am surprised to hear the gentleman's opinion of the Knutson bill. He certainly did not speak today in defense of the Knutson bill but on his own economic theories, which may or may not be right. But I believe in a straight-across-the-board credit to John D. Rockefeller and also to the man who is working in the rubber factory or the steel factory in my district. When you get into the higher brackets, I feel that in the higher brackets a graduated tax, according to ability to pay, is certainly equitable from all moral standpoints, because it takes from the surplus of those people. It does not take from their standard of living or their necessities of life. I am willing to have John D. Rockefeller have \$40 credit on his exemption, along with the worker in my district.

Mr. GEARHART. That is because it is so denominated in the bond, as they say in Shakespeare—in the Dingell bill, in this instance. I have just one thought in my mind upon which I would like to have the gentleman's opinion. I am not indulging in any invidious comments on the gentleman's position. I am merely seeking enlightenment. I am wondering about some of the comments the gentleman has made and I really would like to have his views because I value them. In the Dingell bill the \$40 deduction is denominated a "cost-of-living credit." The theory behind it is that the cost of living has gone up, and that it hurts the people in the bottom brackets the most. If I understand you correctly you want to give each of them a \$40 credit to help them meet these increased costs.

Mr. HOLIFIELD. Now, the gentleman realizes that the cost of living has gone up 26 percent.

Mr. GEARHART. Oh, I am assuming that. But let us not lead ourselves up a blind alley.

Mr. HOLIFIELD. Well, the gentleman said it was a theory. It is an acknowledged fact.

Mr. GEARHART. I quite agree, it is a fact. I am now endeavoring to point out that the \$40 deduction is granted on the theory that it is a cost-of-living credit, on the ground that these people at the bottom are poor and are in dire need of relief; that they should have, for a family of four, \$160 additional spending power. That is true?

Mr. HOLIFIELD. The gentleman has already said that he agrees with that principle.

Mr. GEARHART. I am not disagreeing with it. Let us assume that, and pass on. That credit you are speaking of is needed by this group.

Mr. HOLIFIELD. I think so.

Mr. GEARHART. But there is another group that needs it more than any of those in the lowest income brackets. I am referring to the 19,500,000 gainfully employed who earn so little that they are not on the income tax rolls at all. Now what does the Dingell bill do for them?

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

Mr. HOLIFIELD. In just a moment. Of course the status of the people who do not pay any taxes under the Knutson bill or under the President's bill is not changed by either bill. The gentleman knows that.

Mr. GEARHART. I know that, but I also know that the Knutson bill is a tax reduction bill and it only reduces taxes for people who pay taxes; but the President's, or the Dingell bill, as we call it, is more than that. It is a cost-of-living credit relief bill. It is supposed to afford a special benefit to people because of the rise in the cost of living. If you are dealing with the cost-of-living hardship from which the poor taxpayer suffers, I ask you, Why should you not do something for the 19,500,000 who are suffering far more than the group for which you are now pleading?

Mr. HOLIFIELD. I will be glad to join with the gentleman in doing something for that group. I can only say to the gentleman that I have no power. I am not a member of the Ways and Means Committee. If the gentleman will secure the help of his colleagues and bring out a bill to do something for those people, I will be glad to join with the gentleman. I thank him for his contribution.

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

Mr. HOLIFIELD. I yield.

Mr. EBERHARTER. The answer, of course, to the question of the gentleman from California [Mr. GEARHART] is that we are discussing, and the Democrats are attempting to defeat, a tax bill. The Ways and Means Committee, however, has nothing to do with a relief bill. The gentleman is talking about relief. That goes to a different committee of the Congress.

Mr. GEARHART. I hesitate to inject myself again, but the distinguished gentleman from Pennsylvania has placed his finger upon the fundamental difference between the two bills. One, the Dingell bill, is a relief bill and the other, the Knutson bill, is a tax-reduction bill.

The Dingell bill falls far short of granting relief to those who are most in need of it, while the Knutson bill scientifically reaches the objective it was designed to achieve.

Mr. EBERHARTER. The proposition of giving relief to those who are in need of relief is something this Congress has acted on since 1933. We have always given help where help was needed and we will do so again.

Mr. HOLIFIELD. I thank the gentleman for his contribution. I appreciate the generosity of the chairman of the committee in extending my time far beyond that which I requested.

The CHAIRMAN. The gentleman from California has consumed 31 minutes.

The Chair wishes to state at this time that the majority side has now consumed 3 hours and 24 minutes; the minority side 3 hours and 39 minutes.

Mr. KNUTSON. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, I vigorously support the Knutson bill, H. R. 4790, which provides for badly needed tax reductions. The Knutson bill is well developed and it is fair. It should be enacted into law without delay.

I have just completed my first year of service on the Committee on Ways and Means and consequently I do not have at my command first-hand recollections of the experience of the committee in the handling of the President's estimates of revenue. I do have many recollections of the President's estimates as presented during debate on the House floor, and I have very strong recollections of the use made of the President's estimates of revenue last year to discourage passage of the Knutson bills, H. R. 1 and H. R. 3950. I have always favored conservative estimates of revenue, but I do not favor the use of overconservative estimates for the purpose of prolonging a tax schedule that is grinding the wheels of industry down to a stop. I think it is important to judge the present estimates of revenue for the fiscal year 1949 by the record of like estimates for recent years and because of the abnormal and unpredictable expansion of our wartime industry in the early years of World War II, I have limited my comparison of such estimates with actual collections to the last 5 years.

The President's first estimate of revenue for the fiscal year 1944 was \$33,081,000,000, whereas actual collections were \$44,149,000,000. In other words, the President's estimate was off 25.07 percent. For the fiscal year 1945, the President's first estimate of revenue was \$40,769,000,000 and actual collections proved to be \$46,457,000,000, an error of 12.25 percent. For the fiscal year 1946 the President's first estimate was \$41,255,000,000 and actual collections \$43,037,000,000, an error of 4.14 percent. For the fiscal year 1947, the President's first estimate was \$31,513,000,000 and actual collections \$43,259,000,000, an error of 27.16 percent. For the fiscal year 1948, the President's first estimate made in January 1947 was \$37,730,000,000 and the latest revision of the estimate for the

current fiscal year ending next June 30 is \$45,210,000,000, or an error by the President of 16.55 percent. The average error made by the President for the last 5 years is 17.23 percent. If we apply the President's average percentage underestimate of revenues to his first estimate for the fiscal year ending June 30, 1949, it would increase estimated revenues for the next fiscal year by \$7,663,000,000.

I do not predict a definite percentage of error in the President's estimates. I am giving you the foregoing information to counteract the apparent determined effort of the President and certain Democratic Members of Congress to use these underestimates of revenue as a leverage for forcing the further extension of wartime tax rates.

In addition to the underestimate of revenues, I have witnessed during the past year a determined effort by certain Democratic Members of Congress to prevent any reduction in expenditures below estimates. Furthermore, we have heard on this floor during the current debate charges by senior Democratic members of the Committee on Ways and Means that little or no reduction in expenditures below budget estimates can be achieved by the Eightieth Congress. The underestimation of revenues and the preaching of a policy of futility in the matter of reducing expenditures have for their common purpose the continuation of the New Deal program of spend and spend and tax and tax regardless of the possible disastrous effect of high taxation on agriculture, business, and industry.

High taxation has already helped to produce dangerous trends in our domestic economy. There has seldom been a time when these trends have been more dangerous and more manifest.

For a healthy agriculture we must preserve above all else a good home market maintained by full employment and the ability to buy enough food to maintain a good American diet.

Jobs and full employment mean much to me. I listened with interest to the discussion of the gentleman from California [Mr. HOLIFIELD], who just preceded me, and I think he will agree with me that it is quite important to keep the wheels of industry turning, and jobs available for all who need them.

Full employment can be maintained only if the wheels of business and industry are kept turning by the investment of new money and especially the use of new money as risk capital. An examination of table No. 7 on page 14 of the committee report shows a trend to bonded indebtedness carrying fixed interest obligations and some reduction in preferred stocks and a sharp reduction in common stocks. There has in fact been an inadequate supply of risk capital notwithstanding unprecedented demand for goods. There has also been a dangerous reduction in the net purchases by individuals and an enforced reliance of business and industry upon life insurance companies, commercial banks, and mutual savings banks for the purchase of new securities. There is shown also an increase in the percentage invested in public utilities as compared with investments in industrials. To me this in-

dicates an unwillingness of investors to invest venture capital in industrials to the extent we need new capital in these industrials if we are to provide jobs and increase our industrial production to the extent needed.

The dangerous shrinkage in net purchases of new corporate securities by individuals cannot be charged entirely to any one factor. It is more likely to be the result of a combination of factors such as the drying up of individual savings by those who customarily invest their money in venture capital and by the discouragement and fear of loss that goes hand in hand with the President's threat of penalizing corporations. With a sellers' market and a backlog of waiting orders and unsatisfied demand for new goods, it is little short of amazing that adequate venture capital has not been forthcoming. The low level of individual investments in new capital and especially in venture capital is literally driving business and industry into the camp of large investors and away from the great body of small investors who have contributed so much to the health of our domestic economy in years gone by. I commend rather than condemn the large investors for supplying the needs for new capital as they have supplied them in this crisis, but I deplore conditions that have the effect of driving the great body of middle-income earners of our Nation out of business and industry in this way. Such concentration of our business and industry in the hands of large investors will seriously weaken the economic health of our Nation. High individual income taxation has contributed to this trend and the constant threat of warfare against the corporations has disturbed their ability to secure venture capital when they need it so badly to provide jobs and to produce goods to meet our needs.

I was interested in Dr. George Gallup's analysis that appeared in the Iowa newspapers of Wednesday, January 14, 1947, showing that heavy taxation is blamed by the British for low initiative. The British Institute of Public Opinion asked this question: "What do you think is the main reason why many people are not prepared to work harder than they are doing at the present time?" The high level of taxation was given as the principal reason by one-fourth of those who expressed an opinion and this factor was given by more people than any other. While the British income-tax rates have been higher than the American rates, our people have other kinds of taxes such as State and city taxes and on a per capita basis the Americans pay more in all forms of taxes than the British. Incentive is, in fact, a strong point in national productivity in any country operating under a system of free enterprise.

In the recent report of the President's Council of Economic Advisers, Americans were shown to have cut their savings operations in 1947 by \$3,600,000,000 under 1946. This figure was reached by the world staff of the Associated Press by deducting consumer expenditures from disposable income. Disposable income in effect is income after taxes, and the difference between consumer expenditures

and disposable income each year presumably is saved.

We must modify our tax structure and our attitude toward business and industry if we are to maintain a sound competitive private-enterprise system. If we fail, these trends can precipitate our Nation's plunge into socialism, economic chaos, and collapse.

Early in my discussion I gave you some averages on estimated receipts. I would like in the few minutes I have remaining here to call the attention of the gentleman from Tennessee [Mr. COOPER] to a further carrying out of his discussion of yesterday. He discussed the subjects of national defense, veterans' service and benefits, international affairs and finance, interest on the public debt, and refunds of taxes, and he argued that these items were irreducible and that they made up more than 80 percent of the 1949 budget. I would like to add, however, that we have still other items in the general budget of expenditures and that we can make comparisons of these items over the years gone by with today's budget estimates. If you take those five items that he discussed completely out of the actual expenditures for the years 1940 to 1947, inclusive, and the estimates for 1948 and 1949, you will find that the estimated balance of estimated expenditures for 1949, taking out those five items, is higher for 1949 than for any of the last 10 years. That shows a very dangerous trend in the expenditures for these other expenses of our Government. I have those figures here. For 1940, taking out the five items, actual expenditures were \$6,067,000,000; for 1941, \$5,493,000,000; for 1942, \$4,901,000,000; for 1943, \$6,990,000,000; for 1944, \$7,946,000,000; for 1945, \$7,658,000,000; for 1946, \$4,867,000,000; for 1947, \$6,460,000,000; for 1948, only estimates are yet available and they are \$7,568,000,000; and for 1949 they go up to \$8,293,000,000. The average for the 9 preceding years, 1940 to 1948, inclusive, for all those other items in the budget was \$6,461,000,000. The President's estimate of expenditures for 1949 is \$8,293,000,000. If you are looking for \$2,000,000,000 budget savings, you would not have to look further than the reduction of the budget estimates for 1949 to the average budget for the last 9 years for these other items to find that much. By taking out the five items I am not committing myself to the endorsement of the full estimates of the President on the five items the gentleman from Tennessee [Mr. COOPER] gave us yesterday. I add this discussion only to show you that there is a very high budget of expenditures in the other items that can be reduced without too great hardship. I think we must examine the entire budget most carefully. That is the answer I gave Mr. Snyder, the Secretary of the Treasury, when he was before the committee on tax legislation. I had suggested that it was most inequitable and dangerous to single out one small field for imposing the entire load of additional taxes to offset reductions in personal income-tax revenues. Mr. Snyder finally answered me and said, "If the gentleman will help us find other revenues I will be glad to look into the matter." I said, "Would you mind my looking to

the budget and my examining the budget of expenditures?" I had in mind the continued increases in estimated expenditures for 1949 over the average expenditures for the 9 preceding years. Holding the line against this constant increase of Government expenditures is the challenge we should meet effectively and without delay. Some of those five items can be challenged also, but I am talking now principally about the items outside the five. We must examine the budget of estimated expenditures from top to bottom if we are going to do a good job in representing and protecting the American taxpayers and the American economy.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HAVENNER].

Mr. HAVENNER. Mr. Chairman, I believe in the homely American philosophy—sometimes called the code of the grass roots—which holds that the time for a man to pay his debts is when he has the money to do so.

By a strange perversion of this philosophy the bill now under consideration would have the American people do just the contrary. This bill would set a precedent which would lead to permanent repudiation of our national debt. If the Congress refuses to make a sizable debt reduction at a time when the national income has reached the highest point in history, it will certainly refuse to do so in future years when income levels will inevitably diminish.

Proponents of this strange measure attempt to justify it by saying that the American people prefer tax reduction to debt reduction, so that they may have plenty of money to spend as they see fit in the immediate future. Will someone please picture for me any conceivable situation at any time in the future when human beings will not want to have their taxes reduced?

Let us imagine, if we can, that the American people had borrowed \$250,000,000,000 from some private banking institution, instead of from their own Federal Treasury, and had promised to tax themselves over a period of years in a sufficient amount to repay the debt. Let us suppose further that in a short while the taxes had produced a sufficient revenue to enable an important payment to be made on the debt. Then let us imagine, if possible, that the American people said to the banking institution, "We do not want to reduce the debt now; we prefer to spend this money as we see fit." What do you suppose the bank would say?

This is precisely the situation which exists in America today with the exception that the creditor is the United States Government instead of a private banking institution. And yet the leaders of the majority party in the House of Representatives, who control the purse strings of our Nation and are responsible for its solvency, have the effrontery to make this preposterous proposition to our people.

The pending bill has been denounced during this debate as a dishonest measure. It is exactly that, because its proponents are appealing to the cupidity

which is inherent in human nature, and attempting at the same time to delude the American people into the belief that any important debt reduction may safely be postponed until some future time. They certainly know that postponement of adequate debt reduction in a period of great national prosperity can only mean permanent repudiation of the debt in the years of lesser prosperity which will inevitably ensue. Such a proposition can only be characterized as wholly dishonest.

