

SENATE

MONDAY, MARCH 28, 1949

(Legislative day of Friday, March 18, 1949)

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

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

O Thou Almighty Father of all men, we bow for this quiet moment of communion with Thee at this wayside shrine of the eternal which the faith of our fathers builded. Amid the clamor of a dismaying world grant us grace to go forward to the cares and concerns of a new week in the unruffled confidence that Thou who hast the wisdom and the power hast also the will to supply our every need. Grant to our privileged land, where there are no fetters on human bodies or minds, the insight and good will that shall redeem by constructive service the desolations which have blighted the earth through man's inhumanity to man. Make us dauntless pioneers of a better world for ourselves and for all peoples, organized for peaceful progress and not for mutual slaughter, a world emancipated by Thy truth which makes men free. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 25, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

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 on March 25, 1949, the President had approved and signed the act (S. 592) for the relief of Edwin B. Anderson.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, notified the Senate that Mr. TALLEY had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1731) to extend certain provisions of the Housing and Rent Act of 1947, as amended, and for other purposes, vice Mr. WOLCOTT, excused.

SUPPLEMENTAL ESTIMATES, FEDERAL SECURITY AGENCY (S. DOC. NO. 34)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriation for the Federal Security Agency, amounting to \$423,600, fiscal year 1950, in the form of amendments to the budget, which, with an accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. SMITH of New Jersey obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum?

The VICE PRESIDENT. The Senator from New Jersey cannot yield for that purpose.

Mr. WHERRY. I ask unanimous consent that the Senator from New Jersey may yield to me to ask for a quorum call.

The VICE PRESIDENT. Without objection, it is so ordered; but the Chair may say that the Senator who has the floor, in this case the Senator from New Jersey, himself can make the point of no quorum.

Mr. WHERRY. I understand unanimous consent has been granted, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from New Jersey has yielded for the purpose of permitting a quorum call. The clerk will call the roll.

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

Aiken	Holland	Morse
Anderson	Humphrey	Murray
Baldwin	Hunt	Myers
Brewster	Ives	Neely
Bricker	Jenner	O'Conor
Bridges	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Reed
Capehart	Kefauver	Robertson
Chapman	Kem	Russell
Chavez	Kerr	Saltonstall
Connally	Kilgore	Schoeppe
Cordon	Knowland	Smith, Maine
Donnell	Langer	Smith, N. J.
Douglas	Lodge	Sparkman
Downey	Long	Stennis
Eaton	Lucas	Taft
Ellender	McCarran	Taylor
Ferguson	McCarthy	Thomas, Okla.
Frear	McClellan	Thomas, Utah
Fulbright	McFarland	Thye
George	McGrath	Tobey
Gillette	McKellar	Tydings
Green	McMahon	Vandenberg
Gurney	Magnuson	Watkins
Hayden	Malone	Wherry
Hendrickson	Martin	Wiley
Hickenlooper	Maybank	Williams
Hill	Miller	Withers
Hoey	Millikin	Young

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from New York [Mr. WAGNER] is necessarily absent.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER] is absent by leave of the Senate.

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

The Senator from Vermont [Mr. FLANDERS] is absent because of illness.

The VICE PRESIDENT. Ninety Senators having answered to their names, a quorum is present.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. If it is agreeable, the Chair will recognize Senators for the presentation of petitions, the introduction of bills and joint resolutions, reports of committees, and insertions in

the RECORD, without debate, and without interfering with the right of the Senator from New Jersey [Mr. SMITH] to the floor. The Chair hears no objection.

LEAVE OF ABSENCE

Mr. TAYLOR. Mr. President, I ask unanimous consent that I may be permitted to be absent from the sessions of the Senate tomorrow and Wednesday of this week. I have to go to Alabama for a little business.

The VICE PRESIDENT. Without objection, it is so ordered.

COMMITTEE HEARING DURING SESSION OF SENATE

Mr. CONNALLY. Mr. President, I ask unanimous consent that the Subcommittee on Appropriations considering the Treasury-Post Office appropriation bill be allowed to sit during the session of the Senate this afternoon.

The VICE PRESIDENT. Without objection, it is so ordered.

PETITIONS AND MEMORIALS

Petitions, etc., were presented, and referred as indicated:

By Mr. HOEY:

A joint resolution of the General Assembly of the State of North Carolina; to the Committee on Finance:

"Joint Resolution 27

"Joint resolution relating to the administration of aid to the blind

"Whereas all of our social institutions, customs, concepts, and activities, equipment, and instruments of living are planned for a seeing world, and sight is essential for their full appreciation and enjoyment; and

"Whereas the physical problems of blindness involve a severe strain upon the vitality, the nervous system, and mental balance, which often results in a complete physical, moral, and spiritual collapse; and

"Whereas the social and economic problems of blindness present great difficulties resulting from the necessity of reeducation and readjustment to a life without sight and the feeling of self-confidence, independence, and security; and

"Whereas the State of North Carolina, through the agency of the State commission for the blind, the State association for the blind, with a membership of more than 9,000 persons from every walk of life and from all of our 100 counties, the 169 Lion's Clubs of our State, with a total membership of approximately 10,000 public-spirited citizens, have for many years rendered outstanding service to the visually handicapped and blind persons of our State, having provided by their joint and cooperative efforts eye examinations, treatment, operations, glasses, rehabilitation, and other assistance for many thousands of indigent persons of our State; and

"Whereas for services the Lion's Clubs of our State have contributed to the State commission for the blind during the past 2 years, the sum of \$61,328.94 for State-wide services, in addition to a much larger sum expended by said clubs locally; and

"Whereas for like services the State association for the blind expended during said period, through the State commission for the blind, the sum of \$31,921.24, for State-wide services for the purpose of equalizing service throughout the State and supplementing the services rendered by the local Lion's Clubs, and providing services in communities that were not served by Lions Clubs; and

"Whereas H. R. 2892 is now being considered by the Ways and Means Committee of our National Congress, which provides by section 1407, subsection (a) that Federal public-assistance funds shall be allocated to States upon condition that said funds be administered by one State agency; and

"Whereas the North Carolina State Commission for the Blind, which agency since 1935 has administered all governmental sponsored services for the blind, the State association for the blind and the Lions Clubs of North Carolina, as expressed by and through the district governors of Lions International, have all stated their unalterable opposition to the transfer of aid to the blind to a single State agency, because the administration of aid to the blind by one central agency for the blind coordinates and correlates all services with the more important services of prevention of blindness, conservation of sight, restoration of vision, and rehabilitation resulting in the greatest service to all blind people and the most efficient and economic administration for the State: Now, therefore, be it

"Resolved by the house of representatives (the senate concurring):

"SECTION 1. That the General Assembly of North Carolina do hereby petition the North Carolina Senators and Representatives in Congress to use every means at their command to have stricken from H. R. 2892 the following provisions of section 1407—State public-welfare plans: '(a) (1) Provide (A) for the establishment or designation of a single State agency to administer or to supervise the administration of the plan'; and '(b) the administrator shall approve any plan which fulfills the conditions specified in subsection (a), except that there shall not be at any one time more than one approved plan under this title for any one State'; and thus retain the present provisions of title X of the Social Security Act, as amended, which permits the administration of aid to the blind by the North Carolina State Commission for the Blind, the agency created by the 1935 general assembly and further empowered by the 1937 general assembly to render all governmental sponsored services for the blind.

"SEC. 2. That copies of this resolution be sent to the North Carolina Senators and Representatives in Congress.

"In the general assembly read three times and ratified, this the 21st day of March 1949.

*"H. P. TAYLOR,
President of the Senate.
KERR CRAIG RAMSAY,
Speaker of the House of Representatives."*

A joint resolution of the General Assembly of the State of North Carolina; to the Committee on Appropriations:

"Joint Resolution 25

"Joint resolution memorializing Congress to appropriate funds to construct an inlet leading from the Atlantic Ocean to the Intracoastal Waterway and Myrtle Grove Sound, north of the town of Carolina Beach

"Whereas the construction of the intracoastal waterway, generally known as the Inland Waterway, resulted in letting fresh water into Myrtle Grove Sound, destroying much of the marine life in the area and doing great damage to the seafood industry; and

"Whereas the construction of an inlet leading from the Atlantic Ocean to the intracoastal waterway and Myrtle Grove Sound would permit the entry of sea water into the sound and thus neutralize in a large measure the harmful effects of fresh water on marine life in that area, and thereby revitalize and restore the seafood industry of such area; and

"Whereas such inlet would provide convenient access to the sea for both pleasure and commercial craft operating in this area: Now, therefore, be it

"Resolved by the house of representatives (the senate concurring):

"SECTION 1. The General Assembly of North Carolina urgently requests the Members of the United States Senate and the House of Representatives from North Carolina to use their immediate concerted efforts to secure an appropriation by the Congress of the United States to construct an inlet leading from the Atlantic Ocean to the Intracoastal Waterway and Myrtle Grove Sound at a point north of the corporate limits of the town of Carolina Beach, N. C., such appropriation to be expended by and under the direction of the Corps of Engineers of the United States Army or other appropriate agency of the National Government.

"SEC. 2. The Secretary of State of North Carolina is respectfully requested to transmit duly authenticated copies of this resolution with expressions of respect to the Senators and Representatives who compose North Carolina's congressional delegation.

"SEC. 3. This resolution shall be in full force and effect from and after its ratification.

"In the general assembly read three times and ratified, this 16th day of March 1949.

*"H. P. TAYLOR,
President of the Senate.
KERR CRAIG RAMSAY,
Speaker of the House of Representatives."*

By Mr. MORSE:

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

"Senate Joint Memorial 6

"To the honorable Senate and House of Representatives of the United States of America, in Congress assembled:

"We, your memorialists, the senate and the house of representatives of the State of Oregon, in legislative session assembled, most respectfully represent and petition as follows:

"Whereas the west coast during World War II was vital to the defense of the entire United States; and

"Whereas this defense required the construction of large airports and extensive facilities for the operation of long-range aircraft and for the training of large numbers of air force personnel at strategic locations in Oregon; and

"Whereas these strategic airport and training facilities must be maintained so that our western defense front is held in a state of readiness; and

"Whereas the maintenance of these strategic airports is beyond the capacity of the present finances of the municipalities affected; and

"Whereas the Oregon cities owning these strategic airports are faced with increasing population: Now, therefore, be it

"Resolved by the senate of the State of Oregon (the house of representatives jointly concurring therein), That the Eighty-first Congress of the United States be and it hereby is memorialized, and this forty-fifth legislative assembly of the State of Oregon hereby does petition the Congress to make available funds for the purpose of maintaining, on a defense standard, the airports and facilities which have been either constructed or taken over by the armed forces and which are of primary strategic value to said forces; be it further

"Resolved, That the secretary of state of the State of Oregon be and he hereby is directed to transmit copies of this memorial to the President of the Senate, to the Speaker of the House of Representatives of the United

States, and to each Senator and Representative therein, representing the people of the State of Oregon.

"Adopted by senate February 9, 1949.

"WILLIAM E. WALSH,

"President of Senate.

"Concurred in by house February 25, 1949.

"FRANK J. VAN DYKE,

"Speaker of House."

FINANCIAL ASSISTANCE IN CONSTRUCTION OF PUBLIC SCHOOLS—RESOLUTION OF CITY COUNCIL OF QUINCY, MASS.

Mr. SALTONSTALL. Mr. President, on behalf of the junior Senator from Massachusetts [Mr. LODGE] and myself, I present for appropriate reference a resolution adopted by the City Council of Quincy, Mass., favoring the enactment of legislation providing financial assistance in the construction of public schools, and I ask unanimous consent that it be printed in the RECORD.

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

Whereas the city of Quincy will construct schools and additions to present school buildings; and

Whereas a large number of bills have been introduced in the Congress providing for a broad program of Federal financial assistance in the construction of public schools; and

Whereas Senate bill No. 39, introduced by Senator McCARRAN, most clearly meets the views of city officials; it contemplates direct Federal agency grants and loans to local governments for construction of school facilities: Now, therefore, be it

Resolved, That our two Senators be respectfully requested to ascertain, for the city of Quincy, if Senate bill No. 39 will be adopted in the near future.

Adopted March 21, 1949.

Attest:

*HATTIE MAY THOMAS,
Clerk of Council.*

Approved March 23, 1949.

*CHARLES A. ROSS,
Mayor.*

FEDERAL AID TO EDUCATION—RESOLUTION OF CITY COUNCIL OF CENTRAL FALLS, R. I.

Mr. McGRATH. Mr. President, I present for appropriate reference a resolution adopted by the City Council of Central Falls, R. I., urging that proceeds of the tideland oil reserves be used as a trust fund for the sole purpose of providing Federal aid to education, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows: Resolution endorsing Federal aid to education

Be it resolved by the City Council of the City of Central Falls as follows: That the City Council of the City of Central Falls unanimously endorses the bill now pending in Congress which would create a trust fund from the proceeds of the tideland oil reserves, which trust fund would be used for the sole purpose of providing Federal aid to education; and be it further

Resolved, That copies of this resolution be sent to Senators GREEN and McGRATH and Representatives FORAND and FOGARTY in Washington, D. C.

HOUSING LOBBY—LETTER FROM NEW JERSEY ASSOCIATION OF REAL ESTATE BOARDS

Mr. HENDRICKSON. Mr. President, I present for appropriate reference a letter from the New Jersey Association of Real Estate Boards, Newark, N. J., signed by Harrison L. Todd, president, relating to President Truman's remarks about the so-called housing lobby, and I ask unanimous consent that it be printed in the RECORD.

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

NEW JERSEY ASSOCIATION OF
REAL ESTATE BOARDS,
Newark, N. J., March 22, 1949.

Hon. ROBERT C. HENDRICKSON,
Senate Office Building,
Washington, D. C.

DEAR BOB: New Jersey's 1,700 realtors deeply resent President Truman's intemperate remarks about the so-called housing lobby and his false charge that we are enemies of the American home.

As you well know, no group in our State has done more to encourage home ownership, to supply the housing needs of our citizenry, than the realtors and those in associated fields. The state of our housing would be in a sorry plight indeed if we depended upon politics to provide it.

Any success we have had in our fight to preserve the traditional American system of home ownership in opposition to the socialization of shelter by Government is due, not to our meager numbers but to the principles we espouse. Our 43,000 members nationally represent less than the number of union members in Camden alone; certainly our strength is not in numbers.

As residents of New Jersey who know personally many real-estate people and know them for the high-type citizens they are, active in civic affairs, leaders of their communities, I urge you to protest strongly against this vicious and untrue attack by the President of the United States.

Very truly yours,

HARRISON L. TODD,
President.

RESOLUTIONS OF MINNESOTA CREAMERIES ASSOCIATION

Mr. HUMPHREY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD resolutions adopted by the Minnesota Creameries Association in annual convention on March 4, 1949, at St. Paul, Minn.

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

RESOLUTIONS OF MINNESOTA CREAMERIES ASSOCIATION ADOPTED MARCH 4, 1949

We, the members of the Minnesota Creameries Association, assembled in convention at the Lowry Hotel, St. Paul, Minn., March 3-4, do adopt the following resolutions as an expression of our attitude on the subjects set forth:

1. We endorse the position taken by the National Creameries Association in conjunction with the American Butter Institute and the National Cooperative Milk Producers Federation, that the Federal Congress should abolish all taxes and licenses upon the sale of oleomargarine, but that it should prohibit the manufacture and sale of oleomargarine which is colored yellow. We maintain that yellow is the natural trade mark of butter and that for any other spread to be colored yellow would open the way for widespread

fraud upon the consumer inasmuch as it would prove virtually impossible to police the thousands of eating places in the country where yellow oleomargarine could be sold as butter with slight chance of detection. The Andrensen bill, therefore, has our hearty approval.

2. While it is true that conforming to strict regulations is not always easy, we recognize that regulatory food laws are designed primarily in the interest of the consumer and that the tendency will be to make the requirements increasingly strict, particularly if there is any disposition on the part of the industry and the state departments of agriculture to be lax in this respect. Holding that it is to our advantage to produce products of a quality and under conditions which health authorities and consumers will approve, we endorse the milk grading law and the proposal to place cream under similar regulations.

3. Inasmuch as the greatest safeguard to the milk consuming public is the pasteurization of milk, and in view of the fact that outbreaks of disease resulting from the sale of raw milk react unfavorably upon the entire industry, we note with approval the progress made by the compulsory milk pasteurization bill now before the Minnesota Legislature and pledge every effort to securing any support that may be needed to assure its final passage and adoption.

4. In our opinion, the most constructive action yet taken to assure the midwest dairy farmer a sound, staple market has been the promulgation of a manufacturing milk parity program by the Secretary of Agriculture, as a result of the efforts of the National Creameries Association with which we are affiliated, and various individuals. It is our belief, however, that the position of the midwest dairy farmer will be strengthened greatly by the passage of legislation making such action mandatory and we, therefore, endorse the bills introduced in the House of Representatives and the companion measure introduced in the Senate.

5. We are unalterably opposed to proposals to compel by law the artificial enrichment of flour holding, that the interests of the consumer are better served by the use of natural food elements.

6. This being the centennial year of our State, we recognize the contribution which the pioneer settler and the dairy cow has made to the prosperity and health of our people.

Dairying must be preserved if we are to have a prosperous agriculture and a sound economy for the State of Minnesota and the future welfare of the people of our State is closely linked with it.

As an association, we pledge ourselves to greater effort in the conservation of our soil and other natural resources which are indispensable to the health and welfare of our people.

The Minnesota Creameries Association joins with all other citizens of our State in commemoration of the organization of Minnesota Territory on March 3, 1849.

J. O. LUND, *Zumbrota*,
A. H. HALLS, *Hills*,
OLE O. AUNE, Jr., *Underwood*,
A. F. OBERG, *Lindstrom*,
C. J. MOULTON, *Stillwater*,
Resolutions Committee.

COMMISSION ON FEDERAL REIMBURSEMENT TO STATES AND LOCAL GOVERNMENTS—RESOLUTION OF CITY COUNCIL OF ST. PAUL, MINN.

Mr. HUMPHREY. Mr. President, I present for appropriate reference a resolution adopted by the City Council of St. Paul, Minn., on March 25, 1949, endorsing House bill 1356, creating a Commission on Federal reimbursement to States and local governments by reason of Fed-

eral ownership of improved and unimproved real property, and I ask unanimous consent that the resolution be printed in the RECORD.

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

Resolved, That the City Council of the City of Saint Paul, Minn., endorses the Engle bill, H. R. 1356, now in the Congress of the United States; and be it further

Resolved, That the city clerk is directed to send a copy of this resolution to all members of the Minnesota delegation in the Senate and House of Representatives in the Congress of the United States.

Adopted by the council March 25, 1949.

Approved March 25, 1949.

FRED M. TRUAX,
Acting Mayor.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURRAY, from the Committee on Interior and Insular Affairs:

S. 392. A bill authorizing the issuance of a patent in fee to Thomas A. Pickett; without amendment (Rept. No. 192); and

S. 716. A bill authorizing the issuance of a patent in fee to George Peters; with an amendment (Rept. No. 193).

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

S. 146. A bill conferring jurisdiction upon the United States District Court for the District of Oregon to hear, determine, and render judgment upon the claims of J. N. Jones, and others; without amendment (Rept. No. 161);

S. 147. A bill for the relief of H. Lawrence Hull; without amendment (Rept. No. 162);

S. 189. A bill conferring jurisdiction upon the United States District Court for the District of Nebraska to hear, determine, and render judgment upon the claim of Mrs. Florence Benolken; with amendments (Rept. No. 191);

S. 195. A bill for the relief of James A. Stapleton, Ruth Burk, and Mildred Ovren, co-partners doing business under the name and style of Stapleton Lumber and Filing Co.; without amendment (Rept. No. 163);

S. 227. A bill for the relief of Stone Cooper Coal Co., Inc.; without amendment (Rept. No. 164);

S. 635. A bill to increase the fees of witnesses in the United States courts and before United States commissioners, and for other purposes; with an amendment (Rept. No. 187);

S. 633. A bill to relieve certain employees of the Veterans' Administration from financial liability for certain overpayments; without amendment (Rept. No. 165);

S. 948. A bill for the relief of Mickey Baine; without amendment (Rept. No. 166);

S. 1042. A bill relating to the payment of fees, expenses, and costs of jurors; with an amendment (Rept. No. 188);

S. 1168. A bill to amend section 2680 of title 28, United States Code; without amendment (Rept. No. 167);

H. R. 555. A bill conferring jurisdiction upon the District Court of the United States for the Northern District of California, Northern Division, to hear, determine, and render judgment upon the claims of all persons for reimbursement for damages and losses sustained as a result of a flood which occurred in December 1937 in levee district No. 10, Yuba County, Calif.; without amendment (Rept. No. 170);

H. R. 572. A bill for the relief of Sylvia M. Misetich; without amendment (Rept. No. 171);

H. R. 576. A bill for the relief of Arthur G. Robinson; without amendment (Rept. No. 172);

H. R. 581. A bill to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska; without amendment (Rept. No. 173);

H. R. 591. A bill for the relief of Mrs. Lucille Davidson; without amendment (Rept. No. 174);

H. R. 592. A bill for the relief of James W. Keith; without amendment (Rept. No. 175);

H. R. 618. A bill for the relief of Eugene J. Bearman; without amendment (Rept. No. 176);

H. R. 652. A bill for the relief of Laura Spinnichia; with an amendment (Rept. No. 189);

H. R. 659. A bill for the relief of Mrs. Elizabeth B. Murphy; without amendment (Rept. No. 177);

H. R. 729. A bill for the relief of John J. O'Neill; without amendment (Rept. 178);

H. R. 739. A bill for the relief of Mary Jane Harris; without amendment (Rept. No. 179);

H. R. 745. A bill for the relief of B. John Hanson; without amendment (Rept. No. 180);

H. R. 1036. A bill for the relief of R. C. Owen, R. C. Owen, Jr., and Roy Owen; without amendment (Rept. No. 181);

H. R. 1043. A bill for the relief of Mrs. Wesley Berk (formerly Mrs. Ruth Cameron); without amendment (Rept. No. 182);

H. R. 1061. A bill for the relief of Bernice Green; without amendment (Rept. No. 183);

H. R. 1066. A bill for the relief of James Leon Keaton; without amendment (Rept. No. 184);

H. R. 1501. A bill for the relief of the legal guardian of Rose Mary Ammirato, a minor; with an amendment (Rept. No. 190);

H. R. 1959. A bill for the relief of the county of Allegheny, Pa.; without amendment (Rept. No. 185); and

H. R. 2708. A bill for the relief of the legal guardian of Joseph DeSouza, Jr.; without amendment (Rept. No. 186).

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

S. 646. A bill granting a renewal of patent No. 54,296 relating to the badge of the American Legion; without amendment (Rept. No. 194);

S. 647. A bill granting a renewal of patent No. 55,398 relating to the badge of the American Legion Auxiliary; without amendment (Rept. No. 195); and

S. 676. A bill granting a renewal of patent No. 92,187 relating to the badge of the Sons of the American Legion; without amendment (Rept. No. 196).

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS—REPORTS OF A COMMITTEE

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary, I report favorably an original concurrent resolution favoring the suspension of deportation of certain aliens, and I submit a report (No. 168) thereon.

The VICE PRESIDENT. The report will be received, and the concurrent resolution will be placed on the calendar.

The concurrent resolution (S. Con. Res. 24) was ordered to be placed on the calendar, as follows:

S. Con. Res. 24

Resolved by the Senate (the House of Representatives concurring), That the Congress pass the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than 6 months.

A-5348029, Adamiszyn, Mary (nee Grazio Maria Mitola alias Mitale).

A-4768299, Ali, Wahed Mohamed, or Mohamed Ali or Wahed or Wohaed Ali.

A-2771648, Amezcua, Guadalupe, or Guadalupe Chavez De Samaniego.

A-6581279, Andavazo, Felix.

A-9728106, Andresen, Hans Kristian.

A-6314071, Arabanos, Georgia.

A-5007171, Arena, Francesco.

A-6712870, Avalos, Tomasa, or Tomasa Avalos de Urquiza.

A-6199320, Balletti, Cecelia Margaret (nee de Cruz).

A-5431512, Bardi, Massimo, or Sam Bardi.

A-4699363, Bevilacqua, Anna (nee Madera).

A-6142598, Breslin, Pacita Blanch (nee Pacita Mercedes Blanch).

A-6240752, Bryant, Lila Rachael (nee Weingarten or Hays).

A-3874697, Burghen, Anna Maria (nee Andrews).

A-6455114, Cabrales-Flores, Rafael.

A-4374492, Cocolis, Gerassimos Demetrios.

A-6539705, Cusenza, Violet Matilde (alias Violetta Matilde Bileci).

A-9500533, Da Silva, Vincente St. Aubyn (alias Vincent Da Silva).

A-6618909, De Chaises, Olga Encinas, or Olga Encinas or Olga Encinas De Chairez.

A-6088306, De Guzman, Manuel Fenix.

A-6088305, De Guzman, Nancy Schaefer.

A-6088309, De Guzman, Lillian Schaefer.

A-2085545, De Marquez, Josefa Aguilar (VDA) (alias Josefa Aguilar De Marquez alias Josefa Aguilar).

A-4323280, Demidovich, Mike or Michailo, or Michail Dimidovich.

A-6336480, Eney, Richard John, or Chiang Sheng Dai.

A-3644552, Ernest, Jean, or Jan Gluckman or Glicman.

A-4771499, Fantuz, Richard Joseph, or Richardo Joseph Fantuz.

A-5457910, Fung, Shiu Fine, or Shiu John Fung or Shiu John.

A-5804059, Giessler, Atto Alwin, or Otto Giessler.

A-7738794, Gonzalez, Maria Del Carmen Uribe Echevarria.

A-9539472, Gonzales, Heladio.

A-6251915, Gonzalez, Miguel.

A-6261916, Gonzalez, Ruben.

A-6666785, Gonzalez, Simon, or Simon Gonzalez-Villanueva.

A-6665517, Mendiola, Paula, or Pauld Mendiola de Gonzales or Pauline Mendiola.

A-5697168, Gronwoldt, Walter George.

A-6551423, Haberer, Florentina, or Florentina Nuguid.

A-9664258, Hadjipetros, Sotirios, or Sordi or Steve Hadjipetros.

A-5020056, Haller, Gottlieb Heinrich Gustav, or Gusta Haller.

A-3565724, Hamilton, Anna (nee Buczma).

A-6172375, Hamm, Julianne Rodil.

A-2663201, Haro, Jose Ysabel Flores (alias Jose Flores).

A-6679233, Hernandez, Benigno.

A-6679234, Hernandez, Francisco.

A-4715960, Hernandez, Francisco.

A-6639350, Hernandez, Norberto Roberto (alias Norberto Hernandez alias Roberto Hernandez alias Robert Hernandez).

A-6639351, Hernandez, Roberto.

A-6328278, Holsman, Marta Hugentobler (nee Marta Hugentobler).

A-5786464, Hoon, Chan Ngon (alias Mrs. Davis Owyang).

A-2038760, Hoyer, Kurt Emil.

A-3602671, Hunt, Henry.

A-6301859, Hyatt, Lewis.

A-6045907, Ichak, Ali, or Ichak Ali.

A-5599244, Illich, Yova, or John Illich.

A-5573460, Jacob, Sandor, or Alexander Jacob or Jacobs.

A-3148155, Joeng, Soe Slong, or Su Siong Jung.

A-56208196, Joyner, William Harry.

A-2026707, Karavolos, Stephanos Theodore.

A-5448558, Kennett, Eunice Lorraine (nee Hultgreen).

A-5824990, Kent, Walter.

A-3192801, Khan, Aziz.

A-5019347, Klevels, Eric Joseph, or Eric Klevers.

A-5654893, Knowlton, Jessie Marie (alias Jessie Marie Aspden nee Lawrence).

A-2855065, Koludrovich, Vladimir Ludo-vicco.

A-4776975, Laggan, Catherine Feeney.

A-1030731, Lazarich, Mirko.

A-5584293, Leon, Josephine (alias Josephine Leon Viochea or Dicochea alias Josepha Garcia).

A-6300095, Liddicoat, Harold Raymond.

A-2162658, Lombardo, Francesco.

A-5610107, Lopez, Luis, or Louis Lopez or Luis Lopez Garcia.

A-6400801, Lopez-Cabrera, Ezequiel.

A-9553892, Loucas, George Anthony (alias Georgios Antonios Loucas).

A-1598756, Madonna, Giuseppe (alias Giuseppe Clemente).

A-4555403, Magner, James Thomas.

A-4067230, Mancini, Adelio.

A-5825606, Mandel, Margaret Fanny (alias Margaret Sanders or Margaret Schoene or Margaret Barozzi).

A-5261900, Masu, John (alias Giovanni Masu).

A-5010273, De Mendoza, Marcellina Rivera.

A-6208054, Menzies, Colin John.

A-4136618, Miller, Fred, or Frederick Moller or Friedrich Karl Ernst Moller.

A-5107301, Mi-Loffe, Eric Goffe.

A-4066323, Mitola, Antonio, or Anthony Patrick Mitola.

A-3382835, Mitola, Maria Rosa, or Rosa Mitola (nee Del Vecchio).

A-1274580, Monte, Caroline, or Caroline Demallos (nee Caroline Lannutti).

A-6251165, Monterrubio, Bienvenida (nee Bienvenida Vasquez Tirado).

A-4289029, Montes-Lopez, Andres, or Andres Montes.

A-1627591, Morales, Maria de Jesus, or Mary Morales.

A-6240784, Morden, Sarra, or Sarra Mesh.

A-4363956, Mueller, Hans Heinrich Alfred.

A-2862095, Mueller, John Hans, or Hans Otto Eugen Mueller or Hans Mueller.

A-7583119, Naef, Emil Joseph.

A-6815681, Ngai, Shun Him.

A-6815612, Ngai, Siu Kum.

A-2146452, O'Donnell, Francis Albert, or Frank Albert O'Donnell or "Inky."

A-3407260, Olivieri, Anthony (Antonio) (alias Francesco Porro).

A-6302145, Ossin, Sarah (alias Sarah Kovtun Ossin).

A-5942218, Osterlund, Holger Torvald.

A-4123010, Palomba, Giovanni, or Palombo (alias John Palombo).

A-6563748, Palomino, Julian, or Julian Palomino Quinones.

A-1888219, Parenteau, Narcisse (alias Joseph Exidas Narcisse Parenteau).

A-6153664, Pasatiempo, Remedios Navarra.

A-1011989, Pera, Anna.

A-6245339, Pericharos, Christos (alias Christ Pericharos).

A-6090963, Pick, Charles Robert.

A-2795198, Pitsiladis, Efstathios, or Charles Peterson or Charles Pitsiladis.

A-3176245, Porvari, Olavi Veli.

A-4384519, Ramos, Juan Jose, or John Joe Ramos (alias Jose Aguilar).

A-6357059, Rodriguez, Sabino, or Sabino Lozoya or Sabino Rodriguez Lozoya.

A-3146287, Rogga, John, or John Rouga.

A-5097023, Romej, Jan Ludwik, or John Ludwik Romej.

A-6047568, Rost, Harry (alias Harry Hyman Rashback).

A-2514384, Sabbe, Margaret Marie (alias Margaret Marie Rosselle or Margaret Marie Billiet).

A-2750510, Sainz-Gutierrez Santiago.

A-6704617, Sallin, Catherine.

A-5936582, Samuels, Jensen Irene.

A-3477565, Santoro, Emilia (alias Emilia Zanone).

A-5249171, Sarkissian, George (alias George Sarkisian alias Hatchig or Hatchig Sarkissian or Sarkisian).

A-397443, Sharkey, Mary Jane (nee Mary Jane Ramsey).
 A-5452595, Silbert, Mary (nee Finegood).
 A-3444818, Silva, Manuel Y Cruces, or Manuel Silva.
 A-6075260, Simmons, Pearl Salud (nee Tibig).
 A-9769910, Singh, Mahadeo Javert Ram-persaud.
 A-3678239, Sokolow, Sol, or Zyskind Sokolow or Sokol or Zyskind Sokolow, or Janowicz or Janowitz or Yanowicz.
 A-3930421, Speis, Stelios Napoleon, or Steve Napoleon Speis.
 A-6517996, Sporup, John Soren Nielsen, or John Nielsen.
 A-7703588, Soroosh, Gholam Hossein.
 A-4761287, Soulvie, Gertrud Mae, or Sei-weh (nee French alias Schultz).
 A-3776190, Sousa, Mary Agnes.
 A-6551396, Squires, Elizabeth Oonagh (alias Elizabeth Perdue).
 A-6551397, Squires, Penelope Oonagh (alias Penelope Perdue).
 A-6261575, Stamatiaades, Nefelia (nee Valasi).
 A-3174351, St. Hilaire, Melvin, or Melville or Joe St. Hilaire.
 A-6277447, Taylor, Beth (alias Beth Engelsen).
 A-4491271, Thederahn, Walter Herman, or Walter Smith or Schmidt.
 A-5378379, Uusmaa, Vladimir (alias Vladimir Vel Uusmaa).
 A-7798513, Valencia, Baudelio (alias Baudelio Valencia Gonzaliz).
 A-3716183, Wang, James Shu Woo, or Wang Shu Woo or James Wang.
 A-6158405, Wands, Laraine Fay, or Loraine Fay Wands.
 A-3497722, Whitaker, Laura Myrtle (nee Owen).
 A-1275082, Williamson, Williamson, or Mina Williamson.
 A-4495042, Wolinsky, Abraham.
 A-6364147, Wright, Graham Patrick.
 A-6292361, Zakrzewski, Genowefa or Genowefa Szczepanska.
 A-6292365, Zakrzewski, Jadwiga.
 A-3154916, Zannis, Christos.

Mr. McCARRAN. Mr. President, also from the Committee on the Judiciary, I report favorably an original concurrent resolution favoring the suspension of deportation of certain aliens, and I submit a report (No. 169) thereon.

The VICE PRESIDENT. The report will be received, and the concurrent resolution will be placed on the calendar.

The concurrent resolution (S. Con. Res. 25) was ordered to be placed on the calendar, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than 6 months:

A-6749936, Alcala-Martinez, Jesus, or Jesus Martinez or Jesus Alcala.
 A-6313380, Ayala-Serrano, Irene.
 A-6449001, Alexander, Chi Ngo, or Chen Chi Ngo.
 A-6373549, Ayala, Juan Hernandez, or Juan Ayala Hernandez (alias Dan Hancock alias M. C. Stokes).
 A-9579872, Bacich, Anton Sime.
 A-2379588, Battaglini, Quirino Gene.
 A-5652053, Beda, Sabetay.
 A-6249257, Bellios, Paraskevi Costalia.
 A-5166885, Bendfeldt, August Johannes.
 A-6326675, Berliner, Kenneth Michael (alias Kenneth Michael Hovde).
 A-3563940, Binicos, Ioannis Simeon, or John Sam Binicos.
 A-3158850, Blake, Clara, formerly Sinclair formerly Bott (nee Brewster).

A-6745477, Bohn, Cecilia Sophia, or Cecelia Sophia Syre.
 A-6428294, Boone, Patricia B., or Patricia Imelda Boone (nee Bibby).
 A-9574254, Boonstoppel, Johannes, or John Jacob Boonstoppel.
 A-6441010, Booth, Margaret Kato Walker.
 A-5134452, Bosi, Enrico, or Henry Peter Bosi.
 A-9810588, Bruggencate, Albertus Ten.
 A-3726769, Callejas, Manuel Peidro.
 A-6754664, Changeux, Daniel Robert.
 A-5763706, Chau, Shing Leung, or Spaulding Chau.
 A-6256341, Cirincione, Maria Teresa.
 A-6256342, Cirincione, Carmela Marie.
 A-6790777, Corazza, Gilberto Leo (alias Gilberto Corazza or Corrazza or Gilbert Lee Corazza).
 A-6092372, Cortes, Caroline Napoleon, formerly Caroline Napoleon Denard.
 A-1370087, Costas, Juan Antonio Lopez, or Juan Lopez Costas or Juan Lopez.
 A-6172681, Cotsonis, Potoula George, or Potoula Lalouassis.
 A-4851448, D'Agostino, Arcangelo, or Angelo D'Agostino.
 A-6218566, Dantes, John, or Ioannes Yusel Dantes.
 A-7539086, Davis, John Champneys.
 A-6371776, Derro, Giovanna (nee Totino).
 A-6391245, D'Orsogna, Marcello.
 A-6427491, Etridge, Edward Nathaniel.
 A-3442924, Farese, Biagio.
 A-4135957, Faustini, Sebastiani, or Benny or Beniamino Faustino.
 A-4173534, Fook, Ling Bing, or Bing Fook Ling.
 A-6075351, Francisco, Rogelio Chumbuque.
 A-9770636, Furman, Franciszek Felix, or Franciszek Furman or Frank Furman.
 A-9659926, Galanatos, Noclaos.
 A-5929794, George, Eileen.
 A-4669615, Gessner, Friedrich Albert Heinrich Robert, or Fred Horn.
 A-5146721, Glick, Dorothy, or Dorothy Bloom or Debora Blimbaum.
 A-3323609, Goffredo, Pantaleo, or Leo Goffredo.
 A-7653000, Goldstein, Katherine Doris (nee Katherine Doris Victorsen).
 A-6517959, Gunther, Esperanza Eroles (nee Esperanza Eroles).
 A-7592298, Hansen, Marjorie McGuire.
 A-1074689, Hellou, Vartanoush (nee Maronian Rose or Vartanoush Krikorian).
 A-6040369, Hodge, Lawrence.
 A-6024985, Hodge, Maude Iola.
 A-6878163, Hsueh, Wei Fan (alias Wilfred Hsueh).
 A-6590350, Huggins, Frederick Oscar.
 A-4333110, Hantwarg, Rubin, or Huntverg or Reubin Hunter or Robert Miller.
 A-2896572, Ionno, Peilegrino.
 A-6422823, Jacobs, Margaret Genevieve (nee Bibby alias Genevieve Jacobs).
 A-4301234, Jaeger, George Friedrich Willy (alias George Waldo).
 A-6249467, Jarrin, Fanny Lucila or Mosquera.
 A-6060836, Jarrin, Nelson Anibal, M. D.
 A-6291689, Jarrold, James Michael.
 A-5922766, Kellgren, Adam.
 A-6755482, Kerketzes, Ioannis, or Joannis Stilianos or John S. Kerketzes.
 A-4699864, Klapprat, Robert, or Klaprat or Klappert or Kappert.
 A-7558796, Klasson, Joanna Elizabeth.
 A-9776542, Kritikos, Ioannis Stavros (alias John Steve Kritikos).
 A-5946937, Kuzemka, Nikolaj or Nikolaj or Nick Kuzemka or Joseph Meski.
 A-6530589, Kuzminski, Jacek Richard.
 A-6277981, Kyriazis, Christ Constantine.
 A-6414794, Lamer, Mirko.
 A-6251150, Lamer, Leonore.
 A-6281356, Lara-Medrano, Jose.
 A-7686310, Larson, Alice Mary Margaret (nee Seyer).
 A-5234163, Laufer, Edith (nee Luberoff).
 A-5886897, Leer, Cornelius.
 A-2794013, Lemanis, Konstantine George, or Costas Lemanis.
 A-6526015, Leni, Nunziata.
 A-4882931, Leshley, William Alexander.
 A-6633954, Leung, Vicente.
 A-6300096, Liddicoat, Doreen Violet.
 A-4441129, Lundsteen, Ernst Hubert.
 A-3837986, Lyons, Thomas Joseph.
 A-4535362, Madsen, Charles Marinus.
 A-5668197, Majka, Jan or John Majka.
 A-4940423, Majka, Katarzyna Rose (nee Banek).
 A-6810821, Maldonado, Petra, or Petra Maldonado de Montes.
 A-4947209, Mancusi, Mario, or Mike Mancusi.
 A-6075160, Martin, Gladys Constance.
 A-6108461, Medina, Jose Julio Juil Renteria, or Luis Medina Renteria or Jose Luis Renteria Medina.
 A-5765526, Melanoff, Rose or Loza (nee Vasilloff or Vassideva).
 A-6245144, Mobile, Catherine Z., or Catherine Vomvila or Altkermis Mombillin.
 A-3691575, Mohamed, Dost, or Johnnie Mohamed.
 A-9552718, Monterroso, Herman, or Herman Monterroso.
 A-1858603, Morze, Charity Alma, or Charity Alma Fifield.
 A-3640890, Mulkern, Joseph or Mulkerinus.
 A-1231306, Napoli, Antonio.
 A-9701787, Olsen, Ingolf.
 A-9550196, Olsen, Rolf.
 A-6624314, O'Neal, Etienne Emerson.
 A-6239403, Paille, Jack Jean Paul, or Jack Paille.
 A-1029502, Perel, Nechemia, or Norman Ernest Pearl.
 A-5105586, Petibon, Yves, or Maurice Petibon.
 A-6701961, Pfeifer, Karoline Maria (alias Karoline Mary Pfeifer).
 A-6594725, Papandreopoulos, Elias Polybiros.
 A-7041843, Pun, Chin Yuen, or Chin Yuen Pon, Pon Yuen Chinn.
 A-6300094, Rankin, Jillian Kay.
 A-6252336, Renteria, Manuel, or Manuel Renteria Portilla.
 A-5712529, Reynolds, Henrietta Pauline (nee Adams).
 A-7010074, Richter, Rolf Hans.
 A-7010073, Richter, Lucie Gertrud, or Gertrud Lucie Richter.
 A-6650790, Robertson, Clifford James Charles.
 A-7528781, Roehmann, Dagobert (alias Dagobert Waldow).
 56169/182, Ruello, Antonio.
 A-4005355, Samad, Iris Daphne (nee Vanputen).
 A-6125773, Sanchez-Barcenas, Jose Inez (alias Inez Sanchez-Barcenas).
 A-677519, Schaefer, Adelaida Santos.
 A-6077574, Schaefer, Jr., John Santos.
 A-4984498, Sartuche, Bertha Reyes (alias Bertha Sanchez Sartuche alias Bertha Reyes alias Bertha Sanchez).
 A-1707593, Sauter, Anna, or Anna Manderscheidt or Anna Jetter.
 56112/24, Scordilis, Panagiots Stylianos.
 A-2298613, Seiter, Christian Joseph, or Chris or Christ Seiter.
 A-6633431, Serrano-Barrera, Jose Mauricio.
 A-1384811, Simon, Malvina E. (nee Abramham, alias Malvina Ester Bisch, alias Malvina Schwartz and Malvina Eisenbach).
 A-2700886, Skuza, Frank, or Franciszek Skuza.
 A-1545593, Spencer, Charles Joseph.
 A-7001121, Spencer, Mildred Vivian Margaret.
 A-5139588, Stankiewicz, Jozef, or Joseph Stank.
 A-6233624, Stevenson, Walter George.
 A-6239754, Stolz, Chen Li Ying (nee Chen Li Ying).
 A-6345672, Stoyas, Athena, or Athena Moombos or Athena Papanghelidou.
 A-7791546, Stroud (de), Maria Voltas.
 A-6494368, Tedesco, Saviour.

A-6296116, Thomasson, Ivan Samuel.
 A-5593901, Tletge, Paul (alias Paul Klein).
 A-5629597, Trapani, Gaetano.
 A-6357984, Tratarou, Pantelis John.
 A-6350818, Tratarou, Athenoula.
 A-3073862, Traynor, Harry Joseph.
 A-6692815, Trilling, Erin, or Erin Shikalof.
 A-3428895, Tuerk, Arthur Erdmann.
 A-6020295, Turnbull, Idalia Constancia "Dally."
 A-1164142, Tye, Ong Hee.
 A-4973977, Valliant, John Peden.
 A-6709145, Vanskike, Verla Cora, formerly Strickland (nee Thomas).
 A-6754859, Vanskike, Lois Isable Gladys, formerly Strickland.
 A-6755531, Vanskike, Allan Robert, formerly Strickland.
 A-5870852, Vanterpool, Viola Anastacia, or Viola Anastacia Fahir or Viola Anastacia Foy.
 A-2830324, Vasilios, Christos.
 A-4036671, Vassura, Anthony or Antonio.
 A-3182536, Vassura, Josephine (nee Girolimini).
 A-6007554, Vieira, Joao.
 A-5546430, Villanova, Manuel (alias Manuel Villanova Dominguez or Manuel Ribas).
 A-4328843, Vogt, Gustav (alias Augusta Conrad alias Paul G. Leonard).
 A-2632561, Wang, Mabel Chih-Lan Chen, or Mabel Gee Lan Chan.
 A-5748097, Werner, Margaret (nee Carmichael), or Mrs. Howard Charles Werner.
 A-5100507, Wexelman, Sarah, or Sarah Dvora Wexelman.
 A-7022757, Wexelman, Mortimer.
 A-6433846, Wiesner, Lucille M. (nee Bibby).
 A-2454595, Wing, Edward Yee; Yee On Woon.
 A-6720886, Yankopoulos, Alexander Anastasiou.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, 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 thereon pursuant to law.

EXECUTIVE MESSAGES REFERRED

As in executive session.

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session.

The following favorable reports of nominations were submitted:

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

Hon. Edward Allen Tamm, of the District of Columbia, to be United States district judge for the District of Columbia;

Jordan B. Royall, of Florida, to be United States marshal for the northern district of Florida;

Raymond A. Morgan, of New York, to be United States marshal for the western district of New York, vice Frank C. Blackford, retired;

William D. Kizziah, of North Carolina, to be United States marshal for the middle district of North Carolina, vice Edney Ridge, deceased; and

Jacob C. Bowman, of North Carolina, to be United States marshal for the western dis-

trict of North Carolina, vice Charles R. Price, term expired.

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

George F. Troy, of Rhode Island, to be United States attorney for the district of Rhode Island.

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. KEFAUVER:

S. 1414. A bill authorizing and directing the Secretary of the Navy to advance First Sgt. Charles H. Gray, United States Marine Corps (retired) to the grade of major on the retired list of the Marine Corps; to the Committee on Armed Services.

S. 1415. A bill to improve the calendar now in use by making it perpetual; to retain the number of 12 months; to equalize the quarters of the year so that days of the week and dates always agree, each quarter to have 91 days or 13 weeks or 3 months equivalent to the season and every month to have 26 weekdays plus Sundays; to begin years and weeks on the first day of the week, Sunday; to fix holidays; to give the calendar comparability, not for a year but for centuries; to the Committee on Foreign Relations.

By Mr. McCLELLAN:

S. 1416. A bill authorizing the transfer of part of Camp Joseph T. Robinson to the State of Arkansas; to the Committee on Armed Services.

By Mr. MCGRATH:

S. 1417. A bill for the relief of Loo Chung Chee, to the Committee on the Judiciary.

S. 1418 (by request). A bill to amend an act entitled "An act to incorporate the Washington Gas Light Co.," and for other purposes; to the Committee on the District of Columbia.

By Mr. HENDRICKSON:

S. 1419. A bill for the relief of Wilhemus Johannes Marie Van Der Kooy; and

S. 1420. A bill for the relief of Antonio Garcia Jiminez; to the Committee on the Judiciary.

By Mr. BALDWIN:

S. 1421. A bill to extend pension benefits under the laws reenacted by Public Law 269, Seventy-fourth Congress, August 13, 1935, as now or hereafter amended to certain persons who served with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, after July 4, 1902, and prior to January 1, 1914, and to their unremarried widows, child, or children; to the Committee on Finance.

S. 1422. A bill to authorize the issuance of a special series of stamps in honor of Nat Palmer, the discoverer of the Antarctic Continent; to the Committee on Post Office and Civil Service.

By Mr. LODGE:

S. 1423. A bill for the relief of Alex Morningstar; and

S. 1424. A bill for the relief of Mrs. Mary Allen de Comminges; to the Committee on the Judiciary.

S. 1425. A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. ECTON:

S. 1426. A bill authorizing the Secretary of the Interior to issue a patent in fee to James Brown; to the Committee on Interior and Insular Affairs.

By Mr. MORSE (for himself and Mr. ECTON):

S. 1427. A bill to authorize the appointment of certain additional permanent brig-

adier generals in the Regular Army; to the Committee on Armed Services.

By Mr. JOHNSON of Colorado (by request):

S. 1428. A bill to amend section 801 of the Federal Food, Drug, and Cosmetic Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. McCARRAN:

S. 1429. A bill for the relief of Lacey C. Zapf; to the Committee on the Judiciary.

By Mr. KEFAUVER (for himself, Mr. MORSE, Mr. WAGNER, Mr. MURRAY, Mr. JOHNSON of Colorado, and Mr. CHAVEZ):

S. 1430. A bill to provide for the investigation of discriminations against women on the basis of sex, to establish policies for the removal of such discriminations, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 1431. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide a more equitable method of paying for the transportation of mail and for subsidizing essential aircraft operation; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAVEZ:

S. 1432. A bill to provide for a Commission on Renovation of the Executive Mansion; to the Committee on Public Works.

By Mr. MYERS:

S. 1433. A bill amending Public Law 125, Eightieth Congress, approved June 28, 1947; to the Committee on Banking and Currency.

By Mr. MAGNUSON:

S. 1434. A bill to authorize the issuance of a commemorative stamp in honor of the Ballard locks in the Lake Washington Ship Canal, largest in the United States, connecting Lake Washington to Puget Sound, at Seattle, Wash.;

S. 1435. A bill to authorize the issuance of a commemorative stamp in honor of the Olympic National Park, located on the Olympic Peninsula in the State of Washington; and

S. 1436. A bill to authorize the issuance of a commemorative stamp in honor of the opening of the Lake Washington Floating Bridge between Seattle and Mercer Island, Wash., to the general public toll free; to the Committee on Post Office and Civil Service.

By Mr. GEORGE:

S. J. Res. 70. Joint resolution authorizing appropriations to the Federal Security Administrator in addition to those authorized under title V, part 2 of the Social Security Act, as amended, to provide for meeting emergency needs of crippled children during the fiscal year ending June 30, 1949; to the Committee on Finance.

EXTENSION OF EUROPEAN RECOVERY PROGRAM—AMENDMENTS

Mr. ELLENDER submitted amendments intended to be proposed by him to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, which were severally ordered to lie on the table and to be printed.

Mr. KEM submitted two amendments intended to be proposed by him to Senate bill 1209, *supra*, which were ordered to lie on the table and to be printed.

Mr. BREWSTER submitted an amendment intended to be proposed by him to Senate bill 1209, *supra*, which was ordered to lie on the table and to be printed.

PUBLIC HEALTH AND VOCATIONAL EDUCATION—STATEMENT BY SENATOR STENNIS

[Mr. STENNIS asked and obtained leave to have printed in the RECORD a statement on public health and vocational education,

made by him before the Labor-Federal Security Subcommittee of the Senate Appropriations Committee, on March 25, 1949, which appears in the Appendix.]

ADDRESS BY SENATOR STENNIS BEFORE INDEPENDENT BANKERS' ASSOCIATION MEETING

[Mr. STENNIS asked and obtained leave to have printed in the RECORD excerpts from remarks made by him at the Independent Bankers' Association meeting, at Biloxi, Miss., on March 21, 1949, which appear in the Appendix.]

VETERANS' HOSPITAL CONSTRUCTION PROGRAM IN PENNSYLVANIA—STATEMENT BY SENATOR MARTIN

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a statement made by him before a subcommittee of the Senate Committee on Labor and Public Welfare, objecting to the proposed curtailment of the veterans' hospital-construction program in Pennsylvania, as recommended by the President, which appears in the Appendix.]

REDUCTION IN PRICES OF PETROLEUM PRODUCTS—RESOLUTIONS OF BOARD OF DIRECTORS, NATIONAL OIL MARKETERS ASSOCIATION

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD resolutions adopted by the Board of Directors of the National Oil Marketers Association in Washington, D. C., March 24-25, 1949, calling for reduction in prices of petroleum products, which appear in the Appendix.]

DEVELOPMENT OF THE NATIONAL RIVER SYSTEMS—ARTICLE BY MARQUIS CHILDS

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article dealing with the planning and construction of multiple-purpose dams and the development of great river systems, written by Marquis Childs, and published in the Washington Post of March 12, 1949, which appears in the Appendix.]

THE MISSOURI VALLEY AUTHORITY—ARTICLE BY FORMER REPRESENTATIVE JAMIESON

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article with relation to the proposed Missouri Valley Authority, published in the weekly news sheet, The Window Seat of March 30, 1949, edited by former Representative W. D. Jamieson of Iowa, which appears in the Appendix.]

WHERE IS THE MONEY COMING FROM?—EDITORIAL FROM THE PITTSBURG (KANS.) HEADLIGHT

[Mr. REED asked and obtained leave to have printed in the RECORD an editorial entitled "Where, Oh, Where?" from the Pittsburgh (Kans.) Headlight of March 23, 1949, which appears in the Appendix.]

CO-OPS AND THE AMA

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an article entitled "The Right To Face a Problem," published in the March issue of the Pacific Northwest Co-Operator, which appears in the Appendix.]

SHOULD WE BUILD A "WALL" OF RADAR?

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Defense Versus Economy—Should We Build a 'Wall' of Radar?" written by Walter Angrist, and published in the Minneapolis, Minn., Morning Tribune of January 25, 1949, which appears in the Appendix.]

RIPENED IDEALISM—ADDRESS BY JAMES T. BRAND

[Mr. MORSE asked and obtained leave to have printed in the RECORD an address entitled "Ripened Idealism," delivered by Hon. James T. Brand, associate justice, Supreme Court of Oregon, which appears in the Appendix.]

WAGES IN THE LUMBER INDUSTRY—LETTER TO THE SECRETARY OF LABOR

[Mr. MORSE asked and obtained leave to have printed in the RECORD a letter addressed to Hon. Maurice J. Tobin, Secretary of Labor, by G. A. Metzger, secretary-manager, Willamette Valley Lumber Operators Association, which appears in the Appendix.]

ADMINISTRATION OF TRAFFIC LAWS BY JUSTICES OF THE PEACE

[Mr. MORSE asked and obtained leave to have printed in the RECORD an article entitled "Cow Pasture Justice," published in the magazine This Week of January 9, 1949, which appears in the Appendix.]

FLIGHT OF GERMAN PEOPLE ABROAD—LETTERS FROM J. FRED LESCHHORN, ROCHESTER, N. Y.

MR. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter I have received from J. Fred Leschhorn, of East Rochester, N. Y., and a copy of his letter to Representative ARTHUR G. KLEIN, relating to the desperate plight of the German people abroad.

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

THE STEUBEN SOCIETY OF AMERICA,
GEORGE ELLWANGER UNIT, N.Y. 53,
Rochester, N. Y., March 21, 1949.

HON. WILLIAM LANGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BILL LANGER: Admiring your great interest and knowledge in the desperate plight of the German people abroad, which I am following up in the CONGRESSIONAL RECORD of February 28, 1949, pages 1601-1605, and you being such an outstanding example of a good American, I am taking the liberty to send you a copy of a letter which I sent to Congressman ARTHUR KLEIN, of New York. I think it hampers the good work you are doing in the Senate if the remarks go unchallenged.

With the greatest admiration, I am,
Very sincerely yours,

J. FRED LESCHHORN,
EAST ROCHESTER, N. Y.

DEAR SIR: Going through the CONGRESSIONAL RECORD of January 27, page 646, I read with astonishment the remarks about the German people, especially this one sentence, "For almost 2,000 years, the German people have been a constant threat to civilization."

If you ever studied history you could not in all earnestness make such a statement. Your remarks serve no good purpose whatsoever and seem intended to smear the German element in this country. Would one also say that the deeds of the early German settlers and their descendants were a threat to the United States and civilization? Since your knowledge of history is obviously incomplete, I would suggest the study of the following history books: Prof. P. A. Sorokin, published by American Book Co. 1937-41; Prof. Quincy Wright, published by University of Chicago Press, 1942; Historian Sidney P. Fay, published by Macmillan, New York, 1930.

The study of these books will reveal very interesting facts. Assuming that war is a

threat to civilization, the record of the following countries would stand like this:

Spain, 1476-1925, 67 percent war years.
Poland-Lithuania, 1386-1925, 58 percent war years.

England, 1386-1925, 56 percent war years.

France 976-1925, 50 percent war years.

Russia, 901-1925, 46 percent war years.

Holland, 1551-1925, 44 percent war years.

Austria, 1101-1925, 40 percent war years.

Italy, 1551-1925, 38 percent war years.

Germany, 1651-1925, 28 percent war years.

The number of wars was as follows:

From 1650-1750:	Wars
England	18
France	12
Russia	15
Holland	13
Poland	6
Sweden	9

From 1750-1850:	Wars
England	21
France	15
Russia	20
Poland	3
Spain	11
Germany-Prussia	6

From 1850-1941:	Wars
England	20
France	10
Spain	10
Russia	11
Germany	8

From the year 1480 up to now:	Wars
England	78
France	71
Spain	64
Russia	61
Poland	30
Germany-Prussia	23
Denmark	20

As you can see, Mr. KLEIN, the facts prove your statement entirely wrong, unless you would call the scientific, social, or cultural contributions of the German people a threat to civilization.

In conclusion, I would like to remind you that General von Steuben, this great Prussian-American soldier and statesman, was responsible for the creation and organization of this very efficient United States Army, and it has often been said, in gratitude, there probably would be no United States today without him. If anybody would dare call this a threat to civilization, I can only say, let's have more of these threats.

Respectfully,

J. FRED LESCHHORN.

THE COST OF PRESIDENT TRUMAN'S LEGISLATIVE PROGRAM

MR. WILEY. Mr. President, I send to the desk a statement which I have prepared regarding a letter sent to me from the Bureau of the Budget relating to the cost of President Truman's legislative program. While the Bureau's answer is rather extended, I feel that it contains a rather interesting set of facts and is important both for the material it includes, as well as for its significant omissions.

I therefore ask unanimous consent that the Bureau's letter be printed at this point in the CONGRESSIONAL RECORD preceded by a statement which I have prepared regarding the Bureau's answer.

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

STATEMENT BY SENATOR WILEY

COMMENT ON RIDICULOUSLY LOW BUREAU OF BUDGET ESTIMATES OF COST OF ENACTMENT OF PRESIDENT'S LEGISLATIVE PROPOSALS

I recently received a letter from the Acting Director of the United States Bureau of the

Budget who responded to an inquiry which I had sent many weeks ago as to the exact cost of all of the legislative proposals contained in the President's state of the Union message in January.

In the Acting Director's letter, he states that the President's proposed legislation of all types would increase estimated budget expenditure in the fiscal year 1950 by \$6,175,000,000. He estimates further that the net increase in Federal personnel for the President's legislative program would not exceed twenty to twenty-five thousand in either the fiscal year 1950 or the fiscal year 1951.

I believe that the Bureau of the Budget's response is a matter which the Senate and House Appropriations Committee will want to carefully study and it is for that reason that I am securing its printing herein.

BUREAU'S FIGURES ATROCIOUSLY LOW

I do, however, want to indicate that I feel that the Bureau's estimates represent one of the most monumental understatements and underestimates I have ever seen. When one contemplates the staggering nature of the President's suggestions—such as Federal compulsory health insurance, public housing, industrial controls—one can readily see that the Bureau has been amazingly modest and shy in its estimate as to the financial burden and personnel increase that would result. For example, the Bureau indicates that "inauguration of medical care insurance probably would not involve substantial addition to personnel in the first year or two", but that thereafter the administrative staff would increase gradually until eventually there were around 40,000 employees administering the insurance program of which, however, allegedly not more than 10 percent would be Federal personnel.

HISTORY OF EXPANDED APPROPRIATIONS BELIES FIGURES

One need only look at the entire history of appropriations legislation in the United States Congress in the last 15 years or so to note the obvious fact that the administration has always been skillfully modest in its advance estimates as to the cost of any social programs with which it wanted to experiment. In fact, one can take it for granted that the administration has consistently and will consistently underestimate the costs for the radical measures which it advances, thus sugar-coating the pill which it asks Congress to swallow.

WHAT ARE LONG-RANGE IMPLICATIONS?

The administration has always recommended long-range planned control of our economy but it has never made known to the American people the implications—financial and otherwise—of its long-range planning. Rather, piece by piece, step by step, it has sought to lead us down the path to State socialism. I think the Bureau of the Budget's letter to me is an indication as to how carefully the administration attempts to cover up the over-all implications of its suggestions, as slowly, we move down that obnoxious path.

I believe, therefore, that every congressional committee reviewing one of the President's requests for new legislation should think not only in terms of cost for the initial year and for the personnel increase which is involved for the initial year, but in terms of the long-range cost and the long-range result to the American constitutional system of free enterprise.

I am not one of those who believe in fighting all of the administration's new requests simply because they come from the administration. But I do believe that all of the administration's suggestions must be taken under the closest scrutiny and the long-range results must be carefully evaluated, rather than merely attempting to take the sugar-coated pill that is presented in small, easy-to-swallow lumps by representatives of Government agencies.

EXECUTIVE OFFICE
OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILEY: In your letter you requested information on the possible costs of legislative proposals contained in the President's state of the Union message delivered the previous day.

Since the state of the Union message did not contain all the legislative proposals made by the President, we have broadened your questions to include other legislative proposals made by the President either in the economic report or in the budget message. A complete list of those involving budget expenditures in the fiscal year 1950 will be found on pages M69-70 of the budget message. For your convenience, we are attaching a copy of this list.

Using this list as a basis, I shall endeavor to answer your four questions.

1. What would be the total annual cost to the Federal Government if each and every one of the President's suggestions for social and other legislation were accepted by the Congress and enacted into public law?

As the summary indicates, proposed legislation of all types would increase estimated budget expenditures in the fiscal year 1950 by \$6,175,000,000. This amount is included in the budget total of \$41,858,000,000 in expenditures estimated for 1950. If the reduction of \$250,000,000 in the postal deficit is excluded, the gross increase estimated in expenditures under proposed legislation would be \$6,425,000,000. The great bulk of this total is accounted for by proposed legislation extending existing programs, notably the program of the Economic Cooperation Administration and other foreign-aid programs (totaling \$4,645,000,000); the public works, military-pay adjustment, and miscellaneous proposed legislation of the National Military Establishment (\$385,000,000); and the export-control and rent-control programs (\$28,000,000). If these and other extensions of existing legislation are excluded, the increase in expenditures resulting from new programs in the fiscal year 1950 would be \$1,330,000,000.

While these estimates for 1950 are necessarily tentative, projection of these programs into future years presents even more uncertainties. In some cases, notably the foreign-aid programs, there is reason to expect a considerable reduction in expenditures in 1951 and later fiscal years. In other cases, however, the costs of the second and later years of the new program would undoubtedly be substantially higher than the first year's cost. In the net, expenditures in 1951 for the same programs would probably exceed \$7,000,000,000. If the foreign-aid and other legislation extending existing programs are excluded, expenditures for the new programs might rise from \$1,330,000,000 in 1950 to \$2,600,000,000 in 1951.

Estimates for later years are most tentative of all. It is reasonably clear that expenditures for some of the new programs, such as the St. Lawrence waterway, would continue to increase. However, other programs, such as Federal aid to education, will not necessarily increase above the levels of 1950 and 1951. Foreign-aid programs, excluding possible military assistance to western Europe, should continue to decline.

The foregoing estimates have been confined to budget expenditures. The President's recommendations for liberalizing and broadening the social-security program have only a minor impact on budget expenditures. Most of the social-security programs are largely self-supporting because, in accordance with the insurance principle, the annual contributions of the beneficiaries and their employers cover most or all of the costs. Moreover, such receipts and disbursements are mainly made through trust funds and

hence are not reflected in the budget receipts and expenditures. In the fiscal year 1950 the social-security proposals would increase receipts of trust accounts by \$2,190,000,000 and trust account expenditures by \$1,650,000,000. In 1951 the additional trust account receipts would amount to more than \$4,000,000,000, compared to increased expenditures of less than \$2,400,000,000. In later years, however, these would tend to balance out.

2. What would be the total number of personnel involved in the administration of all these separate new laws?

The additional personnel requirements arising from enactment of the proposed legislation bear no close relationship to the dollar volume of expenditures contemplated. In the cases already indicated, such as the foreign-aid programs, where the legislation would merely extend existing programs, no increase in personnel whatever would necessarily be involved; and to the extent that these programs tapered off some net reduction in personnel would occur. Other programs involving grants to State and local governments—for example, the aid to education program—would require relatively small additions to staff at the Federal level. Loans and grants for housing are also primarily of this character. Still other programs, such as the proposed increases in military pay, merely involve larger payments to the same number of personnel.

The programs for which additional personnel requirements would be substantial are relatively few. The universal training program is potentially the largest, but it is impossible at this time to predict how much of its personnel requirements could be taken care of through transfer of existing personnel and how much might involve additions to the military and civilian staff of the training agencies.

The new housing programs may require additional staff of roughly 2,500 in 1950 and 4,000 in 1951; this includes temporary employment of from 1,000 to 1,500 for the proposed census of housing. The additional personnel required for the stabilization program, over and above those now engaged in rent-control and export-control administration, should be relatively small, unless inflationary pressures should require price control or consumer rationing. In any event, nothing comparable to the wartime staff is conceivable.

The additional personnel requirements for the broader social-security program depend to some extent upon the allocation of responsibility between Federal, State, and local governments. Again, however, the increase in personnel would not be commensurate with the increase in trust account expenditures, since much of the increase in expenditures would reflect increased payments to present beneficiaries. Extension of old-age and survivors insurance to workers not now protected and addition of disability benefits would necessitate addition at full scale of perhaps 15,000 to 20,000 persons to the staffs of the Federal Security Agency and the Bureau of Internal Revenue. Broadening of the scope of public-assistance grants would involve comparatively little additional Federal personnel if any (and might later permit some reductions). Inauguration of medical-care insurance probably would not involve substantial additions to personnel in the first year or two, while detailed programs, organization, and facilities are being established; thereafter, administrative staff would expand gradually with expansion in the volume of services made available. Eventually, 30,000 to 40,000 employees might be required to administer this insurance program; probably not more than 10 percent of these, however, would be Federal employees.

Because of these and other uncertainties, it is almost impossible to make a definite estimate at this time of the additional personnel requirements. If the staff required for universal training is excluded, however,

it would appear that the net increase in Federal personnel from the President's legislative program would not exceed 20,000 to 25,000 in either the fiscal year 1950 or the fiscal year 1951. This is, roughly, a 1-percent increase in the total civilian personnel of the Federal Government.

3. The expected total Federal budget in the event all the President's recommendations were enacted by, let us say, the 1951 fiscal year?

As the President stated in the budget message, expenditures in the fiscal year 1951 are likely to be somewhat larger than those for 1950. Any forecast of the amount of the increase must be highly tentative, since many of the expenditure programs under existing legislation move up and down with the passage of time. Moreover, the Congress may add other new programs or materially change old ones.

Upon the basis of the present outlook it is expected that expenditures under existing legislation will decline little, if at all, in 1951 from 1950. As indicated in the answer to your first question, the expenditures under proposed legislation, including extensions of existing programs, will probably increase. With the President's present program fully enacted we might expect 1951 budget expenditures to run somewhere between \$42,000,000,000 and \$43,000,000,000 compared to \$41,900,000,000 estimated for 1950. Neither of these figures includes expenditures to provide military supplies to increase the security of the North Atlantic area.

4. The expected additional tax revenue that might be necessary to sustain the overhead mentioned in question 3?

Assuming continuing high levels of national income and employment, the increase in budget receipts of \$4,000,000,000 a year, which the President proposed in the budget message, should be adequate both to take care of all anticipated expenditures in 1951 as well as to permit a substantial amount of reduction in the public debt which is essential in a period of prosperity like the present.

Sincerely yours,

F. J. LAWTON,
Acting Director.

Proposed legislation

(Summary of amounts included in the budget)

[Fiscal years—in millions of dollars]

Function and program	Esti- mated expend- itures 1950	Anticipated sup- plemental appro- priations and other authoriza- tions	
		1949	1950
International affairs and finance:			
Economic Cooperation Administration	4,300.0	1,250.0	4,300.0
Other foreign aid	355.0		600.0
Food and Agriculture Organization building fund	1.0		7.0
Contribution to International Trade Organization	1.0		1.0
War-damage claims		17.0	
Palestinian refugee program		16.0	
Foreign-service pay increase	1.4	.6	1.7
National defense:			
National Military Establishment (public works, special programs, military pay adjustment, etc.)	385.0		645.0
Universal training	600.0		800.0
Social welfare, health, and security:			
Medical care insurance system	14.9		15.0
Public assistance	65.0		65.0
Change in employees accident compensation rates	3.8		4.0

Proposed legislation—Continued
[Fiscal years—in millions of dollars]

Function and program	Esti- mated expend- itures 1950	Anticipated sup- plemental appro- priations and other authoriza- tions	
		1949	1950
Housing and community facilities:			
Slum clearance, low-rent housing, farm housing and research	160.5	0.2 (700.0)	11.7 (235.5)
Special assistance for rental and cooperative housing	50.0	6.0	15.0
Census of housing			
Stand-by borrowing authority:			
Federal Savings and Loan Insurance Corporation			(750.0)
Federal home-loan banks			(1,000.0)
Alaska housing	5.0		10.0
Alaska public works	1.0		2.0
Disaster relief	3.0		5.0
Education and general research:			
Federal aid to education	290.1		300.2
Survey of educational building needs, and study of scholarships and fellowships	1.0		1.0
Radio propagation building		.2	{ 2 (12.5)
National Science Foundation	2.0		2.5
Agriculture and agricultural resources:			
Amendment of Commodity Credit Corporation charter (grain storage)	25.0		
Flood control, Missouri River Basin	4.0	5.0	
International wheat agreement	55.7		.2
Natural resources:			
Commercial production of synthetic liquid fuels	1.0		(30.0)
Incentive payments for exploration and development of minerals	5.0		15.0
Bureau of Reclamation, rehabilitation and betterment projects	4.0		5.0
Transportation and communication:			
Additional revenue from increased postal rates	-250.0		-250.0
Inland Waterways Corporation, subscription to capital stock	2.0		2.0
St. Lawrence seaway and power project	8.0		20.0
Alaska communications system	.8		3.6
Finance, commerce, and industry:			
Anti-inflation program	13.5	3.0	15.0
Export control	4.7	1.6	5.0
Rent control	23.3	5.4	24.0
Labor:			
Industrial safety program	3.1		3.1
National Commission Against Discrimination in Employment	.5		.6
General Government:			
Construction of Census Building	4.8		7.4
Surplus property disposal	20.6	15.0	21.0
Salary increases for heads and assistant heads of agencies	1.5		1.5
Special fund for management improvement	.9		1.0
National Capital Sesquicentennial Commission	1.2	1.5	
Total	36,175.5	{ 1,315.3 (700.0)	{ 36,600.7 (2,214.0)

¹ Budget receipts of \$1 million dollars from additional retirement of Federal home-loan bank stock.

² Excluding additional postal revenue, total estimated expenditures are 6,425.5 million dollars and total anticipated supplemental appropriations are 6,910.7 million dollars.

NOTE.—Figures in parentheses are authorizations other than appropriations.

REOPENING OF COAL MINES IN PENNSYLVANIA

Mr. MARTIN. Mr. President, the 1,200 bituminous-coal mines and the 500 anthracite mines of Pennsylvania were closed by Mr. John L. Lewis as a protest against the confirmation of the nomination of Dr. Boyd to be Director of the Bureau of Mines. The very efficient inspector of mines of Pennsylvania ordered complete inspection of these mines. I think it would be of general interest to the Senate to have printed in the RECORD the Associated Press dispatch from Harrisburg relating to this subject. I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

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

Richard Maize, State mines secretary, said the survey is necessary to uncover any hazards to safety that might have developed in the mines during the 2-week holiday declared by John L. Lewis, United Mine Workers' head.

He sent telegrams to every State mine inspector stating:

"As a precautionary measure, have each coal company in your district make a special examination of all accessible workings in its mines before resumption of work on March 28. This examination should be in addition to the morning examination of that date."

