

Monday to vote upon the motion to reconsider.

Therefore, I move that the Senate stand in recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 17 minutes p. m.) the Senate took a recess until Monday, May 16, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 13 (legislative day of April 11), 1949:

DEPARTMENT OF THE NAVY

Francis P. Matthews, of Nebraska, to be Secretary of the Navy.

Dan A. Kimball, of California, to be Under Secretary of the Navy.

DEPARTMENT OF THE ARMY

Gordon Gray, of North Carolina, to be Under Secretary of the Army.

IN THE NAVY

Vice Adm. John L. McCrea, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as director of the staff, Personnel Policy Board, National Military Establishment.

SENATE

MONDAY, MAY 16, 1949

(Legislative day of Monday, April 11, 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:

God of all mercy, bowing at this noon-tide altar may we be vividly conscious that we need not turn back to bygone centuries to hear Thy voice, as if Thou dost speak no longer in these present days. Give us ears to hear Thy imperial imperatives above the noise of crashing systems, yea, in and through the change and confusion of our troubled day when Thou art searching out the souls of men before Thy judgment seat. So, hearing and heeding the voice divine, may our compassion help to heal the open sores of the world as here we serve the present age our calling to fulfill. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, May 13, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF 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 May 13, 1949, the President had approved and signed the act (S. 227) for the relief of Stone & Cooper Coal Co., Inc.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker

had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 679. An act to authorize the admission of Mrs. Julia Balint to the United States;

H. R. 2360. An act for the relief of Theodore Papachristopoulos; and

S. J. Res. 42. Joint resolution granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Gulf coast and creating the Gulf States Marine Fisheries Commission.

LEAVES OF ABSENCE

On request of Mr. SALTONSTALL, and by unanimous consent, Mr. HENDRICKSON was excused from attendance on the session of the Senate today.

On request of Mr. LUCAS, and by unanimous consent, Mr. PEPPER was excused from attendance on the Senate today.

Mr. BALDWIN asked and obtained consent to be absent from the Senate today.

Mr. KERR asked and obtained consent to be absent from the Senate from Wednesday through Friday of this week, because of public business.

Mr. MUNDT. Mr. President, in order that I may appear before the grand jury in New York tomorrow, I ask unanimous consent to be absent from the Senate until 3:30 o'clock tomorrow afternoon.

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

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Anderson	Holland	Neely
Baldwin	Johnson, Tex.	O'Connor
Butler	Johnston, S. C.	O'Mahoney
Cain	Kem	Robertson
Capehart	Kerr	Russell
Cordon	Langer	Saltonstall
Ecton	Long	Schoeppel
Ellender	Lucas	Smith, Maine
Ferguson	McCarthy	Sparkman
Frear	McClellan	Stennis
George	McFarland	Taylor
Gillette	McGrath	Thomas, Okla.
Graham	McKellar	Thomas, Utah
Green	Malone	Thye
Gurney	Martin	Tydings
Hayden	Miller	Wiley
Hickenlooper	Morse	Williams
Hill	Mundt	Withers
Hoey	Murray	Young

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], the Senator from California [Mr. DOWNEY], the Senator from Colorado [Mr. JOHNSON], the Senator from West Virginia [Mr. KILGORE], the Senator from Nevada [Mr. MCCARRAN], the Senator from Connecticut [Mr. MCMAHON], and the Senator from Pennsylvania [Mr. MYERS] are detained on official business in meetings of committees of the Senate.

The Senator from Kentucky [Mr. CHAPMAN] and the Senator from Mississippi [Mr. EASTLAND] are absent on official business.

The Senator from Wyoming [Mr. HUNT], the Senator from Texas [Mr. JOHNSON], the Senator from Minnesota

[Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent on public business.

The Senator from Florida [Mr. PEPPER] is absent by leave of the Senate on public business.

The Senator from South Carolina [Mr. MAYBANK] is necessarily absent.

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

The Senator from Texas [Mr. CONNALLY] and the Senator from Arkansas [Mr. FULBRIGHT] are excused by the Senate for the purpose of attending sessions of the Committee on Foreign Relations, which is holding hearings on the North Atlantic Pact.

Mr. SALTONSTALL. I announce that the junior Senator from Ohio [Mr. BRICKER], the senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. JENNER], the senior Senator from Ohio [Mr. TAFT], and the junior Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from New York [Mr. IVES] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Missouri [Mr. DONNELL] and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate for the purpose of being present at a meeting of the Committee on Foreign Relations.

The Senator from Michigan [Mr. VANDENBERG] is excused by the Senate for the purpose of attending sessions of the Committee on Foreign Relations holding hearings on the North Atlantic Pact.

The Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from California [Mr. KNOWLAND], the Senator from Massachusetts [Mr. LODGE], the Senator from Colorado [Mr. MILLIKIN], and the Senator from Kansas [Mr. REED] are detained on official business.

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

Mr. MCMAHON subsequently said: Mr. President, during the quorum call this morning, the Joint Committee on Atomic Energy was in session with the Joint Chiefs of Staff. I ask unanimous consent that this announcement be placed after the quorum call.

The VICE PRESIDENT. A quorum is present.

Mr. MALONE. Mr. President—AMENDMENT OF COMMODITY CREDIT CORPORATION CHARTER ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 900) to amend the Commodity Credit Corporation Charter Act, and for other purposes, which was, to strike out all after the enacting clause and insert:

That section 2 of the Commodity Credit Corporation Charter Act (Public Law No. 806, 80th Cong.) is amended by deleting the words "direction and control of its Board of Directors" at the end of the said section and substituting therefor the words "supervision and direction of the Secretary of Agriculture (hereinafter referred to as the 'Secretary')."

Sec. 2. Section 4 (h) of the said Commodity Credit Corporation Charter Act is amended by deleting the second sentence thereof and inserting in its place the following: "The Corporation shall have power to acquire personal property necessary to the conduct of its business but shall not have power to acquire real property or any interest therein except that it may (a) rent or lease office space necessary for the conduct of its business and (b) acquire real property or any interest therein for the purpose of providing storage adequate to carry out effectively and efficiently any of the Corporation's programs, or of securing or discharging obligations owing to the Corporation, or of otherwise protecting the financial interests of the Corporation: *Provided*, That the authority contained in this subsection (h) shall not be utilized by the Corporation for the purpose of acquiring real property, or any interest therein, in order to provide storage facilities for any commodity unless the Corporation determines that existing privately owned storage facilities for such commodity in the area concerned are not adequate: *And provided further*, That nothing contained in this subsection (h) shall limit the duty of the Corporation, to the maximum extent practicable consistent with the fulfillment of the Corporation's purposes and the effective and efficient conduct of its business, to utilize the usual and customary channels, facilities, and arrangements of trade and commerce in the warehousing of commodities: *And provided further*, That to encourage the storage of grain on farms, where it can be stored at the lowest cost, the Corporation shall make loans not to exceed 17½ cents per bushel of the estimated crop to grain growers needing storage facilities when such growers shall apply to the Corporation for financing the construction or purchase of suitable storage, and these loans shall be deducted from the proceeds of price support loans or purchase agreements made between the Corporation and the growers."

Sec. 3. Section 9 of the said Commodity Credit Corporation Charter Act is amended to read as follows:

"Sec. 9. Directors, Advisory Board: (a) The management of the Corporation shall be vested in a board of directors (hereinafter referred to as the 'Board'), subject to the general supervision and direction of the Secretary. The Secretary shall be an ex officio director and shall serve as Chairman of the Board. The Board shall consist of six members (in addition to the Secretary), who shall be appointed by, and hold office at the pleasure of, the Secretary. In addition to their duties as members of the Board, such appointed members shall perform such other duties as may be prescribed by the Secretary. Each appointed member of the Board shall receive compensation at such rate not in excess of the maximum then payable under the Classification Act of 1923, as amended, as may be fixed by the Secretary, except that any such member who holds another office or position under the Federal Government the compensation for which exceeds such rate may elect to receive compensation at the rate provided for such office or position in lieu of the compensation provided by this section. A majority of the directors shall constitute a quorum of the Board and action shall be taken only by a majority vote of those present.

"(b) In addition to the Board of Directors there shall be an advisory board reflecting broad agricultural and business experience in its membership and consisting of five members appointed by the President of the United States, not more than three of whom shall belong to the same political party. The advisory board shall meet at the call of the Secretary, who shall require it to meet not less often than once each 90 days; shall survey the general policies of the Corporation, including its policies in connection with the

purchase, storage, and sale of commodities, and the operation of lending and price-support programs; and shall advise the Secretary with respect thereto. Members of the advisory board shall receive for their services as members compensation of not to exceed \$50 per diem when actually engaged in the performance of their duties as such, together with their necessary traveling expenses while going to and coming from meetings."

Sec. 4. Section 10 of the said Commodity Credit Corporation Charter Act is amended to read as follows:

"Sec. 10. Personnel of Corporation: The Secretary shall appoint such officers and employees as may be necessary for the conduct of the business of the Corporation, define their authority and duties, delegate to them such of the powers vested in the Corporation as he may determine, require that such of them as he may designate be bonded and fix the penalties therefor. The Corporation may pay the premium of any bond or bonds. With the exception of experts, appointments shall be made pursuant to the civil service laws and the Classification Act of 1923, as amended (5 U. S. C., 1946 ed., 661)."

Sec. 5. Section 4 (c) of the Commodity Credit Corporation Charter Act is amended—

(a) by inserting in the second sentence thereof after the word "jurisdiction" a comma and the following: "without regard to the amount in controversy";

(b) by striking out the fourth sentence thereof and inserting in lieu thereof the following: "No suit by or against the Corporation shall be allowed unless (1) it shall have been brought within 6 years after the right accrued on which suit is brought, or (2) in the event that the person bringing such suit shall have been under legal disability or beyond the seas at the time the right accrued, the suit shall have been brought within 3 years after the disability shall have ceased or within 6 years after the right accrued on which suit is brought, whichever period is longer. The defendant in any suit by or against the Corporation may plead, by way of set-off or counterclaim, any cause of action, whether arising out of the same transaction or not, which would otherwise be barred by such limitation if the claim upon which the defendant's cause of action is based had not been barred prior to the date that the plaintiff's cause of action arose: *Provided*, That the defendant shall not be awarded a judgment on any such set-off or counterclaim for any amount in excess of the amount of the plaintiff's claim established in the suit."; and

(c) by inserting before the period at the end thereof a comma and the following: "except that (1) any such suit against the United States based upon any claim of the type enumerated in title 28, section 1491, of the United States Code, may be brought in the United States Court of Claims, and (2) no such suit against the United States may be brought in a district court unless such suit might, without regard to the provisions of this act, be brought in such court."

Sec. 6. Section 15 of the Commodity Credit Corporation Charter Act is amended by adding at the end thereof a new subsection as follows:

"USE OF WORDS 'COMMODITY CREDIT CORPORATION'"

"(f) No individual, association, partnership, or corporation shall use the words 'Commodity Credit Corporation' or a combination of these three words, or a part thereof under which he or it shall do or purport to do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both."

Sec. 7. The act entitled "An act to facilitate the execution of arrangements for the exchange of surplus agricultural commod-

ities produced in the United States for reserve stocks of strategic and critical materials produced abroad," approved August 11, 1939, is amended to read as follows: "That, notwithstanding any other provision of law, the Commodity Credit Corporation is authorized, upon terms and conditions prescribed or approved by the Secretary of Agriculture, to accept strategic and critical materials produced abroad in exchange for agricultural commodities acquired by the Corporation. Insofar as practicable, in effecting such exchange of goods, normal commercial trade channels shall be utilized and priority shall be given to commodities which serve as prime incentive goods to stimulate production of critical and strategic materials. The determination of which materials are strategic and critical and the determination of the quantities and qualities of such materials which are desirable for stock piling shall be made in the manner prescribed by section 2 of the Strategic and Critical Materials Stock Piling Act (60 Stat. 596). Strategic and critical materials acquired by Commodity Credit Corporation in exchange for agricultural commodities shall be transferred to the stock pile provided for by the Strategic and Critical Materials Stock Piling Act; and the Commodity Credit Corporation shall be reimbursed for the strategic and critical materials so transferred to the stock pile from the funds made available for the purpose of the Strategic and Critical Materials Stock Piling Act, in an amount equal to the fair market value, as determined by the Secretary of the Treasury, of the material transferred to the stock pile. Nothing contained herein shall limit the authority of the Commodity Credit Corporation to acquire, hold, or dispose of such quantity of strategic and critical materials as it deems advisable in carrying out its functions and protecting its assets."

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. THOMAS of Oklahoma, Mr. ELLENDER, Mr. ANDERSON, Mr. AIKEN, and Mr. YOUNG conferees on the part of the Senate.

DISTRICT OF COLUMBIA REVENUE BILL

The Senate resumed the consideration of the bill (H. R. 3704) to provide additional revenue for the District of Columbia.

Mr. LUCAS. Mr. President, a brief explanation perhaps is in order on the pending business that is before the Senate of the United States.

Mr. MALONE. Mr. President—

The VICE PRESIDENT. The Chair was about to state what the pending question is. The question is the motion of the Senator from Iowa [Mr. HICKENLOOPER] to reconsider the vote by which the amendment which struck out the first four titles of the bill and inserted a substitute was adopted.

PROCEEDINGS ON QUORUM CALLS

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CAPEHART. I understand the rules of the Senate provide that Senators must answer to their names on quorum calls in order to be recorded as being present.

The VICE PRESIDENT. That is the rule of the Senate.

Mr. CAPEHART. My parliamentary inquiry is: If after a Senator's name has been called, and he arrives before the roll call is completed, is he supposed to stand up and address the Chair and answer to his name?

The VICE PRESIDENT. The practice of the clerks at the desk is to enter the names of Senators if they see them present. When a quorum call is completed and a quorum is present, it is not customary or necessary for Senators to rise in their places. That is necessary on a yea-and-nay vote, but not on a quorum call.

Mr. CAPEHART. The reason I ask this question is that the able Senator from Nevada [Mr. MALONE] was trying to obtain recognition a moment ago to have his name placed upon the quorum call.

The VICE PRESIDENT. The name of the Senator from Nevada was placed upon the quorum call. He was present, and called that fact to the attention of the clerks, and his name was placed on the call.

Mr. CAPEHART. If a Senator arrives before the quorum call is completed, does the clerk have the right to place his name on the quorum call?

The VICE PRESIDENT. Provided his presence is brought to the attention of the clerk. That is necessary because it is impossible for the clerks to notice every Senator who may enter the Chamber while the roll call is in progress.

Mr. MALONE. Mr. President, I tried to obtain recognition. I see no way in which a Senator can be sure that his name is on the roll call unless he obtains recognition, or unless he takes the trouble to walk to the desk and see that his name is on the quorum call. The Vice President of the United States has ruled that a Senator cannot get his name on the roll call after the roll is called.

The VICE PRESIDENT. When a call is made for a quorum and a quorum is developed, it is not customary for Senators to rise and be recognized so that they may get their names on the quorum call. However, if they let the clerks at the desk know that they are present, their names are placed on the quorum call. The only object of a quorum call is to obtain a quorum; and when a quorum is developed, that is the end of it.

Mr. MALONE. Suppose a Senator arrives a little late at the desk, and the clerk has not previously noticed his presence. The ruling has been that once the roll is concluded, a Senator cannot get his name on it.

The VICE PRESIDENT. Each case depends upon its own situation. However, if a Senator is present during the quorum call, his name is placed upon the quorum call.

Mr. MALONE. I wish to enter a protest against not being recognized for the purpose of having my name placed on the quorum call.

The VICE PRESIDENT. The Senator's protest will be entered.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, before the Senate begins discussing the motion to

reconsider, offered by the able Senator from Iowa [Mr. HICKENLOOPER], I ask unanimous consent that Members of the United States Senate may have the opportunity of placing into the RECORD, without debate, routine matters as though we were in the morning hour.

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

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communication and letters, which were referred, as indicated:

SUPPLEMENTAL ESTIMATE, FEDERAL SECURITY AGENCY (S. Doc. No. 76)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation, amounting to \$60,000, Federal Security Agency, fiscal year 1950 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REPORT ON COOPERATION OF UNITED STATES WITH MEXICO IN CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Secretary of Agriculture, transmitting, pursuant to law, a report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease, for the month of March 1949 (with an accompanying report); to the Committee on Agriculture and Forestry.

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Acting Attorney General of the United States, transmitting, pursuant to law, copies of orders of the Commissioner of Immigration and Naturalization Service suspending deportation as well as a list of persons involved, together with a statement of the facts and pertinent provisions of law, and the reason for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

PROPOSED TRANSFER BY NAVY DEPARTMENT OF NAVAL LANDING CRAFT TO COAST GUARD AUXILIARY FOUNDATION, PHILADELPHIA, PA.

A letter from the Acting Secretary of the Navy, reporting, pursuant to law, that the Coast Guard Auxiliary, Fourth Naval District, Foundation, of Philadelphia, Pa., had requested the Navy Department to transfer two landing craft for use by that organization in training personnel; to the Committee on Armed Services.

REPORT ON TORT CLAIMS PAID BY GENERAL ACCOUNTING OFFICE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report of tort claims paid by the General Accounting Office during the fiscal year ending June 30, 1948 (with an accompanying report); to the Committee on the Judiciary.

CONSTRUCTION OF HIGHWAY FROM SAN BENITO TO RAMA, NICARAGUA

A letter from the Administrator of the Federal Works Agency, transmitting a draft of proposed legislation to authorize an appropriation for completing the construction of the highway from San Benito to Rama in the Republic of Nicaragua (with an accompanying paper); to the Committee on Foreign Relations.

INTER-AMERICAN HIGHWAY

A letter from the Administrator of the Federal Works Agency, transmitting a draft of proposed legislation to amend the act entitled "An Act to provide for cooperation with Central American Republics in the construction of the Inter-American Highway," approved December 26, 1941 (with an accompanying paper); to the Committee on Foreign Relations.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list

of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A resolution of the Legislature of the State of Florida; to the Committee on Labor and Public Welfare:

"Senate Memorial 37"

"Memorial to the Congress of the United States against the passage of any legislation providing for socialized medicine and compulsory health insurance

"Whereas strong pressure and propaganda is being used to urge the passage of socialized medicine and compulsory health insurance; and

"Whereas such legislation would seriously impair and practically destroy American enterprise and free initiative: Now, therefore, be it

"Resolved by the Legislature of the State of Florida:

"1. That the President and the Congress of the United States are hereby petitioned to vigorously oppose all legislation for the enactment of socialized medicine and compulsory health insurance.

"2. That copies of this memorial be transmitted to the President of the United States, to the Speaker of the House of Representatives, and the President of the Senate in Congress and to each of Florida's Representatives in both the House and Senate in Congress.

"3. That a copy of this memorial be spread upon the Journal of both the Senate and House of Representatives of the State of Florida and sufficient copies thereof be furnished to the press."

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

"Senate Joint Resolution 51"

"Whereas an admissions tax is among the taxes best adapted to local administration because it is fair and easy to administer, because it provides for a minimum of inter-municipal competition, and because it is being increasingly and successfully used by hundreds of municipalities throughout the country; and

"Whereas full utilization of this source by local governments is impossible because of the high Federal tax on admissions; and early reduction in or abolition of the Federal tax has been recommended by congressional committees, the Council of State Governments, the American Municipal Association, and other groups studying the problem of Federal-State-local fiscal relations; and

"Whereas the strengthening of local government finance is essential to the sound functioning of our democracy; and repeal of the Federal excise tax on admissions would be an important step toward the proper segregation of tax sources among the Federal, State, and local governments of the country; and

"Whereas the Tennessee Municipal League has asked the Legislature of Tennessee to pass enabling legislation authorizing municipal admissions taxes to the extent that the Federal admissions taxes are eliminated or reduced, in order that the serious financial

difficulties of Tennessee municipalities may be relieved: Now, therefore, be it

"Resolved by the Senate of the State of Tennessee (the house of representatives concurring therein), That Congress be requested to repeal forthwith the Federal excise tax on admissions; be it further

"Resolved, That the secretary of state be instructed to transmit a copy of this resolution to the President of the United States, to the Presiding Officer of the Senate and House of Representatives of the Congress of the United States, and to each of the Senators and Representatives in Congress from the State of Tennessee.

"Passed April 11, 1949.

"WALTER M. HAYNES,

"Speaker of the Senate.

"MCALLEN FOUTCH,

"Speaker of the House of Representatives.

"Approved April 12, 1949.

"GORDON BROWNING,

"Governor."

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

"Assembly Joint Resolution 34

"Joint resolution relative to memorializing the President and the Congress of the United States in relation to securing the release of film industry assets frozen in foreign countries

"Whereas American motion-picture studios have been sending abroad skeleton crews of trained film technicians for purposes of utilizing and drawing upon assets frozen in certain foreign countries; and

"Whereas as a result of such activity, many domestic motion picture workers have been thrown out of employment; and

"Whereas as a result of such activity, a serious economic plight confronts thousands of motion-picture workers, a plight aggravated in many instances by the expiration of unemployment insurance benefits; and

"Whereas the serious dislocation of so many motion-picture employees now affects not only the motion-picture industries of California but all other areas in the United States generally where pictures are made; and

"Whereas the refusal of certain foreign countries to release assets on American film studios, unless the latter draw upon these assets to defray film-production costs incurred in the foreign countries, induces American film studios to engage in such practices: Now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the President and the Congress of the United States are hereby respectfully memorialized and requested to urge the State Department to take such steps as are necessary to secure the release by foreign countries of frozen assets belonging to the American film industry, or to so alter the basis upon which these assets are presently released by foreign countries as to minimize the present disruption of the domestic film industry economy; and be it further

"Resolved, That the chief clerk of the assembly be directed to transmit copies of this resolution to the President of the United States, the President of the Senate, the Speaker of the House of Representatives of the United States, and to each Senator and Representative in the Congress of the United States from California."

A resolution of the House of Representatives of the State of Delaware; to the Committee on Labor and Public Welfare:

"House Resolution 42

"Resolution memorializing the Congress of the United States with respect to a national compulsory sickness insurance program

"Whereas the American people now enjoy the highest level of health, the best stand-

ards of scientific medical care, and the finest medical institutions ever attained by any major country in the world; and

"Whereas these accomplishments of American medicine are the results of a free people working under a system of free enterprise; and

"Whereas in all countries where government has assumed control of medical care the experience has been a progressive deterioration of medical standards and medical care, to the detriment of the health of the people: Now, therefore, be it

"Resolved by the House of Representatives of the One Hundred and Fifteenth General Assembly—

"That the Legislature of the State of Delaware respectfully petitions the Congress of the United States to refrain from imposing upon the citizens of this Nation any form of compulsory insurance, or any system of medical care designed for national bureaucratic control; and

"That the Honorable JOHN J. WILLIAMS, the Honorable J. ALLEN FREAR, JR., and the Honorable J. CALIB BOGGS, Members of the Congress of the United States from Delaware, be and they are hereby respectfully requested to oppose the enactment of such legislation; and

"That the chief clerk of the house transmit copies of this resolution to the President of the United States, the Presiding Officers of the United States Senate and the United States House of Representatives and to each Senator and Congressman from Delaware."

A concurrent resolution of the Legislature of the Territory of Hawaii; to the Committee on Banking and Currency:

"Senate Concurrent Resolution 39

"Concurrent resolution requesting the Congress of the United States of America to enact legislation authorizing the United States of America to convey and the Hawaii Housing Authority to acquire the land, improvements and appurtenances comprising the Kalihi war homes project (TH-51030) at Honolulu, T. H.

"Whereas during World War II the United States of America acquired the land and constructed the Kalihi war homes project (TH-51030) at Honolulu, T. H., as a war-housing project; and

"Whereas the said project was constructed in such manner that it is suitable for a permanent housing project in accordance with local laws and ordinances; and

"Whereas as a result of World War II and the war effort of the entire United States of America in the Pacific area, there has existed and will continue to exist for many years at said Honolulu an acute housing shortage; and

"Whereas the present Federal law requires the demolition of the said project by January 1, 1950, unless extended by the Administrator of the Housing and Home Finance Agency after reporting to the Congress of the United States of America; and

"Whereas the provisions of the Lanham Act have consistently required disposal of temporary war-housing projects as materials, indicating that such temporary war housing is as expendable an item of World War II as the products of those installations they were built to serve: Now, therefore, be it

"Resolved by the Senate of the Twenty-fifth Legislature of the Territory of Hawaii (the house of representatives concurring), That the Congress of the United States of America be, and it is hereby respectfully requested to enact legislation authorizing the United States of America to convey and the Hawaii Housing Authority (an instrumentality of the said Territory) to acquire the said Kalihi war-homes project, without compensation to the United States of America, to be operated by the said Hawaii Housing Authority under Territorial law relating to housing; and be it further

"Resolved, That duly authenticated copies of this concurrent resolution be transmitted to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States of America, to the Secretary of the Interior, to the Administrator of the Housing and Home Finance Agency, and to the Delegate to Congress from Hawaii."

Resolutions of the General Court of the Commonwealth of Massachusetts, relating to the repeal of the Federal tax on oleomargarine; ordered to lie on the table.

(See text of resolutions printed in full when presented by Mr. SALTONSTALL (for himself and Mr. LODGE) on May 13, 1949, p. 6159, CONGRESSIONAL RECORD.)

A resolution of the Senate of the State of Ohio, relating to the commutation of the sentence of Ilse Koch; to the Committee on Foreign Relations.

(See text of resolution printed in full when presented by Mr. BRICKER on May 13, 1949, p. 6159, CONGRESSIONAL RECORD.)

A resolution adopted by the forty-ninth annual convention of the Retail Merchants Association of Texas and allied organizations, meeting jointly in Dallas, Tex., relating to governmental economy, and so forth; to the Committee on Finance.

A resolution adopted by the Delta Council of Mississippi, Cleveland, Miss., relating to communism; to the Committee on the Judiciary.

Resolutions adopted by the Board of Supervisors of Erie County, N. Y., and the Common Council of the city of West Warwick, R. I., favoring the enactment of legislation proclaiming October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

Resolutions adopted by the Connecticut Dental Hygienists' Association of Bridgeport, Conn.; the Kentucky and Southern Indiana Hearing Aid Dealers Association, of Louisville, Ky.; the Woman's Auxiliary of the Nebraska State Medical Association; the Oklahoma State Dental Association, of Oklahoma City, Okla.; the St. Joseph (Mo.) Chamber of Commerce; and the house of delegates of the Wisconsin State Dental Society, of Milwaukee, Wis., protesting against the enactment of legislation providing compulsory health insurance; to the Committee on Labor and Public Welfare.

By Mr. GREEN (for himself and Mr. McGRATH):

A resolution of the General Assembly of the State of Rhode Island; to the Committee on Interior and Insular Affairs:

"Resolution memorializing the Congress of the United States of America with relation to Senate Act No. 362 to bring about substantial equity between local and Federal taxpayers with respect to Federal-owned real property in respective States

"Whereas the Federal Government owns one-fourth of the total area of the United States which is about one-half billion acres; and

"Whereas in Rhode Island, the smallest of the States, the holdings of the Federal Government represent a considerable section of the real estate therein contained; and

"Whereas as in other sections of the country most of this is tax exempt irrespective of 46 separate provisions of law providing for payments in lieu of taxes in as many specific and isolated circumstances; and

"Whereas this situation has disrupted the tax bases of local governments and has imposed an unfair burden on the remaining real property which is taxable; and

"Whereas there is now pending in the Senate of the United States Senate Act No. 362, providing for contributions to States and local governmental units in lieu of taxes on real property held by the Federal Government; creating a commission to de-

termine and pay such contributions, thereby bringing about substantial equity between local and Federal taxpayers with respect to Federal-owned property: Now, therefore, be it

Resolved, That the Senators and Representatives from Rhode Island in the Congress of the United States of America be and they are earnestly requested to use their sincere efforts to have enacted into statutory law Senate Act No. 362 now before the Senate of the United States; and the Secretary of State is hereby directed to transmit to the Senators and Representatives from Rhode Island in the Congress of the United States duly certified copies of this resolution."

REORGANIZATION OF GOVERNMENT AGENCIES—RESOLUTION OF MADISON (WIS.) COMMITTEE ON HOOVER COMMISSION FINDINGS

Mr. WILEY. Mr. President, I have received this morning the text of a resolution adopted by the Wisconsin Committee on Hoover Commission Findings, at Madison, Wis., on May 5, 1949. This resolution urges support by myself and my colleagues of S. 526, the Reorganization Act of 1949.

I know that my brother Senators are deeply interested in implementing the Hoover Commission Reports, just as I am, and for that reason I ask unanimous consent that the text of this important resolution from the Wisconsin Committee be appropriately referred and printed at this point in the RECORD.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas the Commission on Organization of the Executive Branch of the Government has declared in its report to the Eighty-first Congress that it is necessary to reenact and broaden the power of the President to initiate reorganization plans of the executive branch of the Government; and

Whereas the Commission has recommended that such authority should be given to the President and that the power of the President to prepare and transmit plans of reorganization to the Congress should not be restricted by limitations or exemptions of any executive department or agency; and

Whereas pressures are being exerted by a number of governmental agencies, private groups, and individuals upon Congress to exempt various agencies which threaten to undermine reorganization plans; and

Whereas there is now before Congress such legislation authorizing general reorganization plans and providing no exemption or special status of any executive department or agency in line with the Commission's recommendations: Now, therefore, be it

Resolved, That the Wisconsin Committee on Hoover Commission Findings does hereby go on record as urging adoption by the Eighty-first Congress of the Senate executive expenditure committee's version (S. 526) of the "Reorganization Act of 1949," which provides that reorganization plans submitted to Congress by the President shall become effective unless rejected by resolution of either House, and further provides that no agency within the executive branch of the Government shall have exemption or special status from such plans; and be it further

Resolved, That copies of this resolution be sent to all Members of Congress from the State of Wisconsin.

THE NATIONAL ECONOMY—RESOLUTION OF RETAIL MERCHANTS ASSOCIATION OF TEXAS AND ALLIED ORGANIZATIONS

Mr. LANGER. Mr. President, I present for appropriate reference a resolution adopted at the forty-ninth annual

convention of the Retail Merchants Association of Texas and allied organizations, meeting jointly in Dallas, Tex., on May 1, 2, and 3, 1949, relating to the national economy, and I ask unanimous consent that it may be printed in the RECORD.

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

Whereas the Retail Merchants Association of Texas; the Texas Retail Dry Goods Association; the Texas Retail Credit Bureaus, Inc.; the Retail Credit Executives of Texas; the Lone Star Council of Credit Women; and the Southwest Petroleum Credit group, in joint convention assembled in Dallas, Tex., on May 1, 2, 3, 1949, are concerned about the state of our national economy; and

Whereas it is our opinion that the national economy, in its present strained condition, cannot continue to withstand the onslaught of extravagant Federal spending and the present high level of Federal taxes; and

Whereas today in the face of lowering prices, declining business, and increasing unemployment, this condition is rapidly becoming a crisis: Now, therefore, be it

Resolved, That this organization go on record requesting the support of the following program by each Member of the United States Senate and House of Representatives:

1. To take the lead in fostering and supporting an economy move designed to curtail Government extravagance and needless spending, thereby permitting a reduction in the tax burden.

2. To foster and support legislation designed to remove the Federal excise tax on so-called "luxury items."

3. To oppose vigorously all efforts to increase the social security pay-roll tax, and to make every effort to freeze it at its present level.

4. To remove the tremendously unfair condition whereby untaxed cooperatives are permitted to operate in competition to private businesses which are all burdened with heavy Federal taxes.

5. To inaugurate and support a move to restore to private industry without delay all governmental functions assumed as a result of the war.

6. To work aggressively for the adoption of the Hoover Commission Report for reorganization of certain branches of the Federal Government since it provides a way to cut Government expense very drastically and also provides a way for the American people to escape the increasing burdens of duplication of effort, red tape, extravagance, and higher taxes; and be it further

Resolved, That a copy of this resolution be mailed to each Member of the United States Senate and House of Representatives so that they may know the tremendous immediate importance attached to these vital matters by these associations representing the largest business organizations in the State of Texas.

Respectfully submitted.

JOHN R. CLARK, *Chairman*.

HORACE C. BARNHART,

R. E. COX,

H. E. DILL,

*Members, Resolutions Committee,
Retail Merchants Association of
Texas.*

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

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

H. R. 2285. A bill to amend title 17 of the United States Code entitled "Copyrights," with respect to relaxation of provisions governing copyright of foreign works; without amendment (Rept. No. 375).