There are other reasons why this bill has been denounced as dishonest. Its proponents in the House are obviously proceeding on the theory that its proposed \$6,000,000,000 tax cut, which they know cannot be accomplished, will be cut back by the other body to a more rational figure. What a strange code of ethics to be followed by the leadership of a legislative body which is supposed to have primary responsibility for the Nation's purse.

The proposed \$6,000,000,000 tax cut is being railroaded through the House of Representatives before Congress has even decided on the size of the Government's spending budget for the next fiscal year. No one knows how many unforeseeable necessities for great Federal expenditures may occur between July 1, 1948, and June 30, 1949. But all of us do know that the President's budget for the present fiscal year, which was bitterly attacked as extravagant and excessive when it was sent up to this body a year ago, has proved to be not an overestimate but an underestimate of the necessary Federal expenditures for the current fiscal period.

Mr. Chairman, I will support tax relief in the lower brackets to enable wage earners, veterans, pensioners, and social security beneficiaries to exist on their meager incomes, but I submit that it would be sheer fiscal dishonesty, in this critical period in our national history, to legislate large tax reductions for our more prosperous citizens in order to buy their favor at the polls.

Far more important than tax reduction at this time, Mr. Chairman, would be effective legislation to reduce the high cost of living in this country. I believe that the Congress should restore at least half of the repealed excess profits taxes, enact adequate price-fixing and rationing laws, restore rent control, increase social security benefits, repeal excise taxes, and adopt practical anti-inflationary measures. Such a program would attack the causes of economic distress among our people, and would not be a mere political palliative.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I rise at this time to say that I am committed to a program of tax reduction—committed by speeches I have made in my district, by letters I have written to many of my constituents, and by news letters I have issued from time to time. I am definitely committed to a program of tax reduction.

It is true my idea has been to accomplish this in part by raising the personal income-tax exemption. I think it is un-

fortunate that we have pursued the program of the past by placing that personal exemption at such a low point as it is today. We are now reaching an era where we have a country of only small families. The day of the large family is rapidly disappearing.

A low tax exemption for children especially is not in the interest of the country as a whole. I have a child of my own, and I know that you cannot rear a child on any five or six hundred dollars personal tax exemption, and if you have two, you cannot do it on a thousand, or three on fifteen hundred dollars. We are definitely working against the best interests of the country as far as encouraging larger families. A poor man cannot afford to raise a large family. The economy of the country is against him, and the struggle to properly take care of his children, send them to school, and start them off in life is too much under our present income-tax laws. The tax rate in the lowest bracket is too much to permit this to be done. As a result of this fact, and other economic laws, the people of this Nation are no longer providing themselves with large families but are content to bring into this world one or two children and give them the best they can afford. I think we should all study this situation and try from the national level to change our tax structure in the interest of those with larger families.

There are those who have suggested an increase of one or two hundred dollars in the personal tax exemption for each person. This is not enough. In my judgment, it should be increased to \$1,000 for each living person in this country.

Mr. Chairman, I do not suggest this as the sole means of giving tax relief. I suggest it as an urgent need. I do not mean to preclude other changes which will reduce the burden upon the great masses of average people throughout the Nation. A reasonable reduction by percentage is necessary, always bearing in mind the fact that taxes should be in accordance with ability to pay.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, during the war the taxpayer dug deeper and deeper into his pocket for taxes, and more taxes. The war was costly. We had to pay that cost. The taxpayer understood that.

But the time has now arrived, it is more than ripe, for the tremendous wartime tax burdens to be lightened, most especially for those millions of Americans whose incomes are in the low or middle brackets but who pay as much for a pound of meat as anybody else.

These people are in no position to continue to support excessive taxation and spending by the Government—spending that is much too high for peacetime operations.

In other words, we have got to give the taxpayers relief. He has reached and passed his saturation point.

Here is the sort of thing I am talking about. The other day I had a letter

from one of our fine women of Arkansas. She cited her own record of the income tax she has paid in the past few years. She wrote me that in 1940 she paid an income tax of \$10.21. The next year, 1941, her tax had almost trebled to \$28.73. The following year, her tax burden was 10 times greater and by 1944 she was paying a total of \$415 in income taxes. Her taxes dropped slightly in 1946 but she estimated that for 1947 she would still be carrying a tax load of \$339.

Now, this good woman wrote me:

This increase has been so great that with repairs and insurance I find I am rapidly heading toward the confiscation of what little real estate I have.

Then she added something that a great many of us here in the House cannot help agreeing with. She wrote:

I do not think that the President's suggestion to deduct \$40 from the tax is worth the time it would take to write it off.

In my opinion and, I sincerely believe, in the opinion of many distinguished colleagues on this side of the House, Mr. Truman's so-called \$40 tax bonus is merely an admission on his part that taxes should be reduced. The President has found that he must abandon his former untenable position that the time is not ripe for a tax reduction. But how can he ask the taxpayers of this country to be satisfied with so little?

I hope that the American people can soon obtain relief from excessive income taxes. I have voted before to reduce the Federal income tax. I have also voted to override the veto of the President when he sent the tax-reduction proposals back to Congress. I shall continue to fight for the needed tax reductions.

I do not know, nor does anyone know, the form and the scope of the inevitable tax-reduction bill which Congress is going to pass. But whatever is in the bill that Congress sees fit to pass, I shall support it. And I expect again to exercise my legislative privilege of casting my vote to override a veto, if Mr. Truman should see fit to return it to Congress without his signature.

As I see it, the country can stand a reduction in income taxes of between \$4,000,000,000 and \$5,000,000,000 and pay a goodly sum of the national debt. But to do it, we must carefully cut out every penny of unnecessary Government spending. That may mean trimming Mr. Truman's budget, but if it does, then I must support efforts to trim it.

I do want to say here and now, however, that I favor giving Americans in the low- and middle-income brackets their deserved tax relief before we undertake any costly aid program for the European nations. After all, charity begins at home.

I do not, however, believe we can afford to economize at the expense of our military preparedness, our agriculture, and our flood-control programs. The reductions in Government spending can readily come from other sources.

I hope that this Congress will write a tax-reduction bill which will raise the individual exemptions and reduce the tax rate somewhat. And I consider it most important that the measure also include a community-tax provision.

My own State of Arkansas is caught in this wicked web of tax discrimination which stems from nonuniform community-property laws. It is surrounded by States where the laws are more favorable for tax purposes. Louisiana, Texas, and Oklahoma all have such laws, and to be bordered by such States works to the disadvantage of Arkansas in attempting to attract and hold capital within its borders.

The Federal tax laws must wipe out, as far as it is possible, these deplorable discriminations. It is not right, it is not just, and it should not be tolerated that residents of one State should pay more Federal income taxes than those who live in another State.

I do not believe that the Government can much longer expect the citizens of this country to continue to bear their tax burdens with which they are now confronted. They are already complaining; they are begging for relief and I shall do all in my power to help those in the lower and middle brackets to get it. I sincerely trust and firmly believe that the Congress will work out the solution in a manner that is best for all without weakening one bit the solid foundation of our economic well-being.

Mr. KNUTSON. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. GRANT].

Mr. GRANT of Indiana. Mr. Chairman, the merits of the bill H. R. 4790 have been well explained by those members of the majority of the Committee on Ways and Means, who have preceded me on this floor. Indeed, some members of the minority have taken the floor to say that they, too, believe in the urgent need for relief for the 52,000,000 individual income-tax payers of America.

I hope that over the week-end recess the Members will have an opportunity to re-read the record of this debate. In particular the report of the Committee on Ways and Means ought to be required reading for every Member. The majority report points out the urgent need that exists for tax relief, and furthermore, points out how real tax relief can be accomplished, and all within a balanced budget and with assurances of a substantial payment upon the national debt.

Last evening I first had an opportunity to read the report of the minority Members of the committee. A careful reading of the minority report readily discloses the mistaken assumptions on which the case of the minority has been built.

I have read this minority report with great interest and am struck far more forcefully by what it omits than by what it contains. This report is devoted exclusively to a series of ill-founded criticisms of H. R. 4790. It is almost entirely negative in character.

The minority report contains nothing at all about the President's tax program. Not a single line is written in its defense. This can mean only one thing. The minority cannot bring itself to support that program. It is important that this failure to support the President be recognized by all, because it must mean that H. R. 4968 is not the tax program of the Democratic Party in Congress. It is merely the President's tax program.

At the very heart of the minority's argument is the contention that the 1949 budget will not absorb the tax reduction provided by H. R. 4790. A deficit is predicted if the bill is enacted. In support of this contention, the estimates presented in the President's budget message are cited. They seem to show that H. R. 4790 would produce a deficit of \$2,100,000,000 in the fiscal year 1949. This conclusion is incorrect. The revenues used are understated substantially, and it is assumed incorrectly that Congress will make no reduction in the President's budget.

The reasons why the President's revenue estimates are much too low are set out at length in the majority report and I need only summarize them here. His estimates are based on an assumed level of personal income of \$200,000,000,000. This is a flat estimate applying to the entire 18-month period, January 1, 1948, to July 1, 1949.

It is alleged that \$200,000,000,000 represents "current levels." This, of course, is not so. Personal income during the last quarter of the calendar year 1947 was \$205,000,000,000. The level presented in December 1947 is now estimated at \$236,500,000,000. In other words, the \$200,000,000,000 assumption is actually substantially below current levels.

Moreover, the President's estimators have ignored the rising trend in personal income, a trend which can reasonably be expected to continue for at least a few months in the spring of 1948. This trend is very important for tax collections in the fiscal year 1949. Yet, this trend—this fact—is ignored completely in the assumption upon which the President's revenue estimates are based. This fact contributes materially to the understatement of the estimated tax collections in the fiscal year 1949, upon which the minority's whole case depends and has been built.

The majority believes that the revenue estimate of \$47,300,000,000 prepared by the staff of the Joint Committee on Internal Revenue Taxation is based on far more reasonable assumptions, and should be the estimate used in discussing this basic question of policy.

With respect to expenditure cuts, the minority assumes that Congress will make no reduction in the President's budget for 1949. In this the minority ignores the fact that by the President's own admission Congress made a reduction of \$1,500,000,000 in the 1948 budget. The 1949 budget is even larger. It contains no less than \$5,000,000,000, which represents proposed legislation—unauthorized items—while all but about \$400,000,000 in the 1948 budget was based on existing legislation. Therefore, the majority believes that it is reasonable to forecast a cut of at least two to three billion dollars in the President's budget for 1949.

I would like to call your attention to table 5 on page 7 of the majority report. This table makes it clear that if the 1949 expenditures are cut by \$3,000,000,000, there will be a surplus of \$3,500,000,000 even after allowing for the full effect of H. R. 4790 on revenues in that year. Even if expenditures are cut by only

\$2,000,000,000, a surplus of \$2,500,000,000 will remain.

Thus, the minority is clearly wrong when it says that H. R. 4790 threatens a deficit in 1949. This is very important because there are inferences in the minority report that if it were not for the possibility of a deficit in 1949 the minority would support a tax cut.

For instance, on page 65, they say:

The minority Members believe that the capital requirements of industry, and the maintenance of a healthy stimulus of managerial incentive and investment capital, do not call for tax reduction which might require deficit spending for fiscal year 1949.

Evidently they believe that the capital requirements of industry, managerial incentives, and investment capital do call for tax reduction, if deficit financing can be avoided. If this inference is correct, I believe that the minority on the Ways and Means Committee should support H. R. 4790.

Despite the hedging which takes place in the statement from the minority report just quoted, the minority spends much of its time attempting to minimize the need for tax reduction now. Apparently they are willing to ignore the pressure of the high cost of living, to deny the restrictive effects of the high individual income-tax rates upon investment and enterprise, and to disregard the pressing need for an adequate solution to the problem of the difference in tax burdens between community-property and common-law States.

The pressure of rising prices on the incomes of persons in the lower-income brackets is so real and so generally appreciated that it is unnecessary for me to belabor this point. Did not the President ask us to enact legislation specifically designed to relieve the lower-bracket-income taxpayers who are suffering from the high cost of living? We have made provision for such relief in H. R. 4790. We have raised the per capita exemption by \$100. To a family of four this means an increase in the breadwinner's personal exemption, in his wife's exemption, and in the dependency credits from \$2,000 to \$2,400 a year.

We have also made special provision for the low-bracket taxpayer in the percentage tax reductions provided by the bill. Persons with net incomes of \$1,000 or less after exemptions receive a 30-percent reduction in tax in addition to the increase in exemptions. Persons with larger incomes receive percentage reductions which grow smaller as the income grows larger, the minimum reduction being 10 percent. This applies to income in excess of \$4,000. Taxpayers with incomes below \$5,000 receive no less than 71 percent of the relief provided by this bill.

The minority's contention that the present high tax rates on individual incomes do not impede production is also fallacious. The minority argues that since production has reached a maximum, no material increase can occur, even though the incentives for investment and managerial effort are increased. Apparently the minority thinks that bottlenecks are no longer a problem, and that no possibilities for improve-

ments exist in the utilization of our labor supply, in the techniques of production, or the patterns of business management. In this they are at odds with the administration's own Council of Economic Advisors which has set as a goal for 1948 a net increase in production of 3 percent.

The minority claims that there is no shortage of savings or investment at the present time and cites testimony of the Secretary of Commerce in support of this contention. If you will look at pages 13 through 16 of the report on H. R. 4790 you will find a summary of evidence presented at the hearings on this bill which demonstrates conclusively that there is a shortage of the most essential element in investment, namely, risk capital. Even if it is so that we have enough savings, and this, of course, I do not admit, it would still be true that the people who do most of the saving are showing an increasing tendency to prefer investment in relatively riskless securities.

May I call your attention to an exhaustive study on the subject which appeared in the United States News in its issue of January 23, 1948? That article states that \$700,000,000 in corporate stock issues, which were filed for approval, have been withdrawn because of unfavorable market conditions. Other issues that were planned were not even submitted for approval, all because of the scarcity of venture capital.

I quote from that article:

Records of the Securities and Exchange Commission show that \$700,000,000 in corporate stock issues, which were filed for approval, have been withdrawn because of unfavorable market conditions. Other issues that were planned were not even submitted for approval.

The mystery deepens when a study is made of some of the other sources of capital for investment.

Total issues of new securities in 1947 amounted to \$6,700,000,000, biggest year since 1929 and \$2,300,000,000 more than securities issued in 1946. There is no evidence that capital has dried up. But there is a sign that capital is not eager to take today's risks in common stocks.

State and municipal bonds issued last year established a record at \$2,200,000,000. That was more than double the local-government issues of 1946.

Corporation bonds floated during the year totaled \$3,300,000,000—another record—and a gain of \$1,300,000,000 over 1946.

Stocks issued by corporations, on the other hand, amounted to \$1,200,000,000, a \$300,000,000 decline from 1946.

This trend in financing is a sign that investors prefer securities that carry specific and fixed promises to pay over issues whose earnings depend upon profits. The tendency to borrow money rather than to issue new shares of stock also shows up in another direction.

Bank loans in 1947 jumped \$7,000,000,000 to reach a record of \$42,600,000,000. Commercial banks have become a major source of new money for United States business enterprises, a more important source than the security markets.

Insurance companies also have loaned heavily to industry and to public utilities to finance expansion.

Business investment in plant, equipment, and inventory in 1947 is estimated at \$25,000,000,000. Most of this came from earnings that were plowed back into industry. During 1947, new money raised in the investment

markets provided only a sixth of the total funds required by business.