Maize explained that at every mine an inspection is required by law each day before men go to work, but the special inspection must be more thorough than that.

"After a long suspension," Maize told newsmen, "hazards develop that are not there or are taken care of during normal operations."

These include, he said, broken timbers, falls of rocks that cut off ventilation and permit gas to accumulate and similar mishaps.

"We thought we better take the precaution of a complete inspection," he said.

Maize estimated most of the inspections can be made in a day and any hazardous conditions cleared up before Monday.

He said they will be made by the certified mine officials of each company—foremen, assistant foremen, and fire bosses.

"The inspectors will notify the mine companies by telephone tonight and inspections can be made Saturday and Sunday," he added.

All are requested to file a report in the mine record book that the mine was found safe.

THE WORLD'S TIN—ARTICLE FROM THE LONDON TIMES

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article published in the London Times of March 17, 1949, dealing with the world's tin supply and the proposal for the British to establish a new tin cartel.

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

THE WORLD'S TIN—PROPOSED NEW INTERNATIONAL SCHEME

The preparations for an international tin scheme, which were begun last April, are near completion. Very soon the International Tin Study Group will have to decide whether an international conference is to be called forthwith to consider the proposed scheme. The outcome of these deliberations will be important. It will not only

determine the future of the tin industry, in which the two wealthiest British colonies—Malaya and Nigeria—are vitally interested, but may also establish the pattern for other international schemes for the regulation of raw materials, just as the tin agreement of 1931 became the model for other commodity schemes before the war.

At first sight the proposal for an international tin scheme at this stage may seem surprising. There is at present no surplus of supplies or capacity to be catered for. The tin-mining industry suffered more from the war than any other major raw-material industry. From 1942 to 1945 territories normally supplying about two-thirds of the world's tin were occupied by the Japanese. The widespread damage caused during that period has not nearly been made good. Last April the study group concluded that world consumption of tin, if freed from restrictions, would reach an annual rate of 190,000 tons. This estimate has since been reduced to about 175,000 tons. World production, in spite of an increase of 30 percent in a year, amounted in 1948 to less than 153,000 tons.

Tin, indeed, is the only industrial raw material which still remains subject to allocation on a world-wide basis. The price of tin, which before the war had been artificially raised by a comprehensive restriction scheme, has, compared with 1939, risen less than the price of copper, lead, or zinc, but at £554 a ton (the official buying price in Malaya), it is far and away the highest price in history. The peak before the war was reached during the height of the 1920 boom and amounted to £419 10s.

THE QUESTION OF PRICE

Yet it was the question of price that originally set the ball rolling. At the study group meeting last April the delegations of the producing countries tried to secure a higher price. As the study group has no authority to consider prices the demand was referred to the steering committee, which suggested that the practicability of an intergovernmental agreement should be examined. It is not clear why short-term price anomalies should be used to justify the adoption of a long-term scheme of a general character. If the price is too low at any given time it should presumably be corrected in the buying contracts, and in fact the price was advanced by £50, or roughly 10 percent, on June 1 last year.

Meanwhile, however a new development had occurred. The United States had set out to accumulate a strategic stock pile of tin, and her aim was believed to be to acquire between 200,000 and 250,000 tons, which is the equivalent of the largest annual world output so far attained in the industry's history. At its meeting last April the study group concluded that stock piling in future years would be possible only if world consumption fell or production rose more than expected. Its conclusion was that American stock piling would make necessary a fresh effort to increase production.

In undertaking such an effort producers naturally take risk. Stock piling may last for years, but it is by nature a temporary policy, and on its completion the industry may be left burdened with surplus capacity. Moreover, the large amounts of tin acquired by the American stock pile must constitute a potential threat to the regular market, in spite of the safeguards in the United States Stock Piling Act of 1946. Tin producers have an obvious right to ask that the freezing of the strategic stock pile in time of peace should be the subject of an effective international undertaking. Article 32 of the Charter cannot be regarded as sufficient safeguard.

The scheme proposed by the study group and worked out in draft last December has not yet been made public, although article 60, clause 1 (e) of the World Trade Charter requires that "full publicity shall be given

to any intergovernmental commodity agreement proposed or concluded." Sufficient details have become known, however, to give attentive observers a general picture. The scheme is apparently to come under chapter VI of the Trade Charter, and to last in the first instance for 5 years. It will be administered by a council on which producing and consuming countries are each to have half the voting rights.

Under the scheme, producers will be expected to stimulate production, but the obligation of the consuming countries to foster consumption will not become effective until sufficient quantities of tin are at their disposal. There will be export targets for the producing regions and fixed purchase obligations for the signatory consumers. For 2 years the international allocation of supplies is to be maintained and prices are to be fixed. Afterwards distribution will be determined by quotas, while prices are to be kept within a set range, with fixed maximum and minimum prices for each year. There is to be a clause safeguarding the release of tin supplies from noncommercial stocks (i. e., the stock pile). Two years before the agreement expires it is to be decided whether the scheme should be renewed in its original or a revised form.

In part the proposed tin scheme follows last year's international wheat agreement. There are, however, vital differences. The most important is that there will be a prolonged period during which the present system of international allocation is to be maintained. The tin scheme is to cover world supplies as a whole and not, as the wheat agreement, only part of it. There will be a sole residual buyer (the United States) for noncommercial purposes, a provision for which the World Trade Charter does not provide. The general exemption from the Charter for military agreements cannot change this fact.

COMMODITY AGREEMENTS

The proposed scheme, indeed, differs fundamentally from the general pattern of commodity agreements for which the Charter provides. It is designed chiefly to promote a special noncommercial purpose—American stock piling for strategic purposes—and to protect the tin market from the risks and threats which these purposes may entail. In doing so it may come into conflict with the Charter. The maintenance of allocation in order to assist the building up of the American stock pile and the fixing of prices for 2 years to prevent the stock-piling authorities from seeking lower prices for "residual tin" may certainly be regarded as restrictive. On the other hand, since the Charter does not provide for circumstances in which a residual buyer may enter the field, it may be technically difficult to draft an agreement which will satisfy its terms.

While the stock-piling purchases are in progress there is, in fact, no need for a comprehensive scheme on the lines proposed. It is when stock piling is completed that burdens and surpluses may arise, and this may then call for cooperative international action, but the proposed scheme does not provide for this. Producers have certainly a legitimate claim to be protected forthwith against possible releases from the stock pile, but no international scheme is needed to ensure these safeguards. They can be obtained by bilateral agreements between the tin-producing countries and the United States Government, regulating the conditions under which the producers will undertake to supply tin for noncommercial purposes. Such agreements are expressly exempted from chapter VI of the Trade Charter. There is much to be said for this alternative. Under it producers could not only demand guarantees from the United States Government which effectively freeze the stock pile in

peacetime, but also assurances that regular United States consumption will not—as at present—be restricted to secure supplies for the strategic reserve.

A FREE HAND

Specific agreements would also give producers a freer hand in meeting the demand from non-American consumers. They would permit the lifting of strict allocation at an early date and allow the reopening of the London tin market and thus the reestablishment of a free tin price, as soon as production gets into full swing. Such agreements would not prejudice the adoption of a commodity control agreement if and when the need for it actually arose.

The tin industry, indeed, has good reason to refrain from measures which may hamper consumers and impede the reestablishment of a free tin market as soon as possible.

While potential production of tin, after rehabilitation in the East has been completed, will probably be greater than before the war, tin consumption, through the development of electrolytic tinplate and the intensive search for tin economies since 1942, has lost ground. It is in the interest of all sections of the industry to stimulate consumption by every possible means. The proposed scheme in its rigid form might act as a brake; but more flexible agreements would pave the way to the revival of a free market and might assist the industry in its primary task—that of removing any difficulty that might hamper consumers. Stock piling on a huge scale obviously sets the tin industry a serious problem, but it is not necessarily best tackled by adopting measures which may prove a diversion from the industry's chief task.

EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. SMITH of New Jersey. Mr. President, I propose to address myself today to the pending business, Senate bill 1209, which is the amendment of the ECA Act of 1948.

At the outset, I wish to say that I have welcomed enthusiastically the debate on this bill, a part of which I heard in person and a part of which I read in the RECORD, because I feel that probably no more important piece of legislation will be considered by the Senate this year. I look upon this measure as an over-all part of our foreign policy. Therefore, in addressing my colleagues I shall address them as one member of the Foreign Relations Committee who has been living with this problem since its inception more than a year ago.

The pending legislation is in effect an extension for the second year of the so-called ECA program, the Marshall plan. Before I deal with some of the details of the debate on this subject, I wish to reflect my own perspective of the entire situation presented by the so-called Marshall plan.

I consider this plan a link in the chain of events developing our United States postwar foreign policy. I think we need an over-all picture of some of those events in order to understand the importance of the second-year authorization.

This program should not be looked upon as an isolated program now to be considered and then passed over, but as part of a positive, aggressive program for

world peace. Let us lift our sights to that over-all objective in discussing this program—the objective of world peace.

We should briefly remind ourselves again of the development of the so-called Marshall plan. Let me point out that when Secretary Marshall, in June 1947 first suggested this plan it was a program to bring about the peace of all Europe. It was not a relief program. He clearly pointed out that the United States could not continue indefinitely to furnish relief for the stricken countries of Europe; but he did say that, if the stricken countries of Europe could get together through mutual cooperation and mutual surrender of some of their hitherto claimed independence, they might present a plan whereby, in the course of 3 or 4 years, there would be hope that they might be on their feet and be self-sustaining. He also stated that the United States would be deeply interested in a program of that kind, because it meant an addition to those nations in the world which believed in preserving the peace, as provided in the United Nations program. The purpose was to restore all nations to economic health as members of the United Nations and to maintain the peace of the world. It was a cooperative peace policy. It was a pattern of expanding United States foreign policy, taking a new over-all vision of the world and of the part we might play as the strongest nation surviving the last World War, in bringing about a program for universal peace.

We all know that the great country of Russia and other countries, now called the satellite countries, were definitely included in the first proposal. We all know that it was hoped that they all might cooperate in bringing about the movement for world peace and getting back on their feet economically. But we all know, much to our regret, and much to the shock of other nations of the world, that immediately there was opposition from Moscow to this worth-while attempt to help the other nations. The principle of unity and mutual help which Secretary Marshall suggested was opposed by Russia's policy of chaos and confusion and ultimate absorption through the creeping paralysis of communism. They did not want the western nations to recover. They wanted them left in a condition of chaos and confusion in order that their own program of communism might seep through.

We all know that certain of the so-called satellite countries were definitely kept out of the program—countries which wanted to come in. I need cite only two illustrations—Poland and Czechoslovakia, countries which had practically accepted until they were pulled back.

Ultimately the eastern European countries were organized into what was known as the Cominform, to oppose the successful advance of this plan for European reconstruction, and the cold war was on.

What happened when Russia took that attitude? We did not abandon the program. There were nations which desired to get together and see if they could cooperate in order to bring about a rehabilitated world. Without going into details

I merely remind Senators that the ECA evolved from a meeting of those countries which tried to cooperate in presenting a program which might have in it the promise of their ultimate independence and recovery. First there was a meeting in Paris of the participating countries in the summer of 1947, at which the first goals were set by the group concerned, as an indication of what they felt they could accomplish if they had certain aids from the United States.

Mr. President, as you yourself will recall, we were abroad together at the time when those conversations were going on in Paris; and you will recall, as I recall so vividly, the interest we had in discussing with the heads of our missions in Paris, London, Italy, and elsewhere, the progress which they felt was being made, although at the initial stages those countries themselves met together, without any cooperation whatever or any instigation from the United States, to see what plans they could work out for themselves; and then they submitted their plans to us. When the plans were submitted, as we recall, they were sent here, and by means of a series of committees established by our Government, including a bipartisan businessman's committee headed by Secretary Harriman, we thoroughly sifted the proposals with the idea, first—and I wish to emphasize this point—of determining whether the American economy could possibly stand a program of aid of that kind, which might last for 3 or 4 years and might call upon us for substantial contributions through that period, in order to bring about the ultimate result and to conclude the work not later than 1952. While I mention that date, I wish to say that every member of the Foreign Relations Committee is definitely committed to the principle that this work must be finished by 1952, and that it cannot be continued beyond that date.

The result of the deliberations in France in the summer of 1947 by the cooperating nations—and there were 16 of them, to which afterward of course was added, as we know, the western part of Germany, the part which is under occupation by the United States, Great Britain, and France—was the development of a general outline of what might be needed over a period of years, considering especially, of course, in the first instance, the needs for the first year, in order to start the recovery program. But we found at the same time that three countries, France, Italy, and Austria, were in desperate condition. So before we even got started in our deliberations as to the set-up of the Marshall plan in 1948, the President of the United States called Congress into special session in the fall of 1947, advised Congress of the plight of France, Italy, and Austria, and requested emergency aid in order to save those countries from the threat of the creeping communism which was coming over them. To prevent the encroachment of communism upon them, we considered—even before we started the Marshall plan—the extension of emergency aid to those countries in order to keep them from going over to the blind side of the iron curtain, with the countries already behind that curtain.

All of us know what that emergency program was. Congress acted promptly in the fall of 1947 and passed the emergency-aid-program legislation; and we know beyond any question that the aid given at that definite moment was what kept France and Italy from collapsing and was what kept those two great countries from going the way of certain unfortunate countries which were so close to Russia that they could not resist.

Then, as we recall, we moved into the hearings on the first year of the Marshall plan. Those hearings had to be based on estimates of what might be the need for the program. From the beginning, we laid down two matters of policy which were most important. One was that, although we considered the program would take 3 or 4 years to accomplish, yet we did not propose to commit ourselves beyond 1 year at a time; and the estimates and authorizations under our first legislation of this subject, as of last year, were for 1 year, and the appropriation was for 1 year, with the possibility of extending it to 15 months. We were very careful to make it clear that in each step of the progress of the plan we proposed to check very carefully as to the results of each year's operations, so as to ascertain whether the nations which were trying to cooperate, and which we were trying to help, were meeting the goals of production which they had set for themselves, and which would be the yardstick by which we could determine whether we could continue our aid.

Mr. President, there was another matter of policy which we decided upon early in our deliberations of last year, and that was as to the administration of this plan. It was an economic rehabilitation plan, and in no sense a relief plan, except in the preliminary stages, when some relief had to be provided in order to get the program under way; but the plan itself was an economic rehabilitation plan, to be built on sound business principles and to be based on a sound understanding by the administrators of what we mean by international relations and international trade. To that end we decided that the official personnel of the plan would be taken from leaders in American industry. As all of us know, the head Administrator, Mr. Paul Hoffman, was the president of one of the largest American corporations doing both national and international business; and he had had wide experience in dealing with international problems. His assistant was Mr. Howard Bruce, of Maryland, a man of wide experience, who had served during the war period with General Somervell, and had exhibited the skill and ability needed for this new job by his work at the head of the entire procurement for the United States armies in the great invasions which were undertaken during the war.

In my judgment, there could not have been found anywhere in the United States two men with greater combined ability and power to deal with this matter. We approved a program which they had studied with their staff, and which we studied with our staffs. That program was for the first year only.

Although it is true that the first year is the period when we had to get the

project under way, and although the substantial part of the first year's funds had to be spent for relief assistance, that relief assistance has now flowered into the second stage or the second year's work of the program. From the task of setting up the program, appointing the heads and organizing the work in the various countries involved, and extending the necessary temporary relief which was needed, in order that people who had suffered from undernourishment, might be able to work at all, we have now moved into what for the second year is to be a great international economic going concern. It was estimated that in the first year or certainly the early part of the first year, 80 percent of the United States aid would be for so-called relief, and 20 percent would be for reconstruction, rehabilitation, and proceeding with the economic plan. It is estimated that in the second year not to exceed 20 percent will have to go for emergency relief, and 80 percent will move into the area of reconstruction, rehabilitation, the restoration of capital investments, and putting the ERP countries on a self-sustaining basis.

This is the part of the program that is most important for us to discuss, because it is now before us. I hope we shall have full public debate on this particular phase of the matter. As has been alleged here by some of our colleagues, those of us who are on the Foreign Relations Committee probably have been closer than have other Senators to the studies with the experts, who have tried to give us the figures on which to base the program for the coming year; but those of us who are on the Foreign Relations Committee should be willing, and I know we are, to answer any questions by our colleagues or to give any information which any of our colleagues may want, and to do so in the fullest, freest possible way, as I shall try to do in my remarks, as I develop my own thinking on this subject.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Texas?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. I shall put what I am about to say in the form of a question. Does the Senator agree, or does he not agree, that the second year, or second period, is of the greatest importance, in view of the fact that in the first year we were faced with much experimentation, as we were operating in a new field, having engaged in this enterprise without having had much experience of this particular character? Furthermore, does the Senator agree to the view that all the results which have been obtained are assurances of success to a greater degree this year, and that to cripple the program by cutting back the appropriation by any substantial amount, thus interfering with plans that have now been made, would be not to our advantage in bringing about the success of the plan?

Mr. SMITH of New Jersey. I thank the Senator. I certainly agree with that view. As I tried to point out a moment ago, the first year was taken up with

experimentation and with providing a certain amount of relief for undernourished people so as to enable them to work. We were laying the foundations for broader expansion, and I may say, after talking with both the Administrator and Deputy Administrator, it was their feeling—I do not want to commit them or in any way compromise them, but I think they would be willing to have me say this—that perhaps this year is the most important year, because this is the year in which we are laying the foundation for the constructive work which must be done in order in the next 3 years of the plan to develop the returns which it is hoped will come to the respective countries from the productive capacities they will probably install this year. So I agree with the Senator; I agree with him entirely in what he has just said on that point.

Mr. CONNALLY. Is it not true that heretofore our efforts under the plan were largely in connection with relief needs, which were temporarily large?

Mr. SMITH of New Jersey. Yes. My figures show that during the first year of the ECA operation a substantial percentage necessarily had to go for relief to get the work under way. This year it is anticipated that a much smaller percentage will go for relief and practically all of the aid will be for the go-ahead program.

Mr. CONNALLY. Is it not a new conception that the best way to give relief is to make possible for them to return to their normal activities and to increase their productive capacities, rather than simply to give them a loaf of bread and a jug of wine, and let them go?

Mr. SMITH of New Jersey. It is more important in any relief program to help a man help himself, because if we merely go on handing relief out to him, he loses morale and everything else. We want to help people to help themselves; and that is this program.

Mr. President, with that introductory statement of the background, which as I said earlier I feel is a part of an over-all evolving foreign policy of the United States in its dealings with the other countries of the world, let me say that the bill (S. 1209) provides for an authorization. I emphasize authorization as distinguished from appropriation. It provides for an authorization in dollars, from April through June 1949, of \$1,150,000,000—that is, the 3-month period, to wind up this fiscal year; and for the fiscal year 1949-50, which we call fiscal 1950, a total authorization of \$4,280,000,000. Last year, for the 12-month period, if I recall correctly, the amount was \$5,000,000,000-plus, so these figures for the 12-month period are, as we anticipated last year, \$1,000,000,000 less.

In arriving at these figures, which of course all members of the committee scrutinized with the greatest care, because we realized our colleagues would want to know what they are all about, we had statements from the Administrator, Mr. Hoffman, himself, and the Deputy Administrator, from the special United States representative abroad, Mr. Averell Harriman, who had visited all the cooperating countries during the past year and had studied their respec-

tive needs. We also summoned to the United States for our hearings the chiefs of the ECA missions in the United Kingdom, Norway, France, Italy, western Germany, and the Netherlands in order that we might get first-hand from them their honest opinions, as good Americans, first whether they felt that the nations of the world were cooperating in the spirit in which the Marshall plan was conceived, whether they were doing their part in bringing about their own recovery, and whether the help we were providing was in line with the spirit and purpose of the Marshall program.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to his colleague?

Mr. SMITH of New Jersey. I yield.

Mr. HENDRICKSON. When the administrator for Italy was testifying, was the question discussed at all of the return to Italy of the Italian colonies?

Mr. SMITH of New Jersey. We did not discuss that question, because it was at the moment before the State Department and was not of course within the jurisdiction of the ECA program.

Mr. HENDRICKSON. Then, that was not at all reflected in the over-all survey by the committee of the Italian problem. Is that correct?

Mr. SMITH of New Jersey. As the distinguished Senator knows, that question was before the Assembly of the United Nations this spring, and we did not discuss it officially at all, but Dr. Zellerbach, chief of the ECA mission to Italy, was here, and I discussed it personally with him, because of my profound interest in that subject.

Mr. HENDRICKSON. I thank the Senator.

Mr. SMITH of New Jersey. But as a committee we did not discuss it.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Indiana?

Mr. SMITH of New Jersey. I yield.

Mr. JENNER. While we are on the subject, since the Senator is a member of the Foreign Relations Committee, I ask him, does he know what the Italian Government's attitude was toward the Italian treaty ratified by the Senate? Were the Italians pleased with it or displeased with it?

Mr. SMITH of New Jersey. I do not know the attitude of the Government of Italy. I know a great many Italians of my acquaintance were very much displeased with it. I have talked to them. They felt bad, of course, about the northern area and about the colonies, and all matters of that kind.

Mr. JENNER. Of course, the Senator from New Jersey knows that the Italian people were forced under the treaty to pay communistic Russia millions upon millions of dollars by way of war reparations, does he not?

Mr. SMITH of New Jersey. I knew there were reparation provisions, but, of course, that program was discussed in the conference that was held in settling all those details. I could not answer how

many millions of dollars were involved, but I know there were war reparations.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Connecticut?

Mr. SMITH of New Jersey. I yield.

Mr. BALDWIN. In the matter of the reparations Italy was required to pay to Russia, were the reparations to be paid in cash, or by way of goods of various kinds?

Mr. CONNALLY. I may say they were payable out of current production.

Mr. SMITH of New Jersey. My recollection is reparations were payable from production.

Mr. BALDWIN. That was my recollection. They were not payable in cash, were they?

Mr. SMITH of New Jersey. No; they were not payable in cash. I do not think the Italians were able to pay in cash. If I recall correctly, the Russians were to send raw materials to Italy, and the Italians were to process them and send them back. Things of that kind were worked out under the plan.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Texas?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. The Senator has stated the situation practically. Italy did not have the cash with which to pay. Russia was insistent that Italy make reparations, and so the conference provided they were to do so, with the understanding that Russia was to furnish raw materials, and Italy was to fabricate and manufacture them. That is practically the situation.

Mr. SMITH of New Jersey. I may add, addressing the Senator from Texas, that Italy had a surplus of unemployed people.

Mr. CONNALLY. That is true.

Mr. SMITH of New Jersey. Therefore the load was not quite so heavy on them as it would have been otherwise. They were able to employ some of their people in manufacturing the raw materials. I am not personally familiar with just how far that program is being carried out.

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

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I yield for a question.

Mr. WATKINS. Can the Senator inform us now to what extent Italy has paid the reparations bill to Russia and to Yugoslavia?

Mr. SMITH of New Jersey. I am sorry I cannot tell the Senator how far that has progressed.

Mr. WATKINS. Was any information on that subject presented to the committee?

Mr. SMITH of New Jersey. If I recall correctly, the treaty involved that question. The payments were to start this year, as I recall.

Mr. JENNER. There was reference in the treaty to a 7-year period.

Mr. CONNALLY. I cannot give the details. It is a moving situation. It is fluid. Italy turned over to Russia some ships, and things of that kind, as the Senator will recall.

Mr. SMITH of New Jersey. Yes.

Mr. WATKINS. The ships were warships, were they not?

Mr. CONNALLY. No; not all of them.

Mr. SMITH of New Jersey. I do not think they were all warships, but I am sorry I cannot answer the Senator's question directly.

Mr. WATKINS. The reason I am asking the question is that I want to know what, if any, effect the reparations bill Italy owes to Russia is having on the current economic conditions of Italy. I wonder if the Senator can give us any light on that point.

Mr. SMITH of New Jersey. I should think the processing of raw materials sent from Russia was not seriously affecting Italian economic conditions adversely. They are giving their labor, which otherwise, would be largely unemployed. It is not interfering with their own program, because many of their people otherwise might not be employed at all. I think it is working out that way. I do not think we have sufficient data to say just how it is working in all its details.

Mr. WATKINS. Is there any large unemployment problem in Italy at the present time?

Mr. SMITH of New Jersey. Oh, yes.

Mr. WATKINS. I understood there was not.

Mr. SMITH of New Jersey. I think that has been one of the headaches they have had. I understand Italy has in the neighborhood of 2,000,000 people unemployed.

Mr. WATKINS. What if anything has been done to send unemployed Italians to other nations who are under the Marshall program in order to supply them with needed laborers? I understand laborers are needed in France, Belgium, and even in Great Britain.

Mr. SMITH of New Jersey. I understand the OEEC, the over-all committee of the participating governments, is considering that problem at this time. It is one of those things which has developed out of the Marshall plan in getting the nations together to study the problem. I think this is one of the indications that we are on the asset side of the ledger. We are trying to determine where labor will be needed. Italy has a surplus, and they are endeavoring to adjust it. In our amended bill we have provided for 10 ships in order to help move Italian workers to different parts of the world where they can be used.

Mr. WATKINS. As a matter of fact, ships would not be required to take Italians into France, would they?

Mr. SMITH of New Jersey. No. To take them to Latin America, of course, ships would be needed.

Mr. WATKINS. I understand that. I understood there was a demand for labor in many of the Marshall plan countries. The shortage of labor is one of the reasons why they felt justified in keeping German prisoners of war.

Mr. SMITH of New Jersey. That is true.

Mr. WATKINS. Does not the Senator agree that they are moving rather slowly?

Mr. SMITH of New Jersey. I think, on consideration, we must realize that great progress has been made. This is the first time in the history of Europe that the peoples of different nations have ever gotten together in the spirit of this program. They are sharing each other's views, sharing their budgets, sharing their labor. It is an amazing accomplishment, brought about by the willingness of the United States to say to them, "If you will undertake this kind of a program, we are profoundly interested in your future."

Mr. WATKINS. I am afraid they are still in the talking stage.

Mr. SMITH of New Jersey. I cannot answer that. The subject has been before the OEEC and the United Nations. I think great progress has been made. We have the same problem in connection with the displaced-persons program. I am very much interested in that matter, and I am still interested in it. It involved a question of putting the displaced persons where they are needed.

Mr. WATKINS. That legislation has actually been passed, and displaced persons are landing in New York almost every day. That matter has gotten beyond the talking stage. What I should like to know is, What progress has been made? I am not asking the question in a critical way at all. I should like to know what progress we have made beyond talking about it. There have been consultations of various kinds which have always resulted in merely talk.

Mr. SMITH of New Jersey. If the Senator means the labor problem of Europe, I shall have to obtain the actual facts regarding that subject from the OEEC reports.

Mr. WATKINS. I should like to ask another question on another phase of the problem to which reference has been made. It was referred to, at least, by the Senator from Michigan [Mr. VANDENBERG] and also, I think, by the Senator from Texas [Mr. CONNALLY]. I have reference to what concessions in the way of customs have been made between the various nations under the Marshall program.

Mr. SMITH of New Jersey. Of course, the Senator knows that in addition the Benelux countries' negotiations are going on between France and Italy. In addition to that, the Scandinavian countries are negotiating and trying to work out a customs union. The Benelux countries, France, Italy, and the Scandinavian countries have made a start, and there is real progress. When I was abroad I asked about that subject. It is a difficult thing at the start to get all 16 nations together to bring about a result. They are moving in groups, and those groups will work together.

I see the Senator from Arkansas [Mr. FULBRIGHT] is present. He has been interested in the unification of Europe, which involves all those considerations.

The Benelux countries have already gotten on a free-trade basis. I am advised that by 1950 the Benelux countries will have all tariff barriers removed. That is one of the hopeful signs brought about by the inspiration of the Marshall

proposal which we in America are watching with the deepest interest—the getting together of the European nations for the removal of their prejudices and their differences, the removal of their trade barriers, and merging into agreements for the good of all.

Mr. WATKINS. Have any of those nations actually made any concessions with respect to trade customs as between the various countries?

Mr. SMITH of New Jersey. I do not think all 16 countries have done that, but I do know that the Benelux countries have.

Mr. WATKINS. Have they actually made concessions which are now in effect between them?

Mr. SMITH of New Jersey. I think they have removed the duties entirely.

Mr. WATKINS. That is what I am trying to find out. I am not so well informed as are Senators who are members of the Committee on Foreign Relations.

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

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator from Utah has been talking about unemployment in Italy and other nations. The report of the ERP shows that many of the participating countries took steps to attract workers to essential industries. In an attempt to overcome labor shortages, measures have been taken to attract women into industries. Italy has the most pressing unemployment problem, with more than 2,000,000 persons currently out of work. Several countries, notably France and Switzerland, are using Italian workers for seasonal employment. Some are going to Belgium, England, and Sweden. Although Belgium itself has experienced much unemployment in recent months, it continues to seek qualified workers from abroad.

I cannot tell the Senator just how many there are, but progress is being made. It is beyond the talking stage.

Mr. WATKINS. That is the sort of information I wanted to get. I thank the Senator from Texas.

Mr. SMITH of New Jersey. I want Senators to ask questions, so that the information may be put into the RECORD. I may say I understand that only a day or two ago France and Italy announced they were about ready to remove all tariff barriers between them. So progress is being made there.

If I may, I should like to continue, unless the Senator from Utah has another question.

Mr. WATKINS. How about Great Britain? Is there a free exchange of goods between Great Britain and the other countries without the necessity of paying customs duties?

Mr. SMITH of New Jersey. I do not know what the British trade position is at the moment. I do not think she is in any customs union. Agreements have been made between groups of countries that are more homogeneous than others. The Senator knows as well as I do that when we are concerned with the question of industries, international relationships, and tariffs, it is one of the most controversial subjects we can consider.

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

Mr. SMITH of New Jersey. I am advised that the OEEC, which might be called the executive committee of the 16 cooperating countries, will devote a great deal of time next year to the problems of trade, obstructions to commerce, and, I hope, stabilization of currency. I think those are some of the keys to the whole program.

I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I should like to say to the Senator from Utah, as well as to the Senator from New Jersey, that the reciprocal-trade agreements will be considered shortly, and they will have the effect the Senator is so anxious to achieve.

Mr. WATKINS. Can the Senator advise me which reciprocal-trade treaties are coming along, and between whom?

Mr. CONNALLY. Between the United States and foreign nations.

Mr. WATKINS. I think the Senator misunderstood me. I am asking as to Great Britain's attitude with respect to trading with nations under the Marshall program, outside the United States. We are the ones who are giving, and they are the ones who are cooperating to improve their economic condition. That is what I was trying to develop.

Mr. CONNALLY. I am sorry.

Mr. WATKINS. I started to ask a question a moment ago. Can the Senator advise us as to what is the attitude of Great Britain with respect to giving up all customs demands and regulations which would interfere with trade between Great Britain and the other nations under the Marshall program?

Mr. SMITH of New Jersey. I cannot answer specifically the question propounded by the Senator from Utah, because I do not know what their immediate policy is in that respect. But, as I said a moment ago, Great Britain is one of the members of the OEEC, and that organization is dealing with the whole question of customs barriers. That was one of their first pieces of business, and they have been working on it. We feel, and I think I speak for the committee, that real progress has been made. We realize the difficulties involved in doing it all in 1 year or in a period of a few months; but the fact that France, Italy, the Scandinavian countries, and the OEEC, together with the Benelux countries, are tackling the problem, indicates that our hopes are being realized.

Mr. WATKINS. The Senator will agree with me, will he not, that this is a very important question?

Mr. SMITH of New Jersey. Absolutely, and I am very glad the Senator raised it.

Mr. WATKINS. May I inquire further if the Senator can advise us further whether any trade agreements have been entered into between Great Britain and any of the other Marshall plan countries, such agreements as Great Britain has with Russia and Poland?

Mr. SMITH of New Jersey. The Senator is of course aware of the fact that so far as the Marshall plan is concerned, the United States entered into bilateral agreements with each of the countries.

Mr. WATKINS. I am referring to Great Britain.

Mr. SMITH of New Jersey. Great Britain and the other countries?

Mr. WATKINS. Yes.

Mr. SMITH of New Jersey. I am not informed as to the details. I assume trade agreements have been entered into, of course, with the protections as to raw materials which we make imperative in our bilateral agreements with the participating countries, namely, potential war materials cannot be exported to other countries.

Mr. WATKINS. Is the Senator familiar with the details of the agreement covering trade, entered into between Great Britain and Russia in December, 1947?

Mr. SMITH of New Jersey. No; I am not familiar with the details of that agreement.

Mr. WATKINS. Is the Senator familiar with the treaty entered into between Great Britain and Poland some time subsequent to that, I think probably this year?

Mr. SMITH of New Jersey. I know only by hearsay in both cases. I have no familiarity with the details.

Mr. WATKINS. I happen to have copies of those treaties, and I think that for the information of the Senate I shall have them made a part of the RECORD a little later.

Mr. SMITH of New Jersey. I think they would be very valuable.

Mr. FULBRIGHT. Mr. President—

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from New Jersey yield to the Senator from Arkansas?

Mr. SMITH of New Jersey. I yield.

Mr. FULBRIGHT. I am sorry the Senator from Utah is leaving. I wanted to point out that the question of tariffs is not the only question involved, that one of the greatest difficulties they have is the convertibility of currencies and also direct trade restrictions. So the tariff matter is not the only one, and in many cases not the most important one.

Mr. SMITH of New Jersey. The Senator is entirely correct in that observation. I think he will agree with me that the signs are most encouraging of these countries actually getting together to clear up the difficulties, and work to the common end of removing tariff barriers and currency difficulties, and moving toward stabilization of currencies. It is all in line with the unification of Europe, in which the distinguished Senator is interested.

Mr. FULBRIGHT. If the Senator will permit me, I am not so optimistic about what has been done as the Senator from New Jersey is, and I expect to say something about that a little later. I noticed a few days ago, in the case of the Benelux countries, that they had postponed action for another 6 months. I think that is one phase to which a great deal of thought and attention should be given by ECA, and that is the purpose of one of the amendments I have offered. I think this intra-European trade question is right at the core of the difficulty.

Mr. SMITH of New Jersey. I thank the Senator for his observation. He will of course, recall that steps were taken to affect intra-European trade by using

Marshall plan funds for that purpose. I need not go into the details of that. It is in the report of the committee. It is one of the important steps forward.

I had reached the point in my remarks where I was discussing the second step, of restoring the productivity of the Marshall-plan countries by 1952, which I said was the final year of the program.

Now we have a year of building, building in a way that will enable those countries as they build this year and in subsequent years ultimately to find themselves on a self-sustaining basis in 1952.

But there has been a byproduct of all this, because with the increasing tensions with Russia, including the Berlin situation, and other situations throughout the world, we almost unintentionally discovered that the Marshall plan was developing into the most effective way to halt the Communists in their attempt to absorb a chaotic Europe by the creeping paralysis of their communistic methods. The aim of the Communists is to divide and destroy; to bring about confusion and misunderstandings, and then to move in and absorb.

What we have done with the Marshall plan has been to unite the ERP countries and bring about a spirit of courage and of mutual aid, which has been a most constructive primary step, and in that way to answer the kind of threat we are facing from the Communist menace.

Of course, we might have tried any kind of a plan, we might have become desperate and tried to stop some of their activities by force, but we discovered that force was not the best way, that the way to success in meeting these menaces, which tend to demoralize peoples and to bring about economic deterioration was to build on the constructive side.

Mr. President, I shall pass for a moment to one of the matters which has been very much discussed, both on the floor of the Senate and off the floor, namely, the question of the figures which are presented in the bill which is before the Senate, the figures I pointed out a moment ago, \$1,150,000,000 for 3 months, April to June, and then for fiscal year 1950, \$4,280,000,000.

Before any hearings were held I had the pleasure of talking, as one member of the Committee on Foreign Relations, with Mr. Hoffman and Mr. Bruce about their figures for the second year, and they stated then what I think was a very wise policy, that in presenting their figures to us they did not intend in any way, shape, or manner, to expand the needs or exaggerate them, that they were not going to anticipate any possible cutting down or trading for a lower figure, that they were going to seek to demonstrate to us by the witnesses they were bringing from Europe that every figure presented was the minimum as of the date when the figures were compiled, which was November 30, 1948.

I wish to pause a moment at this point to say that it was brought to the attention of the committee that possibly since November 1948 there had been a recession in certain prices, grain prices, for example. Whether that recession would call for a reorientation of the figures we do not know. How permanent the recession is we do not know. But it was the

feeling of the committee that so far as any change in prices was concerned, which might vary from month to month, the problem could be tackled when the question of the appropriation came before the Committee on Appropriations. I am confident there is not a member of the committee who would not be in favor of reducing in the appropriation the over-all figures which we are urging in the authorization, in case reductions could safely be made. But the chances are that the Committee on Appropriations will not act until June of this year, and in the meantime we feel the necessary authorization should be passed, based on the minimum figures.

How were these figures arrived at? In the first place, the OEEC group met this year, as they did the previous year, to estimate what the economic requirements of the Marshall-plan countries would be in order that their rehabilitation might continue along the lines planned, to determine what they would have to do in order to meet their production goals, and to what extent they would need dollars, because the only aid we proposed to furnish them was to the extent to which they needed dollars.

There is a very good statement of their own definition of their program for the second year which I shall read before I consider further some of the questions concerning the figures, because I want the RECORD to show what the OEEC, that is, the committee of the participating nations, visualized their job to be in the coming year. That has been summed up for us by Mr. Hoffman and his staff based on the OEEC report. I quote now from page 4 of the report of the committee which accompanies the pending bill:

They must make renewed efforts to stabilize their currencies and to check inflation. The year 1949 should be the year of financial and fiscal stabilization in Europe.

I wish to emphasize that, "the year 1949 should be the year of financial and fiscal stabilization in Europe."

This requires increased and more effective taxes, balanced budgets, balanced investment programs.

Mind you, I am reading a summary of the objectives of the participating countries which are benefiting from the Marshall plan.

They must increase exports by increasing productivity per man-hour, by lowering prices, and by improving marketing techniques.

They must make much greater efforts to develop, at home, in their overseas territories, and in other countries, new sources of supply for these imports which Europe will not be able to afford to buy in dollars.

They must make a much greater effort to develop intra-European trade. This objective will require drastic changes from traditional patterns.

Let me emphasize that:

This objective will require drastic changes from traditional patterns—

Imagine a group of European countries admitting to themselves that the course which they are going to pursue will require drastic changes from traditional patterns.

It is going to require European governments to agree on plans to break down tariff bar-

riers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

Those are two sensible statements of purpose which, I will say to the distinguished Senator from Utah, are covered by this statement of purpose by the OEEC nations themselves. If the Senator from Utah was diverted for a moment, I will read the sentence again, because I know he will be profoundly interested in this statement by the nations themselves:

It is going to require European governments to agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

They must exchange full information concerning their respective investment plans and needs—

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

Mr. SMITH of New Jersey. I should like, if I may, to finish this quotation so that it may be consecutive, and then I shall be glad to yield for a question.

They must exchange full information concerning their respective investment plans and needs, so that investors, whether private or governmental, may be able to make their investment decisions in the light of all the facts, and thus reduce to a minimum the misdirection of resources.

They also must further curtail imports that are not vitally needed. They must forestall the danger of drastic and sudden reduction of imports when the European recovery program ends.

That is a clear recognition by this group of nations that the European recovery program is to end in 1952 as planned. Mr. President, as an historical matter, I should like to ask whether any of my colleagues can point to any moment of time in the history of Europe when such a statement of a common purpose was made by a group of nations to work together for unification for mutual help and for meeting the problems presented by such a crisis as the recent terrible World War II.

I now yield to the Senator from Utah.

Mr. WATKINS. If I understand correctly, the Senator from New Jersey quoted from the stated plans of these nations.

Mr. SMITH of New Jersey. I quoted from a summary taken from the testimony of Mr. Hoffman of OEEC's report of objectives of the cooperating nations for the coming year.

Mr. WATKINS. If I heard the language correctly, it was that the nations in question were going to do this, and they were planning to do so and so. My question goes back again to what have they actually done, not merely what have they planned to do?

Mr. SMITH of New Jersey. They have reported very fully as to what has been done during the past year. I was merely reading what their program is for the coming year, and the statement of purpose, in developing these points, among others about which the Senator inquired. It is a statement of purpose, I grant that, but that is what it was meant to be.

Mr. WATKINS. As I understand, it is something to be done in the future, but they were not reporting what had been done up to date?

Mr. SMITH of New Jersey. No; not in this statement.

Mr. President, there have been issues raised in the debate by my distinguished colleague, the senior Senator from Ohio [Mr. TAFT] and by my distinguished colleague the senior Senator from Indiana [Mr. CAPEHART]. In both cases the issues were raised whether the amount which is proposed in the bill is too great. Their arguments were made in favor of reducing the total authorization. The point was made there was no need to appropriate for the so-called interim period, the third quarter of the present fiscal year from April to June. It has also been proposed that we can cut down our aid to the United Kingdom. There have also been objections, especially by my distinguished colleague from Ohio, to what he says is the wrong theory in the handling by Messrs. Hoffman and Bruce of the Marshall plan. Mr. President, no one could have a higher regard than I for the Senator from Ohio.

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

Mr. SMITH of New Jersey. I shall yield in a moment. I merely wish to pay the Senator from Ohio a tribute before I yield to him. I want to say that when the Senator from Ohio raises with me points of economic importance, I am willing to be very humble and say that in the field of economics I would yield to the Senator from Ohio. What I wanted to do, therefore, was to find out, in answer to these particular points presented by the Senator, what the answers would be from the ECA group. So on Friday last I made inquiry and presented three questions to them, and presently I will present the answers to those questions from Mr. Hoffman and Mr. Bruce and their staff in order that I can make clear for the record their program with regard to the three points.

I now yield to the Senator from Ohio.

Mr. TAFT. Mr. President, I want to make it clear that I am not criticizing Mr. Hoffman or Mr. Bruce for the manner in which they have administered the fund. I am objecting to the theory upon which the Marshall plan was based long before they ever came into it. The ECA countries figured out a plan showing finally a deficit of dollars or an excess of imports over the exports they could make, and then based their request for aid from us on that difference. That was the theory of the Marshall plan. I made a speech a year ago protesting against it. My only criticism of Mr. Hoffman and Mr. Bruce is that they apparently have accepted that theory in making their estimates for next year. That is the only respect in which I criticized their administration of the fund. I criticize their acceptance of the theory that America is obligated under the theory of this plan to make up the deficits of the various participating countries in accordance with the plan which they make, which we may criticize and change a little, but which basically we accept—in the case of England 100 percent this year. That is my only criticism. I am not criticizing their management of the Marshall plan or how they administer it, but the economic theory that we are supposed to make up

a deficit based on economic plans made by these various governments.

Mr. SMITH of New Jersey. I thank the Senator. I am glad he is present. Mr. Hoffman for the time is in California, but Mr. Bruce is here. I had a long talk with him on Friday. He has submitted material upon which I have based a statement upon these points. I will present the statement, and I hope the Senator from Ohio will give me his attention and his judgment of it, because we are here discussing what the amount of appropriations shall be for this year. I can say without any hesitation that if there were any way by which we could reduce the amount without jeopardizing the program I would be the first one to advocate a reduction. But I think it is so important that we cover the entire ground, and understand what the positions are, that I have taken the pains to find out from ECA headquarters itself what their compilations are.

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

Mr. SMITH of New Jersey. I yield.

Mr. SALTONSTALL. Does the Senator believe that the Senator from Ohio uses the words "economic theory" in the right sense when he uses them as applied to the Marshall plan? I wonder about that.

Mr. SMITH of New Jersey. I am not sure just what any of us mean when we use the expression "economic theory." We might differ as to what we mean by it. My whole conception of the Marshall plan is that certain things have to be furnished by the United States to make for the recovery of the participating countries, and unless dollars are available recovery cannot be obtained. All the Marshall plan has sought to do is to furnish the dollars to meet those needs, to fill the vacuums in order to put these countries back on their feet.

I felt gratified in securing this information from ECA headquarters, which seems to verify the statement I have just made. It is only because the commodities have to come from dollar countries that it is necessary for us to furnish the dollars to the purchasers.

Mr. WATKINS. Mr. President—

Mr. SMITH of New Jersey. I shall proceed with the first point, if I may.

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. Would the Senator mind waiting until I present this argument?

Mr. WATKINS. I wonder if the Senator is now leaving the question of the amount of money which is required, which he thinks ought to be appropriated or authorized this year for the program. Is the Senator leaving that subject now?

Mr. SMITH of New Jersey. No; I am just beginning it.

Mr. WATKINS. Then I shall listen before I ask questions.

Mr. SMITH of New Jersey. I am beginning this phase of it. I am beginning the justification of the figures, so far as I can justify them.

With regard to the proposal of the able Senator from Ohio [Mr. TAFT], to the effect that since actual ECA expendi-

tures are under \$3,000,000,000 so far, no more funds need be appropriated until July 1; in short the proposal, as I understand, is that we should not authorize an appropriation of \$1,150,000,000 for the period from April 3 to June 30, 1949, but should instead rely upon the remaining unexpended ECA funds to carry the program until July 1.

I may say that the distinguished Senator from Indiana [Mr. CAPEHART] in his speech last Friday developed that point very ably, and he tried to use that argument as a reason for reducing the entire ECA appropriation to \$3,000,000,000. It was a very good talking point as he presented it; but it seems to me that in taking that position we overlook certain fundamentals which I asked the ECA people to develop for me in this statement which I am presenting, showing why we feel the necessity of maintaining a continuous pipe line in our rehabilitation program if we are to accomplish the over-all objectives and bring this work to an end in 1952, which is what we are driving at, by having those countries released from their need for further aid from us.

The Senator from Ohio and the Senator from Indiana are both correct in stating that just under \$3,000,000,000 of the \$5,000,000,000 available to ECA has been expended. It is true that \$2,000,000,000 remains for expenditure on behalf of the countries participating in this program; but almost all these funds have already been firmly obligated. I am informed that by the end of this week practically the entire \$5,000,000,000 will have been firmly obligated for the various commodities and services needed by those countries. So unless we authorize and appropriate new funds for the coming 3 months, ECA will be forced to cease making further commitments, and the continuity of the program will be interrupted. It is a part of the facts of life in any program that a pipe line must be maintained. We cannot order an item today and have it delivered tomorrow. There is and must always be a lag between the ordering of goods and their delivery.

ECA authorized procurement with its funds in the form of procurement authorizations issued several months in advance, in order to permit proper planning and advance notice to private American exporters. These procurement authorizations can be issued only when funds not already obligated are on hand. Consequently, since ECA has already obligated the money it has, no further permissions to purchase can be given until new funds are made available. That is why the \$1,150,000,000 is needed for the next 3 months.

Let us look at the effect of not making these funds available upon the flow of aid in the European recovery program. These facts were given to me by the ECA office.

Without new funds until July 1 there will be no ECA funds available to finance shipments of wheat and coarse grains from the end of April to the middle of July, and ECA will be committed by the end of March only for shipments to be made through April.

Without new funds until July 1 there would be no ECA funds available to finance shipments of cotton from the middle of May to the middle of August.

Without new funds until July 1 there would be no ECA funds available to finance shipments of fats and oils from the middle of May until sometime in August.

Let us take a specific country. Let us consider the effect on Italy. While we are immensely gratified at the progress Italy has made in overcoming the Communist menace and attempting self-rehabilitation, we know that Italy is still in critical condition. Italy will require \$38,000,000 worth of wheat during the coming 3 months. These are facts furnished me by the ECA office. Only \$10,000,000 of this wheat has already been authorized out of funds now in hand. Without new funds until July 1, the Italian people would not get \$28,000,000 worth of ECA-financed wheat which is planned under the program during the months of April, May, and June. In such a situation Italy would be forced to cancel outstanding orders for industrial raw materials and machinery and equipment, and divert the funds thus released to wheat and other foodstuffs without which its people cannot survive. Without these industrial materials and equipment Italian production would slow down, and the momentum of recovery, which has been so painstakingly begun, would be lost, and many months would be required to make up lost ground. These facts illustrate the urgent need for new funds during the coming 3 months.

Let me say, as I tried to emphasize earlier in my remarks, that we are now dealing with what we might call a going concern. We have taken a year to make it a going concern. We must consider the over-all implications of all these programs involving commodities, and the interrelationship of one with another.

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

Mr. SMITH of New Jersey. I am glad to yield for a question.

Mr. KEM. The ERP program was described by the Senator from Michigan [Mr. VANDENBERG] the other day as a "shot in the arm." I should like to ask the distinguished Senator from New Jersey whether he thinks that Italy will have sufficiently recovered by 1952, at the end of the 4-year period contemplated by the present plan, so that additional funds for the purposes which the Senator has just enumerated will not be required?

Mr. SMITH of New Jersey. That is a very difficult question. It is a very proper question. It is a question which we have all been considering very carefully.

We have said definitely that the curtain falls in 1952 so far as this program is concerned. Italy has made wonderful progress, and we are hopeful that Italy will recover so that she can pick up at that point. But it is impossible for any of us to say definitely whether she will or will not. From the studies which have been made, and from my talks with the various heads of missions, such as Mr. Zellerbach, in Italy, I feel very hopeful in the case of Italy. Mr. Zellerbach also

feels very hopeful that Italy may be in that position by 1952.

Mr. KEM. Is it only a hope?

Mr. SMITH of New Jersey. The whole thing is a calculated risk. It is a choice between this course and doing nothing, and having the imminence of chaos, confusion, and a third world war.

Mr. KEM. As the Senator knows, we have taken a great many calculated risks.

Mr. SMITH of New Jersey. I agree.

Mr. KEM. We took a calculated risk in the case of UNRRA.

Mr. SMITH of New Jersey. I have no defense for UNRRA, although I think it did some good work.

Mr. KEM. The Senator will recall that at the time it was authorized by Congress the representation was made that if that were done, no further funds would be required from the American people.

Then we had the Bretton Woods agreement, which was another calculated risk, which was represented to us as being sufficient to take care of the situation.

Mr. SMITH of New Jersey. Let me correct the Senator. I do not recall that it was represented as being sufficient. I do not believe any of these plans was represented as being sufficient in itself. I voted for all of them. I did not believe that any one of them was sufficient. I thought they were steps, milestones on the road to peace, but none sufficient in itself.

Mr. KEM. I shall be glad to look up the record, but as I recall, at the time the \$6,000,000,000 Bretton Woods appropriation was recommended to us, it was represented that it would take care of the situation of dollar credits throughout the world.

Mr. SMITH of New Jersey. I think it was in the direction of currency stabilization, whatever that may mean to the economists.

Mr. KEM. As I understand, the trouble in Italy is a matter of dollar credits, exactly the situation which the Bretton Woods Agreement was designed to take care of. Is that not correct?

Mr. SMITH of New Jersey. That may be true. I am not claiming perfection in the carrying out of any of these programs. The Senator is bringing out for the record exactly what we must bring out. We must bring out the problems which we must face in trying to rehabilitate a torn world and to take a position of legitimate leadership in helping the nations to find the solution. The Senator is making a great contribution.

Mr. KEM. Of course, all of us wish to assist the nations of the world, so as to help them work out their own destiny; but the question I wish to ask the Senator is whether we should go ahead this year on the theory that this program is a part of a more or less permanent WPA throughout the world, or whether we really are proceeding intelligently on a program the end of which is in sight.

Mr. SMITH of New Jersey. Mr. President, I should like to say, in answer to that question, that I have never considered this program as a part or parcel of a WPA. It has nothing to do with a WPA or with anything of that sort or

with a relief program. It has to do with the economic rehabilitation of the nations concerned, so that they can take care of themselves and resume their rightful place in the family of nations.

Mr. KEM. The program is called the European relief program.

Mr. SMITH of New Jersey. No; it is called the economic reconstruction program.

Mr. KEM. I know it has obtained a somewhat more euphonious title as matters proceeded; but it is generally called the European relief program.

Mr. SMITH of New Jersey. No; it is the European recovery program, and recovery is a very different matter from relief. I agree with the Senator that it should not be a relief program. If it were a relief program, I would not be arguing for it.

Mr. President, before I leave the question of Italy, I wish to refer to an ECA report which I have on Italy, and this reference may be helpful for the record in regard to Italian progress:

Despite production difficulties, Italy has made remarkable progress toward closing the gap in its balance of payments. Taking 1938 at 100, the volume of exports has risen from 39 in 1946 to 57 in 1947 and in the first 10 months of 1948, to 80 or 85. If prewar exports to the former Italian colonies are excluded from the comparison, the volume of Italian exports is already above the 1938 level. This remarkable rate of improvement has been due principally to: (1) exchange rate and exchange control policies adopted by the Italian Government which provided a strong incentive to export and, in general, kept Italian export prices competitive in world markets; (2) the deflation which in 1948 helped reduce Italian costs and export prices; and (3) the exploitation by enterprising Italian exporters of a number of favorable, although frequently temporary, market opportunities which developed during 1947 and 1948. Principally as a result of this rapid improvement in exports, Italy's need for dollar assistance has fallen considerably since 1947.

I may add that in talking to Mr. Zellerbach, I learned that it is his hope that by 1952 we shall have reached a place where Italy will not need any more dollar aid. However, as I have said, of course that is a speculative matter.

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

Mr. SMITH of New Jersey. I yield.

Mr. BRIDGES. The distinguished Senator from New Jersey stated that this program is not a relief program in any sense of the word, and that if it were a relief program he would be opposed to it.

Mr. SMITH of New Jersey. Of course, I meant that it is not a continuous relief program. We did have to provide some relief during the first year.

Mr. BRIDGES. One thing that has troubled me about this so-called economic recovery program, as it has been indicated to be—and I have followed it closely and have been in favor of much of it—is that so much of it has been in the nature of relief, rather than rehabilitation and recovery. The Senator from New Jersey does not mean to say that none of the funds have gone for what might be termed relief purposes; does he?

Mr. SMITH of New Jersey. No. In my opening remarks I pointed out that in the first year of our operations under this program a large part of the program necessarily had to be devoted to relief, in order to get the people of the participating countries back on their feet and to restore them to a physical state of health which would permit them to return to work. That is why I have been arguing that the second year is so important, because we must get things going if we are to complete the program by 1952.

Mr. BRIDGES. Then it is true that, to date, 80 percent of the program has been in the nature of relief?

Mr. SMITH of New Jersey. In the first year, relief has totaled a substantial amount, but the figure has been decreasing; the amount of the program devoted to relief has gradually been diminishing and slackening off. The estimate is that in the second year, relief will amount to not more than 20 percent of the program.

Mr. BRIDGES. There will have to be a great change in the program in order to shift to that basis, so that relief will constitute only 20 percent of the program.

Mr. SMITH of New Jersey. Of course, the change has been gradual; relief has gradually diminished as progress has been made in the construction of plants, and so forth, and in the taking of other steps by which to build up the economy of those nations, so as to permit them to obtain the necessary funds in order to be able to build up their export programs, and so forth.

Of course, everyone expected that in the beginning there would have to be relief in order to get things started. As the Senator knows, in the summer of 1947, when he was abroad with me, there was a great shortage of grain crops, and we had to help meet that shortage, and that help constituted a large part of the program at that time. But the Senator will also recall that in the past year there have been good grain crops, so more of the program is going into the capital goods industries and into recovery.

I am not troubled about that situation; I think it is the normal development, as we help get people back on their feet. As they become stronger, so that they are able to do a good day's work, they produce more.

Mr. BRIDGES. I wish to say that I have been disturbed about the amount of the program which has been devoted to relief. I supported the program on the basis that it was a recovery and rehabilitation program. So I am disturbed by the amount which has been devoted to relief. Of course, I realize that in the first year a larger percentage would have to go to relief, and that as the participating countries get on their feet, more of the program can be devoted to recovery of a permanent nature. Nevertheless, I am disturbed over the fact that we seemingly have centered the program on relief, and that, seemingly, many of those countries have been clamoring for the relief part of the program, rather than for the other part.

Mr. SMITH of New Jersey. I would not say rather than for the other; but both the Senator from New Hampshire and I are on the so-called watch-dog committee, and we have seen that situation. I agree with the Senator that I am sorry that so much relief seems to be necessary.

But now we find that the program is shifting to the rehabilitation work. I am glad the Senator from New Hampshire has brought out that point, because we must consider it as we deal with this matter over the years.

(Subsequently, under date of March 29, 1949, Mr. SMITH of New Jersey received a letter from Howard Bruce, Deputy Administrator, which, after commenting on the debate of March 28, clears up the confusion with regard to relief and reconstruction, which letter, at his request, and by unanimous consent, was ordered to be printed at this place in the RECORD, as follows:)

ECONOMIC COOPERATION ADMINISTRATION,
Washington 25, D. C.

DEAR ALEX:

* * * * *

There is one item which we apparently did not make clear to you, and I feel that I should call it to your attention at this time. You stated, I believe, that for this year the ECA program will have consisted of about 80 percent "relief" items and 20 percent "recovery" items and that for this coming year the ratio would be exactly the opposite. Actually, the percentages of the various ECA-financed commodities are estimated as follows:

	1948-49	1949-50
Food	31	24
Feed, seed and fertilizer	6	8
Fuel	17	14
Raw and semi-finished materials	23	30
Machinery and equipment	13	15
Miscellaneous, including tobacco	10	9
Total	100	100

Of course, it is very difficult to state just which of these items should be considered "recovery" items and which "relief" items. As you will note, however, there is no substantial change in the nature of our shipments between the two years. It must be remembered, however, that our shipments constitute a good deal less than 5 percent of the total national income of the participating countries, and that of this total, of both domestic production and imports, a large and increasing amount of approximately \$30,000,000,000 this year and an estimated \$33,000,000,000 for this coming year are going into gross capital formation, much of it into an expansion and improvement of productive facilities. This is cumulative.

Over a 4-year period, the European production capacity will be greatly increased. This tremendous recovery effort is largely made possible by the fact of ECA aid.

If there is any further information we can give you, please let me know.

Sincerely yours,

HOWARD BRUCE,
Deputy Administrator.

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

Mr. SMITH of New Jersey. I should like to complete my remarks, but I shall be glad to yield to my colleague.

Mr. HENDRICKSON. Is it not true that in the case of Italy, the great, over-

all problem is one of overpopulation and the need for migration outlets?

Mr. SMITH of New Jersey. That is quite true. We were discussing that point earlier in the debate, in connection with a question asked by the Senator from Utah.

As I have mentioned, under this program we are contributing 10 ships to help move some of the Italian surplus population. That aid is part of the over-all ECA attempt to bring order out of chaos in connection with the difficulties facing these countries.

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

Mr. SMITH of New Jersey. Yes.

Mr. HENDRICKSON. If the colonies which belonged to Italy before the days of Mussolini were now returned to Italy, would not that help her in connection with her problem of overpopulation, and also help us in connection with our extension of aid?

Mr. SMITH of New Jersey. I think that is true. But when the question of returning the colonies to Italy first arose, Italy was varying between communism and joining the ECA countries.

Mr. HENDRICKSON. That is true.

Mr. SMITH of New Jersey. At that time fear was expressed that if Italy had control of those colonies, and then turned to communism, the control of the Mediterranean would be in the hands of communism. That was a good reason for holding up the return of the colonies. I talked to many of my Italian friends, and they agreed that it was a sound reason.

Mr. HENDRICKSON. But now all that has changed.

Mr. SMITH of New Jersey. Yes; and I hope the problem will be settled to the satisfaction of Italy and also for the betterment of the entire international family of nations.

Mr. HENDRICKSON. I thank my colleague.

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

Mr. SMITH of New Jersey. Mr. President, I shall yield if requested to do so, although I should like very much to conclude my remarks, because I have been on my feet for about 2 hours now.

Mr. WATKINS. The Senator from New Jersey previously stated that he would welcome questions.

Mr. SMITH of New Jersey. Oh, yes; and I do. I yield.

Mr. WATKINS. I should like to ask about the Italian situation. Inasmuch as the Senator from New Jersey is a member of the Foreign Relations Committee, can he inform us now what, if any, additional burden will be placed on Italy in an economic sense by reason of membership in the proposed North Atlantic Pact?

Mr. SMITH of New Jersey. I am frank to say to the distinguished Senator that I have not studied that matter sufficiently to be able to give him a considered answer. But when the North Atlantic Pact debate occurs in the Senate, I shall try to inform myself as to that matter. I cannot answer because I do not know what share of united defense, if there is to be a share, we shall look to Italy or to

the other countries to provide. It depends on that.

Mr. WATKINS. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I yield.

Mr. WATKINS. Has the Foreign Relations Committee been given a budget or blueprint of the expenditures we are likely to be required to make in connection not only with the European recovery program but also with the North Atlantic Pact, if and when it is ratified?

Mr. SMITH of New Jersey. We have not obtained the details. There have been some suggestions.

Mr. WATKINS. Have there been any over-all figures suggested?

Mr. SMITH of New Jersey. There have been some suggestions as to the over-all figure, but they were given in executive session, and until developed, I do not think I can comment.

Mr. WATKINS. Does the Senator not think it important now to know what our over-all commitments are to be, before we make any commitment under the present program?

Mr. SMITH of New Jersey. No. My own feeling is that this program, with its implications, is one of the most important items of the national budget this year. I think this program should be considered on its merits, and that we can deal with the other program when we come to it.

Mr. WATKINS. Does the Senator not think it wise in the handling of such matters, to have a complete picture of what the requirements are going to be, so we can form a theory about one or the other, as the need is indicated?

Mr. SMITH of New Jersey. I think that is wise.

Mr. WATKINS. Of course I respect the fact this has probably been told the Foreign Relations Committee in executive session, but here we are considering a part of a world-wide recovery program, and a part of the fight against the cold war, and it seems to me the Senate and the people of the country are now entitled to know what that over-all picture is, executive session or no executive session. I do not want to be discourteous in any way, but it seems to me we ought to have those figures. I cannot vote intelligently on this proposal unless I know what else is going to be asked in the foreign budget.

Mr. SMITH of New Jersey. I may say to the Senator that in the report of the committee on the bill, on page 6, there will be found over-all figures, in a table entitled "Budget Statement on International Affairs and Finance," which affords a rather comprehensive over-all picture.

Mr. WATKINS. What does it include for the North Atlantic Pact?

Mr. SMITH of New Jersey. It does not include that, because as I have stated, the figures affecting the pact have not been broken down. I do not know whether the figure would be \$1,000,000 or what it would be.

Mr. WATKINS. Has not the committee been informed in the detailed consultation about the pact which, as Presi-

dent Truman says, has occurred between the State Department and the committee? Has the committee not been informed of what that figure will be, of what the next step will be, after the pact is ratified?

Mr. SMITH of New Jersey. We had merely an approximation. It is a very rough approximation of what it might be, and it is not certain that any appropriation will be needed for it at the present moment. In fact, the pact does not involve any authorization whatever.

Mr. WATKINS. I understand that, but there is always an uncertainty, as there was about the Marshall-plan program. We considered it a year ago, and now we come to the second year.

Mr. SMITH of New Jersey. There would be involved giving special attention to the military program under the pact, and that detail has not been worked out.

Mr. WATKINS. I am taking all that into consideration, and I have been reading statements by the experts that the North Atlantic Pact will be a dead pigeon, unless we implement it by a heavy support for a rearment program.

Mr. SMITH of New Jersey. That is the argument of many. Others do not agree. That has not been determined.

Mr. WATKINS. I should like to know whether the Senator from New Jersey agrees with the theory that we must have an implementation of the pact by a strong rearment program for Europe?

Mr. SMITH of New Jersey. I have never been one of those who have undertaken to suggest what the figures for the whole rearment program should be. I think the figures have to be screened and examined very carefully, even the suggestions that have been made up to date as to the \$15,000,000,000 program. I want to examine that very carefully before giving it my approval.

Mr. WATKINS. In fact, it has been discussed, has it not, that about \$15,000,000,000 will be necessary in order to give Europe something like 40 divisions, and so on?

Mr. SMITH of New Jersey. No, that is the Armed Services Committee program, which has nothing to do with what the Senator is discussing.

Mr. WATKINS. It has something to do with the cost, does it not?

Mr. SMITH of New Jersey. With the over-all cost, yes.

Mr. WATKINS. That is what I am trying to find out, how much money are we going to be called upon to appropriate for our world budget. I want to know whether the committee has considered China, Asia, the occupation costs in Japan and in Germany, Greece, Turkey, and all other matters of that kind.

Mr. SMITH of New Jersey. Everything is summarized on page 6 of the report, except the one item about which the Senator is asking, namely, what the implications of the Atlantic Pact are. It includes aid to China. It includes a great deal more than I think will be included for China, as an over-all figure.

Mr. WATKINS. As I understand it then, the Senator says only an approximation has been given to the committee, and does not at this time feel that he can reveal that figure.

Mr. SMITH of New Jersey. Only because it was not given in detail at all, and because it was merely given as a guess, the basis on which the Senator is asking it now. There was an over-all guess as to what it might approximate. If the chairman of the committee were present, I should have no objection to asking him, but, as a member of the committee, I would feel that a figure given in executive session, which might be given wide publicity if I made a statement here, and which might not be accurate at all, but rather merely a guess, might be inappropriate to discuss. I should not hesitate, off the floor, to tell the Senator privately in confidence what I think the figure would approximate, but I should prefer not to say it in public at this time, because I think it would be wrongly construed.

Mr. WATKINS. Does the Senator agree with me we ought to know what the foreign budget is going to be this year and for the next 4 or 5 years, before we make any more commitments or authorizations? Should we merely take them up piecemeal, and then when we get through, add them up, and say, "Well, I guess we can stand that"? Does the Senator think that that is the proper way to proceed?

Mr. SMITH of New Jersey. The Senator has the figure for this year. I do not think we can anticipate 4 years ahead. That is the reason we declined last year to consider a 4-year program. We said we would review the program every year.

Mr. WATKINS. But there was more or less commitment to go on with the Marshall program, once we started it, was there not?

Mr. SMITH of New Jersey. It depends upon whether production is obtained, and whether the participating countries are cooperating.

Mr. WATKINS. I should like to have the information. I am very much in doubt as to how much money we ought to vote for the European recovery program. I am for the program. I voted for it last year, and I intend to vote for it again, but I should like to know what over-all demand is going to be made upon the Treasury this year, and, if the figures are available, for another year, and another year, and another year, I want to know. I want to know how much money we shall have to spend, before we start spending it.

Mr. SMITH of New Jersey. I do not think we can tell the amount which will be required for another year and another year, but I think we can tell for this year. Mind you, Mr. President, we are asking for authorizations in this particular bill, and when the appropriation time comes, all the figures will be before Senators when they are considering the appropriation and before they vote on it. I am in the same position as is the Senator. I do not want to vote for 1 cent more than we are able to take care of, and I am against any increase in our taxes, too.

Mr. WATKINS. How are we going to be able to tell how much we can take care of, if we cannot get the figures?

Mr. SMITH of New Jersey. The Senator can get the figures when the appro-

priation bill comes before the Senate. This is a ceiling on the appropriation, simply to take care of the estimated needs of the program.

Mr. WATKINS. It also becomes the floor. As I found out by past experience in the past 2 years, when once we name a ceiling, it also becomes the floor.

Mr. SMITH of New Jersey. In some cases it has; there is no question about that.

Mr. WATKINS. I thank the Senator.

Mr. SMITH of New Jersey. I thank the Senator, because I think these interruptions are helpful in bringing before the people of the country and before our colleagues what is in our minds as to the implications of the program. They are all helpful. I am all in favor of it. I thank the Senator for interrupting.

Mr. WATKINS. I should merely like to make an observation, if the Senator will permit me. I want to do everything I can, along with the rest of the United States, to help the people of the participating countries get on their feet. I am willing to go as far as we reasonably can, but I do not want to go beyond what is absolutely required, and beyond our ability. I want to call the Senator's attention to the fact that the European recovery program as finally forecast by Mr. Hoffman at \$17,000,000,000 would build every reclamation project in the West, without any cost to the people there, and it could be given to them just as it is proposed to give it to Europe. We could make this Nation immeasurably stronger by building those reclamation projects. I am watching this matter with a great deal of interest because I know when I go before the committee of Congress and ask for large appropriations for our reclamation projects, it will be said, "We cannot do it," and my people will say "Well, you gave it to Europe, why can't you give it to us at home, if you want to make America strong?"

Mr. SMITH of New Jersey. Would the Senator mind my saying at that point that we are preparing figures to do the things he suggests. But I want to call the attention of the Senator to the fact that the important consideration that causes me to support this program, as I am supporting it here, is my interest in the peace of the world. If I did not feel this was a milestone on the road to world peace, I should not be supporting the program. This is a part of the policy of the United States, since World War II is over, in bringing about the cooperation of the nations of the world for peace and the restoration of the nations that believe in the fundamental freedoms and the liberties in which the United States believes.

Mr. WATKINS. I believe in peace, too, and I am willing to go a long way for it.

Mr. SMITH of New Jersey. I know the Senator believes in peace, and it is what I am arguing for, because I believe it is the solution to the whole problem.

Mr. WATKINS. I hope the Senator understands when we ask these questions that we are not doing it because we are against peace. If we had peace, we would know what we could do with the economic program, and with those who are sent here to discuss rehabilitation from the ravages of war.

Mr. SMITH of New Jersey. That is quite true.

Mr. WATKINS. I thank the Senator.

Mr. SMITH of New Jersey. I believe that the United States will be prosperous when the rest of the world has recovered, far more than would be the case if we were isolated. Let me put it in this way: I feel there is an international urge, so far as trade and a recovered world is concerned, that can work for peace.

I wish to continue my remarks, if I may. I was discussing, Mr. President, the pipe-line principle and the necessity for an appropriation of \$1,150,000,000 between April and June.

Any stoppage in the availability of funds for the ordering of goods during the next 3 months is bound to be reflected in a substantially reduced flow of aid to the participating countries during the summer and to disrupt the orderly planning and carrying out of the program. We cannot live off the pipe line and place no new orders without having the pipe line run out at some later time. The deliberate interruption of aid at this stage of the program—even with the promise of building back the flow after July 1—would dissipate the momentum of recovery and the increased confidence of the people of Europe just at a time when it is critically important to get the greatest benefit from them for European recovery. The proposal of the Senator from Ohio would in the end cost more dollars, not less, for European recovery.

From the press I understand that the Senator from Ohio has made still another proposal, namely, that the Congress appropriate the \$4,280,000,000, which the bill before the Senate would make available from July 1 for the fiscal year 1950, for 15 months beginning April 3. The Senator further proposes that if the President finds it necessary, he may authorize the ECA to use the funds in 12 months, that is, by April 3, 1950. This arrangement is similar to that adopted last year in the Appropriation Act. The requests made to the Congress last year were based upon estimates made before actual operating experience had been gained.

We had hoped at that time that the funds would take care of the situation through the coming June, but the President had to call on the entire funds appropriated, as he was authorized to do, and which had been obligated prior to April 1. The same suggestion is made this year. But the situation is different this year from what it was last year.

The amounts of funds provided in the present bill are estimates arrived at through the use of agencies such as the country missions, the office of the special representative—and ECA Washington, established by the Congress itself in the ECA Act last year. Figures were proposed in the first instance by the individual participating countries. They have been closely screened by the ECA missions in the several participating countries.

Every head of mission visiting this country told us of conferences of leaders to determine whether their figures were acceptable. The collected country figures were then screened by the Joint Organization for European Economic Co-

operation, the existence of which was made a condition of continued ECA aid by the Congress in the original act. The figures were then severely screened by the office of the special representative in Paris, by the ECA administration in Washington, and by the National Advisory Council.

That Council, as all Senators know, was established to advise the ECA.

Therefore, the Congress is confronted this year with an entirely different situation from that on which it legislated last year. In spite of all the difficulties and in spite of all the guesses, the legislation last year turned out to be on a very sound basis.