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

S. 1296. A bill for the relief of Murphy and Wischmeyer; without amendment (Rept. No. 878);

H. R. 603. A bill for the relief of Jephtha R. Macfarlane; without amendment (Rept. No. 379);

H. R. 636. A bill for the relief of B. G. Jones, without amendment (Rept. No. 380);

H. R. 639. A bill for the relief of Mark B. Craig and others; without amendment (Rept. No. 381);

H. R. 688. A bill for the relief of John P. Reilly; without amendment (Rept. No. 382);

H. R. 738. A bill for the relief of the estate of Mrs. Minerva C. Davis; without amendment (Rept. No. 383);

H. R. 967. A bill for the relief of the city of El Paso, Tex.; without amendment (Rept. No. 384);

H. R. 1037. A bill for the relief of Samuel Ensler and Louis Puccinelli; without amendment (Rept. No. 385);

H. R. 1057. A bill for the relief of John Keith; without amendment (Rept. No. 386);

H. R. 1076. A bill for the relief of Jennie Olsen Anderson; without amendment (Rept. No. 387);

H. R. 1471. A bill for the relief of E. La Ree Smoot; without amendment (Rept. No. 388); and

H. R. 3663. A bill for the relief of Lawrence Reves; without amendment (Rept. No. 389).

By Mr. O'CONNOR, from the Committee on the Judiciary:

S. 1290. A bill to establish and effectuate a policy with respect to the creation or chartering of certain corporations by act of Congress, and for other purposes; with amendments (Rept. No. 390).

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary, I report an original concurrent resolution, and I submit a report (No. 376) 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. 39) 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-6199026, Arrate, Eusebio Garate.

A-2450463, Arsenio, Damiano.

A-2160439, Bailey, Joseph Benjamin, or Benjamin Bailey.

A-6145949, Bayot, Margarita Chuidian.

A-6151545, Bayot, Raymond Mario.

A-6151544, Bayot, Teresita Maria.

A-6380365, Bolis, Rolando Guiseppe (alias Rolando or Dino Bolis).

A-6846177, Clausen, Lars Ole.

A-5580935, Covarrubias-Padilla, Jose Anastacio, or Anastacio P. Cuburriaz.

A-3216396, David, William Andrew.

A-5225705, Di Filippo, Irene Madeline.

A-6259257, Drozdibob, Joseph.

A-2802280, Edelsbrunner, Caroline.

A-6265454, Engonopoulos, Vasil George (alias Basil George Engonopoulos).

A-3475015, Falconer, Leslie Stewart Arthur.

A-3475018, Falconer, Sarah Jane (nee King or Sally Falconer).

A-2486073, Fazakerley, Frederick Percival.

A-6701968, Gage, George Martin, or Georg Martin Strobl.

A-6701967, Gage, Kathleen Kalliope Josephine, or Kalliope Josephine Strobl.

A-6780509, Gallardo, Jose.

A-2688840, Gallo, Salvatore.

A-6261623, Georgalas, Maria Grigoriou (alias nee Goudella).
 A-4399192, Gonzalez, Angeline Morones De.
 A-4370168, Grossman, Morris, now known as Edward Milton Gross.
 A-6261618, Hadgis, Kallope, or Calliope Hadgis (nee Zias).
 A-4829582, Heid, Michael or Mihaly.
 A-6827148, Hernandez, Alberto Ruiz.
 A-7009803, Hernandez, Hilaria.
 A-2150100, Hoffman, Anthony, or Antoni Hoffmann.
 A-1526789, Huala, Rudolph.
 A-5199601, Huerto-De La Cruz, Victoriano.
 A-3423608, Iglesias, Manuel Antonio.
 A-571650, Jay, Gee, or Gee Jay Ngou.
 A-4132920, Johnson, Carl Oscar, or Karl Oscar, Jonsson or Charles Johnson.
 A-5582883, Kashkin, Anna (nee Litman).
 A-6080991, Kay, Constance.
 A-1843482, Kurzwel, Katharina.
 A-1829087, Kurzwel, Joseph.
 A-5771081, Leader, Josephine Freida, or Josephine Freida Forster (maiden name).
 A-4073996, Leriget, Leopoldo.
 A-3909614, Licos, Harry or Charalambos.
 A-5217397, Lidowitz, Betty (nee Silverberg alias Betty Anenberg).
 A-6654060, Livadas, Nicolaos, or Nick Livadas or Nicolas Livadas.
 A-2151223, Matlatos, Kostas Anastasios, or Gus Matheios or Gus Mathews or Constantinos Matlatos.
 A-3449928, Meyer, Eva (nee Preminger).
 A-6810173, Michaud, Jean Antoine.
 A-4578274, Nadler, Augusta Julian Marie Pallfelt, or Augusta Julian-Marie Pallfelt.
 A-3390860, O'Donnell, Murdock, or Morton O'Donnell or Merton O'Donnell.
 A-2180993, Olivo-Alvarado, Pedro.
 A-3990676, Perez De, Maria Perez, or Maria Perez.
 A-5803759, Pernstich, Guseppe, or Joseph Eduard Pernstich or Joseph Eduard Pernet.
 A-4015208, Petroff, Lulu, or Lulu Bishop or Mary Lulu Baldwin Bishop or Lulu Saunders.
 A-3987370, Pettersen, Nils Christian.
 A-6343137, Psipsikas, Elisabeth (nee Manda).
 A-8731207, Ramirez-Hernandez, Clemente, or Clemente Ramires-Hernandez.
 A-3990675, Reyes, Lupe Perez.
 A-3456521, Salgado, Paz Pagula (nee Paz Paras Pagula).
 A-3098893, Sherman, Rose (nee Schwartzbard).
 A-4025778, Steen, Mary (nee Mewha).
 A-3887129, Steevens, Barend Bernardus.
 A-6377728, Tai, Bobbish Pao-Kuang Soong.
 A-6272112, Tai, William Kitong.
 A-3875078, Verfaillie, Lucien Andrew.
 A-6799298, Vion, James Alfred Laurent.
 A-6207280, Vitalis, Georgios Kyriacos (alias George Vitalis).
 A-6877269, Weisz, Margarete Henriette.
 A-5422164, Wong, Tong, or Lum Wong or Wong Tong or Wang Tang.
 A-5962228, Zelger, Alfred Wilhelm.
 A-5962227, Zelger, Margarit.

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary, I report an original concurrent resolution and I submit a report (No. 377) 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. 40) 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-5912573, Buschbell, Hans George Albert or Thomas Bell or Tommy Bell.

A-9670171, Elgesem, Olav Asbjorn or Elgesen.

A-9836680, Fox, William.

A-6334051, Katsimpas, Fokion (alias Fokion Intzes, alias Frank Katsimpas).
 A-9644210, Nilson, Ragnar.
 A-9831301, Paps, Jan.
 A-6454899, Sarkiss, Marie (nee Marie Takessian).
 A-6049961, Chavolla, Jesus.
 A-6703246, Christie, Lewis George.
 A-5886536, Costa-Ferrandiz, Ricardo.
 A-9541562, Gregorio, Jose Gomes.
 A-9777524, Intartaglia, Michele Antonio.
 A-9632484, Kugis, Janis Osvalds.
 A-6709421, McLean, Horace Josiah.
 A-9769285, Micouveau, Guy Jacques, or Guy Micouveau.
 A-6374360, Salomonsen, Frede Therp, or Ole Frede Therp Salomonsen.
 A-6746111, Theodorakis, James, or Dimitrios Michael.
 A-6491799, Tsitsinopoulos, Roula (nee Harismagoglou, formerly Bolla).
 A-6151590, Andersen, Helge Viggo.
 A-6702832, Delgado, Manuel, or Manuel Delgado Hernandez.
 A-5719288, Di Filippo, Attilio Guseppe (alias Attilio Guseppe Difilippo, alias Jack Di Filippo, alias Di Filippo).
 A-6063721, Espinoza, Nicolas.
 A-6764661, Garbin, Stanko.
 A-9706006, Hamon, Albert Noel.
 A-7552259, Ignotus-Veigelsberg, Lily, or Lily Ignotus (nee Berenyl).
 A-9566153, Kamstra, Gerardus Andreas.
 A-6703255, Lafayette, Benedict Wilberth.
 A-6294498, Lianopoulos, Georgios, or George Anastase Lianopoulos.
 A-9745492, Matisons, Dimitrios or Dimitrios Matisons or Mike Matisons or Mijta Matisons.
 A-6642394, Mesa, Jesus.
 A-6642393, Mesa (de) Ysidra Morales, or Ysidra Morales.
 A-6315317, Mora, Jesus Antonio Beltran, or Jesus Antonio Beltran or Francisco Beltran Mora.
 A-9552697, Nilsson, Nils Erik Gunnar.
 A-9573925, Paap, Gijbertus Elhelmus.
 A-1607205, Pajackowski, Theodore Nikodem.
 A-6267890, Pang, George (alias Pang Wing).
 A-6639459, Philipou, Dimitrios (alias James Phillips).
 A-9696268, Ricaux, Lionel Fernand.
 A-9610538, Ronning, Kristian Alf.
 A-9526246, Rosand, Ole Martinsen, or Ole Anskar Martinsen Rosand.
 A-6255942, Schneider, Abraham, or Abraham Schneider Feldman.
 A-9759876, Sibilo, Johan Cesar.
 A-6704359, Tollas, Elias Peter.
 A-6743673, De Torres, Maria Luisa Palos, or Severa Palos.
 A-5881523, Drakopoulos, Ioannes, or John Drakopoulos.
 A-9836988, Fook, Cheng, or Tom Fook or Cheng Fu.
 A-6364440, Friedenbach, Marcus.
 A-5971016, Herpmann, Eric Alfonse.
 A-6345769, Jassimides, Georgia (nee Voyadjoglou).
 A-6311453, Lissauer, Nanette Elisabeth, or Elisabeth Elenbaas.
 A-6307257, Medina-Uriarte, Francisco.
 A-6171959, Mooney, Eftychia Toutoulis, or Eftychia Petrou Modinos or Effie Mooney.
 A-6758541, Nanez, Everardo, or Everardo Nanez-Gallardo.
 A-6758540, Nanez, Mericia, or Mericia Nanez-Ontiveros.
 A-6732250, Salloum, Hanna Elias (alias John Elias Salloum).
 A-6658774, Shields, Hazel Winston.
 A-5919526, Sjogren, Leo Allan.
 A-1231356, Vakirdsis, Emanuel or Mike Varkis.
 A-6090971, Vodarek, Anton.
 A-9581661, Wick, Hjordenes Elise Olsen.
 A-6611814, Blanco, Refugio.
 A-5877886, Brackies, Elsie Alice Verna (nee Elsie Hupchuk or Elsie Hipkins).

A-4769437, Christopher, Norval.
 A-6379881, Dabbiero, Sara De Honestis Caglonio (nee De Honestis).
 A-6341304, Harris, Neil Guy Ridgway, or Neill Harris or John Harris.
 A-9520275, Johnson, Albert.
 A-9799882, Leushkanoff, Alexander Alexalch.
 A-5524752, Levin, Floresa.
 A-6569122, Mears, Wilfred Anthony (alias Willie Mears).
 A-6286426, Ornest, Saul Stanley.
 A-5870854, Phipps, Sarah Rebecca.
 A-5694935, Ramirez, Daniel, Daniel Ramirez Reyes.
 A-6153759, Ramos-Suarez, Luis, or Luis Ramos-Flores.
 A-6075268, Rogers, Constanca Viola, or Constanca Viola Robert.
 A-6596193, Sadez, Olga Genoveva.
 A-4436548, Salguero-Martinez, Aristeo.
 A-6435630, Valenzuela, Lino.
 A-6361178, Westad, Borghild Eugenie Paterson Shepnes.
 A-6550865, Collins, Petronella Dorothea (nee Le Roux).
 A-6438487, Hemmo, Emile, or Haviv Hemmo.
 A-6407419, Iovine, Marcello.
 A-6232120, Johnson, Muriel (nee Muriel Bartlett).
 A-6678271, Pinedo-Valdez, Julian.
 A-7695210, Terboo, Arend Jan Hendrikus.
 A-6639352, Torres, Jesus.
 A-6643321, Torres, de Luz Salinas.
 A-5017267, Vignini, Giuseppe, or Joseph Vignini.
 A-6594747, Alatorre, Amado, or Amado De La Torre or Amado Alatorre Munoz.
 A-5016270, Rabatt, Ellice Alexander.
 A-5932932, Rasbatt, Esridge Minovie (nee Fahle).
 A-6284045, Spica, Giovanni Rosario, or John Spica.
 A-6422507, Torres-Espinosa, Fidenzio.
 A-6730681, Torres, Elisia Rojar, or Elisia Rojas De Torres.
 A-9688512, Van Buren, Arend.
 A-6151257, Polo, Larry Nicholas, or Larry Mitchell or Frank Wallace.
 A-6151395, Polo, Rubby Anne.
 A-6151396, Polo, Sofee Wallace.
 A-6040120, Salinas, Guadalupe Salinas.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, May 16, 1949, he presented to the President of the United States the enrolled joint resolution (S. J. Res. 42) granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Gulf coast and creating the Gulf States Marine Fisheries Commission.

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:

Robert E. Tehan, of Wisconsin, to be United States district judge for the eastern district of Wisconsin vice F. Ryan Duffy, elevated; W. Bruce Matthews, of Maryland, to be United States marshal for the District of Columbia;

Joseph Y. Wisniewski, of Michigan, to be United States marshal for the eastern district of Michigan, vice John J. Barc, deceased.

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. LANGER:

S. 1861. A bill to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence, to make immigration quotas available to Asian and Pacific peoples, and for other purposes; to the Committee on the Judiciary.

S. 1862. A bill to provide refunds of certain deposits made for the purpose of obtaining credit under the Civil Service Retirement Act of May 29, 1930, as amended, for service in the Army, Navy, Marine Corps, or Coast Guard; to the Committee on Post Office and Civil Service.

By Mr. BALDWIN:

S. 1863. A bill for the relief of Fremont Rider; to the Committee on the Judiciary.

By Mr. HOLLAND:

S. 1864. A bill for the relief of Mrs. Marie E. McGrath; to the Committee on the Judiciary.

S. 1865. A bill authorizing the payment of allowances in lieu of quarters or rations in kind to certain enlisted men; to the Committee on Armed Services.

By Mr. RUSSELL:

S. 1866. A bill for the relief of Mrs. Clayre Louise Forsyth; to the Committee on the Judiciary.

By Mr. THOMAS of Utah:

S. 1867. A bill to amend the Federal Food, Drug, and Cosmetic Act of June 25, 1938, as amended, by providing for the certification of batches of drugs composed wholly or partly of any kind of aureomycin, chloramphenicol, and bacitracin, or any derivative thereof; and

S. 1868 (by request). A bill to amend the Railroad Retirement Act of 1937 so as to provide full annuities at half salary or wages, based on the five highest years of earnings, for individuals who shall have completed 30 years of service; to the Committee on Labor and Public Welfare.

By Mr. MYERS:

S. 1869. A bill for the relief of Marcantonio Doria d'Angri and his wife, Sonia Stampa Doria d'Angri; to the Committee on the Judiciary.

By Mr. McCARRAN:

S. 1870. A bill prohibiting the sale in the District of Columbia of rockfish weighing more than 15 pounds; to the Committee on the District of Columbia.

(Mr. FULBRIGHT introduced Senate bill 1871, to amend the Reconstruction Finance Corporation Act to prohibit the employment of certain personnel of the Corporation by organizations receiving loans or other financial assistance therefrom, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. JOHNSON of Colorado:

S. J. Res. 92. Joint resolution to authorize and direct the Civil Aeronautics Board to investigate and report upon the payments made and to be made by the United States to certain certificated air carriers by way of subsidy and upon the efficiency and economy of such carriers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

PROHIBITION OF EMPLOYMENT OF CERTAIN PERSONNEL OF RECONSTRUCTION FINANCE CORPORATION

Mr. FULBRIGHT. Mr. President, I introduce for appropriate reference a bill to prohibit the employment of certain

personnel of the Reconstruction Finance Corporation by organizations receiving loans or other financial assistance therefrom, and I ask unanimous consent that an explanatory statement of the bill by me may be printed in the Record.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the explanatory statement will be printed in the Record.

The bill (S. 1871) to amend the Reconstruction Finance Corporation Act to prohibit the employment of certain personnel of the Corporation by organizations receiving loans or other financial assistance therefrom, was read twice by its title, and referred to the Committee on Banking and Currency.

The explanatory statement presented by Mr. FULBRIGHT is as follows:

STATEMENT BY SENATOR J. W. FULBRIGHT

I am today introducing a bill to prohibit the employment of certain personnel of the Reconstruction Finance Corporation by organizations receiving loans or other financial assistance from it.

Recently there have been accounts in the newspapers of cases where employees of RFC have taken positions with business concerns soon after those concerns have received loans from RFC. I have no knowledge of the true facts in these cases, and I have no desire to impute any motive to the individual, the RFC, or the business firm involved.

However, I do not think that it is in the public interest that these cases arise in the future. The practice tends to destroy public confidence in Government officials, regardless of any intent on the part of the persons involved. Furthermore, the character and function of the RFC in our Government require that it be above reproach. This bill will protect it against criticism, justified or unjustified, which might arise out of such cases in the future.

NOTICE OF HEARING ON NOMINATION OF HERMAN P. EBERHARTER TO BE UNITED STATES DISTRICT JUDGE, WESTERN DISTRICT OF PENNSYLVANIA

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, May 19, 1949, at 10 a. m., in the District of Columbia Committee room in the Capitol, upon the nomination of HERMAN P. EBERHARTER, of Pennsylvania, to be United States district judge for the western district of Pennsylvania, vice Hon. Robert M. Gibson, retired. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Idaho [Mr. MILLER], and the Senator from North Dakota [Mr. LANGER].

COMMITTEE MEETING DURING SENATE SESSION

Mr. McMAHON. Mr. President, I ask unanimous consent that the Joint Committee on Atomic Energy be permitted to sit at 2:30 o'clock this afternoon, in a very important meeting.

The VICE PRESIDENT. Without objection, permission is granted.

IS BIG BUSINESS TOO BIG?—ARTICLE BY SENATOR O'MAHONEY

[Mr. HILL asked and obtained leave to have printed in the Record an article entitled "Is Big Business Too Big?" written by Senator O'MAHONEY, and published in the April issue of the Reader's Digest, which appears in the Appendix.]

EDITORIAL TRIBUTES TO SENATOR BYRD

[Mr. RUSSELL asked and obtained leave to have printed in the Record seven editorials from various newspapers commenting upon the statement attributed to the President of the United States with respect to Senator BYRD, which appear in the Appendix.]

THE BATTLE THAT SQUANDERS BILLIONS—ARTICLE BY LESLIE A. MILLER

[Mr. GILLETTE asked and obtained leave to have printed in the Record an article entitled "The Battle That Squanders Billions," written by Leslie A. Miller, chairman, Natural Resources Committee, Hoover Commission, and ex-Governor of Wyoming, published in the May 14, 1949, issue of the Saturday Evening Post, which appears in the Appendix.]

REGIONAL DEVELOPMENT IN THE COLUMBIA VALLEY—ADDRESS BY ASSISTANT SECRETARY OF THE INTERIOR

[Mr. LANGER asked and obtained leave to have printed in the Record an address entitled "Regional Development in the Columbia Valley," delivered by Assistant Secretary of the Interior C. Girard Davidson before the National Emergency Conference on Resources, in Washington, D. C., on May 13, 1949, which appears in the Appendix.]

DISCRIMINATION AND SEGREGATION IN THE BUREAU OF ENGRAVING AND PRINTING—ADDRESS BY MRS. MARGARET GILMORE

[Mr. LANGER asked and obtained leave to have printed in the Record an address on the subject of discrimination and segregation among employees of the Bureau of Engraving and Printing, delivered by Mrs. Margaret Gilmore at a mass meeting at Bethel Baptist Church, Washington, D. C., on May 15, 1949, which appears in the Appendix.]

APPRAISAL OF THE WELFARE STATE—ARTICLE OF PROF. HENRY STEELE COMMAGER

[Mr. MURRAY asked and obtained leave to have printed in the Record an article entitled "Appraisal of the Welfare State," written by Prof. Henry Steele Commager, and published in the New York Times magazine section of Sunday, May 15, 1949, which appears in the Appendix.]

THE POSITION OF THE AMERICAN NEGRO IN EVENT OF WAR—LETTER FROM J. E. HENDERSON TO SENATOR REED

[Mr. REED asked and obtained leave to have printed in the Record a letter received by him from J. E. Henderson, of Independence, Kans., which appears in the Appendix.]

DISTRICT OF COLUMBIA PEVENUE BILL

The Senate resumed the consideration of the bill (H. R. 3704) to provide additional revenue for the District of Columbia.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Iowa [Mr. HICKENLOOPER] to reconsider the vote by which the amendment offered by the Senator from South Carolina [Mr. JOHNSTON], for himself and the Senator from West Virginia [Mr. NEELY], was agreed to.

Mr. HICKENLOOPER. Mr. President, I should like to say one or two things about the motion to reconsider. Senators who were present Friday will recall that a number of Senators voted for the amendment of the Senator from South Carolina in the clear belief that he had so modified and corrected his amendment as to eliminate from the amendment that portion of it which would strike out the provision for a sales

tax in the District, and that the provision for a sales tax was still in the bill and would be subject to consideration later.

After his amendment had been accepted by the Senate we found that, through some oversight or an incorrect modification of his amendment, the proposal to eliminate the sales tax had been left in his amendment, and the adoption of his amendment had therefore removed the sales-tax provision from the bill.

I think the Senator from South Carolina was of the opinion that his amendment did not have that effect. A number of Senators were of the opinion that it did not have that effect. Nevertheless, when we began to examine the amendment, we found that it did. Therefore I made a motion to reconsider the vote by which his amendment was adopted.

In all sincerity, and in the interest of a better approach to this legislation, I feel that the vote should be reconsidered, and that his amendment should then be clearly restated so that Senators may understand just what is in it. I felt restless on Friday at the rather unsatisfactory method of attempting to legislate on the floor of the Senate on important matters such as this. I hope that the Senate will reconsider the vote, so that we may then fully understand the amendment and vote on it on its merits after it has been clarified.

Mr. McGRATH. Mr. President, as has been stated by the Chair, the question before the Senate is the motion to reconsider the vote by which the bill was amended on Friday by the substitution of an increased income tax provision and the elimination from the bill of the provision for a sales tax.

I feel that there has been ample discussion of the merits of the various proposals, that is, the sales tax versus increased income tax or sales tax versus other forms of taxation for the District. In the interest of brevity and clarity I shall try to address myself not to the arguments favoring or opposing one method as against another, but rather to the effect of what we did on Friday afternoon with relation to the figures. After all, we have now reached the point where figures are what count.

First of all, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks two editorials, one from the Washington Star and the other from the Washington Post, dealing with this question.

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

[From the Washington Sunday Star of May 15, 1949]

CONFUSION WORSE CONFOUNDED

Reading the Senate debate of Friday on the District tax bill is to experience some of the confusion and chaos of a horrible nightmare. The Star trusts that the restful peace of a quiet Sabbath day will restore some of our distinguished Senators to a rational state of mind by tomorrow.

Senator JOHNSTON of South Carolina was responsible for most of the confusion. His whole plan for substituting a higher and tighter income tax for the proposed sales tax is misleading because his estimates are

wrong. At one time on Friday he told the Senate it would produce \$7,999,000 additional revenue. At another time he said it would produce \$10,000,000 additional revenue. At another time, that it would yield \$9,900,000 additional. At another, \$15,000,000, minus. Then there was his estimate of \$11,990,000, which is an increase of \$7,990,000 over present revenue.

The estimate of the additional yield by the experts is \$6,690,000, as compared with about \$15,000,000 anticipated from the sales tax.

Senator JOHNSTON was confused on other things. He thought the real estate tax rate was \$1.85, when it is \$2. He told the Senate that by increasing it to \$2.25 the additional yield would be \$8,000,000. Such an increase would produce \$5,000,000.

He told the Senate that if it passed his income tax, his higher realty tax and his higher liquor taxes, a sales tax would be unnecessary. His various proposals were voted up or down in such fashion as to leave the Senators uncertain about what they were doing. At one time the majority leader, Mr. LUCAS, was under the impression that the Senate had just voted local taxes which raised \$11,000,000 more than the Senate started out to raise. Senator HUNT corrected him by explaining the District was still short \$7,000,000 of the needed revenue.

The Senate was told by Senator JOHNSTON that in approving the income tax, it still had the sales tax. That, of course, was a mistake. The Senate had killed the sales tax when it approved the income tax. Whereupon Senator JOHNSTON said that, as he wanted to be perfectly frank, he did not think enough revenue had been raised to meet the District's needs. Later he said he thought those needs had been met by the income tax.

The Star does not think that Senator JOHNSTON at any time deliberately attempted to mislead the Senate. He is a very much confused man. His heart bleeds for the "little man," threatened by the sales tax. Yet, Senator JOHNSTON has proposed a program of local taxation, based on highly erroneous estimates of yield, that would hit the "little man" worse than the sales tax. It would not produce the money to pay the teachers, the firemen, the policemen, and the municipal employees the salary increase which Senator JOHNSTON alone prevented them from getting last year.

The situation as it stands now should be clear enough.

If the Senate defeats the sales tax, the District will obtain no new revenue this year. The same income tax voted by the Senate Friday has been killed two times by the House this year, four or five times in other years. It would be killed again. And the District would be left again with a large deficit that will hit the schools, the hospitals, and the welfare institutions hardest of all.

A tax bill cannot be written on the floor of the Senate. Unless it is willing to approve the bill brought in by the Senate District Committee, the Senate should send the whole business back to the committee. Friday's performance was disgraceful.

[From the Washington Post of May 16, 1949]

COMEDY OF ERRORS

An attempt to write a revenue bill for the District on the Senate floor ended in unutterable confusion. Opponents of the sales tax, led by its most redoubtable and loquacious foe, Senator JOHNSTON of South Carolina, tried to make good their boast that the needed revenue could be obtained by increasing the Federal contribution and raising real estate, income and liquor taxes. The proposal to boost the Federal contribution to more than twice the present figure was defeated as well as another amendment offered by Senator JOHNSTON to increase the

realty tax 25 cents per \$100 valuation instead of 15 cents as recommended. The Senate then proceeded to approve his proposal to double liquor gallonage taxes in lieu of the 50-percent increase recommended by the Senate District Committee. And finally it accepted the Johnston amendment to extend the District income tax with present exemptions, a broadened coverage, and nearly doubled tax rates.

Nobody, least of all Senator JOHNSTON, knows just how much additional revenue would be produced by the substitute proposals. The Senator from South Carolina said he had been informed that his income tax amendment would bring in close to \$12,000,000 and increase returns from this source by nearly eight million. Other estimates put the additional revenue at fifteen million, and Mr. JOHNSTON himself changed his estimates from time to time, finally confessing that nobody knew what the revenue return would be. Senator HUMPHREY brought the debate over these estimates to a bewildering climax by asserting that the Johnston amendments, together with the tax increases left in the mangled committee bill, would yield over twenty-one million—more than three million in excess of the amount needed to balance the budget and increase District employees' salaries.

The scatterbrained way in which the Senate has acted to destroy the carefully worked out committee measure tailored to fit the District's financial needs would be a diverting exhibition if the situation were not so serious. The Senators could not even agree as to whether a vote for the Johnston income-tax proposal had or had not killed the sales tax. Finally they called it a day, and recessed with a motion to reconsider the income tax amendment pending. If that motion—the first order of business on today's calendar—carries, the way will be open for a test vote determining the fate of the sales tax.

It would be futile at this juncture to repeat familiar arguments for and against a District sales tax. The Post has explained many times why it favors this levy as an alternative to other forms of taxation under present conditions. Moreover, the House has approved it, and would not take kindly to the alternative proposals voted last week by the Senate. As Senator McGRATH said, the revenue bill has been written in committee after expert study and due consideration of the complicated problems involved. By trying to write amendments from the floor the Senate destroyed this carefully designed pattern and produced only a comedy of errors. Its performance is a sharp reminder, if any were needed, of the inability of Congress properly to handle complicated local issues.

Mr. McGRATH. Mr. President, over the week end members of the District Committee and its staff worked very closely with the District Commissioners and the fiscal officers of the District of Columbia, together with the corporation counsel. We have tried to draft a rather simple statement. It is our purpose to point out to Senators the effect, in terms of dollars, of the bill as it presently stands.

The last year for which complete figures are available in the District of Columbia was the fiscal year 1947.

Mr. President, I wish to point out that some confusion may be caused by the fact that the budget is made up on the basis of a fiscal year beginning July 1 and ending June 30; but the income taxes for the District of Columbia, like the Federal income taxes, are paid on a calendar-year basis. I should also like to

point out at this time that the income taxes payable to the District of Columbia, unlike the income taxes payable to the Federal Government, are not payable on a pay-as-you-go basis, but are paid to the District of Columbia almost a year after the year for which they were due. In other words, the income taxes which will be due the District of Columbia for the year 1949 will not be paid to the District of Columbia in the year 1949; but the taxpayers' returns indicating the amounts due on their taxes will not be made until April, 1950, at which time the taxpayers will pay, on the filing of their returns, 50 percent of the amount due. The other 50 percent will not become due until October of that year. In other words, there is a lapse of 6 months.

Therefore, the situation with respect to income taxes, the situation is that the taxes which are due and payable by reason of earned income in the calendar year 1949 become payable in April and October of 1950. So, only 50 percent of that tax actually comes into the District of Columbia's treasury within the fiscal year with which we are now concerned. The problem before the Congress is to provide sufficient revenue to operate the District of Columbia in the fiscal year commencing July 1, 1949 and concluding June 30, 1950. By reason of the explanation I have made, it is obvious that within that period of time, only 50 percent of the money which is actually provided by the way of the income-tax route can possibly reach the District of Columbia's treasury.

In the year 1947 there were approximately 100,000 income-tax payers in the District of Columbia, and they were in the following categories:

Returns with taxable incomes of less than \$5,000 accounted for 75,100, or a little more than three-quarters of the total income-tax returns. I wish to emphasize that figure, because to me it is important with respect to the low income-tax groups: Over three-fourths of those who paid income taxes within the District of Columbia were in the class of taxpayers with taxable incomes of less than \$5,000.

Returns from taxable incomes of between \$5,000 and \$10,000 amounted to 18,400.

Returns from taxable incomes of over \$10,000 amounted to 6,500—making the total of approximately 100,000 tax returns.

The revenue from the personal income tax in the District of Columbia for the year 1947 amounted to approximately \$4,200,000. In addition, \$800,000 was derived from the franchise tax on unincorporated businesses. Thus, the total revenue from the tax on individuals and the tax on unincorporated businesses for that year was approximately \$5,000,000.

The present District of Columbia individual income tax is imposed upon every resident of the District of Columbia. The law defines a resident of the District of Columbia as—

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.

However, the law specifically provides—and I now quote directly from the law:

In the case of any resident who is an elective or appointive officer or an employee of the Government of the United States, and who is domiciled outside the District during the whole of the taxable year, there shall be excluded from the gross income of such resident salaries or wages received from the Government of the United States for services rendered as such officer or employee, and income derived from sources without the District. For the purposes of this act the domicile of such officer or employee for any taxable year shall be in the State which he expressly declares to be the State of his domicile: *Provided*, That he shall have had a domicile in such State under the laws of such State immediately prior to the beginning of the taxable year for which the tax is claimed. Such declaration must be made in writing, under oath, to the Assessor and the time for filing such declaration shall expire 60 days after written demand to file an income-tax return shall have been received by such officer or employee. As used in this subsection the term "State" means the several States, Territories, and possessions of the United States, and the term "Government of the United States" includes any agency or instrumentality thereof, but does not include the government of the District of Columbia.

The last-quoted provision of law, Mr. President, is commonly referred to and spoken of as the "O'Hara amendment." It has the effect of exempting many Federal officers and employees from liability for the District of Columbia income tax. It is estimated by the District of Columbia fiscal officers that if the O'Hara restrictive amendment, hereinbefore referred to, were to be stricken from the law and if the prevailing exemptions and credits for dependents were retained, 90,000 additional returns probably would be filed. In other words, in that case, the number of returns would be increased by approximately 100 percent.

As the O'Hara amendment relates only to employees and officers of the Federal Government, and since under existing law most others who are not exempt under that amendment are already included under the law, practically all the 90,000 additional returns estimated to be filed would be filed by officers or employees of the Federal Government. Thus, if the O'Hara amendment were stricken out, it is estimated that the number of taxable returns would amount to approximately 190,000.