A different situation prevailed in the earlier boom in 1929. In that year, three-fifths of industry's financial requirements came from investors, and investment markets were tapped for a total of \$8,000,000,000, of which \$5,900,000,000 was in corporate preferred and common stocks.

The 1929 boom was reflected strongly in security prices. At that time investors were willing to put money into stocks that were yielding an average of 3.5 percent, although bond yields were as high as 5.2 percent. Confidence in future earnings appeared to be high. When stock prices broke in that period, the boom ended.

Today there is no boom in the stock market. Stocks are selling at prices that yield 5.4 percent and still fail to attract buyers. The prices of shares at the end of 1947 averaged about the same as at the beginning of the year, despite the earnings records of corporations in that period. Federal Reserve Board officials find some comfort in the fact that security markets are the one place that inflation has bypassed.

What is developing, however, is a situation where new money is becoming harder to get. Banks and insurance companies are stiffening their terms and are more cautious in advancing loans. Corporations have drawn heavily on cash reserves and cannot get all the money they need—or think they need—from retained earnings. Bond prices have declined, raising the average interest yield from 2.4 percent in 1946 to 3.13 percent late in 1947. That means new issues will have to carry higher interest rates.

These are signs that corporations soon may face a condition where they cannot get as much money as they want at terms they would like. It could lead to a postponement of plans for expansion and cause the boom to weaken.

Causes of sluggish investment markets are found to be many by people who analyze conditions and trends.

Uncertainty about the business outlook appears to be the major factor. Persons with money to invest obviously have little confidence that the boom will persist. A majority apparently hold the opinion that the present inflation in prices and earnings will lead to trouble and that, during the trouble, they can pick up securities at lower prices. This opinion evidently has dominated investors since August of 1946, when the business boom really took hold and when stock markets entered a slump.

Investment money, partly as a result of this uncertainty, is running strongly into insurance companies, savings banks, building and loan societies, and other investment institutions. Flow of savings into stocks and into enterprises that carry risks has been reduced to a trickle.

Suspicion also appears to be widespread that industry expansion at the present level of prices is unwise. Often when a company announces expansion plans, the value of its outstanding shares drops.

Current profits also fail to impress investors. Apparently people with money are looking behind profits at high-wage rates, high prices, and high-cost inventories. Break-even points for most corporations are believed to have gone up, so that a relatively moderate downward adjustment in output could turn profits into losses.

Speculation in securities is at a low ebb. The shift of speculative funds from stocks to commodities is viewed by stock-market analysts as a factor that weakens the market for stocks. Lack of speculation to support stocks is regarded further as an influence that works against business financing through risk-bearing equities rather than through debt obligations, such as bonds or bank loans.

Credit for speculating in stocks also is harder to get. Federal Reserve officials require a speculator in stocks to put up 75 cents for every dollar's worth of securities he buys. Money can be borrowed more cheaply to speculate in commodities, where the margin is only 33½ cents on the dollar, or in housing and real estate, where Government guarantees sometimes run almost as high as 100 percent of building costs.

Tax policy is another factor that is regarded as discouraging investment in securities.

High individual taxes, particularly in the upper income brackets, leave less money, after living expenses, for saving and investment. At \$16,000 of net income, for example, taxes begin to take a 50 percent bite, and that bite deepens as incomes rise, going to 86.5 percent at the topmost bracket. These groups provide the bulk of individual investment funds. A number of plans for tax reform call for lower surtaxes in order to stimulate private investment. The capital-gains tax also is viewed as a contributor to sluggish security markets by discouraging both buying and selling. Thus, some tax reformers suggest a lower rate on gains.

Corporation taxes are widely regarded as having a depressing effect. A corporation pays 38 percent on its net profit, and shareholders in that corporation are taxed again when they receive dividends. This form of double taxation is held to discourage investors. Also, a corporation that borrows money, either from banks or in the form of bonds, can deduct as a business expense the interest payments on its loans. But no deduction is allowed on dividends distributed to stockholders. This feature of the tax laws encourages companies to borrow, rather than to seek investment funds.

The doldrums in the stock market continue at a time when industry needs large amounts of new capital. Electric utilities, steel and oil industries are being forced to expand. But one major source of funds for expansion is about closed, and other sources—bank loans and bond issues—are narrowing. This raises a question as to whether needed new money will be forthcoming.

Mr. Chairman, this makes it very difficult to finance the relatively speculative ventures which produce the new products, the new processes, and the new managerial techniques upon which increased production and economic progress depend. Behind this increasing shortage of risk capital lies the extremely heavy taxes imposed on the incomes of the people who would ordinarily provide the required funds. The marginal rates are so severe that the savers do not think it worth their while to take any substantial risks. By ignoring this essential element in the picture, by concentrating attention on the over-all figures, the minority reaches the completely erroneous conclusion that tax reductions are not required.

The minority's objection to tax reduction at this time is hard to reconcile with their quite evident satisfaction over the income-splitting portion of H. R. 4790. As a matter of fact, the minority go to some length to explain how it was all their idea in the first place. We would be happy to let them share in the credit for this highly desirable reform if they will support H. R. 4790. However, a few Senate Democratic votes for a hastily drawn piece of legislation, presented with no idea of its ever being passed, hardly represents support for income-splitting. We shall be glad to share the credit, how-

ever, with those Democrats who vote for H. R. 4790.

In spite of their evident satisfaction over the income-splitting portion of the bill, the minority takes exception to one of the subordinate features of the present bill. I refer to the fact that they list as one of the so-called inequalities resulting from the bill, the increase to \$1,000 of the maximum standard deduction for single persons. In fact, from the relative amount of space devoted to this point one could easily conclude that this is what they consider to be the principal so-called inequality in the bill.

Because of the prominence given this item in the minority report, let us examine closely the major argument they present.

After admitting the necessity of increasing the maximum standard deduction for married couples to \$1,000, they say that such an increase is not necessary for single persons. Although their report is confusing on this point, they apparently mean the following: Married couples in common-law States must be given a maximum standard deduction of \$1,000, because married couples in community-property States at present have a combined maximum standard deduction of \$1,000. However, they apparently believe that since single persons in community-property States cannot receive a maximum standard deduction of over \$500, single persons generally do not need an increase in their standard deduction.

This is a remarkable admission on the part of the minority. It indicates that they are interested in equal tax burdens only between one married couple and another married couple. They evidently are wholly unconcerned with the relationship of the tax burden between married couples and single individuals. They are wholly unconcerned with the fact that under their suggestion the maximum standard deduction for a married couple would be \$1,000, and that for a single person, only \$500.

This is such an unusual admission that I can hardly believe that the distinguished Members of the minority fully realized what was being written in the minority report. Were the minority Members aware of the implications of putting this in their report? I would be glad to yield a minute of my limited time to get their assurance on this point.

The two remaining arguments presented on this standard deduction can be disposed of briefly. In the first of these, the minority report specifies the maximum tax saving this increased deduction will bring a single person. I do not know whether the statistics are correct or not. However, in any case, is the minority unaware of the fact that increasing the standard deduction for married couples, with similar incomes, of which they approve, will result in a similar tax saving? In this connection I wish to emphasize that I am not speaking of the advantages gained from income splitting, but only the standard deduction.

Finally, the minority say that increasing the standard deduction for single persons will not aid those with incomes under \$5,000. This should be obvious to anyone. Of course, it will not, and

neither will the increase in the standard deduction for married couples, of which they approve, aid those with incomes under \$5,000.

The minority does not like the special exemption of \$600 for persons aged 65 and over. The minority is unwilling to acknowledge the perfectly obvious fact that persons over 65 cannot adjust themselves to high taxes and a higher cost of living as easily as younger people can. Small fixed incomes occur far more frequently among taxpayers over 65 than among persons in lower-aged groups. These people need special relief and special relief is being provided.

The minority argues that if the \$600 exemption for the aged is adopted, there will of necessity be a flood of similar exemptions for teachers, veterans, retired civil servants, the partially and totally disabled, and other groups. In this the minority is deliberately overlooking the fact that the special exemption for persons aged 65 and over was developed as a substitute for the extension of the very troublesome system of exclusions of particular types of pensions, annuities, and retirement pay which characterizes existing law. The special exemption for the aged is the reason why it will not be necessary to institute specific exclusions for the benefit of teachers, veterans, and retired civil servants.

We have already made provision for the relief of the blind. That action has been applauded by our blind citizens from one end of the land to the other. Following is a letter which I have received from the American Foundation for the Blind:

AMERICAN FOUNDATION
FOR THE BLIND, INC.,
New York, January 28, 1948.

HON. ROBERT A. GRANT,
New House Office Building,
Washington, D. C.

DEAR MR. GRANT: I have just received word that the Ways and Means Committee has removed the age limit on the exemption on account of blindness.

I want to thank you most sincerely for this correction.

I was very concerned about this matter as I know that blindness carries with it as much additional expense over expenses incurred by seeing people after a blind person reaches age 65, as it does before.

I also want to say that I appreciate your changing the blind "deduction" to an "exemption." This will simplify reporting for the blind people and will be of some financial advantage to them also.

Here's hoping the bill now receives kind treatment from Congress.

Very sincerely yours,

ROBERT B. IRWIN,
Executive Director.

If it were administratively possible to do so, it would be appropriate to extend this same relief to physically handicapped persons.

The minority takes strong exception to the portions of the bill and to the proposed floor amendment which will apply the splitting technique to the estate and gift taxes. In so doing the minority ignores the unequal impact of the existing law which is spelled out on pages 24 to 26 of the report on this bill. We all seem to be agreed on the necessity for the equalization of the impact of the income tax. The minority's unwillingness

to follow through and equalize the estate and gift tax as well, apparently stems from the fact that most of the beneficiaries of this equalization will be persons of substantial means. This seems to me to be a ridiculous kind of argument. The fact that the benefits are limited to persons of considerable property is an inevitable result of the fact that the gift and estate taxes are concentrated on such persons. Moreover, the fact that the taxpayer who suffers under an inequality is a person of means does not make the inequality any less painful.

The minority argues that the adoption of H. R. 4790 would preclude any further tax revision. This seems to imply that the current level of expenditures will persist indefinitely. I sincerely hope that this is incorrect. We cannot go on forever on \$40,000,000,000 budgets. The present level of spending is clearly excessive, and the majority will make every effort to see to it that this forecast which the minority is making just simply is not true. It is our firm conviction that expenditure reductions will make possible additional tax reduction and revision in the future.

Moreover, in their concern over the need for general tax revision, the minority ignore the fact that the first step in revision is being taken in the bill. I refer, of course, to the equalization of the income, estate, and gift taxes.

The minority report on H. R. 4790, like the minority report which accompanied the revenue-reduction bills of the first session of this Congress, makes a great noise over the relationship between the rate reductions provided in this bill and the increases in taxes which occurred between 1939 and 1945, when the wartime tax system had reached its peak. We pointed out last year, and we say again, that this comparison is fallacious and downright misleading. Lurking behind it is the assumption that the tax system which we had in 1939 is the right kind of a tax system for 1949, 1950, and 1951. But the tax system of 1939 was the end product of a long series of New Deal tax-reform measures. The policies of the New Deal are no fit pattern for us to follow now. This is particularly true of the New Deal tax policy which deliberately set out to reduce the volume of savings and which paid little or no regard to the important relation between risk capital and the increase of production which is basic to the development of the American standard of living.

There is at the conclusion of the minority report a section in which the minority complains about the so-called administrative complexities which H. R. 4790 will produce. Your committee went into this matter with the Commissioner of Internal Revenue at the time of the hearings on this bill. If you will refer to pages 254 to 258 of the hearings on H. R. 4790 you will find an interchange between the gentleman from New York [Mr. REED] and the Commissioner, Mr. Schoeneman. You will note first of all that Mr. Schoeneman registered a complaint about the fact that H. R. 4790 splits the first bracket. You will note, however, that Mr. Schoeneman admitted

that the splitting of the first bracket is in accordance with the principle of ability to pay, and also that a proposal to divide the first bracket into four parts was sponsored by the Treasury Department itself in 1943. Note also Mr. Schoeneman's statement that the net result of splitting the bracket will be the addition of only three lines to the income-tax form.

The minority report reproduces a portion of the form now in use, as well as a proposed form submitted by the Commissioner and intended for use after the enactment of H. R. 4790.

The form used after the enactment of the bill looks far larger and far more complicated than the one now in use. This is supposed to prove the minority's case. This is supposed to show why H. R. 4790 will produce intolerable administrative burdens.

May I point out first of all that almost all of the expansion in the form is due to the introduction of the income-splitting proposal which is now generally regarded as highly desirable. The small additional amount of work which income-splitting will impose upon the taxpayer who is filling out his form, is minor in comparison with the improvement in equity which income-splitting will produce.

I think particular attention should be given to the minority's complaint that the tax reduction in H. R. 4790 results in extreme complexities. On this point the Commissioner advanced a positive suggestion. He recommended that a revised rate schedule be substituted for the percentage reductions in tax which are an integral part of this tax-reduction bill. But upon examination it turned out that the tax-rate schedule which the Commissioner was offering had rates in it which were carried out to the third decimal place. I am quite willing to agree to the desirability of incorporating the tax reductions into a new rate schedule. It is certainly true that generally this would simplify the tax form slightly and perhaps reduce the taxpayer's labor. But I do not think that a rate schedule which involves rates carried out to the third decimal place is a satisfactory solution. Therefore, I am unwilling to accept the Commissioner's proposal, and I reject the minority's contention that the form which H. R. 4790 takes is inappropriate. May I point out again, that the great increase in complexity which the tax reduction involves actually amounts to the addition of three lines to the form, and no taxpayer has to use any more lines as a result of the rate reduction than he does now. It seems to me that the minority's complaint on this score is, to say the least, trivial.

In closing, I should like to say a few words about the statistics used in the minority report.

I must admit considerable amazement when I first examined these statistics. To say the least, the use made of them must be considered rough and ready rather than accurate. Let me give you a few examples.

On page 63 of the report the minority states that the staff of the Joint Committee on Internal Revenue Taxation

estimates a deficit of \$400,000,000 in the fiscal year 1949, after the tax reduction provided by H. R. 4790, using the same income level predicted by the Secretary of the Treasury. By the way, I am interested to learn from the minority report that this \$200,000,000,000 is a prediction. This must mean that it is a forecast rather than a mere assumption.

In using this \$400,000,000 deficit the minority somehow failed to grasp what the staff of the joint committee emphasized at some length, namely, that an income level of \$200,000,000,000 for the calendar year 1948 is unreasonably low, and, therefore, estimates based on it are unrealistic. Any adequate presentation of a staff estimate at this level would, therefore, at least require that this fact be indicated.

Again on page 63 the minority report says that any surplus in the fiscal year 1949 must be decreased by—I quote: "any revenue loss from the prospective 30-percent reduction in estate and gift-tax liabilities."

This does not, of course, actually say that there will be a large reduction in fiscal year 1949 collections, but the implication is certainly there. Yet surely the minority must know that the estate- and gift-tax amendments do not go into operation until the effective date of this act. They also must know that the estate-tax returns which will reflect the bulk of any possible revenue loss from this provision need not be filed until 15 months after the death occurs. If the minority appreciates these facts, and I cannot help feeling that they must, it is hard for me to see how they could help but agree that the estate- and gift-tax amendments would have no appreciable effect on the fiscal year 1949 collections.

Another inaccuracy occurs on page 67 of the report. The minority refers to, I quote, "the \$25,000 of public funds expended for the report of the Special Tax Study Committee."