The estimated requirements for the program during the coming 3 months and the next fiscal year have been screened many times, on the basis of a full year's experience with the aid program, and with the assistance of the several organizations which Congress in the original ECA Act expressly provided for or contemplated.

In all likelihood, therefore, if this proposal of Senator TAFT's were adopted, the \$4,280,000,000 would be exhausted by the end of 12 months and the ECA would be required to come before the Congress for an additional appropriation for the remaining 3 months of the fiscal year 1950, just as they are now doing. I believe it will be agreed that this is not a satisfactory or efficient procedure since it involves the Congress in the dilemma of either delaying appropriation of funds for the fourth quarter of the fiscal year beyond the time when they should be available to permit orderly operations and forward planning, or of acting on the necessary legislation without full consideration.

It is unlikely that the Congress will be in session early enough to appropriate new funds by January 1 next year. In fact, the funds available for the last quarter of the fiscal year, in all probability, would not be known before the beginning of that quarter. It would be impossible for ECA to issue its authorizations in advance of the time when the contracts have to be made, and the efforts of ECA to establish and maintain purchasing on a forward basis will be defeated as they have been in the present instance. If, however, we put ECA on a fiscal-year basis by passing this bill, which authorizes an appropriation to complete fiscal 1949 and another appropriation for fiscal 1950, the ECA can come before Congress in good time to secure its appropriation sufficiently in advance of July 1, 1950, to make possible uninterrupted forward programming. It will also mean that ECA will be on a true fiscal-year basis, like any other agency of the Government. Its planning year will harmonize with the basis on which the Europeans themselves prepare their recovery programs and with such other factors as agricultural forecasts which are normally made on a fiscal-year basis.

So, Mr. President, on that point, I sincerely hope that the appropriation suggested will be left in the bill as it is presented, as the committee has given it great consideration and study, and feels

that it is necessary in order to keep the pipe line full.

I now come, Mr. President, to another question which has been brought up and which I think is of great importance.

Mr. SALTONSTALL. Mr. President, will the Senator yield before he comes to that point?

Mr. SMITH of New Jersey. I shall be glad to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Is the Senator now leaving the fiscal question?

Mr. SMITH of New Jersey. I shall come, in a moment, to the balance-of-payments theory referred to by the Senator from Ohio [Mr. TAFT], but, in the meantime, my purpose is to discuss the problem of aid to Great Britain and the criticisms which have been made of the British program.

Mr. SALTONSTALL. If I may, I should like to ask a question, which I think is appropriate at this time. The Senator has said that these figures were considered as of the date of November 30, 1948, and that he agreed that price considerations might well be considered by the Committee on Appropriations when it takes up the bill in the latter part of May or June. My question is this: Should not the committee also be able to consider the increasing improvement in the recovery of the European countries over that period of time, together with other factors in that connection, as well as changes in the price level?

Mr. SMITH of New Jersey. I think that is a very proper and relevant question, but I call the attention of the distinguished Senator to the fact that most of the participating countries are diagnosed in different ways, depending on what facts are considered. I shall refer to the British situation in a moment. There has been a public statement by Mr. Mayhew, who is connected with the British Government, to the effect that British recovery was complete, and the question was immediately raised, "Then, why do we need to do anything more for Britain?"

We asked Mr. Hoffman and Mr. Finletter to tell us what was meant by the statement of Mr. Mayhew. We also had statements of other British people with regard to Great Britain's situation. Mr. Finletter's statement was most encouraging. But the point that is overlooked is that while British recovery on their own home base may appear to be complete and progressive, the problem of dollars is not solved by simply taking that over-all position. That is what I shall undertake to discuss.

Mr. SALTONSTALL. The point I am trying to make is that the Appropriations Committee could properly take into consideration other questions in addition to the changes in price levels that may be appropriate at this time.

Mr. SMITH of New Jersey. I think that is true. But I want to warn the Appropriations Committee that access to the proper sources of information is most important, so that the committee cannot be led astray by what may appear to be superficial problems which may have been dealt with but which do not go to the bottom of the recovery situation.

Mr. SALTONSTALL. The Senator knows, as a member of the Foreign Relations Committee, that we must not let our friends and associates be misled into the belief that this authorization bill means that the money will be actually appropriated.

Mr. SMITH of New Jersey. I appreciate that.

Mr. SALTONSTALL. Is not that very important?

Mr. SMITH of New Jersey. It is very important, and as other members of the committee have said before, especially the distinguished Senator from Texas and the distinguished Senator from Michigan, who have been our leaders in developing this whole program, I am confident our committee will be the first to make any possible reduction in the appropriation which conditions justify.

There are three possibilities. We have first the authorization, then we have the Committees on Appropriations, which can screen the figures, and if possible reduce them. Then we have the fact that the Administrator and the Deputy Administrator, and their staffs, are good Americans, and even though they have the authorization and the appropriations, if they find the money is not needed, they will not recommend its appropriation just because it is authorized. So I think we have three checks to protect us against extravagance.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I wonder if the Senator has seen the report just made by the Committee on Appropriations of the House of Representatives, I believe in connection with the public-works appropriation. I think they come to the very definite conclusion that the costs of construction and material equipment are approximately 15 percent lower than the average of last year. That report has just been issued. I saw it about an hour ago, and I wondered if the Senator had seen it.

Mr. SMITH of New Jersey. I regret that I have not seen it, but I am very much interested in the figures. That is one of the things we have been discussing which should be taken into account by the Committees on Appropriations when they come to making the appropriations.

Mr. HICKENLOOPER. If the Senator will yield further, I should like to ask him if it is not his view that, this being merely the question of an authorization, it will be definitely up to the Committees on Appropriations and to the Congress later to examine the costs of the program when voting for the appropriations which will implement it.

Mr. SMITH of New Jersey. I agree absolutely.

Mr. HICKENLOOPER. Perhaps the Senator has already discussed that point. I came into the Chamber just a moment ago.

Mr. SMITH of New Jersey. It has been mentioned before by other speakers in behalf of the bill, and we all agree that the authorization reflects our best judgment, from all the material and all the witnesses we had before us; that the amount recommended is the proper fig-

ure to be authorized in order to accomplish the purpose at which we are driving, and that there are still possibilities on the part of the Committees on Appropriations, when they come to recommend appropriations, to determine the amount of money needed at that time.

Mr. HICKENLOOPER. I wish to emphasize, as a member of the Committee on Foreign Relations, along with the Senator from New Jersey, that what the Senator from Massachusetts was saying a moment ago I think is important, namely, that we make completely clear to the Congress and to the American people that this particular action in the way of authorization is not the voting of the money.

Mr. SMITH of New Jersey. I am glad the Senator emphasized that point, because it is most important that the American people should understand it, and that the American people should not criticize the Committees on Appropriations, when the Congress authorizes this full amount, if later the Committees on Appropriations feel it is not necessary to recommend the appropriation of all of the money authorized. That is the proper function of the Committees on Appropriations.

Mr. CONNALLY. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. I ask the Senator whether it is not true that if there is to be any elasticity, or any device for taking up the shock, it should be in the Committee on Appropriations rather than in the authorization, because an appropriation cannot exceed the authorization, but the Committee on Appropriations can cut down an authorization. So the committee should be left free, within the scope of the authorization, to reduce the amounts if conditions at the time warrant. For instance, the Senator from Iowa just pointed out that building costs have gone down, and that is only one index. Perhaps other costs will go down. I thoroughly approve the attitude of the Senator from New Jersey, and I think he has made a very splendid point.

Mr. SMITH of New Jersey. I thank the Senator from Texas. Of course, what he says is entirely correct. I think it is proper we should see to it that the people of the country understand the situation, so that they will not criticize the Committees on Appropriations if they recommend the appropriation of less than the authorization, in the event they discover that less money is needed to carry out the purposes of the program.

Mr. President, I think we have made that reasonably clear, and I am sure that no one could misunderstand the position of the members of the committee. The Senator from Iowa [Mr. HICKENLOOPER], who is a member of the Committee on Foreign Relations, has just stressed the point, and the Senator from Texas and others have done likewise.

I might say in passing that the question of lower prices is involved in the whole picture from another angle, because if prices of commodities sent to foreign countries are lower, they will

probably get lower prices for their exports, which is what they need in order to take care of their problems. So the price question is a difficult one, with which the Committee on Appropriations will have to deal carefully in making the proper appropriations.

Mr. President, I shall now tackle what probably should be called the \$64 question, because it has been open to so much criticism. I refer to the question of aid to the United Kingdom. It was suggested that the United Kingdom had received a great deal of aid. I think the figure of aid to Britain this year is \$940,000,000, and I think we are going to meet the argument that that is one of the areas where there might be a reduction.

Again I made inquiry of the ECA headquarters in order to get the facts on which to make a statement which I have prepared, and which I shall give for the RECORD, and also try to bring out as simply as possible what the British problem is.

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

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. I thoroughly applaud the Senator. I was about to ask him if it is not possible that in his remarks he can treat the intercountry-trade arrangement, which I think is on the way to solution, that is, regarding the sterling area, and matters of that kind.

Mr. SMITH of New Jersey. I did not have so much in mind developing the intercountry arrangement as meeting the specific criticism that England has recovered and does not need any further aid and trying in A B C language, if I might, to explain the principal point of our continued aid to Britain.

Mr. CONNALLY. Very well.

Mr. SMITH of New Jersey. I shall speak but a moment on aid to the United Kingdom. The United Kingdom is approaching a position in which her total earnings in all currencies will balance, or nearly balance, her total payments in all currencies. Great Britain is already running a substantial export surplus with the other participating countries and with other countries in the sterling area, but a substantial deficit with the dollar area. That is the important point in this whole discussion, that there is a substantial deficit with the dollar area.

Because of the remarkable recovery progress in the United Kingdom, the need of the United Kingdom for continuing United States aid has been questioned in certain quarters. These questions arise from a failure to distinguish between the recovery of production and over-all exports, on the one hand, and the balance of exports to, and imports from, the dollar area, on the other hand.

Britain still does not earn enough dollars to pay for the goods which it can buy only for dollars and which it needs in order to continue, or even to maintain, its recovery progress. This is the gap which ECA aid must bridge until it can be closed by the efforts of Britain itself.

Because of Britain's recovery throughout the past year with the help of ECA

aid, the United Kingdom request for aid during the fiscal year 1950 is 24 percent less than the fiscal 1949 program. I am informed that the other countries are asking 15 percent less; in the case of Britain it is 24 percent less.

This is evidence both of the remarkable progress which the United Kingdom has made in driving hard to increase production and exports while maintaining an austerity program at home, and of the determination of the British people to stand on their own feet as quickly as possible.

All of the administration's witnesses testified that the United Kingdom's program is a tight fit and that any reduction would adversely affect recovery not only in the United Kingdom but also in western Europe. Mr. Hoffman explained to the committee the effect of, let us say, a \$200,000,000 cut in the program. That figure has been used a number of times. I have been challenged by a number of people who asked why we cannot cut \$200,000,000 from funds for British aid. One of the effects of such a cut would be to reduce Britain's imports of industrial raw materials from the United States. This would, in turn, reduce Britain's ability to manufacture goods, and this, in turn, would be reflected in reduced exports to the dollar areas. It was estimated by Mr. Hoffman that a cut of \$200,000,000 in aid would cause a loss of a minimum of \$70,000,000 in export earnings, thereby requiring a total cut in imports, not of \$200,000,000 by which aid would be reduced, but of \$270,000,000.

That sounds complicated in figures, but Senators can see how it would work.

In other words, without the industrial raw materials and equipment and other items in the proposed program, which Britain can obtain only for dollars, provided by the United States, Britain cannot even maintain the level of production and exports which it reached during the past year. In fact, still higher production and export levels are required if Britain is to earn the dollars which it needs for the materials from the United States and on which its production and recovery depend.

Mr. President, that is a brief statement of the British position, and it seems to me that anyone who thinks it through can see that while Britain has recovered so far as the situation is concerned with the other currencies, the dollar situation still remains, and that she must buy much of her raw materials here in order for her production to go on; therefore she needs this aid.

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

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. What is the justification for the 25-percent cut?

Mr. SMITH of New Jersey. That is due to British progress this year. Those matters were all carefully reviewed by our representatives on the ground, particularly by Mr. Finletter in charge of that subject. He and the Ambassador worked for hours, I am told, over this program, and figured that the British could stand a cut from last year, which we all expected would be made. We expect all countries to stand a cut of some sort, ultimately down to zero.

Mr. WHERRY. Then if the Senator approves a cut of 25 percent, how is he proposing to get more dollars for Great Britain? I do not understand.

Mr. SMITH of New Jersey. By the recovery Britain has made she is helping to pull herself out. She is helping to increase her exports. She has made greater imports to us this year than last. Therefore she has gotten more dollars with which to buy. She has been able to recover to that extent. I hope by another year we can cut the aid substantially more. According to the help we have given her, her exports are increasing.

Mr. WHERRY. In other words, we must open up the American markets to Britain, so she can get more dollars in order to export more fabricated materials to us?

Mr. SMITH of New Jersey. No.

Mr. WHERRY. On page 449 I find this, in Mr. Hoffman's testimony.

Mr. HOFFMAN. Senator, I think I can add a little light on this. In July, when I first met Mr. Stafford Cripps, we were talking about the second year's program. I told him I thought it should be understood that the Americans were very insistent that the second year's program be less than the first year's program, and he asked what amount of cut I had in mind.

"Well," I said, "I think that as it is to be a 4-year program, it would be a good thing to aim at a 25-percent cut."

What figure he had in mind up to that time I do not know. He came out with a 24-percent cut.

Senator TYDINGS. What did he say in response to your suggestion?

Mr. HOFFMAN. He said, "That is a very drastic downward revision."

I said, "Nothing less than a marked revision will convince the Americans that the Europeans are really serious."

In that the basis for the 25-percent cut?

Mr. SMITH of New Jersey. I would not say it is the basis for it. I see what the Senator from Nebraska is driving at. It seems unscientific, of course. But in all these cases, I will say to the distinguished Senator, we said from the beginning that unless the participating countries showed progress in hitting their targets of production and moved ahead so they needed less and less aid, our aid would do them no good.

Mr. WHERRY. If the Senator will permit, I should like to ask him another question. We are told that the ECA budget is \$5,800,000,000. A certain amount of it goes to Britain. As a member of the Appropriations Committee I am called upon to justify the ECA appropriations. The amount we give Britain certainly is based upon need. It has to be justified. On the basis of the reports I have received, we say, as a matter of good relationships or politics, that we will automatically cut the amount 25 percent. If that is the way it is going to operate it seems to me members of the Appropriations Committee could say, "Well, we are trying to cut our total budget 15 percent. Why not cut everything right straight across the board, including ECA? Therefore let us reduce the appropriation for ECA 15 percent." I think we ought to have a break-down of the \$940,000,000. Does the Senator have that?

Mr. SMITH of New Jersey. I wish the Senator from Nebraska would take the ECA report for the past year, and turn to the pages on Great Britain and see whether he is satisfied with the way the figures are broken down and the way the \$940,000,000 was reached.

Mr. WHERRY. I will say to the distinguished Senator from New Jersey that I have done so. As I read the report, the justification is made rather in generalities. It is very difficult for me to understand why the report shows that certain things are for certain purposes, as I expect to bring out later. As the Senator has proceeded with his speech I have come to the belief that the countries we are helping have come to the point where they seek to obtain more dollars in order to balance their deficits because they do not have the dollars with which to buy raw materials with which to manufacture products they can sell for dollars. The Senator from Indiana [Mr. CAPEHART] the other day used their own reports and gave convincing evidence that the various countries had made recovery far beyond the prewar years, and that the deficits this year were less than in the prewar years.

Now comes the new philosophy that, regardless of the fact that they have improved their situation so tremendously with respect to various other countries, it is now necessary to build up their American dollars before they can be on their own and have the prosperity which the administration feels they should have before we can begin reducing ECA aid. To be sure, a cut of 25 percent is proposed in one instance. Why not a cut across the board? I do not know why the American dollars should be separated from the other currencies. In view of the over-all production, can we justify the amount of \$940,000,000 proposed for Great Britain, or which Great Britain is asking? What argument is there in favor of it? Although a justification is made in the way of generalities, the amount is not completely justified.

Mr. SMITH of New Jersey. I have read the statement I prepared covering the situation.

Mr. WHERRY. I listened to it with a great deal of interest, but it does not convince me that we cannot cut the \$940,000,000 by \$200,000,000 more.

Mr. SMITH of New Jersey. The Senator argues that Britain's recovery has brought her to the point where her production is greater than before the war. The Senator himself, as well as the Senator from Indiana [Mr. CAPEHART], has overlooked the assets that Britain has lost in the way of tourists expenditures, the loss of investments, and so forth, known as invisible assets, which previously helped to make her situation solid.

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

Mr. SMITH of New Jersey. I shall yield, but I prefer not to prolong this debate too much. If the Senator wants to make a speech on the subject I shall be glad to listen to him in his own time, when I yield the floor.

One more problem has been presented, one more objection has been made, with which I wish to deal. It has been argued

that the whole theory of the Hoffman-Bruce program is based on the balance-of-payments idea. Of course, it is true that to a certain extent the balance of payments does enter into the problem, and almost inevitably will, but I think we become confused if we talk about theories of that kind without understanding what we are talking about. At least, I wanted to clarify my own thinking when this argument was raised.

I should like now to make a few remarks about the term "balance of payments" about which we have heard so much. For an over-all standpoint European imports of goods for dollars—and that goes for all goods purchased in the United States—are limited by the amount of dollars available to Europe. In practice today this means that their imports are limited to their earnings from exports to America of goods and services plus a certain amount of gold production and such loans or grants as are made available by the United States Government or by private American firms. The shortage of dollars was so acute in the countries of Europe and the recovery of these countries was so important to the over-all United States interests that Congress launched the European recovery program to provide them with the essential commodities which can be bought only for dollars. The measure of the amount of aid can therefore be stated very simply as the amount of necessary dollar purchases for which they themselves cannot earn the dollars. So far as they can earn the dollars they are trying to do so. The dollars which they need for their imports, over and above the dollars they earn for their exports, constitute the adverse balance of payments. Roughly speaking, this is the gap which the United States must finance if we are to make recovery possible. In the speech of the distinguished Senator from Indiana [Mr. CAPEHART] last Friday he said that this was the United States financing plan. To the extent that this statement is correct, he is correct. This is the gap which the United States must finance if we are to make recovery possible. They need the things which the dollars will buy, and they cannot get those things without the dollars.

In arriving at its request for aid for the coming 15 months, the ECA had the estimates of each country as to what it would be able to export and what it would have to import from the dollar area if it were to continue its progress toward recovery. These estimates were screened in Europe both by the ECA and by the OEEC, the organization of the European countries, and again by ECA in Washington. But the ECA estimates are not based on righting the balance of payments alone but also rest upon a painstaking analysis of the quantities of each commodity which each European country will have to have in order to keep its course set toward recovery. I have been told that the ECA estimates are based on extremely optimistic assumptions. Thus, they have counted on excellent crops although now, only a few weeks after their estimates have been made, severe drought in southern Europe

raises a question as to whether these goals can be met. Likewise, they have based their assumptions on a continued upswing of industrial production but here again, no allowance has been made for the falling off of production such as has occurred in Italy during the last 2 weeks because of lack of hydroelectric power caused by the worst drought since 1921. Many other favorable assumptions have been made, such as assuming that no Communist-inspired attempts to halt production or trade will be successful. As a result the amount proposed in the pending bill for ECA should be considered conservative. This amount should be authorized to make possible European recovery, a result which the Congress has found to be in the interest of the United States itself.

I am simply making that statement because in all the hearings with the heads of missions, with Mr. Hoffman, and with Mr. Bruce himself, they assumed that conditions would continue favorable. They did not make any allowance whatsoever for backsets, for Communist interference, or for anything which might upset the applecart. So I feel that they gave us sincerely the minimum figures as they saw them.

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

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. I should like to ask the Senator if, in arriving at the British figure, the Committee on Foreign Relations considered the testimony on page 498? I read:

Mr. FINLETTER. Because we had to go into the whole British economy and the whole British balance-of-payments situation in order to determine the suitability of the final figure.

Senator TYDINGS. Was the final figure the same as the first figure submitted by the British?

Mr. FINLETTER. It was.

Senator TYDINGS. Before the final figure was submitted were any projects eliminated or scaled down?

Mr. FINLETTER. The detailed work of preparing the program underlying that figure submitted was done by the British and we did not take it up project by project with them. The entire import program from the dollar area was considered, and an attempt was made to compress it to the absolute minimum on all scores.

Senator TYDINGS. It was compressed was it not?

Mr. FINLETTER. It was.

Senator TYDINGS. What was it before it was compressed?

Mr. FINLETTER. That is something we cannot tell. We were not in on the discussions of the British Government.

That is the point I wish to bring to the attention of the distinguished Senator. We are taking completely the British viewpoint. Our Administrator had nothing to say, as they brought these deficits to us and asked us to appropriate \$940,000,000. I read the report. I did not wish to go into this subject too deeply, because I felt that the Foreign Relations Committee had covered all these questions. As a member of the Appropriations Committee, I am asked to appropriate \$940,000,000 of the taxpayers' money for ECA aid to Great Britain. Yet we find that the Administrator had

nothing to say about attempting to cut down project after project for which they asked. We are asked to give them the whole thing.

Mr. SMITH of New Jersey. May I ask the distinguished Senator to let me read a little further in the testimony?

Mr. WHERRY. Certainly.

Mr. SMITH of New Jersey. The Senator stopped reading near the middle of page 498. I continue reading near the bottom of page 498:

Senator TYDINGS. Only one more question, because I do not want to divert Mr. HOFFMAN.

Now I get the impression that when this British proposal was first submitted, not in any concrete form, not in dollars and cents but an over-all picture, as a result of your conferences with the British representatives it was gradually compressed more and more and more until you arrived at the final figure. Now am I correct?

Mr. FINLATTER. No, sir. I would have to put one modification on that. I think the British themselves took the initiative in whittling down the figure.

Senator TYDINGS. But it was a different final figure from the first over-all intangible figure.

Mr. FINLATTER. Yes; it was a different figure from the intangible figure.

Senator TYDINGS. In other words, before this final figure was agreed upon there had been a compression on the part of the British and yourselves?

Mr. FINLATTER. That is correct.

Mr. HOFFMAN. Senator, I think I can add a little light on this. In July, when I first met Mr. Stafford Cripps, we were talking about the second year's program. I told him I thought it should be understood that the Americans were very insistent that the second year's program be less than the first year's program, and he asked what amount of cut I had in mind.

Mr. WHERRY. That is the evidence to which I referred a while ago, that for good political reasons they decided to take 25 percent off the first year's appropriation. But I refer the Senator to the colloquy between the Senator from Maryland [Mr. TYDINGS] and Mr. Finletter. Mr. Finletter made it indubitably plain in his testimony that the Administrator had nothing to say about these projects, and that it was the British Government which submitted them. We did not attempt to eliminate any of them. On this evidence how can the Senator ask a member of the Appropriations Committee to approve an appropriation of \$980,000,000? That is what I want to know.

Mr. SMITH of New Jersey. I do not agree with the Senator at all that they were merely taking the British figures, because there were many weeks of conferences on this subject.

Mr. WHERRY. Can the Senator show me anything in the testimony to the effect that Mr. Hoffman had anything to say about what the commitments would be? I cannot find it, and I have gone through the testimony. If all we are doing is taking the figures of the British as to what they want, that is one side of the case. We are supposed to have a watchdog committee to watch the expenditure of American dollars. When this proposal is brought before the Appropriations Committee, we must be able to justify these expenditures. The evidence in the report shows merely a gen-

eral reduction of 25 percent from last year's figures, because that was considered pretty good politics.

Mr. SMITH of New Jersey. I appreciate the Senator's observations. In the light of the position I have taken all the way through, I do not agree with his conclusions at all. I never saw a job more effectively done. I have never seen an over-all economic experiment—and this one is unprecedented in history—handled with such skill, such care, and such interest, not only from the standpoint of the welfare of the countries we are trying to help, but from the standpoint of the welfare of the United States.

Let me say to the distinguished Senator that I am a member of the so-called watchdog committee. We have not overlooked these questions. We have tried to find out all we could about them. We have talked to the heads of missions. I was over there at the inception of the plan, and I have come to feel the greatest possible confidence in the organization and in the integrity of those administering it. I do not believe that a man of Mr. Hoffman's standing and ability would have been led astray by the implications of the Senator's questions.

Mr. WHERRY. I did not imply that there was lack of integrity. I simply stated to the distinguished Senator that the evidence did not reveal that Mr. Hoffman had anything to do with the consideration of these projects. The Senator from Maryland asked if any of the projects had been reduced. In the final analysis neither Mr. Hoffman nor anyone else connected with ECA, which is putting up the money, had anything to do with the projects. I am not for 1 minute questioning the integrity of Mr. Hoffman or the integrity of the watchdog committee; but they were not in on these projects.

Does the Senator have the original program which the British presented?

Mr. SMITH of New Jersey. They have it in London.

Mr. WHERRY. Has the Senator seen it?

Mr. SMITH of New Jersey. I have not seen it personally.

Mr. WHERRY. Has Mr. Hoffman seen it?

Mr. SMITH of New Jersey. Unquestionably.

Mr. WHERRY. If he has seen it, why did he ask the question which he asked?

Mr. SMITH of New Jersey. The Senator is overlooking the fact that telephonic communication is available back and forth, and it has been constantly used in these negotiations. The implication that the ECA organization paid no attention to the development of these programs is simply beyond my comprehension. I know how intimately they have been working on these things, and how carefully they have worked.

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

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. Can the Senator point out to me a place in the hearings where I can find the information I have requested? If the Senator were reading the testimony as one who had not attended the negotiations on ECA, what other interpretation would he have placed on it?

Mr. SMITH of New Jersey. Has the Senator from Nebraska studied the testimony on this matter?

Mr. WHERRY. Fairly well; yes. Let me say that I cannot find the original British program or proposal anywhere in the ECA report. We are told that 25 percent was cut. From what was it cut? Also, what did Mr. Hoffman or anyone else representing the United States have to do with it?

Mr. SMITH of New Jersey. Mr. President, let me say that I expect that the information the Senator wishes to have can be obtained.

Mr. WHERRY. I should like to have it. Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. TYDINGS. I think it is only fair to say that the very colloquy to which the Senator from New Jersey has referred throws a great deal of light on how this entire program evolved. The British never came forward with anything on a piece of paper as plan No. 1, and then threw that away and had plan No. 2, and then discarded it and had plan No. 3, and then discarded it and had plan No. 4, until finally they agreed upon a final plan. What happened was that there were discussions, as the testimony shows, as to what Britain's objectives were for that particular year, and there was discussion back and forth between the British representatives and the American representatives as to what was mandatory, what was necessary, and what could be eliminated.

For example, Britain had to get permission to make a small debt reduction out of counterpart funds; but at the same time an agreement was entered into between the British and the Americans that at any time in the future we requested it, due to some particular part of the program as it evolved, the debt reduction made by counterpart funds would have to be replaced by the British. The Senator recalls that, I am sure.

Mr. SMITH of New Jersey. I do.

Mr. TYDINGS. And in the beginning of the report of the Foreign Relations Committee and in Mr. Hoffman's own testimony, there is constant reference to the pressure which in the discussions, was brought to bear upon the receiving country to cut down its imports to the maximum, and to allow the recipient country to receive, insofar as our funds would be affected, only the imports vital to its recovery.

From the testimony we find that there was constant pressure on them, so that in effect we were saying to them, "You must not buy this, that, or the other," and the pressure on them was to keep in the receiving country the maximum amount of money available for the things that country had to have as a part of its recovery.

So these discussions went on, back and forth, until finally there was an area of

agreement, both by the receiving country and by our representatives. I think it would not be fair to assume that the British came forward with a plan written on a piece of paper, which would be the normal way to visualize it. As a matter of fact, these plans evolved out of many discussions, so that when they were finally reduced to definite form, it was almost as if there had been a series of plans, because the plan finally evolving was the result of numerous discussions, during which certain proposals were eliminated and others were substituted in their place. The Senator recalls that; does he not?

Mr. SMITH of New Jersey. I do. I think I should say that Mr. Hoffman did not take the 25 percent reduction figure out of the air, as has been suggested; but, as the Senator has pointed out, the ECA officials did a great deal of studying before any final suggestions were made.

The Senator will also agree, I am sure, that, with the help of telephone conversations back and forth, as has been suggested—conversations between England and France and the other countries and ourselves—progress was made in arriving at an agreement. There was constant discussion, and frequently we said to them, "Come over here and discuss these things with us."

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

Mr. SMITH of New Jersey. I yield for a question.

Mr. WHERRY. I shall state this as a question, so as not to violate the rule under which the Senate is operating.

If the Senator from New Jersey will turn to page 498 of the hearings, about one-third of the way down the page he will notice that the Senator from Maryland [Mr. TYDINGS] asked this question:

What was it before it was compressed?

He was talking about a program which the British considered, they said, and from which they had cut 25 percent.

What I am asking is this: As a Senator who is interested in the program, am I not entitled to know what was the program the British first considered, and from which they later made deductions in the amount of 25 percent?

Moreover, we find from the testimony that after the Senator from Maryland asked Mr. Finletter what the program was and whether Mr. Hoffman or any other American representative knew anything about it—in other words, after the Senator from Maryland asked:

What was it before it was compressed?

Mr. Finletter replied:

That is something we cannot tell. We were not in on the discussions of the British Government.

In other words, the American staff was not in on those discussions; the American representatives in London were not in on them.

To me, the whole point is that apparently when they get through with their discussion in the committee—and I wish to make my position clear—nowhere in the evidence do we find what the program was. I should like to know what it was. If we knew what all of it was,

then perhaps we would have justification for the proposed \$940,000,000.

But as the situation now stands, we simply know that there is a proposed cut of 25 percent from the program of last year, under the theory, I suppose, "Well, there has been some recovery, and perhaps we can get along with 25 percent less than last year, and perhaps next year we can get along with 25 percent less, and perhaps the next year we shall be able to get along with 25 percent less, and then we shall be through."

I say to the Senator that on the basis of the testimony or lack of testimony, if it is reasonable to cut this particular program 25 percent, then it is reasonable to say, "Let us cut the entire program 15 or 20 percent," because a justification for making any cut simply does not appear in the hearings or in the references.

I did not wish to interfere with the Senator's presentation of his address; but I have such confidence in the Senator from Maryland that I am greatly interested in the part he took in the discussion in the committee. He asked the very questions which I would have asked if I had been there.

Finally the answer comes back, in language as clear as crystal, that we do not know what those projects or proposals were.

Mr. SMITH of New Jersey. Mr. President, I say to the Senator from Nebraska that of course the British project had to be explored in connection with OEEC.

Mr. WHERRY. Of course.

Mr. SMITH of New Jersey. I have no doubt that if he wishes to obtain an exact statement of the British position at the opening of the debates, we can obtain it for him.

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

Mr. SMITH of New Jersey. I yield.

Mr. TAFT. So far as the payment to Britain is concerned, I think it was figured out, just as almost any other presentation of a need would be figured, on the basis that "We need that many dollars"; and so they requested that amount.

Mr. WHERRY. Yes.

Mr. TAFT. Mr. Finletter says that if they had asked for more, he would have allowed more. But they themselves asked for less, because after they figured up the deficit, they decided that they could find the dollars somewhere else or could get along without them. In other words, that conclusion was reached by means of a detailed calculation, and they asked for somewhat less than would have been shown by the balance sheet upon which they usually rely in connection with requests upon us for money.

Mr. SMITH of New Jersey. Mr. President, as I have pointed out, the British program was determined by the estimates of what they needed from us in the way of commodities which they could obtain in exchange for dollars.

Mr. TAFT. But the Senator from New Jersey did not say what the British intended to do with what they said they needed. Actually, their needs were based on a particular economic plan which they have in England, and which the Labor government has approved and

has determined to carry through. As a matter of fact, the British needs in terms of dollars might be entirely different under a different plan, if they wished to make it so.

Mr. SMITH of New Jersey. I think the Senator from Ohio will agree that the British people are entitled to a hand and a pat on the back for the austerity program they have been living through in order to be able to defend their exports and to get the things they need for their home program.

Mr. TAFT. I would give them just a little pat on the back.

Mr. SMITH of New Jersey. A little pat?

Mr. TAFT. But the austerity program is enforced only because they want certain things. They want 20 percent for capital improvement, which is much more than we are spending on capital improvement. They want social services. If we spent as much for free health services as they are spending, this country would today be spending \$5,000,000,000 for health services. But they think they should have those free health services. That is all a part of their plan.

Mr. SMITH of New Jersey. The Senator, I think, would not argue that they would need dollars for that. I agree fully with the Senator about that program. It is something I cannot justify, but it has nothing to do with the dollars.

Mr. TAFT. Oh, I think it might have something to do with dollars. A certain number of men are taken from productive work, and placed at work furnishing medical and health services, spectacles, eyeglasses, toupees, and all the other things which are furnished free. Men are taken from productive work, which might be connected with the making of goods for export, and put to work providing social services at home. Those things are all right; I do not criticize them; it is entirely their right to do what they are doing. But I say the result is that we are called upon to underwrite the particular method and economic plan which they have adopted as to capital improvements, as to exports, as to social services, as to consumption, and then they want us to underwrite it without dotting an "i" or crossing a "t." It is that to which I object. According to the method by which this amount has been reached, I do not know that \$940,000,000 may not be reasonable, but I mean to say that certainly we ought to know what our budget is, and it would be a complete fallacy to say that a reduction would ruin their plan. That does not seem to me of any significance at all. We are not concerned with the British plan. We are trying to help them as much as we can, and to help them as much as we can afford to help them out of our economy. My chief interest is to establish the fact that we are not bound to defend the figure we have arrived at; we may consider whether it can be reduced, both from the standpoint of the strain on our economy and the necessity of offering a British loan at all.

Mr. SMITH of New Jersey. I agree with that 100 percent. The Senator is perfectly right in that respect. The Appropriations Committee has a responsi-

bility. The authorization in the bill is based on the estimates made at the conferences and in the different dealings and discussions with the representatives of the participating countries with a view to building up the over-all figures.

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

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Connecticut?

Mr. SMITH of New Jersey. I yield.

Mr. BALDWIN. While the colloquy has been going on, I noticed on page 505, the statement made by the Senator from Michigan [Mr. VANDENBERG]:

But certainly there is nothing sacrosanct about the 24-percent cut under last year's appropriations which Sir Stafford Cripps came up with.

Mr. HOFFMAN. That is right.

Senator VANDENBERG. And you are not undertaking to say this morning that the precise figure of \$940,000,000 is sacrosanct.

Mr. HOFFMAN. No, sir. No man living could say that.

Senator VANDENBERG. How much did Congress cut your estimate for the first year of ECA; do you recall?

Mr. HOFFMAN. Yes, sir. The authorization was for \$5,300,000,000 and we came out with \$5,055,000,000 last year.

As I understand the Senator's position, I ask whether this is correct: We are dealing in the present discussion with an over-all authorization, but it is still within the province of the Appropriations Committee to go into the details of it, as indicated by the questions of the Senator from Ohio and the Senator from Nebraska, as to how the Foreign Relations Committee arrived at this figure; and whether the amount arrived at is the one that is required, is another question, is it not?

Mr. SMITH of New Jersey. I take the position that it is not only within the province of the Appropriations Committee but it is the responsibility of the Appropriations Committee, and if they can find any way by which appropriations can be reduced below the authorization, it is absolutely correct and sound for them to do so. That is the reason we have this method of dealing with the matter.

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

Mr. SMITH of New Jersey. I should be glad to yield, but I also should like, if I may, to finish my statement.

Mr. WHERRY. I understand, but if the Senator will permit me, I should like to ask another question. A reduction of 25 percent across the board was made in the case of the appropriation for the United Kingdom. Can the Senator find any evidence anywhere in the ECA report that justifies \$940,000,000 for the British? Can he find from the questioning of Mr. Finletter by the committee and the Senator from Maryland [Mr. TYDINGSL, or anyone else, what projects were eliminated, what projects were submitted, how the figure of \$940,000,000 was finally arrived at, and whether that is merely an imaginary figure, like \$5,800,000,000? The point is that when the matter comes to the Appropriations Committee, we have a perfect right to

say, "We are cutting our own appropriations perhaps 15 percent or 20 percent; why not merely take 20 percent off here?" I am asking for the justification of the \$940,000,000. Mr. Hoffman himself did not know what the projects were. He had nothing to do with what they eliminated. The only answer he got was, "They got along with so much last year, and we feel we could probably cut the appropriation 25 percent"—merely a general statement.

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

Mr. SMITH of New Jersey. Let me merely say to the Senator from Nebraska, I have before me tabulations showing by commodities the various imports of the United States. It is all spelled out. It slightly varies from the figure we are discussing for the relief of countries. We have the figures very well worked out for all the countries.

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

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. I should like to get a little more light on that point. On page 18 of the committee report, I find the following:

A statement made by Mr. Christopher Mayhew, Parliamentary Under Secretary for Foreign Affairs, before the United Nations Economic and Social Council, on February 23, 1949, to the effect that Britain's recovery was virtually complete, led to widespread questioning of the need for further American aid. As a result, the committee decided to reexamine in public hearings previous testimony given by Mr. Hoffman and Mr. Finletter, the ECA mission chief to the United Kingdom, on Britain's need for American aid.

Here, it comes out again:

Mr. Hoffman pointed out that the estimated British requirements for dollar aid in 1949-50 represented a 24-percent cut from 1948-49 aid as compared with a 15-percent reduction for the participating countries as a group.

We have those general statements, I agree, but here the implication is they do not need this, but in order to continue the program, 25 percent is taken off, and we will continue next year, and cut another 25 percent off, and so on. As a member of the Appropriations Committee it is my humble opinion we should know what the British program is, just as we know what our program is, whether it is for the St. Lawrence Seaway or for power development, or for the flood control area, or for this, that, or the other thing. We should know what it is, and what is asked for it, and what was eliminated. Mr. Hoffman himself said he had not had access at all to the British program, that all he had was a statement from them saying they would take 25 percent off from the amount of last year, making a total of \$940,000,000. I ask, is that justification for one to sit on the Appropriations Committee and vote the full \$940,000,000.

Mr. SMITH of New Jersey. I think the Senator will find the Appropriations Committee can furnish him broken-down estimates, such estimates as he

needs. If not, I shall be very much surprised. I know we had them for weeks, and discussed them with various groups. I cannot give the Senator the figures now. We certainly considered the break-downs.

Mr. WHERRY. Just one more thing, and I am through. Mr. Hoffman said:

Mayhew is in trouble in New York because he has blurred out the truth at the wrong moment. He has told the Americans that we are very near to an over-all balance of trade. Figures which will be published shortly would show that Britain had surprised even herself by how near she had come to balancing what she has to spend with what she has been able to earn. Inside this over-all picture there was a very great dollar deficiency. To help it out by 1952 would require the continuous effort of us all. Meantime, without the dollar aid, not only Britain but Europe would be starving.

That is the point the Senator is making, but the facts are that Britain's over-all is beyond expectations. As was pointed out by the Senator, her recovery has about put her back to her prewar condition, so that there is nothing in the economic report, there is nothing in the evidence of the committees that convinces me as a member of the Appropriations Committee that the figure of \$940,000,000 can be positively justified.

Mr. SMITH of New Jersey. I could wish that the Senator from Nebraska, with his great vigor and personality, could have been with us, because I know he would have been one of the foremost advocates of this program.

Mr. President, I want to refer again to the United Kingdom.

The United Kingdom is approaching a position in which her total earnings in all currencies will balance, or nearly balance, her total payments in all currencies. She is already running a substantial export surplus with the other participating countries and with other countries in the sterling area, but a substantial deficit in the dollar area.

That is a question which the Appropriations Committee will be interested in exploring. It is perfectly clear that the committee did not sidestep this issue.

Mr. WHERRY. I am not suggesting that.

Mr. SMITH of New Jersey. No; I know the Senator is not.

In the committee report it is stated, on page 13:

The committee recognized that the Appropriations Committee will have an opportunity to review these amounts at a later date and at that time the course of future prices may be more readily determined.

We admit that if that enters into the question we shall have to consider it.

The report says, further:

It believes that the Appropriations Committee should carefully consider any changes in prices, both in imports to and exports from the participating countries, and the members of this committee are, of course, free to reconsider the authorized figures in voting on the appropriations. This statement should not be construed in any sense as detracting from the committee's endorsement in general of the full amount of funds requested, based on its own painstaking examination of the components of the budget presented.

In other words, we are urging the authorization, but we shall applaud Senators if they will examine the figures and find we can reduce the amount needed for appropriation.

Mr. WHERRY. I thank the Senator.

Mr. SMITH of New Jersey. I have only a few words more, Mr. President, and I shall close.

I express my appreciation to my colleagues who have participated in the debate, because I feel it is most important that on a matter of this stupendous import we should have the fullest and freest discussion, so that the American people may know the issues which are involved in the program. But I give my wholehearted support to the pending legislation, which provides for the extension of the ECA program, and I shall sum up by giving a few reasons.

It is the most stupendous economic experiment in all history. It involves a calculated risk. We took it with our eyes open, as a choice of positive action or of doing nothing for the rehabilitation of the world.

I think I can allege, without fear of contradiction, that the first year's experience and performance has been a brilliant success. Many mistakes have been made, but no one could have foreseen what would have to be done. It involved the establishment of the organization, marked by a tolerant spirit, courage, and true Americanism. It has been a great success; and I want to pay tribute to those who participated in it, and especially to Mr. Hoffman and Mr. Bruce, who have been the hubs of the entire movement. To me it has been a practical carrying out of a great vision. We regret that Russia did not come in. As I said earlier in my remarks, General Marshall wanted Russia and the satellite countries to come in. If they had come in, we would have had a chance to move in other areas. What we have done is to give a practical answer to the unification of Europe by economic aid and self-development as opposed to the historic attempts of Napoleon, Bismarck, Kaiser Wilhelm, Hitler, and Mussolini, by force of arms. If we succeed, it will be the most stupendous accomplishment in all history, because the other attempts, as we all know, failed.

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

Mr. SMITH of New Jersey. I yield to my good friend from Maine for a question.

Mr. BREWSTER. I should like to ask the Senator a question. Would the Senator favor giving aid to nations which refuse to cooperate with the United Nations?

Mr. SMITH of New Jersey. I know the Senator is asking me with reference to a matter which is very close to his heart, and I sympathize with him, but I think it would be a mistake for the United States unilaterally to attempt to enforce whatever action may be taken by the United Nations. I think that is a program which is now before the United Nations, and I understand the question is being satisfactorily settled. I think it would be a mistake for us to say that, single-handed, we should try to deal with the question by withholding aid.

Mr. BREWSTER. Mr. President, will the Senator yield further for a question on another topic?

Mr. SMITH of New Jersey. Yes.

Mr. BREWSTER. In connection with the balance of payments of Britain, discussed by the Senator from Nebraska [Mr. WHERRY], there were reports, and I should like to inquire whether the Senator from New Jersey has explored them, that with the exchange which was made available under the Marshall plan the British were able, in large measure, to buy up the entire Australian wool clip, and were using it primarily to aid in the solution of their own problems. Has that fact come to the Senator's attention, and has it been explored?

Mr. SMITH of New Jersey. It has come to my personal attention. I do not think that it has come before the committee at all. Possibly it should be explored, I grant that.

Mr. President, in conclusion, let me sum up what I have tried to say today.

The extension of the ECA program and the authorization for the funds for the rehabilitation of Europe for the second year of the operation of the plan is and should be a definite endorsement by the Congress of the United States of the successful initiation of the plan under the able administration of Messrs. Paul Hoffman and Howard Bruce, the Administrator and Deputy Administrator, and their able corps of assistants.

Taking the so-called Marshall plan as a whole with its termination date in 1952, we can properly characterize it as the most stupendous economic experiment in all history. It is another milestone in the program for world peace initiated in the Dumbarton Oaks conferences, carried on even before VE-day and VJ-day and leading to the ratification of the United Nations Charter, and the attempt at least to organize the world to solve its problems by the rule of law rather than by the use of force.

The Marshall plan, as one of the steps in that progress, is the practical carrying out of the American vision of a united world, and it seeks the uniting of Europe by mutual self-help and economic rehabilitation, as opposed to the historic attempts to unite Europe by force made by Napoleon, Bismarck, Kaiser Wilhelm, Hitler, and Mussolini. The Communists have sought to destroy the American purpose by creating confusion and disintegration, and thus have precipitated the cold war. But I am confident that the challenge of the Marshall plan, stressing as it does, mutual aid, self-help and unity of the European nations, will be a definite block to the creeping paralysis of communism which the world today so desperately fears.

The passage of this legislation, continuing the program so brilliantly begun, will definitely tell the world that America is united in its support of the spirit and purpose of the United Nations movement for cooperative action to preserve the peace.

Mr. JENNER obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

Mr. JENNER. Yes; I yield for that purpose.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum, without depriving the Senator from Indiana of the floor.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Holland	Morse
Anderson	Humphrey	Murray
Baldwin	Hunt	Myers
Brewster	Ives	Neely
Bricker	Jenner	O'Conor
Bridges	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Reed
Capehart	Kefauver	Robertson
Chapman	Kem	Russell
Connally	Kerr	Saltonstall
Cordon	Kilgore	Schoeppel
Donnell	Knowland	Smith, Maine
Douglas	Langer	Smith, N. J.
Downey	Lodge	Sparkman
Ecton	Long	Stennis
Ellender	Lucas	Taft
Ferguson	McCarran	Taylor
Frear	McCarthy	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McFarland	Thye
Gillette	McGrath	Tobey
Green	McKellar	Tydings
Gurney	McMahon	Vandenberg
Hayden	Magnuson	Watkins
Hendrickson	Malone	Wherry
Hickenlooper	Martin	Wiley
Hill	Maybank	Williams
Hoey	Miller	Withers
	Millikin	Young

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. JENNER. Mr. President, I am not one of those who adheres to a bipartisan foreign policy. I oppose the continued squandering of the material and financial resources of our country in a foreign spending scheme labeled "for recovery purposes."

Spending in Europe is no longer needed for recovery. The money will be expended only for relief and not for recovery.

For proof of this statement we need only refer to the recent remarks of Mr. Christopher Mayhew, English statesman, who reported that England has accomplished its recovery and now was engaged in a series of great social experiments.

Mr. President, I do not believe it is the American taxpayer's duty to carry on the so-called experimentation of the Labor Government in England. In our country our people have to pay for their babies. They pay for their hospitalization. If they want a hearing device they pay for it. If they want false teeth they pay for them. In England, if individuals are unfortunate enough to have lost all their hair, which I am fast doing, they obtain free toupees, but in America individuals who have lost their hair must pay for toupees. So I believe the time has come to draw the line between what is necessary and what is unnecessary.

Mr. MILLIKIN. Will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. What would make a man so depraved that he would want to cover an honest bald head with a toupee? [Laughter.]

Mr. JENNER. The answer to that question, Mr. President, is, I presume, that the reason motivating bald Englishmen is that they can get something for nothing. In England a baldheaded man

can get a \$50 toupee which the American taxpayer pays for, and therefore he wants to cover up.

Mr. MILLIKIN. Mr. President, will the Senator yield for another question?

Mr. JENNER. I yield.

Mr. MILLIKIN. Can the Senator tell me why anyone would want to disguise an honest bald head by slicking over?

Mr. JENNER. I do not know. But, as the Senator must be aware, the English are pretty good at all kinds of disguise.

Mr. President, the American taxpayer is financing these great social experiments, financing the purchase of false teeth, of toupees, and every other form of socialistic experiment the mind of man can conceive.

No one has questioned the truth of Mr. Mayhew's statement. The only criticism voiced in England of his untimely revelation was that Mr. Mayhew "said the right thing at the wrong time and in the wrong place."

Mr. President, I announce that I am not one who adheres to the so-called bipartisan foreign policy. I do not believe in bipartisanship. I am a firm believer and staunch supporter of the two-party system, and I am of the firm opinion that had the Republican Party taken the issue of foreign spending to the people in the 1948 elections, there would have been a far different result from the balloting.

It is a function of the minority party to call to the people's attention the weaknesses and the shortcomings of the majority party.

Mr. President, how long can our country afford to pour out billions upon billions for this scheme on foreign relief—this scheme which is supposed to bolster not only our own domestic economy but the economy of the entire world?

There is a limit to the source.

As ex-President Hoover testified only a few weeks ago before the House Ways and Means Committee, we have reached the saturation point in taxation. We cannot continue to pluck the feathers from the golden goose and still have feathers.

Now we are asked to dig into the pockets of the American taxpayer for another \$5,580,000,000 to finance Europe. I was happy to listen to the address of my distinguished colleague from Indiana [Mr. CAPEHART] last Friday. I commend him for his desire to save \$3,000,000,000 for the taxpayers of America. I am always in favor of saving money for the taxpayers, but why stop at \$3,000,000,000, Mr. President? Why not save all of it?

For almost a year now the Economic Recovery Administration has doled out American dollars and has given the American people a lot of double-talk about the splendid program which it has been administering. The ECA program, or ERP, as I prefer to call it, has been heralded as a boon to business.

It is now called the ECA program. As it originally started it was called the European Recovery Program; but I can understand why the name was changed from ERP to ECA. ERP does not sound too well, and this program does not sound too well when it is analyzed in all its ramifications.

Just who is being helped in America by this gigantic spending scheme? Are the little-business men getting any of these Marshall-plan dollars? The backbone of American business is the small-business man. Is the small trader being aided? If you operate a small business in the United States, I defy you to get any information from the ECA as to the possibility of sale of your product in the Marshall-plan scheme.

Who, then, Mr. President, is being aided?

It is big business, those vested interests over whom our President sheds so many crocodile tears—the gluttons of privilege, the bloated plutocrats. I repeat, only the big companies get any business out of the Marshall plan.

Small- or medium-sized business cannot get any information about what Marshall-plan countries are buying. What information ECA permits to trickle out is issued after contracts have been signed.

Only recently a high ECA official was quoted as saying:

You must realize that at no place in the act is ECA directed to aid American businessmen. Therefore, we have no legal obligation.

Also, as a matter of operating policy, we leave it solely to the Marshall-plan countries to decide what they are going to buy—whether in the United States or elsewhere—and from whom they are going to buy. We do not—and will not—even make any suggestions along these lines.

I am informed, Mr. President, that when ECA opened its doors for business last year, 17,000 business firms wrote to ask how they could get some business out of the Marshall plan.

It will be remembered that we were told on the floor of the Senate that it would bolster our domestic economy. Let us see. Their inquiries were answered by a printed pamphlet, a copy of which I hold in my hand. It is entitled "American Business and European Recovery—Second Edition," and is issued by the Economic Cooperation Administration, Paul G. Hoffman, Administrator. I defy anyone to read this booklet as a businessman and find any useful information therein.

For example, on page 6, under the heading, "Whom the American exporter should contact," there is this very unrevealing information: It suggests that American businessmen contact, first, foreign private importers; second, foreign government missions; and, third, United States Government procurement agencies.

That is about the sum and substance of the information provided in this booklet. The main purpose, it seems to me, was to provide an excuse to publish a list of names of persons who are associated with the ECA. In other words, it is a lot of double talk, but of no practical use to the American businessman.

I have judged, Mr. President, that American small business is being bypassed, even actually ignored, in their desire to participate in ECA business.

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

Mr. JENNER. I yield for a question.

Mr. MARTIN. Could not that situation be remedied by an amendment to

the bill providing facilities for the small-business men of the United States to get some of this business?

Mr. JENNER. It not only could be remedied, but it should be remedied by an amendment to this authorization bill before its passage.

I have here a press release from the Economic Cooperation Administration dated March 22 which reveals an amendment to regulation 1 on prices paid for ECA-financed transactions was being drafted to guide buyers and suppliers in their negotiations. The release states that 21 representatives of private industry discussed the amendment with ECA officials. Who were these representatives of private industry. Listen, Mr. President. Listen, small-business men of America. The list of conferees look like a Who's Who of big business. Here are some of the firms represented: Procter & Gamble Co., Wilson & Co., Standard Oil Co. of New Jersey, Tidewater Associated Oil Co., International, General Electric, United States Steel Export Co., Continental Grain Co., American Smelting & Refining Co., International Harvester Co., and John Deere & Co.

Perhaps it is all right—I do not know—but last year one firm, the Clayton-Anderson Co., sold to the ECA countries \$800,000,000 worth of cotton. What a break that gives the American small-business man.

Mr. MARTIN. Mr. President, will the Senator yield for another question?

Mr. JENNER. I yield for a question.

Mr. MARTIN. Does the Senator from Indiana realize that there are 3,600,000 businesses in America which are operated by an average of two and one-half persons each, and that they employ two-thirds of all the people of our country; also, that they have a small-business organization representing them? Was there any representation from that small-business organization?

Mr. JENNER. None whatever.

Mr. MARTIN. Does the Senator believe that if we could place in this bill a provision for a bureau to look after small business that would take care of the situation?

Mr. JENNER. I think it is essential, as I stated a while ago. I think it must be done, and should be done in this authorization bill which is now before the Senate.

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

Mr. JENNER. I yield for a question.

Mr. CONNALLY. I assume that the Senator does not wish to be inaccurate or unjust. A while ago he stated that Anderson, Clayton & Co. had sold \$800,000,000 worth of cotton to the participating countries.

Mr. JENNER. That is correct.

Mr. CONNALLY. I wish to ask the Senator a question: Does he not know that, for the last year, ECA financed—it does not buy or sell; it finances—\$358,000,000 worth of cotton to all the countries in the Marshall plan.

Mr. JENNER. Does that include all that was delivered, or does it include the cotton purchases under the \$3,000,000,000 that is in the pipe line?

Mr. CONNALLY. No; it includes everything.

Mr. JENNER. Then, apparently I am wrong in my statement; and if I am, I apologize, and am very sorry.

But these figures have been brought out time and again before now. I think it will be found that we shipped that much cotton, and that the brokers for the cotton were Anderson, Clayton & Co. I think it will be found that their shipments of cotton in foreign trade last year amounted to \$800,000,000 worth.

Mr. CONNALLY. I should like to ask the Senator one other question.

Mr. JENNER. Yes.

Mr. CONNALLY. Does the Senator from Indiana know that from September 1, 1948, to December 1, 1948, Anderson, Clayton & Co. did only 9 percent of the business in cotton with these countries?

Mr. JENNER. With the European countries?

Mr. CONNALLY. Yes.

Mr. JENNER. Under the Marshall plan, or in our European trade?

Mr. CONNALLY. No; under the Marshall plan.

Mr. JENNER. The same gentleman who apparently is now furnishing the senior Senator from Texas with information was in conversation with me the other day on this subject, down the hall, in a room to the right; and these figures came up, and he verified the fact I have just mentioned, but explained that Anderson, Clayton & Co. would have gotten the business in any event, regardless of the Marshall plan. So I would be interested in having the Senator from Texas inquire of his friend when he changed his mind about the figures.

Mr. CONNALLY. My information is that no specific figures were verified, but that the person to whom the Senator from Indiana refers simply said that Anderson, Clayton & Co. were doing business just as they had always done business in those countries.

Mr. JENNER. Yes; and I do not like it.

Mr. CONNALLY. The Senator does not like it?

Mr. JENNER. I want the small-business man to have a break because he is the backbone of this country.

Mr. CONNALLY. The cotton business is one in which the small-business man is perpetually active. The big-business men simply buy cotton from the small-business men and export it. The small-business men cannot do anything except through the regular channels of trade. I think I have heard the Senator from Indiana say, "We want to preserve the normal channels of trade. We want to preserve the methods of private enterprise."

Mr. JENNER. Yes; but we are getting might tired of trading hams for wieners. [Laughter.]

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

Mr. JENNER. I yield for a question.

Mr. WATKINS. Who is the Mr. Clayton who is connected with the firm which has been mentioned?

Mr. JENNER. That is Will Clayton, formerly Under Secretary of State, I believe.

Mr. WATKINS. Was he one of the advisers of the group mentioned?

Mr. JENNER. I am not positive about that, but I would assume that he had somebody hanging around the edges.

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

Mr. JENNER. I yield for a question only.

Mr. CONNALLY. I am surprised at the way—

Mr. JENNER. I object, Mr. President; I yield for a question only, not for a speech.

Mr. CONNALLY. Then I ask a question: Does not the Senator from Indiana know that Mr. Clayton has no governmental connections at all now, unless it be as an unpaid adviser now and then to the Secretary of State?

Mr. JENNER. I do not think Ed Pauley has any Government connections now, but nevertheless he has had, and so has Mr. Clayton.

Mr. CONNALLY. Mr. President, I do not think the Senator from Indiana is responding to my question. Is it any crime to come from my State? Is it any crime for an honest man to be a success in business?

Mr. JENNER. Absolutely not.

Mr. CONNALLY. Is it any crime to belong to a party to which the Senator from Indiana does not belong?

Mr. JENNER. Absolutely not. If it is a crime to belong to a party to which I do not belong, then many people have been violating the law for about 20 years.

Mr. CONNALLY. I trust that they will continue to violate it in the same way that they have been violating it in the past.

Mr. JENNER. I trust that they will not.

Mr. CONNALLY. In other words, by keeping certain people out of the Government.

Mr. JENNER. Mr. President, this will explain to the Senator from Texas what I am talking about—

Mr. CONNALLY. Mr. President, if the Senator will yield, let me say that I am getting tired of having men like Mr. Clayton abused and denounced on this floor simply because they come from my section of the country. There is not a more honest, more capable, and better citizen in Washington, nor has there been in the past, than Mr. Clayton.

Mr. JENNER. Mr. President, I do not differ with the opinion of the Senator from Texas; I am merely trying to point out the fact that under this Marshall-plan program, the big business concerns—the monopolies, so to speak—over which we shed crocodile tears, the "gluttons of privilege" the President of the United States made his campaign on last fall, are the people who are getting the big end of the Marshall-plan business; but the backbone of this country, the small-business men, are being penalized, and cannot even learn from the Department the truth as to where they can even make sales. I am getting tired of that kind of conduct, if the Senator from Texas please.

Mr. President, my opposition to this so-called bipartisan foreign policy is

strengthened every day. Instead of a bipartisan policy, I consider it to be a policy which leaves the Republican Party and the American taxpayer holding the bag.

I have said that if in the 1948 Presidential campaign the Republican Party had taken a firm stand against these foreign-spending schemes, the people would have voted against them in no uncertain terms.

One need only refer to the election of 1920, when the League of Nations was the outstanding issue. At that time the Republican Party under the able leadership of William E. Borah, of Idaho; Henry Cabot Lodge, of Massachusetts, the distinguished forebear of our colleague in the Senate today; Hiram W. Johnson, of California; my distinguished predecessor in the Senate, the late James E. Watson; and other Senators took a firm and determined stand against membership in the ill-fated League of Nations.

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

Mr. JENNER. I yield for a question.

Mr. LODGE. Is it not true that some of the Senators whose names the Senator from Indiana has just mentioned favored United States membership in the League of Nations with reservations, but those reservations were not acceptable to the then President of the United States?

Mr. JENNER. I think that is correct; and they took that issue to the people in the campaign of 1920, and the people voted overwhelmingly to maintain the American policy of refusing to meddle in foreign entanglements.

We had just emerged from World War I, and already the seeds of "One World" were beginning to grow. Today they are in full bloom. We are committed to membership in United Nations.

Soon we shall be debating the North Atlantic Pact, which I confidently believe will be the forerunner of North African pacts, South African pacts, Middle East pacts, this pact, that pact, and the other pact, plunging the United States deeper and deeper into the hatreds and jealousies and diplomatic maneuverings of the countries of the Old World.

Today there are those who still charge that the band of intrepid Senators who defied Woodrow Wilson, the President who demanded acceptance of the League of Nations Covenant without the dotting of an "i" or the crossing of a "t," are responsible for World War II. Senators have heard it said many, many times. That charge, Mr. President, I challenge. Our present-day troubles began November 16, 1933, when our Government suddenly and ill advisedly, to say the least, recognized the Union of Soviet Socialist Republics on an equal footing in the family of nations. From that time forward, even including today, secret diplomacy has been the rule, not the exception.

In his attitude of "papa knows best," the late President of the United States, the creator of the New Deal, made commitment after commitment, many of which are only now being exposed to the pitiless light of publicity.

The entire world ridiculed and condemned Mr. Chamberlain for his ap-

peasement of Hitler in the Munich Pact, by which he hoped to achieve "peace in our time." But who is there to condemn the attitude taken by our own Government in its appeasement after appeasement conference with Uncle Joe Stalin?

We sat at Tehran, at Yalta, at Cairo, at Quebec, at Potsdam, and dealt all the tickets to him, saying to Stalin, "You take it, Uncle Joe; we will pay for it." Since the war has ended, we talk about helping European nations get on their feet. We pour billions of dollars of the American taxpayers' money into Europe. "Old Joe ain't no bad fellow." He has taken \$12,000,000,000 out of Europe in war reparations. "You can't get even, boys." It was brought out here this morning that we ratified a treaty with Italy, making Italy pay Russia millions upon millions of dollars in war reparations. Then we turn around and send American taxpayers' money to Italy to keep her from going communistic. It is silly. It will not stand up. It is going to break this country. It is going to destroy the last bulwark of freedom. Continuance on the present course will destroy the only thing in the world today that can stop Russia, if she starts on a determined aggression—that is, the United States of America. Bankrupt her, and Russia will not be required to fire a single shot. She will march up and down our streets unopposed, and our socialistic friends in Europe will run to her like rats leaving a sinking ship.

That Chief Executive, the instigator of the Russian-appeasement policy, who assumed tripartite powers, executed one secret commitment after another, even in violation of his own brain child, the Atlantic Charter.

Let me quote from William C. Bullitt, former Ambassador to England and Russia, as published in the American Mercury of June 1947, page 646, under the title "Can Truman Avoid World War III?" Mr. Bullitt wrote, and I quote:

By what enormous error of judgment have we garnered such a poisonous fruit of victory? The answer is clear. When our Government began in 1941 to treat the Soviet Union as a peace-loving democracy instead of as a predatory, totalitarian tyranny, it made one of the most disastrous errors in the history of the United States. We based our foreign policy on the exact reverse of the truth.

While our soldiers, sailors, and aviators were fighting with superb skill and courage, our foreign policy was being handled with ignorant and reckless disregard of the vital interests of the American people.

We did nothing whatsoever to guarantee ourselves against the possibility—which was, in fact, a certainty—that Stalin's totalitarian dictatorship would turn out to have the same aim of world conquest as Hitler's totalitarian dictatorship.

At the conferences of Tehran, Yalta, and Potsdam, we continued to give Stalin what he wanted, hoping that in the end he would turn out to be an amiable, peace-loving democrat.

Even Secretary Byrnes when he took office in the summer of 1945, was imbued with the idea that he "knew how to get along perfectly with Stalin," and it took many months for him to learn Stalin would not stop of his own free will, but could only be stopped.

In further proof, Mr. President, that the failure of America to join the League of Nations—

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

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. JENNER. I yield for a question.

Mr. HICKENLOOPER. I wonder if the Senator feels that there might be a continuation of the policy within the administration, believing that it has the ability to get along with subversive elements who may still be on the pay roll of the United States Government?

Mr. JENNER. I may answer the Senator by saying I do not know what to expect. In the middle of the last political campaign the Chief Executive of the Nation was willing to chuck the policy we have been following, even that which we were following under the Marshall plan and under the United Nations, to forget our good friends to whom we refer to as allies, and hint that he was going to send Chief Justice Vinson to Europe to sit down and figure it all out with "Joe." There is again talk of that. There is also talk that it will not be long until we will buy off Russia with a \$10,000,000,000 loan. I do not know what to expect. When the Senator refers to our foreign policy, I merely say we would have to have the agility of one affected with St. Vitus dance to remain in sight of our foreign policy. It shifts as the shifting sands.

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

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. JENNER. I yield for a question.

Mr. HICKENLOOPER. I am afraid I did not make myself clear, so I shall put it a little more bluntly and succinctly. I wonder if the Senator believes we have cleaned all the subversive elements out of the administration of the American Government up to this time?

Mr. JENNER. Of course, what the Senator might say about that would not amount to anything, because he would be talking about a "red herring." But recently one was uncovered in the Justice Department downtown, and I keep hearing about others in many other Government agencies. It is my personal opinion that if the truth were known, this whole city is crawling and creeping with them. J. Edgar Hoover has told us there are literally thousands upon thousands of Communists and subversives in this country. The Committee on Un-American Activities last week issued a report stating it was their opinion that there were 825,000 in this country. I want the Senator to know that that is a larger number of actual Communists than there are in Russia today.

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

Mr. JENNER. Yes; I yield for a question.

Mr. McMAHON. Is the Senator aware of the fact that the Federal Bureau of Investigation has just completed an investigation of all employees of the Fed-

eral Government, and is the Senator aware of the percentage of employees who resigned as a result of the investigation?

Mr. JENNER. No, I am not. I read the figures a while back. Some employees resigned rather than take a loyalty test. I read that.

Mr. McMAHON. Of the 2,000,000 employees of the Federal Government who were investigated, I am not certain at this moment of the number found whose loyalty was questioned, but I think it was less than one-tenth of 1 percent. I will say that is too many. I am glad we had the investigation and glad we got rid of those employees; but I will say also to the Senator that the result of the investigation is not consonant with the Senator's assertion that Washington is creeping and crawling with Reds.

Mr. JENNER. I do not have the facts and figures. I wish I did have them. I wish we knew how many there are in the Government, in our universities, just where they are located, and what they are trying to do. But if as a result of this foreign-policy program we bankrupt this Nation, they will spring up regardless of how many there are, from our universities, our schools, our churches, our Government, and our labor unions, and the very thing we are trying to stop in the world will take this country over. Do not let anyone say it cannot happen. If there should be 15,000,000 persons hungry, as happened in what the Democrats like to call the Hoover depression, we would not need to worry about the North Atlantic Pact, any Middle East pact, or any other pact; this great, free country would be ready for socialism overnight.

Further proof, Mr. President, that the failure of America to join the League of Nations was not responsible for World War II, but that it was deliberately planned, is given in the revelations by Charles A. Beard in his work entitled "President Roosevelt and the Coming of the War, 1941," published by Yale University Press, in 1948. I quote, from page 517 of that volume, extracts from Mr. Stimson's diary submitted to the Joint Committee on the Investigation of the Pearl Harbor Attack.

I read the excerpt from Mr. Stimson's diary for November 25, 1941:

Then at 12 o'clock we went to the White House. * * * At the meeting were Hull, Knox, Marshall, Starke, and myself.

There the President * * * brought up the event that we were likely to be attacked, perhaps (as soon as) next Monday, for the Japanese are notorious for making an attack without warning, and the question was what we should do.

The question was how we should maneuver them into the position of firing the first shot without allowing too much danger to ourselves.

It was a difficult proposition.

Mr. President, I do not intend to enter into a long dissertation on the causes of World War II, but I do charge, and I defy successful contradiction, that one-man diplomacy and secret commitments, combined with lack of a continuing and

forceful foreign policy, plunged America into the greatest conflict in history, the cost of which we are paying today, and which will continue to be paid by our children, by their children, and by their grandchildren.

The Marshall plan—or ERP, as I call it—is only one of the items in the gigantic price we are paying for the foolhardy policies which this country has followed since 1933.

There is no crisis in Europe because of the policies of Europe; there is a crisis not only in Europe but in America today, and it is a crisis in honest, forthright leadership.

Mr. President, among the principal reasons given to the American public and the Senate as to the need for European aid was that it was to prevent hunger and starvation in Europe and to halt the spread of communism. The Marshall plan has been in effect for approximately a year, and I want to cite to the Members of this body the fact that in the past year communism has made its greatest strides in the area and the peoples it dominates. So far as feeding hungry and starving persons is concerned, the American people—and I as one of them—are always ready to do that, wherever they exist, at any time. That applies also to Russia.

I should like to point out one specific example of the results which have been obtained with the use of ECA funds last year and the effect upon our own economic welfare. The United States is producing annually approximately 10,000,000,000 pounds of animal fats and vegetable oils. Many of these fats and oils are interchangeable in their use in industry and as human food. For example, cottonseed oil and coconut oil, which we import, compete with butter in the form of oleomargarine and with lard as a shortening and cooking fat. These fats and oils are one of the most highly concentrated foods and are very necessary for a balanced diet with which to maintain the energy of the human body. A pound of fat contains 4,080 calories as compared with 1,270 calories in a pound of lean meat. A pound of butter has almost four times as many calories as has a pound of lean meat.

The Senator from South Carolina [Mr. MAYBANK], in the discussion of Senate bill 548 on February 8, 1949, stated that the fats and oils program under the ECA and other governmental departments was "handled miserably." I might add that the Senator made an understatement. Here are the facts. Let me point out to the Senate what took place.

In 1948, under the various types of controls, we imported approximately 470,000,000 pounds more fats and oils than were allocated for export. The people in Europe during this period were desperately in need of fats and oils. In fact the shortage in many cases caused a condition approaching that of malnutrition. The point I wish to drive home is that instead of making these fats and oils available for the hungry in Europe, we bought them away from them and prevented them from having a very necessary item of food.

But that is only a small part of what happened. The net import of 470,000,-

000 pounds of fats and oils created a surplus in the United States and completely demoralized our fats and oils market. As a direct result, the price of lard dropped from 28 cents a pound in January 1948, to approximately 11 cents a pound at current prices. The price of tallow from our choice corn-fed cattle dropped from 26 cents a pound to a current price of 5.5 cents which is below the prices in some of our depression years when we were not confronted with a \$42,000,000,000 budget. The price of other fats and oils dropped in proportion.

This drop of approximately 15 cents per pound for our fats and oils forced the producer to take a loss of approximately \$1,500,000,000 or about \$125,000,000 per month on current production.

A further result of this dislocation in our fats and oils market made it necessary for the packer to penalize the farmer from \$5 to \$8 per hundredweight on heavy hogs. In addition to making up the loss on lard and tallow, the packer had to pass on some of the loss to the public. The poor American taxpayer, who is furnishing the funds which we so liberally dole out, was forced to pay 10 to 15 cents a pound more for pork chops and other choice cuts of meat than would have been necessary if fats and oils had retained their normal price ratio.

This led to the cry of "high cost of living," and the American consumer rebuked at the market place.

In my opinion this miserable handling of the fats and oils situation was the primary reason for the drop in commodity prices, which has placed us on the brink of a depression, and has sent fear into the hearts of our people. The prices of farm commodities, as Senators know, have dropped over one-third during the last year. The drop in commodity prices, induced by low prices for fats and oils, has reduced our price level approximately 10 percent, and has wiped out approximately \$20,000,000,000 of national income. This in turn will mean a reduction of approximately \$5,000,000,000 of potential Federal revenue, which we need to pay for the program we are considering here today, and the program of the North Atlantic Pact and all the other pacts we will have to consider if we follow the foreign policy we have been pursuing.

In addition to that, the Government is now being forced to use the funds of the American taxpayer to support the price of peanuts, soybeans, and flaxseed. Yes, the handling of the program has forced Europe to do without the fats and oils, and in turn reduced our national income \$20,000,000,000.

With a few more years of that kind of program the United States will be bankrupt, and the funds which we have voted and the lives of our young men in World War II will have been spent in vain.

Our first consideration must be a solvent United States. I have heard the Senator from Pennsylvania on this floor and in the cloakroom almost daily say those very words, that our first consideration must be the solvency of our own United States.

I know that many of my fellow Senators and the American public have been led to believe that we are feeding the world. Let us take a look at the record in 1948.

The farmer is told, "Oh, this program is necessary. We have to have it to keep the prices up."

Our exports of agricultural products totaled \$3,540,000,000 and our agricultural imports totaled \$3,270,000,000. In other words, our net contribution of agricultural products to the rest of the world in 1948 was \$270,000,000, a very small fraction of 1 percent of the total of approximately \$60,000,000,000 spent by the American people for food, tobacco, and beverages.