Under the proposal of the Senator from South Carolina [Mr. JOHNSTON], as adopted by the Senate on Friday, the tax rate for those 190,000 taxpayers would be as follows:

Two percent on the first \$2,000 of taxable income, 3 percent on the next \$3,000 of taxable income, 4 percent on the next \$5,000 of taxable income, and 5 percent on the taxable income in excess of \$10,000.

With the present exemptions and credits for dependents retained, with all officers and employees of the Federal Government—except the comparatively few specifically excluded as proposed—and with the rates increased as proposed, it is estimated that the number of taxable returns in the various brackets of tax would be in line with the figures I am about to state.

These figures are what could reasonably be expected as the maximum under

the Johnston amendment, even going so far as to exclude the provisions of the O'Hara amendment; and I cannot say in detail to what extent his proposal excludes all those restrictions. It broadens the field, but whether it goes the full distance is very difficult at this point to say. Nonetheless, giving all due credit and resolving all doubts in favor of the amendment, the best estimate the fiscal officers of the District can make is that the income-tax payments by the 190,000 persons making returns would divide themselves thus:

Estimated tax	
165,100 returns with incomes of \$2,000 or less taxable at 2 percent and returns with increase of \$2,000 to \$5,000 taxable at 3 percent.....	\$4,777,000
18,400 returns with incomes of from \$5,000 to \$10,000 taxable at 4 percent.....	3,706,000
6,500 returns with incomes in excess of \$10,000.....	3,509,000
Estimated total tax shown on total of 190,000 returns.....	11,992,000

For easy figuring and to keep it in our minds, we therefore arrive at the conclusion that the most accurate figure the experts in fiscal affairs for the District can give for the Johnston amendment is that it will produce, in a full taxable year, approximately \$12,000,000. There were various estimates made on the floor of the Senate Friday, ranging anywhere from \$7,000,000 to \$22,000,000. The correct figure seems to be \$12,000,000.

However, let me remind the Senate what I said in the beginning, that this money, though it is the amount that could be realized under the amendment within a whole taxable year, would not all come into the District treasury within the taxable year, and the maximum benefit under the proposal could not be secured by the District before the fiscal year 1951; which would be no help at all to the immediate problem before us, which is to provide adequate revenue for the fiscal operations of the District in the fiscal year beginning July 1, 1949, and ending June 30, 1950.

There is now in the existing law a provision allowing an individual taxpayer in the District to claim as a credit against his District income tax the amount paid by him as income or intangible personal property taxes, or both, for the taxable year, to any State, territory, or political subdivision thereof in which he may be domiciled. This provision of existing law will not be changed by the Johnston amendment since, as hereinbefore stated, every one of the additional taxpayers who would be brought into the coverage of the act by the amendment before the Senate would be an officer or employee of the Federal Government, and since, as is common knowledge to most, if not all of us, the such officers and employees must claim retention of domicile in their home States for purposes of retaining their franchises, for their domiciles in their States are sometimes fully as important to them in the retention of their jobs as any other possible consideration could be. So, as nearly as we can estimate, the deductions which would normally be made by reason of claiming domicile

elsewhere and taking a deduction for the amount paid in the home State in order to retain domicile there, when subtracted from the \$12,000,000 figure herebefore mentioned, would approximate \$1,000,000. A recapitulation of the estimate of additional revenue which would be derived from the District personal income tax, with the amendment now adopted by the Senate retained, would be as follows:

Total income tax from Johnston amendment	\$11,990,000
Less present income tax (individuals)	\$4,200,000
Less present franchise tax (unincorporated business)	800,000
	5,000,000
Total additional revenue from income tax under Johnston amendment	6,990,000

In other words, Mr. President, the estimate which was made on the floor of the Senate by the distinguished Senator from Wyoming [Mr. HUNT], who was sponsoring the bill and who was chairman of the committee which drafted it, when he told us that his quick estimate, made in the confusion on the floor, Friday, was that the additional income would be \$7,000,000, comes out almost to the penny.

The total \$7,000,000 additional revenue from individual income taxes which would be derived from the Johnston amendment would not be available during the fiscal year 1950. This becomes a little repetitious, but it is worthy of repetition, because it is one of the major points in the consideration of obtaining revenue for the next fiscal year out of income taxes. The changes under the Johnston amendment are made effective for taxable years or portions thereof beginning on and after December 31, 1948. Under existing law, which would not be changed by the Johnston amendment, individual income-tax returns must be filed on or before April 15, succeeding the taxable year. The first returns under the amendment would therefore be due April 15, 1950, and one-half of the tax would be due on the same date the return was made. The balance would not be due until October 15, 1950, which is in the following fiscal year, with which we are not immediately concerned. Thus, from income taxes in the fiscal year which we are considering, only \$3,500,000 in additional revenue could possibly be received, if the Johnston amendment remained in the law. We are aiming, not at \$3,500,000; we are aiming to raise for the District of Columbia the bare minimum which everybody agrees is its need of \$18,000,000.

Mr. President, it seems to me these figures should be accepted by the Senate. They are drafted as honestly as they can possibly be, as disinterestedly as they can possibly be, in trying to present the figures actually and factually to the Senate. They have been drafted by the fiscal experts of the District of Columbia. They have been checked by the Committee on the District of Columbia.

There may be other Senators who want to dispute these figures and say they do not represent the true facts, but, Mr. President, they represent the only facts on which it is possible to lay our hands. If these men do not know, then I do not think we here in the Senate are capable of judging beyond and above their judgment.

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

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

Mr. ROBERTSON. What was the amount of the additional contribution to the District by the Congress as requested by the distinguished Senator from South Carolina and voted down by the Senate?

Mr. McGRATH. The Senator from South Carolina requested an appropriation or contribution of 25 percent of the District budget. Since the District budget is approximately \$100,000,000, his request would represent a payment by the Federal Government to the District of approximately \$25,000,000.

Mr. ROBERTSON. How much would that be above the amount Congress now appropriates?

Mr. McGRATH. In the last fiscal year—and it is anticipated that the Congress will appropriate at least as much this year—the appropriation was \$12,000,000, being \$11,000,000 to the general fund and \$1,000,000 to the water fund.

Mr. ROBERTSON. If the Senate had been willing last Friday to add as much to the bill from the general treasury as the distinguished Senator from South Carolina requested, the amount would still be \$2,500,000 below the amount which the Senator from Rhode Island says is the minimum budget need of the District. The Senator said \$3,500,000 additional would be received from the income tax in the coming fiscal year. If the budget is \$18,000,000, that leaves \$14,500,000.

Mr. McGRATH. There would be \$13,000,000 exempted from the formula. But that is not all the story. There are other provisions in the bill, which the Senator from South Carolina is not attacking, which will provide additional revenue. There are increased liquor taxes, which have been agreed to, and a 1-cent tax on cigarettes, which will produce considerable revenue. I am sure it is only fair to say that if the Congress makes a contribution of 25 percent of the District's budget, plus increasing the income taxes to the amount advocated and accepted, together with the other recommendations which are not seriously challenged, we would probably receive in excess of the \$18,000,000 required.

Mr. ROBERTSON. Is it the opinion of the distinguished Senator from Rhode Island that we must do one of two things: Contribute money to the general fund from the Federal Treasury or impose a sales tax?

Mr. McGRATH. I see no possible alternative, unless we want to place an undue burden upon one segment of the population, upon one class of taxpayer. As pointed out, by the rates which are proposed the amount of money which the Senator from South Carolina himself

says could be raised by income taxes, assuming it would amount to \$12,000,000 in a year, would be more than 12 percent of the total amount of revenue required for the operation of the District of Columbia. I think the figures will bear me out that this is far in excess of the percentage which any State takes, by way of the income-tax route, in its total tax picture.

Mr. ROBERTSON. An editorial in the Washington Post this morning states, as I recall, that the amendment tentatively adopted last Friday would raise the income tax in the District 50 percent. Is that correct?

Mr. McGRATH. It would increase it 100 percent. I take it that is what the Senator means. The rates are doubled. In addition to the rates being doubled, a great many more persons would be brought under coverage than are covered under the present law. So the increase would be in excess of 100 percent. The figures will bear out that statement. The District received \$4,200,000 in the year 1947, under the present law, and admittedly under the amendment it would receive \$12,000,000.

Mr. ROBERTSON. So, as the Senator pointed out last Friday, we would depend upon the income tax to bear 20 percent or more of the cost of the District government.

Mr. McGRATH. The figures which were being thrown around indicated \$20,000,000 could be raised by the income-tax proposal. That figure has now been toned down, and we find it would raise \$12,000,000. The total budget for the District is \$100,000,000. However, the District does not raise the entire \$100,000,000. The Federal Government makes a payment of \$12,000,000. So the percentage would be whatever percentage \$12,000,000 would be of \$88,000,000. Roughly speaking, I think it would be approximately 15 or 16 percent.

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

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

Mr. SALTONSTALL. The Senator stated the figures for 1947. He stated that 75,100 of the income-tax payers received incomes of less than \$5,000. As I understand, the committee amendment increases the exemption. My question is, Would not the change in the law eliminate from the District income-tax roll a substantial number of the 75,100 taxpayers, or give relief to them?

Mr. McGRATH. It would take off the present tax rolls approximately 45,000 persons. Other changes made in the committee bill would make that up, so that approximately \$1,000,000 would be recaptured. By that process we would lose some revenue, but we would also pick up in other categories, and from these sources of taxation would come out, I think, in the neighborhood of \$800,000 ahead of the amount which is now received. At the same time, we would have accomplished the result of taking off the tax roll 45,000 taxpayers in the lower-income-tax brackets.

Senators may reasonably argue that we have set the exemption too high.

Perhaps the exemption should be \$3,000 rather than \$4,000. That is a matter which could be discussed seriously in conference, but it is not of such grave importance that we should attempt on the floor of the Senate to upset the figures on which the whole formula has been worked out, because the difference, I will say to the Senator from Massachusetts, between the amount of revenue which would be secured if we placed the ceiling at \$3,000 rather than at \$4,000 probably would not amount to more than three or four hundred thousand dollars. It can be amply taken care of in conference. I think that is where we should discuss it, rather than to try to do it here.

It was the feeling of the committee, since the House had written this provision and had been very strict and determined about it—it will be recalled that the bill was before the House twice and had to go back to the committee twice, and this is probably the best solution of our problem—that we did not want to challenge the House on that point. We are perfectly willing to argue it in conference. Since we were going to favor a sales tax, and since we realized that everyone has to pay the sales tax, it was probably a measure of equity and fairness that this great number of persons should be relieved of another form of tax in order to make up for what they would have to pay under the sales tax.

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

Mr. McGRATH. I yield to the Senator from Iowa.

Mr. GILLETTE. I should like to ask the able Senator this question: In addition to the matter to which the Senator from Massachusetts just called attention, that by increasing the exemption, approximately 45,000 persons would be taken from the tax roll, is it not a fact that approximately 55,000 persons would have their exemptions increased and their income tax lowered proportionately?

Mr. McGRATH. I think that is probably correct. There would be some relief in the categories above \$4,000. I believe that would be true.

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

Mr. McGRATH. I yield.

Mr. ROBERTSON. In view of the fact that the income tax, for which I intend to vote, will carry a larger exemption than we have had in the income-tax law for many years, amounting, I believe, to \$4,000 for a single person and \$4,000 for a married man, plus \$500 for his wife—

Mr. McGRATH. That is correct.

Mr. ROBERTSON. And \$500 for each dependent?

Mr. McGRATH. That is correct.

Mr. ROBERTSON. The exemption, then, for a family of four, would be \$5,500, would it not?

Mr. McGRATH. It would be \$6,000, would it not?

Mr. ROBERTSON. Yes, it would be \$6,000. I think the distinguished Senator from Rhode Island will realize that we are making the exemptions completely out of line with the exemptions in every State and under the Federal

law. To me that is a little embarrassing. While I agree that it is not easy to rewrite the bill on the floor of the Senate, I certainly hope that if the bill is passed in its present form and goes to conference, the conferees will not insist that it is the firm conviction of the Senate that we should allow a \$6,000-income exemption to a family of four, because if we do that, we will certainly set a bad precedent.

Mr. McGRATH. The exemption would be \$5,500 for a family of four, a \$4,000 exemption for the head of the family and \$1,500 exemptions for his wife and two children.

Mr. ROBERTSON. My original hasty figures were correct, then.

Mr. McGRATH. The Senator is correct.

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

Mr. McGRATH. I yield for a question.

Mr. JOHNSTON of South Carolina. According to the figures the Treasury Department Division of Tax Research brings to our attention, does the Senator find that any State in the Union allows exemptions such as he has suggested?

Mr. McGRATH. I cannot answer that, because I have not seen the tables.

Mr. JOHNSTON of South Carolina. Is it not true that in a great many States exemptions are as low as \$700, ranging up to \$750, \$1,000, \$1,500, and \$2,000? The State exemptions are very low, so that they can collect taxes. The Senator is getting it clear out of line when in the case of the District he provides an exemption of \$4,000. That is what I think is wrong about what is being suggested. I think the income tax for the District should be based on somewhat the same principles followed in the States. There are taxes imposed by the States, the counties, and the cities, combined, and we should follow somewhat along the State line when we come to the District income tax. Does not the Senator think that is correct?

Mr. McGRATH. I could go quite a way in agreeing with the Senator. The Senate committee was not entirely satisfied, but we knew the legislative history of this matter in the House of Representatives. There was a great desire to get away from the provisions of the O'Hara amendment, which worked very inequitably, and allowed a great many people to escape taxation, while others in the same class continued to bear taxation. While the exemption may be high under the proposal now made, it is high for all people within the class. As I have said, we have removed a great many of the inequities which were in the law by reason of the provisions of the O'Hara amendment.

Perhaps it may be said that is the price we must pay in order to make progress in this field in the House. Probably the Senate committee should make the attempt, and I am very glad to assure the Senator that when the bill goes to conference, if it does, I shall make a determined effort to see if we cannot get the House to take a more realistic view of the income-tax ceiling.

However, I repeat, it probably will not make a great deal of difference in terms of dollars in the next fiscal year. Whether we lower the ceiling from \$4,000 to \$3,000, or put it back to \$2,500 or \$2,000, probably it would not make a difference of much more than four or five hundred thousand dollars in the fiscal year with which we are concerned, namely, the fiscal year 1949-50.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to call to the Senator's attention another thing which I think is vitally important. As to the percentage he has used in figuring the tax, namely, 1½ percent on the first \$5,000 over the exemptions. I call his attention to the fact that in many States it is 6 percent, in some 4 percent, in some 5 percent, in some 3 percent, in some 4½ percent, but the committee has it 1½ percent in the District of Columbia. I just want to show where the taxes can be collected.

Consider a comparatively small State like South Carolina. We hear talk about it being poor. We pay our Federal taxes, and we are paying an increased State income tax. In Alabama, the first State on the list, the rate is 4½ percent, whereas the committee fixes 1½ percent for the District of Columbia.

Mr. President, this is the kind of thing to which I call attention. This is a source from which money could be procured, if the tax were properly imposed.

Mr. McGRATH. Mr. President, I should like to present in digest form the results which will be produced, or which reasonably could be expected, from the committee bill, on the one hand, and the bill containing the Johnston amendments, on the other. It would be somewhat as follows:

Comparison of additional revenue which would be produced for fiscal year ending June 30, 1950, under committee bill and the same bill with Senate amendments now adopted

Committee bill

TITLES I, II, AND III
Estimated revenue from sales, use, and excise tax on automobiles for full year, less decrease resulting from exemptions, including cigarettes (\$13,370,000) and less one-sixth for months of July 1949 and June 1950, the tax for latter month being paid in following fiscal year..... \$11,142,000

TITLE IV
Increase from unincorporated business..... \$800,000

(No decrease due to increased exemptions in income tax under committee bill, since this provision applies only to income received after Dec. 31, 1949.)

INCREASE IN INCOME TAX UNDER JOHNSTON AMENDMENT

Total income tax from amendment..... \$11,990,000

Less present income tax..... 4,200,000

Less unincorporated business tax repealed by amendment..... 800,000

..... 5,000,000

..... 6,990,000

Less one-half not due until following fiscal year..... 8,495,000

So that the Johnston proposals would result in a net payment to the District in the coming fiscal year of \$3,495,000.

Under title V the results would be as follows:

TITLE V		Bill with Johnston amendments
Committee bill		
Alcoholic beverage license fees.....	\$400,000	\$400,000
Taxes on spirituous liquors.....	1,000,000	2,000,000
Beer.....	300,000	300,000
TITLE VI		
Cigarette tax.....	\$800,000	\$800,000
TITLE VII		
Real-estate tax.....	\$2,400,000	\$2,400,000

The recapitulation is that under the committee proposals the District would receive \$16,842,000, and under the Johnston proposal, with the bill in its present state, the District would receive \$9,395,000, or approximately from eight to nine million dollars short of the requirements for the next fiscal year.

Mr. President, I say in conclusion that I have presented the picture as simply as it can be drawn, and I think the only realistic and sensible thing for the Senate to do is to reconsider the vote taken on Friday by which the amendment was agreed to, pass the bill as recommended by the committee, and send it to conference, and let us see if we cannot start the District on the road to a sound fiscal policy, which it badly needs.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Iowa [Mr. HICKENLOOPER] that the vote by which the Johnston amendment was agreed to on Friday be reconsidered.

Mr. JOHNSTON of South Carolina. Mr. President, to expedite matters in regard to the reconsideration, I have not objected to a reconsideration of the vote by which the amendment was agreed to. I fear that there were some Senators who were misled and voted for my amendment believing that it did not strike from the bill the sales tax feature. If Senators will look at the CONGRESSIONAL RECORD for last Friday, on page 6196, the first column, they will find that I addressed the Chair as follows:

Mr. President, I should like to modify my amendment by striking out, on page 1, lines 1 and 2, which deal with the sales tax. That would leave the amendment to deal with the income tax.

I made that statement in the RECORD—

Mr. HICKENLOOPER. Mr. President—

Mr. JOHNSTON of South Carolina. Let me explain. At about that time a Senator called to my attention the fact that the amendment I had called up was a different amendment, and that I did not strike from the amendment the sales-tax feature. So we went ahead, I thinking that I had made the motion to strike out that feature, the sales tax, and that we were voting only on the income tax. I did talk with some two or three Senators who asked me, if it included the

sales-tax feature. I told them it was stricken out. Therefore I could not vote against reconsideration of the amendment under those circumstances. But at the same time I would be in favor of striking out the sales-tax and inserting the income-tax feature I have offered. For that reason, to expedite matters, I should like to have the vote by which the amendment was adopted reconsidered and then I shall offer an amendment striking all that pertains to the sales tax, and then we can have a vote upon the question of the income tax. I think that would be the best way to work it out under the circumstances in which we find ourselves at the present time.

The VICE PRESIDENT. The question is on the motion of the Senator from Iowa [Mr. HICKENLOOPER] to reconsider the vote by which the amendment was adopted.

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

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. HICKENLOOPER. I wish to thank the Senator from South Carolina for the statement he has just made in which he said he desired reconsideration of the vote to be had. Merely to make the record clear at this point, I wish to quote from the RECORD, in addition to the matter inserted by the Senator from South Carolina. I call attention to the CONGRESSIONAL RECORD of Friday last, on the same page the Senator from South Carolina referred to, also in the first column, to the question asked by the Senator from Wyoming [Mr. HUNT], which is as follows:

Mr. HUNT. Does the proposed amendment delete the sales-tax feature from the bill?

Mr. JOHNSTON of South Carolina. This particular amendment does not.

And then the Senator from South Carolina further corrected that.

Mr. JOHNSTON of South Carolina. And then I proceeded to modify the amendment.

Mr. HICKENLOOPER. I thank the Senator from South Carolina. I think he has been very fair in this matter.

Mr. JOHNSTON of South Carolina. I do not want to mislead any Senator. I think the proper thing to do is to reconsider the vote by which the amendment was adopted.

Mr. McGRATH. I suggest that the vote be reconsidered.

The VICE PRESIDENT. The question is on the motion of the Senator from Iowa [Mr. HICKENLOOPER] to reconsider the vote by which the amendment offered by the Senator from South Carolina [Mr. JOHNSTON] for himself and the Senator from West Virginia [Mr. NEELY] was agreed to.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from South Carolina for himself and the Senator from West Virginia [Mr. NEELY].

Mr. JOHNSTON of South Carolina. Mr. President I should like to strike from the pending amendment that part which

pertains to the sales tax, in order that the amendment would not include anything but the increase in the income-tax proposal I have offered. That can be done by striking out the language beginning with line 5, page 1, and on down, as I have indicated, inserting in lieu thereof the remaining language of my amendment. I think it will be found that the rest of it pertains to nothing but the income tax.

The VICE PRESIDENT. Has the Senator offered an amendment to his own amendment?

Mr. JOHNSTON of South Carolina. I am offering to modify my own amendment by striking from it everything that deals with the sales tax.

The VICE PRESIDENT. The Senator will have to point out some part of the amendment and designate it as being eliminated.

Mr. JOHNSTON of South Carolina. It will be noted that in the caption there is all that deals with the sales tax. After the word "purposes", strike out everything down through "following", and there will be stricken from the bill all that deals with—

The VICE PRESIDENT. The Parliamentarian advises the Chair that the reference to the sales tax starts at the beginning of the bill and goes down to page 33. Is that what the Senator is moving to—

Mr. JOHNSTON of South Carolina. I think it will be found that the language of the bill relating to the sales tax continues through to page 33. The Chair is correct.

The VICE PRESIDENT. Through line 11 on page 33.

Mr. JOHNSTON of South Carolina. That is correct. My purpose is not to strike that provision from the bill.

The VICE PRESIDENT. The Chair is advised that there are two other titles which indirectly relate to the sales tax—the use tax and the motor-vehicle tax. Is the Senator seeking to strike them out?

Mr. JOHNSTON of South Carolina. No; I am not.

The VICE PRESIDENT. The Senator's amendment, then, does not propose to strike out the language of the bill beginning in line 8, on page 1, down through line 11, on page 33?

Mr. JOHNSTON of South Carolina. That is correct.

The VICE PRESIDENT. The amendment will be stated.

Mr. ROBERTSON. Mr. President, will the Senator from South Carolina yield?

The VICE PRESIDENT. Let the clerk state the amendment.

Mr. JOHNSTON of South Carolina. I yield.

Mr. ROBERTSON. To get before the body the type of amendment it is, I desire to call the Senator's attention to the fact that title II, on page 33, which is the "compensating-use tax," aims to protect the District against purchases made outside the District.

Mr. McGRATH. Title 2 is unnecessary if the sales tax provision is stricken out. If we are not going to have a sales tax that title should also be stricken out.

The VICE PRESIDENT. The Senator from South Carolina proposes to modify his amendment so as to strike out all of the bill beginning with line 3, page 47, to and including line 4 on page 58—being title IV—and to insert a substitute.

Mr. JOHNSTON of South Carolina. The amendment is dated May 9, 1949, and lettered "B." That is inserted at its proper place according to the amendment. I think the amendment is at the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. Beginning with line 3, page 47, it is proposed to strike out all of the bill down to and including line 4, page 58, and to insert in lieu thereof a substitute:

Title IV—amendments to article 1 of the District of Columbia Revenue Act of 1947.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from South Carolina [Mr. JOHNSTON] as modified.

Mr. JOHNSTON of South Carolina. I think it will be found that the sales tax and the use tax are tied in together. At present I am not proposing to strike out the sales tax.

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

The VICE PRESIDENT. The Senator may modify his own amendment.

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. As I understand the Senator's purpose is to remove entirely from the bill all reference to sales tax.

Mr. JOHNSTON of South Carolina. No, I am not doing that. My amendment deals only with the income tax, and I am deleting from my amendment anything that has to do with the sales tax provision.

Mr. McGRATH. In other words, if the Senator's amendment as modified is adopted we will have the sales tax left in the bill, we will have the use tax left in the bill, we will have the automobile tax left in the bill, and the increase that his amendment, as modified, provides by reason of income taxes.

Mr. JOHNSTON of South Carolina. That is true. My particular amendment does nothing more than to increase the income tax. So the net result—

The VICE PRESIDENT. The modification of the amendment had better be stated at the desk so that the Senate will understand it.

The LEGISLATIVE CLERK. Beginning with line 3, page 47, it is proposed to strike out all down to and including line 4, page 58, and insert in lieu thereof the printed amendment dated May 9, 1949, lettered "B."

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. At the expense of being repetitious, in order to get the figures before the Senate—and I think the figures are important in this discussion—am I to understand that the Senator now desires, without any consideration of the sales tax or any other provision of the bill, simply to add to the

bill an amendment which would increase the income tax rates and the number of those who would pay an income tax?

Mr. JOHNSTON of South Carolina. I wish to do that; and later I shall offer an amendment striking the sales tax, if I am successful in having adopted the amendments which I desire.

Mr. McGRATH. Am I not correct in the statement that in the event the pending amendment should prevail, at that point we would have a bill providing for a sales tax and all the other taxes, and providing for additional income tax? The figures which I have indicated that the additional income tax would be approximately \$7,000,000. So when we arrive at the point of adopting the Senator's amendment, we shall then have a bill which would raise \$7,000,000 more than is required for the fiscal operations of the District of Columbia for the next fiscal year. Of course, I understand that the Senator will then offer another amendment.

Mr. JOHNSTON of South Carolina. Yes. I am following this procedure in order to give the Senate an opportunity to vote for the kind of taxes it wishes to impose. If the Senate does not want a sales tax after my amendment is adopted, it can vote for or against a sales tax. That is the way the Senate thought it was voting when it voted on Friday. That is the reason why I am offering the amendment in this form.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. Does the Senator realize that the net result, when he gets through with his program, would be that he would add \$7,000,000 to the bill by this amendment, beyond what is needed? Then he proposes to offer another amendment which would take off approximately \$13,000,000. So in the first instance he leaves us with a bill providing \$7,000,000 in excess of the needed revenue; and in the second instance he leaves us with a bill providing \$8,000,000 below the needed revenue.

Mr. JOHNSTON of South Carolina. I have other amendments to offer.

I want it plainly understood in the beginning that the amount of revenue to be derived from my amendment has been misquoted. The figures given by the other side on the floor of the Senate on Friday were entirely out of line.

Mr. President, when this amendment goes into full effect for a year, it will produce approximately \$15,000,000. The first year it will produce only \$8,000,000 for this reason: It will be found that during the fiscal year two payments are made. The first payment in the year constitutes more than half the total amount of the income tax. The records will bear me out. Many taxpayers pay the entire tax at one time. That is the reason why the statement which I have prepared, and which has been placed on every Senator's desk, shows \$8,000,000 the first year and \$15,000,000 for succeeding years.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. I should like to get some information about this matter. What is the source of the information with reference to the estimated amount of yield?

Mr. JOHNSTON of South Carolina. I can answer that question by saying that the figures will be found in the House proceedings when the House was debating this very same amendment. The subject was thoroughly studied at that time. It will be found that the figures which I am giving were cited time and time again in the House. The figures were prepared by Mr. Bates and the staff in the House at that time.

Mr. McCLELLAN. Do these figures represent estimates made by the House committee staff?

Mr. JOHNSTON of South Carolina. They were estimates made by Mr. Bates. I notice that he has agreed with some of the statements which have been made.

Mr. McCLELLAN. I am merely seeking information. Last Friday afternoon when we were considering the bill a great many figures were cited, and there was a great deal of uncertainty about the accuracy of the figures, and just how much revenue the various amendments would produce. What I wish to determine is whether or not the figures which the Senator is giving are based upon one of the best available estimates.

Mr. JOHNSTON of South Carolina. Yes. I should like to give some of the figures for the various States. To take an illustration, I turned to my home State to find out what was being collected in taxes in that State. I found that from income taxes approximately \$28,000,000 was collected in that State during the past year. I should also like to read into the Record figures showing what the Federal Government collected in South Carolina.

In South Carolina the number of Federal income tax returns filed in 1945 was 400,838. The number of State income tax returns filed in 1945 was 139,007. The Federal income tax liability in 1945 was \$78,998,000. To show how the State income taxes have increased in recent years, the total State income tax liability in 1945 was \$14,799,497.74. In 1948 the number of State income tax returns filed was 193,783 and the State income tax liability was \$25,871,083.61. I am also informed that there is approximately \$2,000,000 or \$3,000,000 still outstanding by reason of extensions of time and other factors.

Let us see what the District of Columbia was paying. Does the Senator know that in 1945 the District paid only \$3,488,000 in income taxes, while South Carolina was paying \$14,799,497.74? It will be noted that the Federal income taxes collected in the District were \$158,284,000, while in South Carolina \$78,998,000 was collected, showing how much out of line the collections are. Twice as much Federal taxes were collected in the District as in South Carolina. On the other hand, almost four times as much was collected in State income taxes in the State of South Carolina as was collected

in the District through the District income tax. I am trying to show how much out of line the collection of taxes is.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. The Senator refers to South Carolina. I do not know whether that is a safe guide for us to follow, unless the rates are comparable.

Mr. JOHNSTON of South Carolina. I shall read the rates. I have the rates for all the States, which I obtained from the Treasury Department. Mr. President, I am not on a wild goose chase. I have data showing that residents of the District of Columbia are taxed about one-fourth as much as the residents of the majority of States. I shall read the figures for the States, including the exemptions.

Mr. McCLELLAN. I did not mean to imply that the Senator was on a wild-goose chase. I am very sympathetic toward the Senators' amendment. I voted for it last Friday. However, I became confused, and I think many other Senators were confused. I am now trying to obtain factual information which will enable me to make an intelligent decision on the pending amendment.

Mr. JOHNSTON of South Carolina. Let me read some of the tax brackets and the exemptions.

I notice that in the District of Columbia there is an exemption of \$1,000 for a single person. The pending bill would allow an exemption of \$4,000, plus \$1,000, or a total of \$5,000. I find that that is entirely out of line with the exemptions in most of the States.

In Arkansas the exemption is \$2,500 for a single person; in Colorado, \$750; Delaware, \$1,000; Georgia, \$1,000; Idaho, \$700; Kansas, \$750; Kentucky, \$1,000; Louisiana, \$1,000; Maryland, \$1,000; Massachusetts, \$2,000; Minnesota, \$1,000; Mississippi, \$1,000; Missouri, \$1,200; Montana, \$1,000; New Hampshire, \$200.

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

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from South Carolina yield to the Senator from Rhode Island?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. In connection with the statement the Senator from South Carolina has made regarding the States which have low income-tax exemptions, will the Senator also state whether those States have sales taxes, as well? That is an important point.

The committee stated that its reason for excluding a proposal for a considerable increase in income tax was because there would be a sales tax. Of course, an increase in income tax might be more justified if there were no sales tax. However, if we subject everyone in the District to liability for the payment of a sales tax, I do not believe we should also increase the income tax.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. Of course, in Arkansas we have both a sales tax and an income tax.

Mr. President, let me inquire of the Senator from South Carolina whether the figures which have just been placed on our desks are submitted by the Senator from South Carolina in support of his amendment. I refer to the last table of figures which has been passed around.

Mr. JOHNSTON of South Carolina. Those are committee figures, not mine. The committee's figures do not correspond exactly with the figures I have presented. Of course, no two statisticians will agree entirely upon anything.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. I refer to the last table of figures which has been placed on our desks, giving estimates of the amount of taxes which will be raised by means of the various amendments. The Senator says that these are different figures. Does he mean that these figures have been submitted by the Senate committee?

Mr. JOHNSTON of South Carolina. I suppose they have come from the staff of the committee.

Mr. McGRATH. Mr. President, these figures come from the fiscal experts of the District of Columbia.

Mr. McCLELLAN. They come from the District of Columbia experts, and not from the committee staff; do they?

Mr. McGRATH. Yes. Senators will find that they are the same figures which were given to the House committee. We checked with them over the weekend, and then checked in our committee.

Mr. McCLELLAN. Mr. President, if the Senator will further yield, I should like to refer to the figures which were placed on our desks a while ago by the Senator from South Carolina. I understood him to say that they come from the staff of the House committee.

Mr. JOHNSTON of South Carolina. It will be found that those figures were used in the debate on the floor of the House.

Mr. McGRATH. Mr. President, the figures the Senator has were used on the floor of the House by a minority, just as they are being used here by those who are advocating a program different from the one recommended by the committee. Certainly those who disagree with the committee on this matter use a different set of figures, but their figures are not backed by any of the experts of the District of Columbia. The figures are simply produced by the opponents of the sales tax. Where they got the figures, I do not know.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. I simply wish to say to both the Senator from Rhode Island and the Senator from South Carolina that inasmuch as two sets of figures have been placed on our desks in connection with the consideration of an important bill, and inasmuch as the figures and estimates are considerably at variance, naturally I wish to ascertain

the source of the figures and their authenticity and reliability. I wonder whether the Treasury Department has submitted any figures in this connection.