I have been informed that almost none of this money has been expended. If the minority has any facts to back up the statement made in the minority report, I should appreciate receiving them.

Again, on page 67, the minority refers to the percentage increase in spendable income at different income levels resulting from H. R. 4790. I thought we made it clear last year that such percentages were only a statistical trick. I did not think we would see them try it again. Nevertheless, there it is.

To show the indefensibility of using such percentages, let me draw upon a homely illustration:

If I already have nine-tenths of a pie and am given the remaining one-tenth, it is obvious that the amount of pie that I have is increased by only about 11 percent. However, if in the beginning I have only one-tenth of the pie and I am given an additional one-twentieth, it is obvious that the amount of pie I have is increased by 50 percent. Yet, assuming I am fond of pie, am I not better off in the case where I am given the 11-percent increase than where I am given the 50-percent increase?

I am sure that if the minority will substitute—for the pie held in the beginning in the illustration—will substitute the words "spendable income before a tax reduction," and think of the remainder of the pie as the taxes presently paid by a taxpayer, it will become obvious to them that the percentage increase in spendable income is an absolutely meaningless term.

On page 64 of the report the minority refers to the present high level of private gross capital formation, and implies from this that the present rate of business investment is adequate. Surely they must recognize that something like one-third of the \$30,000,000,000 figure represents residential housing and that a sizable portion of the remainder represents the change in the value of inventories. Surely this is not business investment.

The minority must also recognize that only \$800,000,000 of the remainder, or 2⅔ percent of the total, represents investments in net issues of common stocks. The portion of the total which represents risk capital is therefore very, very small.

On page 58 of the report the minority attempts to belittle the expenditure cuts made by Congress last year. To do this they quote the original expenditure estimate of the President and show that the current estimate is \$200,000,000 above this. Surely the minority must recognize that the President's total requests for expenditures for fiscal 1948 were far and away above the original \$37,500,000,000 that President Truman started out with. How much were they in all?

During the hearing on this bill I asked the Director of the Bureau of the Budget, Mr. James E. Webb, if he could give us the answer to the question.

He replied that it would require a great deal of work to make such a calculation. However, he said that he would "give us something on that." He did supply them for the RECORD.

On page 238 of the hearings you will find Mr. Webb's figures showing additional amounts totaling almost \$2,000,000,000 were requested by the President for fiscal '48 following the presentation of the original budget for that year.

The table follows:

Changes in the 1948 budget, January to December 1947
(Millions)

Type of change	Authorizations		Estimated expenditures
	Appropriations ¹	New contract authorizations	
January budget.....	\$31,292	\$1,542	\$37,528
A. Revisions due to changes in recommendations:			
1. Amendments to the Budget through December (net).....	1,671	498	1,044
2. Anticipated supplemental recommendations to be considered by 2d sess. of Congress.....	7,627	179	901
Subtotal.....	9,298	677	1,945

Changes in the 1948 budget, January to December 1947—Continued
(Millions)

Type of change	Authorizations		Estimated expenditures
	Appropriations ¹	New contract authorizations	
B. Revisions due to changes between fiscal years and in program outlook:			
1. 1947 appropriations delayed to 1948.....	\$360	-----	\$63
2. Transfers of expenditures between fiscal years.....	-----	-----	245
3. Changes in estimates of outlook for Government programs and revisions of related permanent and indefinite appropriations.....	301	-----	-518
Subtotal.....	661	-----	-210
C. Revisions due to Congressional action:			
1. Reductions in authorizations which may be regarded as final.....	-1,691	-\$3	-1,272
2. (a) Reductions in authorizations which will require offsets by deficiency appropriations.....	-1,074	-----	-913
(b) Estimated offsets by deficiency appropriations (or anticipated contract authorizations).....	655	75	57
3. Reductions in Government corporation expenditures.....	-----	-----	-345
4. Rescissions of authorizations of earlier years.....	-----	-----	-153
5. Substitution of contract authorizations for appropriations.....	-----	181	-----
6. Increases initiated by Congress.....	373	148	291
Subtotal.....	-1,438	401	-1,535
Total, 1949 Budget.....	39,813	2,621	37,728

¹Includes reappropriations and appropriations to liquidate contract authorizations. Totals may not add because of rounding.

In other words, the total expenditures requested by the President for fiscal 1948 were not 37.5 billion, but were in the neighborhood of \$40,000,000,000. In any case, as I pointed out before, the President himself admitted last August that Congress had cut expenditures in the fiscal year 1948 by \$1,520,000,000. The Bureau of the Budget now admits that savings enforced by this Congress are another \$15,000,000 more than that.

On page 63 of the report, the minority refers to the "85,000,000 individual bondholders who share in the public debt." It seemed to me that it was peculiar that there were more bondholders than taxpayers, so I checked up on this. I was informed that the 85,000,000 represents the number of bond purchasers in the Seventh War Loan drive, and that that figure is a considerable overstatement of the number of individual bondholders today. There is a lot of double-counting behind the 85,000,000 figure which the minority uses, and many of the purchasers of the Seventh War Loan bonds have long since cashed them in. I challenge the minority to show us any current statement of the Treasury stating that

there are 85,000,000 individual bondholders.

It is obvious that this "free-wheeling" use of statistics in the minority report casts considerable doubt on the conclusions which the minority reached by the use of statistics. Unfortunately for them, it appears that almost their whole case is based on statistics. Like a house built on sand, it must fall when the sand is washed away.

Mr. KNUTSON. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I have served but a very short time on the Committee on Ways and Means and therefore do not pretend to appear before you in the expert capacity of many of the Members who have preceded me and who have served on that committee and studied tax matters over a long period of years. I do, however, want to express a few sentiments that have occurred to me in the study of this particular tax bill at this particular time.

I think too often many of us are inclined to look at a tax-reduction bill or tax-reduction legislation as if we were voting a gift to the American people. I think it was probably in that light that the President made his tax proposal under which he proposed to give every taxpayer a cost-of-living bonus of \$40 for himself and each of his dependents. The President tried to picture himself before the American people as a Santa Claus who was giving them something for nothing. Of course in this way the President makes use of that principal tactic that has been used by the New Deal since its inception to keep itself in office, namely, to make the people believe you are giving them something for nothing. I am convinced the American people have a better concept and knowledge of the tax question than the President gives them credit for having. I am convinced that they know, no matter what form the tax credit or adjustment takes, that they are not getting something for nothing. They know that what the President was attempting to do was purely and simply to play politics with their own money.

A tax reduction is not a gift. It is simply saying to the American people "We are not going to take away so much money from you." By this tax bill the Congress is not saying "We are giving \$6,000,000,000 to the American taxpayer." What the Congress is saying is that the people need that \$6,000,000,000 more than the Government needs it and the people are going to keep it for their own needs.

In considering any tax legislation, Mr. Chairman, I believe that the Congress should weigh the needs of the people individually against the needs of the Government. What do the people need? Today the needs of people in the low-income group and the old people to purchase the necessities of life are apparent to all of us. They certainly cannot afford the high extractions being made from them by the Federal Government today. They must be given not only relief from the high cost of food, clothing, and shelter but relief from the high cost of Government. Their need for food,

clothing, and shelter is greater than is their need for some of the operations now being carried out by the Federal Government. This bill recognizes this fact. Exemption for taxpayers and each of their dependents is increased by \$100. An additional exemption of \$600 is provided for the persons over 65 years of age. The amount of the tax is further reduced for these persons by from 30 to 20 percent. I call your attention at this point to the fact that 71 percent of the reduction made by this bill is reflected in the taxes of this group.

What do the people in the middle and upper income groups need? The needs of this group can more accurately be described as the needs of our economy. If private enterprise is to continue strong and virile, its needs must be recognized. If American enterprise is to carry us to victory over the forces that are today opposing the American way of life and a free world, as it carried us to victory in the war, if it is to produce to lick inflation, if it is to produce to keep our people employed and raise our standard of living, if it is to produce to aid in the rehabilitation of the devastated areas of Europe and Asia, if it is to produce to win the battle against communism, we must recognize its needs. That need is to be relieved from the shackles of taxes which discourage investment and expansion. Its need is to be relieved from taxes which discourage the operation of our productive system at the highest possible capacity.

The need of our economy for this relief is greater than is the need for many of the present and proposed activities of the Federal Government.

The question that we are to decide here today is, How much can the people of this country and our economy afford to pay for the operation of the Federal Government? It is the position of your committee by reporting out this bill that the maximum that our people and our economy can afford to pay is \$40,000,000,000 during the fiscal year 1949. I concur in that position. That is no small sum. That figure of \$40,000,000,000 is the absolute maximum. You may inquire as to where this \$40,000,000,000 figure comes from. It is estimated by the staff of the Joint Committee on Internal Revenue Taxation that receipts under our present revenue laws will amount, during the fiscal year 1949, to \$47,300,000,000. Assuming that H. R. 4790 becomes law, the collections during the fiscal year will be reduced by \$7,100,000,000. Thus, should this bill become law, the total receipts will amount to \$40,200,000,000. By using the figure \$40,000,000,000 we are also providing a cushion of \$200,000,000 to absorb any errors in the estimates. So let us take this figure of \$40,000,000,000 with which to work. This, in my opinion, is the most that the people can afford to pay for the operation of the Federal Government during the fiscal year 1949. Let us realize very frankly that in voting for this bill we are obligating ourselves to certain responsibilities beyond the tax bill itself. We are obligating ourselves to certain very grave responsibilities.

First, we must keep our governmental expenditures under \$40,000,000,000 during the fiscal year 1949. We must do

this in order to keep our Government income and expenditures in balance. We certainly do not believe in deficit financing. Therefore, that is our first responsibility. I do not believe the contention has been made any place or at any time during this debate that our expenditures during 1949 are going to exceed \$40,000,000,000. I think everybody is agreed up to that point.

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

Mr. BYRNES of Wisconsin. I yield.

Mr. KNUTSON. The distinguished chairman of the Committee on Appropriations, the gentleman from New York [Mr. TABER], stated yesterday that the budget will be pared by not less than \$3,000,000,000, and he hopes to make it more.

Mr. BYRNES of Wisconsin. I am acquainted with that fact, Mr. Chairman; but what I am pointing out is that even looking at the gloomiest picture that can possibly be painted and, of course, we recognize that the minority is doing just that, painting the gloomiest picture possible, we will under all circumstances have a balanced budget. But another and very grave responsibility we assume by voting for this tax-reduction bill is to keep governmental expenditures safely enough below \$40,000,000,000 to provide for payment on the national debt. I believe that not only should this be done but that it must be done. Now let us look at what we can pay on the national debt and what we can do with expenditures of Government. I am pleased that the gentleman from Tennessee is here. I would like to refer now to the figures which he used in addressing this House yesterday in connection with his argument that it was impossible to reduce the expenditures of the Federal Government as called for by the President's budget at all. He called particular attention at that time to the five big categories of expenditure that the minority takes such pride in pointing to and calling the "untouchables," the "sacred cows." Those categories are: National Defense, International Affairs, Veterans' Affairs, interest, and tax refunds. Those expenditures under the President's budget will amount to \$31,000,000,000. Now, I am going to assume for a minute that cuts cannot be made in those items. I am willing to go to that extent for the sake of argument and assume that that amount cannot be cut although I do not agree with the assumption. I will, therefore, eliminate \$31,000,000,000 from the President's budget of \$39,700,000,000. This leaves a figure of \$8,300,000,000. That apparently is the field the minority will grant us the privilege of cutting. The gentleman from Tennessee used 1939 figures and showed how tremendously these five untouchable items have increased, ascribing that as the reason for the big budget we have today. He compared national defense figures of 1949 of \$11,000,000,000 against 1939 figures of \$1,000,000,000. The 1949 cost of international affairs of \$7,009,000,000 to the 1939 cost of \$19,000,000, the 1949 cost of veterans' affairs of \$6,102,000,000 to the 1939 cost of \$559,000,000, the 1949 cost of interest on the debt of \$5,250,000,000 to the 1939 cost of \$941,000,000, and the cost

of tax refunds of \$1,990,000,000 to the 1939 cost of \$68,000,000. The total expended in the five categories in 1939 was \$2,661,000,000. I think it is permissible to subtract that total from the total of all expenditures during 1939 so as to make an analogous situation in determining the cost of those functions of Government with which we can deal in cutting the expenditures of Government. When we subtract this \$2,600,000,000 from the total cost of operating the Government in 1939 of \$8,700,000,000, we have an expenditure in 1939 of only \$6,000,000,000; but in this figure we have some very interesting items. I checked this morning to determine what some of these items were that constituted this \$6,000,000,000, and I found that \$290,000,000 went for CCC; \$78,000,000 for NYA; \$306,000,000 for PWA, and that WPA got \$2,161,000,000. This makes a total of \$2,835,000,000 spent in 1939 that we shall not have to spend in 1949. We thereby reduce our balance further and find that the expenditures in 1939 for the other function was only \$3,000,000,000. This makes a difference between the 1939 figures of the gentleman from Tennessee [Mr. COOPER] and his 1949 figures of better than \$5,000,000,000.

It may be that we cannot cut back 100 percent to 1939 in these functions. It may be we cannot cut out the complete \$5,000,000,000 that has been added in the last 10 years to these items, but we certainly can take steps in that direction and long steps in that direction.

And may I remind our minority friends who at this time take so much glee in supporting the cause of a balanced budget, in supporting the cause of payment on the national debt, that every cent by which those expenditures of Government can be reduced will be available for application upon the national debt and should be applied on the national debt.

I just hope that fact is remembered when the Appropriations Committee comes in with its appropriation bills reducing the President's budget, and that they will remember that every cent saved under the President's budget can go to this great cause which I believe in; namely, payment on the national debt.

Those are our responsibilities, Mr. Chairman, and that is the direction that we can go. I intend to carry out the responsibility that this tax bill involves, namely, to vote consistently to cut out all expenditures of Government that are not absolutely necessary and essential. If we limit governmental expenditures to only those things that are necessary and essential there is no question but what we can attain a balanced budget and make a substantial payment upon the national debt.

It is my hope that others will be stimulated by the needs of the people as contrasted with the needs of the Government, the needs of the people for tax relief and that they will be stimulated by the need for making a reduction in the national debt to be consistent in their demands for economy and their vote for economy. If you do not desire to be consistent by supporting every possible economy in our expenditures you should not

support this bill. If you intend to support every possible economy in our expenditures, then you can honestly vote for this bill.

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

Mr. COOPER. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, I simply want to invite the attention of the distinguished chairman of the Committee on Ways and Means and those present to an article appearing in today's Washington News. The chairman stated a few moments ago that his party is certain they are going to reduce the budget by \$3,500,000,000 or \$4,000,000,000, is that correct?

Mr. KNUTSON. Not less than three billion.

Mr. COOPER. I invite the gentleman's attention to this news item:

GOP'S FIRST BUDGET SLASH HITS FEW JOBS
(By John Cramer)

The House Appropriations Committee today reported out the new 1949 independent offices appropriations bill—but, surprisingly, recommended little or no personnel reductions for the 19 agencies involved.

Under the committee's bill, minor cuts in some agencies would be balanced by minor increases in others, and over-all personnel would be left at just its present level.

The new bill was the first of the 1949 appropriation measures.

In reporting it, the committee trimmed \$56,215,313 from the \$1,047,798,864 recommended by President Truman, but allowed \$196,686,000 more than the same 19 agencies received last year, mainly because of a mandatory increase of \$195,599,000 in public roads funds.