The funds for European aid have been used to donate tools of production which should have been produced in the factories of continental Europe, factories which we deliberately destroyed, and are destroying right today in the British zone.

Certainly no one can have the idea that Britain wants to see Germany a strong, productive nation again, with her industrial potential intact. I admire the Britishers. When people can take a piece of land, a cold, damp island—no bigger than my State of Indiana and crowd 45,000,000 people on it—and can own and control the commerce and the trade of three-fourths of the world for 350 years, I take my hat off to them. I am pleading today that we tear a few pages out of her book and apply to our country the lessons we learn. It would mean a better foreign policy.

Perhaps I should not be making this appeal to United States Senators. Perhaps I should be making the appeal to the people who govern in England, and say, "Boys, don't bleed us white, don't bankrupt us, or you are going to be sorry. Twice in the last 30 years you have cried 'Wolf.' If you bleed us white and yell again, we will not be able to come, because we will not have enough with which to come." Perhaps that is where my appeal should be.

Mr. McMAHON. Mr. President, will the Senator from Indiana yield?

Mr. JENNER. I yield to the Senator from Connecticut.

Mr. McMAHON. The Senator might consider the advisability of making his appeal at the Waldorf-Astoria, where a conference has been in progress among people who do not like the Marshall plan, so-called, and have not any use for the Atlantic Pact. If he will go there he will find himself in complete agreement with those people, because they, like him, are very much against both these proposals.

Mr. JENNER. That is quite a long question, but I shall endeavor to answer it.

I have here an editorial from one of the leading Washington newspapers of last Wednesday:

Scheduled to arrive in New York aboard the steamship *Queen Elizabeth* today is a man whom most people consider the greatest Englishman alive—the Right Honorable Winston Leonard Spencer Churchill.

There are those who regard him as the greatest Englishman of all time—an estimate which also has its points when you reflect that but for Mr. Churchill the ruler of Great Britain today would quite probably be one Adolf Hitler.

The wartime Prime Minister comes as a private citizen, on a lecture tour of 3 to 4 weeks. His fellow Britons showed their gratitude for his salvage of their national hide by tossing him out of power a few weeks after the German war ended and before Japan's little red wagon was fixed.

Mr. Churchill, in regard to all this, said the other day, "Socialism is getting along fine over here," and then he said, "Thanks to our good American friends. I wonder how long you are going to put up with it."

So I wonder if I need to go to the Waldorf-Astoria. I wonder why it is, when an American stands here and talks facts and figures in which he believes from the bottom of his heart, he is automatically smeared, as it is so easy to do, with such generalities. We have liberals in the Senate, Mr. President. I do not really know what a liberal is, but apparently a liberal can be defined as one who can be extremely liberal with the American taxpayers' money. Then we have what are called conservatives. Perhaps a conservative may be defined as one who tries to conserve the taxpayers' money. But the Senator from Connecticut [Mr. McMAHON] put a world of innuendo into his statement that one who opposed the present program might be working into the hands of the Communists—the gremlins of the Kremlin in Moscow will get you if you don't look out.

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

Mr. JENNER. I yield.

Mr. McMAHON. It was not the intention of the Senator from Connecticut to intimidate the Senator from Indiana in the slightest. The Senator from Connecticut was simply trying to point out to the Senator from Indiana that at least in two respects he holds the very same opinion about the efficacy and the wisdom of the Marshall plan and the proposed North Atlantic Pact. I gather that the Senator from Indiana does not like either one of them. From what I have been reading in the newspapers I gather that the gentlemen and ladies who are congregated at the Waldorf-Astoria Hotel have as much use for the Marshall plan and the North Atlantic Pact as has the Senator from Indiana. I draw no inferences. I draw no conclusions. I state the facts.

Mr. JENNER. Mr. President, I do not know whether those gathered at the Waldorf-Astoria are a bunch of "red herrings." The President of the United States would know about that. He knows more about "red herrings" and fish of that kind than I do. But I am certainly against the ECA program. I am against it for the very basic, honest, and sincere reason that I believe we are going to destroy at home the very thing we are trying to preserve all over the world—our liberties and our peace. I honestly do not believe that the American Government can do all the things we say we can do for the American people. It is probable that \$15,000,000,000 will be spent for local government this year. The Federal budget is \$45,000,000,000. God only knows what the North Atlantic Pact and armament for other countries will cost. I do not know what the projected Middle

East pact is going to cost us. I do not know what other pacts are going to cost us. I do not have the least idea what the costs will be. But I know that last year, in the peak of prosperity, we had a total national income of \$225,000,000,000. I know that, according to the program we followed in connection with fats and oils, and the already known agricultural program, our income this year, on a projected figure, will not exceed \$200,000,000,000. I cite to the Senate that all history does not record the fact that a country can dip into its total wealth and take from 40 to 50 percent of it to be used to pay the cost of government and survive as a free people. That is my point.

That doctrine is as American as the editorial says Mr. Churchill is British. I do not find fault with the editorial. I admire Winston Churchill. I admire the British people. They have done a great work in this world for 350 years, and they did it on the basis of one single foreign policy—the policy of doing what was good for England.

Mr. President, I say that, if we want to help Europe, if we want to help stop the spread of communism, the only sensible policy to follow is the policy of doing what is good for America. We have got to keep America strong. We have got to keep America healthy. We have got to keep the American people well educated, well fed. We must keep our country economically sound. We must build an air force that is second to none, or we are going to lose the whole show.

Mr. President, I do not like the idea of anyone imputing to me that I am against this program for the same reason that actuates the Communists. Of course, they do not want it.

I read in this morning's newspaper an article from Pravda, I believe it was, which attacked the North Atlantic Pact. Of course if Russia does not want the North Atlantic Pact—and of course she does not—why does she have to come out with an article in Pravda saying she is against the North Atlantic Pact, while that pact is a current problem in our country? My personal belief is that the reason she does so is to bait us, because she knows we are sucker enough to fall for such a thing. She knows that if she takes a position against it Congress will be urged to adopt it. She plays the game just right. She plays put-and-take here. She does not want the Marshall plan. But she knows that she does not have to take any active step, that all she needs to do is to stand still and wait, while America is being bled white, until America becomes bankrupt, and a depression ensues and then Russia can get what she wants without firing a shot. When we are bled white and a depression comes, all she needs to do is to set in motion the forces she has under cover here, and they can march up and down the highways of this Nation and take over, as J. Edgar Hoover warns us.

I now wish to finish reading the editorial:

We can go along with the general view of Mr. Churchill as the greatest living Briton, and maybe the greatest that ever lived.

The chief reason why we respect him so highly is that he always was a Britain Firster.

He fought, worked, sweated, and intrigued for his own country and its Empire, and to hell with everybody else.

His greatest achievement under this head was his virtual hypnotizing of Franklin D. Roosevelt, so that Roosevelt did everything he could to get us into Britain's latest war, and helped England substantially long before he succeeded in badgering Japan into the Pearl Harbor attack.

This Churchill feat was extremely tough on us, and our grandchildren will still be paying for it. But it was the kind of thing which Mr. Churchill as a British public servant was duty-bound to do for his own country. America's chief regret, we feel, should be over the fact that we have so long lacked and still lack statesmen as devoted to their country as Mr. Churchill is to his.

And, Mr. President, that is the category to which I wish to belong.

So here's wishing the former and maybe the future British Prime Minister a most pleasant and profitable stay in the United States. He deserves it * * * Only we do hope he won't push Mr. Truman any closer to war than Mr. Truman now is.

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

Mr. JENNER. I yield.

Mr. LANGER. Is the Senator from Indiana familiar with the fact that during the Spanish-American War the same Winston Churchill who now brags that he is half American, took up arms for Spain, and fought against the United States, and did all he could to defeat us?

Mr. JENNER. My reply to the Senator's question is that I do not blame Winston Churchill for that. He was representing his country. He was doing what he thought was best for his country. My prayer today is that as representatives of the American people we will do that which we think is best for the future peace of the world and for our country.

Mr. President, the funds of the American taxpayer have been used to subsidize the price of food in European nations so that low wage levels could be continued. As a result of these donations at the expense of the American taxpayer, we are laying the foundation for cheap goods.

Under our foreign economic policy of removing tariffs, the principal support for our domestic price level, these goods will flow into the United States, break down our price level and force us into bankruptcy. And, when that takes place, what is the solution offered by the administration?

It is socialism, the Siamese twin of communism, with more Federal agencies; more Federal expenditures; more taxes; more Federal controls and enslavement of the American people.

The tragic results will be the destruction of our American system.

Mr. President, the world totters on the edge of an abyss at the bottom of which is a third and even more destructive world war. I venture to say that every member of this distinguished body on his infrequent visits to his home State is met on every hand with the query, "Are we going to have war with Russia?"

I do not know the answer to that question. Neither, I assume, does any Member of this body.

I do know that it is recognized on every hand we are going through a cold war with Russia and we are sacrificing dollars, machinery, food, and material of every kind in a desperate effort to ward off the continuing gobbling by the Russian bear of additional territory in its policy of aggrandizement.

Mr. President, our own country, our own leaders, have been a party to the conspiracy which has permitted Russia to gain the place which she holds today in world affairs.

In direct violation of the Atlantic Charter we permitted the rape of Poland; we made it possible for the Red flag of Russia to be hoisted in Korea, in the Kuriles, Czechoslovakia, and the other small nations that have become Russian satellites.

Only Sunday, March 27, came announcement that three world powers are to meet in Washington in about 10 days to divide up parts of Germany. This parley will come after the signatory nations of the North Atlantic Pact meet April 4 to make that treaty as official as it can be without ratification by this body. I am a little suspicious, Mr. President, regarding the forthcoming parley.

I am afraid that "Uncle Joe" or Mr. Molotov or Mr. Vishinsky will be lurking around the edges of this conference to grab off a little more territory which they can add to the already growing power of the U. S. S. R.

Mr. President, I am one of those Middle West Americans who have compassion and every sympathy with suffering humanity. No matter to me and no matter to my fellow Hoosiers whether that suffering comes from the ravages of war, famine, or disaster. The helping hand of Hoosiers, like all Americans, is always extended to aid more unfortunate peoples, no matter where they may be.

There is a vast difference, however, between extending relief and prolific spending beyond our means.

I am going to assume, Mr. President, for the sake of argument that the Marshall plan is necessary.

I am going to assume, Mr. President, that the pouring out of billions for social experiments is necessary. I am going to assume every crackpot theory of the New Deal from leaf raking to pump priming is necessary. But, Mr. President, the question remains in my mind, can America afford it?

We are embarking now on the North Atlantic Pact, which I feel is only the forerunner, as I have said, of other international agreements. I do not want to confuse the issue because we are considering today the ECA, but let me digress for a moment to consider the proposed North Atlantic Treaty.

Mr. President, I do not think it is possible to separate our foreign policy into categories. My basic theory is simply this: All of it may be good; all of it may be necessary, including the Marshall plan, the North Atlantic Pact, and everything else; but I do not believe we can afford it; and if we go bankrupt that is the end of the story. Our liberties and freedoms will disappear.

We all know what has been happening under the Marshall plan. We sent our money over there. The great bulk of it

went to Great Britain. No one can honestly say that Great Britain has not made a recovery. Her production today in many fields is well above her total production before the war. How far are we obligated to go in furnishing free toupees, hearing aids, false teeth, free babies, and free funerals, together with a socialized steel industry? How far are we going in digging the coal out of the bowels of our earth and shipping it to England. Last year when England had coal under her own island, under the socialistic government there was no incentive to dig coal, and England was freezing to death rather than digging coal to keep herself warm.

How far must we go in shipping our strategic material such as copper, lead, zinc, coal, and oil to the four corners of the earth. Under certain agreements the Congress authorized the procurement of strategic metals, but Mr. Hoffman and his administration did not use that power, and as a result, the very nations we are asked to help under the Marshall plan have entered into trade pacts with Russia. More than 88 of them are in existence, under which Russia is getting the strategic materials to make war, and we are sending our materials, of which we are in short supply, to Europe to help European recovery, and Europe is sending those very materials on to our potential enemy. We cannot get even that way.

To try to show what I am talking about, only this morning Secretary of the Interior Krug issued a statement. Please do not call me a Communist. Just call me an American. Mr. Krug is our Secretary of the Interior. This morning he issued a warning. I read from the newspaper article:

Secretary of the Interior Krug today warned of an alarming shortage of some of the vital American national resources, and proposed a series of long-term Government investments in order to maintain national strength for war or peace.

He made public an all-out program for conservation, discovery, and development of new resources in submitting his annual report to President Truman for the fiscal year ended June 30, 1948.

To assure future energy and mineral supplies for American industry Mr. Krug recommended:

A 20-year development program of at least 40,000,000 kilowatts of hydroelectric power, 30,000,000 of which would be Federally built at an estimated cost of \$12,000,000,000 to \$15,000,000,000.

Do Senators see what I am talking about?

There is \$15,000,000,000 for the cost of local government, \$45,000,000,000 for the cost of Federal Government, \$5,000,000,000 for the Marshall plan, an estimated \$20,000,000,000 for the North Atlantic Pact, and \$12,000,000,000 for the necessary kilowatts to maintain our own economy. How far can we go? Let us not kid ourselves. Let us not kid the American people. How far can we go in maintaining our standard of living? We represent 6 percent of the world's population and 7 percent of the world's area. We have maintained the highest standard of living ever known under God's sun. How far can we go in maintaining that standard of living and still do all these

things for people all over the world, all at the same time?

I read further from Mr. Krug's statement. These are not my facts. I did not get these facts from the Communists. I got them from the Secretary of the Interior. I do not know whether he has any Communists in his Department, or whether Communists are advising him. I am merely telling Senators where I got these facts. I continue to read from the news article:

This program would include the St. Lawrence power and seaway project, which the Secretary said was needed not only for power, but also "to bring the newly important iron ore from Labrador and South America to American steel plants."

Quick development of synthetic liquid fuels from shale and coal by private industry, with Government encouragement.

NEED FOR GEOLOGISTS

Employment of every available geologist to speed up discovery of new mineral resources in the United States and Alaska.

Restrictions on the use of scarce basic materials such as copper, lead, and zinc, "to protect the Nation's economy from the effects of critical shortages."

Mr. Krug reviewed all activities of the Interior Department, but it was apparent from the stress he applied that his mind centered on the danger of rapid depletion of mineral resources essential to national defense.

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

Mr. JENNER. I yield for a question.

Mr. LODGE. Does the Senator know that in the measure we are now considering there is specific provision to enable the United States to acquire the strategic and critical raw materials she needs in order to make up for the threatened deficit of which Secretary Krug speaks, and to which the Senator from Indiana so wisely advert?

Mr. JENNER. I know that is in the pending bill, but it was also in the bill last year.

Mr. LODGE. This year we have a different provision, which I think will work much better.

Mr. JENNER. O Mr. President, last year we were told that it would be our job to enter into bilateral pacts, and, as a result of giving the requested aid, they would give us the strategic materials for which we were willing to spend millions of dollars to acquire and stock pile. But, instead, we are giving billions of dollars to the ERP countries, and they are sending to Russia steel rails, locomotives, oil refining plants, and various other critical machinery, materials, and everything else. In short, Mr. President, it is the old put and take: We put, and Uncle Joe takes. [Laughter.]

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

Mr. JENNER. I shall be glad to yield for a question.

Mr. WHERRY. The question which was asked by the distinguished Senator from Massachusetts should be clarified somewhat, it seems to me, because I interpret the section to which the Senator refers as going away beyond the procurement originally intended under ECA, in connection with the trading or purchasing or stock piling of strategic materials. It seems to me that this measure would provide the necessary authori-

zation for carrying out the fourth plank in President Truman's campaign program, so as to permit the Government of the United States to engage in the procurement of materials and to initiate projects not only to make up for present deficiencies but for potential deficiencies for the next 20 years. So I ask the Senator this question: Does not the Senator feel that is going away beyond the matter of the stock piling of strategic materials, and that it is an attempt to use the funds of the United States to put the world on a socialized program, with the United States doing the procuring?

Mr. JENNER. Mr. President, I think the Senator from Nebraska is going entirely too fast. The first idea was to get the Marshall plan extension legislation passed by the Congress, and then to get the North Atlantic Pact ratified by the Senate, in the pact by which we would trade hams for wiener. Then I suppose there will be a Middle East pact. I do not know just where the New Deal is going to come in; but eventually we shall reach the point where we shall be furnishing milk to the Hottentots.

So I think the Senator from Nebraska is going a little too fast. First we have a request for an authorization; but after that, the crack-down will come; for, after all, the floor to all these plans has been the same in every case. Do you remember, Mr. President, what Mr. Marshall first said when the Marshall plan was first presented to us? He said, "It must be \$17,000,000,000. Give me all of that or give me nothing."

But then various Senators said to the President, "Harry, you had better go a little slower; you had better take things a little easier. We are good; we are in favor of the 'bipartisan foreign policy,' but we cannot choke down all of this at once."

So then the administration was willing to take \$6,800,000,000 to start with. However, instead of spending that amount, they have spent only \$2,000,000,000 so far, which leaves \$4,800,000,000 still available, but unspent. Nevertheless, now we are being asked for an extension of the Marshall plan, and this time the request is for \$5,400,000,000 for a further period of 15 months, whereas already the recovery in Great Britain is far beyond what the British had hoped for.

O Mr. President, this is a big thing. The American people are entitled to know just what it is.

It will be remembered that first we were asked to provide—and we did provide—\$6,000,000,000 for the Bretton Woods Agreement. That was to stabilize the currencies of the nations of Europe and to get the recovery job abroad going. But that was a fizzle.

Next we had UNRRA. Under UNRRA the first thing we knew, American locomotives which we sent to some of our European friends were sent by them to Russia; and when the Russians got them they put Uncle Joe's picture on them, and ran them up and down the railroad tracks beside the streets, and the Russian people thought they were locomotives that had been built by Uncle Joe himself. [Laughter.] So UNRRA turned out to be a fizzle.

Next we were confronted with the request for the British loan. We were told, "This will do the job; it will stop the Communists, and everything over there will be lovely." That took about \$4,000,000,000, but the great bulk of it went for cigarettes, cold cream, and movies, which certainly have a great deal to do with the recovery of a nation. Those funds were to last Britain 4 years; but, if my memory is correct, they were used up within 18 months. So something else had to be done; and we were presented with the Marshall plan. Now we are to have the North Atlantic Pact, and perhaps next we shall be faced with a Middle East pact.

So I say to the Senator from Nebraska that he should wait a little, and probably soon the point he has mentioned will be reached. Perhaps we shall come to that in an election year; we never can tell.

Mr. KEM. Mr. President, the Senator should have in mind the fact that the cost of Bretton Woods was \$6,000,000,000.

Mr. JENNER. Yes; I am trying to forget it, but I have it in mind. [Laughter.]

We never read in the newspapers the facts and figures I have been talking about. I do not know why that is. But I do not have to be a high-salaried newspaper columnist or a not-quite-breathless radio commentator to be able to predict ratification by the United States of the North Atlantic alliance. The moves of the Kremlin have already helped to assure its approval. The meeting in New York City, to which the Senator from Connecticut [Mr. McMAHON] referred, is indicative of the situation, because we seem to be told, "The gremlins of the Kremlin will get you if you don't watch out."

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

Mr. JENNER. I yield for a question.

Mr. KEM. I understand that the Senator from Connecticut, who asked that question, has certain ideas of his own about the atomic bomb and about sharing its secrets with the rest of the world.

Mr. JENNER. Yes.

Mr. KEM. I should like to ask the Senator if those same views are shared by the gentlemen who now are meeting in the Waldorf-Astoria? I refer to the meeting to which reference has already been made.

Mr. JENNER. Yes; I think they are. Of course, mention was made the other day about the great care which has been taken in connection with loyalty checks, and about how carefully advice was taken from the security officer in regard to whether a certain man should receive secret information. The field is so large, the misinformation is so great, the whole picture is so obscure, and the American people are so misinformed, that I wish to say, "again and again and again," that I do not believe we can do all these things all over the world, all at the same time, without going bankrupt.

Is not the proposed North Atlantic Pact a reversal of traditional American policy? I cannot separate the North Atlantic Pact from the Marshall plan because both of them will cost us a great deal. Both of them relate to what I am talking about, I refer to the entire projected program. Will not this be a re-

versal of the traditional American policy? Is it not exactly what the long-range planners of the Kremlin really want? Is not their prime objective to bankrupt the United States and to win a cold war without even firing a shot? Already since the end of the war they have taken under their jurisdiction and power more than a billion people. They have obtained greater power and more territory until now they control half the world; and they have gained all that without firing a shot.

I am not necessarily flashing a mandatory stop light in examining this subject today, but I certainly am turning on a great big amber caution light, which should shine as brightly in the face of every American as an antiaircraft searchlight. When confronted with the North Atlantic alliance, *per se*, in view of all that is at stake in connection with it, so far as we are concerned, our people still might be tempted to put a brake on the slide of our Republic toward bankruptcy. I have no doubt that the North Atlantic Pact will be ratified and that the Marshall-plan legislation will be passed, because men say we have a moral commitment. But let us put the searchlight on them before we throw our Nation into bankruptcy or let it slide there. It is inevitable that the North Atlantic alliance will cost us a tremendous amount. The figures again are away up in the billions of dollars. The boys in the Pentagon estimate that we would have to have from 40 to 60 divisions in Europe if we were to go into this proposal. It is estimated that it costs from \$200,000,000 to \$400,000,000 to equip a division of men.

So again, Mr. President, when we come to the North Atlantic Pact and the other rumored pacts, I say—and I am glad to use the words employed by the distinguished Senator from Georgia, "We had better stop and take a look." One billion dollars is the first approach. That figure, standing by itself, looks all right, and may be all right. But let us tell the American people what we are doing when we sign such a pact. Let us tell them we are committing ourselves to a European ground war. Let us tell them that we are committing ourselves to a European ground war, if any of our allies in the North Atlantic Pact are attacked. We will not only go to their aid and defend them, but also agree to maintain them for 20 years. Let us tell the American people that France and England, our brothers that we are helping under the Marshall plan, have already signed nonaggression pacts with Russia—France for 20 years; Britain, for I do not know how long. They say to each other, "We will not commit any overt act against each other, nor will we," they say, "enter into any coalition against each other." But here they come—Bevin and the other boys—to sign the North Atlantic Pact. Let us ask them whose side they are on—who is going to get the \$2? If we are committed to a European war, let us tell the American mothers that World War II was a plaything. True, 300,000 boys were killed; true, a quarter of a million were wounded; but Hitler had 220 divisions against Joe Stalin on the Russian front and 5,000,000 German boys were

killed or wounded. Hitler could not whip Josef Stalin. Stalin had 502 divisions in that war. We had only 89 divisions on both fronts. What are 40 to 60 divisions of men going to do in a European ground war, with the most modern equipment in the world, against such a massive land army? They are doomed to utter defeat. It is said, "Give the western European nations enough so they can make a holding action until we get there." Hitler marched through all the Low Countries and into France. France completely surrendered in World War II within 39 days. Let us quit kidding the American people. We know the next war will not be confined to a European ground war. It will not even be confined to a continent. It will be a global war, and the nation that has supremacy in the air, the nation that has the atomic bomb will, the first night, go into the heart of the enemy country. It will not be a matter of fighting outposts in Luxembourg and Belgium and Norway. We had 63 divisions of men on the European front in the last war, yet we thought we were putting forth a total war effort. I do not propose to go any further down the road of blind spending, on the basis of glittering general appeals that we must do this in order to help hungry people and to stop the spread of communism, and create a third great power in Europe to assist in the effort.

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

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Massachusetts?

Mr. JENNER. I am glad to yield for a question.

Mr. LODGE. Will the Senator tell me where in the North Atlantic Pact he finds one single word that commits us to fight a ground action in western Europe?

Mr. JENNER. I shall read a part of article 5 to the Senator. I may say that ground action is not mentioned in it, but this is in it, that each of the signatories "will assist the party or parties so attacked by taking forthwith individually and in concert with the other parties, such action as it deems necessary"—

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

The VICE PRESIDENT. Does the Senator from Indiana yield further to the Senator from Massachusetts?

Mr. JENNER. Just a moment—"including the use of armed forces to restore—" I do not mind that so much; but get the next one—"and maintain." There might be interleaved at that point 20 years—"maintain for 20 years the security of the North Atlantic area"—which runs all the way from Iceland to Africa, and all the way from our shores to Russia's borders.

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

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Massachusetts for a further question?

Mr. JENNER. I am glad to yield.

Mr. LODGE. Is it not true that this means we agree to take such action as we deem necessary, and if we do not

think ground action is necessary, we do not have to take it?

Mr. JENNER. Then let us not kid the people over there. They think we will take that action. Their foreign ministers and other leaders have issued statements. They are now on their way to America to sign the North Atlantic Pact. They think we are going to take that action, so, if we are not, let us tell them. If we are not going to, why have an army in the program, why build up our Air Force and our own Army and our own Navy?

Mr. LODGE. I think we ought to build up our own Army and our own Air Force and our own Navy. I think we are doing it. Does the Senator think that in World War II the armies of the nations that were allied with us were of any help to us?

Mr. JENNER. Yes. As a matter of fact, I was in that war.

Mr. LODGE. I know the Senator was.

Mr. JENNER. I was over in England. They were certainly of help, just as suggested by the editorial I have read from the *Times-Herald*, telling about Churchill's position. We went to their aid when they were down and out, as the result of intrigue and cunning and talk about it being for the interests of this country, and about the rules of morality, and other things. Many of them told me, "We are glad you Yanks are here—but where have you been? You waited a year to get here." Under the proposed pact, we would not wait a year; we would go forthwith; and we would go with an armed force, if necessary.

Mr. LODGE. If we think it necessary.

Mr. JENNER. I think it is silly for us to try to commit ourselves to a ground war in Europe when we demonstrated in the last great war that Russia, because of its manpower, could not be conquered in a continental war. Hitler could not do it, and Hitler had the unqualified support of his entire nation. He had a great military machine. He had supremacy in the air. He had 220 divisions. If we are to enter into the kind of commitment proposed, the people of this Nation might as well be told to prepare for universal military training, to get ready to make an armed camp out of the country, and, tragically, to turn it over to a military dictatorship. If we do not mean what we say, let us not sign the pact.

Mr. LODGE. If the Senator will permit, I may say I would agree with him it would be the worst kind of folly from our standpoint and from the standpoint of the nations of western Europe for us to commit ourselves to fight any particular kind of military tactics. To me it is very clear that the pact does no such thing. It would be very much against the best interests of the nations of western Europe if we did. We would be sticking our head into a noose.

Mr. JENNER. What does the Senator think we are going to do?

Mr. LODGE. We are going to react in the most effective way we can.

Mr. JENNER. What is that most effective way?

Mr. LODGE. We cannot tell until we have to act.

Mr. JENNER. The Senator will admit we must give them arms and equipment.

Is not that correct? Is not that admitted by Secretary of State Acheson and the military leaders and everyone else?

Mr. LODGE. I am glad the Senator asked that question. Yes, I think we are going to—and we should—furnish them with a certain quantity of arms. I think that to furnish them with arms for 40 or 60 divisions is perfectly absurd. I do not know where the Senator got that figure. To me it takes no sense whatever. My belief is that in all the development of western Europe through the Marshall plan economic recovery of Europe must have priority; and if it is going to have priority, then that means of course that the manpower of Europe is not going to be taken out of civilian pursuits to build up an army with 40 divisions.

Mr. JENNER. Why, of course not; and they do not plan to do that. So the Senator has admitted to me, at least, he would have us send equipment to Europe. What is going to happen to the equipment? The answer is, Russia will walk in and take it over the week end, and turn it against us. I say we had better watch our arsenal, we had better keep our powder dry.

Mr. LODGE. Let me say to the Senator, we sent equipment to the British, we sent equipment to the Russians. The Germans did not get it. If we make the proper kind of guess, and if our judgment is right, there is no reason why Russia should get our equipment.

Mr. JENNER. I will go a little further than that in my remarks.

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

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from North Dakota?

Mr. JENNER. I yield for a question.

Mr. LANGER. Has the Senator read the speech by Secretary of State Acheson wherein he stated that of the equipment we sent to China during the last 2 years, the Communists now have nine-tenths of it?

Mr. LODGE. I think it is deplorable and tragic, and I agree with the Senator from Indiana as to the calculations that we made at the end of the hostilities of World War II. They were absolutely tragic in character, and we can never regret profoundly enough the fact that we were so completely unprepared for the end of hostilities. But we must look ahead in a realistic manner and not try to hash over the dead past.

Mr. JENNER. But the Atlantic alliance will not be without tremendous cost to us, in billions of dollars, and there will be more and more alliances.

Mr. President, just as France has been bled white by past wars, so the United States is to be bled white by the fear of the next war. And what do we get for the North Atlantic alliance? The same thing that a stepfather gets when he captures the desperate love of a widow and her big ready-made family of undisciplined hungry and unpredictable kids.

If we fail to provide for our new wards we are guilty of criminal negligence. We also lose the love of the widow. If we are able to provide for them they automatically become ingrates hating us because we helped them and waiting impatiently until the day when they can go

out into the world on their own. Then they will go after us with unprecedented fierceness, competing for our markets, tripping us every time we make a move that can be construed as conflicting with their interest, and in general scorning the temporary refuge that they found in our generous and well-intentioned paternalism.

If Senators doubt that, I have here a clipping which I cut from one of our newspapers a few days ago. It concerns a meeting attended by a group of representatives of western European nations. Sir Stafford Cripps was there, and he said:

Listen. Get this straight. In our business dealings with the United States this coming year, we must cut down doing business with them.

He recommended a flat across-the-board percentage for all countries. These are our allies—that big, hungry bunch of kids I have been telling about. They turned Sir Stafford Cripps down on his flat percentage, but all agreed that they would do everything they could to reduce their business with America next year. That is under the Marshall plan.

Now, we go to the North Atlantic pact and the Senator from Massachusetts says:

Surely, we have to send them equipment, antiaircraft guns, tanks, and so forth.

That relieves them of that much military equipment they would have to manufacture, so they can go into the consumer-goods production and have more to sell on the world markets to cut our throat. It is good business, if we can get it.

Suppose I have the best shoe factory in the world, and I look across the street and see a man who has an old, run-down factory. The roof leaks; the morale of his labor is low; his machinery is not efficient. So I reach down into the treasury of my shoe company and go across the street and say: "Say, Bud, you are in bad shape. I will take money out of my business and give it to you, and I want you to build a nice building. I want you to air-condition it and put in all the latest lighting, and all modern conveniences, and I want you to have the best machinery, improve your labor relationships and make your labor happier. I want you to make as good a shoe as I do, and then I want you to put your product on the market and cut my throat with it."

We will get ulcers before we get even. The subject is very large. There is very much involved in it.

Mr. President, I wish to read from a clipping dated March 24, 1949, headed ECA studies refugee jobs:

ECA STUDIES REFUGEE JOBS

FRANKFURT, GERMANY, March 23.—The Economic Cooperation Administration is studying the possibility of a gigantic public-works program to provide jobs for western Germany's 10,000,000 restive refugees.

I hope they figure that one out a little better than we figured out the program for the 10,000,000 unemployed we had in this country for 10 years. Will we have a world-wide WPA?

I read further:

ECA officials here said this mass of refugees represents a politically dangerous element—

The goblins of the Kremlin will get you, if you don't watch out—

a politically dangerous element that is contributing to the rise of nationalism in Germany.

Refugees in increasing numbers are slipping across from the Russian zone. Some estimates place the numbers as high as 50,000 a month.

Most of the refugees were expelled from the Sudetenland in Czechoslovakia, from parts of eastern Germany now claimed by Poland, and from other eastern European states.

They are not eligible for United Nations care, and under United States military government policy they are the responsibility of the German authorities.

The Germans say they lack the resources to care for them.

So ECA says, "There are only 10,000,000 of them. Let the American taxpayers take care of them."

Mr. President, we were talking about our family and our kids.

Moreover, we accept all the ancient grudges of our wards, and are compelled to assume the prevailing European attitude in viewing European problems. Instead of mortgaging European policy to ours we become the servant of Europe's schemes. Thus, at present, because Germany has been the aggressor in three great wars, we feel compelled to continue punitive measures against Germany.

Yet, viewed as an economic unit, Germany, with her millions of skilled workers and her great industrial potential, is essential to any genuine European recovery, and also essential to any balance of power because of her strategic location in Europe's heartland.

Nobody says of our colleagues of the North Atlantic alliance that they shall do more than fight with us. If attacked, they would fight anyway, to the extent of their limited ability. For they know, after their experiences with Hitler's Germany, that Stalin's Russia would be a merciless conqueror. But their ability to resist is in many cases not any more formidable than a temporary roadblock against a great mechanized military machine such as Russia's. And if these little fellows were attacked, we would fight anyway. We joined with them twice in the last 30 years.

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

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

Mr. LODGE. If it be true, as the Senator from Indiana states, that we would fight anyway, and that the nations of western Europe would fight anyway—and I think he is completely right in both those statements—is it not smart to get together and organize and proclaim that fact to the world, so that it may be a deterrent, and we will not need to fight?

Mr. JENNER. If it is going to cost us a billion dollars—and it has already been stated that the ante is \$1,800,000,000 the first year, and I would wager 10 to 1 that before 4 years pass they will be saying,

"We have to have \$10,000,000,000 or the Communists are going to get us."

Mr. LODGE. The figure of \$1,800,000,000 is not a final figure.

Mr. JENNER. The Senator means it is not sacred?

Mr. LODGE. Yes.

Mr. JENNER. I am glad there is some figure connected with our foreign policy that is not sacred.

Mr. LODGE. If it cost a half billion or three-quarters of a billion or a billion dollars to put this plan into operation, and it had the deterrent effect of preventing war and the shedding of the blood of our young men, it would be well worth the price.

Mr. JENNER. We do not measure lives in money.

Mr. LODGE. No.

Mr. JENNER. Absolutely not. If these little fellows were attacked we would fight anyway. We have proven it.

We would not need the urge of honoring the alliance. We would fight because we know that no war can be quarantined hereafter to a single continent or even a hemisphere.

Mr. President, we hear much about "one world." In these days of unbounded progress in aviation, there is only one answer to our national-defense problem. The Congress soon will be considering a budget request totaling \$13,227,000,000, plus, for our Army, Navy, and Air Force.

Of this amount, four billion, seven hundred and eighteen million is allocated to the Army, and four billion, four hundred ninety-four million to the Navy—now get this—leaving only four billion and thirteen million for the Air Force. I ask, Mr. President, does that make sense?

The topographical situation is such that no west European country could resist except temporarily, no matter how many billions of dollars worth of arms we gave to them. We must not regard the North Atlantic Alliance as a Maginot line. It would not keep us out of war, and it would not prevent the forward lunge of an aggressor. The Kremlin knows and understands all this. No North Atlantic Alliance will deter the Soviet leaders from making war. Only the power of the United States of America will prevent war. And I tell my colleagues that we will not have that power if we bankrupt our country.

Mr. President, Moscow will keep the peace only so long as we ourselves are strong enough to stay her covetousness.

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

Mr. JENNER. I yield for a question.

Mr. LODGE. The Senator has been very affable about yielding, and I do not wish to trespass on his good nature, yet the address he is delivering is so interesting that it suggests questions to me.

Did I correctly understand the Senator from Indiana to state that in the tragic event of another war—which we all hope so fervently will not happen—it would be better for the United States to fight it all by itself, without having any allies at all to help us carry the load?

Mr. JENNER. I want us to have allies, I want us to have friends, but I

do not believe that history records instances showing that it is possible to buy the hearts and the good will of men. If we had to get our friends by buying them and absolutely bankrupting our country, I believe I would take the chance of our country standing alone.

Mr. LODGE. Will the Senator permit me to say that I agree that it is not possible to buy friends, but I think it is possible to get a sick man back in such healthy condition that he is willing to fight for himself.

Mr. JENNER. I shall come to that point.

Mr. LODGE. That is what we are trying to do by the proposal we are considering.

Mr. JENNER. I shall get to that point. Mr. Mayhew says the ECA countries are already well. I may say to the Senator that I do not mind the interruptions, except that I do not wish to be classed as a filibusterer, and I have been speaking a long time. I should like to conclude as soon as possible.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. JENNER. I yield.

Mr. LUCAS. May I inquire of the able Senator from Indiana how long he expects to speak?

Mr. JENNER. I think I can conclude in 20 or 25 minutes if I am not interrupted.

Mr. LUCAS. My only reason for making the inquiry is that the conferees on the rent-control bill are ready to report.

Mr. JENNER. I can finish in a few moments, if I am not interrupted.

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

Mr. JENNER. I yield for a question.

Mr. WHERRY. I should like to ask a question of the majority leader. After we take up the rent-control conference report, does the Senator intend to have the Senate resume consideration of the unfinished business?

Mr. LUCAS. I expect then to ask that the Senate take a recess until 11 o'clock tomorrow, and at that time resume consideration of the unfinished business, with the hope that we can conclude the bill tomorrow. Obviously, I cannot tell any Member of the Senate what he should discuss, but it does seem to me we should get along with the ECA program. I am not complaining at all, for the Senate has no rule as to germaneness, but we have been discussing the Atlantic pact for days. Perhaps it is a part of the ECA program, though I do not think it is. Nevertheless, Mr. President, I shall ask that the Senate take a recess until 11 o'clock a. m. tomorrow, and we will have a night session tomorrow, if necessary, in an endeavor to conclude consideration of the bill tomorrow, if that is possible.

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

Mr. JENNER. I yield.

Mr. WHERRY. Let me inquire of the majority leader, would it accommodate him if unanimous consent could be had for the Senator from Indiana to take the

floor tomorrow at 11 o'clock and conclude his speech then?

Mr. JENNER. I should like to conclude now.

Mr. LUCAS. If the Senator could finish within the next 10 or 15 minutes—

Mr. JENNER. I do not think I can finish in 10 or 15 minutes. In my opinion, this is not extraneous matter I am discussing, because I think the Atlantic Pact and the Marshall plan bill are tied together.

Mr. LUCAS. I would not question the Senator's opinion as to that.

Mr. WHERRY. Mr. President, I ask unanimous consent that, inasmuch as the Chair—

Mr. LUCAS. One moment, Mr. President. I inquire who has the floor?

Mr. JENNER. I have the floor.

The VICE PRESIDENT. The Senator from Indiana has the floor.

Mr. JENNER. I yielded for a question only. I did not yield the floor.

Mr. WHERRY. Will the Senator yield for a question?

Mr. JENNER. I yield for a question.

Mr. LUCAS. Mr. President, parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Indiana yield?

Mr. JENNER. Mr. President, I am going to ask the Chair to enforce the rule. I yielded for a question.

The VICE PRESIDENT. Very well. The Senator can yield only for a question.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Indiana cannot yield for that purpose.

Mr. JENNER. I yield to the Senator from Nebraska for a question only.

Mr. WHERRY. May I ask the distinguished Senator from Indiana if he desires to conclude his address tonight?

Mr. JENNER. I do.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. LUCAS. I do not care to ask any questions. I should like to finish a statement once without being interrupted.

The VICE PRESIDENT. The Chair has recognized that the Senator from Indiana has the floor, and he does not have to yield to any Senator if he does not care to do so.

Mr. JENNER. Mr. President, I have been on the floor for some time—

The VICE PRESIDENT. The Senator can control that for himself. He does not have to yield to any Senator.

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

Mr. JENNER. For a question only.

Mr. MAYBANK. To present a highly privileged matter?

Mr. JENNER. No; I should like to conclude. I will not be long, and, after all, what I am discussing is an important subject. I think it is a highly important subject.

The VICE PRESIDENT. The Senator has the floor. He may proceed.

Mr. JENNER. Mr. President, I had said that Moscow would keep the peace

only so long as we ourselves were strong enough to stay her covetousness.

(At this point Mr. JENNER yielded to Mr. MAYBANK to present the conference report on the bill (H. R. 1731) to extend certain provisions of the Housing and Rent Act of 1947, as amended, and for other purposes. The conference report appears at the conclusion of Mr. JENNER's speech.)

Mr. JENNER. Obviously, Mr. President, our Air Force today is our first line of defense. Yet, our national defense authorities submit a budget having a combined request of more than \$9,000,000,000 for the Army and Navy, leaving only a little over \$4,000,000,000 for the Air Force.

The next war, it must always be remembered, will be a global war. Our own Air Force has proved that no place will be immune, provided that it is marked for attack. No Atlantic alliance or any other alliance would keep hostilities away from American shores. Our pioneer forefathers never put their main strength at the picket outposts.

They maintained those outposts, particularly for the gathering of intelligence and for the delineation of their peacetime efforts, but their powder magazine and their arsenal were inside the blockhouse. Almost instantly, in the next war, the pickets will be overrun by both major antagonists. The assault, immediately, will be on the centers of power within the borders of the principal adversaries themselves.

We cannot buy immunity. The next time every American industrial center and every seat of both control and authority will be the targets for the first night. It is for this reason, Mr. President, America must keep herself strong, both militarily and economically.

Our military strategists concede that if a properly prepared army chose to rush forward, with its full mechanized power, western Europe would be crushed before we could hope to get the first units of an expeditionary force there to save it. We could retaliate with bombers, but we would have been deprived of any continental bases. Indeed, we would be compelled from the outset to bomb west Europe in order to prevent a transfer there of the Russian functional control cores.

In 39 days Hitler captured France and the low countries and all the military equipment that was in them. The British Army lost all its equipment as it was evacuated at Dunkerque. The Chinese Communists are supreme in the Far East today because they have captured the millions of dollars of equipment which we gave to the Chinese Nationalists.

We may be sure that the enemy would immediately acquire and convert to his own quartermasters' use whatever billions of dollars of equipment, including supplies under ECA, we had given to western Europe.

Why prepare the table for the enemy? Why run the risk, also, of a Communist regime in one of the west European countries suddenly seizing power and turning over everything to the Moscow salvage teams?

On various occasions we have been shocked to learn that Russia already has acquired vast amounts of Marshall-plan equipment and supplies given by America. This has been accomplished by the mere process of Russia gobbling up smaller nations and taking advantage of UNRRA and the silly reparations program and various secret commitments agreed to at Potsdam and other places.

Such arrangements as the North Atlantic alliance are primarily and principally of political value. They are more of a threat than a force. They serve to bolster up the morale of our allies and our friends, and they try to give to them the coveted sense of security. But a document, no matter how worded and no matter how many seals it bears and no matter how much sweeping approval it has received from the parliaments of its signatories, cannot alter physical facts.

The Pan-American alliance—the Rio Pact—is not yet embellished with extensive supplying of United States arms because the Latin-American countries have regarded the economic power of this country as more important to them than the military power. But after the already big arms shipments to Europe are further increased, Latin America also will be clamoring for its guns and tanks and planes. Otherwise, it will argue, Latin America might become a hostile base in our own back yard.

Our Chiefs of Staff will promptly agree, for I have never seen a Chief of Staff ever admit that anybody was sufficiently armed.

We will end up with a lot of insurance premiums that are so wealth-consuming that our own house will fall into ruin.

Let us assume, Mr. President, there is every valid reason for the United States to ship food, arms, machinery, and dollars all over the face of the earth in an effort to halt the march of communism, and to place these nations on their economic feet, yet the question remains—"Can America afford it?"

The thesis of the Marshall plan—which made it a far more logical and sensible program than the Truman doctrine—was that by our available economic might, we were helping our friends to recover from the havoc of war, and thus resume their place in the world economic system. Is that not a fair statement of the plan? We also proposed to make them strong enough so that they could better defend themselves. Is that not a fair statement?

The theory was that busy European people would become happy European people, and that thus they could defeat the steady dosages of Communist poison which they are being fed. Is that not a fair statement? Moreover, by 1952—we were told—west Europe would be sufficiently recovered to walk again without a crutch.

We would reestablish a "third force" in west Europe, a great bulwark between us and Soviet Russia. Is not that a fair statement? The North Atlantic alliance admits that no such third force has been established. It formally abandons the effort. Now a crutch is not enough. We must give every one of the invalids an armored car to ride in.

Suppose for a moment that these vast new armaments are desirable and that they might be effective in curbing world aggression. Then why not let European factories produce a major part of them? Would not that be another way of helping to end European unemployment, at least for a while? Would it not be a way to end the WPA program we are talking about for Germany?

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

Mr. JENNER. I decline to yield at this time. I shall be glad to yield later. I wish to finish this point.

Why drain America's limited iron deposits, about which Mr. Krug told us today, and compel American steel mills to expand beyond their eventual needs to make arms that we will then be compelled to haul across the Atlantic before we give them away? We are short of iron, coal, lead, oil, and zinc.

Is the Truman administration supporting the North Atlantic alliance—as some have suspected that it really supported ERP—just to perpetuate the United States business boom?

Is the bureaucracy at the other end of Pennsylvania Avenue afraid to let America go back to work supplying the needs of Americans? Are these bureaucratic planners trying to get us so firmly saddled with a managed economy that free enterprise can never return? Is the war talk being whooped up here in Washington to be sure that the Roosevelt revolution has permanently installed the socialist state?

Europe has found herself fit to prepare for every other war. And remember, Europe has been the past master at making war. The other continents are mere tyros. If there must be such vast preparations to try to accomplish the seemingly impossible job of ringing all of the vast periphery of the U. S. S. R. with a band of steel, why not let west Europe go to work to provide its share and meet at least most of its own needs?

The Soviet bloc includes only one large industrial area outside Russia's own borders in Europe. That is the Saxony-Silesia-Czechoslovak area. It possesses only one raw materials basin in Asia. That is Manchuria.

The western alliance has, in addition to the workshops of Britain, France, Belgium, and Italy, the great mines and forges of the Ruhr.

If Kaiser Wilhelm and Hitler could conduct their wars with Ruhr output alone, what is wrong with European arms manufacturing capacity now? It has always been the Marxist thesis, even when tinted by Lenin and further adulterated by Stalin, that western democracy would fail eventually because of its errors and its own mismanagement.

The United States has become the leader of the non-Communist group of nations—including many Socialist and Fascist states—simply because it has the greatest economic strength and the largest industrial potential. Should that economy be further abused and should that potential be damaged, we would be of no use to our allies. We would soon become their greatest handicap.

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

Mr. JENNER. I yield for a question.

Mr. LODGE. I agree that we must at all costs preserve the strength and vigor of our own economy. Let me ask the Senator whether it is not true—it is what I believe to be the case—that the nations of western Europe should certainly all be required to provide the parts and the maintenance for whatever equipment they receive from us, and they should receive no equipment from us until they are in a position to do so. Of course, the nations which are in a position to make their own heavy equipment should do so. France, Italy, and other nations are not in a position to make heavy equipment, and we must always try to stress the point of standardization of weapons, because if we think we are getting a unified western European armed force, in which the cannons are of different caliber and the tanks have different parts and different maintenance problems, then we are losing the advantage of unity.

Mr. JENNER. Instead of pulling up the western European nations, if we go "bust," our great weight would prostrate them as well as us. We would be quickly damned by them. We are already hated around the world because of our material possessions and our previous home-front immunity to large-scale warfare. We are detested because of what other peoples regard as our smug cockiness.

If another great economic illness comes to America, the stampede to their Communist cousins by the Socialist leaders of west Europe would be like the rush to the exits when flames appear in the wings of a theater.

Nationalism is not dead anywhere, and the leaders of any nation are always on the look-out for a deal. Moreover, the allegiance of the Red-dominated workers is as fanatical and intense as was the zeal of the Crusaders against the infidels.

Do not forget that you can bribe a government, but you cannot necessarily buy the minds and the hearts of its people.

If one does not think that American popularity has hit a new low around the world, let him ask any intelligent and informed traveler who has just returned from anywhere abroad.

What do Senators imagine that our traditional friend and ally, China, thinks of us tonight? We baited her into a situation, and then stood idly by and let her be gobbled up by the Communists. If we send modern military equipment to Europe, specimens of every one of the weapons will be put into the hands of the Kremlin immediately by the Reds and fellow travelers who honeycomb European governments. Under UNRRA we were permitting a Communist in France to deliver the food which the American people had sent to feed the hungry people in Europe. What do Senators think would happen to our equipment overnight?

The pique of one fragment of a coalition could legally put into the hands of the Communists overnight the control of any of the Socialist states on the Continent of Europe.

We must not delude ourselves into believing that west Europe agrees with our concepts of democracy and free enterprise. The present governments of Europe and masses do not understand our way of life, nor do they want it.

The United States can be defeated by the Kremlin. We can lose the struggle by default. The Politburo need not even order the firing of a single shot—until it starts the firing squads to work after it has taken over—if we become so rash as to torpedo our economic system by spending more than we can afford.

Taxes are the termites of any governmental structure. After he is taxed so far, the individual human being simply refuses to work any longer except for subsistence.

Why grow crops which are immediately confiscated? Why work when the Government grabs a big part of every pay check? The way things are going now, if you have what it takes, the Government takes what you have. Individual initiative is being withered, the soul is being corroded, and the entire economy is being undermined by these silly foreign programs. Yet such confiscatory taxes will be inevitable if the present demands for more and more expenditures are not stopped.

Even the most ardent advocates of the North Atlantic alliance and ECA agree that this Government in the next fiscal year will spend at least \$4,000,000,000 more than it will receive in revenues. That is the minimum deficit. The maximum will probably be much, much greater.

With what even a New Dealer would agree is a mild recession now upon us, the new taxes which must be raised to pay for this deficit will only increase the flames.

The experts say that a debt increase from the present level of more than two hundred and fifty-seven billions would positively be dangerous. Do we want to surrender to Russia by completely surrendering to inflation? Are the paper-money boys about to go to press with the largest circulation in all time?

Where are we going to stop? And, please God, when?

After the North Atlantic alliance there will be a Mediterranean alliance. That is just not a dream. Secretary Acheson already has publicly admitted that negotiations are under way. The State Department is busy negotiating it. It will be presented to the Senate, all wrapped up in red, white, and blue ribbons, just like the North Atlantic Pact and just like the Marshall plan. The Senate will be asked to buy another pig in a poke. But, Mr. President, the pig will turn out to be a tax hog that will eat up a great deal more American wealth.

We are preparing to subsidize Japan indefinitely. A conference will be held in London soon to plan a Southeast Asia alliance. Guess who will endow that one? And then there is to be a Middle East alliance—and, yes, a central African alliance.

We shall be asked to pay almost all of the expenses of all of them. If we do not, "the gremlins of the Kremlin will get us," or at least that is what will be screamed by those who now want us to pay—at a

minimum—\$20,000,000,000 to bring the 80 divisions of our west European allies up to what the Pentagon regards as par.

Mr. President, the Kremlin can afford to wait a little while longer, turning on and off the propaganda faucets and marching a few divisions up and down various frontiers for the stimulation of the rumor boys, if in the end we go into a big economic tailspin, for if that happens, whoever is ruling the Kremlin at the time will be able to walk all the way across the United States of America without a struggle. Starving people do not fight. Idle people will not obey their Government's orders. Look at the gains the U. S. S. R. has made already, Mr. President.

We sent those billions of dollars' worth of arms, equipment, and aid to Chiang Kai-shek, but the Reds now control China. They have Manchuria, as well.

We have been pouring millions of dollars into Greece, but the civil war there is not ended. Oh, yes; the 25,000 guerrillas are reported to have been reduced to 22,000. But that makes each guerrilla come at a price of many thousands of dollars.

Mr. President, does all this prove America's capacity to do anything except play the boob?

An honest man cannot help but come to the conclusion that the Government in Athens does not want its civil war to end. It is trying to do everything it can to keep open the receiving end of Truman's "Burma Road."

But the Greek politicians and profiteers do not really have to worry. Any country that close to Russia will probably be getting our dole as long as we are able to give it, because otherwise "the gremlins of the Kremlin will get you if you do not watch out."

Turkey is getting the same generous gifts, but there is no civil war in Turkey. We would sign up with Communist Tito tomorrow if he would only name his price.

Mr. President, it does not cost a fraction as much to convert a desperate, unhappy man to communism as it does to train him and keep him alerted for military duty. Dollar for dollar, the Reds are outselling us on this world-control business. They are picking up vast and important areas without using a single Russian soldier, and without spending hardly one of their 19-cent rubles. Regardless of how much they hate our civilization, and regardless of how sincerely they believe us to be wrong, Stalin & Co. realize their own limitations. They know just how much the U. S. S. R. can spend before it ruins itself. They are not spending more than their nation can earn.

But we do not have the same realistic good sense.

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

Mr. JENNER. I should like to complete my statement, if the Senator does not mind. I do not wish to be rude, but I am tired; I have been on my feet for more than 2 hours. I have about 5 minutes more of my speech, and then I shall be through. Then I shall be glad to yield.

Mr. President, we are the dreamers. The Reds are studied pragmatists.

Milk for the Hottentots is absolutely nothing, as compared with the sending of thousands of tanks and bombers and cannon—all free—to all parts of the world. And then, I say to the Senator from Nebraska [Mr. WHERRY], we will get around to sending milk to the Hottentots; we will come to that later; that will be the fourth point.

The wild Broadway splurging of even the wealthiest degenerate playboy must end when his purse is emptied. When there is nothing with which to pay the bill, the bon vivant's popularity and power vanish; then he is just a bum.

The philanthropic impulses of the wisest tycoon can be indulged only according to his capacity to have the cash which he proposes to give away.

Mr. President, if we must have the North Atlantic alliance, why not have it without arms shipment? Nobody in authority here in Washington really believes that a war is imminent. Why, then, bankrupt ourselves to make mountains of equipment that will soon be obsolete?

And what has become of the United Nations—the United Nations which can finally settle disputes in Kashmir and the Levant, but cannot even keep spies off its pay roll. The North Atlantic alliance has been arranged under the canopy of article 51 of the UN Charter, which permits regional pacts. Mr. President, why not give to the United Nations some of the support we are giving to these military set-ups? Do not the United States and its friends command in the United Nations such overwhelming majorities as to be able to checkmate Russia in it, and thus preserve peace? Or has the United Nations already become a shell?

Mr. President, let us be honest about all this and face the facts. Let us not deceive ourselves deliberately, in the same way that we accuse Moscow of trying to deceive the citizens of the U. S. S. R.

The basic question is, Can the United States Government afford to continue its present nonproductive spending? It certainly cannot, unless it wants to fasten on itself for at least the next 100 years, and possibly forever, a rigid regimentation of black austerity. We cannot do what we propose to do overseas and have any money left for our own social betterment. We cannot continue that steady expansion which has made America great.

We shall not be able even to maintain this country on a basis of the bare essentials.

All of the vituperation about isolationism does not alter these facts.

One would not call John Foster Dulles, for instance, an isolationist.

Only under the most authoritative management will this Nation remain solvent unless we wake up. In other words, fascism is dead ahead.

One may call it state socialism or the corporate state or whatever he will. It is still fascism. And what is the difference between fascism and communism? So far as the individual is concerned, there is absolutely no differ-

ence. Both are superstates. Both are totalitarian. Both ask complete allegiance to the state, and refuse to abide by any loyalty to God. Both murder freedom and smother liberty. Both are un-American in every way. Both are 100 percent opposed to the dignity of man, and to his progress under the moral law.

We already have one foot caught in Stalin's trap. Let us not deliberately put in the other.

Mr. KEM. Mr. President, I submit two amendments to the pending measure, Senate bill 1209, and I request that they be printed and lie on the table.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

EXTENSION OF RENT CONTROL—CONFERENCE REPORT (S. DOC. 35)

During the delivery of Mr. JENNER'S speech,

Mr. MAYBANK. Mr. President, will the Senator yield to me so that I may present a highly privileged matter, the conference report on the rent control legislation, with the understanding that it be taken up for consideration after the Senator has concluded his speech?

Mr. JENNER. Yes, of course.

Mr. MAYBANK. And, without prejudice to the Senator from Indiana?

Mr. JENNER. Mr. President, if I may yield to the Senator from South Carolina [Mr. MAYBANK], without prejudice, I shall be glad to do so for the purpose he has suggested.

Mr. MAYBANK. I present the conference report.

(For conference report and statement see House proceedings of today's RECORD.)

After the conclusion of Mr. JENNER's speech,

Mr. MAYBANK. Mr. President, a short time ago the Senator from Indiana yielded to me in order that I might file the conference report on the rent control bill. Since that time I have discussed with the distinguished majority leader the question of the conference report, and I may say to Senators there is no intention of having a vote on it tonight. But we do wish to have the report printed, which I ask be done, so that it may lie on the desks of Senators. I also request the privilege of making a brief statement in the RECORD, and when the Senate meets in the morning I hope we can take up the conference report and act on it.

The VICE PRESIDENT. The conference report will be printed.

Mr. MAYBANK. I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to; and the Senate proceeded to consider the report.

Mr. WILLIAMS. Mr. President, I was trying to obtain recognition.

The VICE PRESIDENT. The motion is not debatable. It has been carried, and the conference report is now before the Senate.

Mr. MAYBANK obtained the floor.

Mr. BRICKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from South Carolina yield to

the Senator from Ohio for a parliamentary inquiry?

Mr. MAYBANK. I yield for a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Ohio will state the inquiry.

Mr. BRICKER. The conference report is debatable, is it not?

The VICE PRESIDENT. The question of agreeing to the conference report is debatable.

Mr. BRICKER. Mr. President, I should like to ask a question of the Senator from South Carolina.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Ohio for a question?

Mr. MAYBANK. I yield for a question.

Mr. BRICKER. Is it the intention of the Senator from South Carolina that the conference report be taken up and debated at this time, or shall we wait for debate on the matter until the conference report is printed and Senators have had an opportunity of studying it?

Mr. MAYBANK. I may say to the Senator that I shall make a brief statement, and I shall be perfectly willing then to have the debate proceed, but I may definitely state, after a conference with the majority leader, that no vote will be taken on the report until tomorrow.

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

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. MAYBANK. I yield.

Mr. LUCAS. The only thing the Senator from Illinois desires to say is that after the statement of the Senator from South Carolina I shall move a recess until 11 o'clock tomorrow morning. At that time, the rent-control conference report will be considered.

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

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Delaware for a question?

Mr. MAYBANK. I yield for a question.

Mr. WILLIAMS. Mr. President, I desire to make a brief statement. It will take only about 5 minutes.

The VICE PRESIDENT. The Senator from South Carolina may only yield for a question.

Mr. WILLIAMS. Then I should like to be recognized in my own right.

Mr. MAYBANK. Under the rules, I cannot yield except for a question.

Mr. WILLIAMS. I shall ask for the floor in my own right, after the Senator from South Carolina shall have concluded.

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senator from South Carolina may yield to me for the purpose of asking the majority leader a question?

The VICE PRESIDENT. Is their objection? The Chair hears none. Does the Senator from South Carolina yield to the Senator from Nebraska for the purpose stated?

Mr. MAYBANK. I yield.

Mr. WHERRY. I should like to ask the majority leader if it is not his intention to permit the Senator from Delaware to make a statement after the Senator from South Carolina has concluded?

Mr. LUCAS. Certainly. Whenever he can obtain recognition, after the Senator from South Carolina concludes, he can have the floor. It is a matter for the Chair to determine.

Mr. MAYBANK. Mr. President, I desire to make only a brief statement in connection with the conference report that is pending at the present time.

On behalf of the conferees on the part of the Senate on H. R. 1731, the Housing and Rent Act of 1949, as passed by the Senate. I wish to explain the bill as finally agreed to in the conference.

VETERANS' PREFERENCE

The House conferees concurred substantially with the Senate version on title I.

RECONTROLS

The Senate conferees receded from the Senate language with respect to recontrol of trailers or trailer space permanently occupied. In so doing, the Senate provision for recontrol of permanently occupied accommodations in motor courts or motels was deleted. The Senate provided that recontrol of such permanent accommodations would be made only after a recommendation by the local board. The House language provides for automatic recontrol.

Similarly, the Senate conferees receded with respect to the recontrol of those housing accommodations which were vacant for a 24-month consecutive period between February 1, 1945, and March 30, 1948, thus providing for automatic recontrol of such accommodations.

With reference to the recontrol of permanent accommodations in hotels, Senators will recall that the Senate brought under control such accommodations which on October 31, 1948, were located in cities of 2,500,000 and over. The conference agreed to amend the language so that only those permanent accommodations in hotels other than transient on March 1, 1949, rather than on October 31, 1948, were brought under control.

In other words, we recontrol them as of March rather than as of October.

We also changed the date of the maximum rent for accommodations under control to March 1, 1949.

As to recontrol of areas, the House had provided for recontrol by the Expediter of any area decontrolled since June 30, 1947. The Senate version allowed the control of decontrolled areas and of areas never before under control, under standards prescribed in the bill, but only after recommendation by local boards. The compromise agreed upon in conference accepts the House language as to areas decontrolled after the enactment of this bill so that the Expediter may recontrol such areas on his own initiative. However, as to areas decontrolled prior to that date and as to areas never under control, the Expediter must first obtain a recommendation from the local board.

In other words, the only recontrol which the Expediter has is as to properties which he decontrols after the conference report becomes law.

LUXURY APARTMENTS

The Senate version provided for the decontrol of luxury housing accommodations, which was defined as any unfurnished apartment occupied by a single family rented for \$290 a month or more as of the date of the enactment of this bill, or any lesser figure which the Housing Expediter determined to be representative of luxury accommodations. In lieu of this provision there was included in the bill agreed to in conference a provision which authorizes the Housing Expediter to decontrol any or all luxury accommodations if, in his judgment, this would result in the creation of additional accommodations. It was felt that it would be better for the Housing Expediter to determine what a luxury accommodation is on the basis of local understanding. In other words, a luxury apartment renting for \$290 in New York would be far different from a luxury apartment, perhaps, in a smaller city or town.

LOCAL OPTION

The House receded from its provision in favor of the Senate provision with a modification. The provision as finally agreed to would permit any incorporated city, town, or village, after a 10-day notice and a public hearing, to recommend decontrol on the basis of a finding that there is no longer a shortage of rental housing requiring rent control, in that area. This recommendation would still be subject to approval by the governor of that State. The Housing Expediter is directed to decontrol adjacent unincorporated areas if the incorporated place forms a major portion of the defense rental area. The compromise retains the Senate provisions for decontrol on a State level by the Governor if he certifies that the State has an adequate rent-control law. It also retains the Senate provision for decontrol by the State or any part thereof if the legislature and the governor pass a law stating that Federal rent controls are no longer needed.

Mr. President, it is not generally known among the people throughout the United States, but, of course, every Senator knows, that title VI also expires with the present rent-control law. Title VI of the National Housing Act, as amended, was extended for 90 days rather than for 60 days, as originally provided in the Senate bill.

The Senate receded from its amendment extending rent control for 12 months with an additional 3 months of eviction controls, and accepted the House provision extending both rent and eviction controls for 15 months.

APPEALS

The House accepted the Senate version of the bill which grants to representative groups of tenants and landlords the right to be heard by local boards or the Housing Expediter on matters relating to decontrols or general rent increases, and to appeal to the Emergency Court of Appeals from decisions of the Housing Expediter on these matters.

FAIR RETURN

The Senate adopted a provision allowing an increase in maximum rents of 5 percent above the June 30, 1947, base on

October 1, 1949, and an additional 5-percent increase on April 1, 1950. In no event could these increases result in a rent higher than 115 percent of the June 30, 1947, rent, except for hardship adjustments. The House version contained no similar provision, but did contain a requirement for adjustment of maximum rents to yield a reasonable return on the reasonable value of housing accommodations. The conferees experienced a great deal of difficulty in reaching a mutually acceptable compromise on this matter. However, agreement was finally reached on a provision which, in general, follows the language of the House version but requires the adjustment of maximum rents so as to yield a fair net operating income from the housing accommodations.

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

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

Mr. TOBEY. Will the Senator kindly advise us what the factors are, as adopted by the conference, which resulted in the determination of a fair return?

Mr. MAYBANK. I shall be glad to answer the distinguished Senator. The language adopted by the House was spelled out in no uncertain terms, so that one owning a house could not amortize at the expense of the tenant. I shall read the language:

The conference amendment provides that the landlord shall be provided a "fair net operating income." In determining "fair net operating income" the following factors must be considered: (A) Increases in property taxes; (B) unavoidable increases in operating and maintenance expenses; (C) major capital improvements of the housing accommodations as distinguished from ordinary repairs, replacement, and maintenance; (D) increases or decrease in living space, services, furniture, furnishings, or equipment; and (E) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance.

Mr. TOBEY. Did the Senator say "substantial depreciation"?

Mr. MAYBANK. I said "substantial deterioration of the housing accommodation, other than ordinary wear and tear." In other words, if there is great deterioration because of extraordinary wear and tear by the tenants, the expense incurred in making repairs will be added to the fair return.

Net operating income means gross income less all costs of operation, including repairs and maintenance, taxes, insurance, fuel, wages, utilities, and depreciation, but excluding interest and amortization.

The committee did not believe that it should be made possible for someone to buy a house on credit and amortize it and not only get a fair net operating income, but also the amortization and the interest on the money borrowed.

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

Mr. MAYBANK. I shall gladly yield to the Senator from Michigan.

Mr. FERGUSON. I notice the Senator has read from the report or from the bill itself as an indication that there is to be allowed income on the money invested.

Mr. MAYBANK. Anyone who has any income invested should certainly receive a fair return. I can only explain it in this way: Two houses adjoin each other, one of them being purchased, we will say, by a widow who has been left money with which to buy a house. A speculator comes along and buys the property next door for \$5,000, and goes to the bank and mortgages it at 1, 2, 3, 4, or 10 percent, whatever the rate may be. We believe that the first owner mentioned who has her money invested should get a fair return on the money, but we do not believe that the one who buys the property for speculative purposes should have a return on the interest after he has deducted it from his income tax. That is simple business.

Mr. FERGUSON. Will the Senator read from paragraph (a), (b), (c), or (d), anything that would indicate that owners are to get a fair return on the value of the property?

Mr. MAYBANK. The conference provision is that landlords should receive a fair net operating income. No one on the committee would for one moment deny them that.

Mr. FERGUSON. It says it is to pay for the operating costs.

Mr. MAYBANK. A fair net operating income. It is naturally presumed that they would get a fair income.

Mr. FERGUSON. The language used in the bill as it passed the House was "reasonable return." Why does the conference report use "operating income"?

Mr. MAYBANK. We did not accept the House provision. For example, a speculator might want to go to a bank and say, "we will mortgage this house for \$5,000. We will charge the interest to the house," after they have already deducted it from their income tax.

Mr. FERGUSON. What amount would the Expediter be allowed to fix? The Senator has indicated that if a man or woman went to a bank and borrowed the money and was paying 5 percent, there would be no requirement to consider that 5-percent mortgage.

Mr. MAYBANK. The 5-percent interest on the mortgage. Both houses in the instance given would be valued at \$5,000. One would not be more valuable just because it had a mortgage on it.

Mr. FERGUSON. What rate of interest could the Expediter fix?

Mr. MAYBANK. It is not included.

Mr. FERGUSON. That is what I am getting at.

Mr. MAYBANK. Normal operating expense does not include interest. It is, however, considered in arriving at net income.

Mr. FERGUSON. There is no provision for a return on the value of the property.

Mr. MAYBANK. There most certainly is. It says very plainly "fair net operating income," and that includes what might be invested in the property.

Mr. FERGUSON. At what rate of interest?

Mr. MAYBANK. As I already pointed out interest is not included in the calcu-

lation. I do not think the Senator intends that we should say what rate of interest should be paid in Michigan or North Carolina or Wyoming. Each State has its own limits on interest payments. Some States fix interest at 6 percent. I remember when some fixed the rate at 10 percent, and some have 2 percent laws. We could not write that in a Federal law.

Mr. FERGUSON. Can the Expediter allow any percentage of return he desires?

Mr. MAYBANK. The report provides for a "fair" net operating income. Net operating income means gross income less all cost of operation, including repairs, maintenance, taxes, insurance, and the like.

Mr. President, in order to assure a fair net operating income the Expediter would be required, in making adjustments, to see that the landlord received a gross income which exceeded all such operating costs by an equitable amount.

Mr. TAFT. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I have heard of net operating income, which may be a thousand dollars or ten thousand dollars. Fair operating income means the income in excess of out-of-pocket expenses. What makes that fair?

Mr. MAYBANK. I said "by an equitable amount."

Mr. TAFT. Does fairness have some relation to the value of the property, to the number of the rooms?

Mr. MAYBANK. Of course, it has relation to the value of the property, but not with respect to a speculator's mortgage value of the property.

Mr. TAFT. Nothing is allowed for interest, but all owners are allowed something for depreciation. In every method of accounting, depreciation is included, in addition to out-of-pocket expenses, if the desire is to make a man whole. As I understood the Senator, he said that in calculating the operating income the report does not allow depreciation as an expense. Is that correct?

Mr. MAYBANK. I did not say depreciation. Depreciation is allowed. We go further than allowing depreciation. We allow for increases in property taxes, unavoidable increases in operating expenses, major capital improvements, increases or decreases in living space, furniture, fixtures, utilities, and the like, and substantial deterioration of the housing accommodation other than ordinary wear and tear. We allow even more than depreciation.

Mr. TAFT. The Senator does not suggest that deterioration is the same as depreciation, does he? Deterioration is something the tenant has caused by bad usage, or possibly it may be caused by destruction, as the Senator suggested, by windstorm. But, as I listened to the Senator read his own statement, at the beginning, not quoting the law, he said, "excluding interest and depreciation as expenses."

Mr. MAYBANK. I beg the Senator's pardon. If I said "interest and depreciation," I myself may have made an error. What I should have said, and what the

committee decided upon, was "interest and amortization."

Mr. TAFT. Amortization?

Mr. MAYBANK. Yes.

Mr. TAFT. Does the definition, in the Senator's opinion, include the usual charges for depreciation of buildings?

Mr. MAYBANK. Yes, that is my understanding.

Mr. TAFT. The Senator thinks it does include that?

Mr. MAYBANK. Ordinary depreciation. For example, under present regulations a landlord who is operating at a loss is by adjustment brought to a break-even basis. Under the new provision the Expediter would be required to grant an adjustment which would raise the net operating income to a fair amount above such a break-even basis. I hope that answers the Senator from Ohio.

Under the new provision the Expediter would be required to make an adjustment which would raise the net operating income to a fair amount above the present break-even point. In other words, any landlord would be entitled to a fair income over and above operating costs. That is what we intended.

Mr. TAFT. The question whether depreciation is included in operating expenses, however, I may say is a doubtful one. In the New York law depreciation at 2 percent of the value is expressly mentioned as an additional item. Of course, I have to admit that if it does include depreciation, then there must be a valuation of the property. I concluded from the report the conferees were not allowing depreciation. I should like to have the Senator's opinion on that question.

Mr. MAYBANK. Let me say to the Senator from Ohio that depreciation and interest are deducted before one arrives at his net income, not net operating income. That is true with respect to any business.

Mr. TAFT. In considering fair return on property I do not think interest is ordinarily considered. That, however, depends on what is under consideration.

Mr. MAYBANK. But depreciation is deducted.

Mr. TAFT. One should not be able to deduct both interest and depreciation. Either one or the other can be deducted, as is provided under the New York statute, and a limit of 2 percent placed on both of them.

Mr. MAYBANK. For income-tax purposes, depreciation and interest are both deductible.

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

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. MAYBANK. I yield.

Mr. FERGUSON. On what value will depreciation be allowed as an operating expense? Will the property have to be appraised? Will the Expediter have to determine what the value is?

Mr. MAYBANK. I do not quite understand the question the Senator from Michigan has asked.

Mr. FERGUSON. The question is this: As I understand, the Senator from South Carolina has told the Senator from

Ohio that there is a provision which makes allowance for depreciation on the property a cost item to determine the fair income. What I am trying to get at is this: On what value is the depreciation to be allowed unless there is an appraisal of the property?

Mr. MAYBANK. I might say that the landlord would be entitled to a fair income over and above operating costs. The method of computing that in individual cases would be left to the decision of the local rent office, or the Housing Expediter, or whoever it might be.