Mr. JOHNSTON of South Carolina. I do not think so.

Mr. McGRATH. The only figures we can get are the ones which are prepared by those who deal with this problem day in and day out, year in and year out. The figures they produce are taken from the books, based on the experience which has been had in the District of Columbia. They are the highest source to which we can go; and that situation is the best argument in the world as to why the figures and estimates produced by the committee should be accepted, rather than the figures and estimates coming from a group which does not have access to such information.

Mr. JOHNSTON of South Carolina. The minority group which has presented these figures has referred to studies made by a group of persons in regard to the taxes in various States. As I stated a while ago, in 1945 the total Federal income-tax liability in the State of South Carolina was \$78,998,000, while in the District of Columbia it was \$158,284,000. The fact that in 1945 the total Federal income-tax liability in the District of Columbia was twice the total Federal income-tax liability in South Carolina, certainly shows the sound basis for the figures we present. Since the rate of taxation in the various brackets is approximately the same in South Carolina as in the District of Columbia, except in the lower brackets, and since the total liability for the State income tax in South Carolina was in excess of \$25,000,000 last year, it certainly would seem that the proposed increased income taxes which I would have imposed in the District of Columbia would result in the collection of approximately \$20,000,000. Is it not reasonable to assume that at least that much would be collected?

No doubt those who prepared the figures I have presented took a great many factors into consideration, but at the present time I am considering the figures solely on the basis I have just stated. I think Senators can see that the increased income tax which I propose probably will result in the payment of more money than will be needed from the income tax if the sales tax is also adopted.

Of course, Mr. President, my proposal is made on a trial basis. After it has been tried 1 year, the results will be known. But certainly the increased income tax which I propose will bring in a great deal of revenue. Even those who advocate the committee's proposal will have to acknowledge that fact.

Mr. McGRATH. Mr. President, if the Senator will yield to me, let me inquire whether he recognizes the great distinction between the character of the economic life of his own State and the economic life of the District of Columbia. Certainly I recognize that there is considerable difference between the economic life of my State and the economic life of the District of Columbia. The city of Washington is largely a city of salaried people. In the District of Columbia there are no great farms and

there are no big incomes produced from manufacturing operations, although in the State of South Carolina considerable tax funds are obtained from such sources. I dare say that in the State of South Carolina there are thousands of persons earning over \$100,000 a year, and large business corporations with tremendous incomes. The cotton industry alone in South Carolina is one of the greatest industries in the world, and in the State of South Carolina there are tremendous sources of income which do not exist in the District of Columbia. Aside from a few merchants who do business in downtown Washington, there are no large commercial operations in the city of Washington and there are no large salaries paid to executives, except in a very few instances. So the income in the District of Columbia is largely income paid to salaried people. The result is that if a certain tax is applied in the District of Columbia, it is bound to produce less than it will in the State of South Carolina or in the State of Rhode Island, for instance, where many heads of industries are paid hundreds of thousands of dollars a year, and where there are thousands of persons who receive salaries ranging from \$20,000 to \$500,000.

Mr. JOHNSTON of South Carolina. I should like to call the attention of the Senator to the fact that in South Carolina the Federal Government collects only half as much as is collected in the District of Columbia.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. LUCAS. In order to expedite the consideration of the bill, I am wondering whether we could not possibly rearrange matters, so to enable the Senate in the first instance to vote upon the question of eliminating the sales tax, which the Senator from South Carolina seeks to do. In other words, at the present time we must first vote upon an amendment, which, if adopted, and if the sales tax remains in the bill, would raise more money than would be necessary. The real issue before the Senate I understand is whether we shall have a sales tax for the District of Columbia. It seems to me we are, so to speak, making a back-door approach in order to reach the issue which the Senator from South Carolina hopes ultimately to have decided by the Senate. I am wondering whether the Senator could not withdraw the pending amendment, offer his amendment to strike out the sales tax, and let the Senate vote upon that. We shall then perhaps know definitely where we are with respect to the other amendments.

Mr. JOHNSTON of South Carolina. I should like to agree with the Senator from Illinois, but I fear it is probable that some Senators will say "We are not going to vote to strike out the sales tax, because that might result in our not having sufficient revenue." That may be the view some Senators may take unless they feel both proposals can be taken to a free conference for decision.

Mr. LUCAS. I of course understand that. That is another thing I was going to suggest to the Senator. I hope we can get a vote on the question.

Mr. JOHNSTON of South Carolina. Why not agree to my amendment, and then take it to a free conference?

Mr. LUCAS. That of course is up to the Senator from Rhode Island.

Mr. McGRATH. Mr. President, I do not want to take to conference a bill that would produce \$7,000,000 more revenue than is needed.

Mr. JOHNSTON of South Carolina. But according to the bill, there would be an increase in the whisky tax. That was in the bill before we began to amend it. The Senator said nothing more was needed in that respect. That is already provided in the bill. That is true, is it not?

Mr. McGRATH. Yes, that is true. We accepted the amendment. We said we would take it to conference.

Mr. JOHNSTON of South Carolina. Let us do the same thing with this question, if the Senator desires to expedite matters.

Mr. McGRATH. The variation of a million dollars one way or another in a \$100,000,000 budget is not a serious matter. But certainly taking a bill to conference with \$7,000,000 in it more than is needed, I think is a very serious matter. We should have an expression by the Senate as to whether a sales tax is or is not wanted. It is as simple as that. We can settle this in 5 minutes, if we can get a decision on that point.

Mr. JOHNSTON of South Carolina. If the Senate agrees to the pending amendment, then the question of a sales tax will come up.

Mr. McGRATH. If we are not to have a sales tax, then the whole matter has got to be reconsidered, the whole tax bill rewritten, and a new approach made to the entire financial problem of the District. If Senators get a chance to express themselves and vote to provide a sales tax in the District of Columbia, then our problem is simple.

I heartily agree with the distinguished majority leader, the Senator from Illinois, whose suggestion is entirely reasonable. Let us put the issue before the Senate. The arguments have been made. Every Senator knows what he wants to do. Many have conscientious objections to a sales tax, and I honor and respect their opinion. Others of us are accepting it because we feel after serious study it is the only avenue left open to the District, whether we like it or whether we do not. Can we not have a vote on it? Can we not present the issue squarely to the Senate, have a yea-and-nay vote, and have the matter decided?

Mr. LUCAS. Mr. President, if the Senator from South Carolina will yield further, I really believe that the Senator from Rhode Island, in expressing himself as he has, is correct, in attempting to get the issue before the Senate. The Senator from South Carolina is moving, it seems to me, in a sort of roundabout way, before we finally get to the really important issue so far as Senators are

concerned. The sales tax, as the Senator well knows, is the real issue. That is the subject upon which Senators have debated pro and con. It is before the Senate. It seems to me the Senator from South Carolina could very well withdraw the pending amendment and present the sales tax amendment immediately, and allow the Senate to take a vote on it. That would determine the matter one way or the other.

Mr. JOHNSTON of South Carolina. As I stated a few moments ago, I should like to agree with the Senator from Illinois, but the Senate, in a way, has already voted upon the amendment which I have pending. It voted favorably upon it once on Friday. Senators at that time thought they were voting on nothing but the income tax amendment. I think that was true of a good many of them. By a majority of seven, the Senate voted to increase the income tax. A motion was made to reconsider the vote, and I agreed to a reconsideration, feeling that probably some of the Senators had voted under a misapprehension. I stated at that time that I would submit an amendment to strike out everything in connection with the sales tax. I want to give the Senate an opportunity to vote upon the question.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. I am sure the Senator does not want us to understand that in his opinion the Senate deliberately added to the revenue bill \$7,000,000 beyond the requirements of the District.

Mr. JOHNSTON of South Carolina. I think the matter had been discussed thoroughly. Reference was made to an increase in the whisky tax which had been inserted in the bill. It was stated that the bill was sufficient. Senators must have known that my amendment would certainly provide additional revenue. I feel certain Senators knew that at the time the vote was taken on Friday.

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

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Massachusetts?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SALTONSTALL. I should like to ask the Senator's permission to propound a question to the Senator from Rhode Island in regard to the procedure.

Mr. JOHNSTON of South Carolina. I yield, provided it does not interfere with my right to the floor.

The PRESIDING OFFICER. Without objection, the Senator from Massachusetts may proceed.

Mr. SALTONSTALL. My question is, If the sales tax is, let us assume, voted down, would it be necessary to recommit the bill in order to have a proper calculation made on the various propositions affecting the revenue of the District?

Mr. McGRATH. In answer to the distinguished Senator from Massachusetts, I may say that the whole heart of the tax bill is the sales tax. Destroy that, and,

comparatively speaking, there is nothing left, and it becomes necessary to start all over again.

Of course, it must either go back to the committee or be rewritten on the floor. I hope the Senate will not take the latter course. The committee has done the best that can be done. It has submitted a report. It has tried to justify its position. We have, after long and laborious months, reached a reasonable agreement with the House of Representatives. I at least hope the Senate will pass the bill and send it to conference.

Mr. SALTONSTALL. If the Senator will yield further, my question was based on what was said by the distinguished Senator from Illinois. It seems to me that if we could determine the issue of the sales tax we could then decide whether to send the bill back to committee or rewrite it on the floor, or whether we should adopt the amendment offered by the Senator from South Carolina and leave it to the conference committee either to include it or eliminate it, in fashioning a bill which will produce the necessary amount of revenue for the District.

I am merely following the suggestion of the Senator from Illinois. It seems to me if we could get that question decided first we could then decide where we were going, and whether to recommit the bill, try to rewrite it on the floor, or leave it to the conference committee.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to answer the question by saying it would be a matter for the entire Senate to decide what is to be done with it, at any point in the procedure. I could not answer that question, any more than could the Senator from Massachusetts.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. FREAR. As the Senator from Rhode Island has just stated, there seems to be a difference of opinion as to whether the revenue shall be raised by way of a sales tax or by way of an income tax. In reference to the statement made by the Senator from Rhode Island, I should like to ask the Senator from South Carolina regarding the \$15,000,000 revenue which would be derived from the income tax amendment for the fiscal year 1951. Last Thursday, the Senator from Oregon [Mr. MORSE] placed in the RECORD a statement by Representative BATES, who I believe is a proponent of the sales tax, and who admitted—and I note from the majority report it is admitted—that \$5,600,000 was received from the personal income tax. If the base is doubled, that certainly means \$11,000,000; and if the rate is increased, that also doubles it, and it certainly would go beyond \$20,000,000. Then, if we deduct the \$5,000,000 now being received according to my mathematics, that certainly will provide a revenue of \$15,000,000.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. McGRATH. The Senator from Delaware is quoting incorrect figures. The \$5,600,000 represents taxes received from tangible personal property; they are not income tax figures at all.

Mr. JOHNSTON of South Carolina. That would make it even better.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. FREAR. I refer to page 6100 of the CONGRESSIONAL RECORD. In the third column on that page the following appears:

The estimated \$5,000,000 yield which would be obtained from the broadened income tax does not exhaust its revenue potentialities.

From that I take it that the District is already receiving \$5,000,000 from income taxes.

Mr. McGRATH. According to the last figures available, which were for 1947, the figure was \$4,200,000. The reference is probably to the income tax in round figures, approximately \$5,000,000. The actual experience was in 1947, when the figures were \$4,200,000, not the figure of \$5,600,000 to which the Senator from Delaware referred, that figure representing the tangible personal-property tax.

Mr. FREAR. Even taking the Senator's figures, if we double them and then take the \$4,200,000, we would still—

Mr. McGRATH. That is fine. I think a better way to do it would be to go to a pyramid club downtown and come up with \$100,000,000.

Mr. FREAR. Maybe the Senator has something there.

Mr. JOHNSTON of South Carolina. Mr. President, looking at the table of the Treasury Department, I notice that the people of the State of Minnesota, on the same amount of taxable income, would be paying at the present time 5 percent, while the District of Columbia would be paying 1½ percent. I am inviting the attention of the committee to the fact that we have a source which we have not tapped. Until we have tapped one of the best sources of revenue, the finest in the world, I do not believe we should go on a sales-tax expedition and guess at how much money will be brought in. At this time no one knows how much it will bring in.

In the State of North Dakota the people pay a tax of as much as 15 percent. In the District of Columbia it is 3 percent.

That shows how the States really tax their citizens. In some States the rate is as high as 7 percent. The State of Georgia has a rate of 7 percent. Georgia, and the South in general are being criticized because it is said that they do not tax the people enough. But in the State of Georgia they are taxed 7 percent.

The rate in Wisconsin is 7 percent.

I am bringing to the attention of the Senate the fact that we have a source of taxation which we have not yet tapped. We can secure the revenue from those persons who are able to pay the tax, after giving them proper exemptions for taking care of a house full of children.

A while ago I spoke of Minnesota. In the highest bracket in Minnesota the tax is 10 percent on taxable incomes.

Mr. President, I ask unanimous consent that tables Nos. 2 and 3, appearing in the Treasury Department's tax study, made by the United States Treasury Department, Division of Tax Research, be inserted in the RECORD at this point in my remarks. I want the Senate to see the amounts.

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

TABLE 2.—State individual income taxes: Personal exemptions and credits for dependents, July 1, 1947

States	Personal exemptions		Credit for dependents
	Single	Married or head of family	
Ala.....	\$2,500	\$3,500.00	\$300
Ariz.....	10 (1,000)	120.00 (2,000)	24 (320)
Ark.....	2,500	3,500.00	400
Calif.....	3,000	4,500.00	400
Colo.....	750	1,500.00	750
Del.....	1,000	2,000.00	200
Ga.....	1,000	2,500.00	400
Idaho.....	700	1,500.00	200
Iowa.....	10 (1,000)	120.00 (1,500)	25 (250)
Kans.....	750	1,500.00	200
Ky.....	120 (1,000)	150.00 (2,500)	10 (500)
La.....	1,000	2,500.00	400
Md.....	1,000	2,000.00	400
Mass.....	2,000	2,500.00	250
Minn.....	10 (1,000)	130.00 (2,000)	10 (333)
Miss.....	1,000	2,500.00	400
Mo.....	1,200	2,400.00	400
Mont.....	1,000	2,000.00	300
N. H.....	200	200.00	-----
N. Mex.....	1,500	2,500.00	200
N. Y.....	1,000	2,500.00	400
N. C.....	1,000	2,000.00	200
N. Dak.....	1,500	1,500.00	500
Okl.....	1,000	2,000.00	500
Oreg.....	750	1,500.00	300
S. C.....	1,000	1,800.00	200
Tenn.....	600	1,200.00	300
Utah.....	500	1,000.00	500
Vt.....	1,000	2,000.00	200
Wis.....	18 (800)	17.50 (1,600)	24 (320)
D. C.....	1,000	2,500.00	400

¹ Tax credit deductible from amount of tax rather than from net income. Sum in parentheses expresses tax credit as income exemption on assumption that latter is always deducted from lowest income bracket.

² Tax credit deductible from amount of tax rather than from net income. Sum in parentheses is the amount by which the first dependent raises the level at which a married person or head of family will first become taxable.

³ Exemptions shown are applicable to taxable years beginning after Dec. 31, 1944, and before Jan. 1, 1948. Permanent exemptions are \$2,000 and \$3,500.

⁴ Exemptions shown are applicable to the period May 1, 1947, to Dec. 31, 1948. Permanent exemptions are \$1,000 and \$2,500 and the credit for dependents is \$400.

⁵ In the case of a dependent father, mother, or grandparent, the taxpayer may take a deduction of \$300 in lieu of \$5 tax credit.

⁶ The exemptions and credits for dependents are deductible from the lowest income bracket and are equivalent to tax credits of \$20, \$50, and \$5, respectively.

⁷ The exemptions shown consist of a specific exemption of \$2,000 on earned income, in addition to a personal exemption on earned income of \$500 for husband or wife and a credit for each dependent of \$250. A person whose total income from all sources does not exceed \$1,000 and whose income together with his spouse's does not exceed \$1,500 may have an exemption of \$1,000 on his property income.

⁸ Tax applies only to interest and dividends.

⁹ An additional exemption of \$1,000 is provided for a married woman with a separate income.

¹⁰ For taxable years beginning on or after Jan. 1, 1947, the exemptions will be increased or decreased depending upon the approval or rejection of the sales tax by a referendum vote on Oct. 7, 1947. If the sales tax is approved, the exemptions will be \$900 and \$1,800 and the credit for dependents \$400; if rejected, the exemptions will be \$500 and \$1,000 and the credit for dependents will remain at \$300.

¹¹ An additional \$500 exemption is allowed to taxpayers over 65 years of age.

¹² For purposes of the surtax, an additional tax credit of \$37.50 is allowed.

From Treasury Department, Division of Tax Research.

TABLE 3.—State individual income taxes: Rates, July 1, 1947

State	Brackets of net income after personal exemption (in thousands of dollars) to which designated percentage rates apply																		
	0-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	11-12	12-15	15-20	20-25	25-30	30-50	50-100	Over 100
Alabama.....	1.5	3.0	3.0	4.5	4.5	5.0													
Arizona.....	1.0	1.0	1.25	1.5	2.0	2.5	3.0	3.5	4.0	4.5									
Arkansas.....	1.0	1.0	1.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	5.0			
California ^{1,2}	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	3.0	4.0	5.0	6.0		
Colorado ^{1,3}	1.0	1.0	2.0	2.0	3.0	3.0	4.0	4.0	5.0	5.0	6.0								
Delaware.....	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0								
Georgia.....	1.0	2.0	2.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	7.0				
Idaho.....	1.5	3.0	4.0	5.0	6.0	8.0													
Iowa ⁴	1.0	2.0	3.0	4.0	5.0														
Kansas.....	1.0	1.0	2.0	2.5	2.5	3.0	3.0	4.0											
Kentucky ¹	2.0	2.0	2.0	3.0	4.0	5.0													
Louisiana.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0	
Maryland ^{1,5}	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Massachusetts ⁷	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Minnesota ²	1.0	2.0	3.0	4.0	5.0	6.0	6.0	7.0	7.0	8.0	8.0	8.0	9.0	9.0	10.0				
Mississippi.....	1.0	1.0	1.0	1.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0	6.0			
Missouri ¹⁰	1.0	1.5	2.0	2.5	2.5	3.0	3.0	3.5	3.5	4.0									
Montana.....	1.0	1.0	2.0	2.0	3.0	3.0	4.0												
New Hampshire.....	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
New Mexico.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	4.0
New York ¹²	2.0	3.0	3.0	4.0	4.0	5.0	5.0	6.0	6.0	6.0	7.0								
North Carolina.....	3.0	3.0	4.0	4.0	5.0	5.0	6.0	6.0	6.0	6.0	7.0								
North Dakota.....	1.0	1.0	2.0	2.0	3.0	5.0	7.5	7.5	10.0	10.0	12.5	12.5	12.5	15.0					
Oklahoma ^{1,13}	3.0	4.0	5.0	6.0	7.0	7.0	7.0	7.0	8.0										
Oregon ^{1,14}	2.0	2.0	3.0	3.0	4.0	4.0	5.0												
South Carolina.....	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)
Tennessee ¹⁵	1.0	2.0	3.0	4.0	5.0														
Utah.....	1.0	2.0	2.0	3.0	3.0	3.0	4.0												
Vermont ¹	1.0	2.0	2.0	3.0	3.0	4.0													
Virginia.....	1.5	1.5	1.5	2.5	2.5	3.0													
Wisconsin ¹⁷	1.0	1.25	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	7.0						
District of Columbia.....	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.5	3.0				

¹ California, Colorado, Kentucky, Oklahoma, Oregon, and Vermont provide an optional simplified tax table for individuals with an adjusted gross income (defined the same as for Federal income-tax purposes) of \$5,000 or less. In computing the table, Colorado, Kentucky, and Oklahoma allow a standard deduction of 10 percent while California and Oregon allow 6 percent. In addition, Colorado, Oklahoma, and Oregon allow deduction of Federal income-tax liability as determined by the supplement T table. Maryland provides an optional simplified tax return for individuals whose gross income is \$5,000 or less and consists only of salary, wages, or compensation for personal services; or dividends, interest, and annuities not in excess of \$100. The return allows a 10 percent standard deduction.

² The rates shown apply to the taxable years beginning after Dec. 31, 1942, and before Jan. 1, 1948. The permanent rates are: \$1 to \$5,000, 1 percent; \$5,001 to \$10,000, 2 percent; \$10,001 to \$15,000, 3 percent; \$15,001 to \$20,000, 4 percent; \$20,001 to \$25,000, 5 percent; over \$25,000, 6 percent.

³ Gross income in excess of \$200 derived from dividends, royalties, and interest is subject to a 2-percent surtax. For the period May 1, 1947, to Dec. 31, 1948, the following temporary rates are applicable: \$1 to \$1,000, 1 percent; \$1,001 to \$2,000, 1½ percent; \$2,001 to \$3,000, 2 percent; \$3,001 to \$4,000, 2½ percent; \$4,001 to \$5,000, 3 percent; \$5,001 to \$6,000, 4 percent; \$6,001 to \$7,000, 5 percent; \$7,001 to \$8,000, 6 percent; \$8,001 to \$9,000, 7 percent; \$9,001 to \$10,000, 8 percent; \$10,001 to \$11,000, 9 percent; over \$11,000, 10 percent.

⁴ The amount of tax payable under these rates was reduced by 50 percent for the taxable years 1942-46.

⁵ Effective Jan. 1, 1948, the rate on ordinary income will be 2.5 percent.

⁶ Ordinary income, 2 percent; investment income, 5 percent.

⁷ A temporary additional tax equal to 10 percent of the tax is applicable to the years 1936 through 1948. A second additional tax equal to 3 percent of the tax is applicable to 1942 and succeeding years.

⁸ Earned income, business income, and annuities, 1.5 percent; capital gains, 3 percent; interest and dividends, 6 percent.

⁹ The rates are 8 percent on the bracket \$9,001 to \$12,500 and 9 percent on the bracket \$12,501 to \$20,000.

¹⁰ The rates apply to total income, not merely to the portion of net incomes falling within a given bracket, but as a result of the following tax credits, the schedule in effect is a bracket-rate schedule: \$1,001 to \$2,000, 5%; \$2,001 to \$3,000, 15%; \$3,001 to \$5,000, 30%; \$5,001 to \$7,000, 55%; \$7,001 to \$9,000, 90%; over \$9,000, 135%.

¹¹ Income from intangibles, average property-tax rate.

¹² The tax payable under these rates was reduced by 25 percent for the taxable years 1941-44 and by 50 percent for 1945 and 1946. Capital gains are taxed at one-half the regular rates. Income from unincorporated business is taxed at 3 percent.

¹³ The rates are: \$1 to \$1,500, 1 percent; \$1,501 to \$3,000, 2 percent; \$3,001 to \$4,500, 3 percent; \$4,501 to \$6,000, 4 percent; \$6,001 to \$7,500, 5 percent; over \$7,500, 6 percent.

¹⁴ The first \$500 is taxed at 2 percent.

¹⁵ The rate applicable to dividends from corporations having at least 75 percent of their property subject to the Tennessee ad valorem tax is 4 percent.

¹⁶ Interest and dividends, 6 percent.

¹⁷ Surtax: Normal tax less \$37.50 divided by 6.

From Treasury Department, Division of Tax Research.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. LINGER. As I understand the Senator from South Carolina, in the State of North Carolina the people pay a rate as high as 15 percent, in certain brackets, and in the District of Columbia the rate is up to 3 percent?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. LINGER. In other words, we are paying five times as much.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. LINGER. The Senator's position is that before we levy a sales tax on poor people, taxing them on their food and clothing, we should tax the incomes somewhere in the neighborhood of 10 or 15 percent, as some of the States are now doing; is that correct?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. LINGER. In other words, the sole question is whether we should tax those persons who can afford to pay, or tax those who cannot afford to pay.

Mr. JOHNSTON of South Carolina. That is the issue, as I see it.

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Mr. President, on page 7, line 19, of the bill it will be found that I have increased the tax on taxable incomes on the first \$2,000, to 2 percent. It is 3 percent on the next bracket of \$3,000 of taxable income; 4 percent on the next \$5,000 of taxable income; 5 percent on taxable income in excess of \$10,000.

In North Dakota the taxpayer pays, in the \$10,000 bracket, 10 percent, which is exactly twice as much as is suggested the people of the District of Columbia should pay on taxable incomes in excess of \$10,000. In North Carolina the rate is 6 percent; in New York the rate is 7 percent; in Arkansas the rate is 4½ percent.

I am offering the amendment in order to try to get the necessary revenue for the District of Columbia.

It will be noticed, also, that we have reduced exemptions. Under the committee bill there is an exemption of \$4,000, with \$500 for each dependent. My amendment provides for an exemption of \$1,000 for a single person, \$2,000 for a married couple, and \$500 for each dependent.

Let us see what the exemptions are in the States.

I notice that in Alabama the exemption is \$300 for dependents; in Arkansas it is \$400; in California it is \$400.

My amendment provides for an exemption of \$500. I notice that in my State the exemptions are only \$200 for dependents. In Oregon they are \$300. In North Carolina they are \$200. In the great State of New York, after the taxation to which I referred a few moments ago, the exemption is \$400. In New Mexico it is \$200. In Montana it is \$300. These figures show that the exemptions for dependents are low.

Mr. LINGER. What about North Dakota?

Mr. JOHNSTON of South Carolina. It will be found that in North Dakota the exemption is \$500 for a single man, \$1,500 for a married person the head of family, and \$500 for each dependent.

Mr. President, I think I have discussed this matter as fully as any one could have discussed it. I am sorry that it has not always been to a full Senate, but, as Senators know, we sometimes do not talk to a full body, and I am glad to see as many Senators present as there are here at this time.

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

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. LANGER. Does not the Senator think he did a remarkably fine job, in view of the fact that after he talked here Friday, by a majority of seven the Senate adopted his amendment providing that revenue should be raised by the collection of income taxes, instead of by the imposition of a sales tax?

Mr. JOHNSTON of South Carolina. I am well pleased with that vote, and I thank each and every Senator for voting as he did. I hope that when we have a vote again on the particular amendment I am now discussing providing for a higher tax on incomes, the Senate will again go on record as in favor of the amendment. Then let it go to a free conference, and at that free conference I think it can be worked out.

Personally I think that if we scrutinize the appropriations and the expenditures, we might be able to cut just a little, and that would eliminate the need for some revenue. I call attention to the fact that a tax on cigarettes is provided, which will result in a return of a million dollars. It will be observed that we will not collect until 6 months late under the pending bill, but in the first year we will be behind only \$4,000,000. If the District runs a deficit, it will be found that the next year, under my amendment, there will be \$4,000,000 in addition to the needs of the District. What would hinder giving the District the right to borrow three or four million dollars for 1 year?

Mr. President, the big headlines I see in the newspapers amuse me. I see one here, "Higher United States Payments to District Only Solution, McGrath Says." What would hinder giving them just a little bit more? He introduced a bill to contribute \$30,000,000 to the District. My amendment would give them \$15,000,000, instead of \$12,000,000.

I understand word has been circulated that if we inserted the income-tax provision the House might not approve it, and there would not be any bill.

I notice in the newspaper I hold in my hand a big headline on the front page, "Representative KENNEDY Says House Would Take Senate's Bill for Broader District of Columbia Income Tax." I notice that in his statement he says that is true.

Mr. President, there are several courses we might follow. Remember that when the District's appropriation bill comes to us we will scrutinize it and see how much revenue there is. Then we will decide on how much the appropriation is to be.

Mr. President, I am not surprised to see the District Commissioners and others sitting around in the lobby while the Senate is discussing the sales tax. "Oh," they say, "it is an easy tax. It would just roll the money in." But when it is rolled in, will they not spend it easily, too?

There are many ways we might adopt. Just follow our District leader, the chairman of the committee, not up to the \$30,000,000 his bill calls for, but just go about halfway with him above the present figure, and adopt the income-tax amendment, and there will be enough money

to run the District government. There is no question about that.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Anderson	Holland	Neely
Brewster	Johnson, Colo.	O'Connor
Butler	Johnson, Tex.	O'Mahoney
Byrd	Johnston, S. C.	Reed
Cain	Kerr	Robertson
Capehart	Kerr	Russell
Connally	Knowland	Saltonstall
Cordon	Langer	Schoeppel
Douglas	Lodge	Smith, Maine
Downey	Long	Sparkman
Ellender	Lucas	Stennis
Ferguson	McCarran	Taylor
Frear	McCarthy	Thomas, Okla.
Fulbright	McClellan	Thye
George	McFarland	Tydings
Gillette	McGrath	Vandenberg
Graham	Malone	Watkins
Green	Martin	Wiley
Gurney	Miller	Williams
Hayden	Morse	Withers
Hickenlooper	Mundt	Young
Hill	Murray	
Hoey	Myers	

By order of the Senate, the following announcement is made after each quorum call:

The members of the Committee on Foreign Relations have been granted permission to be absent from the sessions of the Senate while the Committee on Foreign Relations is conducting hearings on the North Atlantic Pact.

The PRESIDING OFFICER. A quorum is present.

REPORT OF ECONOMIC COOPERATION ADMINISTRATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 179)

The PRESIDING OFFICER (Mr. Hoey in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States of America:

I am transmitting herewith the third report of the Economic Cooperation Administration created by the Foreign Assistance Act of 1948, Public Law 472 of the Eightieth Congress, approved April 3, 1948.

The report covers activities under the Economic Cooperation Act of 1948 (title I of Public Law 472) and the China Aid Act of 1948 (title IV of Public Law 472). There is also included a summary of the status of the United States foreign relief program (Public Law 84, 80th Cong.) and the United States foreign aid program (Public Law 389, 80th Cong.).

This report is for the quarter ended December 31, 1948.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 16, 1949.

DISTRICT OF COLUMBIA REVENUE BILL

The Senate resumed the consideration of the bill (H. R. 3704) to provide additional revenue for the District of Columbia.

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

South Carolina [Mr. JOHNSTON] for himself and the Senator from West Virginia [Mr. NEELY].

Mr. McGRATH. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NEELY. Mr. President, I venture to invite the attention of the Senate to a relevant self-explanatory telegram, just received, which is in the following language:

MAY 16, 1949.

HON. MATTHEW M. NEELY,
United States Senator,
Washington, D. C.:

The Railway Labor Executives' Association, which consists of 20 standard railway labor organizations, is opposed to the sales-tax provisions in H. R. 3704 now pending in the United States Senate. The enactment of such tax legislation would impose upon the masses of the people in the District of Columbia an additional unwarranted tax burden. Therefore, on behalf of the Railway Labor Executives' Association, I earnestly appeal to the Members of the United States Senate to defeat the sales-tax provisions.

H. W. FRASER,
Chairman,

Railway Labor Executives' Association.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Am I correct in my understanding that the parliamentary situation is that the Senate agreed to the motion which was made on Friday last by the distinguished Senator from Iowa [Mr. HICKENLOOPER] to reconsider the vote by which the amendment offered by the Senator from South Carolina was agreed to?

The PRESIDING OFFICER. That motion was agreed to.

Mr. LUCAS. And we are now about to vote upon the amendment which has been offered by the Senator from South Carolina.

The PRESIDING OFFICER. The Senator is correct. The amendment relates to the income tax. The amendment was modified today by the Senator from South Carolina. It is that amendment upon which the Senate is about to vote.

Mr. LUCAS. In other words, the first four titles in the bill remain as they are at the present time. On Friday the amendment which the Senator from South Carolina offered struck out those titles.

The PRESIDING OFFICER. The Senator is correct. The question is on agreeing to the modified amendment offered by the Senator from South Carolina [Mr. JOHNSTON] for himself and the Senator from West Virginia [Mr. NEELY].

Mr. McGRATH. Mr. President, I wish to make it perfectly clear that the situation seems to be this: If the amendment now offered by the Senator from South Carolina prevails, we shall have written into the bill \$7,000,000 more than is needed for the next fiscal year. There are some Senators who say, "We should like to express ourselves in favor of a lower ceiling on income taxes, and we also favor retention of the sales tax."

The situation in the conference will be as follows: The Senate will have passed a bill with \$7,000,000 more than is needed.