Mr. KNUTSON. Of course, we are not going to debate an appropriation bill on news stories. On this side we are going to wait until the bill has been reported to the House, and I can promise the gentleman that there will be some substantial reductions in the independent offices bill, the newspapers to the contrary notwithstanding.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from New York.

Mr. REED of New York. I just wanted to say that I did not know it was a crime to reduce expenditures in Government, even if you did not reduce them quite as much as you tried to.

Mr. KNUTSON. Of course, we cannot discuss appropriation bills before we receive them or before they have been reported to the House.

Mr. Chairman, I yield to the gentleman from Tennessee [Mr. JENNINGS] such time as he may desire.

Mr. JENNINGS. Mr. Chairman, the House of Representatives now has under consideration the bill, H. R. 4790, the purpose of which is to reduce individual income-tax payments and to raise revenue for the Federal Government.

This is the third bill providing for the reduction of the income taxes of the individual taxpayers during the life of this Congress. In 1947, two bills giving income tax relief to people of this country, were passed by the Congress. Each of these bills were vetoed by President Harry S. Truman.

As you know, when the President vetoes a measure passed by Congress, such veto kills it unless two thirds of both the House and the Senate vote to pass it over his veto. The Republicans do not have a two-thirds majority in either the House or the Senate. The House voted by a two-thirds majority to pass the second tax-reduction measure of 1947 over the President's veto, but the Senate sustained his veto of it. The first of these 1947 individual income tax-reduction measures would have saved the individual income taxpayers \$4,000,000,000; the second which would have applied to the last half of 1947, would have saved them only \$2,000,000,000.

The President's arbitrary, petulant, and unprecedented use and abuse of the veto power thus continued in force against the people of this country, the poor, the people of moderate incomes, the fairly well to do, and those better off—and the wealthy, the burdensome wartime high rate of income taxes notwithstanding the war had ended more than 2 years previous to the time he vetoed these tax-reduction measures.

President Truman thus earned the name of High Tax Harry, and gained the unenviable distinction of being the only President to successfully veto and thereby defeat a tax-reduction measure passed by Congress.

He is threatening to veto the present measure. This bill will be passed by both the House and the Senate. Under its provisions, it will leave in the pockets of the American people more than six billion dollars of their income with which to protect themselves against the high cost of living. And it will leave in the pockets of those earning moderate to high incomes, money that they can and will invest in their business and in new business enterprises. Only by putting earnings back in the business concerns of the country and into new business ventures can the solvency and expansion of our present manufacturing plants be preserved and new ones constructed and put in operation.

Now let us examine the provisions of the measure we are about to vote upon. It provides to the citizens of this country what the President has twice denied them by his abuse of the veto power.

It gives to the men and the women of this country who are staggering under the paralyzing burden of war-tax rates, lower taxes, and equalization. The tax rates Mr. Truman seeks to rivet on the limbs of our people are wartime tax rates. He seeks to perpetuate them in time of peace.

The passage of this measure will increase the production of goods, materials, furniture, machinery and the food, clothing and fuel the American people so desperately need. This will reduce the high cost of necessities and it will permit our people to keep and use their own money. The average man and woman in this country are convinced of one thing above all others. They feel that they are more competent to use the money they earn than Mr. Truman or any bureaucrat or set of bureaucrats under him. They feel they can put their money to a better and

more intelligent use than he can suggest or devise.

Relief from the ever-increasing Truman era of inflationary high cost of living is provided by an increase in the exemptions given individual taxpayers. This relief is extended to those who most need it—to those whose incomes are low. This bill, if enacted, will remove more than 7,000,000 low-income people from the tax rolls. Of the total reduction in taxes provided in the bill 72 percent will go to taxpayers with net incomes under \$5,000 and only 28 percent to taxpayers with net incomes above \$5,000.

Additional relief is granted to those who are 65 and over and to the blind.

Equalization is extended to married people in common law and community property States. In other words, husband and wife in all States, under this bill will be permitted, for purposes of computing and paying their individual income taxes, to divide the sum of their joint incomes, and each will then pay on one-half of their joint incomes. This will reduce the tax of each and will put the married couples of Tennessee on an equality with married couples in the community-property States.

When, and if this bill becomes law, collections in the fiscal year of 1949 will be reduced by as much as at least \$7,000,000,000. This will leave a surplus of more than two and one-half billion dollars. This will make possible the payment on the national debt during the years 1948 and 1949 of from ten to eleven billion dollars.

The individual income taxpayers under this bill, if Truman does not succeed in killing it with another veto, will get the following relief:

First. Personal and dependency exemptions will be increased from \$500 per capita to \$600 per capita.

Second. Tax reductions ranging from 30 percent to 10 percent according to the amount of income, are provided all taxpayers. The following relief is given:

(a) Persons with net income of \$1,000 or less after exemptions receive a 30 percent reduction in their tax.

(b) Persons with net incomes of \$1,000 to about \$1,400 after exemptions receive a reduction of from 30 percent to 20 percent in their tax.

(c) Persons with net incomes of from \$1,400 to \$4,000 after exemptions receive a reduction of 20 percent in their tax.

(d) Persons with net incomes in excess of \$4,000 after exemptions receive a reduction of 20 percent on the tax imposed on their first \$4,000 of net income after exemptions, and 10 percent on the tax imposed on any remaining net income after exemptions.

A blind person 65 or over may claim an exemption of \$600 for both blindness and on his age.

Under this bill, if it survives a Truman veto, the individual taxpayers of the country will have a saving of from six to seven billion dollars on what they would have to pay under existing law.

That this proposed law is far better than the bill proposed by President Truman is demonstrated by the fact that neither the former chairman of the Ways and Means Committee, the gentleman from North Carolina, Representative

ROBERT L. DOUGHTON, nor the ranking Democratic member on that committee in the Seventy-ninth Congress, the gentleman from Tennessee, Representative JERE COOPER, introduced the bill proposed by President Truman. Both the gentleman from North Carolina, Representative DOUGHTON, and the gentleman from Tennessee, Representative COOPER, are men of the highest integrity and ability and have the admiration and respect of their colleagues, both Democrats and Republicans. The beloved former chairman of the committee, Uncle BOB DOUGHTON, fully realizes the necessity for individual income tax relief and he along with the distinguished Democrat from Georgia, Judge EUGENE COX, have the intellectual honesty and the courage to let their views be known.

Tax relief for the Federal taxpayer is long overdue.

I know how the people of my district feel, both Democrats and Republicans. They are demanding relief. This is not a partisan matter.

By this bill Congress is proposing to carry out a mandate from the people. This measure proposes to write into law the right of the men and women who toil in industry, in business and on the farms to retain and enjoy the fruits of their toil.

I shall support the bill. It merits the support of every Member of the House, both Democrat and Republican.

The people who think, and most of them do, are getting increasingly weary of those who are seeking to destroy free enterprise in this country by endeavoring to array class against class and who daily sow the seeds of hatred, envy, and strife in the hearts of our people.

We have heard in this debate from those who oppose any tax reduction the exulting boast that the despottism of this Republic and the wasters of the people's money have gotten this Nation so hopelessly in debt that from now on there can be no tax relief for the man or the woman who is engaged in business.

When these apostles of the New Deal discover a man, a woman, a company who is making a profit, they raise a hue and cry against such person or company.

Under our system of free enterprise, which is the envy and admiration of the world, the American people have enjoyed more of the good things of life and a higher standard of living than has been attained by any other people on earth.

In the eyes of those who fight this bill the people who have made this possible are guilty of a crime—the crime of success. The answer to those who would swap this country for socialism or communism is: In America prosperity and success are not restricted to any privileged class. Prosperity and success are within the reach of all.

Who are the people the champions of high taxes would tax out of existence? For the most part, the men and the women they seek to destroy came up from scratch through their own industry, thrift, and ability.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the gentleman

from Virginia [Mr. GARY] may be permitted to extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GARY. Mr. Chairman, we have heard considerable discussion on the floor of this House of the cold war, which is now in progress in Europe. Anyone who visits that continent is impressed with the fact that we are engaged in a war of ideologies between totalitarianism and democracy. In a war of that nature, psychology plays an important part. If we are to win that war we must strengthen our allies and at the same time remain strong and virile at home. To do this we must not only maintain our military strength, but we must remain strong economically and financially as well. Any evidence of weakness on our part at the present time will deprive us of our position of leadership and will have tremendous repercussions abroad which might easily lead to world chaos.

Moreover our domestic prosperity and tranquillity are contingent upon our economic and fiscal stability. We have today a stupendous Federal debt of \$256,500,000,000. This debt in less prosperous times might easily become a threat to our national security.

It is estimated that as of October 1947, there were outstanding \$256,300,000,000 of interest-bearing securities issued or guaranteed by the United States Government. Of these securities \$69,800,000,000 were owned by commercial banks, \$12,200,000,000 by mutual savings banks, \$22,200,000,000 by Federal Reserve banks, and \$24,900,000,000 by insurance companies. The Federal securities owned by commercial banks constitute 60 percent of their assets. Those owned by mutual savings banks constitute 62 percent of their assets. Those owned by Federal Reserve banks constitute 47.3 percent of their assets. Those owned by insurance companies constitute 45 percent of their assets.

You will recall that after World War I, Federal securities depreciated in value to such an extent that at one time \$100 bonds sold on the market as low as \$80. If we were to suffer a similar experience now, the solvency of every bank and insurance company in the United States would be seriously jeopardized. We cannot permit this to happen. To prevent it we must maintain the faith of the American people in the fiscal stability of their Government and this can be accomplished only by adopting sound fiscal policies.

Our present fiscal condition, therefore, demands a balanced budget and a definite program of substantial debt retirement. Unless some progress is made toward debt reduction during the period of prosperity and inflation, through which we are now passing, we will inevitably face disaster in the lean years which are certain to follow.

If the Knutson bill is adopted, we will increase, rather than diminish the debt during the fiscal year 1949. Nothing that we could do would bring greater discouragement to our own people and

greater encouragement to the communistic forces of Russia.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROSSON].

Mr. ROSSON. Mr. Chairman, nearly 53,000,000 persons, under our present heavy, wartime revenue laws, are paying Federal, individual income taxes. We are now in our third peacetime year since the war, but these heavy individual income taxes are still on the backs of housemaids, workers in factories, shops, mills, mines, small farmers, teachers, other with small incomes, and persons with higher incomes. The people of the Nation were willing to pay these heavy taxes to prosecute successfully our war efforts. For more than 2 years now, there has been a general demand on the part of the American people for a reduction of unnecessary governmental expenditures and a reduction of their tax burdens.

Both parties and Members of Congress of both parties in the campaign of 1946 pledged themselves to a reduction of expenditures and a reduction of taxes. I heard no Member of this House, before the election in 1946, express opposition to the program—neither Democrat nor Republican. I promised the people of my district that I would work to cut out waste, balance the budget, pay on the national debt, and reduce taxes. The Republican Party, its members, as well as myself, and I might say, many Democrats, have been doing their utmost to keep this pledge. The Republicans, on this platform at the November elections, 1946, won control of the House and Senate, and one of the first bills to be introduced in the new Eightieth Congress by the Republicans attempted to carry out these pledges. This bill, with appropriate amendments, was passed by an overwhelming majority of the House and Senate, but President Truman vetoed it. The Republicans were unable to get a two-thirds majority in the House and Senate to override his veto and later on in 1947 a similar bill was introduced by Republicans and passed by a big majority in the House and Senate. It, too, was vetoed by the President. The House passed this second bill over the veto, but it lacked a few votes of receiving a two-thirds majority in the Senate, and President Truman and his leaders were able to deny this tax relief to the nearly 53,000,000 individual income taxpayers in 1947.

The first bill introduced in the present session of the Eightieth Congress was by Mr. KNUTSON, chairman of the Ways and Means Committee. The Ways and Means Committee, after having spent a year in studying this problem, reported the bill favorably to the House by a vote of 16 to 9. Of course, each and every Republican on the committee voted to report the bill favorably. The bill, as reported, is H. R. 4790, now before us for consideration. This bill does not deal in any respect with excise taxes or corporation taxes. The Ways and Means Committee is making a careful study and survey of these taxes, and are very hopeful that they can report and have considered and adopted at the present session of Congress a bill that will cut out many of these excise taxes and reduce others

and that corporate taxes will be treated in a way that will be to the best interest of the people of this country and at the same time, be just and fair to those who have invested their money.

H. R. 4790—SANE, FAIR, HONEST, AND SOUND

This bill meets the requirements of sane, fair, honest, and sound taxing principles.

(A) It recognizes that the American people, 3 years after their war sacrifices, are justly entitled to relief from these excessive war taxes.

(B) It strikes from the rolls approximately 7,500,000 taxpayers now in the lower brackets.

(C) It gives relief to all of the 53,000,000 income taxpayers, according to their ability to pay.

(D) The reduction comes out of surplus taxes.

(E) There will be a surplus to make a substantial payment on the national debt.

(F) There will be a surplus remaining to carry on the expenses of the Government and avoid a deficit.

TAXES CUT \$6,500,000,000

H. R. 4790, the Knutson bill, gives relief to approximately 53,000,000 Federal individual income-tax payers.

First. Let us see in what way the nearly 53,000,000 taxpayers are benefited by this bill:

(a) It increases the personal exemption for each and every taxpayer and his or her dependents to \$600. The husband and wife will be entitled to \$1,200 for themselves and \$600 for each other dependent. They are also entitled to such other exemptions and deductions for medical care and contributions, and so forth.

(b) It gives an additional \$600 exemption for each person above the age of 65 years. If the husband and wife are both 65 years of age or over, this additional exemption will amount to \$1,200 also, and with the other exemptions allowed to all income taxpayers, they would have \$2,400 exemption.

(c) There is a double exemption allowed for blind persons.

Second. These increases in exemptions will remove, according to the statement of the gentleman from Minnesota [Mr. Knutson], author of H. R. 4790, 7,500,000 Federal individual income taxpayers from the rolls who are now paying Federal income taxes. Under this bill these will not be required to make any return or to pay any taxes. These seven and one-half million are now in the lower income brackets. One hundred and two thousand of these who will be removed from the rolls under this bill reside in Kentucky. This measure will save the Federal individual income taxpayers of the State of Kentucky \$55,000,000.

Third. Twenty-five million others in the low-income brackets will receive a cut of 30 percent—nearly one-third—on whatever income taxes they may owe as well as their personal exemptions for themselves and their dependents and other deductions that are now provided by law.

Fourth. There are many millions of taxpayers whose net taxable income, after all deductions and exemptions are

made, is as much as \$1,000 or not more than \$1,396. These would receive reductions ranging from 30 percent to 20 percent and also the increased personal exemptions and other deductions.

Fifth. Those with net taxable incomes between \$1,396 and \$4,000 would receive a 20-percent reduction in their taxes after allowances for increased exemptions. There are several million of these. There are approximately 40,000,000 Federal individual income taxpayers of this Nation, the taxable income of whom is \$4,000 or less. These millions of taxpayers will receive increased exemptions, and for nearly 2,000,000 of them who are 65 years of age or over, or blind, will receive double exemptions, and they will also have a cut on whatever taxes they may pay ranging from 30 percent in the lowest group, to 20 percent for low middle group.

Sixth. There are several million income taxpayers whose incomes are \$4,000 or more. They will receive a 20 percent reduction on the first \$4,000 and 10 percent on the remainder of their taxable income.