Mr. FERGUSON. But the difficulty with that is that the item of depreciation is not an out-of-pocket expense as of that time. Therefore it is not technically an operating expense like a year's taxes.

Mr. MAYBANK. The Senator is correct about that.

Mr. FERGUSON. Very well. Then is a depreciation allowance going to be made?

Mr. MAYBANK. There will be a final fair return or income over and above operating costs.

Mr. FERGUSON. But is the individual allowed anything that is not an out-of-pocket operating cost? Is that what the conference report proposes? Does it propose to allow him only a fair amount of the actual out-of-pocket operating costs?

Mr. MAYBANK. No; the conference report bill allows him all operating costs, including taxes, utility expenses, and other items, and then he is allowed a fair income over and above all operating costs.

Mr. FERGUSON. A fair income over and above all operating costs?

Mr. MAYBANK. Yes.

Mr. FERGUSON. And that would include such items as depreciation, as well as all out-of-pocket operating costs? Is that correct?

Mr. MAYBANK. I would say that the owner would be allowed all operating costs such as taxes, insurance, furniture, and so forth and so on.

Mr. FERGUSON. Then, as I understand, nothing will be allowed that is not spelled out in the bill, and only out-of-pocket operating costs are listed. Therefore, the owner gets nothing above the actual out-of-pocket operating costs?

Mr. MAYBANK. Of course, he gets a fair income. That is the main thing the House had in mind. A landlady gets a fair income. We in the Senate tried to do the same thing by the two 5-percent increases.

Mr. FERGUSON. When the operating costs are spelled out, does the owner get anything else?

Mr. MAYBANK. He gets a fair net operating income.

Mr. FERGUSON. Over and above the out-of-pocket operating costs?

Mr. MAYBANK. Yes. That is what the bill provides.

Mr. SPARKMAN. Mr. President, will the Senator from South Carolina yield to me?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. MAYBANK. I yield.

Mr. SPARKMAN. I will ask if it is not true that under the compromise amendment, while it spells out certain definite items that will be taken into consideration, it does not say that they are the only items, but it is provided that each of these items shall be included in operating expenses?

Mr. MAYBANK. Exactly.

Mr. SPARKMAN. And, as a matter of fact, as was correctly stated, in considering operating expenses under this bill, depreciation should be included. As a matter of fact, depreciation is not spelled out because it is an ordinary item that must be considered in operating every piece of property.

Mr. MAYBANK. The Senator is correct.

Mr. SPARKMAN. And is a constant, year after year, on a particular piece of property.

Mr. MAYBANK. And that is taken for granted.

Mr. SPARKMAN. Yes, and is made a part of the operating expense under this bill.

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

Mr. SPARKMAN. Yes. The Senator from Alabama knows more about the details of the law than I do, but I know a great deal about interest and operating expenses.

Mr. FERGUSON. Mr. President, will the Senator from South Carolina yield to me so I may ask the Senator from Alabama a question?

Mr. SPARKMAN. I yield to the Senator from Michigan so he may ask the Senator from Alabama a question. If it is a question on the legal aspects of the bill I prefer to have the Senator from Alabama answer it.

Mr. FERGUSON. Depreciation is not an out-of-pocket expense.

Mr. SPARKMAN. No.

Mr. FERGUSON. Am I to understand that the individual owner is not to be allowed, for instance, more than 2 percent or a certain percentage of depreciation? In other words, if he had a \$5,000 house on a \$2,000 lot, he would be allowed 2 percent of the \$5,000?

Mr. MAYBANK. We did not go into any such details.

Mr. FERGUSON. That would be \$100.

Mr. MAYBANK. Will the Senator kindly permit me to make a statement? We did not go into any such details. The conferees on the part of the Senate urged the acceptance of the two 5 percent increases, one in October and one next April. We did our best to retain the Senate provision.

Mr. FERGUSON. It was clear that the 5-percent increases were to be over and above the rent the owner was receiving on the day the bill becomes law. At least, under such a provision he would get some increase. But what I am trying to get at now is what the Senator means by allowing for depreciation. If I own a \$5,000 house which stands on a \$2,000 lot, and under the conference report I could receive an allowance for depreciation of only 2 percent, I would receive an allowance of \$100 on the house, but no consideration of the value of the lot at all. How can that be said to be fair?

Mr. MAYBANK. A fair net operating income would probably be sufficient to allow a return on the lot.

Mr. FERGUSON. In income-tax returns depreciation is never taken on the value of the land. It is taken on the value of the house.

Mr. SPARKMAN. The Senator from Alabama [Mr. SPARKMAN] will answer that question. As the Senator from Michigan knows, property depreciation varies greatly from town to town, from section to section, from community to community. For instance, property will depreciate much more quickly in salt air than it will in the mountains.

Mr. FERGUSON. I understand that.

All I am trying to find out is what the bill will do, and what we may expect Mr. Woods, as the Expediter, to do.

Mr. SPARKMAN. He is going to give everyone a fair net operating income, and he is going to take into account what we have spelled out in the bill. I will permit the Senator from Alabama to answer the question.

Mr. WILLIAMS. Mr. President, I have been endeavoring to obtain the floor for a considerable period of time.

Mr. SPARKMAN. Mr. President, the Senator from Michigan asked a question which the Senator from South Carolina wishes that I answer.

The VICE PRESIDENT. In order that the Senator from Alabama may answer the question asked by the Senator from Michigan, the Chair will recognize the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I want to explain the compromise agreement as best I can in a couple of minutes. Of course, the Senate adopted a formula which we knew was easily understood, easily applied. While we recognize the fact that as it went across the board it would work some injustice, some inequities, not be sufficient for some, and be a windfall for others, at the same time we thought that because of the ease with which it could be understood, the ease with which it could be applied, it would compensate for those factors.

After struggling for a long time we were absolutely unable to obtain any agreement. We made proposal after proposal to the House in an effort to solve the difficulty. Finally this language was written out, and after long and careful discussion and bickering back and forth it was agreed to.

This is what we hope to do: Take a piece of rental property; let the owner who wants relief show the expense to which he is put each year in the operation of that property, including deterioration or depreciation, and including all the normal operating expenses; then compare that with the rent which he is collecting. The only provision in the existing law relating to that subject is a guaranty that the owner should not sustain a loss. That has been in the law right along.

Mr. FERGUSON. In other words—

Mr. SPARKMAN. Let me proceed, so that I may make a connected statement.

If the owner showed that he was operating at a loss, under the terms of the previous law he was automatically entitled to an increase in the rent suffi-

cient to prevent his sustaining a loss. We go beyond that and say that when he shows the cost of operating and maintaining the property, then it shall be the duty of the Expediter to increase his rent, not merely sufficiently to keep him from sustaining a loss, but to break even and then get a fair return above that.

I know that the Senator is going to ask, "What is a fair return?" We do not spell it out. We naturally expect the Expediter to devise a workable plan under which the owner can be assured that he will receive a fair income from his property. We believe that it can be done.

The Senator from Michigan may be interested to know that there was a great deal of argument in favor of the formula which the House had devised, providing for a reasonable return on reasonable value. In that formula no one spelled out what a reasonable return was. No one spelled out what reasonable value was. I think the Senator would be interested to know that in a sampling of 121 or more cases which the Expediter made in approximately 20 different cities, under the fair return formula, the owners would have obtained relief in 56 cases; but considering the same cases under the hardship provision which is in the law today, 101 owners would have obtained relief. Of the 121 cases, 56 would have obtained relief under the House formula, and about 65 would actually have had to roll rents back. So under the so-called fair return formula there would actually have been more roll-back of rents than increase of rents, based upon the sampling which was taken.

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

Mr. SPARKMAN. I yield.

Mr. FERGUSON. This is the difficulty I am having in reading this language and understanding the Senator's interpretation: The Senator used the words "a fair net return"—

Mr. SPARKMAN. A fair net operating return.

Mr. FERGUSON. That is just the trouble. The Senator used the expression "above the operating costs." As ordinarily used, the term "operating costs" means out-of-pocket operating costs.

Mr. SPARKMAN. I do not know what the Senator is reading from.

Mr. FERGUSON. I am reading from the report.

Mr. SPARKMAN. The language of the report is "fair net operating income."

Mr. FERGUSON. I want to know whether the words "operating income" include only out-of-pocket expenses in operating the property.

Mr. SPARKMAN. They include all those things, plus depreciation.

Mr. FERGUSON. Merely depreciation on the building.

Mr. SPARKMAN. Does the land depreciate?

Mr. FERGUSON. No; but the owner of the land has \$2,000, we will say, invested in the land. He has \$5,000 invested in the house. Does the Senator propose to give him only 2 percent, which is the amount which the house actually depreciates. At the end of 50 years he

would have no house. Am I to understand that all he is going to get is the privilege of placing a new house on the land, and that he will get no return on the land?

Mr. SPARKMAN. I think the distinguished Senator from Michigan is confusing two different terms. First he speaks with reference to operating expense, and then he speaks about a fair return. Depreciation on the house would be a part of the operating expense.

Mr. FERGUSON. It is not normally so considered.

Mr. SPARKMAN. It is deductible in income-tax returns. In order to arrive at net operating income, he would subtract his out-of-pocket costs of operation, plus depreciation on the house. Then he would compare that with the amount of rent he is receiving. Suppose the expense is \$300, and suppose the rent he is receiving is \$275. Under the law as it stands now, his rent would have to be increased to \$300; but under this provision the Expediter would not stop at \$300, but would have to increase his rent to a fair figure above that. We do not spell out what that fair figure is, but we expect the Expediter to devise regulations to assure every owner the right to receive a fair net operating income.

Mr. FERGUSON. Let us take a hypothetical case of a rental property occupied as a dwelling. The building and the land cost \$5,000. That is the cost to A. He pays X dollars for taxes. He pays Y dollars for decorating. He pays Z dollars for repairs on the property. How much does the Senator think he ought to get as rental from the property—X, Y, and Z, plus 2-percent depreciation? Is that all?

Mr. SPARKMAN. I do not know just where the Senator got the figure of 2-percent depreciation.

Mr. FERGUSON. How much can he have for depreciation?

Mr. SPARKMAN. The figure of 2 percent was given for New York.

Mr. FERGUSON. That is the law in New York.

Mr. SPARKMAN. I assume the Expediter would probably follow the pattern already established in New York, but it might be different somewhere else. Every man who has rental property, in making out his income-tax return sets up depreciation on his property year by year. The Government does not send an appraiser around to appraise his property and determine whether or not he is asking fair depreciation. The Government takes the taxpayer's word. I do not know, but I assume that the Expediter would certainly be willing to take the same figure which the landowner who is renting the property puts in his income-tax return to the United States Government as the correct depreciation on the property.

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

Mr. SPARKMAN. I yield.

Mr. LUCAS. That is the very point about which I intended to ask the able Senator. A great deal of discussion revolves about the question of depreciation, and whether or not appraisers will have to appraise the property. That certainly

is not done at the present time with respect to depreciation in connection with income-tax returns. I presume that the Housing Expediter would take the word of the landlord with respect to depreciation, unless he later discovered fraud or something of that kind. But so far as sending out appraisers in the beginning is concerned, that is simply out of the question. It is absolutely unnecessary, and no one can make any kind of an argument in behalf of appraisers. The same formula would be followed with respect to depreciation of the property as is now followed in making out an income-tax schedule.

I should like to inquire whether or not the Senator agrees with me in this statement: The fair net-operating income might be 2 percent in New York, but might be entirely different in Illinois, and might be entirely different in Alabama; so that no standards can be fixed in this bill as to what fair net-operating income should be, because it is different in different communities; and obviously the committee had to leave that to the judgment of the Expediter.

Mr. SPARKMAN. Yes; I think the able majority leader has correctly stated the case. We could not set a rigid pattern, and that the best way to proceed is to let the Expediter work it out, area by area.

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

Mr. SPARKMAN. I yield.

Mr. MAYBANK. I may say to the Senator from Illinois that that is what I tried to explain. We cannot spell it out in the bill, because, for instance, shore-front property depreciates twice as quickly as property away from the shore, for shore-front property is subject to serious storm damage.

The bill now provides that in each rental area someone would be there to help the landlords figure what their depreciation is; as I said before, depreciation on property on the lake shore, on Lake Michigan, in view of the storms and accompanying hazards, would be much greater than it would be in the case of property located in the middle of the city of Chicago.

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

Mr. SPARKMAN. I yield.

Mr. ELLENDER. I should like to know who will determine what a fair return it.

Mr. SPARKMAN. We do not use the term "fair return."

Mr. ELLENDER. What is the term used?

Mr. SPARKMAN. It is "fair net operating income."

Mr. ELLENDER. Very well; who will determine that?

Mr. SPARKMAN. The Expediter.

Mr. ELLENDER. When will he determine it?

Mr. SPARKMAN. Whenever the landowner petitions him for relief.

Mr. ELLENDER. Suppose the law were to go into effect tomorrow, and suppose a landlord in Louisiana was suffering a loss, would he have to come to the Expediter before he could raise the rent, or could he do that himself?

Mr. SPARKMAN. No; it is not automatic. He has to file his petition with his local rent director.

Mr. ELLENDER. Does the Senator have any idea what size force would be required to administer this new provision?

Mr. SPARKMAN. We do not think it would require any substantial increase in the force, in order to administer this provision.

Mr. ELLENDER. Is not the Senator from Alabama aware of the fact that each case would have to be dealt with individually?

Mr. SPARKMAN. Yes; that is true. Of course that is the case under the present law; and, as a matter of fact, during the last 2 or 3 years there have been probably 2,000,000 or 3,000,000 cases.

Mr. ELLENDER. Yes; but rents were fixed at a certain rate.

Mr. SPARKMAN. No more so than under the new provision.

Mr. ELLENDER. Yes; they were taken at a certain period of time, and could be either added to or subtracted from, according to the case which was made out.

Mr. SPARKMAN. That will still be the case.

Mr. ELLENDER. Will not the situation under the conference bill be different?

Mr. SPARKMAN. No; not at all. The conference bill is exactly the same as the law as it stands today, with one exception. If the Senator will listen to me, I think I can explain it.

Mr. MAYBANK. Mr. President, if the Senator will permit me to interrupt, let me say that the Senator from Louisiana spoke to me earlier today, and thereafter I talked to the Housing Authority, and I can tell the Senator what they say. They say that in view of the enormous number of hardship cases they have been handling in the past few years, they do not think any extra force will be required to handle the cases under the proposed law, because the law now proposed is so thoroughly tied in with the hardship cases they have been handling. I learned that from them since I talked to the Senator from Louisiana earlier today.

Mr. ELLENDER. If this new proposal is tied into the present law, then before any landlord can make an increase in rent, he will have to talk to the Expediter or with his duly authorized representative.

Mr. SPARKMAN. Yes; and that would have been true under the so-called Brown amendment or House provision. It would have been true under any other amendment except the one the Senate agreed to; and we tried to get that automatic increase amendment included in the bill. We voted for it in the conference, and we tried to have it agreed to by the conference.

Mr. ELLENDER. Yes; and I voted for the provision making the automatic raise.

Mr. SPARKMAN. And so did all of us.

Mr. ELLENDER. Because I think the increase in administrative costs under any other proposal would be so great as to make it difficult if not impossible of administration.

Mr. SPARKMAN. I should like to say to the Senator from Louisiana, if I may, that although it is true that in order to obtain relief a landlord will have to file a petition in his individual case, yet that is the law today; and in view of all the hardship cases now being administered throughout the country, the job under the new provision will not be so tremendously large, and the number of cases will not be greatly increased over the number of cases which have arisen under the present law.

We are prescribing a new and definite standard by which the Expediter will be required to operate and to apply the rule more liberally than he has ever applied it before.

Furthermore, if the Senator remembers, we wrote into the bill a provision that in every local defense area there shall be placed a man whose job it will be to help small landlords, particularly, prepare their forms and make their case ready for presentation to the board.

I should like to say—it has been said before, but I think it is something for us to keep in mind—that the landlords who own a great deal of property and rent a great deal of property, generally speaking have been taken care of fairly well. They have obtained their adjustments. They have bookkeepers and accountants and auditors and records, and they have been able to make out their case. It has been the small landlords—and our files are replete with evidence to this effect—who not only have not received adjustments, but have not applied for them. They have not applied for them, simply because they have been lacking in records and have been without the necessary technical assistance.

We hope that under this new provision the small landlord will apply for adjustments; and under this provision we are giving him assistance to make out his case, and we are laying down a standard for the Expediter to follow, not only in hardship cases, but in other cases where inequities exist. In this provision we not only say that he shall not stop with the guaranty that the landlord shall not lose money in the operation, but we provide that the adjustment shall be pushed up still further, to the point where the landlord's net operating income will be fair.

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

Mr. SPARKMAN. I yield.

Mr. ELLENDER. Irrespective of how long it takes to adjust a particular case, the landlord cannot obtain an increase in the rent until the Expediter acts affirmatively; is that correct?

Mr. SPARKMAN. That is correct; but I assume that ordinarily the increase would date back to the date of the application, although I do not know that that would be so.

Mr. ELLENDER. That is what I wish to ask; I wish to make that point clear. Would the increase be retroactive?

Mr. SPARKMAN. I assume that would be within the discretion of the Expediter.

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

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. I should like to ask the Senator from Alabama if it is a fact that the conferees on the part of the Senate tried very strongly to retain the Senate provision, in the belief that it would be simpler and would aid all parties concerned; and that it was only after we were informed that this proposal was completely unacceptable to the House of Representatives that we agreed to the provision now in the conference bill.

Mr. SPARKMAN. That is correct. Of course, the able Senator from Illinois will also remember that we even tried to include it as an alternative or optional method.

Mr. DOUGLAS. The memory of the Senator from Alabama agrees thoroughly with my memory that we offered a provision for either one or the other; but, as I remember, that proposal was rejected.

Is it not also true that some confusion has arisen because we defined "net operating income" in the bill somewhat differently from the way we defined it in the Senate report? In the report we made net operating income equal gross income minus heat, minus taxes, minus insurance, minus repairs, and also minus such services as had been paid for. In the provision presently before us, we retain "net operating income" with quite the same deductions, but we add to them a deduction for depreciation, so that "expense" now is somewhat different from what it was before, and therefore "net operating income" includes an allowance for yield upon property, and the use of this formula will give a fair yield on property.

Mr. MAYBANK. The Senator is correct.

Mr. DOUGLAS. It is true that there is some difficulty in the determination of what is a fair yield. But is it not also true that there would have been far more difficulty involved had we used the term "reasonable return on reasonable value," and that we have chosen the lesser of the two evils, so to speak, administratively?

Mr. SPARKMAN. I think the Senator's statement is correct.

GRAIN STORAGE FACILITIES

Mr. WILLIAMS. Mr. President, on last Friday, on behalf of the Senator from Indiana [Mr. CAPEHART], the Senator from Utah [Mr. WATKINS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Missouri [Mr. KEMI], the Senator from Indiana [Mr. JENNER], and myself, I offered the resolution (S. Res. 94) requesting the audits of the financial transactions of the Commodity Credit Corporation for the years 1943, 1944, 1945, and I at that time endeavored to get consideration. I shall not ask for any further consideration of the resolution, because it is unnecessary, since the information which the resolution sought to get has been promised by the General Accounting Office within a few days. I have been advised today by the General Accounting Office that the accounts of the Commodity Credit Corporation for the years mentioned, namely, 1943, 1944, and 1945, will be delivered to the Senate during the present week.

I have also had a conference with the General Accounting Office, and the offi-

cials there told me the information which I brought to the attention of the Senate last Friday, namely, the information which is outlined in the CONGRESSIONAL RECORD at page 3190, is substantially correct in every detail, and in accordance with their audit findings.

While the General Accounting Office confirmed the fact to me that over \$350,000,000 receivables could not be reconciled with the proper vouchers, they said this did not necessarily mean that this represented a shortage. In fact, they said it was impossible to state with any degree of accuracy that there was or that there was not any shortage, since adequate records were not available. It is true that while the books did balance, they were balanced only as a result of allowing credit for certain of the items which cannot be substantiated in full. They did not indicate that they found any evidence of fraud, but they were very critical of the manner in which the books and records of the Corporation had been kept during this period.

Mr. President, I do not see any excuse whatever for any Government corporation to be allowed to conduct its affairs in such a manner that proper accounting cannot be made to the taxpayers with any closer degree of accuracy than that in this instance. In private industry a corporation is required under the law to keep records and submit those records to the examination of the Government agents, yet we are continuously finding examples where the Government agencies and corporations themselves are keeping records in such a loose manner that it takes over 4 years to receive any accounting at all, and then we find that substantial amounts cannot be verified.

On page 534 of the Congressional Directory, February 1949 issue, we find the duties of the General Accounting Office are outlined as follows:

The Comptroller General is required to audit the financial transactions of all Government corporations in accordance with commercial corporate practices and under such rules and regulations as he may prescribe. A report of each such audit for each fiscal year ending on June 30 must be made by him to the Congress not later than the following January 15.

Today we have a situation where the report of the transactions of the Commodity Credit Corporation, which handles billions of dollars, is still not available for the fiscal years 1943, 1944, and 1945.

Last Friday, I had in my possession information which I considered very reliable, information which today has been verified by the General Accounting Office substantially 100 percent, namely, that the accounts of this Corporation were in such a deplorable state that the General Accounting Office was finding itself unable to find proper vouchers for transactions in the amount of over \$350,000,000. In view of this information which I had in my possession, and which I had at that time reason to consider very reliable, I felt that I had no alternative other than to call the matter to the attention of the Senate and ask that the books be produced. It was my opinion that the taxpayers who are footing the bill had a right to know how their money was being

spent, and if any Government agency or corporation cannot account for its expenditures, then it is time we know it. That was true particularly in view of the fact that there is legislation now pending which the majority leader of the Senate, the Senator from Illinois [Mr. LUCAS], has been very anxious to rush through as an emergency measure, placing the affairs of this multibillion dollar Corporation in the hands of one man, namely, the Secretary of Agriculture. I felt that it was essential that the Members of Congress be made aware of the full facts. To have withheld the information which I had in my possession at that time, and information which I had every reason to believe was substantially correct, and which has today been verified almost in its entirety, by the General Accounting Office, to have withheld that information, I would have been negligent in my duty as a Member of the Senate.

I resent very much the inference of the majority leader, the Senator from Illinois [Mr. LUCAS], last Friday, when he made the charge that my interest in this matter was purely political and for the interests of gaining headlines. I need not tell the majority leader that this was very close to a violation of standing rule 19 of the Senate, which clearly states that no Senator in debate shall impute to another, conduct or motive unworthy or unbecoming a Senator.

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

The VICE PRESIDENT. Does the Senator from Delaware yield to the Senator from Illinois?

Mr. WILLIAMS. I yield.

Mr. LUCAS. Does the Senator ever make a political speech on the floor of the Senate?

Mr. WILLIAMS. I might have made a political speech on the floor of the Senate, but I never have and never will charge any Member of the Senate with making a political speech when he is making a statement such as I made last Friday.

Mr. LUCAS. Will the Senator yield further?

Mr. WILLIAMS. No; I am not yielding. I shall finish. I repeat, I resented it very much. I am not raising any point of order at this time, but in the future I shall ask the Senator from Illinois to keep his remarks within the rules. However, I may say this—

Mr. LUCAS. Mr. President, if the Senator thinks I was outside the rules—

Mr. WILLIAMS. Mr. President, I have the floor. I ask the Chair to maintain order.

The VICE PRESIDENT. The Senator from Delaware has the floor. The Senator declines to yield.

Mr. LUCAS. I am very sorry.

Mr. WILLIAMS. I am sorry the Senator from Illinois saw fit to make that statement reflecting on my sincerity, in connection with the matter which I thought it proper to divulge to the Members of the Senate and to the country.

The Senator from Illinois indicated last Friday that if the report were confirmed, he would propose an investigation of the Commodity Credit Corpora-

tion to ascertain whether or not those items, amounting to some \$350,000,000, could be verified, and, if not, why not. The Senator from Illinois is a member of the Committee on Agriculture and Forestry, which would have charge of such investigation. He is also the leader of the majority party, which has the power to conduct such an investigation. Since I am a member of the minority party, not a member of the committee, there is nothing further I can do. The records are going to be submitted and I trust the Senator from Illinois will conduct the investigation and that he will reveal to the Senate just exactly what has happened during those 3 years of operations.

Mr. President, I am not going to delay the Senate any further tonight, but at the time the bill (S. 900), under which the request is being made to give the Secretary of Agriculture full authority over the Commodity Credit Corporation, and also the bill, about which too much has been said regarding the grain storage facilities, is before the Senate, I shall discuss the issue further. I may add that if telling the truth about some of the absurd activities of the Corporation is smearing, then make the most of it, because I am going to place before the Senate some facts which I think the country should know.

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

Mr. WILLIAMS. I shall be glad to yield to the Senator from Illinois.

Mr. LUCAS. Do I correctly understand that the Senator is now withdrawing the resolution?

Mr. WILLIAMS. I withdraw it because it is of no further purpose, because the information requested by the resolution is to be furnished this week.

Mr. LUCAS. Mr. President, I am surprised almost beyond words, that the resolution, submitted by the Senator from Delaware along with other distinguished Senators on the other side of the aisle, is withdrawn at this time. The resolution makes some very serious charges regarding the Commodity Credit Corporation, and I thought, from the statement made by my distinguished friend last week, that there would be a very thorough and tremendous investigation of the Commodity Credit Corporation before we finished. The only thing I objected to at the time—and I thought I was certainly within my rights to object—was the immediate consideration of the resolution. Now, lo and behold, after the Senator from Delaware has made an independent investigation, through the General Accounting Office, he discovers—I do not know what he discovered, but he must have discovered enough to cause him to withdraw his resolution. It is somewhat difficult for me to understand why a resolution which is so important as is this one is offered one day and withdrawn the next day.

The Senator from Delaware is the individual who is tremendously interested in it. He knows the kind of resolution he can offer in order to have the kind of an investigation he wants. One of the able Senators whose names are on the resolution is a member of the Committee

on Agriculture and Forestry, the distinguished Senator from Missouri [Mr. KEM].

I think, if the Senator will read the hearings held before the Committee on Agriculture and Forestry, he will find that this very question has been before that committee. The Senator from Delaware has been referring to transactions taking place in the war days. I venture to say that there was not an agency of the Government during the war days when we were dealing with governments all over the world, that did not commit some error. Books were out of balance, perhaps, could not be accounted for, by reason of a ship being sunk, or papers being lost somewhere along the line.

If the situation is as serious as the Senator wants the Nation to believe it is, he can secure the kind of investigation he wants. He has friends on the other side of the aisle who are prominent members of the Republican Party and who are members of the Committee on Agriculture and Forestry, the Senator from Missouri [Mr. KEM], the Senator from North Dakota [Mr. YOUNG], and other Senators who will see to it. I shall be glad to join with them in any investigation that is absolutely essential and necessary. If there is any fraud or cheating of any kind, as the Senator from Delaware wants the country to believe, with respect to the Commodity Credit Corporation, I shall be the first one to call the agency to task. But I say again, Mr. President, that I am not one who indicts individuals by innuendo and implication.

I repeat what I said a few days ago, that that is exactly what this resolution attempts to do, or the Senator from Delaware would not be withdrawing it at this moment. If there were anything in the charge he has made, he would not be so benignly withdrawing the resolution at this time, simply because a telephone call has been made and he now says that the General Accounting Office is ready to produce the books and the records. Where will they produce them? Will they hand them to every Senator on the floor?

The Senator must have a resolution if he wants to secure those records, unless he wants to go down and look at them himself, which I imagine the Senator will do.

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

Mr. LUCAS. I yield.

Mr. WILLIAMS. I should like to say to the Senator from Illinois that it is normal procedure to submit records to the Secretary of the Senate or to the Secretary of the House. The Comptroller General's Office has advised me that the records will be submitted, and I have no reason to question their word. The resolution did not propose any investigation; it merely required that on or before April 1 the records for the years 1942, 1943 and 1944 be submitted to the Congress. The Comptroller General has advised me that the records will be here within a few days.

Mr. LUCAS. Mr. President, I shall not yield further. I am not talking so much about the resolution as I am about what

the Senator said and what he continues to say with reference to the Commodity Credit Corporation. If it is as bad as the Senator says it is, the thing to do is to submit the kind of a resolution which will give the Committee on Agriculture and Forestry the right, power, and authority to investigate it and to disclose all of the discrepancies and willful and malicious things about which the Senator has been speaking.

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

Mr. LUCAS. I yield.

Mr. WILLIAMS. I thought last Friday the Senator was anxious to get a few headlines. I have no objection to introducing a resolution proposing an investigation, but the Senator from Illinois being a member of the committee I thought he would desire to conduct the investigation himself.

Mr. LUCAS. The Senator has the bear by the tail and he can hang on to it. The Senator from Illinois has plenty to do without conducting investigations on hearsay evidence such as that which the Senator from Delaware is now giving.

Mr. President, I move—

Mr. WILLIAMS. Mr. President, will the Senator withhold his motion?

Mr. LUCAS. Certainly.

Mr. WILLIAMS. I should like to read briefly into the RECORD—

Mr. LUCAS. I shall not yield for a long speech.

Mr. WILLIAMS. It will not be a long speech. It will save taking the floor tomorrow, when the rent-control bill is to be considered.

Mr. LUCAS. I shall be glad to yield to the Senator for another hour.

Mr. WILLIAMS. I have plenty of time, although it took me a long time to obtain the floor.

Mr. President, I wish to read from page 3190 of the CONGRESSIONAL RECORD a portion of the statement which I made last Friday, a statement which the General Accounting Office has said is substantially correct.

I said:

It has been reported to me, from sources which I consider very reliable, that over \$350,000,000 of receivables in the general commodities purchase program could not be supported or verified because of faulty accounting policies and poorly devised procedures.

In the case of certain other programs it was also impossible to support the recorded balances of receivables, particularly in the case of claims in the case of cotton loans held by the Corporation. It had made no effort to prove the accuracy of the total amount of loans and, therefore, I understand that the total amount of loans reported by the Federal Reserve banks, as custodians, could not be reconciled with the records of the Corporation. At least one duplication of over \$2,000,000 has been reported to me.

I should like the Senator from Illinois to pay attention to this, because the General Accounting Office has said these statements are substantially correct.

Continuing I said:

I also understand that the wheat loans are overstated by about \$4,000,000 with a corresponding overstatement in accounts payable.

Again the General Accounting Office said that statement was substantially correct.

I also said:

The book value of the inventories held by the Corporation as of June 30, 1945, was in excess of \$1,000,000,000, but it has been reported to me that it was not possible to verify this amount physically.

Again the General Accounting Office said my information was substantially correct. They found no fault with any of the information outlined above. If there is something which deserves an investigation and the Senator from Illinois hesitates for any reason to have such an investigation, I would not hesitate about having the matter investigated. After all it is not one of the important functions of the Congress to explore any irregularities involving public money.

EXECUTIVE SESSION

Mr. LUCAS. 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 VICE PRESIDENT. Reports of committees are in order. If there be no reports of committees, the clerk will state the nomination on the Executive Calendar.

INTERIOR DEPARTMENT, COMMISSIONER OF INDIAN AFFAIRS

The Chief Clerk read the nomination of John R. Nichols to be Commissioner of Indian Affairs.

THE VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified forthwith.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 7 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, March 29, 1949, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate March 28 (legislative day of March 18), 1949:

IN THE NAVY

The following-named (Naval ROTC) to be ensigns in Navy, from the 3d day of June 1949:

Orie G. Baird Charles B. House, Jr.
Leo P. Bauerlein Alvin Rush
Robert "C" Brown, Jr. Ralph G. Spencer
Edward R. Day, Jr. Louis R. Tevell
Dean C. DuBois, Jr. Jeremy F. Worden
Jimmie "C" Hendricks

The following-named (Naval ROTC) to be ensigns in the Supply Corps of the Navy, from the 3d day of June 1949:

Robert C. Austin Charles B. House, Jr.
Lee R. Balderston Alvin Rush
John F. Rawls, Jr.

Robert L. Herman (Naval ROTC) to be an ensign in the Civil Engineer Corps of the Navy, from the 3d day of June 1949.

The following-named (Naval Reserve aviators) to be ensigns in the Navy:

George E. Allison Victor D. Brockmann
William F. Beatty Alva D. Burkett
Harry L. Benson James E. Cahill

Charles E. Cantrell, Jr. Albert J. Monger
Warren E. Carman Richard D. Murray
Richard E. Case William G. Nealon
William A. Cody Norman J. Neiss
Jack C. Coggins William E. Nowers
Robert T. Darcy Phil G. Olsen
Howard M. Davenport Delbert A. Olson
Joseph E. Puccini, Jr.
George D. Edwards, Jr. Howard M. Puckett
Lester H. Finger Robert N. Radtke
Frederick L. Foxton David Reilly
Jack D. Fuller Wallace Rich
Robert W. Hargarten Daniel P. Riley
Harry J. Hinden Paul E. Russell
David B. Holcombe Wallace L. Russell
Jack I. Holmes, Jr. William McC. Shaver
Robert T. Holmes James R. Stohl
William C. Hoyman Glenn E. Trewet, Jr.
Glenn D. Jordan Bruce W. VanAtta
Herbert L. Joss Joseph M. Verlander
Frank C. Kolda Robert S. Vermilyea
Andrew F. Kruzhich Cecil R. Vollmer
Joseph R. Laubach, Jr. Gerald A. Warnke
Edward F. Lebiedz Douglas A. Washburn
Walter R. Lewison Eugene F. Witkowski
Robert P. McArdle Robert H. Witten
Carey P. McMurray John L. Zent
James G. Measel

The following-named (civilian college graduates) to be ensigns in the Navy, from the 3d day of June 1949:

Edward Auerswald William T. Morgan
William E. Biro Wehrle D. Richmond
Albert T. Buckmaster James H. Rogers
William H. Diana, Jr. Francis M. Simmons
Charles F. Jesson Wayne F. Smith
Wade C. Kemerer John H. Thayer
Alfred G. Kreinberg

The following-named (civilian college graduates) to be ensigns in the Supply Corps of the Navy, from the 3d day of June 1949:

Andrew M. Durham Robert L. McClintock
Joseph L. Forehand William F. Reiser

William T. H. Barton (civilian college graduate) to be a lieutenant (junior grade) in the Dental Corps of the Navy.

The following-named to be ensigns in the Nurse Corps of the Navy:

Mary A. Ayars Elizabeth L. Kotch
Jennie Binkiewicz Bertha A. Krumming
Irene L. Bryant Margaret H. Lester
Elizabeth M. Dobos Elizabeth F. Metcalf
Jessie R. Franklin Janet R. Mullen
Edna P. Gordon May L. Reid
Bobbie L. Henley Jean A. Replogle
Annette A. Kalista Mary Stefanick
Margaret A. Kane Dannelle Westbrook

John M. Whalen to be a commander in the Medical Corps of the Navy, in lieu of lieutenant commander in the Medical Corps of the Navy, as previously nominated and confirmed.

The following-named officers to the grades indicated in the Dental Corps of the Navy:

LIEUTENANT COMMANDERS
Lloyd A. Bohaker Howard H. Fischer
Arthur D. Eastman James C. Reader
Harold W. Feder

LIEUTENANTS
William E. Hutson
Charles E. Rudolph, Jr.
John H. Smith

LIEUTENANT (JUNIOR GRADE)
Wayne A. Nelson

IN THE NAVY

The following-named midshipmen (Naval Academy) to be ensigns in the Navy from the 3d day of June 1949:

Emile W. Achee Robert B. Aljoe
Francis McK. Adams David S. Allen
Jr.
Richard D. Adams Milton N. Allen
Edward C. Adkins Ted M. Annenberg
Richard S. Agnew Robert H. Ardinger
Hugh W. Albers "A" "J" M. Atkins
Edward L. Alderman Wilfred A. Bacchus

Allan F. Bacon	Raymond G. Chote	John E. Fishburn III	Shepherd M. Jenks	Edward I. McQuiston, Lee S. Pyles
John A. Bacon, Jr.	Louis G. Churchill, Jr.	George D. Florence	Whitney Jennison	Jr.
Herman M. Bading	Glenwood Clark, Jr.	Philip F. Florence	John E. Jensen	Calvin E. Rakes
William M. Bailey	Robert S. Clark	Henry P. Forbes	John A. Jepson	John A. McTammany
Richard T. Bailey	Willard H. Clark, Jr.	Sydney E. Foscato, Jr.	Theodore N. Johnsen,	Shirley McC. Ramsey
John C. Bajus	Horace D. Clarke, Jr.	James R. Foster	Jr.	James L. McVoy
Robert F. Baker	Wade E. Clarke	John B. Foster	Dallas DeS. Johnson	William M. Ratliff
Allen H. Balch	Richard A. Claytor	Joyce M. Frazee	Gerald R. Jones	Clinton D. MacDonald
Walter J. Balko	Richard C. Clinite	Warren J. Fredericks	Herman W. Jones	Edgar A. Rawsthorne
Jack E. Baltar	David G. Cluett	Richard A. Frost	John V. Josephson	Reginald M. Machell
Robert Barden	Warrington C. Cobb	Peter L. Fullinwider	Daniel H. Kahn	William G. Read, Jr.
Henry B. Barkley, Jr.	Albert G. Cohen	James L. Furrh, Jr.	Joseph N. Kanevsky	Jack E. Magee
John C. Barrow	William M. Coldwell	Donald A. Gairing	Thomas M. Kastner	Edward J. Maquire, Jr.
John F. Barrow	Leonor L. Collins	Channing Gardner	Keatinge Keaya	James P. Reddick, Jr.
Joseph J. Barrow	William D. Collins, Jr.	Paul A. Garrison	James K. Kehlner	Charles E. Reid, Jr.
Byron S. Bartholomew, Jr.	Oliver D. Colvin, Jr.	John P. Gartland	Richard W. Kelly	Eugene J. Reither
Bernard E. Bassing	Robert N. Congdon	David E. Gates	David S. Kendrick	David R. Rice
Charles J. Bauman, Jr.	Robert W. Conklin	Matthew J. Gauss, Jr.	Richard A. Kennedy, Jr.	John E. Majesky
Fred G. Baur	Harvey Conover, Jr.	Bernard S. Gewirz	Ralph W. Kennedy	John B. Rigsbee
Reaves H. Baysinger	Karl F. Cook	Ralph McD. Ghormley	William R. Kent III	John B. Mallard, Jr.
Jr.	Robert J. Coontz	Beaumont Glass, Jr.	Stephen S. Kilcline	Halford E. Maninger
Raymond W. Bean	Alan B. Cooper	Frank S. Glendinning	Herbert J. Kindl	Robert G. Manseau
Reynolds Beckwith	Stanley G. Cooper	William I. Goewey	Archer E. King III	William F. Marr
James W. Beeler	Francis E. Cornett	Milton D. Goldberg	William C. King	Charles E. Martin
George M. Benas, Jr.	Stanley T. Counts	Roy E. Goldman	Clark M. Kinney, Jr.	William L. Martin III
Cedric E. Bennett	Sidney S. Cox	Joseph H. Goliner	John R. Kint	James W. Matheney
John E. Benoit	Billy H. Craig	Russell F. Goodacre, Jr.	Gilbert J. Kirk, Jr.	Stanwix G. Mayfield III
Francis W. Benson, Jr.	Donald E. Craig	Robert W. Goodman	Joseph O. Kirkbride, Jr.	Jack W. Rupe
John E. McK. Benson	Edgar A. Cruise, Jr.	Franklin P. Goulburn	Peter F. Klein	William H. Russ III
Richard H. Benson	John B. Culp, Jr.	William C. Grant, Jr.	Vernon P. Klemm	William N. Rutledge
Manuel S. Bentin	George W. Cummings	Roy R. Grayson	George M. Kling	Merwin Sacarob
Richard H. Berby	Theodore A. Curtin	James H. Green	James E. Kneale	Frithiof N. Sagerholm, Jr.
Melvin Berngard	Stanley W. Curtis, Jr.	John W. Green	Wallace J. Knetz, Jr.	Frank C. Sain
Karl J. Bernstein	Donald A. Dahlman	John L. Greene	Arthur K. Knoizen	Robert J. Salomon
Frederick J. Blodgett	John M. Dalrymple	Richard G. Greenwood	John H. Koach	Wilbur H. Sample
Thomas E. Bloom	John F. Danis	Stanley "J" Greif	Philip J. Koehler	Ernest D. Sanders
Paul R. Boggs, Jr.	Chester G. Davis	Michael B. Guild	Walter J. Kraus	William C. Sandlin, Jr.
Roger M. Boh, Jr.	Whittier G. Davis	Davis L. Gunckel	Stephen R. Krause	Peter J. Saraceni
Donald B. Bosley	Jules H. Demyttenaere	Milton Gussow	William S. Kremidas	Peter J. Sarris
Alfred C. Boughton III	Edwin L. Dennis, Jr.	Douglas B. Guthe	Otto E. Krueger	William J. Sawtelle
William DeW. Bourne	Lawrence H. Derby, Jr.	William S. Guthrie	Robert G. Kuhne	Valentine H. Schaeffer, Jr.
Rhodes Boykin, Jr.	James D. Dickson	James V. Haley	Michael K. Lake	Albert A. Schaufelberger, Jr.
Robert E. Brady	Joe A. Dickson	William H. Hamilton, Jr.	William G. Lalor, Jr.	Frank P. Schlosser
Walter J. Brajdich	Edward O. Dietrich	Chris W. Lamb	Chris W. Lamb	Donald R. Schmidt
William W. Brandfon	Louis W. Dillman	John G. Landers	John G. Landers	Bernard Schniebolk
Carl R. Brandt	Horace E. Dismukes	Theodore J. Hammer, Jr.	John S. Lansill, Jr.	Paul L. Schoos
Charles B. Breaux, Jr.	John C. Dixon, Jr.	James W. Hanson	Paul H. Laric	Walter A. Schriefer
Edward S. Briggs	Stephen A. Dobbins	Norton D. Harding, Jr.	David C. Larish	George S. Schuchart
William R. Broughton, Jr.	John F. Dobson	William N. Harkness, Jr.	Norman O. Larson	James H. Scott
Coleman "T" Brown, Jr.	William C. Doby	Donald M. Harlan	Teodore J. Larson	Jack Scoville
Ernest B. Brown	John F. Docherty, Jr.	John F. Harper, Jr.	Lloyd K. Lauderdale	Carl H. Sebenius, Jr.
Frank P. Brown, Jr.	Harry J. Donahue	William L. Harris, Jr.	Robert L. Lawler, Jr.	Thomas T. Seelye, Jr.
James B. Brown	John M. Donlon	Charles P. Hary, Jr.	William G. Lawler	Angelo P. Semeraro
Robert A. Brown	James A. Donovan	William C. Haskell	Mark B. Lechleiter, Jr.	Louis M. Serrille
Gerald F. Brummitt	Kurt F. Dorenkamp	Dale A. Hawley	Thomas F. Lechner	Richard H. Seth
William L. Bryan	William C. Dotson	George A. P. Haynes	Jack R. Leisure	Harry E. Shacklett
Harry F. Bryant, Jr.	Robert McI. Douglass	Walter L. Helbig, Jr.	John F. Leyerle	William M. Shanhouse
Winfred L. Buckingham	Barton M. Downes	Dale P. Helmer	Theodore E. Lide, Jr.	Summer Shapiro
Robert W. Bulmer	John E. Draim	John W. Hemann	James B. Linder	Lewis A. Shea, Jr.
Gerald L. Burk	Royce C. Dreyer	Donald Henderson	Wesley E. Lindsey, Jr.	Oscar C. Shealy, Jr.
John F. Burke	James R. Dughi	Robert C. Hendrickson, Jr.	Thomas D. Linton, Jr.	Byron M. Shepard
Barksdale A. Bush, Jr.	William E. Duke, Jr.	Robert C. Hennekens	Donald L. Lister	Frank E. Sherman
Herman J. Bushman	Behrend J. Duwaldt	Harvey S. Henning, Jr.	Hiram P. F. Llewellyn	Eugene F. Shine, Jr.
Jr.	Gerald W. Dyer	Frederick W. Herbine, Jr.	Joseph H. Logomasini	Earl R. Short
Dempsey Butler, Jr.	William T. Eaton	Frederick DeL. Hesley, Jr.	Hugh E. Longino, Jr.	Rodric M. Singleton, Jr.
James D. Butler	James E. Edmundson	Francis R. Hibbard	Donald J. Loudon	George L. Siri, Jr.
Kenneth LeR. Butler	John R. Edson	Charles F. Hickey	John D. Lund	Robert E. Sivinski
Thomas O. Butler, Jr.	Howard R. Edwards, Jr.	Robert W. Hiebert	William H. Lynch	Stephen A. Skomsky
William McC. Callaghan, Jr.	Henry W. Egan	Jackson D. Hill	Robert M. McAnulty, Jr.	Carl R. Smith, Jr.
John J. Campanile	Montraville W. Egeron, Jr.	Joseph E. Hodder, Jr.	Jr.	Charles R. Smith, Jr.
David O. Campbell	John J. Ekelund	William E. Hoff	Ewing R. McDonald, Jr.	Donald A. Smith
Donald H. Campbell	Richard M. Ellis	John L. Hofford	Charles A. Hotchkiss II	Earl W. Smith, Jr.
Lucien Capone, Jr.	Presley E. Ellsworth III	John H. Hoganson	Elbert J. McCoy	Frederic W. Smith
James A. Carmack, Jr.	Scott Emerson	Lloyd N. Hoover	John C. McCoy	Gerald F. Smith
Bruce A. Carpenter	Jack L. English	Frederick G. Horan	Major I. McCreight	Homer L. Smith
James W. Carpenter	Robert J. Eustace	Robert E. Horne, Jr.	Carlos d'A. McCullough	James H. B. Smith
Andrew R. Carr	Merton R. Fallon	Charles M. Howe	Ewing R. McDonald, Jr.	Paul E. Smith
Kenneth M. Carr	Robert L. Faricy	James C. Hughes, Jr.	Thomas E. McDonald	Robert F. Smith, Jr.
Robert H. Cartmill	Robert E. Fellowes	Eugene St. C. Ince, Jr.	William D. McFarlane, Jr.	Robert L. Smith
John P. Cartwright	Leslie K. Fenlon, Jr.	James E. Inskip, Jr.	John S. McFeaters, Jr.	Robert McK. Smith
Edward S. Carver	Eric N. Feno	Robert C. James	Thomas P. McGinnis	Wayne D. Smith
Albert L. Cecchini	James V. Ferrero, Jr.	Rodney R. James	William C. McMurray	Cornelius S. Snodgrass, Jr.
James H. L. Chambers, Jr.	Stanley S. Fine	Albert L. Jenks, Jr.	James A. McQuilling	William H. Somerville
Samuel R. Chessman	William A. Finlay, Jr.			Felix S. Spielmann
Edmond A. Chevalier				David H. Sprague

Clarence W. Stoddard, John R. Walker Jr. Joseph K. Walker
 George B. Stone Edward C. Waller III
 Reid Stringfellow Robert L. Walters
 Herman A. Stromberg, Thomas J. Walters Jr. John A. Wamsley
 James A. Stubstad Frank W. Ward III
 William C. Stutt Frank T. Watkins, Jr.
 Phillip B. Suhr James D. Watkins
 John H. Sullivan James H. Webber
 George W. Sumner, Jr. William D. Weir
 Charles O. Swanson Henry C. White
 Peter S. Swanson Richard E. Whiteside
 Claude E. Swecker, Jr. Barry D. Whittlesey
 Harry F. Sweitzer, Jr. Eugene J. Wielki
 Gerald E. Synhorst Fred J. Wilder
 Richard W. Taylor Edwin E. Williams
 Malcolm H. Thiele Ralph P. Williams
 Philip H. Thom, Jr. Carl B. Wilson
 Wallace J. Thomas James C. Wilson
 Alexander D. Thomson Ralph E. Wilson, Jr.
 Harry R. Thurber, Jr. Russell F. Wilson
 John A. Tinkham Richard S. Wolford
 Harold F. Tipton, Jr. David J. Woodard
 Robert W. Titus Barkley T. Woods, Jr.
 Robert R. Tolbert George P. Wood, Jr.
 Harry DeP. Train II Edwin E. Woods, Jr.
 Fred Troescher, Jr. William W. Wright
 John K. Twilla James H. Wynn III
 Clinton R. Vail Abdiel R. Yingling, Jr.
 Wallace Valencia Duane C. Young, Jr.
 Jack D. Venable Randall W. Young
 Elias Venning, Jr. Charles J. Youngblade
 Philip Vladessa Charles J. Zekan
 William A. Vogel Marcus A. Zettel
 Leonard F. Vcg, Jr. Edward F. Zimmerman, Jr.
 Robert L. Volz Warren P. Vosseler

The following-named midshipmen (Naval Academy) to be ensigns in the Supply Corps of the Navy from the 3d day of June 1949:

Norman Altman Bernard C. Hogan
 William "B" Anderson, Jr. J. C. Huenerberg, Jr.
 William A. Armstrong John F. Ivers
 Erling O. Barsness James R. Juncker
 William W. Bennett George H. Kapp
 Richard B. Blackwell Robert D. Keppler
 Glenn S. Brooks John F. Knudson
 Robert M. Brown Edward M. Kocher
 Herbert F. Butler, Jr. Roy W. Lankenau
 Danforth Clement Alan Y. Levine
 Anthony B. Coburn John E. McNearney
 Rex S. Coryell Robert W. Maxwell
 Charles L. Culwell Burton J. Miller
 Dorsey W. Daniel Ralph F. Murphy, Jr.
 Jimmy P. Dearing Donald C. Pantle
 Charles DiBenedetto Sumner Parker
 Holton C. Dickson, Jr. Eugene H. Pillsbury
 Chester L. Ditto Joel Rabinowitz
 Thomas J. Donoher Robert R. Reiss
 James E. Durham, Jr. Lee O. Rensberger
 Henry D. Elchalt Richard W. Ridenour
 William T. Emery Robert J. Riger
 George D. Fisher, Jr. Philip T. Riley
 Horace P. Fishman Calvin W. Roberts
 James J. Garibaldi Ivan L. Roenigk
 William L. Gary William T. Roos
 Thomas M. Gill William Sandkuhler, Jr.
 Ephraim P. Glassman Alfred F. Simcich
 Richard Glickman Charles McK. Smith
 Jack H. Haberthier Howard M. Stuart, Jr.
 Don C. Haeske James G. Tapp
 Richard W. Haley Thomas W. Tift, Jr.
 William G. Hall John H. Vice
 Robert P. Hausold James B. Way, Jr.
 Everett C. Higgins John C. Wilson

The following-named midshipmen (Naval Academy) to be ensigns in the Civil Engineer Corps of the Navy from the 3d day of June 1949:

Irving Bobrick Lemon DeK. Lang
 Warren F. Brown Paul G. LeGros
 Wesley A. Brown Walter E. Marquardt, Jr.
 Neal W. Clements Claude J. Quillen, Jr.
 William L. Collins Donald R. Trueblood
 Rudolph F. D'Ambra Roger G. Twell
 Stephen A. Gilles Donald W. Witts
 William C. Hall chiebe William E. Wynne
 Gordon W. Hamilton Louis E. V. Jackson

The following-named midshipmen (Naval Academy) to be second lieutenants in the Marine Corps, from the 3d day of June 1949:

William D. Bassett, Jr. Charles H. Mays
 James D. Beeler Robert C. Needham
 William A. Black Edward J. O'Connell, Jr.
 Kenneth A. Bott Philip C. Brannon Lawrence G. O'Connell, Jr.
 Ralph H. Brown William J. Budge Tom D. Parsons
 James J. Connors, Jr. Kelly J. Davis, Jr. Roger W. Peard, Jr.
 Lewis H. Devine Richard C. Ebel Theophil P. Riegert
 Richard H. Francis Thomas E. Ringwood, Jr.
 James R. Gober Archie R. Ruggieri, Jr.
 Fred Grabowsky Kenneth W. Schiweck
 Thomas I. Gunning Merlin F. Schneider, Jr.
 Wayne L. Hall Robert T. Hardeman Richard W. Sheppe
 Thomas P. Hensler, Jr. Carlton H. Hershner Eugene O. Speckart
 Irven A. Hisom Paul F. Stephenson
 Henry Hoppe III Allan MacL. Stewart
 Robert G. Hunt, Jr. Joseph Z. Taylor
 John M. Johnson, Jr. Jack E. Townsend
 Charles M. C. Jones, Jr. Kenneth E. Turner
 MacLean Kelley Littleton W. T. Waller
 Calhoun J. Killeen II William Wentworth
 Robert H. Krider Richard H. West
 Randall T. Lawrence Charles P. McCallum, Jr.
 Charles S. Whiting Harry D. Woods
 Robert L. McElroy

The following-named (civilian college graduates) to be ensigns in the Navy from the 3d day of June 1949:

Robert E. Allard Donald O. Modeen
 Ralph G. Dalton James S. Orloff
 Albert S. Douglass Glenn E. Skinner, Jr.
 Henry E. Hohn Chandler G. Smith
 Bertie G. Homan Charles M. Walker
 LeRoy Klein

The following-named to be ensigns in the Nurse Corps of the Navy:

Lucille R. Kroupa Frances M. Tibbets
 Lolita D. Surprenant Barbara J. Vines

The following-named officer to the grade indicated in the line of the Navy:

LIEUTENANT

"J" V. Hart

The following-named officer to the grade indicated in the Dental Corps of the Navy:

LIEUTENANT

Ralph H. S. Scott

IN THE COAST GUARD

The following officers of the United States Coast Guard Reserve to be commissioned in the United States Coast Guard, dates of rank to be computed in accordance with prescribed regulations:

To be lieutenants (junior grade)
 John F. Kelley
 Jay P. Dayton

CONFIRMATION

Executive nomination confirmed by the Senate March 28 (legislative day of March 18), 1949:

COMMISSIONER OF INDIAN AFFAIRS
 John R. Nichols to be Commissioner of Indian Affairs.

HOUSE OF REPRESENTATIVES

MONDAY, MARCH 28, 1949

The House met at 12 o'clock noon.
 The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou Christ who walked the lonely way, hear our prayer. Amid the dis-

tractions confronting the minds of this hour, we need a directive hand to show us the way. Increase our understanding of the right that we may love that larger life that ever seeks to serve Thee and all humankind. Forbid that we should in any way violate the dictates of our consciences but, as freemen, discharge the whole obligations of our assigned office.

We ask Thee, Father, to infuse us with a spirit that is fearless of criticism that may emanate from any source. Grant that all our bearings may spring from minds that are studied and prepared. Lead us to believe that we are part of a great plan that will carry with it the rapture of moral victory and spiritual progress. Through Christ our Saviour. Amen.

The Journal of the proceedings of Friday, March 25, 1949, was read and approved.

HOUR OF MEETING TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER pro tempore (Mr. McCORMACK). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONTINUATION OF THE EXEMPTION FROM THE TAX ON TRANSPORTATION OF PERSONS OF FOREIGN TRAVEL VIA NEWFOUNDLAND

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 203, to maintain the status quo with respect to the exemption, from the tax on transportation of persons, of foreign travel via Newfoundland.

The Clerk read the resolution, as follows:

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 3469 (a) of the Internal Revenue Code (relating to the tax on transportation of persons) is hereby amended by inserting after the second sentence thereof a new sentence to read as follows: "A port or station within Newfoundland shall not, for the purposes of the preceding sentence, be considered as a port or station within Canada."

Sec. 2. The amendment made by this joint resolution shall apply to amounts paid for transportation on or after April 1, 1949.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, and I am not going to object to the consideration of this piece of legislation because I realize it has been unanimously endorsed by the Committee on Ways and Means and that it is continuation of legislation that has been enacted previously, but I would like to ask the gentleman if his committee has got around to giving consideration to an excise bill that I introduced some weeks ago and which I think the American people are anxious to have enacted into law?

Mr. MILLS. The committee has not had an opportunity to consider the bill introduced by the gentleman from Massachusetts but, like the gentleman, I hope

the committee may have an opportunity of doing so as speedily as possible.

Mr. MARTIN of Massachusetts. I hope the committee will get at it as soon as possible.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. TRIMBLE asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in the RECORD and include a letter from Hon. Frank Annunzio.

Mr. BUCHANAN asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. JONES of Alabama asked and was given permission to extend his remarks in the RECORD and include an address delivered by his colleague the gentleman from Alabama [Mr. RAINS] before the United States Conference of Mayors in Washington on March 25 and a resolution regarding the same.

Mr. LARCADE. Mr. Speaker, last week I obtained unanimous consent to extend my remarks in the RECORD and include an article entitled "The Struggle for American Air Power." I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$230.75, but I ask that it be printed notwithstanding that fact.

The SPEAKER pro tempore. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. MITCHELL asked and was given permission to extend his remarks in the RECORD.

Mr. MULTER asked and was given permission to extend his remarks in the RECORD in three instances and include extraneous matter.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in two instances and include various news items.

Mr. BARING asked and was given permission to extend his remarks in the RECORD and include an address by Hon. Archie L. Cross.

Mr. BARTLETT asked and was given permission to extend his remarks in the RECORD.

Mr. O'SULLIVAN asked and was given permission to extend his remarks in the RECORD and include a news item.

Mr. PERKINS asked and was given permission to extend his remarks in the RECORD and include an article appearing in the Courier-Journal.

Mr. SHAFFER asked and was given permission to extend his remarks in the RECORD in two instances and include a newspaper article.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD in four instances and include extraneous matter.

Mr. JENNINGS asked and was given permission to extend his remarks in the RECORD and include a poem.

Mr. ALLEN of California asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Oregonian.

Mr. VELDE asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Peoria Star.

COMMITTEE ON THE JUDICIARY

Mr. LANE. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to sit today during general debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

NATIONAL LEAVE US ALONE WEEK

Mr. WHEELER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. WHEELER. Mr. Speaker, April 1 will mark the beginning of a week which has come to be known as Leave Us Alone Week. National Leave Us Alone Week was originated by Mr. F. Lander Moorman as a publicity gag and started in a newspaper column in the Coffee County Progress during March 1948. The idea immediately caught the eyes of thousands of people. It was observed with success in Douglas, Ga., in 1948 and is now scheduled as a special week annually.

National Leave Us Alone Week is dedicated to merchants and businessmen in which they keep themselves free from fund-raising drives and solicitors. This is a Customers Only Week. It gives the merchant an opportunity to greet customers instead of solicitors. It is the merchants first free week since the new year came. Since merchants and businessmen give the major support to fund-raising drives, it is only fair that they have a week to be left alone and be assured that no one will interfere.

PERMISSION TO ADDRESS THE HOUSE

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. REED of New York addressed the House. His remarks appear in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. DOLLIVER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

[Mr. DOLLIVER addressed the House. His remarks appear in the Appendix.]

VETERAN INSTITUTE CONTRACTS

Mr. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Speaker, it has been called to my attention that the VA has inaugurated a new system in the handling of Veteran Institute contracts throughout the country and as a result approximately 203 school districts in the State of Michigan may be without such programs by the end of March.

If the VA on April 1 arbitrarily enforces this new plan, 18,000 veterans in Michigan, and undoubtedly thousands throughout the United States, will be cut off from high school instruction or from supplemental schooling in conjunction with their on-the-job or on-the-farm training.

The school officials in Michigan have done a tremendous job assisting veterans, for since August 1945, over 50,000 GI's have received instruction in local institutions. I concur in the position taken by Mr. Lee M. Thurston, state superintendent of public instruction, and the local school officials in my district when they say the VA's new regulations have made it impossible to complete the newly-required contract data by April 1 and further, that this move by the VA is simply another attempt to impose the will of Federal bureaucracy upon our local educational institutions.

ARIZONA

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK. Mr. Speaker, I want to renew my invitation of last week to my colleagues and their families and official staffs to come tonight to the caucus room in the Old House Office Building to see some very beautiful pictures. I know many of you have seen pictures of Arizona in our Highway magazine which you probably have received by now. The picture I am most anxious to show you is a sound movie in color which will give you nothing more or less than those pictures which you have in your Highway magazine from Arizona, with the added attraction of seeing a live picture.

I extend my invitation to all Members of the Congress and as many of their families and staffs as can come to the caucus room, Old House Office Building, at 7:30 p. m.

PUBLICATIONS OF COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. WOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. WOOD. Mr. Speaker, I have today introduced a resolution calling for the printing of 1,000,000 additional copies of 6 publications issued by the Committee on Un-American Activities. The committee has on hand requests for more than 1,000,000 copies of the publications mentioned in the resolution. I am certain that most of the Members of this House have received numerous requests for copies of these committee publications which have not been filled. The committee's hearing room contains more than four boxes, of a large size, which are filled with requests for committee publications. These letters and post cards can be examined by any Member of the House at any time. I think that a re-issue of the six committee publications mentioned in the resolution introduced today, will prove to be of great value to every Member of this House who votes for the adoption of the resolution. I know of no cheaper or simpler method of warning the American public about the subversive forces operating in the United States than through the medium of the information contained in committee publications. I hope that every Member of this House will vote favorably on this resolution when it comes to the floor.

TABULATION OF REQUESTS FOR 100 THINGS YOU SHOULD KNOW ABOUT COMMUNISM SERIES

One Hundred Things You Should Know About Communism In the U. S. A.: Approximately 100,000 requests by telegram, letter, post card, and telephone for 1,500,000 copies.

One Hundred Things You Should Know About Communism and Religion: Approximately 100,000 requests by telegram, letter, post card, and telephone for 1,500,000 copies.

One Hundred Things You Should Know About Communism and Education: Approximately 75,000 requests by telegram, letter, post card, and telephone for 1,000,000 copies.

One Hundred Things You Should Know About Communism and Labor: Approximately 75,000 requests by telegram, letter, post card, and telephone for 1,250,000 copies.

One Hundred Things You Should Know About Communism and Government: Approximately 50,000 requests by telegram, letter, post card, and telephone for 1,000,000 copies.

Total approximate number of requests, 400,000.

Total approximate pamphlets requested, 6,250,000.

Spotlight on Spies: Only 10,000 copies will be available for distribution. It is expected that the demand for this pamphlet, because of the information contained therein, will exceed the requests made for the pamphlets mentioned above.

EXTENSION OF REMARKS

Mr. CROOK asked and was given permission to extend his remarks in the RECORD on the subject of organized labor's contribution to our American way of life.

HON. LOUIS A. JOHNSON, SECRETARY OF DEFENSE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS. Mr. Speaker, today the affairs of the Department of Defense fall into the hands of the new Secretary of Defense, Louis A. Johnson, of West

Virginia. Secretary Johnson is well known to veterans everywhere. He has a distinguished career as the former national commander of the American Legion. He is well known to Members of Congress, since the days of his service as Assistant Secretary of War in a preceding administration. He has rendered outstanding service to the Nation in preparing our defenses and placing everything in readiness for the last World War. In my judgment Mr. Johnson is a man of magnificent ability and accomplishment. He is taking over the affairs of the Department of Defense at a critical time when great ability is sorely needed. I think he can handle the job. Our best wishes and hearty congratulations go with the new Secretary of Defense this morning as he assumes the heavy duties of his new office.

EXTENSION OF REMARKS

Mr. MURRAY of Tennessee asked and was given permission to extend his remarks in the RECORD and include an editorial from the Salamanca (N. Y.) Republican-Press.

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD and include an article by the Veterans' Administration answering an attack which occurred in Collier's magazine.

Mr. SADLAK asked and was given permission to extend his remarks in the RECORD and include therein a notice from the Commissioner of Labor of the State of Connecticut.

Mr. McCULLOCH asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Cleveland Plain Dealer.

Mr. ELLIOTT asked and was granted permission to extend his remarks in the RECORD and include an article.

The SPEAKER pro tempore. This is District of Columbia day.

CALL OF THE HOUSE

Mr. HAYS of Ohio. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present.

Mr. HARRIS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 46]

Battle	Hart	Patman
Bland	Hobbs	Pfeiffer
Boggs, Del.	Hoffman, Mich.	Joseph L.
Bosone	Jennings	Pfeiffer
Buckley, N. Y.	Johnson	William L.
Bulwinkle	Keogh	Powell
Byrne, N. Y.	Kerr	Quinn
Canfield	Lanham	Riehman
Celler	Latham	St. George
Chudoff	Lichtenwalter	Smith, Ohio
Clemente	Linehan	Somers
Coffey	Lodge	Staggers
Coudert	McGrath	Stanley
Davenport	McSweeney	Stefan
Davies, N. Y.	Macy	Taber
Davis, Tenn.	Merrow	Taylor
Dawson	Miller, Calif.	Thomas, N. J.
Dingell	Miller, Nebr.	Weichel
Gilmer	Morrison	Werdel
Gore	Morton	Whitaker
Gossett	Murphy	White, Calif.
Halleck	Noland	White, Idaho
Hand	Norton	Wolcott
Harden	O'Brien, Mich.	Woodruff
Harrison	O'Toole	Young

The SPEAKER pro tempore. On this roll call 363 Members have answered to their names; a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON H. R. 1731

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H. R. 1731.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1950

Mr. KIRWAN, from the Committee on Appropriations, reported the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes (Rept. No. 324), 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. JENSEN reserved all points of order on the bill.

EXTENSION OF REMARKS

Mr. BREHM asked and was given permission to extend his remarks in the RECORD on the subject of labor legislation.

Mr. SHORT asked and was given permission to extend his remarks in the RECORD in two instances; first, to include a brief statement by Dr. Tadeusz Bielecki, chairman of the Polish National Democratic Party, before a group of our colleagues on March 22, 1949; and in the other, an interview between Ely Culbertson and the Foreign Minister of Spain.

Mr. ALLEN of California asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include the results of a poll taken in my district.

Mr. Speaker, I have checked with the Public Printer and am informed that this will exceed the usual limit, but I ask that it be printed, notwithstanding.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CASE of South Dakota asked and was given permission to extend his remarks in the RECORD.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include certain excerpts.

Mr. KIRWAN (at the request of Mr. MANSFIELD) was given permission to extend his remarks in the RECORD and include an address by Hon. James Farley.

Mr. NORRELL asked and was given permission to extend his remarks in the RECORD and include a speech by Congressman BROOKS over the radio.

SPECIAL ORDER GRANTED

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that following the

disposition of business on the Speaker's desk and at the conclusion of special orders heretofore granted I may address the House for 2 minutes today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

EXTENSION OF REMARKS

Mr. EVINS asked and was granted permission to extend his remarks in the RECORD and include a history of the Cumberland University, notwithstanding the fact that the additional cost estimated by the Public Printer is \$60.

Mr. RAINS asked and was granted permission to extend his remarks in the RECORD and include a newspaper editorial.

Mr. O'KONSKI asked and was granted permission to extend his remarks in the RECORD.

Mr. VAN ZANDT asked and was granted permission to extend his remarks in the RECORD on the veterans' pension bill.

Mr. HAGEN asked and was granted permission to extend his remarks in the RECORD and include a radio talk by Commander Frackman on veterans' affairs.

REPEAL OF TAX ON OLEOMARGARINE

Mr. COLMER, from the Committee on Rules, submitted the following privileged resolution (H. Res. 168) on the bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes, which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

DISTRICT OF COLUMBIA LEGISLATION

The SPEAKER pro tempore. This is District of Columbia day.

DAYLIGHT-SAVING TIME

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 135) to establish daylight-saving time in the District of Columbia.

Pending that, Mr. Speaker, I ask unanimous consent that general debate be limited to 40 minutes, the time to be equally divided and controlled between the gentleman from Minnesota [Mr. O'HARA] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas [Mr. HARRIS]?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Arkansas [Mr. HARRIS].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 135) to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District of Columbia, with Mr. BOGGS of Louisiana in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Arkansas [Mr. HARRIS] is recognized for 20 minutes and the gentleman from Minnesota [Mr. O'HARA] will be recognized for 20 minutes.

The gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the District Committee has directed me to report to the House S. 135, which would authorize the Board of Commissioners for the District of Columbia to establish daylight-saving time within the District.

S. 135, which was passed by the other body February 10, 1949, was before the committee, as was H. R. 1347, a companion measure in the House of Representatives, introduced and sponsored by our colleague the gentleman from New York [Mr. KLEIN].

This proposed legislation would merely extend the authority of the District Commissioners for the District of Columbia to provide daylight-saving time for the District. It is unnecessary for me to take but little of your time in explaining this proposed legislation.

The Members of this House are familiar with daylight-saving time. It was first proposed in the District of Columbia as a war measure, a daylight-saving measure, in 1941, called war-saving time. The House in 1947, I believe, for the first time by special act gave the District Commissioners authority to provide daylight-saving time for the District of Columbia for that year, 1947. It was again extended for 1 year in 1948.

The gentleman from New York [Mr. KLEIN] introduced H. R. 1347, which would give the District Commissioners permanent authority to fix daylight-saving time for the District of Columbia for the months beginning with the last Sunday in April, I believe, and extending to the last Sunday in September. In view of the legislative history and the action taken by the House heretofore the committee decided that it probably would be better to limit it again to 1 year. An amendment was offered and adopted to that effect so that the bill is extended for this year, 1949, only. Personally, I see no reason why this should not be made permanent if we are going to have it come up year after year, and particularly if we are going to continue to grant the authority.

I am not so happy about daylight-saving time myself; nevertheless, I am convinced that the greater number of people here in the District of Columbia do want daylight-saving time, and I accede to the wishes of the people who came before our committee and made a case on the basis of their honest convictions; consequently, Mr. Chairman, I agreed to the amendment that would provide 1 year only, for 1949, for daylight-saving time for the District of Columbia.

Mr. CHRISTOPHER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Missouri.

Mr. CHRISTOPHER. Can the gentleman tell this body whose daylight it would save, and how?

Mr. HARRIS. I would not care to go into that. One of the witnesses who came before the committee said we had the so-called daylight-saving time in reverse, that it ought to be applied in the other months of the year instead of the summer months. I would not care to go into that technicality, because, as I say, I have never been too happy about daylight-saving time. The majority of the people involved want daylight-saving time during the summer months, and since they have had it for 7 or 8 years and since most of the surrounding metropolitan areas likewise have daylight-saving time, I consequently acceded to those wishes and voted for extending it another year.

Mr. Chairman, I reserve the balance of my time.

Mr. O'HARA of Minnesota. Mr. Chairman, I yield myself 5 minutes.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. O'HARA of Minnesota. Mr. Chairman, it is with some regret that I find myself compelled to oppose my colleague from Arkansas who is presenting this bill. I do so rather reluctantly.

I wish to correct one statement the gentleman from Arkansas made, unwittingly, I am sure, and that is that daylight-saving time was terminated by Executive order; it was terminated in 1945, after it had been in operation for 3 years, by unanimous vote of both Houses of the Congress. We had 3 years of operation of it and it brought nothing but turmoil and unhappiness to the country generally. The gentleman from Arkansas and myself as members of the Committee on Interstate and Foreign Commerce had hearings as early as 1943 for the repeal of daylight-saving time. In 1945 it was as I recall the first wartime act that was repealed.

I appreciate that a couple of years ago there was a considerable drive put on in the District of Columbia for daylight-saving time. There were some so-called polls taken. The radio people put on quite a drive because the big chains in New York started their programs on daylight-saving time due to the fact their offices happened to be in New York; then our friends on the Board of Trade wanted to add something to it; so they brought on quite a drive and propaganda for daylight saving.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Arkansas.

Mr. HARRIS. It is true that Congress has extended daylight-saving time in the District of Columbia twice?

Mr. O'HARA of Minnesota. Yes, that is correct, and over my violent objection.

Mr. HARRIS. Was not the gentleman, my distinguished friend who is now speaking, chairman of the subcommittee that reported this bill to the House and brought it to the House, which act extended daylight saving for 1 year during the year 1947?

Mr. O'HARA of Minnesota. Yes; but I opposed the bill. I did not pigeonhole the bill as I might have done as chairman of the subcommittee that brought it out.