Presumably we can trade with the House in respect to our views on income taxes. But if in connection with the next amendment, which will be to strike out all reference to the sales tax, we decide to keep the sales tax in the bill, then the sales tax issue will be settled as between the House and Senate. It will not be subject to consideration in conference. So there will be nothing left for us to do except to report back to the Senate the fact that since we could not trade on the sales-tax issue, and since it produces the amount of money which is needed, and since we do not want \$7,000,000 in excess of that amount, all we could do was to yield and give up the Johnston amendment. We should then find ourselves back where we are at this very moment.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. Am I correct in my understanding that the amendment now to be voted upon would simply strike title IV from the bill and substitute that portion of the amendment offered by the Senator from South Carolina which deals solely with income taxation?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the modified amendment offered by the Senator from South Carolina [Mr. JOHNSTON] for himself and the Senator from West Virginia [Mr. NEELY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The amendment was, beginning with line 3 on page 47, to strike out down to and including line 4 on page 52, as amended, and insert the following:

TITLE I—AMENDMENTS TO ARTICLE 1 OF THE DISTRICT OF COLUMBIA REVENUE ACT OF 1947

Article 1 of the District of Columbia Revenue Act of 1947, as amended, is further amended as follows:

Paragraph lettered (s) of section 4 of title I of article 1 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. Section 2 of 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 means 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 persons liable for the tax."

Sec. 3. 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. 4. 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. 5. 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. 6. 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. 7. Section 3 (a) (13) of title III of article 1, 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 adjusted gross income of \$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. 8. Section 3 (a) of title III of article 1 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 new 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 services from taxation as a part of the taxable income of the person receiving the same.*"

Sec. 9. Section 4 of title IV of article 1 of said act is amended to read as follows:

"Sec. 4. Installment sales: If a person reports any portion of his income from installment 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. 10. Subsections (a) of section 2 of title V of article 1 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 \$1,000, if single, or if married and not living with husband or wife; or

"(2) his gross income for the taxable year exceeds \$2,000, if married and living with husband or wife; or

"(3) his gross sales or gross receipts from any trade or business exceeds \$5,000, regardless of the amount of his gross income; or

"(4) the combined gross income for the taxable year of husband and wife living together exceeds \$2,000 in the aggregate or the combined gross sales or gross receipts from any trade or business exceeds \$5,000 regardless of the amount of their gross income."

Sec. 11. Section 3 of title 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:

"Two percent on the first \$2,000 of taxable income.

"Three percent on the next \$3,000 of taxable income.

"Four percent of the next \$5,000 of taxable income.

"Five percent on the taxable income in excess of \$10,000."

Sec. 12. The Commissioners of the District of Columbia are authorized to make such changes in section 4 of title VI of article I of said act as are consistent with the provisions of sections 1 through 11 above.

Sec. 13. Title VIII of article I of said act is repealed.

Sec. 14. 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. 15. 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 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 pro rata 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 this title shall be applicable to taxable years beginning after the 31st day of December 1948.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas (when his name was called). On this vote I have a pair with the junior Senator from Wyoming [Mr. HUNT]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea."

The roll call was concluded.

Mr. McGRATH. On this vote the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If the Senator from Washington were present and voting, he would vote "yea." If the Senator from Tennessee were present and voting, he would vote "nay."

The Senator from Florida [Mr. PEPPER] is paired on this vote with the Senator from Ohio [Mr. BRICKER]. If present and voting, the Senator from Florida would vote "yea" and the Senator from Ohio would vote "nay."

Mr. MYERS. I announce that the Senator from Kentucky [Mr. CHAPMAN], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], the Senator from Tennessee [Mr. McKELLAR] and the Senator from Utah [Mr. THOMAS] are absent on official business.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent on public business.

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

The Senator from Connecticut [Mr. McMAHON] is presiding at a hearing being conducted by the Joint Committee on Atomic Energy and is therefore necessarily absent.

The Senator from Florida [Mr. PEPPER] is absent by leave of the Senate on official business.

On this vote the Senator from West Virginia [Mr. KILGORE] is paired with the

Senator from Tennessee [Mr. McKELLAR]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Tennessee would vote "nay."

If present and voting, the Senator from Minnesota [Mr. HUMPHREY] would vote "yea."

Mr. SALTONSTALL. I announce that the senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. JENNER], and the junior Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Ohio [Mr. BRICKER], who is absent on official business, is paired with the Senator from Florida [Mr. PEPPER]. If present and voting, the Senator from Ohio [Mr. BRICKER] would vote "nay," and the Senator from Florida [Mr. PEPPER] would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "yea."

The Senator from New Jersey [Mr. HENDRICKSON] is absent by leave of the Senate, and is paired with the Senator from Ohio [Mr. TAFT], who is absent on official business. If present and voting, the Senator from New Jersey [Mr. HENDRICKSON] would vote "yea," and the Senator from Ohio [Mr. TAFT] would vote "nay."

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Vermont [Mr. AIKEN], the Senator from Montana [Mr. ECTON], and the Senator from Colorado [Mr. MILLIKIN] are detailed on official business.

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate. If present and voting, the Senator from New York [Mr. IVES] would vote "yea."

The result was announced—yeas 28, nays 39, as follows:

YEAS—28

Butler	Hayden	Mundt
Connally	Hill	Murray
Cordon	Johnston, S. C.	Neely
Douglas	Kem	Sparkman
Downey	Langer	Stennis
Ellender	Long	Taylor
Frear	McClellan	Wiley
Gillette	McFarland	Young
Graham	Malone	
Green	Morse	

NAYS—39

Anderson	Johnson, Colo.	Reed
Brewster	Kerr	Robertson
Byrd	Knowland	Russell
Cain	Lodge	Saltonstall
Capehart	Lucas	Schoeppel
Donnell	McCarran	Smith, Maine
Ferguson	McCarthy	Thomas, Okla.
Fulbright	McGrath	Thye
George	Martin	Tydings
Gurney	Miller	Vandenberg
Hickenlooper	Myers	Watkins
Hoey	O'Connor	Williams
Holland	O'Mahoney	Withers

NOT VOTING—29

Aiken	Eastland	Ives
Baldwin	Ecton	Jenner
Bricker	Flanders	Johnson, Tex.
Bridges	Hendrickson	Kefauver
Chapman	Humphrey	Kilgore
Chavez	Hunt	McKellar

McMahon	Pepper	Tobey
Magnuson	Smith, N. J.	Wagner
Maybank	Taft	Wherry
Millikin	Thomas, Utah	

So the amendment, as modified, offered by Mr. JOHNSTON of South Carolina, for himself and Mr. NEELY, was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk an amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 1, beginning with line 8, it is proposed to strike out down to and including line 2 on page 47.

Mr. JOHNSTON of South Carolina. Mr. President, the effect of the amendment is to strike from the bill everything having to do with a sales tax. The sales tax which would be put into effect if the provision of the committee bill were approved, would be a 2-percent sales tax in the District of Columbia. I am asking at this time that that be stricken. I propose to eliminate the feature which would inaugurate a sales tax within the District.

I shall not take up much of the Senate's time. I wish to give an example of what would happen under the bill reported by the committee. If a man with a wife and one child is drawing a salary of \$2,000, \$2,500, \$3,000, or even as much as \$5,000, he is required to pay, with certain exceptions, a sales tax on everything he buys. A man working alongside him, drawing the same salary, may provide for only one dependent. In the last analysis, neither of those men would pay an income tax. A single man making \$2,000 would not pay a cent under the present law. Under the bill, neither of those men would pay anything by way of income tax. But if the provision for a sales tax is included, a single man would pay a tax merely on what he bought for himself, while the man earning \$2,000 with perhaps as many as eight children, would be required to pay a sales tax on everything he bought for those children. That is illustrative of the way a sales tax would operate. I can see no fairness in that.

Under the amendment to the income-tax law, an initial exemption of \$4,000 would be allowed, with an added exemption of \$500 for each dependent. That is the way the bill would work out if passed as it now stands.

Striking out the sales tax would automatically send the bill back to the committee. That would probably be the next move. That is what I predict would be done. It would be necessary to do that. If my amendment is rejected, Senators will then vote upon the passage of the bill as it now is. Do Senators want to vote for a sales-tax provision, written as it is written at the present time? I do not.

For that reason I have offered an amendment to eliminate the sales-tax feature. I hope the Senate will not wander into this unknown field in the District, speculating upon how much revenue will be raised by means of a sales tax, when there is such a fertile field from which to collect the tax—the income-tax law. The man with many chil-

dren is given many exemptions. But there are no exemptions under the sales tax, so far as the man who goes to a store to make purchases is concerned. The only exemption he has is so much for a meal. It is the same for everybody. In the field of medicine, it is the same for the rich and the poor. There is no tax on medicine, as I understand.

I shall never agree personally to a sales tax. In offering the amendment, I hope to get a record on how Senators feel regarding a sales tax. I ask for the yeas and nays.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. HILL. Am I correct in understanding that the Senator's amendment proposes to eliminate the sales-tax provision from the bill?

Mr. JOHNSTON of South Carolina. It would strike out the sales tax, and only that.

Mr. HILL. I voted in favor of the Senator's amendment to increase the rates under the income-tax provision. The Senate in its wisdom rejected the amendment. I know that certain revenue is required for the District of Columbia in order to maintain its schools, hospitals, health services, and many other public services. Now that the Senate has rejected the income-tax provision, if we should agree to the Senator's amendment striking out the sales tax, where will the necessary revenue for the District come from?

Mr. JOHNSTON of South Carolina. As I stated a few moments ago, if my amendment is adopted, the committee will then understand that the Senate does not want a sales tax, the bill will be recommittees, and the committee will write an equitable income tax, which I regard as the really fertile field. That is what I believe will happen.

Mr. HILL. It seems to me, since the Senate, in its wisdom, has rejected the increase in the income tax, we have no choice at this time, recognizing the compelling need for additional revenue, knowing that there must be additional funds for schools, hospitals, health services, welfare services, and many other services, but to provide the needed revenue by rejecting the Senator's amendment and imposing a sales tax.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from South Carolina [Mr. JOHNSTON] on which the yeas and nays have been requested. Is the demand seconded?

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

Mr. JOHNSON of Texas (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. HUNT]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. McGRATH. On this vote the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present

and voting, the Senator from Washington would vote "yea," and the Senator from Tennessee would vote "nay."

On this vote the Senator from Florida [Mr. PEPPER] has a pair with the Senator from Ohio [Mr. BRICKER]. If the Senator from Florida were present and voting, he would vote "yea"; if the Senator from Ohio were present and voting, he would vote "nay."

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from West Virginia [Mr. KILGORE], the Senators from Maryland [Mr. O'Connor and Mr. TYDINGS], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS] are absent on official business.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent on public business.

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

The Senator from Florida [Mr. PEPPER] is absent by leave of the Senate on official business.

If present and voting, the Senator from Minnesota [Mr. HUMPHREY] and the Senator from West Virginia [Mr. KILGORE] would vote "yea."

Mr. SALTONSTALL. I announce that the senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. JENNER], and the junior Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Ohio [Mr. BRICKER] who is absent on official business is paired with the Senator from Florida [Mr. PEPPER]. If present and voting, the Senator from Ohio [Mr. BRICKER] would vote "nay," and the Senator from Florida [Mr. PEPPER] would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "yea."

The Senator from New Jersey [Mr. HENDRICKSON] is absent by leave of the Senate and is paired with the Senator from Ohio [Mr. TAFT] who is absent on official business. If present and voting, the Senator from New Jersey [Mr. HENDRICKSON] would vote "yea" and the Senator from Ohio [Mr. TAFT] would vote "nay."

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Vermont [Mr. Aiken] and the Senator from Colorado [Mr. MILLIKIN] are detained on official business.

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate. If present and voting, the Senator from New York [Mr. IVES] would vote "yea."

The result was announced—yeas 23, nays 43, as follows:

YEAS—23

Connally	Hayden	Morse
Douglas	Johnston, S. C.	Murray
Downey	Langer	Myers
Eaton	Long	Neely
Ferguson	McCarran	Sparkman
Frear	McFarland	Taylor
Gillette	McMahon	Wiley
Green	Malone	

NAYS—43

Anderson	Hoey	O'Mahoney
Brewster	Holland	Reed
Butler	Johnson, Colo.	Robertson
Byrd	Kem	Russell
Cain	Kerr	Saltonstall
Capehart	Knowland	Schoeppel
Cordon	Lodge	Smith, Maine
Donnell	Lucas	Stennis
Ellender	McCarthy	Thye
Fulbright	McClellan	Vandenberg
George	McGrath	Watkins
Graham	McKellar	Williams
Gurney	Martin	Young
Hickenlooper	Miller	
Hill	Mundt	

NOT VOTING—30

Aiken	Hunt	Pepper
Baldwin	Ives	Smith, N. J.
Bricker	Jenner	Taft
Bridges	Johnson, Tex.	Thomas, Okla.
Chapman	Kefauver	Thomas, Utah
Chavez	Kilgore	Tobey
Eastland	Magnuson	Tydings
Flanders	Maybank	Wagner
Hendrickson	Millikin	Wherry
Humphrey	O'Connor	Withers

So the amendment offered by Mr. JOHNSTON of South Carolina was rejected.

The VICE PRESIDENT. The bill is open to amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. MORSE. Mr. President, I might wish to offer an amendment. I desire first to ask the Senator from Rhode Island a question. I understand that the Senator made some statement on the floor of the Senate a few days ago in regard to the definition of semipublic institutions, and I wondered if his comment covered the subject of some telegrams I have received. I should like to read them, because if the matter is covered, I shall not offer an amendment. The first message I wish to read comes from Howard A. Meyerhoff, administrative secretary of the American Association for the Advancement of Science, and reads:

WASHINGTON, D. C., May 10, 1949.

WAYNE MORSE,
Senator From Oregon,
Senate Office Building,
Washington, D. C.:

Reference is made to the pending district sales-tax measure, H. R. 3704, section 18 which in defining semipublic institutions narrowly restricts educational institutions to those with teacher-student relationships.

The century-old American Association for the Advancement of Science, with its 206 affiliated educational and scientific societies, views this wording with great concern, since it might establish a precedent for innumerable tax levies. There is no sound basis for distinguishing between academic institutions and the nonprofit scientific and educational organizations that make Washington their headquarters. If there is no such intent there should be no objection to inserting "scientific" in the first sentence of section 18 and in deleting entirely the last sentence of this section. Consistently section 23 (g) should have added "and publications of semipublic institutions as defined."

We hope that you will introduce an amendment to this effect. With appreciation.

HOWARD A. MEYERHOFF,
Administrative Secretary,
American Association for the
Advancement of Science.

I also have a similar message from Ralph E. Himstead, general secretary of the American Association of University Professors, which reads:

WASHINGTON, D. C., May 11, 1949.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Reference pending District of Columbia sales-tax bill, H. R. 3704. Section 18 this bill defines educational institutions as those with student-teacher relationships. American Association of University Professors, which publishes a quarterly magazine of higher education which is sent to its 33,000 members, urges that section 18 and related sections, H. R. 3704, be amended to include as exempt from sales tax the publications of nonprofit educational associations. Such nonprofit educational associations with central offices in Washington, D. C., are the Association of American Colleges, the American Association of Junior Colleges, and the American Council of Education, of which latter organization the American Association of University Professors is a constituent member.

RALPH E. HIMSTEAD,
General Secretary,
American Association of
University Professors.

I ask two questions, first, has the Senator from Rhode Island offered an amendment which covers the subject referred to in these telegrams, and if not, would he agree to take one to conference?

Mr. McGRATH. Mr. President, the subject has been covered by an amendment already adopted. I may state, so that the RECORD will be perfectly clear, that it was never the intention of the committee to change or affect the tax-exempt status of any charitable, educational or religious institution. We had neglected to insert the word "scientific," but now that word has been inserted by amendment. Such organizations are not affected, so long as they are operated in such a manner that no part of the net earnings they may receive inure to the benefit of any private shareholder or individual. I think the desires of those who have communicated with the Senator have been adequately covered.

Mr. MORSE. I thank the Senator.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill. The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is on the passage of the bill.

Mr. JOHNSTON of South Carolina and other Senators asked for the yeas and nays.

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

Mr. JOHNSON of Texas (when his name was called). On this vote I have a pair with the junior Senator from Wyoming [Mr. HUNT]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay."

Mr. McGRATH. On this vote the junior Senator from Tennessee [Mr. KEFAUVER] has a pair with the senior Senator from Washington [Mr. MAGNUSON]. If present and voting the Senator from Tennessee would vote "yea." If present and voting the Senator from Washington would vote "nay."

Mr. MYERS. I announce that the Senator from Kentucky [Mr. CHAPMAN], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Maryland [Mr. O'CONOR], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS] are absent on official business.

The Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent on public business.

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

The Senator from Florida [Mr. PEPPER] who is absent by leave of the Senate on official business, would vote "yea" if present.

If present and voting, the Senator from Minnesota [Mr. HUMPHREY] would vote "nay."

Mr. SALTONSTALL. I announce that the senior Senator from New Hampshire [Mr. BRIDGES] and the junior Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Ohio [Mr. BRICKER] is absent on official business and is paired with the Senator from Vermont [Mr. AIKEN] who is detained on official business. If present and voting, the Senator from Ohio [Mr. BRICKER] would vote "yea" and the Senator from Vermont [Mr. AIKEN] would vote "nay."

The Senator from New Jersey [Mr. HENDRICKSON] is absent by leave of the Senate and is paired with the Senator from Ohio [Mr. TAFT] who is absent on official business. If present and voting, the Senator from New Jersey [Mr. HENDRICKSON] would vote "nay" and the Senator from Ohio [Mr. TAFT] would vote "yea."

The Senator from New York [Mr. IVES] is absent by leave of the Senate. If present and voting the Senator from New York [Mr. IVES] would vote "nay."

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "yea."

The Senator from Indiana [Mr. JENNER] is absent on official business. If present and voting, the Senator from Indiana [Mr. JENNER] would vote "yea."

The Senator from Nebraska [Mr. WHERRY] is necessarily absent.

The Senator from Colorado [Mr. MILLIKIN] is detained on official business.

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from

New Jersey [Mr. SMITH] would vote "nay."

The result was announced—yeas 48, nays 21, as follows:

YEAS—48

Anderson	Hill	Myers
Brewster	Hoey	O'Mahoney
Butler	Holland	Reed
Byrd	Johnson, Colo.	Robertson
Cain	Kerr	Russell
Capehart	Knowland	Saltonstall
Cordon	Lodge	Schoeppel
Donnell	Long	Smith, Maine
Ellender	Lucas	Stennis
Frear	McCarthy	Thye
Fulbright	McClellan	Tydings
George	McGrath	Vandenberg
Graham	McKellar	Watkins
Green	Martin	Williams
Gurney	Miller	Withers
Hickenlooper	Mundt	Young

NAYS—21

Connally	Johnston, S. C.	Malone
Douglas	Kern	Morse
Downey	Kilgore	Murray
Eaton	Langer	Neely
Ferguson	McCarran	Sparkman
Gillette	McFarland	Taylor
Hayden	McMahon	Wiley

NOT VOTING—27

Alken	Humphrey	O'Conor
Baldwin	Hunt	Pepper
Bricker	Ives	Smith, N. J.
Bridges	Jenner	Taft
Chapman	Johnson, Tex.	Thomas, Okla.
Chavez	Kefauver	Thomas, Utah
Eastland	Magnuson	Tobey
Flanders	Maybank	Wagner
Hendrickson	Millikin	Wherry

So the bill (H. R. 3704) was passed.

Mr. McGRATH. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HUNT, Mr. McGRATH, Mr. JOHNSTON of South Carolina, Mr. MCCARTHY, and Mr. SCHOEPEL conferees on the part of the Senate.

ORGANIZATION AND ADMINISTRATION OF STATE DEPARTMENT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1704) to strengthen and improve the organization and administration of the Department of State, and for other purposes, which was, to strike out all after the enacting clause and insert:

That there shall be in the Department of State in addition to the Secretary of State an Under Secretary of State and 10 Assistant Secretaries of State.

Sec. 2. The Secretary of State and the officers referred to in section 1 of this act shall be appointed by the President, by and with the advice and consent of the Senate. The Counselor of the Department of State and the Legal Adviser, who are required to be appointed by the President, by and with the advice and consent of the Senate, shall rank equally with the Assistant Secretaries of State. Any such officer holding office at the time the provisions of this act become effective shall not be required to be reappointed by reason of the enactment of this act. The Secretary may designate two of the Assistant Secretaries as Deputy Under Secretaries.

Sec. 3. The Secretary of State, or such person or persons designated by him, notwithstanding the provisions of the Foreign Service Act of 1946 (60 Stat. 999) or any other law, except where authority is inherent in or vested in the President of the United States, shall administer, coordinate, and direct the Foreign Service of the United States and the

personnel of the State Department. Any provisions in the Foreign Service Act of 1946, or in any other law, vesting authority in the "Assistant Secretary of State for Administration," the "Assistant Secretary of State in Charge of the Administration of the Department," the "Director General," or any other reference with respect thereto, are hereby amended to vest such authority in the Secretary of State.

Sec. 4. The Secretary of State may promulgate such rules and regulations as may be necessary to carry out the functions now or hereafter vested in the Secretary of State or the Department of State, and he may delegate authority to perform any of such functions to officers and employees under his direction and supervision.

Sec. 5. The following statutes or parts of statutes are hereby repealed:

Section 200 of the Revised Statutes, as amended and amplified by the acts authorizing the establishment of additional Assistant Secretaries of State, including section 22 of the act of May 24, 1924 (ch. 182, and the act of December 8, 1944, R. S. 200; 43 Stat. 146; 58 Stat. 798; 5 U. S. C. 152, as amended by Public Law 767, 80th Cong.).

Section 202 of the Foreign Service Act of 1946 (60 Stat. 1000) and any other reference in such act to the "Deputy Director General."

Section 1041 of the Foreign Service Act of 1946 (60 Stat. 1032).

Mr. CONNALLY. Mr. President, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

REORGANIZATION OF GOVERNMENT AGENCIES

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 526, to provide for the reorganization of Government agencies, and for other purposes.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. Calendar No. 213, a bill (S. 526) to provide for the reorganization of Government agencies, and for other purposes.

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

Mr. LUCAS. I yield.

Mr. SALTONSTALL. I have heard it stated that Senate bill 526 may be displaced shortly by the agricultural appropriation bill. I should like to ask the Senator from Illinois, the majority leader, if that is a fact; or, if it is not a fact, if he expects to take up the appropriation bill early tomorrow afternoon?

Mr. LUCAS. The bill will not be displaced during this afternoon by the agricultural appropriation bill. Just when the agricultural appropriation bill will be considered I am not able at this moment to say, but it will perhaps be some time during the week.

Mr. SALTONSTALL. But it will not be on short notice tomorrow?

Mr. LUCAS. I do not believe so, because we have another matter on which we must act tomorrow, which is the motion made by the Senator from Rhode Island [Mr. GREEN] to reconsider the vote by which the Senate recommitted the Labor-Federal Security appropriation bill. That motion will be taken up at 12 o'clock tomorrow immediately after the Senate convenes.

Mr. SALTONSTALL. I thank the Senator from Illinois.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 526) to provide for the reorganization of Government agencies, and for other purposes, which has been reported from the Committee on Expenditures in the Executive Departments with amendments.

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

Mr. LUCAS. I yield.

Mr. HOLLAND. Perhaps it was stated while I was not on the floor, but has there been any announcement made as to when the calendar will be called?

Mr. LUCAS. Let me say to the Senator from Florida that there has been no announcement as to when the calendar will be called, but it will be called sometime during the present week.

Mr. President, I yield the floor.

Mr. McCLELLAN. Mr. President, the Committee on Expenditures in the Executive Departments held considerable hearings and gave very careful study to Senate bill 526 before reporting it favorably to the Senate with certain amendments.

Mr. President, the need for reorganization of the executive branch of the Federal Government, in the interest of economy and efficiency of operation, is recognized and acknowledged by the President, by the Congress, and by the citizens of this Nation. It is essential that the Congress, in the public interest, enact legislation to effectuate the necessary reforms to bring the executive structure into a cohesive and workable organization in attune with modern times.

The pending bill, S. 526, continues a practice previously initiated by the Congress to expedite reorganizations within the executive branch of the Government. The original effort toward reorganization by delegation of authority to the President, and proposed to be continued in the pending bill, was first incorporated in the Economy Act of June 30, 1932. Under that authorization, President Herbert Hoover submitted 11 reorganization plans, which were subject to disapproval by either House of Congress within 60 days after submission. Due to the impending change in administrations, all 11 plans submitted after the general elections in 1932 were rejected by the House of Representatives, then under Democratic control, on the ground that the incoming administration should be permitted to review these proposals and submit its own reorganization program to the Congress.

Amendments to the Economy Act in 1933 granted additional reorganization authority to the President, under broadened powers providing that reorganizations could be effected by Executive order effective after 60 days unless Congress set aside such plan by the enactment of a new statute. Under this act, 8 principal and 15 subsidiary Executive orders were issued by President Franklin D. Roosevelt, none of which was set aside by statute within the 60-day period.

In 1939 the Congress passed the first Reorganization Act under which Execu-

tive initiation of reorganization plans was authorized, to become effective after 60 days unless disapproved by concurrent resolution of both Houses. Under this act five reorganization plans were submitted by President Roosevelt, none of which was rejected by either House. These plans included the creation of the Federal Security Agency, the Federal Works Agency, the Federal Loan Agency, and the Executive Office of the President. Other transfers and consolidations effected under Plans I and II, submitted by the President and effectuated on July 1, 1939, included the Farm Credit Corporation, the Federal Farm Mortgage Corporation, the Commodity Credit Corporation, and the Rural Electrification Administration to the Department of Agriculture; the Foreign Commerce Service, Foreign Agricultural Service, and the Foreign Service Buildings Commission to the Department of State; the Federal Prison Industry and the National Training School for Boys to the Department of Justice; and the Inland Waterways Corporation to the Department of Commerce.

During the war, Congress made further extensive temporary delegations of legislative authority to the President under the War Powers Act, which reorganizations were subject to further direct legislative action by Congress prior to or after such authority had expired, if they were to be made permanent.

The last Reorganization Act approved by Congress was in 1945, providing for the same procedure as under the 1939 act, that reorganization plans would become effective after 60 days unless disapproved by concurrent resolution by both the House and the Senate. Under this act President Truman submitted seven plans to Congress, three of which were rejected by both Houses and failed to become effective; three were rejected by one House but became law; one was not opposed by either House. This act expired April 1, 1948.

I point out at this time that in both the 1939 and the 1945 acts, which provided that reorganization plans should go into effect within 60 days unless disapproved by concurrent resolutions of both the House and Senate, there were specific exemptions as to a number of agencies of the Government. As I recall, the 1939 act contained 21 specific exemptions, and the 1945 act contained 11 exemptions. The pending bill contains no exemptions.

In July 1947 the Congress approved the bill creating the Commission on Organization of the Executive Branch of the Government, to be composed of 12 members, with appointments to be made on a bipartisan basis by the Speaker of the House, by the President pro tempore of the Senate, and by the President. In creating the Commission, the Congress recognized the urgent need for reorganization studies with a view to effectuating extensive consolidations and unification of overlapping and duplicating agencies throughout the entire executive branch. The Commission was composed of Members of Congress, representatives from the executive branch of the Government, and from the public in general.

Former President Hoover was made Chairman. The Commission, with the aid of a large technical staff, made numerous studies extending over a period of 18 months into all phases of the executive branch of the Government activities. The Commission divided its work into functional and departmental segments, and created 24 task forces composed of about 300 outstanding experts with authority to make complete studies and extensive recommendations. The Commission has submitted 18 separate reports to the Congress, in the following order:

- First. General Management of the Executive Branch.
- Second. Personnel Management.
- Third. Office of General Services—supply activities.
- Fourth. The Post Office.
- Fifth. Foreign Affairs.
- Sixth. Department of Agriculture.
- Seventh. Budgeting and Accounting.
- Eighth. National Security Organization.
- Ninth. Veterans' Affairs.
- Tenth. Department of Commerce.
- Eleventh. Department of the Treasury.
- Twelfth. Regulatory Commissions.
- Thirteenth. Department of Labor.
- Fourteenth. Department of the Interior.
- Fifteenth. Social Security, Education, and Indian Affairs.
- Sixteenth. Medical Activities.
- Seventeenth. Business Enterprises.
- Eighteenth. Part 1, Overseas Administration; Part 2, Federal-State Relations; Part 3, General Research.

All these reports are available to Members of Congress, and contain the recommendations of the Commission on the Reorganization of the Executive Branch of the Government.

On January 13, 1949, the Commission submitted a request to the Congress that reorganization authority be granted to the President, in line with previous reorganization acts, to expedite putting into effect the Commission's recommendations. Emphasis was placed on the importance of limiting exemptions. It was the opinion of the Commission that past experience had clearly shown that unrestricted authority should be given to the President in order to insure the prompt submission of reorganizations recommended by the Commission. It was further pointed out that this procedure, where it could be employed, had proved to be preferable to the ordinary legislative processes requiring initiation of legislation by Congress, committee action, and approval by both Houses of Congress and by the President.

On January 17, the President requested the enactment of a law granting to him unlimited authority to submit reorganization plans to take effect after 60 days, unless disapproved by concurrent resolution of the Congress.

Following the President's message, as chairman of the Committee on Expenditures in the Executive Departments I introduced the pending bill, Senate bill 526, providing for the reorganization authority requested by the President. The Committee on Expenditures in the Ex-

ecutive Departments, to which the bill was referred, held full hearings in a sincere effort to report a bill that would give the President substantially the authority he requested. The pending bill was reported favorably to the Senate on April 7, 1949.

In considering a program for effectuating required reorganizations, it was the consensus of the committee that three primary procedures should be followed:

First. That internal reorganizations affecting administrative procedures could be accomplished either by administrative action or by Executive order within the scope of existing law;

Second. That reorganizations relating to abolishing unnecessary or duplicating agencies, or the transfer or consolidation of existing components or related functions, subject to limitations prescribed by Congress, could be effected under authority granted in the pending bill by reorganization plans, with congressional approval. It is the second procedure that the pending bill undertakes to authorize.

Third. That the Congress should initiate substantive legislation required to effectuate broad reorganization programs involving the transfer and consolidation of agencies or components, and the coordination of existing policies and functions.

Mr. President, a study was made by the Bureau of the Budget of the various reports submitted by the Commission on Organization of the Executive Branch of the Government to determine the action necessary to put into effect the 277 recommendations of the Commission by administrative action, reorganization plan, or legislation, on this general premise. The Bureau of the Budget indicates that 114 specific recommendations or suggested reorganizations by the Commission may be effectuated by administrative action, without any further authority from Congress; that 124 separate recommendations by the Commission could be effectuated either by substantive legislation or direct appropriations to already existing components of the Government; and that 80 such reorganizations could be effectuated by reorganization plan, as proposed in the pending bill. There were a total of 288 Bureau of the Budget determinations as to changes required to conform to the 277 specific recommendations made by the Commission, and a total of 318 specified actions indicated as necessary to implement all the Commission recommendations.

Mr. President, I point out the study which has been made by the Bureau of the Budget, not because all the actions recommended as a result of that study are proposed to be undertaken through the passage of the pending measure, for under this bill only approximately 80 of the reorganizations in accordance with the recommendations of the Bureau of the Budget can be effected. As for many others, specific legislation enacted by the Congress will be required in order to place into effect the changes recommended by the Commission on

Organization of the Executive Branch of the Government.

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

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

Mr. McCLELLAN. I am glad to yield.

Mr. LODGE. I dislike to interrupt the Senator, if he prefers to yield later on. However, I wish to ask him whether the text of Senate bill 526 is the same as the text of the corresponding House bill, and whether the new matter inserted is additional to the House bill, or whether the entire bill now before us is new language.

Mr. McCLELLAN. The words in italics are new language, being amendments proposed by the Senate committee. The House also has made some amendments or changes in the bill originally introduced in the House. Both the House bill and this bill vary somewhat from the original bills introduced in the respective Houses.

Mr. LODGE. The measure now before the Senate is not the House bill with certain changes proposed by the Senate committee but is the original Senate bill as modified by the committee; is that correct?

Mr. McCLELLAN. That is correct.

Mr. LODGE. I thank the Senator.

Mr. McCLELLAN. Mr. President, a moment ago I stated that a total of 288 Bureau of the Budget determinations as to changes were required in order to conform to the 277 specific recommendations made by the Commission, and that a total of 318 specified actions were indicated as necessary in order to implement all the Commission's recommendations. This is due to an expansion or consolidation of Commission recommendations into two or more necessary actions required to effectuate the entire reorganization proposed. This would mean that existing laws will permit the implementation of almost 40 percent of the Commission recommendations by administrative action, and about 25 percent can be effectuated by reorganization plan, under the pending legislation. Under this determination, from a minimum of 30 percent to a maximum of 40 percent of all the Commission recommendations will require direct legislative action by Congress.