It can be seen at once that this bill benefits each and every one of the 53,000,000 income-tax payers and gives just and fair consideration to each individual according to his ability to pay taxes. All in all, it takes a burden of \$6,500,000,000 from the backs of these 53,000,000. Under present law, the Federal income tax rates go to 87½ percent in the higher brackets, and on down to 20 percent for those whose incomes are between \$4,000 and \$8,000. It can be seen at once that those with net incomes of \$4,000 or less are the chief beneficiaries under this act.

PRESIDENT TRUMAN AGAINST ANY TAX REDUCTION

While President Truman has taken the lead in giving to foreign countries over \$24,000,000,000 since the shooting war closed and now proposes to aid foreign countries with \$17,000,000,000 to \$25,000,000,000 more, he opposes any over-all tax reduction for the American people although England, Belgium, France, Australia, and many other countries that have been the beneficiaries of our bounty, have made more than one tax reduction. Canada is considering a fourth tax reduction. They have greatly relieved their taxpayers. The Republican Party and many Democrats now insist that we give to the American people some relief.

The President in his message to Congress proposed a so-called "cost of living" tax bill whereby he would give to each income taxpayer and each of his or her dependents \$40. He would give the Rockefellers, the Fords, and other persons of great wealth, and the housemaids, the workers, and others of low incomes, the same \$40. He would increase the taxes of business concerns enough to cover the sums paid out under his \$40 proposal, so that as an over-all matter he does not favor any reduction in the taxes of the people of the United States. The President's proposal was at once denounced generally by the press, the radio, and the people, in which many Democrats in and out of public life joined. It was generally denominated as an open bid for votes at \$40 per head.

None of the Democratic leaders in the House would introduce the President's tax bill. I have heard scores of persons speak on the tax bill before us and only two persons, both Democrats, spoke in favor of the President's tax proposal. Many other Democrats, directly or indirectly, condemned his proposal. There was no effort made to have the President's bill adopted, as I understand, either in the Ways and Means Committee or by a motion to recommit in the House. I have never known of a proposal of a President of the United States being given so little consideration as his tax bill proposal.

We have observed that the President and his advisers are thinking up new ways to spend money. They now are planning to give Greece and Turkey another helping of approximately a billion dollars. The President is determined to consume every dollar of the American people's tax money. The people must look to Congress alone to give them relief.

WE CAN NOW CUT TAXES SIX AND A HALF BILLION

The Republicans of the House, of course, favor this bill and perhaps not more than one of them will vote against the bill. A great many Democrats favor a substantial cut in taxes but not the President's plan. They agree with the Republicans' proposal as laid down in the Knutson bill, H. R. 4790, but they insist that the cut is too much. The President does not want taxes cut. He has submitted a budget calling for nearly \$40,000,000,000—many billions greater than any request made by any President in peacetime in this country or in any other country. President Roosevelt was considered some spender and waster in peacetime. The highest amount he ever asked for was approximately twelve and one-half billion for a peacetime year. Last year, President Truman asked for thirty-seven and one-half billion—three times as much as President Roosevelt ever asked for in a peacetime year. The American people were astonished when President Truman made that demand but they are much more so this year when he calls for nearly forty billion to spend in the fiscal year beginning July 1, 1948, our fourth peacetime year. The Democrats insist that if we pass this bill, we will have a deficit. The Republicans deny this charge.

Of course, we can and must cut the budget several billions of dollars. The amount of revenues for the present and the next fiscal year will depend upon our total national income. On a basis of a national income of two hundred billion, the Treasury Department states that we will have net revenues and receipts for the fiscal year ending June 30, 1948, of forty-five billion, but our national income is now running at more than two hundred and five billion and it is estimated by the experts in the Commerce Department, as well as the special revenue committee, whose members are experts in the income and revenue field, that our total national income will reach two hundred and nine billion. If it is two hundred and five billion the net receipts and taxes for the present year will be forty-six billion four hundred

and ninety million and if it is two hundred and nine billion for the fiscal year ending June 30, 1949, the net tax receipts will be forty-seven billion three hundred million.

The President's budget calls for thirty-nine billion six hundred million but this includes six billion eight hundred million as a down payment on the Marshall plan for the fiscal year ending June 30, 1949. It will be some time before any type of Marshall plan will be approved by the Congress, in my opinion. Those who know state that it will be 6 months to a year before an organization could be developed and information gathered to put the Marshall plan into actual operation. Former President Hoover insists that there should not be appropriated for the first year of the Marshall plan more than three billion and should be limited to 1 year so that we may determine what our financial situation is as of June 30, 1949. I think it can safely be said that this six billion eight hundred million for the first year of the Marshall plan will be reduced to at least three and one-half billion. That will cut the President's budget back to approximately thirty-six billion and that would leave a surplus of something like eight or nine billion, but there are other cuts of the budget that can and will be made. Many useless officeholders will be removed from the rolls. Much waste will be cut out and there likely will be a surplus for each one of the present and also the next fiscal year of ten billion to take care of the tax reduction and pay at least three billion on the national debt.

It is somewhat amusing to hear leaders of the Democratic Party express fear of having a deficit or increasing the national debt. Their party has been a party of debts and deficits in peacetime. The Republicans have always favored a balanced budget, reduction of the national debt, reduction of taxes, and economy and efficiency in Government, and this tax bill was prepared with that policy in mind. President Cleveland, 60 years ago, had a deficit in peacetime. President Wilson had deficits in peacetime. Presidents Roosevelt and Truman have followed in their footsteps. They believe in—spending, borrowing, and taxing.

In October 1945 with a Democratic Congress, President Truman and his party put through a tax-reduction bill. They cut taxes six billion with a certain percentage straight across the board—for the great corporations and for the housemaid, the workers, teachers, and small farmers. Each one got the same percentage cut. Their tax-reduction bill contained a provision to repeal the excise-profits tax and gave another mighty lift to the great corporations of the country. Were Mr. Truman and his party alarmed in October 1946 that there might be a deficit and the Government might have to borrow money to carry on its operations? They certainly were not. The Ways and Means Committee, controlled by the Democrats, in reporting that bill, pointed out that there would likely be a deficit of as much as thirty billion at the end of the fiscal year, June 30, 1946. There was an actual deficit

of twenty-one billion but Mr. Truman and his party put the bill through and also repealed the excess-profits tax. At the time this bill was being considered in October 1945, Mr. Truman's Secretary of the Treasury put on a bond sale throughout the Nation and sold more than \$15,000,000,000 worth of bonds to borrow money to carry on the Government, but they went ahead with their tax-reduction bill. That bill gave four billion relief to the corporations and only two billion to the individual income taxpayers and how inconsistent it is for them now to oppose tax reduction when we know we are going to have a surplus of billions this fiscal year and the next fiscal year ample to take care of this tax reduction and pay several billions on our national debt.

Their tax-reduction bill of October 1945, of course, was a phony. There can be no real tax-reduction bill unless there is a surplus out of which to make the tax reductions. Our Democratic friends are schooled in the policy of creating debts and increasing taxes. It has always been true that the Republican Party reduces taxes and reduces debts created by the Democrats and that is the very thing that the Republican Party is doing in the passage of H. R. 4790. President Truman is willing to give relief to anybody and everybody in the world but is unwilling to give relief to the overburdened taxpayers of our own country. He is willing to pour billions of dollars of the American taxpayers' money into countries whose governments have given more than one tax reduction to their people since the war was over.

REDUCE TAXES AND LIVING COSTS

We must cut the President's budget. We must eliminate all unnecessary expenditures. We must give to the American taxpayers one dollar in value for every dollar of taxes taken from them. The cost of government is too great. The American people this year will pay approximately \$55,000,000,000 to carry on their Federal, State, county, and city governments. That is approximately \$1,600, on an average, for each and every family in this Nation. The cost of food is high, but the American people will spend about \$42,000,000,000 a year for food. The cost of government to the American people is about \$55,000,000,000.

If we follow President Truman and his group we will continue to increase the cost and burden of government. There is no good reason on earth why the American people should be called upon to pay more for government than they pay for their food and clothing.

President Truman does not help the American people when he gives them \$40 tax reduction in income taxes and then places it on the business concerns that prepare the raw material, process, transport, and distribute it, because corporations can pass on to the consumers these taxes. These become what is known as concealed taxes. Every consumer then becomes a taxpayer. So Mr. Truman takes the \$40 taxes off of the individual income-tax payers and puts it on the corporations, and they in turn, in the way of concealed taxes, get it back from the

American people in increased prices. The individual income-tax payer cannot pass his tax on to the consumer.

In October 1945 President Truman, as we have pointed out, favored giving the same percentage of reduction to the big and little income taxpayers alike, and let us not forget his bill repealed the excess-profits tax, and now he talks long and loud about excess-profits tax. There would be such a law on the books now perhaps if he and his party had not repealed it in 1945.

If we favor sane, fair, honest, and sound tax relief we must vote for this bill.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I was very much interested in the remarks of my friend from the hills of Kentucky. He and I have come from similar neighborhoods. I happened to be born over in the hills of east Tennessee. He was talking about tax reduction. It will be remembered that at the end of the last war, the national debt was about \$26,000,000,000, including what we had spent and what we had loaned to our allies. But this time our debt is about \$256,000,000,000. This is in the statement that I inserted in the RECORD at the instance of the gentleman from Virginia [Mr. GARY]. Today the commercial banks of the United States own \$69,800,000,000. The mutual savings banks own \$12,200,000,000. The Federal Reserve banks have \$22,200,000,000, and the insurance companies, \$24,900,000,000. After the last war many of these bonds and Federal securities dropped from their par value of 100 cents on the dollar to 80 cents on the dollar. I just wonder how many banks, commercial, and otherwise, as well as insurance companies, could keep their doors open if bonds that they own now dropped to 80 cents on the dollar.

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

Mr. RAYBURN. Mr. Chairman, I am asking the gentleman from Kentucky a question.

Mr. ROBSION. The same alarm was expressed in 1921 as it is now by your side of the House. We did reduce taxes and we did pay \$1,000,000,000 on the national debt and we did have a surplus when the prediction was that we would have a deficit. In 1922 the same thing was done and in 1924 and '25 and '26 and '27 and '28, and so on.

Mr. RAYBURN. Of course, to go one step further, the gentleman from Kentucky knows there is no more chance for a \$6,500,000,000 tax-reduction bill to become law or a \$7,200,000,000 tax-reduction bill to become law, because the House will never have a chance to vote on any such thing in the conference report.

Mr. ROBSION. Our national debt was larger in 1945 than it is now.

Mr. RAYBURN. That is correct.

Mr. ROBSION. Yet it was predicted that there would be a deficit of \$30,000,000,000 at the time the bill was brought here and rushed through cutting taxes at the time the gentleman was the distinguished Speaker of the House.

There was an actual deficit of \$21,000,000,000. How can the gentleman complain about this bill when he helped to put a bill of that kind through as Speaker of the House?

Mr. RAYBURN. Of course, I remember also when we got excited about the statements made by somebody downtown in some of the departments that there were going to be six or eight million unemployed in the United States in April and May 1946, and we repealed the excess profits tax in response to that.

In the spring of 1946 there were fewer unemployed people in the United States than there had ever been before.

In the spring of 1947 there were fewer unemployed people in the United States than ever before.

Mr. ROBSION. Who was it who gave you those exciting statements? Perhaps the same folks downtown are exciting you now.

Mr. RAYBURN. The National Association of Manufacturers joined in the chorus, as I remember it.

Mr. KNUTSON. And so did Mr. Vinson, who is now Chief Justice of the Supreme Court, and a very valuable member.

Mr. RAYBURN. Even I have made mistakes in the past, I may say to the gentleman.

Mr. KNUTSON. Impossible.

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

Mr. MONRONEY. Mr. Chairman, I arise to express my opposition to this Knutson tax bill. My objection to it is that this Nation, with a \$253,000,000,000 war debt, cannot stand a cut in its revenue which will total between six and seven billion dollars per year.

The biggest task before the Congress today, I believe, is to preserve the economic security of this Nation. The hope of the world for recovery along the lines of freedom rests in the United States and the way we guard its economic security.

The public debt is the cornerstone of our financial security. On the soundness of this debt rests the soundness of our banking and insurance enterprises, the personal savings of 85,000,000 owners of Government bonds.

Today the national debt is far greater than the debt ever carried by any nation in the world's history. It totals about \$7,000 per family or about \$1,900 per capita. Never before has it ever exceeded \$400 per capita.

From the study made by the committee on public-debt policy, a committee composed of the Nation's leading bankers and insurance executives, comes startling evidence of the enormity of this debt.

An apt comparison of the per capita debt during representative periods of our history is contained in the following tables based largely on their debt studies:

Per capita national debt

War of 1812.....	\$15
Civil War.....	78
World War I.....	240
World War II.....	1,900

Figured another way, the comparison of the national debt, even to our stag-

gering national income, gives like reason for concern:

Percent of debt to national income

Revolutionary War.....	20
War of 1812.....	20
Civil War.....	50
World War I.....	45
World War II—approximately.....	130

Our ability to carry this record-breaking debt is measured on that portion of our national income required for interest charge on the debt. It, too, has varied greatly through our history as shown by these sample periods:

Percent of interest cost to national income

Revolutionary War.....	0.5
War of 1812.....	.8
Civil War.....	2.5
World War I.....	2.0
World War II.....	2.6

Thus, it is clear, that even with the all-time low interest rate that now obtains on carrying the debt, \$2.60 out of every \$100 earned in this country must go for the never-ending cost of interest on the debt.

Should interest rates return to their more historic normal rate of 4 percent, instead of its present 2.1 percent, the interest charge in relation to national income would take more than \$5 out of each \$100 earned.

Charts on the interest charges through our history show how abnormal the present 2.1 percent interest on the public debt is.

Interest rates on national debt

	Percent
Revolutionary War.....	4.8
War of 1812.....	5.5
Civil War.....	6.0
World War I.....	4.3
World War II.....	2.1

Throughout the years of our history, only one other period shows any comparable low-interest rate similar to the one we now have. That was for a brief period from 1910 to 1914 when the rate was 2.3 percent.

The best way I know to insure low interest is to pay off the debt as rapidly as is humanly possible. This is proven by the historic charts, which, during the brief period of our country when the debt was eliminated in 1835, the interest rates dipped from 5.5 to 3.9 percent as the bonds were being retired. By retiring the bonds as rapidly as we can, we help to prevent added costs to all not for just a year—but from now on. And, further, we help to insure a continuing favorable interest rate on this debt charge.

Should interest rates rapidly climb, the problems of financing and refinancing this enormous public debt would be tremendously increased. Since the individual savings bonds are redeemable at par by the Treasury, a strong increase in the rate would start an endless chain of demands for cash from the Treasury—if for no other reason than to reinvest them in bonds bearing the new higher interest rate.

The open-market operations of the Federal Reserve bank, which has supported all negotiable bonds at par, also would be thrown into confusion, if not

destroyed altogether. New issues bearing a greatly higher rate, would quickly drop the market price of older and lower yielding bonds and result in a difficult and very troublesome refinancing job.

SEVENTY-NINE PERCENT OF BUDGET

If the present income of the Government can be maintained, even with the vast demands made on the United States for military preparedness of more than eleven billions; for foreign aid, seven billions; for veterans' programs, six billions; for interest on the public debt, five billions; and for refunds of taxes, two billions—we can still retire four billion eight hundred million of the public debt.