Mr. HARRIS. The gentleman is very fair as he is at all times.

Mr. O'HARA of Minnesota. I announced at the time that I was opposed to the bill.

In that connection may I say with reference to the committee, and I refer to the Committee on the District of Columbia, the committee this year was practically evenly divided as against bringing out this bill or reporting it. The gentleman in his own condition of mind is not very happy about it. The District of Columbia Committee did not report it unanimously by any manner or means. There were very many distinguished members of the committee against it, including the chairman of the committee, Mr. McMillan of South Carolina, and Messrs. MILLER of Nebraska, JONES of Missouri, WADSWORTH, SMITH of Virginia, SIMPSON of Illinois, JONES of Alabama, DAVIS of Georgia, and myself. In addition to that there were two members of the committee who did not want to sign the report and voted against bringing out any daylight-saving time bill. If he had had all our opposition present the bill would have not been reported.

May I say that I hear a great deal from the people of the District of Columbia. There has been a great delusion abroad about this matter. As the gentleman from Missouri stated awhile ago, you do not save any daylight by shoving up the clock an hour. There is the same amount of daylight. You do not change the operation of the planets at all. The sun rises at the same time. You just discommode a lot of people because a few individuals think that there is some gardening exercise they get or they have a little more time for golf or they get to play a little more. So far as 98 percent of the people are concerned if they want to play they can get in the same amount of play without daylight-saving time as they do with daylight-saving time.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. O'HARA of Minnesota. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, let us take our Government operations. Most of the hours of bureau operations are regulated by the matter of transportation. The Government workers have a 40-hour week, they have all day Saturday off. Many of the stores during the summertime close for a half day each week in the city of Wash-

ington. Your banks generally operate upon a different hour-basis than any other business and it does not make any difference to them except so far as the market operations are concerned in New York, Los Angeles, Chicago, and perhaps some other places. So it does not make any difference to them. The banks adjust themselves as they please.

This is the Nation's Capital. When you change the time different from standard time and your constituents want to call you from home, they, of course, do not know that we have daylight-saving time here in Washington. So, instead of allowing an hour's difference in time, why it is 2 hours difference in time. Take the gentleman from Oregon, for example; there you have 3 hours difference in time. Of course, at home, when they call you, or wire you on some important business, they do not know that your office is closed, because you are trying to operate for the convenience of the District of Columbia in your office as a Congressman.

Let me read from an article appearing in one of the local papers, which carries an Associated Press dispatch headline from Philadelphia:

DAYLIGHT SAVING CUTS CHILD SLEEP, DOCTOR DECLARES

PHILADELPHIA, May 14.—Daylight-saving time is a menace to the health of school children, Dr. John P. Turner, a member of the Philadelphia Board of Education, says.

Students are getting only 6 or 7 hours' sleep and great numbers are suffering from nervous reaction because of daylight saving, Dr. Turner declared in asking a survey be made directly through the schools.

"Instead of getting up at 7 o'clock, our children are getting up at 6 after staying up late because you just can't make a child go to bed when the sun is still up," Dr. Turner told a board meeting.

The doctor said he has visited hundreds of homes as a physician and has treated children for both physical and nervous reactions caused by lack of sleep.

A survey would determine the extent of the harm done by a lost hour of sleep daily, he suggested.

Joseph J. Greenberg, another member of the board, asked Dr. Turner if he thought the situation were serious enough to ask the return of standard time and the physician replied:

"I certainly do."

Of course, among the other things, the housewife is getting her meal an hour earlier in the heat of the afternoon. It does not do the people of the District of Columbia or those who reside in the vicinity, by reasons of being Members of Congress, any good to lose that additional hour of sleep in the morning.

Gentlemen, I want to say to the Committee that I think there has been a complete change of feeling even in the District of Columbia. We do not have this rather hysterical and passionate clamor for daylight-savings time that we had 2 years ago. Why? Because the people have awakened to the fact that it is not doing them any good and is a complete delusion.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Michigan.

Mr. DONDERO. What time is used in the States surrounding the District of

Columbia; for example, Maryland and Virginia?

Mr. O'HARA of Minnesota. Let me say to the gentleman that even in Maryland there are some adjoining counties to the city of Washington that have daylight-savings time and some that do not have daylight-savings time. Now, what the condition is in Virginia I do not know, but I know that that is a fact in Maryland.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Arkansas.

Mr. HARRIS. The testimony before the committee revealed that in Alexandria, Va., they do have daylight-savings time, and in Arlington they do have daylight-savings time; and in Richmond, Norfolk, Bristol, and a number of counties.

Mr. O'HARA of Minnesota. I see the gentleman from Virginia here. He can probably answer that question.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. O'HARA of Minnesota. Mr. Chairman, I yield myself two additional minutes.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. I might say for the Virginia communities that the only reason they went to daylight-savings time was on account of the fact that the District of Columbia had put in daylight-savings time. We do not have a daylight-savings law in Virginia.

Mr. O'HARA of Minnesota. It just shows what one bad apple does in the barrel.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. REES. Am I correct in stating that the question of daylight-savings time came up during the war period, and it was suggested we ought to have it in order to save electrical energy? Was not that the idea?

Mr. O'HARA of Minnesota. Yes; and nobody ever showed that we saved a kilowatt.

Mr. REES. That is right; we did not save anything. Now they want to continue this wartime thing year after year.

Mr. O'HARA of Minnesota. Yes; even though a majority do not want it.

Mr. REES. This would be a good time to get rid of it.

Mr. HUBER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from Ohio.

Mr. HUBER. Does the gentleman feel that the majority of the citizens of the District of Columbia are opposed to daylight-saving time?

Mr. O'HARA of Minnesota. I honestly do.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, it may be said that upon this occasion I am talking out of turn because I am trying to talk as a countryman. I wish more people in the great cities of this country

had a conception of what daylight-saving does out in the farm areas. It should be remembered that whenever a great city goes on daylight saving a large area, extending 40 or 50, perhaps 60, miles away from the city, is compelled to go on daylight saving also, always against its will, the reason being this: When the city goes on daylight saving, the markets of the city must conform, which means that goods sent to market from the farms must leave the farms an hour earlier. This applies especially to the dairy business. When a city goes on daylight saving the telegraph companies must go on daylight saving, and their service over the country is on a daylight-saving basis. It is the same with the telephones, and the same with truck transportation. Indeed, the people in the country are helpless to a large degree and are compelled against their will—and I venture to say to you that they hate it—to go on daylight saving.

Perhaps the city folks here present will let me describe what happens on the dairy farms, and the dairy farms are not the only ones affected. Any general-purpose farm is affected in the same way. The dairy farmer must milk his cows early enough in the morning to load the milk on a truck to go to the city, to his processing plant in the city. Normally, on "sun time" the dairy farmer gets up at 5 o'clock or earlier in the morning the year around in order to get the milk chilled and ready and loaded in a truck to go to town. This means that only during the middle summer months, when the sun rises earlier, does the dairy farmer get up by daylight. For at least 7, perhaps 8 months in the year he gets up in the dark, even under "sun time." Then we come along with daylight saving and put the clock ahead a whole hour, and the dairy farmer gets up 12 months of the year in pitch darkness. That is what happens. I have seen it myself on a farm which I operate myself, and believe me, those people hate it.

The housewife has to get up an hour earlier to cook the breakfast for the men. Then when the milk is shipped and leaves the farm, around 6:30 or 7 in the morning daylight saving time, all work on that farm in the fields, if it is a harvest season, has to pause for at least an hour to wait until the dew gets off the grass. I have seen that happen time and time again and when 6 o'clock p. m. daylight saving time comes along, the idea is that the farm work should stop. It is then only 5 p. m. "sun time." Every farmer knows that in the last 2 or 2½ hours of daylight, according to "sun time," some of the most important work done on farms in the harvest season is done.

In other words, it imposes upon the farmers a definite hardship, from which he cannot escape when city folks insist on going on daylight saving time. City folks seldom, if ever, think of what it means. Most of them do not know where their food comes from or how it is produced. But I am portraying to you a practical problem. It does far more harm than good.

So when you are legislating for the District of Columbia do not get the idea that you are legislating solely for people

of the District. You are not. You are imposing your will upon thousands of hard-working people out on the land and compelling them to do something which is utterly against their inclinations and against their actual needs.

Mr. CHAIRMAN. I hope this bill will not pass.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRIS. Mr. Chairman, I yield myself 3 minutes.

Mr. CHAIRMAN, I hold the gentleman from New York in the highest esteem. We all recognize his ability and his sincerity, and the fact, too, that he is always exceedingly capable of presenting his position. He has just told the committee about what a tremendous hardship will be worked on the farmers because we may have daylight saving in the District of Columbia. I might say to the gentleman, and I do not say it with any boastful spirit on my part, that I have lived on a farm. I have milked cows, and I know something about what it means to get up early. I know something about the little-dairy business. If the gentleman has ever been around a dairy he knows that a dairyman cannot operate much if he has to wait until 5 o'clock in the morning to get out.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I am glad to yield to the gentleman.

Mr. WADSWORTH. May I say to the gentleman that I was most conservative in stating what time the farmer gets up.

Mr. HARRIS. The gentleman was most conservative.

Mr. WADSWORTH. Yes.

Mr. HARRIS. The dairyman in this business, and particularly if he is in business on a commercial scale, is up at 2 or 3 o'clock in the morning.

But, Mr. Chairman, there are no dairies in the District of Columbia. This is merely for the District of Columbia, and nowhere else.

Mr. WADSWORTH. Does the gentleman deny that the District of Columbia, in enacting such legislation, will not affect the farmers in Virginia?

Mr. HARRIS. It will affect the farmers of Virginia very little, and especially the dairymen. The gentleman knows, I am sure, and if he will investigate he will find out, that the milk which is delivered to the District of Columbia by the dairymen from Virginia and Maryland is milk which was milked the day before. It was brought to the sheds the day before. It is not milk which was milked that morning.

Mr. CHRISTOPHER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. CHRISTOPHER. Do you not think that the House perhaps ought to protect its record and try not only to legislate for the District of Columbia, but to set a good example for the rest of the country as well?

Mr. HARRIS. Of course, it is always appropriate, I believe, and highly desirable, too, for the House of Representatives to set a good example for the country. I do hope that we can do that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRIS. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Chairman, I think I can yield back about 1 minute of my time.

I would like to make this observation, that here is another opportunity that Congress has to relieve some of the confusion which has existed and which has been caused by daylight-saving time. That is certainly a misnomer. As other Members have said, it does not save any time, but it does add to the confusion. I think Congress has an opportunity at this time to vote not to have daylight-saving time and therefore set an example. In other words, as I said on another bill, too many people look to what we do here in Congress and try to emulate the action of Congress, despite the fact that, as one member of the committee who said he was in favor of this bill, stated that actually he is not in sympathy with it. In other words, let us vote for what we think is right this time and let us try to end the confusion that has been brought about by this law.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield.

Mr. O'HARA of Minnesota. I had overlooked one serious item of confusion, and that is the confusion of the railroads and airlines and buses and all forms of transportation, which confuses everybody all over the country when they come here and find that the interstate transportation operates under Federal direction.

Mr. JONES of Missouri. And on standard time.

Mr. O'HARA of Minnesota. And on standard time.

Mr. JONES of Missouri. Which does not conform to the time they see around hotels and in other public places.

Mr. O'HARA of Minnesota. That is right.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield.

Mr. GRANGER. It is certainly the consensus of opinion of the committee that the Congress should not set any bad examples. Is that true?

Mr. JONES of Missouri. I hope they will not set any bad examples.

Mr. GRANGER. The gentleman should remember that when this sales-tax matter comes up.

Mr. JONES of Missouri. I am afraid I cannot agree with the gentleman on that.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. JONES] has expired.

Mr. O'HARA of Minnesota. Mr. Chairman, I yield myself the remainder of the time.

In concluding my opposition to this bill, I should like to call attention to the fact of the terrific amount of confusion this daylight saving has brought about in the matter of transportation, which perhaps does not affect the Members of Congress, but certainly it affects everyone from our districts who comes here, and it affects the people who live in the District of Columbia. That is a very obvious fact. The railroads and airlines

and bus companies and all forms of interstate transportation operate upon standard time. Then we have the confusion which arises in the minds of our constituents, who come here and find when they get ready to take their plane or bus or train that they have gone to the depot ahead of time by one hour.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. REES. From what source does there come a demand for this legislation. Who in the world seems to want it? Who are they? We would like to know. The gentleman is familiar with the whole problem and has conducted hearings on the matter. Who are the people who are demanding this?

Mr. O'HARA of Minnesota. I do not know of any who have demanded it. I think perhaps the Commissioners rather reluctantly brought this bill up, and the gentleman from Arkansas [Mr. HARRIS] being a kindly and courteous gentleman, has brought it up today.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. BROWN of Ohio. Of course, if we advance the clocks in the District by 1 hour, and they are not advanced in our home districts, then we will be thrown out of balance that much farther with the people back home who are trying to get us by telephone in regard to some important public business.

Mr. O'HARA of Minnesota. The gentleman agrees with me completely.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. NICHOLSON. But we get one more hour of sunshine, and I think most of us need a little bit more.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from New York, the author of the bill that is before the District Committee [Mr. KLEIN], to conclude the debate.

DEBATE POINTS UP HOME RULE NEED

Mr. KLEIN. Mr. Chairman, it seems to me that the debate that is going on here points up the great need for home rule, or some type of self-government for the people of the District of Columbia. Mr. Chairman, I do not impugn the motives of any Member in his views on this matter. I am trying to look at it from the standpoint of the majority of the people here in the District of Columbia. It seems to me that what many of you are doing is to inflict your own views or the views of your constituents on the people of the District of Columbia.

I should like to answer the question raised by the gentleman from Kansas [Mr. REES] as to who is in favor of this bill. I think it might be easier to tell you who is opposed to the bill.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. REES. I am just wondering how different folks look at it, folks in the laboring group—

Mr. KLEIN. Yes; it might make a difference to some.

Mr. REES. I know certain groups expressed themselves in their appear-

ance before other committees of the Congress on this subject as well as others. I am just wondering if there were home rule here in the District of Columbia whether the people in the District and in the city of Washington, generally speaking across the board would support this legislation when they realize as has been suggested here the inconveniences that come about in the fields of transportation and communication by reason of this tinkering with time.

Mr. KLEIN. I wish the gentleman would not take up any more of my time. I appreciate his position and his views. Every organization I know of is for this bill; I do not know any organization which is opposed. The board of trade, which represents the business interests in the District, is for it; the District Commissioners are for it; the labor unions are for it; the Government employees are for it.

I do not know of anybody against it.

Yet the gentleman from New York [Mr. WADSWORTH], who is a fine man and is honest and consistent in his views, and the gentleman from Minnesota [Mr. O'HARA] are in this instance arguing in a most inconsistent manner.

They are saying that the people of the District of Columbia should not be permitted to impose their views and their likes and dislikes on the people of other States, with which I can agree; but they mean just the opposite. The gentlemen are actually proposing that the people of Minnesota, or of Kansas, or of any other far-away State, should be allowed to dictate to the people of the District of Columbia.

Most emphatically I repeat that I agree with them fully that the people in each State should determine for themselves, under their own laws, the kind of time—fast, standard, or even slow—under which they wish to work and live; but by the same token the people of the District of Columbia should be able to express their desire for daylight-saving time, and through us as their city council to make those views effective when it appears that a majority here want daylight-saving time.

The argument the gentlemen are making is the best argument I can think of for not prejudicing the people of the District of Columbia in the kind of time they want.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. O'HARA of Minnesota. The gentleman asks who is against the bill. I refer the gentleman to the testimony of a witness from the Bureau of Engraving and Printing where they have some 9,000 Government employees. He said that at least 90 percent of that group of Government employees were opposed to the bill.

Mr. KLEIN. I did not know that. Now, will the gentleman tell me if there were others against the proposal?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. HARRIS. A witness by the name of Mr. William H. Hund from the Bureau of Engraving and Printing appeared before the committee and said that 90 per-

cent of their group down at the Bureau of Engraving and Printing was opposed to the bill; but a Mrs. Harriet French who is legislative chairman for the entire Federal workers—

Mr. O'HARA of Minnesota. For the recreation group.

Mr. HARRIS. An organization of District Government employees, said the Government workers were for the bill.

Mr. O'HARA of Minnesota. She was speaking for the recreation employees. She said 90 percent of them were for it.

Mr. KLEIN. Mr. Chairman, I should like to make my point, if I may be permitted to.

It may be that some small groups are opposed to the bill, but the great majority of business people in the District, and of people who live here, people who work in the District, are in favor of this bill.

The gentleman speaks of inconvenience in the matter of transportation and communication, on the grounds that were this bill passed District time would be faster than his time back home. I can tell him of just the reverse of that in my own case. When I am in New York over the week end, if I come back by plane, the ordinary plane takes a little more than an hour to get here, but if the plane is unusually fast I would find myself arriving in Washington before I left New York City. That is very confusing.

Mr. O'HARA of Minnesota. The gentleman is for the bill because they have daylight saving time in New York.

Mr. KLEIN. And it has worked out very well; yes. But my reason for being for the bill is the same as my reason for being for anything else for the District of Columbia; and that is, if a majority of the people of the District want it, then I am for it.

Mr. BROWN of Ohio. I wonder if we could not settle the whole controversy without difficulty by just declaring a 6 months' vacation so that no one will work at all other than employees of the recreation department.

Mr. KLEIN. If the people want it, I am for it.

The CHAIRMAN. The time of the gentleman from New York has expired.

All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Board of Commissioners of the District of Columbia is authorized to advance the standard time applicable to the District 1 hour for a period of each year commencing not earlier than the last Sunday of April and ending not later than the last Sunday of September. Any such time established by the Commissioners under the authority of this act shall, during the period of the year for which it is applicable, be the standard time for the District of Columbia.

With the following committee amendment:

Page 1, strike out lines 3 to 7, inclusive, and insert the following: "That the Board of Commissioners of the District of Columbia is authorized to advance the standard time applicable to the District 1 hour for the period commencing not earlier than the last Sunday of April 1949 and ending not later than the last Sunday of September 1949."

The committee amendment was agreed to.

Mr. HARRIS. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. McCORMACK, having resumed the chair, Mr. BOGGS of Louisiana, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 135) to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. HARRIS. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota) there were—ayes 80, noes 59.

Mr. O'HARA of Minnesota. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make a point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 223, nays 130, not voting 80, as follows:

[Roll No. 47]

YEAS—223

Abernethy	Chesney	Fogarty
Addonizio	Chiperfield	Forand
Albert	Coffey	Fugate
Allen, Calif.	Cole, Kans.	Fulton
Anderson, Calif.	Cole, N. Y.	Furcolo
Arends	Combs	Gamble
Aspinall	Corbett	Garmatz
Auchincloss	Cotton	Goodwin
Bailey	Crook	Gordon
Baring	Crosser	Gorski, III.
Barrett, Pa.	Dague	Gorski, N. Y.
Bates, Mass.	Davis, Wis.	Gossett
Beall	Deane	Granahan
Bennett, Mich.	Delaney	Green
Biemiller	Denton	Hagen
Blatnik	Dollinger	Hall
Boggs, La.	Donohue	Leonard W.
Boiling	Doughton	Halleck
Bolton, Md.	Douglas	Hardy
Bolton, Ohio	Doyle	Harris
Bramblett	Durham	Hays, Ark.
Breen	Eaton	Hays, Ohio
Brown, Ga.	Eberharter	Hebert
Bryson	Elliott	Hedrick
Buchanan	Ellsworth	Heffernan
Buckley, Ill.	Elston	Heller
Burke	Engel, Mich.	Heislong
Burnside	Engle, Calif.	Hertzer
Burton	Evins	Hesselton
Byrnes, Wis.	Fallon	Hinshaw
Carlyle	Feighan	Holifield
Carroll	Fenton	Holmes
Case, N. J.	Fernandez	Hope
Case, S. Dak.	Fisher	Horan
Chatham	Flood	Howell

Huber	Mahon	Rogers, Mass.	Norton	Richards	Weichel
Irving	Marcantonio	Rooney	O'Brien, Mich.	Riehman	Werdel
Jackson, Calif.	Marsalis	Sadlak	O'Toole	St. George	Whitaker
Jackson, Wash.	Martin, Mass.	Sadowski	Patman	Scott, Hardie	White, Calif.
Jacobs	Miller, Calif.	Sasscer	Pfeifer	Smith, Ohio	White, Idaho
James	Mills	Scott,	Joseph L.	Somers	Wolcott
Javits	Mitchell	Hugh D., Jr.	Pfeifer,	Stanley	Woodruff
Jones, N. C.	Monroney	Scudder	William L.	Stefan	Young
Judd	Morgan	Secret	Plumley	Taber	Zablocki
Karst	Multer	Sheppard	Powell	Taylor	Quinn
Karsten	Nelson	Simpson, Pa.	Thomas, N. J.		
Kean	Nicholson	Sims			
Kearney	Nixon	Snathers			
Kearns	O'Brien, Ill.	Staggers			
Keating	O'Hara, Ill.	Steed			
Kee	O'Neill	Stigler			
Kelley	O'Sullivan	Stockman			
Kennedy	Pace	Tollefson			
Kilburn	Patten	Towe			
Kilday	Patterson	Underwood			
King	Perkins	Wagner			
Kirwan	Peterson	Walsh			
Klein	Philbin	Welch, Mo.			
Kruse	Phillips, Tenn.	Whittington			
Kunkel	Poage	Wickersham			
Lane	Potter	Wier			
LeFevre	Poulson	Wigglesworth			
Lind	Price	Rhodes			
Lucas	Friest	Wilson, Okla.			
Lyle	Rabaut	Wilson, Tex.			
Lynch	Ramsay	Wolverton			
McCarthy	Redden	Woodhouse			
McConnell	Reed, Ill.	Worley			
McCormack	Regan	Yates			
McDonough	Rhodes				
McGuire	Ribicoff				
McKinnon	Rich				
McMillen, Ill.	Rivers				
Mack, Ill.	Rodino				
Madden	Rogers, Fla.				

NAYS—130

Abbitt	Gary	Murray, Wis.			
Allen, Ill.	Gathings	Norblad			
Allen, La.	Gavin	O'Hara, Minn.			
Andersen,	Gillette	O'Konski			
H. Carl	Golden	Passman			
Andresen,	Granger	Phillips, Calif.			
August H.	Grant	Pickett			
Andrews	Gregory	Polk			
Angell	Gross	Preston			
Barden	Gwynn	Rains			
Barrett, Wyo.	Hall	Rankin			
Bates, Ky.	Edwin Arthur	Reed, N. Y.			
Beckworth	Hare	Rees			
Bennett, Fla.	Harvey	Sabath			
Bishop	Havener	Sanborn			
Blackney	Hill	Scrivner			
Bonner	Hoeven	Shafer			
Boykin	Hull	Short			
Brehm	Jenkins	Sikes			
Brooks	Jennings	Simpson, Ill.			
Brown, Ohio	Jones, Ala.	Smith, Kans.			
Burdick	Jones, Mo.	Smith, Va.			
Camp	Keefe	Smith, Wis.			
Cannon	Larcade	Spence			
Carnahan	LeCompte	Tackett			
Cavalcante	Leffel	Talle			
Christopher	Lesinski	Thomas, Tex.			
Church	Love	Trimble			
Clevenger	McCulloch	Van Zandt			
Colmer	McGregor	Velde			
Cooley	McMillan, S. C.	Vinson			
Cooper	Mack, Wash.	Vorys			
Cox	Crawford	Vursell			
Curtis	Cunningham	Wadsworth			
Davis, Ga.	Curtis	Welch, Calif.			
DeGraffenreid	D'Ewart	Marshall			
D'Ewart	Dolliver	Mason			
Dondero	Dondero	Whitten			
Fellows	Ford	Williams			
Ford	Frazier	Michener			
Miles	Frazier	Willis			
Miller, Md.	Gordon	Wilson, Ind.			
Morris	Hill	Winstead			
Moulder	Hobbs	Wood			
Murdock	Hoffman, Ill.				
Murray, Tenn.	Hoffman, Mich.				

NOT VOTING—80

Battle	Dawson	Kerr			
Bentsen	Dingell	Lanham			
Bland	Gilmer	Latham			
Boggs, Del.	Gore	Lichtenwalter			
Bosone	Hale	Linehan			
Buckley, N. Y.	Hand	Lodge			
Bulwinkle	Harden	McGrath			
Burleson	Harrison	McSweeney			
Byrne, N. Y.	Hart	Macy			
Canfield	Hobbs	Martin, Iowa			
Celler	Hoffman, Ill.	Merrow			
Chudoff	Hoffman, Mich.	Miller, Nebr.			
Clemente	Jenison	Morrison			
Coudert	Jensen	Morton			
Davenport	Johnson	Murphy			
Davies, N. Y.	Jonas	Noland			
Davis, Tenn.	Keogh	Norrell			

Norton	Riehman	Weichel
O'Brien, Mich.	St. George	Werdel
O'Toole	Scott, Hardie	Whitaker
Patman	Smith, Ohio	White, Calif.
Pfeifer	Somers	White, Idaho
Joseph L.	Stanley	Wolcott
Pfeifer,	William L.	Woodruff
William L.	Stefan	Young
Plumley	Taber	Zablocki
Powell	Taylor	
Quinn	Thomas, N. J.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Morrison for, with Mr. Harrison against.

Mrs. Norton for, with Mr. Stanley against.

Mr. Gilmer for, with Mr. Stefan against.

Mr. Murphy for, with Mr. Miller of Nebraska against.

Mrs. Bosone for, with Mr. William L. Pfeifer against.

General pairs until further notice:

Mr. Hobbs with Mr. Canfield.

Mr. Battle with Mr. Plumley.

Mr. Powell with Mr. Macy.

Mr. Whitaker with Mr. Taber.

Mr. Young with Mr. Hardie Scott.

Mr. Noland with Mr. Hand.

Mr. White of California with Mr. Boggs of Delaware.

Mr. Hart with Mr. Lichtenwalter.

Mr. McGrath with Mr. Merrow.

Mr. Dingell with Mr. Morton.

Mr. Chudoff with Mr. Coudert.

Mr. McSweeney with Mr. Hoffman of Michigan.

Mr. Clemente with Mr. Jenison.

Mr. Quinn with Mr. Wolcott.

Mr. Burleson with Mr. Woodruff.

Mr. Davenport with Mrs. St. George.

Mr. Davies of New York with Mr. Riehman.

Mr. Dawson with Mr. Hoffman of Illinois.

Mr. Richards with Mr. Lodge.

Mr. Joseph L. Pfeifer with Mr. Latham.

Mr. Buckley of New York with Mr. Taylor.

Mr. Byrne of New York with Mr. Jonas.

Mr. Keogh with Mr. Hale.

Mr. Cellier with Mr. Harden.

Mr. Lanham with Mr. Weichel.

Mr. BROOKS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

AMENDING THE ECONOMIC COOPERATION ACT OF 1948

Mr. COX, from the Committee on Rules, reported the following privileged resolution (H. Res. 169, Rept. No. 328), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

COMMITTEE ON RULES

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$307.67, but I ask that it be printed notwithstanding that fact.

The SPEAKER pro tempore. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an article by Dr. Stewart.

Mr. GOLDEN asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. KARSTEN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ROONEY asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

ADDITIONAL REVENUE FOR THE DISTRICT OF COLUMBIA

Mr. McMILLAN of South Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3704) to provide additional revenue for the District of Columbia; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. BATES] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from South Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3704, with Mr. BOGGS of Louisiana in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, we bring you again today a revised revenue measure for the District of Columbia. You will recall that we brought you a measure 2 weeks ago which was defeated in the House on a roll call by 10

votes. Endeavoring to conform to the necessities of the case and to the wishes of the House, we have revised that bill and added some other features, and we brought you here today a bill which we believe is a fair compromise of differences that existed on the floor and we very much hope that the House will adopt this new bill.

I should like to explain briefly the differences between this bill and the bill we had up week before last.

Under the old bill, all items under 14 cents were exempted, and they are still exempt under this bill. All items from 51 cents under the old bill up to a dollar carried a 2-cent tax. We have changed that, and the 2 cents tax now goes on under the new bill only at 63 cents. The 3-cent tax would go on at \$1.13, and so on.

We have incorporated a different method of collection of the sales tax. Instead of requiring the assessors and the merchants to keep accurate records of every sale, we have imposed this tax upon the gross sales of the merchant. This is calculated to save a great deal in the administration of the act and the cost of collection.

We have kept in the new bill all of the amendments that were adopted on the floor of the House 2 weeks ago to the other bill; that is, all those exemptions and changes that were made on the floor are incorporated in this bill. We have added a title which increases the liquor license tax in the District of Columbia by 50 percent in all instances.

We have brought in a raise in the real estate tax for the District of 15 cents on the \$100, and in that connection let me say that the present rate is \$2. Up until 2 years ago the rate was \$1.75. The rate was raised from \$1.75 to \$2, and there was a reassessment made, which resulted in an over-all increase in the amount of the tax on real estate of 32 or 33 percent. By raising it 15 cents more, the net result is that in the past 2 years the tax on real estate in the District of Columbia will, if this bill is passed, have been increased by over 40 percent, which this committee thought was as much increase as they ought to be called upon to bear.

We have made some changes in the income-tax law. This has been a matter of a great deal of controversy because of the fact that a great many Federal employees who live here are domiciled in the States of their nativity. Putting on the sales tax, we have thought it was fair to raise the exemption under the income tax to the point where the lower income tax group would not be touched by the revised income tax. We have revised, however, the definition of residence so that every person resident in the District for the 7 months preceding the first of the year will be subject to an income tax but will not be subject to the income tax except on that portion of his income which is in excess of \$4,000. In addition to his exemption of \$4,000 he will have the usual dependency exemptions and expense exemptions.

As I had occasion to state on the floor of the House 2 weeks ago, this sales-tax bill has been very generally approved and

endorsed by the people of the District, particularly by the organizations here. I should like to repeat the organizations that have in the hearings endorsed the sales tax: the Washington Board of Trade; the Washington Taxpayers' Association; the Fiscal Relations Committee of the Federation of Citizens' Associations, through both the chairman and the vice chairman of that committee, which means that this federation representing all the citizens' associations of the District of Columbia, has endorsed this tax bill, and they are the people who have to pay it; the Junior Chamber of Commerce; and the Washington Building Congress. We also received testimony favoring the sales tax from the Home Builders' Association of Metropolitan Washington, the Washington Real Estate Board and the Federation of Women's Clubs in the District of Columbia.

Mr. Chairman, I am sorry that my time is limited, but I hope to have time under the 5-minute rule to answer any questions that may be asked of me.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, I am sorry I have to disagree with the distinguished gentleman from Virginia on this matter. I hope I may have the attention of the members of the committee, because I think we need to be told what the score is in relation to this bill. I wonder if the gentleman from Massachusetts is going to give me 5 minutes additional time?

Mr. BATES of Massachusetts. Later on, I might be able to do so, but I am trying to divide the time on this side.

Mr. GRANGER. I wish the gentleman would give me 5 minutes.

Mr. BATES of Massachusetts. The gentleman has 10 minutes already; I think he should dispose of that time, first, before we take time from somebody else.

Mr. GRANGER. Mr. Chairman, we are discussing a very important piece of legislation. We are trying to find money to raise \$18,000,000 of additional revenue. You have not been told how that has come about. That is why I want to have five extra minutes.

Following this bill you are going to have a pay increase bill which calls for an increase in salaries of firemen, policemen, and teachers up to \$330 a year. On top of that, that increase is going to be made retroactive. It will place into this bill the whole burden of paying for these salary increases. Instead of being \$330, actually for this fiscal year it is going to be \$660. If we pass this increase and make it retroactive, it will mean we will have to raise nearly \$6,000,000 of additional revenue. If we do not do that and only make the increase for this next fiscal year, it will mean that the deficit which we are trying to provide for would be reduced to \$12,000,000, instead of \$18,000,000. That is the situation which confronts us. I believe these people are entitled to a raise, and I voted to bring it out of the committee and to make it retroactive.

I think it is the responsibility of the opponents of the sales tax to raise reve-

nue so that this can be done. We have done that. You will have passed among you an amendment which I propose to offer as a substitute for the Smith bill. It will raise the revenue so that we will have money to spare at the beginning of the next fiscal year.

Let us consider the property tax first, about which there has been so much discussion, as to whether it is fair or not. There is no particular reason to live in the District of Columbia, except for the fact that this is the seat of government. The economy has been built around the District of Columbia because we have the government here. That is an important thing to remember. Furthermore, the whole pay roll of the Federal Government is here and it is dumped into the channels of trade at the rate of \$5,000,000, every month of every year.

Would you not like to live in a city that had that great possibility for revenue? There is no other city in the land that has that opportunity. How would you like to live in a city where one single taxpayer would come up on July 1 and pay into the Treasury \$12,000,000 to defray the expenses of government.

There is no other city in the United States that has that privilege. So there is an advantage over every other city in the country to owning property in the District of Columbia. Therefore, they should not only pay what every other city in the land pays, but they should be compelled to pay a premium. Why? We are talking about the rate of pay. The rate of pay on the assessed valuation of property of the taxpayers is well below that of any other city of comparable size. They even refuse to pay that minimum.

Let me show you what other benefits they have. Let us compare Washington with comparable cities. Here is Baltimore, with a higher rate than is paid in the District of Columbia. In addition to that, to operate their city they have a debt of \$164,500,000 of deferred payments. Boston has \$129,700,000; Buffalo, \$65,000,000; Cleveland, \$95,700,000; Milwaukee, \$6,600,000; Pittsburgh, \$47,600,000; St. Louis, \$44,300,000; San Francisco, \$117,000,000. The great city of New York, and cities of that size, are carrying a deficit of a billion dollars; and yet the people of Washington are not willing to pay their fair share of this tax. Why? Because they are running on a budget where they pay the whole cost every year. If these other cities had to do that they would double their rates over what is paid in the District of Columbia.

Now, that is what all this noise is about today. In the amendment I will offer I am proposing to raise the rate of 2 percent to 2½ percent on the assessed valuation of the property in the District of Columbia, which will increase the revenue almost \$8,000,000.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. CRAWFORD. In looking over the gentleman's amendment, I have in my hand a sheet showing the revenue receipts in the District of Columbia—alcohol beverages. It shows the amount of revenue stamps purchased by each of the

10 or 15 distributors in this area in a given year, covering 3,965,000 gallons of liquor, 725,000 gallons of wine, 588,000 gallons of beer. Then this sheet also shows the approximate net profit on all those transactions. It also shows that some of these licenses are valued as high as \$150,000, just for the license, if you want to transfer it. It runs from \$60,000 up to \$150,000. So that seems to be a pretty profitable situation. I would prefer the gentleman's amendment to a sales tax for this area.

Mr. GRANGER. Now let us take the other means of raising revenue. This committee has been telling you "Oh, we are for an income tax as a means of raising revenue. We have explored every other avenue of raising revenue and cannot find it." Do you not know that you spend more money for liquor in Washington, D. C., than you do for milk? You spend five times as much for liquor as you do for education. What tax do you pay on it? On hard liquor you pay 50 cents a gallon. What is the national average on that? \$1.42 a gallon. Now, let us see what Arkansas charges on liquor. The State of Arkansas charges \$2.52 a gallon on hard liquor. Tennessee, \$2 a gallon. All States adjacent to it are away above the rates charged by the District of Columbia. What is happening here? People as far away as the State of Pennsylvania are coming down here to buy liquor because it is cheap.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. GRANGER. Mr. Chairman, will the gentleman from Massachusetts yield me some time?

Mr. BATES of Massachusetts. Mr. Chairman, I yield the gentleman from Utah five additional minutes.

Mr. GRANGER. I thank the gentleman.

Mr. Chairman, this is the place to get revenue. We are not talking about peanuts here. In this new bill they raise the cost of the license on the dealers in the District of Columbia. What will it mean? It will mean that it will put a lot of small dealers out of business and make a clean-cut monopoly out of it for a few big dealers like the large hotels. That is the difference between the two bills. The revenue is here if we have a mind to go out and get it. As I propose in my amendment, all wine would be taxed. There never has been a tax on wine that had an alcoholic content less than 14 percent; I propose to levy a 10-cent tax on that and to increase the tax on other wine from 10 cents to 20 cents. I also propose to increase the tax on hard liquor from 50 cents to \$1 per gallon. This would still make liquor in the District of Columbia cheaper than it is in Maryland, about on a par with what it is in the State of Virginia, and much cheaper than it is in many other parts of the country. Here is the place to get some revenue. Some people ask: Why not tax these lobbyists we have around here. This is the place to tax the lobbyists, for then when they give these big cocktail parties we will know that when they serve the liquor they are paying some of the taxes to help the District of Columbia. This is the best way to get at them.

The income tax, another part of this bill, is the same as it was before. This will raise an additional \$5,000,000. So you have under my proposal, taxes to which no one can object too much and under it we can raise \$15,000,000; or enough to balance the budget and give the District a decent kind of tax without resorting to the tax of last resort—the sales tax. I hope the committee will give careful consideration to my substitute bill. It is an important bill. It is a bad example for this Congress to set for the Capital City of the Nation to put into effect a sales tax which in anybody's language is a bad tax. It strikes at the poor more than anyone else; and, frankly, everything in the Smith bill is against the little fellow.

This is not my idea alone; the distinguished gentleman from Virginia offered this amendment about which I am talking, but he said the liquor boys did not want it, so he threw it away; of course, they do not want it.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. SMITH of Virginia. I am sure the gentleman wants to be accurate. Nobody, of course, wants these taxes.

Mr. GRANGER. That is right.

Mr. SMITH of Virginia. That is the difficulty I found; but it was not determined by the liquor people; it was determined by the committee of which the gentleman is a member. The committee decided not to report that bill out but did report out the substitute in this bill of an increase of one-half of the cost of the liquor license.

Mr. GRANGER. As I understand, there were no hearings on the gentleman's bill. It was offered but not pressed because as he said to me the liquor people did not want it, the Alcohol Control Board did not want it, and the committee did not want it.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. SMITH of Virginia. The gentleman is mistaken about that, and I am sure he does not intend to be. We did hold hearings in the joint committee of the Senate and House, and the subcommittee was favorable to it. The full committee was not favorable to it, so the matter was abandoned and we provided instead this increase of one-half in the cost of the liquor license.

Mr. TOWE. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from New Jersey.

Mr. TOWE. How much additional revenue would come from the liquor tax as a result of the gentleman's proposal?

Mr. GRANGER. Under my proposal the best estimate I could get is that there would be an increase of a little better than \$2,000,000. Still it would be the lowest priced liquor in the whole country.

Mr. O'SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from Nebraska.

Mr. O'SULLIVAN. These three pages I have constitute the gentleman's bill?

Mr. GRANGER. Yes, but it is not half as complicated as the number of pages would indicate. The matter of the taxes and the stamps has already been approved and that part of it was written by the Bureau of Internal Revenue. So there would not be any mix-up on the stamps.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Chairman, may I make the observation that in Missouri as well as in some 29 other States there is a sales tax which is paid by all of the people. The revenue from the tax is used to help support all of our State institutions and particularly the schools in the State of Missouri.

I cannot see how any Representative coming from a State whose constituents pay a sales tax in their own States can vote against a similar tax being imposed upon the residents of the District of Columbia, thereby permitting them to participate in the cost of their government. On the other hand, if we vote against this sales tax we will be making it imperative probably for the Congress to increase the Federal contribution to the District of Columbia, which I think would be very unfair to the constituents of our own States who now pay the tax we are seeking to impose upon the people of the District of Columbia. That is one of the main reasons why a sales tax is fair and why the Congress should support the pending bill at the present time.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BATES of Massachusetts. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this is an annual event in the Congress of the United States in connection with the consideration of a revenue bill for the District of Columbia. It is repetitious of that which is going on in every city and town in the United States, except that in the other cities and towns, the question of taxes is determined by the city and town governments in their respective city and town throughout the country. Under the Constitution of the United States, the legislative authority for the government of the District of Columbia is vested in the Congress of the United States. Every power that the District of Columbia government has, is a power given to it by the Congress. The power to levy taxes is a power given to the District by the Congress. Today, we are considering the question not only as to how much money the government of the District must have to run the District, as originally submitted to the Congress by the Commissioners who are the administrative officers of the District, but also the question as to how we should raise the money with which to carry on the affairs of the District of Columbia.

We have been told that the budget of the District of Columbia as submitted to Congress in the early part of the year was an austerity budget. There were no provisions in the budget for additional school buildings; for the expanding and shifting school population; to extend the necessary services of the District to adequately

care for the indigents. In addition to the austerity budget, or what we might well consider to be the current administrative cost of the District, we are face to face with a situation that is unparalleled, I believe, not only by the District, but any other city of its size in the United States. We are faced with a situation, whereby the Federal employees only a year ago received what was then called a cost-of-living increase, and always, it has been the practice of the Congress that when the Federal civil employees received an increase in wages or salaries that employees of the District were given increases of a similar nature. In addition to that, the firemen, the policemen, and the teachers are to be given consideration along the same line. The Federal employees received their increase in wages. They have already been paid. A year ago, the House passed a bill authorizing a \$330 increase for the District employees, and also an increase for the firemen, policemen, and teachers. But, there was a condition attached to the legislation coming through the House that such payment of cost-of-living increase should only be paid if additional revenue was approved by the Congress and approved by the President. No new revenue bill was approved, and the sources of revenue then available and now available, are inadequate to meet the changes in the budget requirements which today, because the \$8,000,000 in the ordinary maintenance cost of the government, according to the budget, together with the \$5,000,000 more needed to increase the salaries of teachers, firemen, and policemen and all other civil employees for the year 1950, starting July 1st, and then the \$5,000,000 more to take care of the retroactive features of the pay increase for the fiscal year that we are now in, makes a total deficiency of approximately \$18,000,000.

Now, ladies and gentlemen, we have got to use common sense about this situation. The destiny of the employees in the administration of the city itself in this respect is in the hands of the Members of Congress, and whatever we do here today depends entirely on whether or not the necessary revenue sufficient will be raised to take care of those needs and whether or not the 18,000 employees who rightly may expect an increase, a cost-of-living increase, in their salaries and wages, shall receive the same.

I just want to take a few moments to get this story before the Members of the House. I want to say that this is my thirteenth year on the Committee on the District of Columbia. Every year of that 13 I have been a member of the fiscal committee. Ten years ago, I participated in the revision of the revenue and tax bill of the District as the result of the Pond report. The question before us today of a sales tax which has been mentioned on so many occasions and which is an important issue, has been a matter that we have considered down through a period of the last 10 years. May I restate what I stated only 2 weeks ago on the floor of the House about the Pond report—Mr. Pond being an expert in the field of municipal taxation, made a report 10 years ago in his study of the local District finances that we ought to adopt a combination of income and sales tax

exempting those who had net incomes of less than \$14,000 and then applying the so-called 2-percent sales tax. I very vigorously opposed it at that time, and we did defeat the sales-tax provision of the Pond report.

We also included an income-tax provision, the first income-tax provision in the revenue laws of the District ever enacted into law. That was under an amendment I offered on the floor of the House 10 years ago, and it has been one of the basic revenue sources from that time to the present.

We have consistently from that time to the present been attempting to broaden the income-tax law that would make all residents here pay an income tax if they did not pay it in another tax jurisdiction. In other words, coming from Massachusetts, where we have an income-tax law, if I perchance should be a resident here engaged in the Government over a period of many years and I paid an income tax in the State of Massachusetts, the amount I paid in the State of Massachusetts would be deducted from the amount I would be assessed in the District of Columbia. That is under what we call the reciprocal arrangements that are made between the various States of the Union that assess an income tax. But the Members of Congress every year—since 1939—that have attempted to broaden that income tax have defeated it on the ground that the people coming from other States who claim domicile in those States, even though they may live here continuously for 10, 20, or 30 years, should not be compelled to pay an income tax in the District of Columbia if they do not pay anywhere else.

We have a situation in the District of Columbia today where approximately 250,000 people, who pay a Federal income tax, give the District of Columbia as their residence, yet when we consider the number that pay a local income tax, out of the 250,000 that pay the Federal income tax, we find that just a little over 80,000 people who claim residence in the District pay a local income tax. It is because of our inability to get the income tax broadened over a period of years that we are here today face to face with this situation which I believe is unparalleled. We are face to face with a situation where the most basic of all taxes, in my opinion, the income tax, cannot be broadened because of the action of Congress, and we are forced thereby to turn to another source, a major source of income, namely the sales tax, in order to meet the requirements of the District budget.

Of course, the property tax is the most basic of all taxes in any community. It has been so from the beginning of time. I realize that I have said on many occasions that the property tax here in the District over a period of years has been, in my opinion, extremely low. However, when I became chairman of the subcommittee of the Committee on the District of Columbia 2 years ago, for the first time in that 10-year period, I had an opportunity to correct, at least in part, that situation that I believe should be cured, by increasing the tax rate from \$1.75 to \$2 per \$100. At the same time, the Dis-

trict assessors increased property values all over the District on an average of about 18 percent, and the rise in the tax load that resulted from the increase in the tax rate and the assessment averaged about 30 percent over the tax bill of the preceding year. It has been said, and it has been so incorporated in the bill that my friend, the gentleman from Utah [Mr. GRANGER] has filed, that we ought to increase the property taxes here to \$2.50 per \$100, instead of the present rate of \$2 per \$100. Let me show the Members of the House what effect that will have on the real property taxpayers of the District of Columbia. Let us take the 1947 figure, when properties were assessed at the subnormal rate, or low rate, of \$1.75 per \$100. Let us consider a house that was assessed at \$10,000 at that rate of \$1.75 per \$100. In the fiscal year 1948, the owner of that property paid \$175 in taxes. As a result of the jacking up of the tax rate the following year to \$2 and an increase in the assessed valuation of that property to the extent of 20 percent, the assessment was brought up to \$12,000, and at the \$2 rate in 1949, the tax bill was \$240, as compared with \$175 the year before.

On the other hand, in our bill for this year we are increasing the tax rate 15 cents more per \$100, or making it \$2.15. On the basis of a \$12,000 assessed valuation, which is an increase of 20 percent, as I said a moment ago, the taxpayer on that real property in 1950 will pay a tax bill of \$258 as against \$175 in 1948, or an increase of 47.4 percent as compared with the tax bill that he paid only 2 years ago.

My friend, the gentleman from Utah [Mr. GRANGER] comes along and says that we ought to jack up the rate to \$2.50. On the basis of present assessments, if we apply the \$2.50 rate, the tax bill would be \$300 as against \$175 2 years ago, which is an increase of approximately 70 percent.

If that is so, it seems to me we ought to go pretty slow, so far as jacking up the rate is concerned on what we call the property tax in the District of Columbia. I think we have to give them a chance to adjust in the local situation. We have to take advantage of every other source of revenue that may be available from the standpoint of equity and fair dealing. Because the Congress refuses to broaden the income tax and thus rely on another major source of revenue to meet the requirements of this large budget, and also to meet the deficiencies which are a result of the increase in salaries and wages being paid to District employees, and as a result of salary increases, to meet the cost of living, we must take advantage of every source of revenue, but on a basis of equity and fair dealing.

Those are the principal features of the bill. I do not like the sales tax. As I have said on many occasions, every year for the past 10 years, I have opposed the sales tax. If the Members of Congress will give us a broader income-tax basis, it will in a substantial way meet the requirements of the District budget. But we have to go beyond that now. We are suggesting the other forms of taxation, which, while they will bring in a smaller

amount of money, as compared with the total amount that is necessary, they will be of great help.

We have given a great deal of thought and study to the tax structures of all the large cities of the country. We have come to the conclusion that from the standpoint of fairness and equity to the taxpayers of the District of Columbia we have to assume a tremendous burden and we are justified in recommending the only source of revenue remaining, in the light of the action of the Congress in refusing the income tax bill. We must rely on the sales tax, the liquor license tax, and other minor taxes that we have recommended in this bill. We feel that something has to be done. You will be given an opportunity today by the Granger amendment, by the Klein amendment, and by several other amendments that will be offered, to vote for a broadened income tax. But even if any one of these is adopted, that will not meet the situation, because with the broadened income tax, and to double the rates over the present rate, you will still have a deficit of \$6,700,000.

Mr. WELCH of California. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. WELCH of California. The gentleman served with distinction as mayor of his home city of Salem for a number of years. Will the gentleman tell the committee the present tax rate in the city of Salem?

Mr. BATES of Massachusetts. You mean the property tax?

Mr. WELCH of California. The tax rate on property.

Mr. BATES of Massachusetts. The tax rate in practically every city in the country is anywhere from \$25 to \$65 per thousand.

Mr. WELCH of California. That would be \$6 per thousand in Salem.

Mr. BATES of Massachusetts. Yes.

Mr. WELCH of California. What is the total tax rate on property in the District of Columbia?

Mr. BATES of Massachusetts. The total under the present rate is \$2 a hundred, but the assessed values are higher than in other places.

Mr. WELCH of California. Is there any reason why the District should not pay a comparative tax rate with that paid in the city of Salem, the city of Boston, the city of San Francisco, Chicago, Philadelphia, New York, or any other large city?

Mr. BATES of Massachusetts. I do not think it is a question of the tax rate—

Mr. WELCH of California. It is a question of the tax rate, based on assessed valuations.

Mr. BATES of Massachusetts. I will answer the gentleman if he will give me time. I do not think it is a question of the tax rate. It is the tax bill that the property owner has to pay. Here in the District of Columbia, it is my opinion that the assessed values of property are far higher than in large cities generally in the United States. In the gentleman's own city of San Francisco, according to information that I have received, and which he may verify himself, the assessed value there is only about 50 percent of

the actual, real sale value of property in the city of San Francisco. In the District of Columbia, with respect to business property, the assessment is about 77 percent of what we might call the real value in the open market; and in the case of apartment houses, it is about 74 percent.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. BATES of Massachusetts. Mr. Chairman, I yield myself five additional minutes.

Mr. WELCH of California. The gentleman made a mistake with reference to the tax rate and assessed valuations in San Francisco.

Mr. BATES of Massachusetts. Now, just a moment. I do not yield. I have consulted many people—in fact, the comptroller of the city of San Francisco last week informed me himself that the assessed value of property in the city of San Francisco has a ratio of about 50 percent of what we might call the real value in the open market.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. GRANGER. But you did not say that they had \$127,000,000 deferred taxes to be paid. That is what they have in San Francisco.

Mr. BATES of Massachusetts. Of course, the gentleman is speaking about a matter which is entirely extraneous to the subject we have before us today.

Mr. GRANGER. Oh, no.

Mr. BATES of Massachusetts. I well realize what the gentleman is speaking about in respect to the bonded indebtedness of those communities. I well realize that in the District of Columbia we have no bonded debt. We are on a pay-as-you-go policy. I further admit that if we borrowed money for the purpose of the budget, we would be saving only about \$7,000,000, because that is all the money that we take out of what we call the permanent revenue of the general fund to carry on permanent improvements.

Mr. GRANGER. Let us see if we do not agree on this point at least: We are trying to raise \$18,000,000 additional revenue; is that right?

Mr. BATES of Massachusetts. Yes.

Mr. GRANGER. And how much we need will depend, of course, on what we do with the salary increases.

Mr. BATES of Massachusetts. That is right.

Mr. GRANGER. If we increase salaries and make the increase retroactive to July 1, 1948, we shall need \$18,000,000 to balance the budget.

Mr. BATES of Massachusetts. Approximately.

Mr. GRANGER. And if we do not do that, if we make the salary raises from July 1, 1949, we shall need \$5,000,000 less.

Mr. BATES of Massachusetts. That is right.

Mr. GRANGER. Actually, then, what we are talking about would be in the neighborhood of \$12,000,000.

Mr. BATES of Massachusetts. That is right; but let me ask the gentleman a question: Was not the gentleman among

those who voted for the salary increase in the committee and to make them retroactive?

Mr. GRANGER. Yes.

Mr. BATES of Massachusetts. Then the gentleman will agree that the amount is not \$12,000,000, but \$17,000,000.

Mr. GRANGER. Not only did I vote for that but I made the motion to strike off the last clause that would make it mandatory that they do it.

Mr. BATES of Massachusetts. In other words, the gentleman wants to jack up the property tax which according to the figures of his own bill will be insufficient to meet the requirements of the District and will add about 70 percent to the tax bill of the property owners in the District of Columbia over the next 3 years.

Mr. GRANGER. The gentleman has not said anything about the whisky tax part of my amendment; I wish he would.

Mr. BATES of Massachusetts. If we included the whisky tax or the alcoholic beverage control tax, it would add only about \$2,000,000.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. GROSS. Did the gentleman give any consideration to making the sale of liquor in the District of Columbia a monopoly handled by the District?

Mr. BATES of Massachusetts. I may say to the gentleman that this is a revenue committee report. The question of making the liquor business in the District of Columbia a state institution is a matter for Congress to determine. We are recommending a revenue bill that has no bearing whatever on the control of the liquor business.

Mr. GROSS. But is it not true there is about \$15,000,000 to \$18,000,000 profit in the liquor business in Washington?

Mr. BATES of Massachusetts. But it is the Congress itself which set up the system under which liquor is sold in the District of Columbia. That is not a revenue measure as far as I can see.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. KLEIN. The gentleman has stated that if my bill, the income-tax bill, were enacted into law there would still be a deficit of about \$6,000,000 a year; is that correct?

Mr. BATES of Massachusetts. According to the budget officer of the District, if the bill of the gentleman and the several minority members of the District Committee were adopted, there would still be a shortage of \$6,747,000. It is the budget officer who says that.

Mr. KLEIN. That is correct. Now, I want to know from the ranking minority member of the Fiscal Affairs Subcommittee if this committee has given any consideration whatsoever to, call it my bill or call it the bill of any of the other six members who have introduced identical bills which would call for a real income tax in the District—has the gentleman's subcommittee given any consideration to the bills?

Mr. BATES of Massachusetts. We discussed income-tax legislation in the committee from every angle.

Mr. KLEIN. I am talking about my bill now.

Mr. BATES of Massachusetts. Every bill; because, after all—

Mr. KLEIN. Have hearings been held on it?

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. BATES of Massachusetts. Mr. Chairman, I yield myself three additional minutes.

Mr. Chairman, there is only one question involved, or at the most, two, between the gentleman's bill and the present income-tax law. The gentleman broadens the base. That is what we have been trying to do for 10 years. Second, the gentleman doubles the rate. That is the Klein bill.

Mr. KLEIN. That is correct.

Mr. BATES of Massachusetts. But, on the other hand, for 10 years we have been trying to do exactly the same thing but have not been able to get it by the House. What difference does it make whether we took up the Klein bill or any one of the several bills the minority members have filed? Should we enact any one of those bills we would still be short, according to the budget officer, \$6,700,000.

Mr. KLEIN. The gentleman knows his committee never had hearings on any of the bills, never did anything except to take the estimate of the budget officer on how much the bills would produce.

Mr. BATES of Massachusetts. That is the only kind of testimony that can be taken—estimates by experts in the field of municipal taxation.

Mr. KLEIN. That is why I say the gentlemen should have hearings on my bill. If he had hearings on my bill then probably we would get some information on what it would yield; and that is what we want—that information.

Mr. BATES of Massachusetts. According to the mimeograph notice the gentleman from Utah [Mr. GRANGER] sent out, you are going to develop \$15,000,000 from the so-called Klein-Granger income-tax proposal.

Mr. KLEIN. We hope to.

Mr. BATES of Massachusetts. Fifteen million dollars more than you collect under the present law. The budget officer said, however, it is only \$7,800,000 more. There is a difference of over \$7,000,000.

Mr. KLEIN. That is why we ought to have hearings, so that we can see how much can be raised.

Mr. BATES of Massachusetts. We have had hearings. We have discussed it in committee from many angles. The members who are on the committee today are precisely the same members who have been on the committee for the last 6 or 8 years. We have given every study to the income-tax proposal far above any other proposal we have ever had under consideration.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from California.

Mr. MILLER of California. Will the gentleman make clear that out of the

\$18,000,000 deficit \$5,000,000, or approximately \$5,000,000, of that amount is a nonrecurring amount. It will not be there next year. So that we are shooting at a point much higher than is necessary to shoot at in this particular bill.

Mr. BATES of Massachusetts. Of course, we do not speak about a situation 2 years hence. The gentleman is speaking about the retroactive features of the pay increase.

Mr. MILLER of California. That is right. I am talking about that.

Mr. BATES of Massachusetts. We know what we are dealing with today is what is called an austerity budget. We must develop the source of revenue to meet those requirements. Two years from now we will bring in something to fit the requirements of the administration at that time.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, we have heard a great deal about the new bill that has been brought in here, but shake it down as you will and speak about all the compromise you want, it is still a 2-percent sales-tax bill.

We have talked about changing its administration, we have gone into some of the technicalities of the matter, but when again you shake it down the 2-percent vicious, repressive sales tax still comes to the top. It is the cream on the milk.

I inserted in the RECORD during the last debate a weighted comparison of taxes between Washington and other major cities in its class in the United States. We find that Washington's weighted tax is still \$2 whereas most of the cities were far above that. Many of them were at least twice the amount assessed here in Washington.

We talk about having upped the property values 2 years ago. But for a period of 10 years every city in the country was adjusting its assessed valuation upward and revaluing its property taxes, while at the same time this city stood still. So we are going to forget the accumulated effect of tax rates in the other cities and start gaging Washington by what took place 2 years ago.

May I point out that there is not a city in the United States that I know of that assesses a 2-percent sales tax against its people. One or two have a 1-percent sales tax. In California I do not know of one that assesses more than one-half-percent sales tax. But in those cases—these cities—they have exhausted, and fully exhausted, every other means before they have gone to the sales tax. The States, for the most part, have deserved the revenues put on by a sales tax.

Personally, I find myself handicapped by lack of information. The original bill came to our committee and although I have the highest respect for the gentleman from Massachusetts and the gentlemen who have been on this committee for 10 years, nevertheless my responsi-

bility as a member of the Committee on the District of Columbia is something personal to me and I am not going to vote for a sales tax until I am satisfied in my own conscience it is indispensable.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. Mr. Chairman, the gentleman from Missouri [Mr. JONES] raised the question a short while ago about the amount of Federal contribution to the District. In 1925 it was agreed that a lump sum should be paid for the maintenance of the District for the great, large properties and services that the Federal Government controlled. It was \$9,000,000 in 1925. This year it is \$12,000,000, an increase of only \$3,000,000, and when one considers the tremendous increase in the value of property, and the value of the services, I certainly think it is not out of order to ask that the Federal Government's contribution to be increased by \$5,000,000 more.

When the gentleman from Virginia [Mr. SMITH] left the committee hall 2 weeks ago he said, "Let them find the money," meaning the six minority members of the committee, as well as those who voted against this bill. Now, we have not been given an opportunity to find the money. We were given a bill a few days ago, given about an hour to look at it, and then it was voted through by the same vote that it was voted through 2 weeks ago. We were not given an opportunity to show how we could have raised the money, and by bringing in this same bill again it invites defeat. I am sure the members of this committee will not be content to defeat a bill and then vote for a bill that resembles it a great deal 2 weeks later.

I introduced a bill today to repeal the act of 1878. I have taken it from the Kefauver bill which provides home rule. It will permit the District to borrow for capital developments.

In addition, the gentleman from Massachusetts talked about the tremendous increase in the property tax. If we are going to pay increases for the firemen, policemen and teachers, which bring additional services to the people of the District, they should expect to pay an increase in property tax if they are going to get better protection by the firemen and the policemen, and the children are going to be taught better. According to the figure of the Detroit study on the comparative tax rate of American cities in 1948, it shows in rank of population that Washington is 11th; in rank of assessed valuation it is 7th, and in the size of tax rates in the 20 largest cities, Washington is 18th. So, I do not shed the tears that other Members are shedding about the sad state that the District and the people are in.

Mr. HUBER. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY. I yield to the gentleman from Ohio.

Mr. HUBER. The gentleman from Missouri said that he could not see how any Member coming from a State which had a sales tax could oppose it for the

District of Columbia. I just want to make the observation that several States have a great many laws that we do not agree with, as, for instance, the State of Nevada, which legalizes overnight divorce, and gambling, and prostitution. We would not suggest we do that to the District of Columbia.

Mr. KENNEDY. I appreciate the contribution of the gentleman from Ohio.

Briefly, what we minority Members want is that this bill be recommitted, that all of us have an opportunity to join in writing a new bill. I am sure we can rely on the gentleman from Massachusetts [Mr. BATES], with his long experience, to help us, as he has been for an income tax for the last 10 years. So at the end of the 2 hours of general debate we are going to ask that the bill be recommitted for further study, and we hope the majority of the members of the committee take advantage of our advice and counsel in writing a new bill.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KENNEDY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Suppose the Congress of the United States wanted to consider passing a bill which would authorize the taking over of the sale of liquor in the District by the District government—from what committee would that bill come?

Mr. KENNEDY. I could not tell the gentleman at first hand. I would have to ask the Parliamentarian.

Mr. CRAWFORD. I am serious about this question, by reason of what the gentleman from Massachusetts [Mr. BATES] said a while ago. I should like to have anybody answer it who will. Would that bill come from the Committee on the District of Columbia or some other committee of the House?

Mr. SMITH of Virginia. It would come from the District Committee.

Mr. CRAWFORD. If I understood the gentleman from Massachusetts, he took the position with reference to the question raised by one of the Members that it was not up to that committee to make such a recommendation so the House could consider it. I should like to get this straightened out.

Mr. BATES of Massachusetts. We all know that all matters pertaining to the District must clear through the District Committee, but the report we are making today is the report of the revenue committee, the fiscal subcommittee of the Committee on the District of Columbia. That is what we are speaking for today. If the liquor-control system in the District is going to be changed, then the legislation must be considered by the full committee and then considered by the Congress, both the House and the Senate. This is entirely a revenue matter.

Mr. GROSS. That is not what the gentleman said a while ago. He said it would not come from the District Committee.

Mr. KEEFE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-three

Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 48]

Barden	Hobbs	Pfeiffer,
Battle	Hoffman, Mich.	William L.
Bland	Jenison	Powell
Boggs, Del.	Johnson	Richards
Bosone	Kerr	Riehman
Buckley, N. Y.	Lanham	St. George
Bulwinkle	Latham	Scott, Hardie
Byrne, N. Y.	Linchan	Smith, Ohio
Canfield	Lodge	Somers
Celler	McGrath	Stanley
Coudert	McKinnon	Stefan
Davenport	McSweeney	Stigler
Davies, N. Y.	Macy	Taber
Davis, Tenn.	Madden	Taylor
Dawson	Merrow	Thomas, N. J.
Dingell	Miller, Nebr.	Wichel
Durham	Morrison, La.	Werdel
Fellows	Morton	Whitaker
Forand	Norrell	White, Idaho
Gilmer	Norton	Wolcott
Gore	O'Brien, Mich.	Woodruff
Hand	O'Toole	Worley
Harden	Pfeifer,	Young
Harrison	Joseph L.	

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. BOGGS of Louisiana, 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. 3704, and finding itself without a quorum, he had directed the roll to be called, when 360 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER pro tempore. The Committee will resume its sitting.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, it is my hope, if the legislative program that I have in mind is put through between now and April 14, to take a 10-day recess starting the evening of April 14, and ending a week from the following Monday, April 25. I want to publicly state that the membership of the House has been very cooperative with me as majority leader, not only in this session, but during the 6 years plus that I was majority leader before. We, on the Democratic side, tried to cooperate with the Republican leadership in the last Congress. The leadership on both sides always cooperates with each other very effectively and to the maximum extent possible without regard to what party is in control. I want to publicly state this fact to the country, that we in the House have done a remarkable job this year to date. I want to take the House into my confidence as to my intention, and I might say that the chances now are 98 out of 100 that we might be able to take that 10-day recess.

The pending bill is one that should pass in some form between now and April 14. The Committee on the District of Columbia has considered all types of tax legislation for the District. One thing is certain: We cannot write a tax bill on the floor of the House, any more than we can write a tariff bill or a general pension bill. Only last week we had that experience in connection with a

general pension bill. Those who remember 1933 remember when a tax bill came out of the Committee on Ways and Means, the main part of it was stricken out, and then unofficially members of the Committee on Ways and Means were meeting to bring in tax recommendations, because we had to raise a certain amount of money. I have often attributed to that bill many of the inequities that exist, particularly with reference to our miscellaneous taxes.

This bill has come out of the committee. The committee has given serious consideration to it. I am not talking about an amendment here and there, I am talking about the body of the bill. You cannot overturn a committee on a tax bill, whether national or for the District of Columbia, and undertake to write it on the floor of the House, without having legislative uncertainty if not legislative chaos.

As far as I am concerned, the committee has done the best job possible, and it is my intention to support the bill of the committee. I recognize and respect the views of my friends and colleagues who might differ with me, but we have a responsibility here. The District of Columbia is in a sense different from the country at large. We come here as Members of Congress and find ourselves members of the legislative body of the District of Columbia and members, in a sense, of the city government of the city of Washington. This is not a city affair, it is a District affair. While the city of Washington is the same geographically as the District of Columbia, we are legislating for the District of Columbia which, under our law and our Constitution, is a separate entity. While it does not enjoy statehood, nevertheless, under the Constitution, it is a geographical entity in itself. I consider that we are justified in viewing this legislation in an entirely different way than if we were considering legislation to impose a sales tax on a city. For example, New York City itself has a sales tax, showing the extreme to which cities must go when it is absolutely impossible to obtain otherwise the revenue necessary to render essential services to the people of a city.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Utah.

Mr. GRANGER. I am glad to hear the distinguished majority leader say he is supporting the committee. Is not his attitude generally to support a committee that brings out a bill?

Mr. McCORMACK. Would the gentleman expect me to fail to support a bill out of his committee?

Mr. GRANGER. The only thing I want the gentleman to remember as majority leader is that the Committee on Agriculture has reported out an oleo bill, 14 to 3, and I shall expect the gentleman to support it wholeheartedly.

Mr. McCORMACK. Of course, the oleo bill to which the gentleman refers is contrary to the administration recommendation, so there is a clear line of distinction between that bill and this bill. My purpose now is simply to em-

phasize to the Committee of the Whole the impossibility of destroying this bill and then expecting to write it on the floor. To recommit the bill would, in my opinion, be unwise. We have to meet this situation and we should meet it by the passage of tax legislation. This bill has been soundly considered and I think we should support it. I hope it will pass.

Further, there is the question of the increase in salaries for the 16,000 to 18,000 employees of the District of Columbia which depends on the passage of this bill. I hope on the final roll call the bill will pass this body.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. CHELF].

Mr. CHELF. Mr. Chairman and my colleagues of the Committee, I have listened to this debate here very carefully today and I am of the opinion that we in the Congress would really help the people here out of their tax dilemma by increasing the assessed valuation on real property and by plugging up some of the loopholes which now exist in the District income-tax structure. For these reasons I shall support the Granger amendment. Let us make no mistake about it, and let us not kid ourselves—we have many folks here who ought to pay either a State income tax or a District income tax. Personally, I pay my home State of Kentucky income tax and the Federal Government, but there are a lot of residents in the District who are dodging all income tax save the Federal income tax. I just cannot be brought on this occasion this afternoon to think that the school youngsters of this Nation who visit our Capital, ought to be forced to pay for the privilege. We ought to make it easier for them to come here—not create obstacles for them to overcome. A sales tax would be equivalent to an admission tax to see the District. There is not a great deal that I can say in 2 minutes against the sales-tax plan but here is a little jingle that I have jotted down that certainly expresses my sentiments:

Washington, our Capital, needs revenue we are told.

So we'd tax the school kids who visit here to reach the needed goal.

Yes, we invite the youngsters to visit us, but we'd charge for the invitation, By collecting taxes from them upon reaching Union Station.

We'd tax our guests who visit us—we'd tax them unjustly, I fear.

We'd tax 'em just simply because they foolishly stopped o'er here.

Why not build a wall around the town and charge admission daily?

Then we can pitch up circus tents and compete with Ringling, Barnum & Bailey.

There should be no charge for the privilege of seeing and visiting the greatest Capital in the world—it belongs to America—to all 48 States. Let us keep the welcome mat out and not charge our guests an admission price. Let us raise the taxes here locally and if there is a deficit due to the fact that the United States Government owns so much property that is tax-free—then I'll support an appropriation to make up the difference. It has been done in the past—why not now?

Mr. BATES of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, there is one provision in this bill which I think is unfair. I regret the committee saw fit to write it into the bill. You will find this provision at the top of page 55 of the bill, and also at the bottom of page 9 of the committee report.

That language is as follows:

The rental of real and personal property shall be deemed a trade or business within the meaning of this article.

That provision flies in the face of existing law. It also flies in the face of Supreme Court decisions, and in the face of a ruling made by the Board of Tax Appeals for the District of Columbia. Let us make a personal application of what that language means. Suppose the distinguished gentleman, the chairman of this committee the gentleman from Virginia [Mr. SMITH], owns a vacant lot in the District of Columbia, which he rents to somebody for parking automobiles. If that language stays in the bill, he would be obliged to pay a trade, business, or franchise tax, on the income although all that he does is to make a lease to somebody to manage and operate that vacant lot. Suppose that the lot is worth \$100,000.

Suppose instead of owning a vacant lot, the gentleman from Virginia owns bonds worth \$100,000 of the Potomac Electric Power Co. The only excuse they have for seeking to tax the man that owns the real estate and simply rents it is that the income from that property is derived from sources within the District of Columbia.

But suppose the distinguished gentleman from Virginia owns bonds of the Potomac Electric Power Co., where the sources of income for the payment of the interest on those bonds comes from within the District of Columbia. He would not be taxed for a franchise tax or a business tax, as provided in the bill. On the vacant lot that he rents for a parking space he would be taxed.

It so happens that one of the large hotels in Washington is owned by an individual or some individuals in the State of California. Those men rent this hotel. They have nothing to do with its management or operation. If this language becomes law, they, too, living 3,000 miles away from the District of Columbia, will be deemed to be engaged in a business or a trade here in the District, even though they simply rent the property. If they owned bonds, in the example previously given, they would not be so taxed.

The Supreme Court of the United States for nearly 40 years has consistently held that the simple renting of real estate cannot be construed as a trade or business. So this language is adverse or contrary to established law, and it is also contrary to a ruling made by the Board of Tax Appeals for the District of Columbia.

I want to vote for a bill that will bring needed revenue to the Government of the District of Columbia, but I do not think it just or wise that we should write into law a provision of this kind and do an unjust

thing to the property owners of the District who may not live here, on the ground that renting property here is a trade or business. I am well aware that, if a corporation owned that same property, the way the law now reads in the District of Columbia it would be so taxed; but an individual would not be taxed unless this provision becomes law. I think it is unjust and I believe the committee ought to be willing to take that section out of the bill.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. HARRIS. It is my understanding that the gentleman has stated the real purpose of including this language in the bill in order that an unincorporated individual or group that is in business, just as the incorporated group, will have the same tax on property that perhaps adjoin.

Mr. DONDERO. Does the gentleman not admit, however, that it is stretching the meaning of words in construing and interpreting language to say that a man is in a business or in a trade in the District of Columbia simply because he owns something in the District of Columbia?

The CHAIRMAN. The time of the gentleman from Michigan [Mr. DONDERO] has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. KLEIN]. DISTRICT OF COLUMBIA REVENUE PROBLEM NOT FULLY CONSIDERED

Mr. KLEIN. Mr. Chairman, I am sorry that the gentleman from Massachusetts, the beloved majority leader [Mr. McCORMACK], took the floor and appealed to the Members to support this legislation. I believe he is a very busy man, and I regret to say that I do not believe the gentleman knows the full import of the bill nor of what is going on. The gentleman says a tax bill should not be written on this floor, and I agree with him. It is too bad, but it is necessary to take such action here. However, let me tell you, as a member of this committee, exactly what has happened with regard to this bill.