Action has already been taken by the Committee on Expenditures in reporting the Federal Property and Administrative Services Act of 1949, which is Senate bill 1809, in line with the Commission recommendations in Report No. 3 on the Office of General Services, and involving eight substantive legislation recommendations, according to the Budget Bureau Digest.

Reports from other committees indicate that some legislative action will be taken on other recommendations of the Commission before the end of the present session of Congress. I understand that other committees, to whom have been referred some of the Commission's reports or some of the bills proposed for the purpose of carrying out the recom-

recommendations contained in the Commission's reports, have already held hearings, and that some of those measures have already been reported and are on the calendar. Others are in process of being handled by certain of the committees, I understand, just as others are in process of being handled by the Committee on Expenditures in the Executive Departments.

There is no purpose or desire on the part of the membership of the Committee on Expenditures in the Executive Departments in any way to delay or obstruct or impede the processing of proposed legislation which the committee feels is desirable, and much of which is recommended for the purpose of carrying out this reorganization plan. I desire to state—and I am sure that all my colleagues will agree—that in undertaking to enact specific legislation with regard to reorganization proposals, it is often a very technical and complicated matter to decide upon the exact language which should be included in the bill in order to have it accomplish the desired result. I know that other members of the committee share that feeling. Certainly we cannot consider this matter simply on a basis of saying whether we

favor or oppose it. Meticulous work is required in order that we may present to the Senate a bill which will do in an intelligent way what has been recommended in the Commission's reports.

So I assure my colleagues that the committee of which I have the honor to be chairman is most anxious to consider as expeditiously as we can and report to the Senate a number of legislative proposals which will be required in connection with the Commission's recommendations on subjects over which our committee has jurisdiction; and reports from other committees indicate that some legislative action will be taken on other recommendations. Making no allowance for recommendations which may not meet with the approval of the committees, nor for any reorganization plans that may be disapproved by Congress, and estimating that the President may initiate 25 percent of the Commission's recommendations by reorganization plans if the proposed legislation is adopted without further delay, it will permit the consideration of up to 40 percent of the Commission's recommendations before the adjournment of Congress. Of course, on that point we cannot be accurate; we do not know

what may intervene; but it is possible, at least reasonable hope is afforded, that a large part of the reorganization program may receive consideration before this session of the Congress adjourns. With the 35 percent to 40 percent which may be effectuated by administrative action, the over-all percentage might run up to 65 percent or more by the end of the calendar year.

At this point I ask unanimous consent to have printed in the RECORD a chart headed "Condensed summary of the Hoover Commission's reports and action to be taken." It is a chart prepared by the Bureau of the Budget, pointing out the number of recommendations of the Hoover Commission, and classifying them, those which can be put into effect without new legislation, the number which it is hoped may be achieved by the authority granted under the pending bill, and initiation by the President of reorganization plans, and the number which will possibly require specific legislation. I ask unanimous consent that it be inserted in the RECORD at this point as a part of my remarks.

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

Condensed summary of Hoover Commission reports and action to be taken

Number and title of reports	House Doc. No.	Supporting documents		Total commission recommendations ¹	Bureau of the Budget digest of effectuation					Legislation proposed	Jurisdiction of committees ²
		Appendixes	Type-scripts		Total recommendations ¹	Substitute legislation	Appropriation legislation	Reorganization plan	Administrative action		
1. General Management of Executive Branch.....	55	E.....	4	27	26	8	4	10	12	S. 942.....	EXP.
2. Personnel Management.....	53	A.....	1	29	33	13	1	2	18	S. 498; S. 1762.....	POCS.
3. Office of General Services.....	73	B, C.....	1	25	21	9	1	5	7	S. 1809.....	EXP.
4. The Post Office.....	76	I.....	1	9	9	6	1	4	4	S. 1704.....	POCS.
5. Foreign Affairs.....	79	H.....	5	22	22	7	3	3	13	S. 1704.....	FR.
6. Department of Agriculture.....	80	M.....	1	16	11	4	—	3	6	S. 1843.....	AF.
7. Budgeting and Accounting.....	84	F, D.....	5	13	14	7	3	—	7	S. 1843.....	EXP.
8. National Security Organization.....	86	G.....	3	6	14	4	—	3	7	S. 1843.....	AS.
9. Veterans' Affairs.....	92	N.....	2	12	9	2	—	1	6	S. 1843.....	FIN; LPW; BC; POCS.
10. Department of Commerce.....	100	N.....	11	14	17	4	1	11	5	S. 1843.....	IFC; PW.
11. Treasury Department.....	115	F.....	—	10	10	4	—	—	2	S. 1692.....	FIN.
12. Regulatory Commissions.....	116	N ³	(⁴)	12	11	4	—	6	1	S. 1692.....	PW; IFC.
13. Department of Labor.....	119	L.....	1	8	8	1	—	5	2	S. 1692.....	LPW.
14. Department of the Interior.....	122	L, Q.....	1	15	18	1	1	12	6	S. 1692.....	EXP; PW; IIA; IFC; AS; JUD; AF; FR; BC; EXP; LPW; POCS; IIA.
15. Social Security, Education, and Indian Affairs.....	129	P.....	2	17	17	5	—	4	8	H. R. 782.....	LPW.
16. Medical Activities.....	128	O.....	11	11	10	1	2	4	5	—	EXP; BC; AF; IFC; IIA; PW.
17. Business Enterprises.....	152	J, R, K.....	5	23	30	20	1	5	4	—	EXP; FR; AS; IIA; EXP; FIN.
18. Part 1. Overseas Administration.....	140	—	1	1	1	1	—	—	1	S. J. Res. 41.....	—
Part 2. Federal-State Relations.....	140	—	1	5	5	4	—	—	—	S. 767; S. 810.....	—
Part 3. Federal Research.....	140	—	—	2	2	1	—	1	—	S. 247.....	—
Total.....		(20)	58	277	288	106	18	80	114		LPW; IFC; EXP.

¹ Because Commission recommendations have been expanded or consolidated in the Budget Bureau Digest, these 2 totals disagree.

² House Committee Print 13 and 14.

³ Filed with Department of Commerce.

⁴ Being printed for use of Subcommittee on Intergovernmental Relations.

⁵ The key to abbreviated committee references is as follows: AF—Committee on Agriculture and Forestry; AS—Committee on Armed Services; BC—Committee on

Banking and Currency; EXP—Committee on Expenditures in the Executive Departments; FIN—Committee on Finance; FR—Committee on Foreign Relations; IIA—Committee on Interior and Insular Affairs; IFC—Committee on Interstate and Foreign Commerce; JUD—Committee on Judiciary; LPW—Committee on Labor and Public Welfare; POCS—Committee on Post Office and Civil Service; PW—Committee on Public Works.

Mr. McCLELLAN. A comparison of the pending bill with the Reorganization Act of 1945 has been incorporated in the committee report, starting on page 6. For the information of the Senate, I shall endeavor to point out very briefly some of the major differences between the pending bill and the Reorganization Act of 1945.

The 1945 act provided for the disapproval of any reorganization plan submitted to the Congress by concurrent resolution, requiring concurrence by

both the House and Senate before such plans became law; while the present bill permits the disapproval of any plan submitted to the Congress by the President by a simple resolution of either House.

Mr. President, I ask my colleagues to bear in mind another important difference, when I reach it. That is, that the bill reported by the committee, which is now before the Senate, is what may be called a clean bill. There is no exemption in it, there is not an exception. Every agency, every branch, every func-

tion of the executive branch of the Government is treated alike, and the President is granted full authority to submit reorganization plans that might affect any agency or any function of the executive branch of the Government.

The pending bill includes provisions which are broader than the 1945 act, through authority granted to top officials of Federal agencies to delegate routine functions vested in them by law, now prohibited from delegation under the present statute.

The Hoover Commission, in its studies of the executive agencies of the Government, found many instances of the law requiring the performance by the head of the agency of a specific act which was not of any vital importance or consequence and which might well be delegated by the head of the agency to some competent subordinate or requiring the performance of a duty which in many instances simply placed an undue burden, was time-consuming on the part of the agency, was unnecessary, and therefore the authority could be delegated. The pending bill provides for such delegation of authority. At the same time, of course, we still hold the head of the agency responsible for the performance of the duties entrusted to him. The bill does not remove the responsibility of officials from reviewing actions taken, but permits them to transfer or delegate details and functions vested in them by specific provisions of law, which may be more expeditiously handled by minor officials. The pending bill broadens and simplifies language relating to reorganizations and the creation of offices as compared to the 1945 act.

With reference to that, Mr. President, I may say that after experience and observation it was easily found that the language granting general authority could be simplified very much in comparison to the 1945 act, detracting nothing from the powers therein delegated, but extending and embracing all the powers delegated in it. The changes are largely improvements of expression, a matter of language, changes that do not go to the substance of the bill.

The bill also permits the President more latitude in the creation of new agencies, even to the extent of establishing executive departments of Cabinet rank. The President did not have that authority under the 1945 act; he did not have it under the pending bill as originally introduced; but we have broadened his power to the extent that the President may create an agency or declare the head of an existing agency to have Cabinet rank. The provision in the 1945 act which prohibits consolidation of two or more executive departments by a reorganization plan has been retained, however, in accordance with the President's recommendation that the elimination of executive departments shall only be effectuated by statute. While the President is given power to create a new department of Cabinet status, he is not under the act authorized to abolish an existing Cabinet department.

The bill, as reported by the committee, has eliminated the restrictive provisions relating to quasi-judicial and quasi-legislative functions of independent agencies, and also of certain independent agencies that have been named and that were excluded from the authority delegated in previous reorganization acts. I here make reference again to the fact that in the act passed in 1945, 11 specific exemptions were contained, whereas there are none in the pending bill; and in the 1939 act, my recollection is, there were 21 specific exemptions.

The pending bill also includes the reorganization of the government of the District of Columbia, which has heretofore

been excluded from reorganization plans.

Mr. President, I am not an authority on the District of Columbia as to the particular establishment of the District government, but I should assume that in comparison, with respect to size, functions, and expenditures, it is one of the major departments of the Government. If we are to have a bill which absolutely exempts no agency in the executive branch, I think the District of Columbia should be included within the purview of the bill. The committee has so recommended.

The bill passed by the House of Representatives does not grant authority to the President to create a new executive department. The House bill also contains a so-called single-package provision, namely, it provides that a reorganization plan affecting seven named agencies shall not also provide for a reorganization which does not affect such agencies, but permits the transfer to such agencies of the whole or any part of any agency not so named.

At the conclusion of my remarks I shall have something to say in briefly expressing my own views regarding these two basic principles in the bill.

Many amendments were submitted to the committee which would have extended the same treatment to other agencies not named in the House bill. In other words, when our committee undertook to consider the legislation which the House had already passed, having acted hurriedly—I do not mean to say that it had acted with too much speed, but it acted with more speed than we found convenient in the Senate—it had named seven agencies, quasi-judicial legislative commissions, and so forth, and provided that any reorganization which affected either or all should be contained in a separate plan, and no other agency of Government could be included within it, except with respect to the transfer of a function of another agency of Government to the restricted agency.

When the committee considered that question there were a number of amendments submitted, and it was recommended that the committee stop where the House had stopped, at seven. If the committee had adopted the policy of writing in exemptions, I think probably more than those named in the House bill would have been written.

Former President Hoover was questioned when he appeared before the committee relative to this provision, and specifically regarding the proposal to remove the National Military Establishment from restrictions imposed by this section. He was unalterably opposed to such treatment of single segments of the Government under a general reorganization plan.

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

The PRESIDING OFFICER (Mr. GRAHAM in the chair). Does the Senator from Arkansas yield to his colleague?

Mr. McCLELLAN. I am glad to yield to my colleague.

Mr. FULBRIGHT. I am not quite clear as to the nature of those seven instances. Are they considered exemp-

tions from the operation of the bill? I should like the Senator to clarify that point. I did not quite catch the significance.

Mr. McCLELLAN. I would not classify them as outright exemptions. Those who opposed any restrictions or limitations in the bill have called them exemptions. Properly, I think they are not actual exemptions, but are restrictive to the extent that the President could not act as freely as he could with reference to all other agencies. I say to my colleague that had the Senate committee not decided to report a clean bill, I would have supported a one-package exemption. But I shall come to that a little later. I want to make some comments with reference to it, and I desire to make clear to the Senate why we have reported the bill in this form. It was in the hope that it might be understood that, as in all legislative processes, it is sometimes necessary to give a little and take a little in order to find a happy medium where everyone's rights are protected and their views generally respected. I think we have that kind of a bill before us.

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

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

Mr. O'CONOR. May I ask the very able chairman of the committee, is it not true that in line with the question just asked by the junior Senator from Arkansas, in the event the House provisions should prevail and remain in the bill, it would be necessary for the President to send down separate messages in regard to those particular agencies, so that if there were any over-all plans desired for a number of agencies that effort would be thwarted?

Mr. McCLELLAN. The President would have to send down separate plans, under the provisions as I interpret them. I think the Senator is eminently correct. Frankly, I would favor outright exemption procedure rather than a one-package provision, as it has been called, because, I believe, if the House does not want a certain agency disturbed, it should say so, and not give the President any authority to reorganize it. If we are not to go that far, then I should prefer a clean bill with what I regard as ample protection for every agency and everyone's particular theory that this agency ought not to be disturbed, and that agency should be reorganized, because I believe we have reported a bill whose provisions will preserve the integrity of the legislative process. I believe this provision in the bill will help to insure that a better quality of reorganization plans will be submitted to the Congress. That is what we all desire. There is no disagreement, no dissension, regarding the over-all objective which we are seeking. I am sure there would not be a dissenting vote with regard to increasing economy and efficiency.

Mr. O'CONOR. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I yield.

Mr. O'CONOR. Does not the Senator feel, having in mind the interrelationship between and among the various departments, that it is much better to have

a clean bill than to have certain so-called exemptions or certain designated agencies which are not treated in the same manner as are a great number of other agencies?

Mr. McCLELLAN. I think the able Senator from Maryland will recall my views as expressed in committee, in our executive session in connection with this bill. I have always favored the exemption of one or two agencies. I still feel that I would rather see them unmolested and not disturbed. But since we have reported this bill, which was, in some measure, a compromise of our views, as to which, with possibly one exception, the full committee agreed, and since there has been an opportunity for more mature reflection, I am convinced that the bill does afford a free opportunity to the President to submit any kind of a reorganization plan which, in his judgment, he thinks the Congress should accept. I am equally convinced that if good plans are submitted, neither House of the Congress will oppose them.

I believe there is a fundamental principle involved in the process of permitting either House to reject a plan, because otherwise we delegate power. That has been done before, but I call attention again to the fact that it has not been done heretofore where there was a clean bill, because in enacting the legislation Congress stepped in and said, "We will give you authority over these agencies, to reorganize, subject to the disapproval of both Houses, but here are 11 or here are 21 which you must not touch." So I say that the more I have considered the provision in the pending bill, with no restrictions and no limitations, the more impressed I have been that this is the fair way, the equitable way, and the proper and effective way, to get the best reorganization plan submitted to the Congress.

Mr. FULBRIGHT. If I understand correctly, it takes affirmative action of a majority of either House to disapprove one of the plans.

Mr. McCLELLAN. My colleague is correct, it takes affirmative action on a vote to disapprove. Neither House is compelled to act on a plan. They can assent to it, they can acquiesce in the plan by negative action, by doing nothing. They must act affirmatively on a resolution of disapproval, and if they act affirmatively, that action must be taken within 60 days. If not taken within 60 days, then the plan will be effective.

I wish to point out to my colleague that that is why I have found it difficult in the past, in connection with the other acts, to go along with the provision which would require a concurrent resolution of the two Houses to disapprove. I know it is sometimes said, "If we are going to get reorganization, we must give the President power to reorganize." But reorganization of itself may not be a worth-while objective. It is the character and the quality of reorganization we get which will determine whether the effort we are making and the program we are undertaking will actually effectuate wholesome and effi-

cient and economical reorganization of the executive branch of the Government.

Let me say to my colleague and to the Senate that I think there are those who know that there are one or two agencies of Government which I should dislike very much to see disturbed, but notwithstanding that, I am going to defend the pending bill as is, I am going to vote against any amendments placing exemptions in the bill, and unless the Senate starts placing exemptions in the bill, so long as it leaves this provision for a one House veto, which I think preserves the integrity of the legislative process, I am going down the line for the bill and vote against any exemptions and let the President have a clean bill and a free hand. At the same time, I say I have had trouble going along with the requirement that two Houses must disapprove to keep a reorganization plan from becoming law, because if we retain that provision, if we retain that procedure for disapproval, we are in effect abdicating the legislative power and duty of at least one House of the legislative branch of the Government, because the action of the President, with the approval, or no action at all, negative approval, of either House of the Congress, could put into effect a reorganization plan which the other House unanimously opposed, and that plan, once in effect, would be tantamount to the enactment of a law.

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

Mr. McCLELLAN. I am happy to yield to the distinguished Senator from Michigan.

Mr. VANDENBERG. As a very junior member of the Senator's committee, but one who has participated in the general plan which the able Senator from Arkansas has been approving today, I wish cordially to join myself to the philosophy of action which he is recommending in the bill. Furthermore, I wish to pay him the compliment which he deserves, because I know how deeply he is attached to the exemption of at least one or two very important departments or agencies of the Government. I know he considers it of primary importance to him and his area that they should be exempted, and when he is willing to surrender the right of exemption at that point in order to have a clean bill, without exemptions, it seems to me that he not only is behaving in a statesmanlike way himself, but that he is setting an example to the rest of us which we will do well to follow.

If the Senator will permit, I should like to add that I am one of those who would very seriously object to the wrong kind of reorganization for one particular instrumentality in which I have had 10 years' interest, namely, the Federal Deposit Insurance Corporation. I am willing to take my chances on a clean bill if we can have a clean bill. I am willing to take my chances on the forum of the House and Senate for the ultimate trial of the justification of a Presidential plan. But if we are not to have a clean bill, I shall find it irresistibly necessary to urge the exemption of the agency in

which I am interested, and I strongly suspect that there will be 94 other Senators besides the Senator from Arkansas and the Senator from Michigan who will have the same point of view.

The net result will be a reorganization bill which so totally ties the hands of the President of the United States that he will have, if he desires it, a perfect excuse to do absolutely nothing under the reorganization law. I am not willing to give him that excuse. I do not want to leave the matter in that negative form. On the contrary, I want to give the President every opportunity to make recommendations which can submit themselves to the judgment of the House and Senate.

Mr. President, it seems to me that the recommendation made by the committee is the best possible formula to give reorganization its maximum chance, at long last, to make some progress in demobilizing the executive bureaucracy of the Federal Government.

If the Senator will permit me further to intrude upon his time, I should like to contribute this testimony. The able chairman of the committee knows that before the decision was made by the committee, I took special pains to consult that group on the outside of Congress which is organizing itself in the interest of getting maximum results from the Hoover reports. I submitted to the spokesmen for that group the very frank question, "Which would you rather have, a reorganization bill permitting a veto by each House of Congress, a clean bill with no exemptions under those circumstances, or would you rather have the two-House veto as originally contemplated by the House bill, and a list of exemptions?" I said, "I don't want any snap answer, either. I want you to spend a day to bring me an answer on which I can rely." At the end of the day the answer was that they felt it was infinitely preferable to have a clean bill, as it has been reported by the committee. I do not mean by that testimony to certify that they are satisfied with this arrangement, because of course they would like to have both of these protections. But since it is perfectly obvious that both protections cannot be provided, I think they are right when they choose the protection which has been recommended by the bill, and which is ably supported by the chairman of the committee, in spite of his personal reluctance in connection with some phases of it. I think the Senate will have made the greatest possible contribution to the progress of reorganization under the Hoover reports if it agrees with the able Senator from Arkansas and proceeds to take the bill as he has presented it to the Senate.

Mr. McCLELLAN. Mr. President, I wish to thank the distinguished Senator from Michigan, who is now a member of the committee. He became a member of the committee only this year. I express my personal appreciation to him for the valuable contribution he made in helping us prepare the bill. As I stated earlier this afternoon, legislation of this character is not easy to agree upon. The Senator from Michigan made a very valuable

contribution all the way through in the consideration of the measure. I agree with what the Senator from Michigan has said. If we put enough exemptions and restrictions in the bill we can give the President a reorganization bill but leave him nothing to reorganize. If the Senator from Michigan and I should insist that this agency or that agency, in which we are interested, should be exempted from the provisions of the bill, and, as the able Senator from Michigan suggested, if the 94 other Senators should insist on exempting agencies in which they are interested, as they probably would if they have the same feeling about other agencies that I have about one or two I have in mind, and concessions were made respecting them, the result would be we might pass a so-called reorganization bill, but have nothing to reorganize.

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

Mr. McCLELLAN. I yield.

Mr. LODGE. I should like to compliment the Senator for the manly way in which he has approached this matter, because I realize that there are agencies of the Government in which he is profoundly interested. I agree with him and I agree with the Senator from Michigan that it is a great step forward if we can put this bill onto the statute books. I think the Senator knows of my strong interest in the whole subject.

The thing which preoccupies me is what is going to be the fate of this legislation when it goes to conference. How optimistic is the Senator from Arkansas on that point, and can he give us a few words of assurance as to his general approach to that topic?

Mr. McCLELLAN. Mr. President, I will say to the able Senator from Massachusetts that, of course, I cannot predict whether the House conferees are going to agree with us or not. But to the Senator from Massachusetts and to the whole membership of the Senate I say that when the bill is passed I shall have no intention, as a conferee, if I am one of the conferees on the part of the Senate, of yielding on either of these basic points. We might just as well settle that question, and I want the Members of the Senate to know now that I, as a conferee on the part of the Senate, am not going to yield on either of these basic points. I think that needs to be known, and I believe the Senate should vote on the bill with that understanding. I think it would be manifestly unfair for me not to take that position. I do not say that, of course, with any disregard for the views the other House may entertain, but we are endeavoring to pass through the Senate a clean bill, and if we cannot keep it clean, then we will have, so far as I am concerned, to try to pass another bill.

Mr. LODGE. I think that is a very forthright statement. It is the kind I would expect the Senator from Arkansas to make. I think it is most helpful and reassuring to have those good words in the RECORD.

Mr. McCLELLAN. That is very much the way I feel about it. There are other members of the committee present, and I know some of them share those views.

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

Mr. McCLELLAN. I yield.

Mr. LUCAS. In previous reorganization bills different agencies of Government have always been exempted, both by the House and by the Senate. Is that not correct?

Mr. McCLELLAN. That is correct.

Mr. LUCAS. Am I correct in saying that this is the first time that either branch of the Congress has ever come forth with a clean bill wherein no agency of the Government is exempted, and giving the President full power to reorganize?

Mr. McCLELLAN. That is correct with respect to the three major reorganization bills of this character which have been enacted into law in the past. Of course, in the War Powers Act and in the Economy Act there were probably no exemptions. That, however, I do not recall.

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

Mr. McCLELLAN. I yield.

Mr. LUCAS. In reading the committee report I find that the House has exempted from the bill the National Military Establishment, the Board of Governors, Federal Reserve System, the Interstate Commerce Commission and Securities and Exchange Commission.

Mr. McCLELLAN. That was what the committee reported to the floor of the House. Three other agencies were added on the floor of the House. The bill was further amended, as the Senator will see if he reads further along in the report.

Mr. LUCAS. That is what I was coming to next. In addition to the agencies the committee exempted when submitting the report to the floor of the House, three other agencies were exempted on the floor, making in all seven agencies which the House exempted. With respect to the query propounded by the Senator from Massachusetts about what may happen in conference, I do not know what will happen there, and neither does the Senator from Arkansas, of course; but, assuming that the conferees on the part of the House might recede with respect to these agencies and agree with the Senate that no agencies shall be exempt, would that make any difference with respect to the other point the Senator is now stressing with respect to the veto by each branch of the Congress?

Mr. McCLELLAN. Very much so, because I want to keep faith with myself and with every Member of this body. I could not vote for the bill with some exemptions in it if the two-House veto should be retained. I want the Senate to know and understand just how I personally feel about the matter. I say again with reference to the remarks made by the able Senator from Michigan that I feel in bringing forth the bill in the form in which it now is, I have made as much sacrifice as I am asking any other Senator to make in voting for the bill.

Mr. LUCAS. I am sure I understand the able Senator, but I desire to make the matter perfectly clear. In other words, if the House were to recede from

the provisions that are now in the House bill with respect to the exemptions contained in it, and have no exemptions whatever in the bill, and if the House should agree to the provisions of the Senate bill, would the Senator from Arkansas under those conditions still insist on a separate veto by each House?

Mr. McCLELLAN. Yes. I would insist because I could not support the bill with exemptions out of it, if it required action on the part of both Houses to disapprove by concurrent resolutions.

Mr. O'CONOR. Mr. President, will the Senator from Arkansas yield to me so that I may ask a question of the Senator from Michigan, whose comment I heard a short while ago?

Mr. McCLELLAN. I yield.

Mr. O'CONOR. Does not the Senator from Michigan feel that with the bill modified as it is our committee has virtually accomplished all that reasonably could be expected, and that looking at the situation realistically it is the best way in which to effect an over-all reorganization program? Does not the Senator so feel?

Mr. VANDENBERG. That is my opinion. I want to make it very plain that I think we are not free agents to write this reorganization formula without any limitations whatever. It is simply not in the cards to write that sort of a bill. We confront this choice of a bill which is a clean bill without agency exemptions, and a one-House veto, or a bill with a two-House veto and a list of exemptions as long as one's arm. Now, if the reorganization plans cannot justify themselves when submitted by the President in both Houses of Congress, then the presumption is, I should say, under the American legislative precedent and system, that the reorganization recommendations are not worthy of approval. That is the basis upon which we write laws. I have never heard of a system under which the House alone could enact a law. That is precisely what would be undertaken in reverse, except as the single-House veto as provided in the Senate recommendation were to be followed.

As a matter of elementary justice, let us see what is involved. The Senator from Arkansas says that when he submits a clean bill he is giving up the right to demand an exemption which is of extreme importance to him and the people of his State. Could we possibly ask the Senator from Arkansas to give up an exemption which is of extreme importance to him and to the people of his State if, on the other hand, we leave the bill in a form in which the Senator from Arkansas might never even have an opportunity to vote upon a recommendation which he considers of such importance? I think that not only is this a sound choice from the standpoint of choosing the better of the relative opportunities which we confront, but, regardless of that relationship, I think fundamentally it is sound for the precise reason which I have indicated.

I wish to make it as clear as I can that I share with the able Senator from Massachusetts [Mr. LONGE] all his hopes and aspirations for this undertaking, for which he was originally responsible in

part through his authorship of the original resolution. I want the Hoover reports to have their maximum opportunity for effective consideration and effective application. Under the economic pressure of the times, when the great Federal bureaucracy has grown, like Topsy, into a thing of utter economic menace to the taxpayers of the United States, I believe the time has come when we must take advantage of this opportunity to undertake to streamline the executive branch of the Government. I think every rational mind in the Senate is dedicated to that objective. I think 95 percent of the American people are dedicated to that objective. I want the Senate to answer those objectives and aspirations to the maximum. In my opinion, we answer them to the maximum when we accept the committee report, because we have given the President carte blanche, without reservation or exemption, to make any recommendations he desires. We simply stand upon our ultimate legislative right to pass judgment in both Houses of Congress on the wisdom of what he proposes. That is the American system. That is the best way to get results from reorganization.

Mr. O'CONOR. Mr. President, I appreciate very much the sentiments of the Senator from Michigan. I fully agree with them.

Mr. McCLELLAN. Mr. President, since the committee reported the bill I have said that I am more impressed with the bill now than I was before. Notwithstanding the fact that there are some agencies which I would not want to see disturbed, if a reorganization plan is submitted which does disturb them, if both Houses agree that they should be disturbed, perhaps I am mistaken. We all must submit to the will of the majority in connection with questions which do not actually reach down into and undertake to uproot a fundamental principle of liberty or of constitutional processes. Certainly this is not such a question. It is a matter of opinion whether a particular function can be better performed by one agency than by another. That question does not involve a basic fundamental of government. If it did, I would have no hesitancy, as many Senators know, in resorting to what might be termed "dilatatory tactics" to delay a vote on something which I thought struck at one of the fundamental principles of democracy and liberty. But if a majority of both the House and Senate agrees with what the President has recommended in a reorganization plan, I think it should go into effect. However, I do not believe that any reorganization plan which is, in effect, tantamount to law, should ever go into operation with the approval of one House of the Congress and the disapproval of the other. That would be striking at one of the basic fundamentals of legislative integrity. Fortunately, nothing has happened under the other two acts to cause alarm, but we are passing this bill in the hope that there may be the greatest, most concerted effort toward reorganizing the executive

branch of the Government, and that a thorough job will be done.

Mr. President, I am not too optimistic about immediate economies being effected. The economies to be effected will be the result of a better and more orderly arrangement, better management arrangements, and better house-keeping arrangements of the executive branch of the Government. I entertain high hopes for such results. In such a reorganization related functions will be brought together. There will be a better arrangement of the various interrelated functions, and they will be integrated in their operating effect. In that way I believe that economies can be effected in the future.

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

Mr. McCLELLAN. I yield.

Mr. THYE. As a former member of the committee, I commend the able Senator from Arkansas, chairman of the committee, and the other members of the committee for reporting such a fine bill to the Senate. A Reorganization Act is a most important and necessary step in our Government.

A year ago when the able Senator from Massachusetts [Mr. LONG] presented his ideas for reorganization, which developed into the creation of the Hoover Commission, I was most encouraged. I am even more encouraged now, as a former member of the committee, by the fine presentation which the Senator from Arkansas has made as chairman of the committee.

Mr. McCLELLAN. I thank the Senator very much.

Mr. President, I am about to conclude. I do not wish to ask for undue haste, but I am hopeful that we can conclude consideration of the bill this afternoon.

I believe that it is unnecessary for me to proceed with the remainder of my prepared remarks. If I may have unanimous consent that the remainder of my prepared address be inserted in the RECORD at this point as a part of my remarks, I shall not take further time in discussing the measure.

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

The House bill continues reorganization authority indefinitely, without time limitation. Specific expiration dates were included in previous acts. An amendment was approved by the committee which continues authority under the pending bill until April 1, 1953. It was the opinion of the committee that Congress should retain some control by which periodical examinations could be made relative to the effectiveness of the reorganization authority and accomplishments attained under its operation, with a view to extending or revising the act as may be found desirable, based on performance and experience. The bill as now proposed would extend more than 2 months into the incoming term of the next administration, permitting the submission of reorganization plans to Congress during the 60-day period following April 1, 1953, and plans submitted under the act to become effective within that period if not disapproved by the House or the Senate.

In adopting the amendment providing for a simple resolution of disapproval by either House, the committee's main objective was to

provide the President with as broad reorganization authority as he would require in making any desirable reorganizations without regard to the agencies affected. The committee was sympathetic to suggested amendments submitted by Senators, some of which were included in the bill as passed by the House, relating to special treatment of certain regulatory, quasi-judicial, and quasi-legislative agencies, as recommended by the Commission on Organization of the Executive Branch, if the original provision requiring disapproval by both Houses of Congress by concurrent resolution had been retained in the bill. Realizing these exemptions would open the door to the inclusion of at least a dozen or more such agencies, the committee, in the interest of promoting more expeditious action, and with a view to permitting the President to exercise full reorganization powers, granted him authority to submit any reorganization plan he deems advisable.

In order to permit clear determinations by Congress on specific reorganization proposals, however, an amendment was included in the bill which declares it to be the intent of Congress that it is in the public interest and in accordance with the most effective reorganization procedure that each reorganization plan transmitted by the President shall contain only related reorganizations. The purpose of this amendment is to enable the Congress to act on the merits of reorganization proposals of related agencies without the interjection of some proposal with little or no relation to the major plan involved.

During the hearings it became apparent that if any exemptions or special treatment in the way of so-called one package reorganization-plan restriction were included, many agencies might finally be placed in this category. It was the opinion of the committee that, under these circumstances, it would be far preferable to extend full authority to the President to recommend any desirable reorganization regardless of the agency or function affected, and reserved to both the House and the Senate the right of disapproval by simple resolution.

Some who favor disapproval by the concurrent resolution procedure contend that this is no improvement over the existing legislative process. This is not in accord with the facts. Under the pending bill the President has a free hand to initiate any reorganization plan affecting agencies with related functions and within statutory limitations, extending even to the creation of a new executive department with Cabinet status. This is a clear delegation of authority by the Congress to the President over the initiation of legislative actions exclusively reserved to the legislative branch under the Constitution. The bill also provides that when such plans are submitted to Congress, a resolution of disapproval must be passed by either the House or the Senate within 60 days after its submission, or it automatically becomes law.