The following table shows the breakdown of the President's budget defining the most urgent expenses—almost all of which cannot be substantially reduced without seriously affecting our military or foreign policy:

	Most urgent expenses
National defense.....	\$11,000,000,000
Foreign policy.....	7,000,000,000
Veterans program.....	6,100,000,000
Interest on debt.....	5,300,000,000
Tax refunds.....	2,000,000,000
Total.....	31,400,000,000
Debt retirement.....	4,800,000,000
Remainder of entire budget, including all governmental expenses.....	8,300,000,000

Seventy-nine percent of the President's budget of thirty-nine billion seven hundred million is included in military costs, veterans' programs, foreign aid, interest on the public debt, and tax refunds. As much as can be reduced from other programs, from the remaining eight billion three hundred million in the budget, should be reduced, but in view of the tremendous cost of paying for the last war and trying to prevent the next, it is doubtful if enough can be saved to permit a six-billion tax reduction and any sizable debt reduction as well.

BARUCH'S RECORD

Mr. Bernard Baruch, who has been right more often than any other leader in the United States on the problems of inflation, has urged against any tax cuts at this time—and urged instead the imposition of additional excess-profits tax in order to help preserve our national economy.

Surely Mr. Baruch's advice is worth more than the pigeonhole treatment given it by the Ways and Means Committee. The sanity of his advice to pay your debts while you have the national income to do so—to reduce the never-ending interest cost as much as possible, presented a challenge to this House which deserves serious consideration—rather than the treatment given it.

CONFIDENCE HARD TO REGAIN

National confidence in our economic stability once lost is most difficult to regain. Witness the years of tedious effort and slow recovery that took place after the crash of 1929.

Yet in the callous disregard of danger signals that are flying throughout the country, the Congress is trying to take the place the stock market had in 1929 as the major force in bringing about our insecurity.

The country is threatened with even more serious inflation—the falling purchasing power of the dollar. Yet this bill would send this Nation into the fiscal year 1949 faced with a deficit of two billion in our budget if we pass this bill. What greater contribution could the Congress make to the collapse of our economy than to steer such a hazardous course.

A WEAPON AGAINST INFLATION

We have dozens of examples of worthless or near-worthless currencies of other governments today. At the base of most of their difficulties is the always-present fact that they are spending more than they are willing to collect in taxes—that they are increasing their indebtedness—not reducing it.

I do not know of any nation that went completely through the wringer of inflation that went that way on a balanced budget and was making a substantial reduction in its national debt. Reduction of the national debt is the one effective thing that this Congress could do to help lessen present inflationary pressures—yet instead this bill proposes reducing revenue and foregoing any appreciable debt retirement.

If pressing living costs for the low-income group require, as is claimed, a reduction of their tax, the prudent policy is to shift this burden and make up this loss elsewhere—but surely not to reduce Government revenue and thus invite financial instability.

CHART A SOUND COURSE

Mr. Chairman, I urge that the House defeat this dangerous legislation. If a tax cut is to be considered—or economies are to be gained in the cutting of appropriations—then let the tax reduction be made after—after but not before—these economies are effected. To cut revenue in the anticipation that drastic reductions can be made, is not borne out by our experience of last year—no matter how bright the promises.

Within the next 90 or 120 days, all of the appropriation bills will be acted on by the Congress. Surely, the time for a tax reduction at this moment is not nearly as important as to chart a well-planned fiscal course. After these appropriations have been made, we can know, not guess, what our governmental expenses will be.

In addition, at that time we can tell better what the national level of income will be—and how much money the Government is likely to receive over the next fiscal year. To rush headlong into this ill-considered bill at this time is to disregard every sound financial practice—and to invite grave fiscal danger.

Mr. KNUTSON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOEVEN, 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. 4790, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that

the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 38. Concurrent resolution extending the time for the submission of the report of an investigation of consumer goods prices.

EXTENSION OF REMARKS

Mr. GRANT of Indiana asked and was granted permission to extend the remarks he made in Committee of the Whole and include certain tables and a letter.

Mr. REED of New York (at the request of Mr. GRANT of Indiana) was granted permission to extend his remarks in the RECORD and include certain extraneous matter.

Mr. ARNOLD (at the request of Mr. ARENDS) was granted permission to extend his remarks in the RECORD and include a newspaper article.

Mr. TAYLOR (at the request of Mr. ARENDS) was granted permission to extend his remarks in the RECORD.

Mr. LANE asked and was granted permission to extend his remarks in the RECORD and to include a letter from James C. Petrillo, president of the American Federation of Musicians, together with a newspaper item.

Mr. SADOWSKI asked and was granted permission to extend his remarks in the RECORD in two instances.

AMENDING SENATE CONCURRENT RESOLUTION 19

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 38.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That section 2 of Senate Concurrent Resolution 19, Eightieth Congress, first session, is amended by striking out "February 1" and inserting in lieu thereof "March 1."

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GWINN of New York, Mr. OWENS, and Mr. LUCAS, on account of official business, from Tuesday, February 2, to Friday, February 5, 1948.

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. HESELTON] is recognized for 15 minutes.

FUEL-OIL SITUATION

Mr. HESELTON. Mr. Speaker, I am glad to report that at 4:30 o'clock this afternoon the Department of Commerce announced a revised program on exports of fuel oil.

I have not had an opportunity to examine the report in terms of the resolution I introduced yesterday, and particularly in terms of the countries of destination, but at least it is an encouraging development. The report in part reads as follows:

In view of the serious shortage of fuel oils in certain areas of the United States, the Department of Commerce announced to-

day in its revised downward report, the first quota of petroleum products for foreign export from 11,850,000 barrels to 9,650,000 barrels, a reduction of 18.5 percent.

I might add parenthetically that a similar announcement was made in the previous quota program, but it turned out that the major reductions were in articles of petroleum products that are not in shortage here and were not involved in this question of heating and industrial use.

The release says also:

In addition, the Department announced it would eliminate licenses for export of petroleum products to exports from those areas of the country where fuel can best be spared during this emergency period.

The Department announced also that a separate quota of gas oil, and distillate fuel oil, which had been established for the first quarter for shipments to Japan and the Ryukyus had been drastically reduced from 1,600,000 barrels to 1,000,000 barrels. The difference would be met from oil-producing areas outside the United States.

That is very significant in terms of a report made to the Senate last week that we were shipping into certain areas of the Pacific a greatly excessive quantity of these kinds of fuel oils, when as a matter of fact historically those areas had been obtaining their oils from available sources in the Pacific.

My best information is that, exclusive of Japan and the Ryukyus, this means a saving of 1,500,000 barrels of desperately needed heating and industrial oils. Adding the 600,000-barrel savings in the Japanese and Ryukyus, we have a total saving of 2,100,000 barrels. The tabulation follows:

Aviation gas:	Barrels
Original first quarter quota	700,000
Revised quota	700,000
Motor gasoline:	
Original first quarter quota	5,250,000
Revised quota	4,550,000
Kerosene:	
Original first quarter quota	900,000
Revised quota	600,000
Gas oil and distillate fuel oil:	
First quarter quota	3,200,000
Revised quota	2,800,000
Residual fuel oil:	
Original first quarter quota	1,800,000
Revised quota	1,000,000

This is an obvious concession of the merits of the recommendation made December 19 by the House Committee on Interstate and Foreign Commerce. It is regrettable that the recommendation was ignored in setting up the program announced in January. But that is "spilt fuel," so to speak.

Nonetheless 18.5 percent reduction is a far cry from the voluntary 50 percent reduction made by Canada. This action strengthens the arguments for immediate action on House Joint Resolutions 311 and 312. I am beginning to wonder who, in the executive department, is charged with any responsibility for the welfare of the American people. Still it is encouraging to have this cautious, belated, and insufficient step taken. At least there is now recognition of "the serious shortages of fuel oils in certain areas of the United States." But let me assure you that as far as I am concerned this is only round one. The bell for

round two will ring as soon as I can get an official copy of the revised program.

I have also a press statement here adding that the Department of Justice approves a steel industry agreement between the steel industry and freight-car manufacturers on a voluntary allocation program for production of 10,000 freight cars a month. The report says:

Tom Clark has O. K'd it.

I suppose that means the Attorney General. The agreement calls for 1,000,000 tons more steel in 1948 than went into freight cars in 1947.

So far, so good; but this is the bad news: I have a telegram signed by the Governor of Massachusetts, received this afternoon. It reads as follows:

Regarding telegram and telephone conversation the estimate for the first 10 days of February indicates a worse condition particularly on available kerosene supply.

As I have previously said, Mr. Speaker, this is the supply upon which the people with small incomes depend, the people who do not have money enough to buy a whole winter's supply of oil, the people who do not have storage facilities, and the people who buy only a 5-gallon can at a time which they take down to the depot every week and try to get their next week's supply.

Continuing, the Governor in his telegram states:

For the month of January figures indicated an 87.7 percent supply of demand.

In other words, we were down 12.3 percent below normal.

For the first 10 days this figure has changed to 80 percent approximately.

So we are down 20 percent within the last 10 days.

On No. 2 fuel oil the figures indicate a slightly better condition but no major improvement. There is no apparent change in the industrial oil situation.

In the afternoon press from a reputable news service appears an article headlined: "United States tankers leased abroad at 100 percent profit."

The article states:

Despite the acute shortage of ships to carry petroleum for domestic users, some American companies are leasing oil tankers to foreigners at, roughly, 100 percent profit, informed sources said today.

These companies are leasing or buying tankers from the United States Maritime Commission, it was said, and then are turning the same ships or their own over to foreign interests at "roughly twice" the Maritime leasing fee.

This was brought to light shortly after Chairman CHARLES A. WOLVERTON, of the House Interstate Commerce Committee promised an investigation into the leasing of tankers abroad.

WOLVERTON said he intends to find out who has bought Maritime tankers and on what terms. He said the Petrol Corp., a Philadelphia concern now running out of oil—

And, incidentally, that is the same company now complaining that they cannot supply the people of Washington, D. C., with their needed oil—

has leased one Maritime tanker to a foreign government for 3 years.

Table I furnished the House Interstate and Foreign Commerce Committee showed that Petrol Tankers Industries,

Inc.—wholly owned subsidiary of Petrol Corp.—chartered one T-2 tanker on June 11, 1947, to French Government for 3-year period. It adds:

Replaced by another T-2 tanker purchased from USMC.

That table indicates that another major oil company transferred a T-2 from domestic to foreign service on June 27, 1947, which is expected to return to domestic service when spring arrives, on April 10. It transferred another T-2 from domestic to foreign service, according to the table on June 26, 1947, but the date of anticipated return is not stated.

While we are discussing tankers, this announced revision of foreign exports should result in releasing approximately 14 long overseas voyages to the short voyage, coastwise service—another step in the right direction. If they can be added to the possibility of release from naval service and the holding on coastwise service of the T-2s sold foreign in December by the Maritime Commission, as recommended by the House Committee on Interstate and Foreign Commerce, December 19, we may be able to furnish the industry with the 40 tankers it says it needs to relieve the shortage in the Northeast.

I call your attention again to the fact that an informed witness this morning, the president of the American-Arabian Oil Co., stated flatly to the Interstate and Foreign Commerce Committee that if we had sufficient tankers there would be no shortage in this country or in the world. Rather, there would be, as he described it, a surplus.

Secondly, I want to call attention to two or three other significant statements made by him:

If part of Middle Eastern oil were available at the present minute, there would be a better supply situation on the eastern seaboard of the United States in that Middle Eastern oil would be brought to the European market and substituted there for oil now sent to that area from Venezuela, Trinidad, and Colombia.

The construction of the Trans-Arabian Pipe Line Co. was disturbed this winter by the outbreak of cholera in Syria along the route of the line. It was further interrupted by the riots and civil disturbances incident to the UN decision to partition Palestine.

If the demand continues to increase, there will be need also for additional tanker construction despite the pipe lines built in the Middle East. This will depend partially upon the policy of the Maritime Commission and also upon the opening of the European yards for the construction of the tankers where tanker construction has always been cheaper than in the United States.

Here is a statement that is mighty terrifying for a man who is well informed to make:

I am not an expert on this matter, but I think if war were to break out tomorrow, we would find we were desperately short of tanker capacity.

That whole statement, I hope, will be inserted in the Appendix of the Record early next week by the gentleman from New Jersey [Mr. WOLVERTON] chairman of the committee, so that each of you might have full opportunity to immediately study it. I know of no member of my committee who is interested in hunting scapegoats. We are interested in getting at the facts in the interest of

the American people we represent. If someone has made an error, be it in the executive department, among ourselves, or by industry, those errors should teach us a lesson. We do not want to face the next 4 or 5 years with this continuing threat. It is a matter of sheer national security.

Mr. LODGE. Mr. Speaker, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Connecticut.

Mr. LODGE. Mr. Speaker, I want to associate myself once again with my colleagues who have from time to time come to the well of this House to voice complaints over the failure of the administration to take appropriate action in the current fuel-oil shortage.

As a member of the committee appointed by the Speaker to seek information relative to the powers of the Maritime Commission in the sale of tankers, I have been privileged to participate in an effort to relieve the transportation difficulties in connection with the fuel crisis. As a result of our efforts, quite a number of additional tankers were assigned by the Navy and the Maritime Commission to relieve the emergency.

But the shortage continues and is aggravated by substantial shipments abroad. I should have thought that recent weather conditions in Washington would serve as a reminder to those in authority that the people in our Northern States are really suffering from intense cold because of the lack of fuel. The citizens of Connecticut are suffering, and the people of Fairfield County want immediate relief.

In November the President was asked to use his authority to curtail the export of fuel oil to foreign nations. The President has failed to act. I believe the situation to be such that immediate steps must be taken with regard to exports of oil while this severe fuel shortage in the United States continues. We cannot meet the great demands which the European crisis makes upon us unless the American people are able to work at their highest efficiency. We cannot meet the challenge of European recovery if the American people are unheated and if the great American workshop lacks adequate petroleum products for production and transportation. Accordingly, it is also in the interest of those nations who hope to receive American aid that our economy should remain strong. It is to their advantage that the American worker should be adequately heated. No reasonable man can deny that in considering the requirements of European recovery, we must take our own essential needs into account.

In view of the intimate relationship between foreign aid and domestic needs, I regret very much that the President has seen fit to blame the Congress for this fuel shortage. Surely we must be as nonpartisan in considering the needs of our own people as we are in considering the needs of others. The Congress is not responsible for the present fuel oil crisis. The solution to this problem has for a long time rested in the hands

of the President. The President has the power to relieve this distress.

Since he has failed to exercise his authority, the Congress must take action. We must compel the Executive to take the necessary steps. This is urgent. It is imperative. It is vital not only for the health and comfort of the American people, not only to assure a full functioning of our economy, but in order that we may remain at all times strong enough to meet the problems which face us in a very dangerous world.

EXTENSION OF REMARKS

Mr. HAYS (at the request of Mr. ARENDS) was given permission to extend his remarks in the RECORD.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The Speaker announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 179. Joint resolution to change the date for filing the report of the Joint Committee on the Economic Report.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 26 minutes p. m.) the House, under its previous order, adjourned until Monday, February 2, 1948, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1266. A letter from the Secretary of State, transmitting the eighth report of the Department of State on the disposal of United States surplus property in foreign areas; to the Committee on Expenditures in the Executive Departments.

1267. A letter from the Under Secretary of the Interior, transmitting a draft of a proposed bill to authorize the withdrawal of public notices in the Yuma reclamation project, and for other purposes; to the Committee on Public Lands.