We were called 2 weeks ago today, and the bill was defeated. There was a great deal of talk about its being brought up again. Finally, one day last week, each member of the committee received a notice that there would be an executive session of the Committee on the District of Columbia to consider this legislation, and also to consider the pay-raise bill.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. KEOGH. Reference was made to the sales tax in the city of New York. I am sure I do not have to call the gentleman's attention to the fact that that sales tax was originally imposed solely for the purpose of raising funds for relief. It has been 6 or 7 years since any of the proceeds of that tax have been devoted to that original purpose.

Mr. KLEIN. I thank the gentleman, and I agree with him. That always happens with a sales tax. It is easy to put it over on the people, and once it is on

it is a hidden form of taxes and they feel that the cost of living has gone up and they continue to pay it.

Mr. KEOGH. The city of New York still has a sales tax.

Mr. KLEIN. That is correct, but it was cut in half; it was originally 2 percent, but it is now 1.

Mr. BREHM. One correction, if the gentleman will permit; this is not a hidden tax, a sales tax is not a hidden tax.

Mr. KLEIN. One thing I want to make perfectly clear is the lack of consideration. Very little consideration was given to it. There is very little difference between the bill before us today and the bill we were struggling with 2 weeks ago. The bill has been brought out today for a purpose, and it is very obvious that the committee would not have brought the bill out if they did not think they could pass it. They have changed it very little. Actually it remains the sales tax which, as has been brought out time and time again, is the most unfair type of tax there can be.

I want to point out to the committee that when this came up the committee was called to meet at 10 o'clock in this morning. That was last Thursday. You will recall that at that time we had veterans' legislation under consideration and the House met at 11. If we had met promptly at 10 o'clock there would at most have been but an hour available to the committee. As a matter of fact, however, as is usually the case, we did not meet promptly at 10 o'clock and the result was that about half an hour was all the time available for consideration of the bill; we could not get any more time. We asked the chairman—and I do not think I am giving away any secrets, I am sorry if I do—but I told the chairman and the other members of the committee at that meeting that I would take this attitude on the floor.

We who opposed the sales tax, a proposition that had been defeated in the House only 2 weeks ago, had but 10 minutes, or at most 15. The bill was railroaded through the committee. I say to our beloved majority leader that because you vote down legislation of that kind does not necessarily mean that you are doing it against the committee.

I also want to point out the lack of consideration by the Subcommittee on Fiscal Affairs of other revenue-raising measures. I do not say that they did not go into the question; nevertheless, specifically, there were never any hearings held on the income-tax phase of this bill; nothing has been said here about the Federal contribution which is a very important item to be taken into consideration. The Federal Government occupies buildings in the District of Columbia, which, if they had to pay taxes on at the \$2 rate, the old tax rate, would yield the District government between \$16,000,000 and \$17,000,000. The least the Federal Government should do is to pay the District of Columbia that much revenue. Instead of that the Federal contribution is only \$12,000,000; the amount which should be paid is reduced by \$4,000,000. I believe the total Federal tax liability would amount to much more than that.

These are two sources that I believe would be more than sufficient; we should not need any other tax if we had a good fair income tax and if the Federal Government paid its fair share to the District of Columbia. The only argument against the income tax is that it has been opposed in the past, that the House has refused to pass it. But, by the same argument, the sales tax has been defeated, and I believe sincerely that it is going to be defeated again. With the same sincerity, I believe that if given an opportunity this Congress—and I make the point that this Congress has had no opportunity to vote on an equitable income-tax measure divorced from a sales tax—can and will pass an equitable universally applied income tax with just provisions to avoid double taxation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman—

Mr. BREHM. Mr. Chairman, will the gentleman yield to permit me to make a very short statement?

Mr. HARRIS. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. BREHM. I wish to correct one statement made by the gentleman from New York [Mr. KLEIN]. The gentleman from New York referred to the sales tax as a hidden tax. The sales tax is one of the few taxes that is out in the open; there is not anything hidden about it, and it makes those who pay it conscious that they are paying something.

Mr. HARRIS. Mr. Chairman, I recognize that we have an issue here today that always stirs the minds and hearts of the people when brought up. I think there is nothing about which the people are more conscious than the question of taxation, particularly when it comes to increasing the burden. I believe we all recognize that people throughout the country are tax conscious, and I think we all recognize that real difficulty has arisen in connection with meeting budgets and financing municipalities, particularly the large metropolitan cities of this country. We have that question here today within the District of Columbia. I regret exceedingly to find myself in disagreement with a number of my colleagues. I know they are sincere in opposing revenue measures of this kind, I recognize they are sincere when they try to impose a different type or a different method of revenue raising. But the important thing, Mr. Chairman, is that today we all recognize there must be some revenue from some source. I do not think there is a man on this Committee, and I daresay in the House of Representatives, who does not recognize the fact that for the District of Columbia we must have some sources of revenue somewhere.

We have had this budget issue before us for 3 years trying to do something about it somehow, some way. I recognize it has not been so long since we had an income tax proposal here and I think most Members recall the fact that the House voted overwhelmingly against

a substantial income tax on everyone residing in the District of Columbia. We have had before the House a number of times the question of increasing the Federal payment to the District of Columbia, and I think the members of this Committee know the attitude of the Members of the House in that regard generally.

We have a revenue measure here that proposes to bring in \$18,000,000 to meet the needs of the District of Columbia. I admire and respect greatly the gentleman from New York and I am sorry we are at differences here today, but he would try to tell this Committee that they did not get a fair hearing before the Committee on the District of Columbia. For 3 years we have been trying to write a revenue measure. Again we had in this Congress a joint hearing before the committees of the House and Senate. All phases of these measures were given fair hearing and consideration.

We saw a practical situation and the answer that we got out of it was the sales-tax approach. The Congress did act on the sales-tax proposal that was presented 2 weeks ago. Unfortunately I was not here and I am therefore not familiar with the debate that took place at that time. But recognizing that there is a need, the committee went back and tried its best to meet that need. We have the answer here today, the best we could agree on in our committee and that is to bring back a different approach to the sales-tax method by the real estate property tax being increased 15 cents a hundred, also to adjust the base of the income tax and to provide some measure of tax from the liquor industry. That is the compromise agreement, that is the method by which we propose to meet the needs of the District here today.

If we do not do that we are going to have to get it out of the Treasury of the United States instead of from taxes collected from the people of the District of Columbia.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BATES of Massachusetts. Mr. Chairman, I yield 8 minutes to the gentleman from Iowa [Mr. TALLE].

Mr. TALLE. Mr. Chairman, inasmuch as the time allotted to me is very short, I shall appreciate it if I may be permitted to complete my statement without interruption.

When, as Members of Congress, we took our seats on the 3d of January, we assumed three obligations. In the first place, we assumed the obligation of making laws for the Nation; in the second place, we agreed to be aldermen for the District of Columbia; and, in the third place, we agreed to be the guardians of all Indians who are wards of the state.

Today we are engaged in the discharge of the second responsibility. May I say that I did not ask for the privilege of serving on the Committee for the District of Columbia. I worked at the task in 1947 and 1948, and I am working at it now. So far as I am concerned, I intend to discharge this responsibility to the best of my ability. I say to you that we owe a debt of gratitude to the gentleman from Massachusetts [Mr. BATES], who served as chairman of the Fiscal Affairs

Subcommittee in 1947 and 1948, and I want to pay tribute to the gentleman from Virginia, Judge SMITH, who is serving as chairman of this same subcommittee in the current session. I have found that the members of this committee are eager to discharge their responsibilities to the Congress and to the Nation.

I recall that during the discussions of tax bills in this Chamber one principle particularly has been stressed—the principle of ability to pay. I agree with that principle. It is a good one. But like any good horse, it can be worked to death. It would be very easy to drive that principle to the point where our Republic could be destroyed. For, if all the money that would normally be used as a capital fund to promote enterprise is taken by Government, just where are people's jobs going to come from? So, I say, I believe in the principle of ability to pay.

I now call your attention to another principle of taxation which is fully as old as the principle of ability to pay. I refer to the principle of taxation according to benefits. Now, may I ask you, what benefits do the people enjoy in the District of Columbia? We enjoy the benefits of the schools of this city. Then, shall we not see to it that our teachers are paid so well that we encourage persons of genuine ability to teach our children? Scripture says, "Train up a child in the way he should go; and when he is old, he will not depart from it." Education is certainly important to everybody.

Every morning as I leave my humble lodgings I see men in blue standing at the crossing. They see to it that the little children who are crossing the street to the schoolhouse on the other side may do so in safety. Certainly, we want to protect our children here in the Nation's Capital. And I, for one, believe we should pay our policemen wages that will attract and hold men of high caliber.

Then again, we enjoy the benefit of fire protection. There is seldom a day when I do not hear that familiar siren and see the red wagons racing down some street. Later, perhaps I may read in the newspapers that this fireman or that fireman was injured in the course of his duties. Certainly, those men perform a service that is of benefit to everybody.

Furthermore there are the services of health and sanitation. I could go on and recite a great many additional items, all of which enter into the maintenance of law and order in a civilized, cultured community. I do not believe there is anyone so poor in the District of Columbia that he cannot pay some small pittance in return for these benefits.

Suppose a person spends \$500 on taxable items; 2 percent of that is \$10. Is there anyone so mean that he would not pay \$10 for the enjoyment of the benefits I have mentioned?

Now, Mr. Chairman, may I comment on the advantages of the sales tax. It is a good revenue-getter. I know that to be true from actual experience in the State of Iowa. In addition, the flow of income is regular. I contend that the sales tax as a part of a comprehensive tax program will stand up as well as any tax, under whatever maxims of taxation may be used for the test—whether they be

those set forth by Adam Smith in his *Wealth of Nations*, or any other set of maxims that have gained general recognition.

I admit there is the weakness of "easy come, easy go." In other words, "easy come" may be a temptation to easy spending. But that is where your responsibility and mine enters. I intend to do my duty to see to it that we have the kind of administration in this community which will warrant the collection of a sales tax. It shall not be "easy come, easy go" insofar as I am concerned, but "easy come," and most carefully expended.

Mr. Chairman, let me say, finally, that if this were the only tax imposed in the District of Columbia, you may be sure I would fight it to the last ditch. I know it is a greater burden to those with lower incomes than to those with higher incomes. But on the other hand, this is true of many other taxes—excises, licenses, fees, auto tags, and so forth. I could cite a dozen instances of a similar nature offhand. I would not advocate the sales tax as the only source of revenue for the District of Columbia. It is not offered as a single tax. The committee advocates this tax in addition to other taxes on business, property and income. The over-all program of the committee recognizes not only the principle of ability to pay but also the principle of benefits enjoyed.

Mr. Chairman, I urge the enactment of the pending bill.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, in writing a bill of this character and trying to produce additional revenue for the District of Columbia, it has been stated previously here this afternoon in the discussion in consideration of the daylight-saving-time proposal that we were setting a pattern for the Nation, and that is exactly what we are doing here in this proposal.

A sales tax as such is a proposal that should be considered only after all other sources of revenue have been tapped sufficiently. It has been stated in general debate this afternoon that in the case of the property tax, in the case of the income tax with a broader base, and in the case of the alcoholic-beverage tax, we have not in this committee exhausted or tapped those potential sources of additional revenue, but instead have been taking the alternative of going to the sales tax as the way out of our present dilemma.

Time does not permit me to go into a lengthy analysis of the comparative tax rate of the cities of the United States, some 343 in number, with populations of 30,000 or more, wherein the assessments and the tax rates are graded and adjusted accordingly. I refer to a publication entitled "Comparative Tax Rates of American Cities—1948." We find that among the cities in this classification the District of Columbia is very low; in fact, \$20 per thousand is the rate here in the District, and the proposed bill increases it 7½ percent to \$21.50 per thousand, whereas in Atlantic City, N. J., it runs up

as high as \$71.60 per thousand, and in other cities of comparable size to the District of Columbia, it is considerably higher. In the case of my own particular area in the city of Pittsburgh the ad valorem rate is \$40.10 per thousand, and in the city of Boston, Mass., it is \$53.40 per thousand. These figures are all adjusted tax rates on 100 percent basis of assessment.

We have the machinery already set up for these additional sources of revenue to the property tax, the income tax, and the alcoholic-beverage tax. Tax-return forms are available. By contrast a sales tax involves enactment not only of a new statute but also hundreds of supplementary regulations; purchasers, and especially sellers of taxable items, must learn the intricacies of the new tax, a whole new personnel must be trained, and a new administrative office must be set up.

And worst of all, you endorse the idea basically of a Federal-city sales tax in contradiction to the Democratic platform of 1948. We are again faced with the dilemma of putting a tax upon those people in the low-income brackets who are already the chief victims of inflation. If this sales-tax plan goes through, they will be taxed still further because this plan hits those in the low-income brackets to a greater extent than the people in the upper income brackets.

Thirdly, it has been stated here that we have promised a \$330-across-the-board increase to the teachers, policemen and firemen of the District and that if we do not secure the additional revenue, they will be left out in the cold. Nothing is further from the truth, because the committee will have adequate time to go into the question of these sources of revenue and report a tax bill to cover the increased proposals of such a bill.

An editorial appeared in the Washington Post this morning and I believe that this gives the tip-off on this bill.

The caption on this editorial is: The Sales Tax Again. The following is a sentence in that editorial: "We hope that the House will rise to this bait and vote for the sales tax." In other words, they have here offered a little bait on this proposal, hoping that it will pass. There is an old statement that "You can catch more flies with sugar than you can with salt."

All that the committee has done is to bring this bill back providing for this regressive sales-tax plan, with a little sugar-coating on it, hoping that the House will accept it as a little more bait. I think we have reached a dire predicament when we come to such a point.

As much as I dislike to disagree with the members of the committee, and with my majority leader, I believe we should vote this sales-tax plan down and recommit the bill for further study.

Mr. BATES of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. AUCHINCLOSS].

Mr. AUCHINCLOSS. Mr. Chairman, the District of Columbia is up against a pretty tough proposition financially. There is no doubt about that. Something has to be done, and done soon.

When this bill came before the House a week or so ago I spoke against the sales tax. I still am against the sales tax. I think it is the last kind of tax to impose on any community.

But I have had a little time to study this particular situation and the condition of affairs in which the District finds itself. I have talked to some members of the committee, and now I am convinced that the only thing left for us to do is to vote for this sales tax and impose it on the District of Columbia. I think it is really an emergency measure. I think it is something we have to meet and something we cannot avoid.

Other possible taxes have been considered by the committee. I earnestly hope that later on they may be further considered and in another year this sales tax may be taken off.

But at this moment it is necessary to maintain the good name of the District of Columbia and make it possible for it to meet its obligations and to go ahead with the planning and work which must be done.

For that reason, with reluctance, I may say, I am going to support this measure.

Mr. BATES of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, as a member of the Appropriations Committee, it was my privilege for 4 years to review the budget of the District of Columbia. While I am no longer a member of the subcommittee that reviews the budget every year, I do have an interest in the government of the District of Columbia and its problems.

I have seen quite a number of men, including the gentleman from Massachusetts [Mr. BATES], who have come to the reluctant conclusion that a sales tax is the only adequate answer, all things considered, for the revenue problems of the District of Columbia.

Two years ago the gentlemen from Massachusetts [Mr. BATES], held extended hearings and investigations into all forms of revenue measures that might be used to meet the growing unbalance in the budget of the District of Columbia. It was following those exhaustive hearings that he arrived at his conclusion.

I trust that the Members of the House will pass this measure, because this Nation's Capital needs additional revenue, and the bill which the gentleman from Virginia, Judge SMITH, and the gentleman from Massachusetts [Mr. BATES], have brought out here will adequately meet the present needs of the District of Columbia.

Mr. KENNEDY. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. KENNEDY. Mr. GRANGER will offer a substitute that will be adequate that does not contain a sales tax.

Mr. HORAN. I trust that the House will support the committee and not try to write this legislation on the floor of the House.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. HORAN. I yield.

Mr. JENNINGS. I have listened with great interest to the well considered and

informative statement of the gentleman from Washington, and I am happy to say that I am in entire accord with him. We must take care of the school children and the people who live in this city. I think the sales tax is a painless way of doing it.

Mr. HORAN. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. BATES of Massachusetts. Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, I thoroughly respect the different opinions that may exist on the present bill, but I do want to reiterate the fact that this rather thick pamphlet represents the hearings which were held during the Eightieth Congress, by the fiscal subcommittee upon the problem of the fiscal affairs of the District of Columbia.

I think the committee spent approximately 2 months during the last year and the year before on this whole tax problem. The Fiscal Affairs Subcommittee this year has spent approximately 3 weeks or a month in additional findings upon the present affairs of the District of Columbia, bringing them down to date. I appreciate the fact that some of our distinguished colleagues who oppose this bill are for recommitment. They are not for reporting out any kind of a solution of the fiscal affairs of the District of Columbia. That is their privilege. I appreciate their frankness in making that comment, that they are in favor of returning the bill for further study. That solves nothing.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I prefer not to yield at this time.

Mr. GRANGER. That is not my position.

Mr. O'HARA of Minnesota. I appreciate the gentleman's statement. But they are just against this bill being brought out in any form. I may say that the other bill came out of the committee about 20 to 6. In other words, 20 voted for the bill and 5 or 6 against it. As the majority leader said, the committee has given a great deal of thought and study to this matter. They have called in various local people who have testified before the committee. Their testimony has been weighed. Many of the provisions imposing a tax are against certain people or certain groups, in their viewpoints in the District of Columbia. The committee has had the same kind of over-all problem that faces the Committee on Appropriations of the House in the matter of appropriations, or that faces the Committee on Ways and Means in dealing with the great revenue problems of the Nation in trying to arrive at what is a fair, a decent, and an equitable fiscal bill. I was one of those who supported the salary increase of the employees of the District of Columbia, the firemen, the teachers, and policemen. To make that \$330 pay raise retroactive for the last fiscal year, or to provide an additional \$330 per employee for the next fiscal year is impossible without this bill; there is no alternative.

Some of the Members who oppose this bill I am sure feel they speak for labor,

but I want to speak for labor also. I think our District employees are entitled to that increase. I hope the Members will defeat these amendments and pass the bill substantially as it has been reported by the committee.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield myself 1 minute.

The CHAIRMAN. The gentleman from South Carolina is recognized.

Mr. McMILLAN of South Carolina. Mr. Chairman, I wish to take this brief time to congratulate the members of the Subcommittee on Fiscal Affairs for their excellent work in dealing with the fiscal and revenue problems of the District of Columbia. We are at this time confronted with a reality, not a theory. It is my earnest hope that this House will pass this revenue bill. We of the committee are bound to be controlled by the majority. I believe I state the views of the majority members of our committee when I say that while there is no painless way of taxing the people of the District of Columbia or any other place, yet we feel that the sales tax is the most painless one that can be levied, and the desire of the majority of the committee.

Mr. Chairman, we have no further requests for time on this side.

Mr. BATES of Massachusetts. Mr. Chairman, we have no further requests for time.

The Clerk read as follows:

Be it enacted, etc., That this act divided into titles and sections may be cited as the "District of Columbia Revenue Act of 1949" and title I of this act may be cited as the "District of Columbia Sales Tax Act" and title II of this act may be cited as the "District of Columbia Use Tax Act."

TITLE I—GROSS SALES TAX

DEFINITIONS

SECTION 1. "Assessor" means the Assessor of the District or his duly authorized representatives.

Sec. 2. "Business" includes any activity engaged in by any person or caused to be engaged in by him with the object of gain, benefit, or advantage, either direct or indirect.

Sec. 3. "Collector" means the Collector of Taxes of the District or his duly authorized representatives.

Sec. 4. "Commissioners" means the Commissioners of the District or their duly authorized representatives.

Sec. 5. "District" means the District of Columbia.

Sec. 6. "Engaging in business" means commencing, conducting, or continuing in business, as well as liquidating a business when the liquidator thereof holds himself out to the public as conducting such a business.

Sec. 7. "Food" means cereals and cereal products; milk and milk products, including ice cream; meat and meat products; fish and fish products; eggs and egg products; vegetables and vegetable products; fruit, fruit products, and fruit juices; bottled soft drinks; spices and salt; flavoring extracts and condiments; sugar and sugar products; coffee and coffee substitutes; tea; cocoa and cocoa products; and ice when used for household consumption: *Provided, however,* That the word "food" shall not include spirituous or malt liquors, beer, and any other beverages such as are ordinarily dispensed at bars and soda fountains or in connection therewith.

Sec. 8. "Gross receipts" means the total amount of the sales prices of the retail sales

of vendors, valued in money, whether received in money or otherwise.

Sec. 9. "Person" includes an individual, partnership, society, club, association, joint-stock company, corporation, estate, receiver, trustee, assignee, or referee, and any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals acting as a unit.

Sec. 10. "Purchaser" includes a person who purchases property or to whom are rendered services, receipts from which are taxable under this title.

Sec. 11. "Purchaser's certificate" means a certificate signed by a purchaser and in such form as the Assessor shall prescribe, stating the purpose to which the purchaser intends to put the subject of the sale, or the status or character of the purchaser.

Sec. 12. "Retailer" includes—

(a) every person engaged in the business of making sales at retail;

(b) every person engaged in the business of making retail sales at auction of tangible personal property owned by the person or others;

(c) every person engaged in the business of making sales for storage, use, or other consumption, or in the business of making sales at auction of tangible personal property owned by the person or others for storage, use, or other consumption.

Sec. 13. "Retail establishment" means any premises in which the business of selling tangible personal property is conducted or in or from which any retail sales are made.

Sec. 14. (a) "Retail sale" and "sale at retail" mean the sale in any quantity or quantities of any tangible personal property or service taxable under the terms of this title. Said term shall mean all sales of tangible personal property to any person for any purpose other than those in which the purpose of the purchaser is to resell the property so transferred in the form in which the same is, or is to be, received by him, or to use or incorporate the property so transferred as a material or part of other tangible personal property to be produced for sale by manufacturing, assembling, processing, or refining. For the purpose of the tax imposed by this title, these terms shall include but shall not be limited to the following:

(1) The sale for consumption of any meals, food or drink, or other tangible personal property for a consideration, at any restaurant, hotel, drug store, club, resort, or other place at which meals, food, drink, or other tangible personal property are sold.

(2) Any production, fabrication, or printing of tangible personal property on special order for a consideration.

(3) The sale or charges for any room or rooms, lodgings, or accommodations furnished to transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration.

(4) The sale of natural or artificial gas, oil, electricity, solid fuel, or steam, when made to any purchaser for purposes other than resale or for use in manufacturing, assembling, processing, or refining.

(5) The sale of material used in the construction, and of materials used in the repair or alteration, of real property, which materials, upon completion of such construction, alterations, or repairs, become real property, regardless of whether or not such real property is to be sold or resold.

(6) The grant of the right to continuous possession or use of any article of tangible personal property granted under a lease or contract if such grant of possession would be taxable if outright sale were made; in such event such lease or contract shall be considered the sale of such article and the tax shall be computed and paid by the vendor upon the rentals paid.

(b) The term "retail sale" and "sale at retail" shall not include the following:

(1) Sales of tickets for admission to places of amusement and sports.

(2) Sales of transportation and communication services.

(3) Professional, insurance, or personal service transactions which involve sales as inconsequential elements for which no separate charges are made.

(4) Any sale in which the only transaction in the District is the mere execution of the contract of sale and in which the tangible personal property sold is not in the District at the time of such execution: *Provided, however,* That nothing contained in this subsection shall be construed to be an exemption from the tax imposed under title II of this act.

Sec. 15. "Return" includes any return filed or required to be filed as herein provided.

Sec. 16. (a) "Sales price" means the total amount paid by a purchaser to a vendor as consideration for a retail sale, valued in money, whether paid in money or otherwise, without any deduction on account of any of the following:

(1) The cost of the property sold.

(2) The cost of materials used, labor or service cost, interest charged, losses, or any other expenses.

(3) The cost of transportation of the property prior to its sale at retail. The total amount of the sales price includes all of the following: a. Any services that are a part of the sale; b. Any amount for which credit is given to the purchaser by the vendor.

(b) The term "sales price" does not include any of the following:

(1) Cash discounts allowed and taken on sales.

(2) The amount charged for property returned by purchasers to vendors upon rescission of contracts of sale when the entire amounts charged therefor are refunded either in cash or credit, and when the property is returned within 90 days from the date of sale.

(3) The amount charged for labor or services rendered in installing or applying the property sold.

(4) The amount of reimbursement of tax paid by the purchaser to the vendor under this title.

(5) Transportation charges separately stated, if the transportation occurs after the sale of the property is made.

Sec. 17. "Sale" and "selling" mean any transaction whereby title or possession, or both, of tangible personal property is or is to be transferred by any means whatsoever for a consideration by a vendor to a purchaser, or any transaction whereby services subject to tax under this title are rendered for consideration or are sold to any purchaser by any vendor, and shall include, but not be limited to, any "sale at retail" as defined in this title. Such consideration may be either in the form of a price in money, rights, or property, or by exchange or barter, and may be payable immediately, in the future, or by installments.

Sec. 18. "Semipublic institution" means any corporation, and any community chest, fund, or foundation, organized exclusively on a nonprofit basis for religious, charitable, or educational purposes, including hospitals, and operated on a nonprofit basis for such purposes. For the purpose of this title an organization or institution which does not embrace the generally recognized relationship of teacher and student shall be deemed not to be operated for educational purposes.

Sec. 19. "Tangible personal property" means corporeal personal property of any nature.

Sec. 20. "Tax" means the tax imposed by this title.

Sec. 21. "Taxpayer" means any person required by this title to make returns or to pay the tax imposed by this title.

SEC. 22. "Tax year" means the calendar year, or the taxpayer's fiscal year if it be other than the calendar year when such fiscal year is regularly used by the taxpayer for the purpose of reporting District income taxes as the tax period in lieu of the calendar year.

SEC. 23. "Vendor" includes a person or retailer selling property or rendering services upon the receipts from which a tax is imposed under this title.

SEC. 24. The foregoing definitions shall be applicable whenever the words defined are used in this title unless otherwise required by the context.

IMPOSITION OF TAX

SEC. 25. Beginning on and after the first day of the first month succeeding the sixtieth day after the approval of this act, for the privilege of selling certain tangible personal property at retail sale and for the privilege of selling certain selected services defined as sales at retail in this title, a tax is hereby imposed upon all vendors at the rate of 2 percent of the gross receipts of any vendor from the sale of such tangible personal property and services.

REIMBURSEMENT FOR THE TAX

SEC. 26. Reimbursement for the tax imposed upon the vendor shall be collected by the vendor from the purchaser on all sales the gross receipts from which are subject to the tax imposed by this title so far as it can be done. It shall be the duty of each purchaser in the District to reimburse the vendor, as provided in section 27 of this title, for the tax imposed by this title. Such reimbursement of tax shall be a debt from the purchaser to the vendor and shall be recoverable at law in the same manner as other debts.

RATE OF TAX TO BE COLLECTED BY VENDOR

SEC. 27. For the purpose of collecting his reimbursement as provided in section 26 of this title insofar as it can be done and yet eliminate the fractions of a cent, the vendor shall add to the sales price and collect from the purchaser the following amounts:

(a) On each sale where the sales price is from 14 cents to 63 cents, both inclusive, 1 cent;

(b) On each sale where the sales price is from 64 cents to \$1.13, both inclusive, 2 cents;

(c) On each 50 cents of sales price or fraction thereof in excess of \$1.13, 1 cent.

EXEMPTIONS

SEC. 28. Gross receipts from the following sales shall be exempt from the tax imposed by this title:

(a) Sales to the United States or the District or any instrumental thereof.

(b) Sales to a State or any of its political subdivisions if such State grants a similar exemption to the District. As used in this subsection, the term "State" means the several States, Territories, and possessions of the United States.

(c) Sales to a semipublic institution: *Provided, however,* That such sales shall not be exempt unless (1) such institution shall have first obtained a certificate from the Assessor stating that it is entitled to such exemption, and (2) the vendor keeps a record of the sales price of each such separate sale, the name of the purchaser, the date of each such separate sale, and the number of such certificate.

(d) Sales of food for human consumption off the premises where such food is sold.

(e) Sales of motor-vehicle fuels upon the sale of which a tax is imposed by the act entitled "An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924, as amended or as may be hereafter amended.

(f) Sales of property purchased by a utility or public-service company for use or consumption in furnishing a commodity or

service: *Provided,* That the receipts from furnishing such commodity or service are subject to a gross-receipts or mileage tax in force in the District during or for the period of time covered by any return required to be filed by the provisions of this title.

(g) Sales of newspapers.

(h) Casual and isolated sales by a vendor who is not regularly engaged in the business of making sales at retail.

(i) Sales of livestock, poultry, seeds, feeds for livestock and poultry, fertilizers, lime, and land plaster used for agricultural purposes.

(j) Sales of food or beverages of any nature if made in any car composing a part of any train or in any aircraft or boat operating within the District in the course of commerce between the District and a State.

(k) Sales of goods made pursuant to bona fide contracts entered into before the date of approval of this act: *Provided,* That there is a contract in writing signed by the purchaser and vendor which imposes an unconditional liability on the part of the purchaser to buy the goods covered thereby at a fixed price and without escalator clause, and an unconditional liability on the part of the vendor to deliver a definite quantity of such goods at the contract price.

(l) Sales of natural or artificial gas, oil, electricity, solid fuel, or steam, directly used in manufacturing, assembling, processing, or refining.

(m) Sales which a State would be without power to tax under the limitations of the Constitution of the United States.

(n) Sales of motor vehicles and trailers.

(o) Sales of medicines, pharmaceuticals, and drugs made on prescriptions of duly licensed physicians and surgeons and general and special practitioners of the healing art.

(p) Sales of crutches, wheel chairs for the use of cripples and invalids, and, when designed to be worn on the person of the purchaser or user, artificial limbs, artificial eyes, and artificial hearing devices; sales of false teeth by a dentist and the materials used by a dentist in dental treatment; sales of eyeglasses, when especially designed or prescribed by an ophthalmologist, oculist, or optometrist for the personal use of the owner or purchaser; and sales of artificial braces and supports designed solely for the use of crippled persons.

COLLECTION OF TAX

SEC. 29. Upon each sale of tangible personal property or services, the gross receipts from which are taxable under this title, the reimbursement of tax to be collected by the vendor from the purchaser under the provisions of this title shall be stated and charged separately from the sales price and shown separately on any record thereof at the time the sale is made or evidence of sale issued or employed by the vendor.

SEC. 30. It shall be presumed that all receipts from the sale of tangible personal property and services mentioned in this title are subject to tax until the contrary is established, and the burden of proving that a receipt is not taxable hereunder shall be upon the vendor or the purchaser as the case may be. Except as provided in section 28 (c) of this title, unless the vendor shall have taken from the purchaser a certificate signed by and bearing the name and address of the purchaser and the number of his registration certificate to the effect that the property or service was purchased for resale, the receipts from all sales shall be deemed taxable. The certificate herein required shall be in such form as the assessor shall prescribe and, in case no certificate is furnished or obtained prior to the time the sale is consummated, the tax shall apply to the gross receipts therefrom as if the sale were made at retail.

SEC. 31. The tax imposed by this title and interest and penalties thereon shall become, from the time due and payable, a personal debt of the person liable to pay the same

to the District. An action may be brought at any time within 3 years from the time the tax shall be due and payable in the name of the District to recover the amount of any taxes, penalties, and interest due under the provisions of this title, but such actions shall be utterly barred after the expiration of the aforesaid 3 years.

SEC. 32. Whenever the business or property of any person subject to tax under the terms of this title, shall be placed in receivership or bankruptcy, or assignment is made for the benefit of creditors, or if said property is seized under distraint for property taxes, all taxes, penalties, and interest imposed by this title for which said person is in any way liable shall be a prior and preferred claim. Neither the United States marshal, nor a receiver, assignee, or any other officer shall sell the property of any person subject to tax under the terms of this title under process or order of any court without first determining from the Collector the amount of any such taxes due and payable by said person, and if there be any such taxes due, owing, or unpaid under this title it shall be the duty of such officer to first pay to the Collector the amount of said taxes out of the proceeds of said sale before making any payment of any moneys to any judgment creditor or other claimants of whatsoever kind or nature. Any person charged with the administration or distribution of any such property as aforesaid who shall violate the provisions of this section shall be personally liable for any taxes accrued and unpaid which are chargeable against the person otherwise liable for tax under the terms of this section.

SEC. 33. The taxes imposed by this title and penalties and interest thereon may be collected by the Collector in the manner provided by law for the collection of taxes due the District on personal property in force at the time of such collection; and liens for the taxes imposed by this title and penalties thereon may be acquired in the same manner that liens for personal property taxes are acquired. If the Assessor believes that the collection of any tax imposed by this act will be jeopardized by delay, he shall, whether or not the time otherwise prescribed by law for making return and paying such tax has expired, immediately assess such tax (together with all interest and penalties, the assessment of which is provided for by law). Such tax, penalties, and interest shall thereupon become immediately due and payable, and immediate notice and demand shall be made by the Collector for the payment thereof. Upon failure or refusal to pay such tax, penalty, and interest, collection thereof by distraint shall be lawful.

UNLAWFUL ADVERTISING

SEC. 34. It shall be unlawful for any vendor to advertise or hold out or state to the public or to any customer directly or indirectly that the reimbursement of tax or any part thereof to be collected by the vendor under this title will be assumed or absorbed by the vendor or that it will not be added to the selling price of the property sold or the taxable services rendered, or if added to said price that it, or any part thereof, will be refunded. Any person violating any provision of this section shall upon conviction be fined not more than \$500 or imprisoned for not more than 6 months, or both, for each offense.

RETURNS AND PAYMENT OF TAX

SEC. 35. (a) On or before the 20th day of each calendar month, every vendor who has made any sale at retail, taxable under the provisions of this title, during the preceding calendar month, shall file a return with the Assessor. Such returns shall show the total gross proceeds of the vendor's business for the month for which the return is filed; the gross receipts of the business of the

vendor upon which the tax is computed, the amount of tax for which the vendor is liable and such other information as the Assessor deems necessary for the computation and collection of the tax.

(b) The Assessor may permit or require the returns to be made for other periods and upon such other dates as he may specify: *Provided*, That the gross receipts during any tax year shall be included in returns covering such year and no other.

(c) The form of returns shall be prescribed by the Assessor and shall contain such information as he may deem necessary for the proper administration of this title. The Assessor may require amended returns to be filed within 20 days after notice and to contain the information specified in the notice.

SEC. 36. (a) At the time of filing his return as provided by this title, the taxpayer shall pay to the Collector the taxes imposed by this title.

(b) The taxes for the period for which a return is required to be filed by a vendor under this title shall be due by the vendor and payable to the Collector on the date limited for the filing of the return for such period, without regard to whether a return is filed or whether the return which is filed correctly shows the amount of gross receipts and taxes due thereon.

SEC. 37. On or before 30 days after the end of the tax year of each vendor required to pay to the Collector the tax imposed by the provisions of this title, such vendor shall make an annual return for such tax year in such form as may be required by the Assessor. The Assessor for good cause shown may on the written application of a vendor extend the time for making any return required by this section.

SECRECY OF RETURNS

SEC. 38. (a) Except to any official of the District having a right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of gross proceeds or any particulars relating thereto or the computation thereof set forth or disclosed in any return required to be filed under this title, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation, whether or not the request is contained in an order of the court: *Provided*, however, That nothing herein contained shall be construed to prevent the furnishing to a taxpayer a copy of his return upon the payment of a fee of \$2.

(b) Nothing contained in subsection (a) of this section shall be construed to prohibit the publication of notices authorized in this title, or the publication of statistics so classified as to prevent the identification of particular returns or reports and the items thereof, or the publication of delinquent lists showing the names of persons, vendors, or purchasers who have failed to pay the taxes imposed by this title within the time prescribed herein, together with any relevant information which in the opinion of the Assessor may assist in the collection of such delinquent taxes.

(c) Nothing contained in subsection (a) of this section shall be construed to prohibit the Assessor in his discretion, from divulging or making known any information contained in any report, application, or return required under the provisions of this title other than such information as may be contained therein relating to the amount of gross proceeds or tax thereon or any particulars relating thereto or the computation thereof.

(d) Any violation of the provisions of subsection (a) of this section shall be punishable by a fine not exceeding \$1,000 or imprisonment for 6 months, or both, in the discretion of the court.

(e) Notwithstanding the provisions of this section, the Assessor may permit the proper officer of the United States or of any State or Territory of the United States or his authorized representative to inspect the returns filed under this title, or may furnish to such officer or representative a copy of any such return, provided the United States, State, or Territory grants substantially similar privileges to the Assessor or his representative or to the proper officer of the District charged with the administration of this title.

(f) All reports, applications, and returns received by the Assessor under the provisions of this title shall be preserved for 3 years and thereafter until the Assessor orders them to be destroyed.

DETERMINATION OF TAX

SEC. 39. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient, the amount of tax due shall be determined by the Assessor from such information as may be obtainable. Notice of such determination shall be given to the taxpayer. Such determination shall finally and irrevocably fix the tax unless the person against whom it is assessed, within 30 days after the giving of notice of such determination, shall apply in writing to the Assessor for a hearing, or unless the Assessor of his own motion shall redetermine the same. After such hearing or redetermination the Assessor shall give notice of his final determination to the person against whom the tax is assessed.

REFUNDS

SEC. 40. (a) Except as to any tax finally determined as provided in section 39, where any tax has been erroneously or illegally collected, the tax shall be refunded if application under oath is filed with the Assessor for such refund within 1 year from the payment thereof. For like cause and within the same period a refund may be made upon the certificates of the Assessor and the Collector. Whenever a refund is made upon the certificates of the Assessor and the Collector, the Assessor and Collector shall state their reasons therefor in writing. Such application may be made by the person upon whom such tax was imposed and who has actually paid the tax. When an application is made by a vendor who has collected reimbursement of such tax, no actual refund of moneys shall be made to such vendor, until he shall first establish to the satisfaction of the Assessor, under such regulations as the Commissioners may prescribe, that the vendor has repaid to the purchaser the amount for which the application for refund is made. In lieu of any refund required to be made, a credit may be allowed therefor on payment due from the applicant.

(b) Application for a refund or credit made as herein provided shall be deemed an application for a revision of any tax, penalty, or interest complained of and the Assessor may receive evidence with respect thereto. After making his determination of whether any refund shall be made, the Assessor shall give notice thereof to the applicant.

APPEALS

SEC. 41. (a) Any vendor or purchaser aggrieved by a final determination of tax or denial of an application for refund of any tax may, within 90 days from the date of the final determination of the tax or from the date of the denial of an application for refund, as the case may be, appeal to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, and 11 of title IX of the act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved August 17, 1937, as amended, and as the same may hereafter be amended. The remedy provided in this section shall not be deemed to take away from the taxpayer any remedy

which he might have under any other provision of law, but no suit by the taxpayer for the recovery of any part of any tax shall be instituted in any court if the taxpayer has elected to file an appeal with respect to such tax with the Board of Tax Appeals for the District of Columbia.

(b) If it shall be determined by the Assessor, the Board of Tax Appeals for the District of Columbia, or any court having jurisdiction over the subject matter, that any part of any tax which was assessed as a deficiency, and any interest thereon paid by the taxpayer, was an overpayment, interest shall be allowed and paid upon such overpayment of tax at the rate of 4 percent per annum from the date such overpayment was paid until the date of refund.

SALES IN BULK

SEC. 42. Whenever there is made a sale, transfer, or assignment in bulk of any part or the whole of a stock of merchandise or of fixtures, or of merchandise and of fixtures, pertaining to the conducting of the business of the seller, transferor, or assignor, otherwise than in the ordinary course of trade and in the regular prosecution of said business, the purchaser, transferee, or assignee shall at least 5 days before taking possession of such merchandise, fixtures, or merchandise and fixtures, or paying therefor, notify the Assessor by registered mail of the proposed sale and of the price, terms, and conditions thereof, irrespective of whether or not the seller, transferor, or assignor has represented to or informed the purchaser, transferee, or assignee that he owes any tax pursuant to this title or whether he has complied with section 1 of the act entitled "An act to prevent the fraudulent sale of merchandise in the District of Columbia," approved April 28, 1904, or whether or not he has knowledge that such taxes are owing, or whether any such taxes are in fact owing.

(b) Whenever the purchaser, transferee, or assignee shall fail to give the notice to the Assessor as required by the preceding section, or whenever the Assessor shall inform the purchaser, transferee, or assignee that a possible claim for such tax or taxes exists, any sums of money, property, or choses in action, or other consideration, which the purchaser, transferee, or assignee is required to transfer over to the seller, transferor, or assignor shall be subject to a first priority right and lien for any such taxes theretofore or thereafter determined to be due from the seller, transferor, or assignor to the District, and the purchaser, transferee, or assignee is forbidden to transfer to the seller, transferor, or assignor any such sums of money, property, or choses in action to the extent of the amount of the District's claim. For failure to comply with the provisions of this section, the purchaser, transferee, or assignee shall be personally liable for the payment to the District of any such taxes theretofore or thereafter determined to be due to the District from the seller, transferor, or assignor, and such liability may be assessed and enforced in the same manner as the liability for tax under this title.

REGULATIONS

SEC. 43. In addition to the powers granted to the Commissioners in this title, they are hereby authorized and empowered to make, adopt, and amend rules and regulations appropriate to the carrying out of this title and the purposes thereof.

SEC. 44. In addition to the powers granted to the Assessor in this title, he is hereby authorized and empowered—

(a) to extend for cause shown the time of filing any return for a period not exceeding thirty days; and for cause shown, to remit penalties and interest in whole or in part except as otherwise provided in this title; and to compromise disputed claims in connection with the taxes hereby imposed;

(b) to request information from the Bureau of Internal Revenue of the Treasury Department of the United States relative to any person for the purpose of assessing taxes imposed by this title; and said Bureau of Internal Revenue is authorized and required to supply such information as may be requested by the Assessor relative to any person for the purpose herein provided;

(c) to prescribe methods for determining the gross proceeds from sales made or services rendered and for the allocation of such sales into taxable and nontaxable sales;

(d) to require any vendor selling to persons within the District to keep detailed records of the nature and value of personal property sold for use within the District, and to furnish such information upon request to the Assessor;

(e) to assess, determine, revise, and readjust the taxes imposed under this title.

SEC. 45. The Assessor, for the purpose of ascertaining the correctness of any return filed as required by this title, or for the purpose of making a return where none has been made, is authorized to examine any books, papers, records, or memoranda, or any person bearing upon the matters required to be included in the return and may summon any person to appear before him and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return and to give testimony or answer interrogatories under oath respecting the same, and the Assessor, or his duly authorized representative, shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person, having been personally summoned, shall neglect or refuse to obey the summons issued as herein provided, then in that event the Assessor, or the Deputy Assessor, may report that fact to the United States District Court for the District of Columbia, or one of the justices thereof, and said court or any justice thereof hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court. Any person in custody or control of any books, papers, records, or memoranda bearing upon the matters required to be included in such returns, who shall refuse to permit the examination by the Assessor or any person designated by him of any such books, papers, records, or memoranda, or who shall obstruct or hinder the Assessor or any person designated by him in the examination of any books, papers, records, or memoranda, shall upon conviction thereof be fined not more than \$500 or imprisoned for not more than 6 months, or both, for each offense.

REGISTRATION

SEC. 46. (a) No person shall engage or continue to engage in the business of making any retail sales subject to tax under the provisions of this title without having obtained a certificate of registration therefor. If two or more persons constitute a single vendor as defined in this title, such persons may operate a single retail establishment under one certificate of registration and in such case neither the death or retirement of one or more of such persons from business in such establishment nor the entrance of one or more persons thereto shall affect the certificate of registration for a period of 60 days or require the issuance of a new certificate until the expiration of such period.

(b) Each applicant for a certificate required by this section shall make out and deliver to the Assessor, upon a blank to be furnished by him for that purpose, a statement showing the name of the applicant, each retail establishment where the applicant's business is to be conducted, the kind or nature of such business and such other infor-

mation as the Assessor may prescribe. Upon receipt of such application the Assessor shall issue the applicant, without charge, a certificate of registration for each retail establishment designated in the application, authorizing the applicant to engage in business at such retail establishment. The certificate of registration shall be nontransferable except as otherwise provided in this title, and shall be displayed in the applicant's place of business. The form of such certificate of registration shall be prescribed by the Assessor.

(c) In the case of a vendor who has no fixed place of business and sells from one or more vehicles, each such vehicle shall constitute a retail establishment for the purpose of this title. In the case of a vendor who has no fixed place of business and does not sell from a vehicle, the application for a certificate of registration shall set forth the address to which any notice or other communication authorized by this title may be sent to the applicant, and the place so designated shall constitute a retail establishment for the purposes of this title.

(d) Whoever engages in the business of selling tangible personal property at retail, or makes any sale which is subject to tax under the provisions of this title without having a certificate of registration therefor, as required by this section, shall, upon conviction thereof, be fined not more than \$100.

PENALTIES AND INTEREST

SEC. 47. (a) Any person failing to file a return or who files a false or incorrect return or who fails to pay any tax to the Collector within the time required by this title shall be subject to a penalty of 5 percent of the amount of tax due, plus interest at the rate of 1 percent of such tax for each month of delay excepting the first month after such return was required to be filed or such tax became due; but the Assessor, if satisfied that the delay was excusable, may waive all or any part of such penalty in excess of interest at the rate of 6 percent per year. Unpaid penalties and interest may be collected in the same manner as the tax imposed by this title. The interest provided for in this section shall be applicable to any tax determined by the Assessor as a deficiency.

(b) The certificate of the Collector or Assessor, as the case may be, to the effect that a tax has not been paid, that a return has not been filed, or a registration certificate has not been obtained, or that information has not been supplied pursuant to the provisions of this title, shall be presumptive evidence thereof: *Provided*, That the presumptions created by this subsection shall not be applicable in criminal prosecutions.

PENALTY FOR FAILURE TO FILE RETURNS, AND SO FORTH

SEC. 48. (a) Any person required to file a return or report or perform any act under the provisions of this title who shall fail or neglect to file such return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than \$300 for each and every failure or neglect. The penalty provided herein shall be in addition to the other penalties provided in this title.

(b) Any person required to file a return or report or perform any act under the provisions of this title who willfully fails or refuses to file such return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than 1 year, or both. The penalty provided herein shall be in addition to the other penalties provided in this title.

ASSESSMENT, REASSESSMENT, FALSE AND INCORRECT RETURNS

SEC. 49. The Assessor shall determine, redetermine, assess, or reassess, any tax imposed by this title, except in cases where the

tax is correct as computed in any return filed with the Assessor, within 3 years after the filing of any return, except as follows:

(a) In the case of a false return, or a failure to file a return, whether in good faith or otherwise, the tax may be assessed at any time.

(b) In the case of an incorrect return which has not been prepared as required by this title and by the return and instructions, rules, or regulations applicable thereto, the tax shall be assessed or reassessed within 5 years after the filing of such return.

PROSECUTIONS

SEC. 50. All prosecutions under this title shall be brought in the municipal court for the District of Columbia of information by the Corporation Counsel of the District in the name of the District of Columbia.

NOTICES

SEC. 51. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended in an envelope, postage prepaid, addressed to such person at the address given in the last return filed by him pursuant to the provisions of this title or, if no return has been filed, then to the last address of such person. If the address of any person is unknown, such notice may be published in one or more of the daily newspapers in the District of Columbia for three successive days. The cost of any such advertisement in newspapers shall be added to the tax. The proof of mailing of any notice required or authorized in this title shall be presumptive evidence of the receipt of such notice by the person to whom addressed. The proof of publishing any notice required in this title in one or more of the daily newspapers in the District shall be conclusive notice to the person for whom such notice is intended.

EXTENSIONS OF TIME

SEC. 52. Where, before the expiration of the period prescribed herein for the assessment or redetermination of an additional tax, a taxpayer has consented in writing that such period be extended, the amount of such tax due may be determined at any time within such extended period. The period so extended may be further extended by subsequent consents in writing made before the expiration of the extended period.

TITLE II—COMPENSATING-USE TAX

DEFINITIONS

SEC. 1. (a) "Retail sale", "sale at retail", and "sold at retail" means all sales in any quantity or quantities of tangible personal property, whether made within or without the District, and services, to any person for the purpose of use, storage, or consumption, within the District, taxable under the terms of this title. These terms shall mean all sales of tangible personal property to any person for any purpose other than those in which the purpose of the purchaser is to resell the property so transferred in the form in which the same is, or is to be, received by him, or to use or incorporate the property so transferred as a material or part of other tangible personal property to be produced for sale by manufacturing, assembling, processing, or refining. For the purpose of the tax imposed by this title, these terms shall include, but shall not be limited to, the following:

(1) Any production, fabrication, or printing of tangible personal property on special order for a consideration.

(2) The sale of natural or artificial gas, oil, electricity, solid fuel or steam, when made to any purchaser for purposes other than resale or for use in manufacturing, assembling, processing or refining.

(3) The sale of material used in the construction, and of materials used in the repair

or alteration, of real property, which materials, upon completion of such construction, alterations, or repairs, become real property, regardless of whether or not such real property is to be sold or resold.

(4) The grant of the right to continuous possession or use of any article of tangible personal property granted under a lease or contract if such grant of possession would be taxable if outright sale were made; in such event such lease or contract shall be considered the sale of such article and the tax shall be computed and paid by the vendor upon the rentals paid.

(b) The terms "retail sale," "sale at retail," and "sold at retail" shall not include the following:

(1) Sales of tickets for admission to places of amusement and sports.

(2) Sales of transportation and communication services.

(3) Professional, insurance, or personal service transactions which involve sales as inconsequential elements for which no separate charges are made.

(4) Sales of tangible personal property which property was purchased or acquired by a nonresident prior to coming into the District and establishing or maintaining a temporary or permanent residence in the District. As used in this subsection, the word "residence" means a place in which to reside and does not mean "domicile".

(5) Sales of tangible personal property which property was purchased or acquired by a nonresident person prior to coming into the District and establishing or maintaining a business in the District.

(6) The use or storage within the District of tangible personal property owned and held by a common carrier or sleeping-car company for use principally without the District in the course of interstate commerce, or commerce between the District and a State, in or upon, or as part of, any train, aircraft, or boat.

SEC. 2. "Purchase" and "purchased" shall mean and include—

(a) any transfer, either conditionally or absolutely, of title or possession of both of the tangible personal property sold at retail;

(b) any acquisition of a license or other authority to use, store, or consume, the tangible personal property sold at retail;

(c) any sale of services sold at retail.

SEC. 3. "Purchaser" means any person who shall have purchased tangible personal property or services sold at retail.

SEC. 4. "In the District" and "within the District" mean within the exterior limits of the District of Columbia and include all territory within such limits owned by the United States of America.

SEC. 5. "Store" and "storage" mean any keeping or the retention of possession in the District for any purpose of tangible personal property purchased at retail sale.

SEC. 6. "Use" means the exercise by any person within the District of any right or power over tangible personal property and services sold at retail, whether purchased within or without the District by a purchaser from a vendor.

SEC. 7. "Vendor" includes every person or retailer engaging in business in the District and making sales at retail as defined herein, whether for immediate or future delivery of the tangible personal property or performance of the services. When in the opinion of the Assessor it is necessary for the efficient administration of this title to regard any salesman, representative, peddler, or canvasser, as the agent of the dealer, distributor, supervisor, or employer, under whom he operates or from whom he obtains the tangible personal property sold or furnishes services, the Assessor may, in his discretion, treat and regard such agent as the vendor jointly responsible with his principal, employer, or supervisor, for the assessment and payment or collection of the tax imposed by this title.

SEC. 8. "Engaging in business in the District" includes the selling, delivering, or furnishing in the District, or any activity in the District in connection with the selling, delivering, or furnishing in the District, of tangible personal property or services sold at retail as defined herein. This term shall include but shall not be limited to the following acts or methods of transacting business:

(a) The maintaining, occupying or using, permanently or temporarily, directly or indirectly, or through a subsidiary or agent, by whatever name called, of any office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business.

(b) The having of any representative, agent, salesman, canvasser, or solicitor operating in the District for the purpose of making sales at retail as defined herein, or the taking of orders for such sales.

SEC. 9. "Retailer" includes every person engaged in the business of making sales at retail.

SEC. 10. The definitions of "business," "food," "gross receipts," "person," "purchaser's certificate," "retail establishment," "return," "sale" and "selling," "sales price," "semipublic institution," "tangible personal property," "tax," "tax year," "taxpayer," "Assessor," "Collector," "Commissioners," and "District," as defined in title I of this act, are hereby incorporated in and made applicable to this title.

SEC. 11. The foregoing definitions shall be applicable whenever the words defined are used in this title unless otherwise required by the context.

IMPOSITION OF TAX

SEC. 12. Beginning on and after the first day of the first month succeeding the sixtieth day after the approval of this act, there is hereby imposed and there shall be paid by every vendor engaging in business in the District and by every purchaser a tax on the use, storage, or consumption of any tangible personal property and services sold or purchased at retail sale. The tax hereby imposed shall be at the rate of 2 percent of the sales price of the tangible personal property or services rendered or sold.

PAYMENT OF TAX BY VENDOR

SEC. 13. Every vendor engaging in business in the District and making sales at retail shall, for the privilege of making such sales, pay to the Collector the tax imposed by this title. At the time of making such sales the vendor shall collect the tax from the purchaser and give to the purchaser a receipt therefor in such form as prescribed by the Assessor. For the purpose of uniformity of tax collection by the vendor engaging in business in the District and for other purposes the provisions of sections 26, 27, 29, and 30 of title I of this act are hereby incorporated in and made applicable to this title.

SEC. 14. Every vendor or retailer not engaging in business in the District who makes sales at retail as defined in this title, and who upon application to the Collector has been expressly authorized to pay the tax imposed by this title, shall, at the time of making such sales, collect the reimbursement of the tax from the purchaser and give to the purchaser a receipt therefor in such form as prescribed by the Assessor. For the purpose of uniformity of tax collection by the vendor or retailer who has been expressly authorized to pay the tax under the provisions of this section and for other purposes, the provisions of sections 26, 27, 29, and 30 of title I of this act are hereby incorporated in and made applicable to this title. A permit shall be issued to such vendor or retailer, without charge, to pay the tax and collect reimbursement thereof as provided herein. Such permit may be revoked at any time by the Collector who shall thereupon give notice thereof to the vendor or retailer.

PAYMENT OF TAX BY PURCHASER

SEC. 15. If a purchaser has not reimbursed for the tax such vendors or retailers as are required or authorized to pay the tax, as the case may be, such purchaser shall file a return as hereinafter provided and pay to the Collector 2 percent of the total sales prices of property and services purchased at retail sale.

EXEMPTIONS

SEC. 16. The tax imposed by this title shall not apply to the following:

(a) Sales upon which taxes are imposed under title I of this act.

(b) Sales exempt from the taxes imposed under title I of this act.

(c) Sales upon which the purchaser has paid a retail sales tax or made reimbursement therefor to a vendor or retailer under the laws of any State or Territory of the United States.

COLLECTION OF TAX

SEC. 17. The provisions of sections 31, 32, and 33 of title I of this act are hereby incorporated in and made applicable to this title.

SEC. 18. Every vendor or retailer not engaging in business in the District who has been expressly authorized to pay the tax imposed by this title and collect reimbursement therefor, and every vendor engaging in business in the District, may, in the discretion of the Collector, be required to file with the Collector a bond not exceeding the amount of \$10,000 with such sureties as the Collector deems necessary, and for such duration not exceeding 5 years as the Collector deems necessary, conditioned upon the payment of the tax due from any vendor or retailer for any period covered by any return required to be filed under this title.

UNLAWFUL ADVERTISING

SEC. 19. The provisions of section 34 of title I of this act are hereby incorporated in and made applicable to this title.

RETURNS AND PAYMENT OF THE TAX

SEC. 20. The provisions of sections 35, 36, 37, and 38 of title I of this act are hereby incorporated in and made applicable to this title. Every vendor, and every vendor or retailer not engaging in business in the District who is expressly authorized to pay the tax, shall file returns and pay the tax in accordance with the provisions of such sections applicable to the filing of returns and the payment of the tax and as shall be prescribed by regulation.

SEC. 21. (a) Every purchaser who is required to pay a tax under this title shall file a return with the Assessor within 20 days after the end of each calendar month. Such returns shall show the total sales prices of all tangible personal property and services purchased at retail sale upon which the tax imposed has not been paid by the purchaser to vendors or retailers, the amount of tax for which the purchaser is liable, and such other information as the Assessor deems necessary for the computation and collection of the tax.

(b) The Assessor may permit or require the returns of purchasers to be made for other periods and upon such other dates as he may specify.

(c) The return filed by a purchaser shall include the sales prices of all tangible personal property and services purchased at taxable retail sale during the calendar month or other period for which the return is filed and upon which the tax imposed has not been reimbursed by the purchaser to vendors or retailers.

(d) The form of returns shall be prescribed by the Assessor and shall contain such information as he may deem necessary for the proper administration of this title. The Assessor may require amended returns to be filed within 20 days after notice and to contain the information specified in the notice.

(e) At the time of filing his return as provided in this section the purchaser shall pay to the Collector the amount of tax for which he is liable as shown by such return.

(f) The taxes for the period for which a return is required to be filed under this section shall be due by the taxpayer and payable to the Collector on the date limited for the filing of the return for such period, without regard to whether a return is filed or whether the return which is filed correctly shows the amount of the total sales prices and taxes due thereon.

REGISTRATION

Sec. 22. The provisions of section 46 of title I of this act are hereby incorporated in and made applicable to this title: *Provided*, That vendors and persons who have been issued certificates of registration under title I of this act shall not be required to have such certificate under this title.

DETERMINATION OF TAX, REFUNDS, APPEALS, SALES IN BULK, REGULATIONS, PENALTIES AND INTEREST, PROSECUTIONS, FALSE AND INCORRECT RETURNS, NOTICES, ETC.

Sec. 23. The provisions of sections 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, and 52 of title I of this act are hereby incorporated in and made applicable to this title.

TITLE III—EXCISE TAX UPON ISSUANCE OF TITLES TO MOTOR VEHICLES

An act known as the District of Columbia Traffic Act, 1925, approved March 3, 1925, as amended, is hereby further amended by adding to section 6 thereof the following subsection:

"(j) In addition to the fees and charges levied under other provisions of this act, there is hereby levied and imposed an excise tax for the issuance of every original certificate of title for a motor vehicle or trailer in the District, and for the issuance of every subsequent certificate of title for a motor vehicle or trailer in the District in the case of sale or resale thereof, at the rate of 2 percent of the fair market value of such motor vehicle or trailer at the time such certificate is issued, as determined by the Assessor of the District of Columbia or his duly authorized representatives. As used in this section, the term "original certificate of title" shall mean the first certificate of title issued by the District of Columbia for any particular motor vehicle or trailer. No certificate of title so issued shall be delivered or furnished to the person entitled thereto until the tax has been paid in full. The Assessor of the District of Columbia may require every applicant for a certificate of title to supply such information as he deems necessary as to the time of purchase, the purchase price, and other information relative to the determination of the fair market value of any motor vehicle or trailer for which a certificate of title is required and issued. The issuance of certificates of title for the following motor vehicles and trailers shall be exempt from the tax imposed by this subsection:

"(1) Motor vehicles and trailers owned by the United States or the District of Columbia.

"(2) Motor vehicles and trailers purchased or acquired by nonresidents prior to coming into the District of Columbia and establishing or maintaining residences in the District.

"(3) Motor vehicles and trailers purchased or acquired by nonresidents prior to coming into the District of Columbia and establishing or maintaining a business or businesses in the District. Except as hereinafter provided, it is not intended to exempt from the tax the issuance of certificates of title for motor vehicles and trailers owned by nonresidents who are engaged in business in the District at the time of their purchase or acquisition of such vehicles and trailers and who use such vehicles and trailers in the

conduct of their District business or businesses.

"(4) Motor vehicles and trailers owned by a utility or public-service company for use in furnishing a commodity or service: *Provided*, That the receipts from furnishing such commodity or service are subject to a gross-receipts or mileage tax in force in the District of Columbia at the time of a certificate of title for any such vehicle or trailer is issued."

Sec. 2. The provisions of this title shall be applicable with respect to all certificates of title issued on and after the first day of the first month succeeding the sixtieth day after the approval of this act.

Sec. 3. Any person aggrieved by the assessment of any tax imposed by this title may, within 90 days from the date the person entitled to a certificate of title was notified of the amount of such tax, appeal to the Board of Tax Appeals for the District of Columbia in the same manner and to the same extent as set forth in sections 3, 4, 7, 8, 9, 10, and 11 of title IX of the act entitled "An act to amend the District of Columbia Revenue Act of 1937, and for other purposes," approved August 17, 1937, as amended, and as the same may hereafter be amended. The remedy provided in this section shall not be deemed to take away from the person entitled to such certificate of title any remedy which he might have under any other provision of law, but no suit by such person for the recovery of a tax, or any part thereof, imposed by this title shall be instituted in any court if such person has elected to file an appeal with respect to such tax with the Board of Tax Appeals for the District of Columbia.

Mr. SMITH of Virginia (interrupting the reading). Mr. Chairman, I ask unanimous consent that titles I, II, and III, relating to the sales tax may be considered as read, printed in the RECORD, and that it may be open to amendment at any place.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. GRANGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRANGER: Strike out all after the enacting clause and insert the following: "That section 3 (s) of title I, article I, is amended to read as follows:

"(s) The word "resident" means every individual domiciled within the District on the last day of the taxable year, and every other individual who maintains a place of abode within the District for more than 7 months of the taxable year, whether domiciled in the District or not. The word "resident" shall not include any elective officer, or any employee on the staff of an elected officer in the legislative branch of the Government of the United States, if such employee is a bona fide resident of the State of residence of such elected officer, or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States, unless such officers are domiciled within the District on the last day of the taxable year."

Sec. 2. Section 2 of title III is amended by striking out all of the paragraph numbered (b) (10) and renumbering the succeeding paragraphs as (10) and (11), respectively.

Sec. 3. Section 3 of title III is amended by striking out all of the paragraph numbered 3 (b) (5) and renumbering the succeeding paragraph as (5).

Sec. 4. Section 3 of title VI is amended to read as follows:

"Sec. 3. Imposition and rates of tax: There is hereby annually levied and imposed for each taxable year upon the taxable income of every resident a tax at the following rates:

"Two percent, on the first \$2,000 of taxable income.

"Three percent, on the next \$3,000 of taxable income.

"Four percent, on the next \$5,000 of taxable income.

"Five percent, on the taxable income in excess of \$10,000."

Sec. 5. Article I is further amended by striking out all of title VIII and renumbering the succeeding titles as VIII, IX, X, XI, XII, XIII, XIV, and XV, respectively.

Sec. 6. Subsection (a) of section 23 of the District of Columbia Alcoholic Beverage Control Act, approved January 24, 1934, as amended, is further amended to read as follows:

"Sec. 23. (a) There shall be levied, collected, and paid on all of the following-named beverages manufactured by a holder of a manufacturer's license and on all of the said beverages imported or brought into the District of Columbia by a holder of a wholesaler's license, except beverages as may be sold to a dealer licensed under the laws of any State or Territory of the United States and not licensed under this act, and on all beverages imported or brought into the District of Columbia by a holder of a retailer's license, a tax at the following rates to be paid by the licensee in the manner hereinafter provided.

"(1) A tax of 10 cents on every wine-gallon of wine containing 14 percent or less of alcohol by volume, except champagne or sparkling wine or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 20 cents on every wine-gallon of wine containing more than 14 percent of alcohol by volume, except champagne or sparkling wine or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (3) a tax of 30 cents on every wine-gallon of champagne or sparkling wine or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (4) a tax of \$1.10 on every wine-gallon of spirits and a proportionate tax at a like rate on all fractional parts of such gallon; (5) and a tax of \$2.20 on every wine-gallon of alcohol and a proportionate tax at a like rate on all fractional parts of such gallon."

Sec. 7. Within 10 days after the effective date of this act, every holder of a retailer's license under said District of Columbia Alcoholic Beverage Control Act shall file with the Alcoholic Beverage Control Board a sworn statement on a form to be prescribed by the Commissioners of the District of Columbia showing the number of each kind and denomination of stamps denoting the payment of beverage taxes held or possessed by such licensee or anyone for him on the day on which this act becomes effective, or on the following day on which this act becomes effective, or on the following day if the effective date be a Sunday, other than stamps affixed to the containers of beverages manufactured in or imported into the District of Columbia prior to the effective date of this act, and shall, within 15 days after the effective date of this act, pay to the Collector of Taxes the difference between the amount of tax represented by such stamps at the time of purchase from the Collector of Taxes and the amount of tax imposed by this act represented by such stamps.

Sec. 8. Within 10 days after the effective date of this act every holder of a manufacturer's license, class A, and every holder of a wholesaler's license under the District of Columbia Alcoholic Beverage Control Act shall file with the Alcoholic Beverage Control Board a sworn statement on a form to be prescribed by the Commissioners showing the amount and kind of all beverages, except (1).

beer, (2) wine containing 14 percent or less of alcohol by volume other than champagne and wine artificially carbonated, and (3) beverages upon which required stamps have been affixed, held, or possessed by him in the District of Columbia at the beginning of the day this act becomes effective and shall state the number of each kind and denomination of stamps necessary for the stamping of such beverages so held or possessed. Every such licensee, within 10 days after the effective date of this act, shall also file with the Alcoholic Beverage Control Board a sworn statement on a form to be prescribed by the Commissioners of the District of Columbia showing the number of each kind and denomination of stamps denoting the payment of beverage taxes held or possessed by such licensee or anyone for him at the beginning of the day on which this act becomes effective, other than stamps affixed to the containers of beverages manufactured in or imported into the District of Columbia prior to the effective date of this act. Every such licensee shall within 15 days after the effective date of this act pay to the Collector of Taxes for all stamps not necessary for the stamping of beverages shown on the sworn statement hereinbefore required to be filed with the Alcoholic Beverage Control Board the difference between the amount of tax represented by such stamps at the time of purchase from the collector of taxes and the amount of tax imposed by this act represented by such stamps. Should the number of any kind or denomination of stamps so held by a licensee be less than the number necessary for the stamping of the beverages shown on said sworn statement, the Collector of Taxes is authorized and directed to sell to such licensee, at the rates prescribed for such stamps prior to the effective date of this act, such stamps as may be necessary for the stamping of such beverages. In the event any of the beverages shown on said sworn statement are sold to a dealer licensed under the laws of any State or Territory of the United States and not licensed under this act, such sale shall, within 10 days thereafter, be reported to the Alcoholic Beverage Control Board and within said 10 days such licensee shall pay to the Collector of Taxes on all stamps held by him for the stamping of such beverages the difference between the amount of tax represented by such stamps at the time of purchase from the Collector of Taxes and the amount of tax imposed by this act represented by such stamps.

"Sec. 9. Subsection (a) of section 40 of said act (sec. 25-138, D. C. Code, 1940), as amended, is hereby further amended, by striking out the figures and words '50 cents' and inserting in lieu thereof the figure '\$1.'

"Sec. 10. The rate of taxation imposed by the District of Columbia on real and tangible personal property shall not be less than $2\frac{1}{2}$ percent on the assessed value of such property.

"Sec. 11. This act shall become effective July 1, 1949."

Mr. GRANGER (interrupting the reading). Mr. Chairman, I ask unanimous consent that the section having to do with the sales tax be considered as read and that the Clerk proceed with the next section.

The CHAIRMAN. Does the gentleman from Virginia object to the request of the gentleman from Utah?

Mr. SMITH of Virginia. What portion is the gentleman talking about?

Mr. GRANGER. The income tax.

Mr. SMITH of Virginia. We have not reached the income tax; that does not come until the next section; but to consider it read, I have no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. SMITH of Virginia. Mr. Chairman, I reserve a point of order against the amendment.

Mr. GRANGER. The gentleman may make his point of order.

Mr. SMITH of Virginia. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Utah is not in order at this time, as the part of the bill that has been read relates to the sales tax and the title relating to the income tax has not been reached. I therefore make a point of order that the gentleman's amendment is premature and not in order at this time.

The CHAIRMAN. Does the gentleman from Utah [Mr. GRANGER] wish to be heard?

Mr. GRANGER. I do, Mr. Chairman. The bill we have before us, it is perfectly clear, is to raise revenue for the District of Columbia. Every one of the sections in the amendment that I have offered proposes to do that. It is in order and I hope the Chair rules it is in order.

The CHAIRMAN. The Chair is ready to rule.

The point of order raised by the gentleman from Virginia is the identical point of order raised by the gentleman from Virginia in a similar situation when the committee considered this legislation some time ago. At that time the Chair ruled that the gentleman from Virginia was technically correct in urging the point of order, but the Chair also rules again that the gentleman from Utah would be in order in offering his amendment after the proper section has been read.

Mr. SMITH of Virginia. Mr. Chairman, are there any amendments to titles I, II, or III?

The CHAIRMAN. The gentleman from Utah at this time, in view of the ruling of the Chair, may desire to offer his amendment as a substitute.

Mr. GRANGER. Mr. Chairman, I offer it as a substitute.

Mr. SMITH of Virginia. Mr. Chairman, it has not been offered as a substitute. I do not want to be technical, but I do want to be regular.

Mr. GRANGER. Mr. Chairman, I ask unanimous consent that it be considered as a substitute. That was the intention, that it is a substitute.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

There was no objection.

The CHAIRMAN. The gentleman from Utah [Mr. GRANGER] is recognized for 5 minutes on his amendment.

Mr. KELFE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEEFE. Mr. Chairman, are we to understand that the gentleman from Utah has now offered a complete substitute for 3704?

The CHAIRMAN. That is the understanding of the Chair.

Mr. KEEFE. If the substitute is adopted, that means wiping out the entire language contained in 3704 and adopts this as the bill?

The CHAIRMAN. The gentleman is correct. That is the parliamentary situation.

Mr. GRANGER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRANGER. Mr. Chairman, I intended to not have the income-tax provision read, however I think the next section should be read.

The CHAIRMAN. What does the gentleman propose? The gentleman is recognized for 5 minutes under previous ruling of the Chair to explain his amendment. Will the gentleman proceed?

Mr. KLEIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KLEIN. Mr. Chairman, I do not believe the membership knows what this substitute contains, therefore I ask unanimous consent that the substitute be read.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. KLEIN. Mr. Chairman, is this going to be taken out of the gentleman's time?

The CHAIRMAN. What is the gentleman's request?

Mr. KLEIN. Mr. Chairman, I asked unanimous consent that the substitute be read. It has not been read. I do not want that to be done if it is going to be taken out of his time.

The CHAIRMAN. For the information of the gentleman from New York, the gentleman from Utah requested that it be not read. The gentleman from Utah is recognized.

Mr. GRANGER. Mr. Chairman, this substitute seems very simple to me, but may be very difficult for some people to understand who do not want to understand it. However, the amendment I offered is a substitute for the Smith bill. I was in hopes that we could speed the thing up by having the section read that had to do with income tax, that everyone knows and has heard read before, but I wanted the rest of it read so that they would know what is in the bill. Everybody has been talking about the sales tax and the income tax, but on neither side of the aisle have they talked about the place where they can raise the necessary revenue for the District, but it can be done by taxing liquor. I made a mistake before when I said that the liquor tax increase in my bill would raise \$2,000,000. I have since checked and found that was on hard liquor. But, on wine and champagne and liquor the revenue would be \$4,000,000. So, I am going to ask unanimous consent a little later on to offer an amendment to strike out the figure $2\frac{1}{2}$ percent and make it $2\frac{1}{4}$ percent, because it will not be necessary to raise the property tax that high in order to get the necessary revenue that we need for the District.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from Arkansas.

Mr. HARRIS. Did I understand the gentleman to say that after some investigation he found that the tax proposed in his amendment on hard liquor would increase the revenue \$2,000,000?

Mr. GRANGER. That is right.