The President on May 9 again requested prompt Senate action on the Reorganization Act, and, as a member of the Commission on Organization of the Executive Branch, I join in urging Senate approval of the pending bill in the interest of effecting necessary reorganizations in the Government with the least possible delay.

Mr. McCLELLAN. Mr. President, in conclusion I wish to say that if this proposed legislation is to be enacted in time for the President to submit to the Congress reorganization plans which can be acted upon at this session, the passage of this bill should not be delayed, for consideration of the bill in conference will take at least some time. So I am very hopeful that this afternoon we shall be able to pass the bill, together with the amendments which have been discussed,

and which the committee has recommended; that then the conferees may be able speedily to agree; and that the bill will become law in time to give the President an opportunity to send to the Congress reorganization plans which can be considered and acted upon at this session.

Mr. LODGE. Mr. President, am I correct in my belief that the first question is on the adoption of the committee amendments?

The PRESIDING OFFICER (Mr. HOLAND in the chair). That is correct; and the clerk will state the first amendment of the committee.

The first amendment of the committee was, on page 3, in line 3, after the word "legislation", to insert: "The Congress further declares that it is in the public interest and in accordance with the most effective reorganization procedure that each reorganization plan transmitted by the President under section 3 contain only related reorganizations."

The amendment was agreed to.

The next amendment was, under the subhead "Other contents of plans," on page 5, in line 18, after the word "Senate", to insert "except that, in the case of any officer of the municipal government of the District of Columbia, it may be by the Board of Commissioners or other body or officer of such government designated in the plan."

The amendment was agreed to.

The next amendment was, on page 6, in line 12, after the word "for", to strike out "winding up" and insert "terminating."

The amendment was agreed to.

The next amendment was, under the subhead "Limitations on powers with respect to reorganizations," on page 6, at the beginning of line 16, after the section number, to insert "(a)."

The amendment was agreed to.

The next amendment was, on page 7, after line 14, to insert:

(b) No provision contained in a reorganization plan shall take effect unless the plan is transmitted to the Congress before April 1, 1953.

The amendment was agreed to.

The next amendments were, under the subhead "Taking effect of reorganizations," on page 8, in line 1, after the word "by", to insert "either of"; in the same line, after the word "a", to strike out "concurrent"; and in line 2, after the word "that", to strike out "the Congress" and insert "that House."

The amendments were agreed to.

The next amendment was, on page 8, in line 11, after the word "certain", to strike out the semicolon and "except that if a resolution (as defined in section 202) with respect to such reorganization plan has been passed by one House and sent to the other, no exclusion under this paragraph shall be made by reason of adjournments of the first House taken thereafter."

The amendment was agreed to.

The next amendment was, under the heading "Title II," on page 11, after line 18, to strike out section 202, as follows:

SEC. 202. As used in this title, the term "resolution" means only a concurrent resolution of the two Houses of Congress, the matter after the resolving clause of which is

as follows: "That the Congress does not favor the reorganization plan numbered — transmitted to Congress by the President on —, 19—," the blank spaces therein being appropriately filled; and does not include a concurrent resolution which specifies more than one reorganization plan.

And in lieu thereof to insert a new section 202, as follows:

SEC. 202. As used in this title, the term "resolution" means only a resolution of either of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the — does not favor the reorganization plan numbered — transmitted to Congress by the President on —, 19—," the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; and does not include a resolution which specifies more than one reorganization plan.

The amendment was agreed to.

The next amendment was, on page 12, in line 21, after the word "introduction", to strike out "(or, in the case of a resolution received from the other House, 10 calendar days after its receipt)."

The amendment was agreed to.

The next amendment was, on page 14, after line 20, to strike out:

SEC. 207. If, prior to the passage by one House of a resolution of that House with respect to a reorganization plan, such House receives from the other House a resolution with respect to the same plan, then—

(a) If no resolution of the first House with respect to such plan has been referred to committee, no other resolution with respect to the same plan may be reported or (despite the provisions of section 204 (a)) be made the subject of a motion to discharge.

(b) If a resolution of the first House with respect to such plan has been referred to committee—

(1) the procedure with respect to that or other resolutions of such House with respect to such plan which have been referred to committee shall be the same as if no resolution from the other House with respect to such plan had been received; but

(2) on any vote on final passage of a resolution of the first House with respect to such plan the resolution from the other House with respect to such plan shall be automatically substituted for the resolution of the first House.

The amendment was agreed to.

The PRESIDING OFFICER. That concludes the committee amendments.

The bill is open to further amendment.

Mr. BYRD. Mr. President, I have an amendment at the desk, and I offer it and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, in line 18, it is proposed to strike out the period and insert a comma and the following: "and shall specify the reduction of expenditures (itemized so far as practicable) which it is probable will be brought about by the taking effect of the reorganizations included in the plan."

Mr. BYRD. Mr. President, the purpose of the amendment is to require the President to submit to the Congress estimates of the savings which it is anticipated will result from the reorganization plan he sends to Congress; and the amendment would have such estimates of savings submitted by the President to the Congress at the time when the plan is sent to Congress.

I cannot imagine that there will be any objection to the amendment, for one of the main purposes of the bill is to reduce governmental expenditures. I think the Congress should have the information referred to in the amendment presented to it at the time when the plans come to the Congress for action.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. BYRD].

Mr. McCLELLAN. Mr. President, I cannot speak for the entire committee, for I do not believe this amendment was presented to the committee. However, I wish to say that, so far as I am concerned, I have no objection to the amendment. Frankly, I shall be very glad to have furnished, along with each reorganization plan, some statement or some figures in regard to the economies which will result from the proposed plan.

Unless there is some objection by some other Member of the Senate, certainly I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Virginia.

The amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments to be proposed?

Mr. McCLELLAN. Mr. President, inasmuch as we progressed this far in the consideration of the bill, it seems to me that before a final vote is taken on it, a quorum call should be had, in case other Senators have amendments which they wish to propose. Some Senators have gone to their offices, thinking that the consideration of this bill would take some time. Of course I wish to be fair to all Senators, and therefore I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Alken	Hill	Miller
Butler	Hoey	Millikin
Byrd	Holland	Morse
Cain	Humphrey	Mundt
Capehart	Ives	Murray
Chavez	Johnson, Colo.	Myers
Connally	Johnson, Tex.	Neely
Cordon	Johnston, S. C.	O'Connor
Donnell	Kerr	Reed
Douglas	Kilgore	Robertson
Eaton	Lodge	Russell
Ellender	Lucas	Saltonstall
Frear	McCarthy	Schoeppel
Fulbright	McClellan	Smith, Maine
George	McFarland	Sparkman
Graham	McGrath	Thye
Green	McKellar	Vandenberg
Gurney	Malone	Williams
Hayden	Martin	

By order of the Senate, the following announcement is made after each quorum call:

The members of the Committee on Foreign Relations have been granted permission to be absent from the sessions of the Senate while the Committee on Foreign Relations is conducting hearings on the North Atlantic Pact.

The PRESIDING OFFICER. A quorum is present.

Mr. FERGUSON subsequently said: Mr. President, I ask unanimous consent to place in the RECORD following the last

quorum call a statement that the Senator from Nevada [Mr. McCARRAN], the Senator from North Dakota [Mr. LANGER], the Senator from Wisconsin [Mr. WILEY], and the junior Senator from Michigan [Mr. FERGUSON] were attending an open hearing of the Judiciary Committee at the time of the quorum call, and therefore were not able to answer to their names, when called, because it was necessary for us to conclude hearing a witness who had to leave town immediately upon the conclusion of his testimony.

The PRESIDING OFFICER. Without objection, the statement will be placed at the point indicated in the RECORD.

The bill is open to further amendment.

Mr. LODGE. Mr. President, I believe this is the first over-all reorganization of the Government ever presented to the Congress. I believe that this reorganization of the executive branch can be the most far-reaching effort at Government economy ever attempted. I invite attention to the fact that the salient reason for the downfall of popular government in the Old World is that government there was no longer able to translate into action the aims and aspirations of the people because it had become so inefficient. I believe, if we are to keep our system of popular government, that we must keep it an efficient government so that the people will have confidence in it. This bill represents compromises on the part of everyone concerned, but it does make possible real progress toward economical and efficient government and I hope it shall pass.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

Mr. O'CONOR. Mr. President, I wish to subscribe wholeheartedly to the statement just made by the Senator from Massachusetts. As has been said by the chairman of the committee, this far-reaching measure will do more, possibly, than will any other bill passed by the Congress to effectuate governmental reorganization. Every safeguard has been thrown about the bill to insure proper congressional consideration. I am firmly of the belief that it is a step toward the greatest efficiency in government, and I trust the bill will have the overwhelming support of the membership of the Senate.

Mr. McCLELLAN. Mr. President, I move that the Committee on Expenditures in the Executive Departments, considering House bill 2361, to provide for the reorganization of Government agencies and for other purposes, which is a companion bill to the bill now pending in the Senate, be discharged from further consideration of that bill.

Mr. SALTONSTALL. Mr. President, I inquire, is that the reorganization bill?

Mr. McCLELLAN. It is the House version of the reorganization bill. The purpose of proceeding in this way is to get it into conference.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to.

Mr. McCLELLAN. I now move that the Senate proceed to the consideration of the House bill 2361.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H. R. 2361) to provide for the reorganization of Government agencies, and for other purposes.

Mr. McCLELLAN. I move that all after the enacting clause of the House bill be stricken out and that Senate bill 526, as amended, be substituted therefor.

The motion was agreed to.

Mr. MCCARTHY. Mr. President, I should like to have 2 minutes in which to perform a very pleasant duty, namely, to express, as the ranking Republican member of the committee—and I think I speak for the entire membership of the committee—the admiration I have for the excellent work which the chairman of the committee has done on this bill. He deserves the gratitude not only of the Members of the Senate, but of the entire Nation, for doing such an outstanding job.

Mr. LUCAS. Mr. President, I also wish to compliment the Senator from Arkansas. I know of no bill since I have been majority leader which has received such prompt action as has the reorganization bill. I assure the Senators of my deep appreciation of the efforts in connection with this extremely important bill and the unanimity of thought which has prevailed with reference to it.

Mr. McCLELLAN. Mr. President, I thank the majority leader and also the Senator from Wisconsin.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of House bill 2361.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. McCLELLAN. I move that the Senate insist on its amendment, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McCLELLAN, Mr. EASTLAND, Mr. HOEY, Mr. MCCARTHY, and Mr. IVES conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, Senate bill 526 is indefinitely postponed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 460. An act to authorize the Administrator of Veterans' Affairs to reconvey to the Helena Chamber of Commerce certain described parcels of land situated in the city of Helena, Mont.;

S. 461. An act to clarify the provisions of section 602 (u) of the National Service Life Insurance Act of 1940, as amended;

S. 812. An act to protect scenic values along Oak Creek Canyon and certain tributaries thereof within the Coconino National Forest, Ariz.; and

S. 1185. An act to provide that all employees of the Veterans' Canteen Service shall be paid from funds of the Service, and for other purposes.

The message also announced that the House had insisted upon its amendment to the bill (S. 900) to amend the Commodity Credit Corporation Act, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SPENCE, Mr. BROWN of Georgia, Mr. PATMAN, Mr. MONROE, Mr. WOLCOTT, Mr. GAMBLE, and Mr. KUNKEL were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 3762) to amend title 18, entitled "Crimes and Criminal Procedure," and title 28, entitled "Judiciary and Judicial Procedure," of the United States Code, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2632) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate numbered 1, 2, 5, 6, 12, 13, 14, 15, 16, 17, 21, 27, 36, 47, and 66 to the bill, and concurred therein.

FIRST DEFICIENCY APPROPRIATIONS, 1949—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I submit a conference report on House bill 2632, the first deficiency appropriation bill, 1949, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The clerk will read the report.

The Chief Clerk read the report.

(For conference report, see House proceedings of today's RECORD on pp. 6291-6293.)

The PRESIDING OFFICER. Is there objection to consideration of the conference report at this time?

Mr. SALTONSTALL. Mr. President, may I ask whether it is a unanimous report of the conference committee?

Mr. McKELLAR. It is a unanimous report.

Mr. SALTONSTALL. Is the chairman of the committee entirely in favor of it?

Mr. McKELLAR. Indeed he is, or he would not present it.

Mr. CORDON. Mr. President, I should like to ask the Senator from Tennessee to give us a general idea of the basis of the report.

Mr. McKELLAR. As the Senator will recall, there were three controversies involved. One was whether the White House should be rebuilt or repaired. Another controversy was in connection with the Boke-Straus matter, and the third was with reference to the Navajo Indian school item. There was unanimous agreement on the part of the conferees of both Houses.

The White House matter is stricken from the bill and will be up for consideration in the second deficiency bill.

With reference to the Boke-Straus question, the House conferees receded

with reference to that, as the Senator will recall.

The House also receded on the Navajo school item.

Mr. CORDON. I have no objection.

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

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

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

Mr. LUCAS. Mr. President, on March 11 the distinguished chairman of the Finance Committee reported a bill to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes. I move that the Senate proceed to the consideration of House bill 1211, which is known as the Reciprocal Trade Agreements Act.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. SALTONSTALL. Mr. President, I inquire if it is the intention of the majority leader to ask that the reciprocal trade agreements bill be laid aside temporarily in order that the Senate may proceed tomorrow with the motion for reconsideration made by the Senator from Rhode Island [Mr. GREEN]?

Mr. LUCAS. The Senator from Massachusetts is correct in his assumption. We have an agreement that tomorrow, immediately following the convening of the Senate, the motion made by the Senator from Rhode Island [Mr. GREEN] to reconsider the vote by which the Labor-Federal Security appropriation bill was recommitted shall be taken up.

Mr. SALTONSTALL. May I ask also whether the Senator can tell us what the intention is concerning the agricultural appropriation bill?

Mr. RUSSELL. Mr. President, if the Senator from Illinois will permit me, I may say that I have discussed that matter with my colleague, the senior Senator from Georgia, and, if it conforms with the wishes and plans of the majority leader, I should like to have the Senate proceed with the consideration of the agricultural appropriation bill at the conclusion of the action of the Senate on the motion to reconsider the recommitment of the Labor-Federal Security appropriation bill.

Mr. SALTONSTALL. I thank the Senator. May I ask whether that is the understanding of the majority leader?

Mr. RUSSELL. If it meets with the plans of the majority leader, I hope to have the agricultural bill taken up at that time.

Mr. LUCAS. The suggestion made by the able Senator from Georgia meets with my approval, and following disposal of the motion to reconsider made by the Senator from Rhode Island [Mr. GREEN], the Senate will proceed to the consideration of the agricultural appropriations bill.

Mr. RUSSELL. I thank the Senator.

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

Mr. LUCAS. I yield to the Senator from Colorado.

Mr. MILLIKIN. Are there any other measures which might be brought up before the Senate begins the active consideration of the reciprocal trade agreements bill?

Mr. LUCAS. There is a possibility that the civil functions appropriations bill may be considered. It will depend on the attitude of the distinguished senior Senator from Georgia, chairman of the Committee on Finance, who will be in charge of the reciprocal trade agreements bill.

SHIPPING STRIKE IN HAWAII

Mr. MORSE. Mr. President, I wish to discuss very briefly two matters for the RECORD. I desire to call attention to the fact that at the present time there is a very serious shipping strike occurring in Hawaii. I do not purport to speak with any authority in regard to the merits of the positions taken by the two parties to the strike. But I do wish to point out that this strike is another example showing the need for the Eighty-first Congress, in this session, passing some labor legislation which will be fair to all parties concerned, including the public. We need legislation which will provide workable machinery in the field of emergency disputes, and which will help at least to avoid or quickly settle the type of dispute now raging in Hawaii.

Mr. President, approximately 2,000 longshoremen, members of the International Longshoremen's and Warehousemen's Union, have been on strike in Hawaii ports since May 1. The strike resulted, I understand, from the collapse of negotiations for a wage increase demanded by the longshoremen. These negotiations for an increase in the hourly rate paid the longshoremen took place under the wage-review section of the current collective-bargaining agreement, which has another year to run. Although the date of the wage review was April 15, the strike was postponed for 2 weeks to permit continued negotiations. The demand of the Hawaiian longshoremen was to increase the current rate of \$1.40 an hour by 32 cents, to \$1.72 an hour.

The demand for a 32-cent increase is based on the desire to achieve the parity that formerly existed between the hourly rate of longshoremen on the west coast of the United States and in Hawaii. In 1945 the differential between the west coast longshoremen shore rate and the Hawaiian longshore rate was 10 cents an hour. At the present time the west coast longshore rate is \$1.82 an hour, and the differential has been increased to 42 cents. The last offer of the employers, I have been advised, was an increase of 12 cents an hour. I understand further, Mr. President, that the union has offered to arbitrate the dispute, and that the shipowners up to date are refusing to arbitrate the dispute. We all know that in disputes of such major importance as this both sides sometimes resort to propaganda that is not always consistent either with facts or with sound public policy.

I wish to put into the RECORD at this time an editorial which appeared in the

Honolulu Advertiser for May 13, 1949, entitled "The Real Low-Down," which, in my judgment, conforms neither to the facts or to sound public policy.

I ask permission to have the editorial inserted at this place in my remarks.

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

THE REAL LOW-DOWN

You want to know the real low-down on why we want arbitration, Joe? I'll give it to you—straight.

First of all, it sounds fair. That's very important. You know, getting a neutral guy or committee to come in and decide what's in the public interest?

Next it places us unions in the position of gaining everything—and losing nothing.

If we don't like the arbitrator's decision—that is, if he don't favor us—all we got to do is disagree with him.

You don't believe it, Joe?

Arbitration has been used in Frisco since 1934. In spite of it we've been able to pull 5 major strikes, and would you believe it, Joe, over 1,400 illegal work stoppages.

The strikes were—

	Days
1936-37.....	98
1939-40.....	53
1946.....	54
1948.....	98

Our guys have hit the bricks 303 days—nearly a year off the job in 14 years in official strikes, and the Lord only knows how many days by work stoppages (just like we're pulling on the plantations now, only worse).

So you see, Joe, it not only sounds good, but it is good the way we play it. If you get a bum decision, there's many ways to beat it. We have proved that.

Another advantage to arbitration, Joe, is that it makes a total joke out of collective bargaining. You sit around a table and beef—just so it will look good to the public—then after you've wasted enough time, you holler "We want arbitration. These rich guys won't play ball. They're trying to starve us out."

Then some so-called neutral guy gets called in to arbitrate. He makes his decision and if it's for us, O. K.; if it ain't—well, Joe, you do just like we done in Frisco—and it wins for you.

Keeps trouble stirred up; keeps the boys mad; gives us the opportunity to keep collecting their dues.

We get a kick over the fact that arbitrator after arbitrator has resigned in disgust, starting with Judge M. C. Sloss; then Wayne Morse, Daggett, Rathbun, Miller, and others. They all said it was because of the complete disregard by the union of the so-called peace machinery set up in 1934—by arbitration. Of course we said they were lying! Can't see why the employers don't trust us!

Another great advantage of arbitration to us is that if we pull a bum strike, that even the rank and file boys don't like, and the public don't like, then the leaders just got to holler for arbitration; if the arbitrator decides against us, that gets us leaders "off the hook."

They pass the buck to him and scream that they got a dirty deal again. We've used that lots.

Yes, Joe, we've just about busted Frisco as a shipping port. The miles of empty piers that used to be filled with the ships of the world are not used today.

When we get all the sugar mills and pineapple canneries in the islands closed (and it won't be long now), and many of them busted—you'll see what a swell job we've done.

We are on the way, Joe. Arbitration is our best answer—no kidding. The public is for

it—the suckers—'cause they don't know how we work it to our great advantage.

It don't, has not, and won't bring labor peace, that's why we like it. But don't tell the public.

That's the real inside, Joe.

Mr. MORSE. Mr. President, as I have said I know very little about the local situation in Hawaii. I am aware of the fact that in the controversy there have been charges and countercharges in regard to "left wingism," some industry officials taking the position that part of the trouble is that, as they see it, they are dealing with what amounts to "commie" tactics on the part of the union.

Mr. President, it is very interesting to read this editorial entitled "The Real Low-Down," and observe the tactics which are being used by this newspaper. Certainly I would not hold any brief for any left-wingism or Communist tactics, but I am a little shocked to read an editorial in a newspaper which seems to be aimed at giving its readers the impression that a proposal to arbitrate a wage dispute is communistic tactics. As I read the editorial, that is the impression I get from it. Let me read just a paragraph or two. The writer of the editorial says:

You want to know the real low-down on why we want arbitration, Joe? I'll give it to you straight.

The editorial purports to present the point of view of the union concerning arbitration.

First of all, it sounds fair. That's very important. You know getting a neutral guy or committee to come in and decide what's in the public interest?

Next it places us unions in the position of gaining everything—and losing nothing.

If we don't like the arbitrator's decision—that is, if he don't favor us—all we got to do is disagree with him.

You don't believe it, Joe?

Arbitration has been used in Frisco since 1934. In spite of it we've been able to pull five major strikes, and would you believe it, Joe, over 1,400 illegal work stoppages.

And then there follows a list of the stoppages.

Our guys have hit the bricks 303 days—nearly a year off the job in 14 years in official strikes, and the Lord only knows how many days of work stoppages (just like we're pulling on the plantations now, only worse).

So you see, Joe, it not only sounds good, but it is good the way we play it. If you get a bum decision, there's many ways to beat it. We have proved that.

Another advantage to arbitration, Joe, is that it makes a total joke out of collective bargaining. You sit around a table and beef—just so it will look good to the public—then after you've wasted enough time, you holler "We want arbitration. These rich guys won't play ball. They're trying to starve us out."

Then some so-called neutral guy gets called in to arbitrate. He makes his decision and if it's for us, O. K.; if it ain't—well, Joe, you do just like we done in Frisco—and it wins for you.

Keeps trouble stirred up; keeps the boys mad, gives us the opportunity to keep collecting their dues.

Mr. President, it can be seen that there is no question about what this editorial writer has in mind. He has in mind to discredit arbitration. That is a type of slanting in editorial writing in the field of employer-labor relations, which will

not lead to the type of peaceful procedures for settling disputes such as voluntary arbitration for which many of us have been working in America. Many of us are satisfied that if we do not stop the growing class warfare, if we do not insist that men substitute the laws of reason for the laws of the jungle, we are headed straight for a type of class-conscious conflict that is going to threaten the economic and political rights and liberties of both management and labor.

It makes me sad, Mr. President, to read the type of attack on the principle of arbitration as contained in this editorial. Not that arbitrations do not sometimes result in miscarriages of justice, but I do not know what we are going to substitute for arbitration in these great industries which so involve the public interest. We cannot sit by and let economic force be the final arbiter of major disputes which involve the economic welfare of millions of people without at least making available to the parties an opportunity to settle their differences through fair procedure based upon rules of reason.

I want to say that I certainly hope that this editorial does not represent public opinion in Hawaii. I am confident that the responsible citizens of Hawaii see the need for substituting rules of reason for what seems to be in this editorial a squaring-off for a knock-down, drag-out fight by the use of economic weapons. I want to say that if this editorial represents the general feeling among the leaders of Hawaii concerning arbitration as a justifiable means of applying the rules of reason, even though it may be in the field of industrial relations, then Hawaii most certainly is not ready for statehood. I believe we have the right to expect the people of any Territory to demonstrate that they are ready to assume the responsibilities of statehood. If this editorial represents public opinion in Hawaii, then I am very frank to say that so far as my vote is concerned they have not reached the stage yet where they show that they are willing to assume what I think to be their responsibilities in the field of peaceful industrial relations.

Now there is a paragraph in the editorial with regard to which I shall speak only of myself and not of the other persons named in the paragraph:

We get a kick over the fact that arbitrator after arbitrator has resigned in disgust starting with Judge M. C. Sloss; then Wayne Morse; Daggett, Rathbun, Miller, and others. They all said it was because of the complete disregard by the union of the so-called peace machinery set up in 1934—by arbitration. Of course we said they were lying. Can't see why the employers don't trust us.

So there may be no misunderstanding, Mr. President, as to the basis of my resignation as Pacific coast arbitrator of long-shore disputes, I want to say in fairness to the editorial writer that if what he has in mind is my resignation back in the late thirties in connection with a specific case, because, for a period of some 36 hours, the union refused to abide by an award of mine, he is correct that in that particular instance I re-

signed over the union's failure to accept my award. But what happened? The public was so solidly behind that award that the union quickly recognized its mistake and provided to load the ships in accordance with the arbitration decision. The union and shipowners asked to have me reappointed as arbitrator, but I refused to accept the appointment until a new contract was negotiated. I took the position that the defiance of my award had resulted in the abrogating of the old contract. If that is the instance the editorial writer had in mind, it was proper for him to say that my resignation was caused by the refusal of the union to carry out my decision. But if he wanted to be fair he should have hastened to point out, Mr. President, that as a result of the action I took in that instance the union had to sit down and agree to an entirely new contract with a greatly strengthened arbitration section in it, and from that day until the date of my resignation from the position of Pacific coast arbitrator not one of my many decisions was ever defied or violated either by the union or by the employers.

I want the RECORD to show that my resignation as Pacific coast arbitrator, and the subsequent appointment of Mr. Paul Elie to take my place, occurred in December 1941, when I resigned as arbitrator in order to accept appointment to a position on the War Labor Board in January 1942.

Mr. President, the shipping companies that serve Hawaii are the same shipping companies that serve the mainland on the west coast. Is it not interesting, Mr. President, that the west coast agreement was recently consummated between the parties, and, interestingly enough, consummated finally by collective bargaining. The agreement was reached after intervention on the part of Mr. Phil Murray, representing the CIO, and a group of industry and public representatives headed by Almon Roth of San Francisco. The agreement was reached after 95 days of costly strike and after the emergency dispute section of the Taft-Hartley law had completely failed, Mr. President, completely failed to settle the dispute. I say that, Mr. President, as a sort of reminder to Members of the Senate who think that so much of the Taft-Hartley law should be continued, including its proved unworkable emergency dispute section.

Following that costly strike a new collective bargaining agreement as I have just stated, was negotiated. Listen to the arbitration provision in regard to wage reviews, applicable on the mainland and negotiated by the shipping companies which serve Hawaii:

(a) Basic straight and overtime rates shall be subject to review on September 30, 1949, and September 30, 1950, at the request of either party. The party desiring wage review shall give notice of such desire not less than 30 days prior to the review date. If no agreement is reached through negotiation in 15 days, the issue shall be referred to the coast arbitrator, the award to be rendered by the review date and become effective 12:01 a. m. of the review date.

(b) The subject of welfare and pension plans for longshoremen may be a matter of

negotiations in any wage review, but is not subject to arbitration or strike under the wage review provision of the agreement.

In this agreement, the Pacific coast longshore agreement of 1948-51, there are other sections dealing with arbitration. I think it is one of the finest and soundest agreements on arbitration of any collective-bargaining agreement which it has ever been my privilege to read; and I have read hundreds of collective-bargaining agreements.

If it be true—and I emphasize the word "if"—that the editorial which I have inserted in the *RECORD*, and which I think is an unfair criticism of the principle of arbitration, is at all representative of the views of the shipowners serving Hawaii, I am a little puzzled, in view of the fact that the same shipping lines have entered into such a fine arbitration agreement on the mainland. Until proof to the contrary is established, I shall assume that the shipowners believe in the principle of arbitration when all other peaceful methods fail in settling their disputes with labor. I shall continue to believe until the contrary is established, that the writer of the editorial in the *Honolulu Advertiser* for May 13, 1949, does not represent the shipowners' point of view in regard to arbitration in Hawaii. We must face the reality that a longshore dispute in Hawaii ending in a bottling up of ships there has serious detrimental effects on the mainland, just as when there is a strike on the mainland great demand comes from Hawaii for an early settlement of the dispute.

With these brief remarks on the subject, I raise my voice again, as I have for many years, in support of the application to disputes of the sound principle of arbitration, particularly disputes which have such a great effect on the economy of our country. That is why, during the recent longshore strike on the mainland, from this desk and out in the country last summer, time and time again I pleaded with the parties to submit their dispute to arbitration if they could not settle it by collective bargaining. That will always be my position in these great disputes because I know of no better way of applying the rules of reason than in the judicial atmosphere of an arbitration hearing room.

We are dealing with an industry in which the controversies between management and labor are exceedingly serious. Feelings run high and convictions of the parties are strong in such disputes. That is all the more reason for bringing men of such strong wills and temperaments under the rules of voluntary arbitration, to which rules each side pledges its acceptance.

I support voluntary arbitration as one who has found it necessary time and time again to decide against this union, as well as against the shipping companies involved in this dispute. On the basis of that experience I know that when men are brought into an arbitration hearing room, when they are willing to lay the facts before an arbitrator, they can get a fair and judicial decision. I have seen an arbitrator after arbitrator in the West render his decision on the basis of the record made before him. I have

always prided myself on the fact that we have developed a great difference between arbitration in the West and arbitration in the East, in that we have consistently taken the position in our arbitration, that arbitration is a judicial function, not a mediation function. Arbitration is a judicial function, and not a compromising function. Therefore the notion planted by this editorial, that arbitrations are likely to result in compromises cannot be borne out by the facts.

Other than the information which I have been able to obtain today over the telephone from Government officials, I do not know, and do not pretend to know, the details of the dispute which is waging in Hawaii. However, I do know that if arbitration of wage issues is a sound principle on the mainland—and these shipping companies have agreed to it—it is just as sound a position in Hawaii.

I hope the parties to the dispute in Hawaii will not become parties to the philosophy of the editorial, but will pledge themselves—as have their representatives in San Francisco—to support arbitration as a rule of reason in finally settling their differences.

Mr. President, the last point I wish to make on this subject, by way of applying my views on arbitration to the problem of changing the Taft-Hartley law in respect to emergency disputes, is this: For a long time I have held to the view that in emergency disputes we need decisions. It is the decision that counts; and we need machinery which will guarantee to the American people that there will be decisions. That is why in the amendment which I shall submit in due course of time I shall propose that the emergency board to be set up by the President when an emergency dispute arises in this country shall have the power to render a decision. It can be called a recommendation, if that is desired; but such language will not fool anyone. No one is fooled as to what an emergency board under the Railway Labor Act does. It renders a decision. Of course, under the Taft-Hartley law we have the most ineffective procedure in this respect that I think can be provided. We have a board which can make findings of fact; but what good are findings of fact if the American people are not told, on the basis of the findings, what should be the solution of the problem? Findings of fact have not been any good in any of the emergency disputes we have had thus far, and they will not be any good in future cases unless the solution of the problem is also stated. The American people are still being led to believe in the myth that the emergency disputes section of the Taft-Hartley law has done some good. As a matter of fact, it has done inestimable harm. It has caused great delay and it has failed to settle cases.

So I say we should frankly face the fact that what we need in connection with the emergency board is legislation to give the board the power and the duty and the direction to render a decision. It should be expected to tell the country who is wrong, and why. It should say what should be done about it. The law should provide for the continuation of

the board for a period of an additional 30 days after its decision, in the absence of a stoppage of work, to mediate a settlement, if necessary, in carrying out the application of its decision.

Many persons do not realize that, after there is a complicated decision in an emergency dispute, there is the task of putting that decision into effect by applying it to the working problems of the industry concerned. For the record, I simply wish to point out, as an example of that situation, that in 1941, when the President's Emergency Board had finally settled the threatened railroad strike and had given an award as to vacations, it took the Board a good many days to apply its decision to the complicated industry-labor relationships of the railroad industry. Unless someone representing the public had been in the middle, so to speak, when the two parties could not agree on the details of applying the award there would have been another threatened railroad strike.

I hope I can get the Senate to see that in difficult emergency cases we need a continuation of the public's hand in the case until the decision is finally put into effect in all its details in a collective-bargaining agreement.

So, Mr. President, I use the dispute now raging in Hawaii as a peg, so to speak, on which to hang these comments this afternoon, because the present dispute in Hawaii is but another illustration of what will happen in the months immediately ahead as the recession continues and increases in its intensity. There seems to be much evidence that the recession will increase in its intensity before the economic situation improves. As the recession increases in intensity, the responsibility of the Congress, it seems to me, will increase, insofar as seeing to it that before the Congress adjourns this summer, it shall pass some labor legislation which will work in fairness to all concerned.