1268. A letter from the Comptroller General of the United States, transmitting a report on the audit of Federal Deposit Insurance Corporation for the fiscal year ended June 30, 1946 (H. Doc. No. 514); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

1269. A letter from the Secretary of State, transmitting a draft of a proposed bill to amend the act of August 5, 1947, entitled "The Institute of Inter-American Affairs Act" (Public Law 369, 80th Cong.); to the Committee on Foreign Affairs.

1270. A letter from the Secretary of the Treasury, transmitting the Fourteenth Quarterly Report on Contract Settlement, covering the period October 1 through December 31, 1947; to the Committee on the Judiciary.

1271. A letter from the Acting Comptroller General of the United States, transmitting a report on the audit of the Tennessee Valley Associated Cooperatives, Inc., for the fiscal year ended June 30, 1947 (H. Doc. No. 515); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

1272. A letter from the president, Washington Gas Light Co., transmitting a detailed statement of the business of the Washington Gas Light Co., together with a list of stockholders for the year ended December 31, 1947; to the Committee on the District of Columbia.

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. WIGGLESWORTH: Committee on Appropriations. H. R. 5214. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes; without amendment (Rept. No. 1288). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLE of New York: Joint Committee on Atomic Energy. First report of the Joint Committee on Atomic Energy; without amendment (Rept. No. 1289). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. VAN ZANDT:

H. R. 5213. A bill to provide pensions for disability and age under Veterans Regulation No. 1 (a), part III, in the same amounts as now provided for veterans of the war with Spain, the Philippine Insurrection, and the Boxer Rebellion, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WIGGLESWORTH:

H. R. 5214. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes; to the Committee on Appropriations.

By Mr. ANDERSON of California:

H. R. 5215. A bill to amend section 138 of the Legislative Reorganization Act of 1946 so as to provide for the reduction of the public debt by at least \$2,500,000,000 during each fiscal year; to the Committee on Ways and Means.

By Mr. COLE of New York:

H. R. 5216. A bill to amend the Atomic Energy Act of 1946 so as to provide that no person shall take office as a member of the Atomic Energy Commission or as general manager of such Commission until an investigation with respect to the character, associations, and loyalty of such person shall have been made by the Federal Bureau of Investigation; to the Joint Committee on Atomic Energy.

By Mr. CUNNINGHAM:

H. R. 5217. A bill to prohibit the exportation of crude petroleum and certain petroleum products until domestic requirements are being currently met; to the Committee on Interstate and Foreign Commerce.

H. R. 5218. A bill to extend the applicability of certain provisions affecting the price-support program for agricultural commodities, and to extend the life of the Commodity Credit Corporation; to the Committee on Banking and Currency.

By Mr. HERTER:

H. R. 5219. A bill to amend the Federal Unemployment Tax Act so that it will apply to fishermen who are paid wages and will not apply to fishermen who are compensated by sharing in the catch; to the Committee on Ways and Means.

By Mr. SCHWABE of Missouri:

H. R. 5220. A bill to amend the Fair Labor Standards Act of 1938, as amended, to clarify provisions of the act relating to employees of establishments engaged primarily in local activities; to the Committee on Education and Labor.

By Mr. SCHWABE of Oklahoma:

H. R. 5221. A bill to exempt from estate tax national service life insurance and United

States Government life insurance; to the Committee on Veterans' Affairs.

H. R. 5222. A bill to provide additional options with respect to endowment contracts under the National Service Life Insurance Act of 1940 which mature by reason of the completion of the endowment period; to the Committee on Veterans' Affairs.

By Mr. BENDER:

H. R. 5223. A bill to cover appropriation items for the National Advisory Committee for Aeronautics in the 1949 budget which may be subject to points of order; to the Committee on Expenditures in the Executive Departments.

By Mr. BRADLEY:

H. R. 5224. A bill to provide that Federal grants-in-aid to States for the purpose of assistance to dependent children be based in part on the economic capacity of the States rather than on a fixed percentage for all States; to the Committee on Ways and Means.

By Mr. BRAMBLETT:

H. R. 5225. A bill to permit judicial determination of the title to sec. 36, T. 30 S., R. 23 E., Mount Diablo base and meridian, in Elk Hills, Kern County, Calif.; to the Committee on the Judiciary.

By Mr. McDONOUGH:

H. R. 5226. A bill fixing rank of retired Army officer war veterans; to the Committee on Armed Services.

By Mr. MILLER of Nebraska:

H. R. 5227. A bill to provide that children be committed to the Board of Public Welfare in lieu of being committed to the National Training School for Girls, that the property and personnel of the National Training School for Girls be available for the care of children committed to or accepted by the Board of Public Welfare, and for other purposes; to the committee on the District of Columbia.

By Mr. HUGH D. SCOTT, JR.:

H. R. 5228. A bill to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at or in the vicinity of Philadelphia, Pa.; to the Committee on Armed Services.

By Mr. REEVES:

H. R. 5229. A bill to provide that at least 10 percent of all amounts collected as income taxes from taxpayers other than corporations shall be applied to the reduction of the Federal debt, and for other purposes; to the Committee on Ways and Means.

By Mr. BATTLE:

H. R. 5230. A bill to raise the ceilings on wages and allowances payable to veterans undergoing training on the job, and for other purposes; to the Committee on Veterans' Affairs.

H. R. 5231. A bill to provide increased subsistence allowance to veterans pursuing certain courses under the Servicemen's Readjustment Act of 1944, as amended, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CANNON:

H. R. 5232. A bill to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, and the first sentence of paragraph (1) of section 2 of the Agricultural Adjustment Act of 1933, as amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, approved June 3, 1937, as amended, so as to include the cost of all farm labor in determining the parity price of agricultural commodities; to the Committee on Agriculture.

By Mr. DAWSON of Utah:

H. R. 5233. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the central Utah project; to the Committee on Public Lands.

By Mr. GRANT of Indiana:

H. J. Res. 314. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1948, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BOGGS of Delaware:

H. R. 5234. A bill for the relief of Alvin Smith; to the Committee on the Judiciary.

By Mr. DONDERO:

H. R. 5235. A bill for the relief of the Janssen Gage Co.; to the Committee on the Judiciary.

By Mr. DOUGHTON:

H. R. 5236. A bill for the relief of Davis Hospital; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 5237. A bill for the relief of Mr. and Mrs. Charles Fuxman and their three daughters; 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:

1248. By Mr. GRAHAM: Petition of 36 residents of Beaver County, Pa., urging legislation establishing a system of universal military training; to the Committee on Armed Services.

1249. By Mr. HAND: Petition of members of the American Legion and others, in support of legislation establishing a system of universal military training; to the Committee on Armed Services.

1250. By Mr. HART: Petition of Beacon Unit, No. 419, American Legion, of Jersey City, N. J., urging the establishment of a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1251. By Mr. JENISON: Petition of the American Legion Auxiliary, Watseka Unit, No. 23, Watseka, Ill., signed by 23 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1252. Also, petition of the American Legion of Georgetown, Ill., signed by 37 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1253. Also, petition of the American Legion of West Union, Ill., signed by 80 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1254. Also, petition of American Legion Auxiliary, Unit No. 85, Kankakee, Ill., signed by 85 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1255. Also, petition of Kankakee Post, No. 85, American Legion, Kankakee, Ill., signed by 73 persons, petitioning the Congress to enact legislation establishing a system of universal military training, as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1256. Also, petition of American Legion, Post No. 643, Ashkum, Ill., signed by 71 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1257. Also, petition of the American Legion, of Watseka, Ill., signed by 24 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1258. Also, petition of the American Legion, of Momence, Ill., signed by 62 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1259. Also, petitions of the American Legion, of Danville, Ill., signed by 136 persons, petitioning the Congress to enact legislation establishing a system of universal military training as recommended by the President's Advisory Commission on Universal Training; to the Committee on Armed Services.

1260. By Mr. REED of Illinois: Petition of Mrs. Belle Dreymler, president, Auxiliary Unit No. 680, the American Legion, Hampshire, Ill., containing the signatures of 24 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1261. Also, petition of Miss Laura Steffen, Hebron, Ill., containing the signatures of 23 residents of Hebron, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1262. Also, petition of Arnold N. May, Spring Grove, Ill., containing the signatures of 36 residents of Spring Grove, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1263. Also, petition of Milan C. Hromadka, commander, Frank H. Nagel, Jr., Post, No. 119, American Legion, of Fox River Grove, Ill., containing the signatures of 19 residents of Fox River Grove, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1264. Also, petition of Ray E. Bassett, Joliet, Ill., containing the signatures of 29 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1265. Also, petition of Mrs. S. S. Schmieding, Auxiliary Unit No. 13, Marine Post, the American Legion, Plainfield, Ill., containing the signatures of 13 residents of Plainfield, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1266. Also, petition of Raymond O. Miller, West Chicago, Ill., containing the signatures of six residents of West Chicago, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1267. Also, petition of Mrs. G. R. Janak, of Algonquin, Ill., containing the signatures of 104 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1268. Also, petition of Mrs. Gail Pertiet, secretary, Dundee-Carpentersville Auxiliary Unit, No. 679, the American Legion, Dundee, Ill., containing the signatures of 54 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1269. Also, petition of American Legion Auxiliary, Alexander Bradley Burns Unit, No. 80, of Downers Grove, Ill., containing the signatures of 40 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1270. Also, petition of Lombard Post, No. 391, American Legion, Lombard, Ill., containing the signatures of 40 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1271. Also, petition of Alexander Bradley Burns Post, No. 80, American Legion, Downers Grove, Ill., containing the signatures of 76 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1272. Also, petition of Perrottet-Nickerson Post, No. 76, American Legion, Wheaton, Ill., containing the signatures of 100 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1273. Also, petition of Wood Dale Post, American Legion, Wood Dale, Ill., containing the signatures of 51 residents of Illinois, urging the enactment of legislation to establish a system of universal military training; to the Committee on Armed Services.

1274. By Mr. SMITH of Wisconsin: Petition of Richard Ellis Post, No. 205, American Legion, Janesville, Wis., urging legislation to establish a system of universal military training; to the Committee on Armed Services.

1275. By the SPEAKER: Petition of American Automobile Association and others, petitioning consideration of their resolution with reference to the repeal of special Federal excise taxes; to the Committee on Ways and Means.

SENATE

MONDAY, FEBRUARY 2, 1948

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

Lord, we are finding that without Thee we can do nothing. Let not foolish pride or stubborn will keep us from confessing it.

Help us, O Lord, when we want to do the right thing, but know not what it is. But help us most when we know perfectly well what we ought to do and do not want to do it.

Have mercy upon us, Lord, and help us for Jesus' sake. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, January 30, 1948, 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. Maurer, one of its reading clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 38) extending the time for the submission of the report of investigation of consumer goods.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 179) to change the date for filing the report

of the Joint Committee on the Economic Report, and it was signed by the President pro tempore.

LEAVE OF ABSENCE

Mr. McCARRAN asked and obtained consent to be excused from attendance on the Senate for a period of 2 weeks.

MEETING OF SUBCOMMITTEE ON VETERANS' AFFAIRS OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. MORSE. Mr. President, I ask unanimous consent that a meeting of the Subcommittee on Veterans' Affairs of the Committee on Labor and Public Welfare be held this afternoon at 2 o'clock.

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

BOARD OF VISITORS TO MERCHANT MARINE AND COAST GUARD ACADEMIES

The PRESIDENT pro tempore. In accordance with the provisions of the act of May 11, 1944, the Chair appoints the Senator from California [Mr. KNOWLAND] as a member of the Board of Visitors to the United States Merchant Marine Academy.

Also, in accordance with the provisions of the act of July 15, 1939, the Chair appoints the Senator from Connecticut [Mr. BALDWIN] as a member of the Board of Visitors to the United States Coast Guard Academy.

Mr. WHERRY. Mr. President, in behalf of the acting chairman of the Committee on Interstate and Foreign Commerce [Mr. TOBEY], I desire to announce that the Senator from Kansas [Mr. REED] and the Senator from Arizona [Mr. McFARLAND] have been appointed to the Board of Visitors to the United States Merchant Marine Academy, and the Senator from Mr. Hampshire [Mr. TOBEY] and the Senator from Tennessee [Mr. STEWART] have been appointed to the Board of Visitors to the United States Coast Guard Academy. Under the law, the chairman of the committee [Mr. WHITE] is an ex officio member of the Boards.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Under Secretary of Agriculture, transmitting, pursuant to law, a report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease for the month of December 1947 (with an accompanying report); to the Committee on Agriculture and Forestry.

REPORT OF UNITED STATES ATOMIC ENERGY COMMISSION

A letter from the Chairman and members of the United States Atomic Energy Commission, transmitting, pursuant to law, the third semiannual report of that Commission (with an accompanying report); to the Joint Committee on Atomic Energy, and ordered to be printed with an illustration.

PROGRESS REPORT OF WAR ASSETS ADMINISTRATION

A letter from the Administrator, War Assets Administration, transmitting, pursuant to law, the fourth quarterly progress report for the calendar year 1947 of that Adminis-

tration (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

REPORT OF POTOMAC ELECTRIC POWER CO.

A letter from the president of the Potomac Electric Power Co., transmitting, pursuant to law, a report of that company for the year ended December 31, 1947 (with an accompanying report); to the Committee on the District of Columbia.

REPORT OF WASHINGTON RAILWAY & ELECTRIC CO.

A letter from the president of the Potomac Electric Power Co. (successor in interest of Washington Railway & Electric Co.), transmitting, pursuant to law, a report of the Washington Railway & Electric Co. for the year ended December 31, 1947 (with an accompanying report); to the Committee on the District of Columbia.

PETITIONS, ETC.

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

By the PRESIDENT pro tempore:

A resolution adopted by the Engineering Association of Hawaii, Honolulu, T. H., favoring statehood for Hawaii; to the Committee on Interior and Insular Affairs.

By Mr. GREEN:

A resolution of the General Assembly of the State of Rhode Island; to the Committee on Public Works:

"Resolution memorializing Congress to have included in the forthcoming rivers and harbors bill the project of dredging Bullock's Cove in the town of East Providence

"Whereas the United States Army engineers held a public hearing upon December 1946 which was attended by over 100 representatives of the commercial fishing industry, business interests, yachting clubs, and other prominent groups, at which hearing evidence was presented to show that if the dredging of Bullock's Cove in the town of East Providence could be undertaken and completed it would be of inestimable value to said town and to the State of Rhode Island; and

"Whereas, following said public hearing, the United States Army engineers then recommended to Congress that the dredging of Bullock's Cove as proposed should be undertaken: Now, therefore, be it

"Resolved, That the General Assembly of the State of Rhode Island and Providence Plantations now urgently requests the Members in the Congress of the United States of America and in particular the Senators and Representatives from Rhode Island in said Congress to use their utmost efforts to have included in the forthcoming rivers and harbors bill the proposed project of dredging Bullock's Cove in the town of East Providence; and be it further

"Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives from Rhode Island in the Congress of the United States of America and to Hon. JOSEPH W. MARTIN, JR., Speaker of the House of Representatives."

PRESSURE GROUPS IN THE FIELD OF RECLAMATION—RESOLUTIONS BY NEBRASKA RECLAMATION ASSOCIATION

Mr. WHERRY. Mr. President, at its recent annual meeting at Kearney, Nebr., adopted five resolutions, with particular significance and, I think, interest to Congress. I present the resolutions and ask unanimous consent that they be printed in the CONGRESSIONAL RECORD.

There being no objection, the resolutions were received, referred to the Com-