Mr. HARRIS. And if it was extended then to all liquors and wine, it would be \$4,000,000?

Mr. GRANGER. That is right.

Mr. HARRIS. The gentleman then tells this committee that this increase in tax on wine would raise \$2,000,000 additional revenue.

Mr. GRANGER. Wines and liquor combined, \$4,000,000.

Mr. HARRIS. Of course, liquor is already in, and you get \$2,000,000. As I understand, when you add wines and beer, and so forth to it, you get \$2,000,000 more.

Mr. GRANGER. Practically speaking, that is the truth. Four million dollars will be realized in revenue from the tax on liquor and wine as proposed in my substitute.

Mr. HARRIS. My understanding is—

Mr. GRANGER. I do not yield anymore.

So, the committee a couple of weeks ago, when this carefully considered sales tax was before the House and was promptly defeated, seemed to suffer a little bit from offended pride and said, "Now, that the House has done that, it is up to somebody else to find where they can get the revenue." Well, we found where we can get the revenue to meet every requirement of the budget, sufficient revenue to pay these increases that they have been talking about and that most of the members of the committee have voted for. So, we are here now today, and I wish everyone would be in a position where they would have to stand up and be counted as to whether or not they are against putting any of these luxury taxes on liquor, tobacco, and beer in the District of Columbia. There is not a single tax on tobacco in the District. The tax on a barrel of beer is 50 cents; in other places in the country it varies from \$2.50 in Pennsylvania to \$10 a barrel in Louisiana.

I hope the amendment will be adopted. I certainly am not of the opinion that we ought to recommit it. I want to pass it.

Mr. SMITH of Virginia. Mr. Chairman, I wonder how many Members want to speak on this amendment? Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes, the last 5 minutes to be reserved to the committee.

Mr. O'SULLIVAN. I object, Mr. Chairman.

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, I think that would amount to only about 2 minutes each.

Mr. SMITH of Virginia. I withdraw the request, Mr. Chairman.

Mr. BATES of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is the crux of the entire situation. Here we find, as the result of all this confusion on the part of those who are trying to write a bill on the floor of the House, an amendment being offered at the last moment, which is a complete substitute for the bill that the committee reported to the House. This brings about in substance a change in broadening the income-tax law and doubling the rates, and also the tax on alcoholic beverages. As I said earlier this afternoon, if we were to meet the \$18,000,000 by a tax on real estate it would mean an increase of over 90 percent in the tax bill on any given property between the year 1948 and the next fiscal year, 1950. This substitute bill, offered by the gentleman from Utah [Mr. GRANGER] provides for a rate of \$2.50, and on that base, on any given piece of property the tax bill in the next fiscal year, 1950, would be just 70 percent over and above what it was in the fiscal year 1948. That is one feature of his bill.

There was a lot said about the lack of time the committee gave to the fiscal problems of the District. Here is a volume containing the hearings we held on the fiscal problems of the District only 2 years ago. It took the committee over a period of 2 months. We have precisely the same members on that committee that we had 2 years ago, when we made a complete survey of the entire fiscal structure of the District of Columbia.

Another thing I call to your attention is that the minority members have already filed several identical bills as substitutes for the bill that is before the committee today, H. R. 3682, H. R. 3683, H. R. 3684, H. R. 3685, and H. R. 3686, and we have still another one in the substitute offered by the gentleman from Utah only a moment ago.

Let me repeat once more that I believe we have a committee composed of very responsible men, men who have given a great deal of time and thought to the fiscal problems of the District. They have been on the committee a good many years. I think they thoroughly understand the problems of the District. It is just a question of what course they ought to take, whether they should take an income tax or a sales tax. But the plain facts are that we need \$18,000,000, and the subcommittee by unanimous agreement reported out the bill that is now before you for a well-balanced one, that can be put into effect in the District of Columbia and will meet all requirements not only of the deficiency in the budget itself but also the \$10,000,000 necessary to meet the requirements of the increased pay of the District employees, whose salary increases the House approved a year ago, which means precisely \$680 to every employee in the District of Columbia.

If this bill we reported out is defeated today, in my opinion we will not be able to raise sufficient money, because even with the bill that has been filed by the several Members, including the gentleman from Utah [Mr. GRANGER], they still will be \$7,000,000 short of meeting the necessary expenditures they still need to

operate the District of Columbia in the fiscal year 1950.

Mr. Chairman, I hope the amendment will be defeated.

Mr. KENNEDY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to speak in favor of the Granger substitute. I would like to say to the gentleman from Massachusetts that 2 weeks ago when the House defeated the sales-tax bill, it seems to me it showed conclusively that it did not want a sales tax. Therefore, the duty of the Fiscal Committee of the District of Columbia Committee was to bring up new legislation, which is what we are trying to do. Therefore it seems to me the onus, or the burden rests with the Fiscal Affairs Committee of the District Committee and not with a minority group whom you accuse of trying to write the bill on the floor of the House. That is our only alternative, because the Fiscal Affairs Committee did not respond to the mandate of the House, which rejected a sales tax. They should have brought in an entirely new bill which did not include a sales tax. That is why even though this substitution may not be in the best form and the way it should have been, I am going to support the Granger substitute.

Mr. Chairman, I yield back the balance of my time.

Mr. CAVALCANTE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am bound to be in favor of this substitute because of the same reason that I voted against the bill about 2 weeks ago. The bill is loosely drawn up and confused. Let me point this out to you.

On page 2 of the bill, line 14, we find the definition of the word "food." It says that food means, among other things, "bottled soft drinks." Then down on line 21, where a proviso is added to that meaning, it says:

Provided, however, That the word "food" shall not include spirituous or malt liquors, beer—

And mark you this—
any other beverages such as are ordinarily dispensed at bars and soda fountains or in connection therewith.

This language means that if the drink is "bottled," it is "food." But the proviso states that if you buy the same beverage at the soda fountain, it ceases to be food. So, you have the situation that when you go into a restaurant and sit at the soda fountain and order a meal and ask for a bottle of Coca-Cola to go with your meal, the price of the bottle of Coca-Cola will be added to the cost of your meal and you will be charged the tax on the whole price. But if you sit at the counter, and instead of asking for a bottle of Coca-Cola, you say, "Bring me a glass of Coca-Cola," then this section excludes that and the waitress or the restaurant owner would be doing wrong to add the price of that glass of Coca-Cola to your meal ticket because the proviso makes it no longer food. If it is in a bottle, it is food; and if it is not in a bottle, it is not food.

It seems to me that this definition discriminates against the bottlers of soft

drinks. These bottlers who bottle and sell soft drinks in bottles will be taxed, but those who sell the syrup to be mixed with water, which is jerked at the fountain, and sold in bulk—that kind of Coca-Cola is not taxed. That applies to any soft drink. I challenge the committee to question the point that if Coca-Cola is sold in bottles it is food, and if it is sold in the glass at the fountain it ceases to be food. I cannot understand that kind of reasoning.

Mr. O'SULLIVAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is with some reluctance that I request this time to add a heaping measure to the already heavy burdens of this committee, and by my actions seek to make this Congress better known as a no-can-do Congress. But no other course seems to be open to me at this time.

To say that I oppose a sales tax for the District of Columbia is putting it mildly. I am against a sales tax because its burdens fall too heavily upon the ordinary person, and it is a scheme to relieve the big-money people from paying their just share of taxes.

If we pass this sales-tax feature in this District revenue measure, it will be the entering wedge for a national sales tax. The Democratic platform unequivocally condemned a sales tax, and it certainly is no excuse to say that it denounced a national sales tax but not a sales tax for the District of Columbia. I am sure that the intent of the platform was to denounce all sales taxes, whether on a national or a district scale.

I am at a loss to understand why real property in the District of Columbia should not be raised from \$2 per hundred to at least \$3 per hundred, which amount would be much less than that paid by any other cities, both larger and smaller from a population standpoint; and why an alcoholic liquor tax should not be increased in an amount equal to that paid in other cities. Why should real-estate owners and liquor sellers here be given special handling in the District of Columbia? Why should they be a privileged class?

There is no doubt but what the \$18,000,000 deficit should be made up by a proper tax plan. Wages should be raised and the people of the District of Columbia should receive benefits comparable to those received by other cities. But I am afraid that the approach suggested by House bill 3704 is not the proper one and not the democratic one. It would rather appear that this bill was ill-considered in the committee and it should be either returned to the committee or rewritten on the floor of this House by adopting the Granger substitute, heretofore distributed among the Members of the House. It contemplates an increase in the liquor and real-estate taxes. All of its provisions are not entirely clear to me, perhaps, but I do not think there is anything complicated about it after all, and it would do away with sales taxes, impose higher real-estate taxes, and put a proper tax upon liquor sales in the District.

I am sorry that I cannot go along with our distinguished majority leader on this matter. I cannot because the Democratic platform denounces a sales tax, and does

not hold out tax exemptions or special handling for liquor dealers and real-estate owners in the District of Columbia or elsewhere in the United States.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GRANGER. Mr. Chairman, I ask unanimous consent to amend my amendment on page 3, line 10, by striking out "2½ percent" and insert in lieu thereof "2¼ percent."

The CHAIRMAN. Is there objection to the request of the gentleman from Utah [Mr. GRANGER]?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, in view of the fact that this amendment particularly deals with the question of taxing the liquor consumed in the District of Columbia, I wish to inform the House on certain revenue figures which have been supplied to me, taken from the revenue studies of the District of Columbia, alcoholic beverages.

Some of the large wholesale distributors in this area are shown in this table which I will insert at this point:

Revenue studies, District of Columbia—alcoholic beverages

	Liquor	Wine	Total
1947 REVENUE STAMP PURCHASES			
WHOLESALEERS	<i>Gallons</i>	<i>Gallons</i>	<i>Gallons</i>
Austin Nichols & Co.	24,708	3,299	28,007
Beltzell & Co., Inc.	201,892	19,750	311,642
Capital Distributors Co.	515,399	31,550	546,949
Columbia Wholesale Liquor Co.	192,920	—	192,920
Decker Distributing Co.	144,647	54,286	198,933
District Distributors, Inc.	133,830	87,250	221,080
Forman Bros., Inc.	158,561	34,100	192,661
Globe Distributing Co.	89,818	126,655	216,473
House of Stover	313,507	9,225	322,732
House of Wines	26,108	25,850	51,958
International Distributing Corp.	164,286	13,625	177,912
E. Kahn & Co., Inc.	354,653	15,120	369,683
Kronheim, M. S. & Sons, Inc.	388,009	55,650	443,719
Marvin & Snead Sales Corp.	326,579	4,750	331,329
Middle Atlantic Distributors, Inc.	253,802	1,000	254,802
Mottzman & Wolf, Inc.	30,014	43,400	73,414
National Distributors, Inc.	38,703	3,938	42,641
Paulsam Distributing Co.	10,225	54,645	64,870
Potomac Wine & Liquor Co.	232,387	1,250	233,637
Rome Wine & Liquor Co.	—	70,500	70,500
Southern Liquors, Inc.	7,975	21,459	29,434
Try-me Bottling Co.	208,377	48,375	256,752
Washington Wholesale Drug Exchange	1,388	—	1,388
Other wholesalers	57,381	—	57,381
Total	3,965,230	725,677	4,690,907

I am informed that in 1 year these firms purchase revenue stamps to cover 3,965,230 gallons of liquor; 725,677 gallons of wine; 588,009 barrels of 31 gallons each of beer.

I am putting in only a part of the table, but there are other figures here which indicate the retail prices, the wholesale prices, the mark-up of one-third, and indicate a net profit per annum of \$19,500,000 by some retail distributors and wholesalers.

Neither of these bills is entirely satisfactory to me. What I should like to

see is for the committee to bring into this House a bill providing for the sale of intoxicating liquors by the District government as a monopoly so that the District government could pick up this \$19,500,000 per annum profit on this distribution, just as many of our States do, particularly my home State of Michigan. That would make unnecessary the assessment of the 2-percent sales tax, the assessment of these increased real-estate taxes, the assessment of the additional contributions by the taxpayers who live out in my district and in your district, and the increased income tax; and the budget would be covered and you would have a premium, especially since you have in this proposed budget a nonrecurring item of \$5,000,000.

If this is not put in then I propose to vote for the substitute amendment.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JONES of Alabama. Has the gentleman proposed any legislation along the lines he is suggesting at the moment?

Mr. CRAWFORD. No; because I am not on this committee.

Mr. JONES of Alabama. Did the gentleman avail himself of an opportunity to appear before the committee to advance it?

Mr. CRAWFORD. No; I did not. The responsibility is not mine; the responsibility is with this committee to raise the necessary money in the manner least burdensome to the people who pay taxes. I am not interested in the gentleman's proposition; I have heard it before, and I do not propose to assume a responsibility that is not mine. The responsibility of the Public Lands Committee is on my committee and not on the gentleman who just spoke, and I am not going to criticize him for not appearing before that committee. The responsibility is on the people of this House to raise revenue without forever and eternally raising taxes on the people in this country who are overburdened with taxes at the present time.

Mr. JONES of Alabama. I am trying to find out how effectively the gentleman has pursued his idea.

Mr. CRAWFORD. I decline to yield further, Mr. Chairman.

Of course, the liquor boys oppose this type of legislation; naturally they want to put the \$19,500,000 in their pocketbooks; naturally they are in here with a bill to increase the price of retail liquor in this district so as to pick up another \$20,000,000. But I do not owe the liquor industry anything, and they have not enough money, influence, or power, to control my views. Suppose they should dispose of my life; what would that gain them? It would only cheat me out of a few days. That is my challenge in this matter.

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. CROOK and Mr. HOLIFIELD objected.

Mr. SMITH of Virginia. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 15 minutes, reserving the last 5 minutes to the committee.

The CHAIRMAN. The question is on the motion offered by the gentleman from Virginia [Mr. SMITH].

The question was taken, and the Chair being in doubt, the Committee divided; and there were—ayes 116, noes 42.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. CROOK].

Mr. CROOK. Mr. Chairman, in my estimation the sales tax is the most cleverly designed tax ever conceived by the ingenuity of man to take the burden off the big fellow's shoulder, the man of wealth, and place it on the shoulders of the workingman and the small man. That has been the history of the sales tax.

The other day we had round 1 on the sales tax and it was knocked out. Today somebody has rung the bell again and we have the second round. I hope it will be a complete knock-out so that it will never rise again.

I have noticed statements made here that the sales tax will only amount to \$19 per family. That has been quoted on this floor today. Suppose you buy an automobile, suppose you buy a house full of furniture, or whatever you buy, how are you going to get by on \$19 a year? It is a method of taxation that the big fellows put on the little fellows.

I have noticed in the last few days the papers have been running articles to play upon our sympathy. They say that you will have to close your schools, you will have to cut down on your health programs, you will have to close your swimming pools, and all these things that go for the betterment of humanity. You have the welfare of this city to take care of, and you should not do it by imposing a sales tax upon the small man.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I have heard it said repeatedly here that no other tax except a sales tax would pass this House. I would like to call to the attention of the Committee that there are a great many new Members here who have had no opportunity to vote on any other tax except a sales tax. I am wondering why the committee is so interested in ramming a sales tax through without trying some of these other taxes. I am wondering if somebody is interested in taking care of the liquor interests. I do not say we should raise the revenue on liquor taxes alone, but I believe a monopoly system such as we have in Ohio would go a long ways. I am wondering if there is any reason why the Federal Government should not pay its fair share to run this government. After all, this is a Federal city, and I do not think the people of any State would object to have a little bit of the income-tax money being used to pay a fair share by the Federal Government for the upkeep of the District of Columbia. We vote hundreds of millions of dollars for improvements and

water-power projects, and I am not against those. Then we talk about voting four or five million dollars for the Federal Government's share, and the committee says we should not do it.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GREEN].

Mr. GREEN. Mr. Chairman, I rise in support of the substitute offered by the gentleman from Utah [Mr. GRANGER]. When this House met 2 weeks ago we went on record against a sales tax. It seems as though the committee is definitely committed to a sales tax. I agree with the gentleman who preceded me on this floor that a sales tax is a most repressive tax, and I hope the Committee will once again defeat a sales tax in order that it will not be considered a good national tax by putting a sales tax on the District of Columbia. I heard someone say on the floor that this is an emergency tax; that this is a temporary measure. I have never seen any sales tax or any wage tax like we have in the city of Philadelphia put on the people with the understanding that it was going to be a permanent tax. But, once those taxes are placed on the people, they are never removed, because the money comes in so easily. There are other ways of raising money besides a sales tax, and this substitute provides that. So, I hope you support and vote for the substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, I have been here for over 40 years—yes, this is my forty-third year—and ever since I have served in the House efforts have been made to impose a District of Columbia sales tax principally by those tax evaders who can best afford to pay taxes. I think it is the most unfair tax that can be levied against the people. I agree with the gentleman who preceded me that once you impose this tax it would be only the beginning of a movement all through the United States for a national sales tax. I feel we should be careful before we act. If we have the interests of the common people and wage earners at heart, it is our duty to vote for the substitute offered by the gentleman from Utah [Mr. GRANGER].

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the Granger amendment because it eliminates the sales tax. The sales tax is a subtraction from the purchasing power of the poor people who need all the purchasing power they can possibly get.

I wonder why the committee is so concerned about the ad valorem tax. In my city of Los Angeles we pay approximately \$3 per hundred. If you raise the present \$2 tax to the \$3 we pay in Los Angeles you will bring in the \$18,000,000 that you need, and you will not have to be worried about this.

I do not know why the property owners here should be given the best of the deal throughout the United States. It is certainly not because the income from their properties is less. Their rental incomes

from either business or residential property are much larger than in most cities of the Nation. Why should they not pay the extra \$1 tax, which will bring it up to the average rate of tax throughout the United States?

The Granger amendment will bring in \$5,000,000 in income tax, \$5,000,000 in ad valorem tax and \$4,000,000 in increased liquor taxes, which will give you the money that you need.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. LECOMPTE].

Mr. LECOMPTE. Mr. Chairman, of course, I am going to support the committee bill and oppose the Granger amendment. I do not even understand it. I do not think it has been read. I believe if the committee will bring in a bill providing for a real-estate tax on about the same level as that prevailing in other cities of 800,000 population, if it will increase the liquor tax, if it will give us a realistic income tax for the District, and then have a sales tax, you will have enough money so you will not have to come to the Federal Government constantly for an additional contribution to run the District of Columbia government. You will have money for schools and hospitals that are sadly needed. I believe that is the answer to it. You ought to have all of those taxes, not just one of them.

Mr. BUCHANAN. That is exactly what is in the current bill.

Mr. LECOMPTE. It has not even been read. I do not know what is in it. It has not been read to the House.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, the reason we are in this dilemma is just exactly the thing that happened in the full committee. While I do not like to disagree with the members of the Subcommittee on Fiscal Affairs, nevertheless they had the opportunity to discuss this matter and propose their remedy for the situation. We in the full committee devoted about 30 minutes to it. That is why we are in this dilemma.

When we offer a sales-tax plan here for the District of Columbia—a federally operated city—we are actually setting a pattern for the Nation, which is a contradiction of the Democratic platform and also the general purport of the Republican platform. We said in the Democratic platform of 1948 that we favor a reduction in taxes whenever it is possible to do so without unbalancing the Nation's economy. It advocates that any reductions give full measure of relief to low-income families. It charges that the Republican tax law ignored those who needed reductions most, and opposes a general Federal sales tax. Mind you now, we went on record as opposed to a general Federal sales tax.

In other words, we find ourselves in disagreement and contradictorily are setting a pattern for the District of Columbia that is actually apt to be looked upon as a pattern for a Federal sales-tax law in the entire Nation.

Now, just what do we offer as an alternative revenue plan for Washington, D. C.?

Here is a communication from today's Washington Post setting forth the views of the minority members of this committee:

A COMMUNICATION

ALTERNATIVE REVENUE PLAN FOR WASHINGTON
(By six Members of the House of Representatives)

Your editorials, Pauperized Washington of March 16, and A Ward of Congress of March 19, charged that the Members of the House of Representatives who voted down the sales tax showed not the slightest regard for the real financial problems (of the District) and that their action was irresponsible.

Editorials like these serve only to confuse issues. We should like to take this opportunity to present a revenue program which will demonstrate that the situation is not as desperate as your newspaper would have the public believe. This program would yield more revenue than the sales-tax measure recently rejected by the House. It is also superior to the sales tax because it is more equitable, easier to administer, and will provide the basis for expanding revenues in the future to provide necessary services for District residents.

The program consists of the following: A broadened personal income tax which will tax all persons who reside in the District; a somewhat higher property tax; a larger Federal payment; and authorization to finance long-term improvements by borrowing.

The income-tax and property-tax features of this program are included in six identical bills which we introduced in the House last Tuesday. The increased Federal contribution and the repeal of the law of 1878 prohibiting the District from borrowing, will be included in other legislation.

The District of Columbia already has the elements of a good personal income tax. This produces a small amount of revenue at the present time because employees of the Federal Government domiciled elsewhere are specifically exempt. If this exemption for Federal workers were eliminated, the personal income tax would immediately yield at least an additional \$5,000,000 a year.

Opponents of a broader income tax have argued that it would result in double taxation, since some residents of the District pay tax to their home States. This double taxation charge is simply not true. Existing law already provides a credit for residents of the District who pay tax to other States for the full amount of such taxes paid.

Without further amendment, the law would provide the same credit to persons who would be subject to tax under the broadened income tax proposed here. Double taxation would, therefore, be impossible.

As a matter of fact, the credit for taxes paid to other States will not greatly reduce the yield of the tax for the following reasons: First, most District residents who are subject to income tax in their home States do not pay that tax because enforcement by State authorities is difficult and expensive.

Second, a few States do not tax domiciliaries if they do not reside there—for example, California and Idaho. New York exempts them providing they do not spend more than 30 days a year in the State. Third, 17 States do not levy a personal income tax and two States, New Hampshire and Tennessee, tax only income from intangibles. In total, double taxation of salaries earned by Federal Government employees is not possible in at least 22 States, even without the credit in the District law.

The estimated \$5,000,000 yield which would be obtained from the broadened income tax does not exhaust its revenue potentialities. Revenue can be increased by raising the rates and increasing progression. For example, the income tax provisions of the bill introduced last Tuesday would raise an additional \$10,-

000,000, or a total of \$15,000,000 more than the revenue from present law, when the \$5,000,000 produced by broadening the base is included.

In the immediate situation, it would be unnecessary to increase rates to higher levels than those provided under the new bill. It is well to note, however, that the rates in this bill are by no means excessive in comparison with rates in other States. Thus, the income tax could be made to produce even higher revenues without unduly burdening District residents.

Increased revenue requirements can, therefore, be met by way of the income tax even if this bill were adopted. Clearly, it is prudent and sound policy to anticipate the need for further revenue and there is no more equitable way to provide for such expansion than by the income tax.

Proponents of the sales tax will argue that Congress has voted down a comprehensive income tax in the past and will also point out that the Klein bill was defeated by the present House during the sales-tax debate. The performance of past Congresses is, however, no indication of how the new Congress will act, nor can the vote on the Klein bill be taken as conclusive.

The vote on the Klein bill was less than half the total vote on the sales tax. A number of influential Members of the House have stated publicly that they support a sales tax only as a last resort. If they were to vote for the newly introduced bill, their vote added to the vote polled against the sales tax would be sufficient to pass that bill by a substantial margin.

The property tax in the District of Columbia may be low by comparison with other large cities in the country. There is no easy method to make such a comparison since the valuations in the various cities differ substantially. Even if it is granted that the District property tax is relatively low, this is by no means a justification for increasing it substantially.

Basically, the property tax is subject to the same criticism as the sales tax: it tends to be more burdensome on low-income families than on those in the higher-income levels. Moreover, under rent control, a large increase in the property-tax rate is likely to be fully shifted to renters, many of whom are already hard-pressed by high prices for the necessities of life.

In view of these considerations, the property-tax rate might be increased, but in the interest of equity, by no more than 25 cents per \$100 assessed valuation. This would mean a 12.5-percent increase, or about \$4,000,000.

The Federal contribution to the District of Columbia has varied considerably since it was formally adopted. The first formula adopted by Congress in 1878, provided a contribution of 50 percent of total District expenditures. This formula remained unchanged, until 1921, when Congress reduced the Federal contribution to 40 percent of District appropriations. However, the 40-60 formula was superseded by lump-sum contributions beginning in 1925.

Lump-sum contributions have varied as follows since the fiscal year 1925:

Fiscal years—	—	—
1925-30	—	\$9,000,000
1931-32	—	9,500,000
1933	—	7,775,000
1934-36	—	5,700,000
1937-39	—	5,000,000
1940-46	—	6,000,000
1947	—	8,000,000
1948-49	—	12,000,000

¹ Includes \$1,000,000 contribution to the water fund.

During the period 1925-30, expenditures from the general fund varied between thirty million and forty million, and the nine mil-

lion contribution of the Federal Government in these years varied between 21 and 32 percent of general-fund expenditures. The general fund has reached almost ninety million in the current fiscal year and the Federal contribution to the general fund of eleven million is only slightly more than 12 percent.

There seems to be no question that a significant proportion of the increase in expenses is due to the increased cost of services by the Federal Government. Such costs have increased both because the Federal Government has enlarged its property holdings and also because the costs of running local government, like all costs, have been increased by the war and the postwar rise in prices. Clearly, it would be unfair to expect District residents to pay for higher costs of services rendered to the Federal Government.

Whether or not a formula is reintroduced or the lump-sum contribution is continued, it is obvious that the present twelve million contribution is wholly inadequate. A minimum increase of five million in the permanent contribution is essential.

The District government must finance all long-term improvements and construction projects out of current revenues. Elsewhere in the country, such improvements are almost always financed out of borrowed funds. Private business also finances long-term construction either by issuing bonds or by borrowing from banks or insurance companies. This practice is so widespread because it is a sound and businesslike approach.

Necessary improvements and construction projects in the District have been delayed by the wartime and postwar shortages. The need for many improvements is urgent and cannot be put off longer without seriously undermining the education, hospital, public welfare, and other programs. It would be impossible to provide even for minimum needs out of current revenue. The District is one of the wealthiest communities in the country, and its credit rating would be excellent. It is, therefore, both essential and safe to permit the District of Columbia to borrow funds for construction of long-term improvements.

In summary, the revenues which might be obtained from the sources enumerated above are:

Personal income tax	—	\$15,000,000
Property tax	—	4,000,000
Subtotal from District sources	—	19,000,000
Federal contribution	—	5,000,000
Total from all sources	—	24,000,000

The financial situation in the District is by no means desperate, with revenue possibilities of these magnitudes available to be tapped. The program outlined above is a moderate and equitable one and, as already noted, will provide substantially more revenue than the sales tax. Its adoption would enable the District to proceed with plans for improvement in current services to District residents. If, in addition, it is allowed to borrow funds for construction purposes, the District will have the elements of a sound fiscal structure which can well serve as a model to other communities, as it should.

JOHN F. KENNEDY,
Massachusetts.

W. K. GRANGER,
Utah.

FRANK BUCHANAN,
Pennsylvania.

GEORGE P. MILLER,
California.

ARTHUR G. KLEIN,
New York.

JAMES H. MORRISON,
Louisiana.

WASHINGTON.

• The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. SMITH] to close debate on the substitute amendment.

Mr. SMITH of Virginia. Mr. Chairman, many of us have heard this same kind of debate over the years. It has been said that there have not been any hearings on the income tax and the subject has not been considered. In 1947 this volume of 1,100 printed pages was taken on the whole tax situation, resulting in the recommendation that the House adopt an income tax similar to the one proposed in this amendment. In the following year, 1948, the committee held further hearings, after we were defeated on the income tax and we brought in the sales tax. The House, just as happened the other day, debated that at great length. The House passed a sales tax last year, but it was not reached on the Senate docket. This year we have discussed those subjects again in the committee hearing. Here are the results of those hearings.

Over on that side of the desk is a great pile of printed hearings, which have been held in previous years.

Let us talk about the income tax. Gentlemen come here and say, "Put on an income tax and that will solve all your difficulties." That is what we did 2 years ago. Here is the vote on it: When we proposed the same type of income tax that these gentlemen are asking for, the House voted it down on a motion to recommit by a vote of 222 to 78. That is what you did in the House to the income-tax proposal.

Let us see who voted against the income tax. There was not a Member that is in the House today making the fight on the sales tax who voted for the income-tax bill at that time. It is very well to stand up here and say, "Do not do this; tax somebody else," but as soon as we try to tax somebody else, somebody gets up here and says, "No, do not do that; tax someone else." Now, how are you going to get a tax bill with that sort of situation? You have reached the point where we must balance the budget of the District of Columbia, or adopt the proposal made in the other body to impose on your taxpayers back home \$30,000,000 in order to permit the residents of the District of Columbia to dodge their just responsibility and share of the taxes. Is that what you want to do? Or do you want to follow what your committee proposes; namely, to give them a fair, just, and honest tax bill.

Mr. Chairman, I was very much impressed, as I am sure all the Members were, with what the gentleman from Michigan [Mr. CRAWFORD] had to say. The gentleman said that we ought not to do this, but what we ought to do is to take over the liquor business in the District of Columbia as a government monopoly and sell liquor, so that nobody could make a profit on that business.

When the bill to license the sale of liquor in the District of Columbia came up, I was a member who got up and tried to do the very thing that the gentleman from Michigan [Mr. CRAWFORD] is talking about today. I offered a substitute to put it on a monopoly basis, so that nobody

would make a dollar out of the liquor business in the District of Columbia. What happened to me? Oh, I was voted down again. They said, "Oh, no; we must tax somebody else. We have to do this thing in some different way."

Gentlemen, we have reached the crux of this situation. We have brought you the best bill that we know how. We do not know and you do not know what is in the substitute bill. The only thing I know is that you voted down the 3-percent basis on the income tax 2 years ago. Now it has been raised to 5 percent and if you would not vote for it on the 3-percent basis, I am sure you would not want to vote for it on a 5-percent basis.

It has been suggested here that the sales tax goes on the poor man and the income tax does, too. In order to answer that argument, we have raised the exemption on the income tax to \$4,000. With the usual family exemption and expenses, nobody with an income of less than \$5,000 will ever pay a dollar of income tax in the District of Columbia under our bill.

Mr. Chairman, I hope the Committee will vote down this amendment and pass the measure as we have brought it to you.

Mr. HUBER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HUBER moves that the Committee do now rise and report the bill back to the House with instructions to strike out the enacting clause.

Mr. HUBER. Mr. Chairman, it appears to me that the District Committee has been a little bit hasty in drafting this bill. I hold in my hand a copy of today's Washington News. It says the sales-tax bill gives a 25-percent profit to retailers. I am sure there is no Member of the House who is anxious to give a special windfall to any of the retailers of the District of Columbia. It seems to me they are doing quite well. OPA was taken off a long time ago and they are able to charge whatever the traffic will bear. This article refers to the sugar-coated substitute which we are considering today that provides for District collection of the tax by placing a 2 percent levy on gross sales of the vendor. Maybe all the facts have not been considered according to this item. They made a survey and I assume it was an accurate one. The vendor or the retailer collects the tax on each small item, 1 cent on purchases from 14 cents to 63 cents; 2 cents on purchases of 64 cents, and so forth. The difference between the retailer's method of collection from the customer and the method of payment would mean quite a bit extra added profit.

Then they go on to cite a specific case where they interviewed a druggist. They obtained 58 sample items, ranging from a 14-cent bottle of aspirin to \$2.96 packages of vitamin pills. The total income from all sales of these items in February was \$3,000. The retailer, under the pending bill, would pay 2 percent on this to the District, or \$60.14. Collections from customers, however, would total \$84.22, in taxes on these items, a difference of

\$24.08. There is just one case selected at random from thousands of retailers. I am sure that no Member of this House wants to sponsor or support legislation that is going to enable the several retail dealers of the District of Columbia to make an abnormal profit.

They might use the argument that they need a little extra revenue to compute the tax. It takes a very short time to compute 2 percent. That has been the history of sales taxes wherever they have operated. That is why you will find that the sales tax proposition is the darling of the various merchants' associations, because they always get a pretty fair cut between the amount they collect and the amount that they turn back to the tax collector.

If any Member supports this bill, in view of the evils that I have pointed out that will exist, I think they will be making a mistake. I think it is important that we adopt the Granger substitute, and I hope it will have your support.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HUBER] has expired.

Mr. SMITH of Virginia. Mr. Chairman, I rise in opposition to the motion.

I am surprised, Mr. Chairman, that the gentleman from Ohio [Mr. HUBER] should accept a statement by a newspaper in preference to a statement of a committee of this House that has considered the bill so long.

Now, what happened in the article is this: Ordinarily in collecting this tax a 3-percent allowance is made to the merchant for his service in collecting the tax. On the contrary, this committee struck that out. We do not allow him anything for collecting the tax. The fallacy of that newspaper article is that there are a great many articles under 15 cents, and between 50 and 63 cents, and between \$1 and \$1.13 where the merchant pays the tax that he never collects. Suppose he has a great predominance of 10-cent sales, such as the 10-cent store. They have to pay 2 percent on their gross sales. Yet on every sale under 13 cents they do not collect any tax. So that in many instances they are losing on it instead of gaining on it.

Based on the experience as was detailed in the hearings we had, we thought it was the fair thing to raise this differential on the sales between 51 cents and 63 cents and that the situation, based on experience, would even itself out.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. HARRIS. Is it not a fact that there are 26 States in the Union that have a sales tax, and the majority of those States collect the tax as provided in this bill and there has never been any contention whatsoever that there is any windfall to the retail merchant?

Mr. SMITH of Virginia. That is the experience in the States.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BATES of Massachusetts. Is it not a fact that in addition to the 25 States there are about 135 cities and

towns that have a sales tax in the country?

Mr. SMITH of Virginia. I so understand.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. TALLE. Is it not true that in the State of Maryland the merchants are permitted to retain for themselves 3 percent of the amounts collected as a service charge?

Mr. SMITH of Virginia. Maryland pays the merchants 3 percent.

Mr. TALLE. A similar provision was in this bill originally and the committee struck it out. Is that not right?

Mr. SMITH of Virginia. We struck it out; we did not give them any windfall. Do not worry yourselves any about that.

Mr. BUCHANAN. Mr. Chairman, if the gentleman will yield, in relation to the statement of the gentleman from Michigan, 22 States have a general sales tax, and some others have what they call a general purpose tax.

Mr. SMITH of Virginia. There was evidence before our committee to the effect that either 26 or 27 States had a sales tax.

Mr. BUCHANAN. New York and Pennsylvania have special purpose taxes.

Mr. SMITH of Virginia. Many States do not have a sales tax but do have what they call excise taxes. For instance, take the tax on cigarettes, which is in effect almost all over the country, of 2 and 3 cents a package. This amounts to a tax of between 12 and 15 percent on cigarettes. They have a lesser tax on selected articles in many States, but the tax we propose for the District does not go nearly that high.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. SADOWSKI. Why is it the gentleman's committee has never increased the real-estate tax? We pay three or four times the rate here in the District.

Mr. SMITH of Virginia. Mr. Chairman, I decline to yield further.

The real-estate tax has been increased 32 percent already; we now propose to increase it further by 15 cents, which will mean a net to the taxpayer of the District of Columbia on his ad valorem of 40 percent in 2 years.

I heard this discussion the other day about that tax. We got the Assessor of the District of Columbia to go into nearby Maryland and find houses constructed identically as the houses in Washington, houses identically similar, built by the same contractor, and find out what the taxes were. He came back and told me that in every case the tax in the District of Columbia was greater on identical houses than it was in Maryland.

Mr. SADOWSKI. But your tax rate is only \$20 a thousand in the District of Columbia.

Mr. SMITH of Virginia. The gentleman evidently does not understand the situation; he confuses the tax rate with the rate of assessment. There was an increase in the tax rate, and this together with the increase in the assessed value in 1948 that is included in our bill will make the individual tax bill 47.4 percent higher than what it was 2 years ago.

Mr. SADOWSKI. That is all right; still their rate is only \$20 per thousand.

The CHAIRMAN. The time of the gentleman from Virginia has expired; all time has expired.

Mr. HUBER. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Utah.

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 90, noes 115.

Mr. KENNEDY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. McMILLAN of South Carolina and Mr. GRANGER.

The Committee again divided, and the tellers reported that there were—ayes 100, noes 130.

So the amendment was rejected.

The Clerk read as follows:

TITLE IV—AMENDMENTS TO ARTICLE I OF THE DISTRICT OF COLUMBIA REVENUE ACT OF 1947

Article I of the District of Columbia Revenue Act of 1947, approved July 16, 1947, as amended, is further amended as follows:

Paragraph lettered (s) of section 4 of title I of article I of said act is amended to read as follows:

“(s) The word ‘resident’ means every individual domiciled within the District on the last day of the taxable year, and every other individual who maintains a place of abode within the District for more than 7 months of the taxable year, whether domiciled in the District or not. The word ‘resident’ shall not include any elective officer of the Government of the United States or any employee on the staff of an elected officer in the legislative branch of the Government of the United States if such employee is a bona fide resident of the State of residence of such elected officer, or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, unless such officers are domiciled within the District on the last day of the taxable year.”

Sec. 2. Paragraph lettered (u) of section 4 of title I of article I of said act is amended by adding thereto the following new subparagraph:

“(9) The spouse of the taxpayer, if living with the taxpayer on the last day of the taxable year.”

Sec. 3. Section 2 of the title III of article I of said act is amended by adding thereto the following new subsection:

“(c) Adjusted gross income: The words ‘adjusted gross income’ as used in this article mean gross income less deductions allowed under section 3 (a) of this title: *Provided, however*, That such deductions were directly incurred in carrying on a trade or business: *And provided further*, That in determining adjusted gross income, no deductions shall be allowed for charitable contributions, alimony payments, medical and dental expenses, an optional standard deduction, losses of property not connected with trade or business, or for an allowance for salaries or compensation for personal services of the person or persons liable for the tax.”

Sec. 4. Section 3 (a) (1) of title III of article I of said act is amended to read as follows:

“(1) Expenses: All the ordinary and necessary expenses paid or incurred during the

taxable year in carrying on any trade or business (except as otherwise provided herein), traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.”

Sec. 5. Section 3 (a) (4) (C) of title III of article I of said act is amended to read as follows:

“(C) of property not connected with a trade or business, if such losses arise from fires, storms, shipwrecks, thefts, or other casualty: *Provided, however*, That no such loss shall be allowed as a deduction under this subsection if such loss is claimed as a deduction for inheritance—or estate—tax purposes: *And provided further*, That this subsection shall not be construed to permit the deduction of a loss of any capital asset as defined in this article.”

Sec. 6. Section 3 (a) (8) of title III of article I of said act is amended to read as follows:

“(8) Charitable contributions: Contributions or gifts, actually paid within the taxable year to or for the use of any religious, charitable, scientific, literary, military, or educational institution, the activities of which are carried on to a substantial extent in the District, and no part of the net income of which inures to the benefit of any private shareholder or individual: *Provided*, That such deduction shall be allowed only in an amount which in the aggregate of all such deductions does not exceed 15 percent of the adjusted gross income.”

Sec. 7. Section 3 (a) (9) of title III of article I of said act is amended to read as follows:

“(9) Medical, dental, and so forth expenses of individuals: Expenses in the case of residents, paid by the taxpayer during the taxable year, not compensated for by insurance or otherwise, for the medical care of the taxpayer, his spouse, or dependents as defined in this article. The term ‘medical care,’ as used in this subsection, shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of diseases, or for the purpose of effecting healthier function of the body (including amounts paid for accident or health insurance): *Provided, however*, That a taxpayer may deduct only such expenses as exceed 5 percent of his adjusted gross income: *And provided further*, That the maximum deduction for the taxable year shall not exceed \$1,250.”

Sec. 8. Section 3 (a) (13) of title III of article I of said act is amended to read as follows:

“(13) In lieu of the foregoing deductions, any resident may irrevocably elect to deduct for the taxable year an optional standard deduction of 10 percent of the net income or \$500, whichever is lesser: *Provided, however*, That the option provided in this subsection shall not be permitted on any return filed for any period less than a full calendar or fiscal year.”

Sec. 9. Section 3 (a) of title III of article I of said act is amended by adding thereto a new subsection to read as follows:

“(15) Reasonable allowance for salaries: A reasonable allowance for salaries or other compensation for personal services actually rendered: *Provided, however*, That in the case of an unincorporated business the aggregate deduction for services rendered by the individual owners or members actively engaged in the conduct of the unincorporated business shall in no event exceed 20 percent of the net income of such business computed without benefit of this deduction: *Provided, further*, That nothing herein contained shall be construed to exempt any salary or other compensation for personal serv-

ices from taxation as a part of the taxable income of the person receiving the same."

SEC. 10. Section 4 of title IV of article I of said act is amended to read as follows:

"SEC. 4. **Instalment sales:** If a person reports any portion of his income from instalment sales for Federal income-tax purposes under section 44 of the Federal Internal Revenue Code and as the same may hereafter be amended, and if such income is subject to tax under this article, he may report such income under this article in the same manner and upon the same basis as the same was reported by him for Federal income-tax purposes, if such method of reporting is accepted and approved by the Commissioner of Internal Revenue."

SEC. 11. Subsections (a) and (b) of section 2 of title V of article I of said act are amended to read as follows:

"(a) **Residents and nonresidents:** Every nonresident of the District receiving income subject to tax under this article and every resident of the District, except fiduciaries, when—

"(1) his gross income for the taxable year exceeds \$4,000; or

"(2) his gross sales or gross receipts from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, exceeds \$4,000, regardless of the amount of his gross income; or

"(3) the combined gross income for the taxable year of husband and wife living together exceeds \$4,000 and each spouse has a gross income in excess of \$500, or the gross sales or gross receipts received or accrued by such husband and wife from any trade or business, other than an unincorporated business subject to tax under title VIII of this article, in the aggregate exceeds \$4,000. In such cases a separate return shall be filed by each spouse, showing his respective portion of such gross income, gross sales, or gross receipts as the case may be, and no joint return of income or computation thereof by them shall be required or permitted under this article except such returns as are required under section 2 (c), 2 (f), and 2 (g) of this title.

"(b) **Fiduciaries:** Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) for—

"(1) every individual for whom he acts having a gross income for the taxable year of \$4,000 or over, regardless of the amount of the individual's net income;

"(2) every estate for which he acts, the gross income of which for the taxable year is \$4,000 or over, regardless of the amount of the net income of the estate; and

"(3) every trust for which he acts, the net income of which for the taxable year is \$100 or over."

SEC. 12. Section 2 of title VI of article I of said act is hereby amended to read as follows:

"SEC. 2. **Personal exemptions and credit for dependents:** There shall be allowed to residents the following credits against net income:

"(a) An exemption of \$4,000 for the taxpayer.

"(b) An exemption of \$500 for each dependent, as defined in this article, whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than \$500.

"(c) Beginning with the first taxable year to which this article is applicable and in succeeding taxable years, the amount allowed under subsection (a) of this section shall be prorated to the day of death in the final return of a decedent dying before the end of the taxable year, and as of the date of death the personal exemption is terminated and not extended over the remainder of the taxable year.

"(d) In the case of a return made for a fractional part of a year, the personal exemption and credits for dependents shall be reduced, respectively, to amounts which bear the same ratio to the full credits provided as the number of months in the period for which the return is made bears to 12 months."

SEC. 13. Section 3 of VI of article I of said act is amended to read as follows:

"SEC. 3. **Imposition and rate of tax:** There is hereby annually levied and imposed for each taxable year upon the taxable income of every resident a tax at the following rates:

"One and one-half percent on the first \$5,000 of taxable income.

"Two percent on the next \$5,000 of taxable income.

"Three percent on the taxable income in excess of \$15,000."

SEC. 14. Section 4 of title VI of article I of said act is repealed.

SEC. 15. Section 5 of title IX of article I of said act is amended by adding thereto the following new subsections:

"(d) There shall be allowed to an estate the same exemption as is allowed residents under the provisions of section 2 (a) of title VI of this article.

"(e) There shall be allowed to a trust a credit against net income of \$100."

SEC. 16. (a) Section 1 of title VIII of article I of said act is amended by adding thereto the following new sentence: "The rental of real and personal property shall be deemed a trade or business within the meaning of this article."

(b) Section 4 of title VIII of article I of said act is amended by striking out the figure "\$10,000" and inserting in lieu thereof the figure "\$5,000".

SEC. 17. Section 10 (a) (4) of title XII of article I of said act is amended to read as follows:

"(4) for the purposes of subsections (a) (1), (a) (2), and (a) (3), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day."

SEC. 18. The proviso to section 11 of title XII of article I of said act is amended to read as follows: "Provided, That if it shall be determined by the Assessor, the Board of Tax Appeals for the District of Columbia, or any court that any part of any tax which was assessed as a deficiency under the provisions of section 5 of this title was an overpayment, interest shall be allowed and paid upon such overpayment of tax at the rate of 4 percent per annum from the date such overpayment was paid until the date of refund, and in addition thereto any interest upon such overpayment which was paid by the taxpayer shall be refunded."

SEC. 19. Section 1 of title XIV of article I of said act is amended by striking out the period at the end of the paragraph, inserting a colon, and the following: "Provided, however, That any unincorporated business having a gross income for the taxable year of \$5,000 or less shall not be required to obtain the license provided for in this title."

SEC. 20. Section 2 (b) of title III of article I of said act is amended by adding thereto the following new paragraph:

"(14) **Dues and initiation fees:** In the case of any club organized and operated exclusively for pleasure and recreation, no part of the net earnings of which inures to the benefit of any private individual or shareholder. As used in this subsection, the word 'dues' means only sums paid or incurred by members on a monthly, quarterly, annual, or other periodic basis for the privilege of being members of such club and any prorata assessment made against the members as such; the word 'dues' does not include any sums paid or incurred by members or their guests for food, beverages, or other

tangible personal property purchased or for the use of the club's social, athletic, sporting, and other facilities; and the term 'initiation fees' includes any payment, contribution, or loan, required as a condition precedent to membership, whether or not any such payment, contribution, or loan is evidenced by a certificate of interest or indebtedness."

SEC. 21. The provisions of sections 1, 2, 8, 11, 12, 13, and 14 of this title shall be applicable to taxable years beginning after the 31st day of December 1949, and the provisions of all other sections shall be applicable to taxable years or portions thereof beginning after the 31st day of December 1948.

TITLE V—AMENDMENTS TO THE DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT, APPROVED JANUARY 24, 1934, AS AMENDED

Section 11 of the District of Columbia Alcoholic Beverage Control Act, approved January 24, 1934, as amended, is hereby further amended as follows:

(a) The next to the last sentence of subsection (a) of said section is amended to read as follows: "The annual fee for such license for a rectifying plant shall be \$5,775; for a distillery shall be \$5,775; and for a winery shall be \$825: *Provided, however, That if a manufacturer shall operate a distillery only for the manufacture of alcohol and more than 50 percent of such alcohol is sold for nonbeverage purposes, the annual fee shall be \$1,650."*

(b) The figure "\$2,500" appearing in the last sentence of subsection (b) of said section is stricken out and the figure "\$4,125" is inserted in lieu thereof.

(c) The figure "\$1,500" appearing in the last sentence of subsection (c) of said section is stricken out and the figure "\$2,475" is inserted in lieu thereof.

(d) The figure "\$750" appearing in the last sentence of subsection (d) of said section is stricken out and the figure "\$1,250" is inserted in lieu thereof.

(e) The figure "\$750" appearing in the last sentence of subsection (e) of said section is stricken out and the figure "\$1,250" is inserted in lieu thereof.

(f) The figure "\$100" appearing in the last sentence of subsection (f) of said section is stricken out and the figure "\$165" is inserted in lieu thereof.

(g) The second paragraph of subsection (g) of said section is amended to read as follows:

"The fee for such a license shall be for a restaurant, \$825 per annum; for a hotel, under 100 rooms, \$825 per annum; for a hotel of 100 or more rooms, \$1,650 per annum; for a club, \$425 per annum; for a marine vessel serving meals in interstate commerce of 100 miles or more and for each railroad dining car or club car, \$3 per month, or \$20 per annum: *Provided, That such a license may be issued to any company engaged in interstate commerce covering all dining, club, and lounge cars operated by such company on railroads within the District of Columbia upon the payment of an annual fee of \$100; for all other passenger-carrying marine vessels serving meals, \$75 per month or \$825 per annum.*"

(h) The second paragraph of subsection (h) of said section is amended to read as follows:

"The annual fee for such a license shall be \$330; except that in the case of a marine vessel the fee shall be \$30 per month or \$330 per annum, and in the case of each railroad dining car or club car \$1.50 per month or \$15 per annum: *Provided, That such a license may be issued to any company engaged in interstate commerce covering all dining, club, and lounge cars operated by such company on railroads within the District of Columbia upon the payment of an annual fee of \$50.*"

(i) The figure "\$25" appearing in the last sentence of subsection (i) of said section is stricken out and the figure "\$40" is inserted in lieu thereof.

(j) The figure "\$5" appearing in the last sentence of subsection (j) of said section is stricken out and the figure "\$7.50" is inserted in lieu thereof.

Sec. 2. Notwithstanding the provisions of this act, where prior to the effective date of this act a solicitor's license has been issued which sets forth the name of more than one vendor the solicitor may continue to offer for sale or to solicit orders from licensees for the sale of any beverage on behalf of any vendor named in such license until the expiration of such license.

Sec. 3. The figure "\$25" appearing in section 16 of said act is stricken out and the figure "\$100" is inserted in lieu thereof.

Sec. 4. Section 14 of the act entitled "An act to establish a program for the rehabilitation of alcoholics, promote temperance, and provide for the medical and scientific treatment of persons found to be alcoholics by the courts of the District of Columbia, and for other purposes," approved August 4, 1947, is amended to read as follows:

"Sec. 14. Six percent of the annual fees for licenses for the manufacture or sale of alcoholic beverages, except for retailer's license, class E, imposed by section 11 of the District of Columbia Alcoholic Beverage Control Act, as amended, is hereby permanently appropriated to carry out the purposes of this act."

Sec. 5. The provisions of this title shall become effective on the first day of the first month succeeding the sixtieth day after the approval of this act.

TITLE VI—INCREASE IN RATE OF TAXATION ON REAL PROPERTY

For the fiscal year ending June 30, 1950, the rate of taxation on real property in the District of Columbia shall not be less than 2.15 percent on the assessed value of such property.

TITLE VII—SEPARABILITY CLAUSE

If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to the other persons or circumstances, shall not be affected thereby.

Mr. SMITH of Virginia (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MILLER of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to make my position very clear. I have tried to see the printed hearings on this bill. They were not available when the previous bill was up for consideration. That question came up in committee the other day. We were told that they would be made available to Members of the committee other than members of the Fiscal Affairs Subcommittee. They have not been made available to other members of the committee, and as a member of the Committee on the District of Columbia it has never been my privilege to see those hearings. I submit to any of you that you cannot vote or act

intelligently on any legislation if you have not the privilege of at least seeing the reports of the printed hearings on a bill in order that you may study and make some independent judgment of the bill itself. I realize the necessity for raising revenue, but I also have a conscience in these matters, and I am not going to be stampeded into voting for a bill by virtue of the fact that people come here and tell you what took place in 1947 and 1948. It was not until this morning that I succeeded in getting hold of the majority report on this bill. I would like to direct your attention to part of the basic data in this report, and I read from page 13 of the report submitted by Mr. Manning, who was supposed to have made a study of this subject, in which he says:

It is important in using the materials here presented to understand the limitations on their accuracy. Certainly, no accuracy in the accounting sense should be expected. Only rough approximations that give a general picture are intended.

It is on such language as that that the majority of this committee is presenting to this House recommendations for important legislation that would foist on the poor people of the District of Columbia a sales tax.

The other day when I questioned a very sincere and honorable Member of the House on the floor as to the amount of this tax he gave me a figure of \$19 per family. I rose in my place and asked him if that was \$19 a person or \$19 a family, and he answered \$19 per family. I was not prepared to controvert it at the time, so I sat down. May I pay my respects to the gentleman from Alabama [Mr. JONES] that when he did have a chance to check the figures he called my attention to the error that was made, and I appreciate his sincerity in doing so.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. JONES of Alabama. I am very sorry that I did give the gentleman those erroneous figures at that time, and I am very happy he has brought it to the attention of the Committee.

Mr. MILLER of California. I thank the gentleman for his contribution, but I again point out to the House that that is the type of information on which we are asked to pass a sales tax. I say to you we are acting precipitously. We cannot get good legislation, a sound type of legislation, when we base it on hastily collected data that is subject to question, and to those of us on this side, we are in violation of the pledged platform of the Democratic Party.

Mr. SASSCER. Mr. Chairman, I offer an amendment.

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent that all debate on the bill close in 15 minutes, reserving 5 minutes to the committee.

Mr. HAYS of Ohio. I object, Mr. Chairman.

Mr. SMITH of Virginia. Mr. Chairman, I move that all debate on the bill close in 15 minutes, reserving 5 minutes to the committee.

The motion was agreed to.

The Clerk read as follows:

Amendment offered by Mr. SASSCER: On page 12, line 19, strike out all of paragraph (o) and insert in lieu thereof the following:

"(o) (1) Sales of medicines and drugs;

"(2) Sales of other pharmaceuticals made on prescriptions of duly licensed physicians and surgeons and general and special practitioners of the healing art."

Mr. SASSCER. Mr. Chairman, this amendment is similar to an amendment which I offered when this bill was before the House some days ago, with a change which is intended to meet the objection which was then made to the amendment. The bill, as presented, exempts medicines, pharmaceuticals, and drugs provided they are on doctor's prescription, or on prescription of special practitioners. The purpose of the amendment, when I offered it before, and the purpose now, is to exempt drugs and medicines, whether on prescription or not. Objection was made by one of the members of the committee, I think by my esteemed colleague, the gentleman from Nebraska, Dr. MILLER, that the word "pharmaceuticals" would possibly let down the barriers, due to the fact that there are many items sold in drug stores that are not drugs, but might be considered pharmaceuticals. I do not think that is a valid objection, because the same thing would apply if a prescription was given for a hair tonic, or something of that nature.

That would still come under the bill as now drawn. I am sure that we are correct in assuming that a druggist would use the same degree of fairness in the matter of issuing prescriptions. We know that he would not violate his integrity.

However, to remove that objection, I change the wording of the amendment to read:

"(1) Sales of medicines and drugs"—that is they are exempted whether on prescription or not, because there is no question about a bottle of sirup of figs or teething sirup or other home remedies or drugs. Therefore, they are easy to define. I have left the word "pharmaceuticals" in the bill, provided they are on prescription. In other words, after breaking it down into two categories, and exempting home remedies, and in order to meet the objection which was raised before, I have required that the pharmaceuticals be on prescription.

Briefly, this amendment seeks to avoid the payment of a sales tax on these little simple home remedies where the mother, without going to a doctor to get a prescription, possibly because she is unable to do so financially, sends little Willie down to the corner drug store to get some teething sirup for the baby, or some cascara or sirup of figs. My amendment says that she would not have to pay the sales tax. Under this bill, if they are able to go to the doctor and get the prescription and get those same items, they would not have to pay the tax.

I have met the objection as to the break-down on pharmaceuticals, because they still have to be prescribed. I have had to go that far in changing my amendment. I think it is important to

exempt those items. I think this amendment is such that everybody can vote for it. Those who favor the sales tax and say that they do not want to include necessities realize, of course, that these home remedies are necessities. Others who say that they do not want it to fall hard on the shoulders of those less able to pay certainly can vote for this amendment, because these home remedies are usually bought by people who are probably less able to pay the sales tax than anyone else.

So both the proponents and opponents can vote for it and still keep true to their philosophy. All we are doing is to exempt children's home remedies for mothers who do not get a doctor's prescription.

Mr. SMITH of Virginia. Mr. Chairman, I realize there is a great deal of merit in what the gentleman from Maryland [Mr. SASSCER] said. In fact, we discussed it at some length in the committee, and we reached the conclusion that the language we had in the bill was the most practical, because any other language would create a great deal of confusion.

What is a medicine? I have heard many people argue that whisky was a good medicine at times, if you got a little damp. What is a medicine? You will have the utmost confusion unless you have this thing very clearly defined in determining what is subject to a tax.

I recognize there is merit in the gentleman's argument, but I do hope the committee will vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. SASSCER].

The amendment was rejected.

Mr. DONDERO. Mr. Chairman, I offer an amendment, which is on the desk.

The Clerk read as follows:

Amendment offered by Mr. DONDERO: On page 55, strike out all of line 1 beginning with the letter "A", all of lines 2, 3, 4, and 5, and the letter "B" in line 6.

Mr. SMITH of Virginia. The gentleman from Michigan spoke to me about this amendment. I do not know that the committee has any particular objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DONDERO].

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 107, noes 66.

So the amendment was agreed to.

Mr. HUBER. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HUBER: On page 10, line 10, after line 10 add another subsection, as follows:

"(d) On each 8 cents sale price for any cigar, cigarette, or tobacco, 1 cent."

Mr. HUBER. Mr. Chairman, if you really want to raise revenue for the District, here is revenue-raiser No. 1. This amendment will personally cost me 4 cents or more a day. It is simply a tax on each package of cigarettes. Ohio, Pennsylvania, and practically every

other State in the Union has a similar tax. I see no reason why the District of Columbia should not have it. I have also included cigars and other package tobacco. If anybody can tell me any reason why we should not have a District tax on tobacco when we are taxing the food to keep life in the bodies of the underprivileged, I would like to know it.

Mr. SMITH of Virginia. Does the gentleman understand that we do have it under the sales tax? They are included in the sales tax.

Mr. HUBER. This will put a 2-cent tax on each package of cigarettes.

Mr. SMITH of Virginia. In addition to the sales tax?

Mr. HUBER. Mr. Chairman, if other States can pay 4 cents a package, the District of Columbia can pay 2. You might bear this in mind. Sometime ago cigarettes went up about three cents a thousand, I believe, but these distributors of cigarettes here in the District still charge 20 cents a package; so here is a chance to raise revenue for the District of Columbia.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. HUBER) there were—ayes 98, noes 105.

Mr. HUBER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. HUBER and Mr. McMILLAN of South Carolina.

The Committee again divided; and the tellers reported that there were—ayes 92, noes 106.

So the amendment was rejected.

Mr. McMILLAN of South Carolina. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. McCORMACK, having resumed the chair, Mr. BOGGS of Louisiana, 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. 3704) to provide additional revenue for the District of Columbia, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. McMILLAN of South Carolina. Mr. Speaker, I move the previous question on the bill and amendment thereto to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. NELSON. Mr. Speaker, I offer a motion to recommit.

Mr. GRANGER. Mr. Speaker, I ask for the reading of the engrossed bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MARTIN of Massachusetts. I would like to ask if the request does not come too late. The bill has already been ordered to be engrossed.

The SPEAKER pro tempore. The Chair will state that the gentleman from Utah was on his feet seeking recognition and under the circumstances the gentleman was within his rights.

Mr. HARRIS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HARRIS. Is it not true that the request should come just immediately before the vote on the passage of the bill?

The SPEAKER pro tempore. The bill was ordered to be engrossed and read a third time; and the gentleman from Utah has asked for the reading of the engrossed bill. That will be a matter of the unfinished business of the House, and it will come up sometime tomorrow.

EXTENSION OF REMARKS

Mr. CHURCH asked and was given permission to extend his remarks in the RECORD in four instances and include in each an editorial.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD in three instances.

Mr. BUCHANAN asked and was given permission to revise and extend his remarks made in committee and include certain extracts and editorials.

Mr. BARRETT of Pennsylvania asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Philadelphia Daily News.

Mr. GORSKI of New York asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. CRAWFORD asked and was given permission to extend the remarks he made in the Committee of the Whole, on the District of Columbia tax bill, and include a short table.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL—1950

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 170, Rept. No. 331), which was referred to the House Calendar and ordered to be printed:

Resolved, That notwithstanding any rule of the House to the contrary, it shall be in order on Tuesday, 29 March 1949 or thereafter, to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes, and all points of order against the bill or any of the provisions contained therein are hereby waived. That after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee

on Appropriations, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROGRAM FOR TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask for this time in order to state the program for tomorrow. There have been some changes since the program was announced last Friday. We meet at 11 o'clock tomorrow morning, consent having been obtained earlier in the day.

The first order of business will be the conference report on the rent-control bill.

Following the disposition of this conference report there will be the unfinished business of the civil-functions appropriations bill.

Following final action on the civil-functions appropriations bill will be the action on the District revenue bill, the engrossed copy of which we expect to have available at that time.

Following this action will come the rule on the Interior Department appropriation bill, and, assuming that the rule is adopted, the bill will then be taken up.

CALENDAR WEDNESDAY BUSINESS

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mrs. BOSONE (at the request of Mr. GRANGER), for 2 days, on account of official business.

To Mr. GILMER (at the request of Mr. STIGLER), for an indefinite period, on account of illness.

To Mr. DAVENPORT (at the request of Mr. KEOGH), for Monday, March 28, on account of illness in family.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Oklahoma [Mr. ALBERT] is recognized for 2 minutes.

EFFECTS OF TORNADO IN OKLAHOMA

Mr. ALBERT. Mr. Speaker, my home county in Oklahoma last week end was the victim of a serious and devastating tornado. Several communities felt the effect of this storm. The full fury of the hurricane struck the little city of Crowder, Okla., and I have been advised that at least 90 percent of all business and residential properties of that community were either severely damaged or destroyed. At least two deaths have been reported, as well as a score of injuries.

The city of Crowder is located within 6 miles of the community in which I was reared. Many of the victims were life-long friends and acquaintances of mine. I have word that the National Guard, Salvation Army, American Red Cross, and volunteer workers and contributors in nearby communities have performed heroic services in lending succor to the citizens of this devastated community.

BILL PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on March 26, 1949, present to the President for his approval a bill of the House of the following title:

H. R. 2313. An act to suspend certain import taxes on copper.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 11 minutes p. m.), under its previous order, the House adjourned until tomorrow, Tuesday, March 29, 1949, 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:

460. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1949 in the amount of \$43,000,000 for the Department of the Air Force (H. Doc. No. 142); to the Committee on Appropriations and ordered to be printed.

461. A letter from the Chairman, United States Tariff Commission, transmitting the First Annual Report of the Tariff Commission on the Operation of the Trade Agreements Program, June 1934 to April 1948—Part II: History of the Trade Agreements Program; to the Committee on Ways and Means.

462. A letter from the Chairman, Export-Import Bank of Washington, transmitting the Seventh Semiannual Report of the Operations of the Export-Import Bank of Washington, for the period July to December 1948; to the Committee on Banking and Currency.

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. KIRWAN: Committee on Appropriations. H. R. 3838. A bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 324). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLMER: Committee on Rules. House Resolution 168. Resolution for consideration of H. R. 2028, a bill to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes; without amendment (Rept. No. 325). Referred to the House Calendar.

Mr. GARMATZ: Joint Committee on the Disposition of Executive Papers. House Report No. 326. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. GARMATZ: Joint Committee on the Disposition of Executive Papers. House Re-

port No. 327. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. COX: Committee on Rules. House Resolution 169. Resolution for consideration of H. R. 3748, a bill to amend the Economic Cooperation Act of 1948; without amendment (Rept. No. 328). Referred to the House Calendar.

Mr. DOUGLAS: Committee on Foreign Affairs. H. R. 3830. A bill to amend the China Aid Act of 1948; without amendment (Rept. No. 329). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 1140. A bill to protect and conserve the salmon fisheries of Alaska; with an amendment (Rept. No. 330). Referred to the Committee of the Whole House on the State of the Union.

Mr. DELANEY: Committee on Rules. House Resolution 170. Resolution for consideration of H. R. 3838, a bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 331). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. DAVIS of Wisconsin:

H. R. 3839. A bill to amend the Civil Service Retirement Act of May 29, 1930, to provide that certain periods of employment in the service of a State, Territory, or possession of the United States may be included as allowable service under such act; to the Committee on Post Office and Civil Service.

By Mr. JAVITS:

H. R. 3840. A bill to amend section 22 (a) of the Internal Revenue Code to exclude pensions, retirement allowances, and annuity payments received because of disability arising solely out of employment; to the Committee on Ways and Means.

By Mr. KENNEDY:

H. R. 3841. A bill to permit the District of Columbia to borrow money for capital projects; to the Committee on the District of Columbia.

By Mr. MURRAY of Tennessee:

H. R. 3842. A bill to amend section 6 of the act entitled "An act to provide for experimental air-mail services to further develop safety, efficiency, and economy, and for other purposes," approved April 15, 1938; and for other purposes; to the Committee on Post Office and Civil Service.

Mr. MURRAY of Wisconsin:

H. R. 3843. A bill to declare that the United States hold certain lands in trust for the Stockbridge-Munsee Community, Inc., of the State of Wisconsin; to the Committee on Public Lands.

By Mr. REED of New York:

H. R. 3844. A bill to eliminate or reduce certain excise taxes; to the Committee on Ways and Means.

By Mr. VINSON:

H. R. 3845. A bill to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill his enlarged responsibility; and for other purposes; to the Committee on Armed Services.

By Mr. VURSELL:

H. R. 3846. A bill to eliminate or reduce certain excise taxes; to the Committee on Ways and Means.

By Mr. GRANGER:

H. R. 3847. A bill to amend Public Law 195, Eightieth Congress (ch. 258, 1st sess.), entitled "An act to provide revenue for the District of Columbia; to amend the District of Columbia Alcohol Beverage Control Act, approved January 24, 1934, as amended, and for other purposes"; to the Committee on the District of Columbia.

By Mr. FERNOS-ISERN:

H. R. 3848. A bill to amend section 58 of the Organic Act of Puerto Rico; to the Committee on Public Lands.

By Mr. IRVING (by request):

H. R. 3849. A bill to authorize grants to the States for surveying their need for elementary and secondary school facilities and for planning State-wide programs of school construction, and to authorize grants for emergency school construction, and for other purposes; to the Committee on Education and Labor.

By Mr. ROONEY:

H. R. 3850. A bill to provide for a preliminary examination and survey of Gowanus Canal, Brooklyn, N. Y.; to the Committee on Public Works.

By Mr. BONNER:

H. R. 3851. A bill to amend Public Law 289, Eightieth Congress, with respect to surplus airport property and to provide for the transfer of compliance functions with relation to such property; to the Committee on Expenditures in the Executive Departments.

By Mr. BLATNIK:

H. R. 3852. A bill to incorporate the American Veterans' Committee; to the Committee on the Judiciary.

By Mr. JACOBS:

H. R. 3853. A bill to provide for assistance to State agencies administering labor laws in their efforts to promote, establish, and maintain safe work places and practices in industry, thereby reducing human suffering and financial loss and increasing production through safeguarding available manpower; to the Committee on Education and Labor.

By Mr. RHODES:

H. R. 3854. A bill to increase the equipment maintenance allowance payable to rural carriers; to the Committee on Post Office and Civil Service.

H. R. 3855. A bill to amend the provisions of the postal salary law relating to rural carriers, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WHITTINGTON:

H. R. 3856. A bill to provide for a Commission on Renovation of the Executive Mansion; to the Committee on Public Works.

By Mr. FOGARTY:

H. R. 3857. A bill to amend section 5 (b) of the War Claims Act of 1948 with respect to repayment to civilian American internees; to the Committee on Interstate and Foreign Commerce.

By Mr. KING:

H. R. 3858. A bill allowing the consumer of gasoline to deduct, for income-tax purposes, State taxes on gasoline imposed on the wholesaler and passed on to the consumer; to the Committee on Ways and Means.

By Mr. RANKIN:

H. R. 3859. A bill making an appropriation for the construction of a Veterans' Administration general medical and surgical hospital at Tupelo, Miss.; to the Committee on Appropriations.

H. R. 3860. A bill making an appropriation for the construction of a Veterans' Administration general medical and surgical hospital in or near Mound Bayou, Miss.; to the Committee on Appropriations.

By Mr. TALLE:

H. R. 3861. A bill to provide for the designation of the United States Veterans' Administration domiciliary center at Clinton, Iowa, as the Schick Veterans' Hospital; to the Committee on Veterans' Affairs.

By Mr. WHEELER:

H. R. 3862. A bill to liberalize existing benefits relating to pensions for certain World War I and World War II veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. COUDERT:

H. J. Res. 205. Joint resolution proposing an amendment to the Constitution to authorize Congress, in admitting any new State, to limit its representation in the Senate; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of North Carolina, memorializing the President and the Congress of the United States relative to the administration of aid to the blind; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ALBERT:

H. R. 3863. A bill for the relief of Carl C. Ballard; to the Committee on the Judiciary.

By Mr. SASSIER:

H. R. 3864. A bill to return certain lands taken, from W. W. Stewart by the United States; to the Committee on Armed Services.

By Mr. TAYLOR:

H. R. 3865. A bill for the relief of George Minoru Tetsuka; 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:

363. By Mr. BARING: Assembly Joint Resolution 8, memorializing the Congress of the United States to repeal the tax on transportation; to the Committee on Ways and Means.

364. Also, Senate Joint Resolution 9, memorializing the President of the United States and the congressional delegation of Nevada to assist Bonanza Airlines to obtain a certificate of public convenience and necessity from the Civil Aeronautics Board of the United States; to the Committee on Interstate and Foreign Commerce.

365. By Mr. GOODWIN: Memorial of the Massachusetts Legislature, to make certain changes in the Displaced Persons Act of 1948; to the Committee on the Judiciary.

366. By Mr. GRAHAM: Petition of 40 residents of Evans City, Pa., and vicinity, urging the repeal of the 20 percent excise tax on toilet goods; to the Committee on Ways and Means.

367. By Mr. LECOMPT: Petition of Charles Cain, druggist, and other citizens of Deep River, Iowa, urging repeal of the 20 percent excise tax on toilet goods; to the Committee on Ways and Means.

368. By Mr. RICH: Petition of citizens of Wellsville, Pa., for repeal of 20 percent Federal excise tax on toilet goods; to the Committee on Ways and Means.

369. By the SPEAKER: Petition of H. A. Dingwith, Kansas City, Mo., stating opposition to the addition of the home-rule amendment to the rent-control bill; to the Committee on Banking and Currency.

370. Also, petition of O. H. Swearingen, Kansas City, Mo., favoring rent control as it now stands, and feeling that it is beneficial legislation; to the Committee on Banking and Currency.

371. Also, petition of A. F. Horton and others, Oviedo, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

372. Also, petition of John A. Wall and others, St. Petersburg, Fla., requesting passage of H. R. 2135, and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

373. Also, petition of W. E. Cook and others, Oviedo, Fla., requesting passage of H. R. 2135, and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

374. Also, petition of Lulu M. Wilcott and others, St. Cloud, Fla., requesting passage of H. R. 2135, and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

375. Also, petition of Mrs. Maggie Goldsmith and others, Oviedo, Fla., requesting passage of H. R. 2135, and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

376. Also, petition of Mrs. L. E. Beers and others, Cassadaga, Fla., requesting passage of H. R. 2135, and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

377. Also, petition of Miss Alice Myers and others, Cassadaga, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

378. Also, petition of R. L. Summer and others, Miami, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

379. Also, petition of Lionel Loredo and others, Tampa, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

380. Also, petition of Albert Meza and others, Tampa, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

381. Also, petition of Ola M. Fleming and others, St. Cloud, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

382. Also, petition of Mrs. Carrie E. Harvey and others, Miami, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

383. Also, petition of Nelson J. Perkins and others, Miami, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

384. Also, petition of Ruth L. Richardson and others, St. Cloud, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

385. Also, petition of John Newman and others, Orlando Vista, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

386. Also, petition of Buddy Hays and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

387. Also, petition of Mrs. Henrietta Milligan and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

388. Also, petition of Antonio Castaldo, Chicago, Ill., urging that the Italian delegation to the United Nations take the lead in proposing that Italy be assigned the United Nations trusteeship of her former possessions in Africa; to the Committee on Foreign Affairs.