Believe me, Mr. President, if the Congress walks out on the public by leaving the Taft-Hartley law unchanged or by adopting anything resembling the Woods bill or by taking a course of action which will only deepen the bitterness which already is growing, we as politicians will have no one but ourselves to blame if in 1950-52 a great deal of those campaigns will be taken up with recriminations over a labor issue which can be completely eliminated from the picture now if at this session of Congress we undertake the job of writing fair labor legislation. That is all I am pleading for. If we are to make such legislation fair, let me say, as one who has gone through the battles in many and many a case in which, with labor on one side and management on the other, the principles of voluntary arbitration should be made available to the parties in dispute through the aid and encouragement of the Government. Arbitrators have to be true to their judicial trust and sit down with their own consciences and decide what are the facts and render a decision based on those facts. What arbitrators have to do in arbitration I think is very comparable to what the Senate of the United States should do in the weeks immediately ahead. I think it is perfectly

obvious that the House will not do anything in this field but wait and follow the Senate's lead.

We have listened to labor; we have listened to industry; we have their records. Now we should stop listening to both sides, until we study the record we have and make up our minds, as individual Senators, as to what are the facts. Then, on the basis of those facts—with politics entirely out of the picture—we should write some amendments, here on the floor of the Senate, if necessary, which will put into practice in labor relations the rules of reason.

What impresses me is that it is such a simple and easy thing to do, if we in the Congress will but do it. No great difficulty is involved in providing, by way of amendments to the Thomas bill, some fair procedures not only for settling controversies over emergency disputes but also for settling controversies over secondary boycotts, over jurisdictional disputes, over the free-speech issue, over welfare funds—over each and every one of those issues, which the Thomas bill does not adequately cover. I am satisfied that if the Eighty-first Congress falls the American people in regard to labor legislation, the American people should certainly take note of it the next time they have a chance to go to the ballot box.

I want to make just a brief comment, Mr. President, so I shall not have to take the floor another time, on this whole question of taxation, by saying that once again the Committee for Economic Development has come forward with a document of economic statesmanship. On two previous occasions I have pleaded on the floor of the Senate in support of their recommendations on taxation, and on both those occasions I did not get very far, if the results are to be judged by any legislative action on the part of the Senate, or to be judged even by succeeding in having the recommendations of the Committee for Economic Development submitted to hearings. But defeats never stop me from pressing forward on issues with regard to which I think I am right. I am satisfied that unless we pass a program of tax revision we are not even going to scratch the surface of the causes of the fiscal problems that are producing our present trend toward a recession in this country. The distinguished Senator from Illinois the other day very rightly said that to be a liberal one need not be a wastrel. But it is also true that if one is to be a liberal, he should not be arbitrary. We are not going to solve the economy problems of the Government by adoption of arbitrary rule-of-thumb methods. We are not going to solve the great problem of reducing Government expenditures, meeting the financial obligations of the Government, foreign and domestic, and of paying our national debt, by juggling percentages as far as tax rates are concerned or by following penny-wise and pound-foolish policies so far as cutting out of the budget appropriations needed for sound social legislation in this country. We are not going to do it by adopting arbitrary 5-percent cuts in every appropriation bill that comes before the Senate. I can

think of no more wastrel policy than that.

Again, what we need is to have someone on the floor of the Senate point out to us the facts in regard to specific items that should be cut, the reasons why they should be cut, and the amounts in which they can be cut. That is why I have opposed, and shall continue to oppose, as my vote tomorrow will show, any attempt to lay down an arbitrary percentage-wise slashing policy on the recommendations of the Appropriations Committee. Until men can show me wherein the Appropriations Committee on specific items has not kept faith with the Senate for sound economy I am not going to vote to send appropriation bills back to committee with the nice political gesture of cutting them 5 percent or any other political amount. What is the magic of 5 percent, or 6 or 7 or 10? We are not going to solve the fiscal problems of the Government by trying to juggle on the floor of the Senate the amounts recommended after thorough consideration by the Appropriations Committee.

We need, it seems to me, to proceed to discuss in committee and, I hope, on the floor, if necessary, a tax-revision program. So, for the record, because I am satisfied it is sound, and I shall continue to await demonstrable proof as to any weakness in the recommendations, I offer again to the Senate the tax and economy recommendations of the Committee for Economic Development. I shall put those recommendations into the form of a bill within a very few days. I am perfectly aware of the parliamentary rule that tax bills originate in the House, but I know of no reason why we cannot set an example in the Senate by giving them something at least to consider. I hope some friend in the House will introduce a similar bill on the House side. I think the Committee on Economic Development is unanswerably right when it pointed out in its previous two reports, and again in its report this year, that our tax problem is not a problem of tax increases or tax reduction; it is a problem of eliminating gross inequities in our tax structure. Learned scholars in the field of tax economics have been trying to show the Congress that the job of the Congress in the field of taxation is the job of completely revising and overhauling the tax structure of the country if we are to have an equitable tax structure that will encourage incentive. Let us stop playing politics with the tax issue. Unless we solve it right, it will continue to upset our economy. To the extent, Mr. President, that one can say that one cause is greater than another, tax inequities will continue to be one of the greatest causes for producing the serious, dangerous threat of an oncoming recession. Unless we check the growing trend toward a serious recession, we shall suffer in the not too distant future untold hardships in this country which are likely to endanger our entire foreign program and the winning of the peace.

Now is the time to take the steps to stop it. Let us look and see, before it is too late. If the recession continues—and of course out in my section of the country unemployment today is three

times greater than the national average—unemployment will soon threaten national prosperity. Must we wait until unemployment in the West is five times or six times or seven times greater than the national average? Must we wait until the unemployment pattern spreads all across the country? Mr. President, you know what the result will be. We are not going to change human nature, even though it is American human nature. The clamor will be to withdraw and withdraw and withdraw support from Europe, to cut down and cut down on economic aid to Europe. Where are those politicians in any great number who are going to dare go before their constituents and say, "Although decreasing foreign aid would seem to meet your immediate need, it will threaten the lives of your grandchildren, and it may threaten the whole democratic destiny of your Nation."

Mr. President, if we follow a course of economic withdrawal from Europe, you and I cannot escape the conclusion that we shall have lost all the gains which have been thus far made in Europe. I want to decrease our allotment to Europe as soon as we can, but we must not do it until we win the fight for developing a society among those people, which we call a society of free people, based upon economic freedom as well as upon political freedom. If we lose that fight we lose the peace. If we lose it, to what forces will we lose it? We will lose it to totalitarianism; I think, communistic totalitarianism, but not necessarily so. If we withdraw because of a depression in the United States, we not only will play into the hands of Joe Stalin but into the hands of every potential Fascist in Europe—and there are still a great many there. I hate both forms of totalitarianism, and I am convinced, Mr. President, that we can make our system of private property work to promote freedom not only here but abroad, but we cannot do it with an unsound fiscal program. We have an unsound fiscal program today. We have an unsound tax program. We have not come to grips with the tax problem, because we have played politics with it. Until someone can offer something better, I think we should try to take at least the best portions of the tax recommendations of the Committee for Economic Development and put them into legislative form in this session of Congress.

Therefore, Mr. President, for the record, and so that there may be easy reference to it, I ask unanimous consent to have printed at this point in my remarks the complete report on tax and expenditure policy for 1949, a statement on national policy, by the research and policy committee of the Committee for Economic Development.

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

TAX AND EXPENDITURE POLICY FOR 1949
(Statement on national policy by the research and policy committee of the Committee for Economic Development)

I. INTRODUCTION

For the fiscal year 1950 the President has recommended cash expenditures of more

than \$46,000,000,000, an increase of \$10,000,000,000 over fiscal 1948 and \$6,000,000,000 over the current fiscal year. (Except as otherwise noted, this policy statement will present budgetary data in terms of the Federal fiscal year. This runs from July 1 of one calendar year through June 30 of the next and is designated by the second year. For example, the period from July 1, 1949, through June 30, 1950, is designated as the fiscal year 1950.) The taxpayer's vision of lower Federal budgets and of lower taxes to match has faded into an uncertain future. Instead, he faces the President's recommendations for a \$2,000,000,000 pay-roll tax increase and an additional \$4,000,000,000 general tax increase. Acceptance of these recommendations by Congress would raise cash receipts to more than \$50,000,000,000 annually at a \$230,000,000,000 level of national income.

A forty-five- or fifty-billion-dollar Government bears a heavy responsibility to the American people—a responsibility to spend and tax wisely. This obligation is especially serious since effective Government performance has become a major weapon in the current war of economies and ideologies.

Success in maintaining America's world leadership depends in part on demonstrating that our system of government is superior to authoritarian systems in meeting the economic and social problems common to both. In that demonstration, tax and budgetary policy plays a strategic role. A sound fiscal policy can exert a strong stabilizing influence on the economy. It can be our most important force making for efficiency in Government. And, unlike direct controls over prices, wages, and production, fiscal policy does its work in harmony with—not at the expense of—individual freedom of choice.

This policy statement deals with tax and budgetary policy for the fiscal year 1950. It examines the President's budget proposals and some issues they raise, suggests some means of making control of Government expenditures more effective, and spells out some of the implications of spending on the scale proposed.

II. THE 1950 BUDGET¹

From a wartime peak of \$94,300,000,000 in the fiscal year 1945, Federal expenditures declined to \$36,500,000,000 in fiscal 1948. This decline was, of course, the natural consequence of the end of hostilities. Moreover, it was reasonable to hope that the decline would continue. The 1948 total included large expenditures of a clearly non-recurring or dwindling character—the cashing of veterans' terminal leave bonds, the costs of surplus property disposal, veterans' readjustment allowances, and so on.

The decline did not continue. Instead, as table I shows, expenditures are higher in 1949 than in 1948 and the President's budget calls for still higher expenditures in 1950. The recommendations itemized in the budget for 1950 total \$45,700,000,000. In addition the President has announced, in his budget message and subsequently, that he will submit a request for military aid to the North Atlantic countries not included in the budget figures. If we tentatively add \$600,000,000 for this item, the 1950 budget totals \$46,300,000,000, or \$9,800,000,000 more than actual expenditures in 1948.

The \$9,800,000,000 rise in 2 years is the net result of decreases in a few major classes of

expenditure and increases in a great many others. About \$3,800,000,000 less will be spent in 1950 than in 1948 for terminal leave payments, veterans' readjustment benefits, the United States contribution to the capital of the International Bank and Monetary Fund, surplus property disposal, and the postal deficit. Therefore, to explain the \$9,800,000,000 net increase in the total budget we must find the source of about \$13,600,000,000 of increases in other programs.

The chief forces at work to raise Federal expenditures are—

1. A great increase of programs for national defense and foreign aid.

2. A large increase of domestic programs, mainly for social welfare and resource development.

3. The proposed payment of \$2,000,000,000 for accumulated dividends on veterans' life insurance. (This is a contractual obligation and annual payments in the future will be much smaller.)

4. An increase of about \$750,000,000 for farm price-support operations resulting from the lower level of farm prices.

5. Higher costs resulting from higher prices and Government wage rates.

The effects of higher prices and wage rates are spread throughout the budget and cannot be isolated. Moreover, the figure for each major category of expenditures is itself the sum of many individual items in which there may be both increases and decreases. With these reservations, table II identifies the sources of the \$9,800,000,000 net increase in expenditures from 1948 to 1950.

TABLE I.—Cash payments to and receipts from public, fiscal years 1948, 1949, 1950, as shown in the United States budget for fiscal year 1950¹

	Fiscal years		
	Actual, 1948	Estimated, 1949	Proposed, 1950
PAYMENTS TO THE PUBLIC			
National defense.....	\$12.2	\$11.9	\$14.3
International affairs and finance.....	5.8	7.4	6.9
Military aid to North Atlantic countries.....	—	—	.6
Veterans' services and benefits.....	6.8	6.7	7.9
Interest on the public debt.....	3.9	3.9	4.0
Social welfare, health, and security.....	2.1	2.6	4.5
Other activities.....	5.7	7.6	8.1
Total payments to the public.....	36.5	40.1	46.3
RECEIPTS FROM THE PUBLIC			
Direct taxes on individuals.....	21.9	19.3	410.8
Direct taxes on corporations.....	10.2	11.7	12.3
Excise taxes and customs.....	7.8	8.1	8.3
Employment taxes.....	2.4	2.6	5.3
Deposits by States, unemployment insurance.....	1.0	1.0	1.2
Miscellaneous receipts.....	4.4	2.9	2.4
Less refunds.....	-2.3	-2.7	-2.1
Total receipts from the public.....	45.4	42.9	447.2
Excess of receipts over payments.....	8.8	2.8	.9

¹ 1950 figures include both existing and proposed legislation. Except for the sum of \$600,000,000 estimated as the net additional cost for "Military aid to North Atlantic countries," all figures are as shown in the President's budget. Revenue estimates are based on a projected personal income of \$215,000,000,000, corresponding to a national income of \$230,000,000,000.

² Includes an estimated \$2,000,000,000 for dividend payments on national service life insurance.

³ President's proposed legislation accounts for the bulk of the increase of 1950 over 1949.

⁴ Does not include the \$4,000,000,000 general tax increase proposed by the President.

TABLE II.—Changes in Federal cash expenditures, 1948-50

(In billions)

	Fiscal years		
	Actual, 1948	Proposed, 1950 ¹	Change
Total.....	\$36.5	\$46.3	+\$9.8
Declining programs ²	6.4	2.6	-3.8
Rising programs.....	30.1	43.7	+13.6
Defense and foreign aid.....	15.5	21.6	+6.1
Veterans' life insurance dividend.....	—	2.0	+2.0
Farm price support.....	—	.6	+.8
Social welfare ³	2.2	6.2	+3.0
Resource development ⁴	2.8	4.4	+1.6
All other ⁵	8.8	8.9	+.1

¹ Includes unofficial estimate of \$600,000,000 for military aid to North Atlantic countries, not included in budget figures.

² Includes veterans' terminal leave payments, United States contribution to capital of International Bank and Monetary Fund, veterans' readjustment benefits, costs of surplus disposal, postal deficit.

³ Includes following budget categories: social welfare, health and security, education and general research, labor.

⁴ Includes following budget categories: natural resources not primarily agricultural, transportation and communication (except post office), agriculture, except price supports.

⁵ Mainly interest, General Government, veterans' services not elsewhere specified, housing.

In 1948 Federal cash receipts were \$45,400,000,000. The budget estimates show that if no new taxes are enacted receipts in fiscal 1950 would be slightly less—\$45,000,000,000. This Treasury estimate is based on the assumption that total personal income will continue at about the \$215,000,000,000 annual rate reached in July-December 1948, as compared with the \$195,000,000,000 of calendar 1947. In other words, the higher level of national income, if continued, would nearly offset the effect of the 1948 tax-rate reduction upon Federal revenue.

Even at the national income level assumed by the Treasury, the yield of existing tax rates would fall \$1,300,000,000 short of the proposed expenditures (including the unofficial \$600,000,000 estimate for North Atlantic military aid). The President has proposed higher rates and broader coverage of pay-roll taxes as part of his program for expansion of social security. This tax increase, if enacted, would add \$2,000,000,000 to cash receipts in fiscal 1950, according to the budget estimates. There would then be a cash surplus of \$900,000,000, compared with \$8,800,000,000 in fiscal 1948.

The President's budget message for 1950 leaves one with several inescapable impressions regarding Government expenditure policy:

First. The Federal Government is trying to do an unprecedented number of things at once. It is pushing its domestic programs for social and economic betterment—in social insurance, education, resource development, agriculture, and the like—well beyond their previous high-water marks. It is undertaking the greatest peacetime preparedness program our country has ever known, and it is recognizing its new international position with the most extensive program of foreign relief, reconstruction, and military aid the world has ever seen.

Second. The President visualizes the expenditures projected for 1950 as one step in a rising expenditure trend. He states: "It must be recognized that expenditures in the fiscal year 1951 are likely to be larger than those for 1950." He adds that "expenditures for national defense can be expected to rise substantially above the level estimated for 1950." And many of the commitments we are asked to undertake now, especially in the fields of resource development and social

¹ This discussion will refer throughout to the cash-consolidated budget rather than the administrative budget in terms of which Federal expenditures and taxes are commonly stated. For fiscal 1950, the administrative budget figures corresponding to the cash-consolidated figures in table I would be \$42,500,000,000 of expenditures and \$41,000,000,000 of receipts.

welfare, would involve steadily rising outlays for many years.

Third. There seems to be no limit to the projects pressing for an expenditure of Federal funds. The President plainly indicates that many candidates for Federal expenditure are waiting to take up any slack which might develop through a reduction in costs of existing projects. Only because of heavy prior commitments and the presence of inflationary forces in our economy has he denied many requests for additional funds which would normally be desirable. His 1949 Economic Report to the Congress makes the point even more strongly:

"We must pursue affirmative programs for housing and health, for education and resource development. Yet the fight against inflation prevents us from undertaking these long-range programs with the speed and on a scale that would otherwise be desirable."

Quite apart from these developmental programs, it is evident that political pressure for larger direct payments to veterans, to farmers, and to the aged could add billions to the Federal budget.

These impressions are reinforced by looking at the expansion of specific expenditure programs from 1948 to 1950 and their projected costs for later years. Most striking, of course, is the \$3,500,000,000 jump in defense outlays from \$10,800,000,000 in 1948, excluding terminal-leave payments, to \$14,300,000,000 for 1950. As wartime stocks are used up and various military programs grow to their authorized limits, the \$14,300,000,000 figure could rise substantially. Unofficial estimates place the out-of-pocket cost of military aid to the North Atlantic countries in future years at a level well above the first-year cost of \$600,000,000 included in table I. As veterans' readjustment costs shrink, they may be more than offset by the costs of pension plans such as are recurrently proposed in Congress. Cash payments of interest on the debt will rise sharply as war savings bonds mature.

In other areas only one major item—international affairs and finance—is now scheduled for substantial reduction in the next few years. Expanding economic and social programs at home could offset that reduction. Table III shows that the cost of social welfare and resource development programs will increase by 75 percent from 1948 to 1950 if the President's proposals become law. Social insurance and public assistance account for \$2,000,000,000 of the \$4,500,000,000 increase in this group of activities, and would, of course, grow steadily, though not so sharply, for decades to come. The increase of nearly half a billion dollars for highways, waterways, and airways is indicative of the growing amounts of Federal money we are devoting to public works. Agricultural programs, even apart from price subsidies, are expanding by a third of a billion dollars from 1948 to 1950 and may go on expanding.

Continuation of the 1948-50 rising trend of Federal expenditures need not be accepted as inevitable. Yet if unchecked by successful efforts at economy—or by unforeseen improvements in our relations with Russia—the new trend will carry us over the \$50,000,000,000 mark in the next few years.

TABLE III.—Increases in expenditures for social welfare and resource development, 1948-50

	Fiscal years		
	Actual, 1948	Proposed, 1950	Increase
Total.....	\$6,034	\$10,628	\$4,594
Social welfare.....	3,213	6,228	3,015
Old age and survivors insurance program; total and permanent disability program; temporary disability program.....	559	2,245	1,686

TABLE III.—Increases in expenditures for social welfare and resource development, 1948-50—Continued

	Fiscal years		
	Actual, 1948	Proposed, 1950	Increase
Public assistance.....	\$733	\$1,129	\$396
Unemployment compensation.....	856	1,170	314
Federal aid to education.....	290	290
Railroad and Federal employees retirement.....	466	504	128
Public health.....	146	284	138
Other.....	453	516	63
Resource development.....	2,821	4,400	1,579
Highways, waterways, airways.....	963	1,435	472
Land and water (flood control, power, irrigation, reclamation, etc.).....	493	951	458
Agriculture, except price supports.....	759	1,093	334
Atomic energy.....	475	725	250
Other.....	131	196	65

III. THE CONTROL OF EXPENDITURES

The budgetary facts and prospects just reviewed² bring us face to face with this basic issue of expenditure policy: Can we afford to expand Government activities so rapidly and on so many fronts at once? Or are we reaching the margin where the economic and social costs of certain activities outweigh their benefits? Closely allied to this issue are three further questions:

First, how can the Executive, the Congress, and the public control expenditure decisions more effectively? How can congressional procedure and public understanding be improved?

Second, how can Government do a more efficient and economical job in carrying out the functions assigned to it?

Third, in what areas should we seek savings through cut-backs or deferments of projected expenditures? Federal expenditures that represent one-fifth of total national income raise in compelling form the issue of balancing public against private spending.³ If Government continues to expand so fast and in so many directions at once, we will suffer damaging consequences to private economic effort and individual freedom of action. The committee feels there is much evidence that we are in or near this danger zone.

Yet the pressure for larger and larger Government spending continues unabated. Plausible—often persuasive—new claims on public funds are constantly being made. At the same time, resources are limited. How

² We have used the President's budget to represent current expenditure proposals. The representation is not precise or complete. For example, there is reason to believe that the social-security expansion program submitted by the administration will not cost as much in fiscal 1950 as the \$1,500,000,000 included for that purpose in the budget. On the other hand, proposals for national defense and veterans' expenditures in excess of the President's recommendation have already made some progress through the Congress. Nonetheless, the budget is still the best available indication of the size of the over-all problem.

³ Adding State and local expenditures to Federal expenditures, the Council of Economic Advisers in its latest Annual Economic Review concludes: "It is expected that total Government cash payments will rise to perhaps \$61,000,000,000 for the calendar year 1949, more than \$9,000,000,000 higher than in 1948." In other words, total public spending is running in excess of one-fourth of national income.

are we to strike a balance between private and public use of available resources?

In the committee's opinion, the best insurance that we will achieve such a balance is a budget policy which puts taxes to work as a check on Government spending by requiring that taxes be increased if expenditures are increased. This requirement is a basic element in the stabilizing budget policy recommended by the committee in 1947 in its policy statement, *Taxes and the Budget*. Each new expenditure would be put squarely to this test: Is it worth the additional taxes needed to finance it? Does the gain from added expenditure exceed the loss from higher taxes?

In answering this question we must count as costs not only the direct reduction of private income through higher taxes but the adverse incentive effects as well. Are taxes already so high that new tax burdens will unduly hamper our economy in providing jobs and promoting economic progress? Will the higher marginal tax rates undermine the incentives to work, save, and invest, which are the mainsprings of increased production and innovation?

Apart from these predominantly economic considerations, the choice between public and private use of resources must be made with this very basic question in view: Are Government expenditures and the activities they finance beginning to impinge on the area of freedom we hold essential to our democratic and individualistic way of life? Is Government beginning to do things and make choices for the citizens for which he should be responsible himself?

It is, of course, clear that we will have to accept very large Federal budgets until true peace is achieved. The move for economy and savings in Government must proceed in harmony with, rather than at the expense of, our essential programs of military security and economic welfare. To the extent that the funds devoted to national defense, foreign aid, and basic economic and social services are efficiently spent and carry out the agreed goals of our national policy, they take priority over the private expenditures they replace.

In the committee's opinion, this general principle in no sense rules out reductions in projected Government expenditures. On the contrary, it underscores the urgent need to control expenditures more effectively and to search for savings more vigorously, both through greater economy and through postponement or curtailment of low-priority programs.

How to make control of expenditures effective

Effective control of Government expenditures requires the combined action of the Executive, the Congress, and the public. The Executive is largely responsible for the initiation and preliminary screening of expenditure proposals and for the administration of programs authorized by the Congress. As we point out in another section of this policy statement, there is a great need and opportunity for more efficient and economical administration of government functions. Moreover, despite improvements in recent years, executive budget procedures still stand in need of reform.

Congress is responsible for weighing the numerous demands for government expenditure against each other and against the general interest in lower taxes. It must also maintain constant scrutiny and exert constant pressure for efficiency and economy. No individual or private agency can do Congress' job for it. But Congress cannot serve its function without the advice and support of an informed public.

Congress is not now adequately organized to do its part of the job. Its machinery is not conducive to a balancing of all of the items on both sides of the budget against each other. Its present organization leads

Congress inevitably to make particular decisions without relation to the whole picture of which they are parts. At the same time Congress is not staffed to exercise a continuing constructive influence on the day-by-day operation of the Government. Its moves for economy tend to be sporadic and spotty.

The Legislative Reorganization Act of 1946 attempted to establish the machinery for an over-all approach toward the budget and a realistic weighing of taxes against expenditures. The essential element in the act was the requirement that a legislative budget be voted by February 15 of each year, upon the recommendation of a joint committee representing the taxing and appropriations committees of both Houses. However, the date set was too early; no special staff was provided to do the necessary spadework; and a conviction that the procedure could accomplish anything seemed to be lacking. Some critics of the act have suggested that the procedure be abandoned.

In the opinion of the committee, the solution to the problem lies rather in perfecting and implementing the procedure implicit in the 1946 act. The action of the present (81st) Congress in setting a later date (May 1) for agreement on the legislative budget, fixing a maximum limit on expenditures, accomplished a necessary first step. A second is to provide an adequate staff for appropriations work on the pattern of the staff of the Joint Committee on Internal Revenue Taxation. The third step would be to consolidate all appropriations bills into a single omnibus bill.

The improvement of machinery alone will not assure wise congressional action on expenditures. Congress is naturally and properly responsive to the desires of the citizens in budget matters.

How can we make citizens more effective in resisting unsound spending proposals and in promoting the best possible allocation of funds among the many legitimate functions of government?

To do this requires that budgetary processes lay the necessary facts on the table in a form that states clearly the costs against which benefits are to be weighed and also makes it possible to appraise the economic impact of Government budgets. Changes in budgetary practice designed to meet this need are examined in this section.

The improvements in budgetary procedure and presentation which must be made to facilitate more informed public participation in the control of Government expenditures can be grouped as follows: (1) use of the cash-consolidated budget; (2) clarifying policy issues by improved classifications; (3) issuing a shorter budget statement; (4) defining public choices.

Use of the cash-consolidated budget

The committee repeats its earlier recommendation that the cash-consolidated budget be adopted as the basic method of presenting budgetary fact to the public. This does not mean that the administrative budget, which now serves as the basis for public presentation, should be abandoned. It was devised—and still serves—as a necessary instrument of internal control and management. It gives a complete picture of what each agency is doing, without distinguishing between an agency's transactions with the public and its relation with other parts of the Government, or between expenditures made in cash and expenditures made by incurring Government liabilities.

The cash-consolidated budget, however, is superior in gaining an over-all view of Government operations and in judging the effects of Federal taxes and expenditures on the economy. Unlike the administrative budget, it shows the total income and outgo of Government, inclusive of trust account opera-

tions.⁴ Moreover, it is based on actual cash payments and outpayments, excluding transactions in Government liabilities.⁵ Thus, it shows the amounts being added to and subtracted from private incomes and holdings of public debt. The cash-consolidated budget makes total cash receipts and total cash expenditures the hub around which the decision-making process revolves.

The committee also recommends that the budget message state each year what projection of national income is used in estimating receipts and expenditures. Failure to include this figure has caused much needless confusion in the past concerning the soundness of revenue and expenditure estimates. The recent announcement by the Secretary of the Treasury that the 1950 estimates are based on a \$215,000,000,000 personal income (corresponding to a national income of about \$230,000,000,000) is a step in the right direction.

Clarifying issues by improved classifications

Effective budget presentation in a democracy should help the public to understand the choices that have to be made. Sensible choices can be made only in terms of government functions, not in terms of particular organization units. Further, public debate should center on broad programs such as agricultural subsidies, national defense, international reconstruction and relief, and the like. It follows, therefore, that budget presentation should (a) focus attention on functions by bringing together related activities and (b) summarize these activities in categories which aid citizens in making policy decisions.

The new functional classification adopted in 1947 is a commendable first step toward a performance budget. It groups expenditures into such categories as national defense, international affairs and finance, and veterans' services and benefits. To complete the process of giving Congress and the public a clear understanding of what spending is proposed for each activity of Government, the broad functions now used should be split up into activities and the activities into projects. This is what the Commission on the Organization of the Executive Branch of the Government (the Hoover Commission) calls a performance budget.⁶ The appropriations structure would likewise need to be altered with the objectives of such a performance budget in mind.

Issuing a shorter budget statement

Present budget documents are much too long and complex to be effective in getting budgetary facts and issues across to the public. The budget for 1950 is a 6-pound document running to 1,625 pages. Even

⁴For example, it includes in the proposed expenditures for fiscal 1950 the \$2,000,000,000 national service life insurance dividend which is not shown in the administrative budget. It also adds in the \$2,200,000,000 of outpayments from the old-age and survivors insurance trust fund and the \$4,100,000,000 of receipts of this trust fund from pay-roll taxes.

⁵For 1950, for example, the administrative budget shows an expenditure of \$5,500,000,000 for interest. The actual cash outlay for interest included in the cash-consolidated budget totals only \$4,000,000,000 because this budget excludes the accrual of interest on savings bonds and the payment of interest on Government bonds owned by Government trust funds and corporations.

⁶The Commission's Recommendation No. 1 on budgeting is as follows: "We recommend that the whole budgetary concept of the Federal Government should be refashioned by the adoption of a budget based upon functions, activities, and projects. This we designate as a performance budget."

the more widely available extract, Budget Message of the President and Summary Budget Statements, is over 300 pages long. A condensed statement of perhaps 50 pages is badly needed. It should contain key excerpts from the President's budget message, together with selected tables and charts. Skillful preparation and wide distribution of such a pamphlet would make a real contribution to public understanding of fiscal affairs.

Defining public choices

Putting the above-recommended changes into effect would help greatly in judging the economic effects of Government's activities and would provide a clearer picture of the costs of Government in a particular year. But that year must also be put in its proper perspective if the citizen is to make intelligent decisions on Government spending and taxing.

The public and Congress are told in January what the Government proposes to spend in the year starting just 6 months later. But they are not told how much of this amount is more or less "untouchable" because of past commitments. Nor can they tell what their choices will cost them not merely in the year just ahead but over the life span of the proposed programs.

The public must be given every opportunity to participate in the broad policy determinations of the Federal program. They naturally wish to address their attention to the area where choices are still open. More effective exercise of democratic control of Government and its expenditures would be possible if the budget would focus attention more sharply upon the new decisions which have to be made.

The committee recommends an addition to the customary budget presentation to give us a longer perspective on the choices before us:

For new programs, especially long-run undertakings, the budget should spell out not merely the costs in the coming year but insofar as possible the expected total and pattern of future costs. For long-run undertakings already in progress, the budget should facilitate continuous review and appraisal by showing their exact status in terms of past, present, and future expenditures.

The first part of this recommendation centers directly on the expanding frontiers of Government. It is the decisions on new programs, on proposed legislation, on today's commitments for future spending that determine in large part whether, and in what direction, Government is to expand.

New proposals should be the occasion for reappraisal of existing programs. Their costs should be assessed in relation to their relative benefits. Only if new proposals are fully explained can such a comparison be accomplished and the total program be adjusted to meet the public's preferences.

Yet, as matters now stand, choices which may be decisive for the whole program have to be made largely in terms of the cost for the first year. The statement of immediate costs should be supplemented by as complete a schedule of future costs as present information allows. If no satisfactory schedule can be given for a proposal, this alone may indicate that it is not yet ripe for submission and public decision. Such a requirement would facilitate control of Government expenditures where they originate and while they are still controllable.

Exclusive attention to new proposals will not, however, accomplish the requisite public control over the program as a whole. Long-run undertakings must be subjected to continuous review to make sure that their development is consistent with the public's wishes.

Here again, the budget presentation should make clear the range of choices. Under

present procedure, commitments grow out of authorizations which are not made by appropriations committees and which may involve little or no appropriation of money at the outset. The public works field provides the prime example of the dimly understood commitment which tends to grow, snowball fashion, as the years go by. The original estimate of the cost to complete the project may be based on limited data. Later revisions and expansions of the program may be cursorily approved merely as amendments to a decision already made. As the preliminary explorations are succeeded by engineering surveys and construction plans, the public should be informed of revised cost estimates and the Congress should exercise continuous surveillance of the broad outlines of the undertaking to insure that new decisions are consciously made. Quite apart from the merit of the project as such, the Missouri Basin development is a good example of a long-range undertaking which has tended to grow piecemeal without adequate congressional or public control of the project as a whole. When first approved by Congress in 1944, the estimated cost of completing the entire project was \$1,300,000,000. An initial authorization of \$400,000,000 was made at that time to get work started. Today, 5 years later, it is estimated that total Federal costs for the project and related activities may run to \$6,000,000,000 over a 6-year period. Part of the increase in estimated costs is due to price rises since the first estimates were made. Most of it, however, appears to be a result of more detailed estimating and additions to the original plan. By June 30, 1949, construction will have begun, according to present plans, on work now estimated to cost \$1,400,000,000 to complete. Some \$300,000,000 has been appropriated for this work. These parts of the total project, at least, appear to have largely passed beyond the financial control of the public and Congress into the engineering control of the Bureau of Reclamation and the Corps of Engineers.

Even when the total size of a project is beyond effective control because of congressional authorizations, the rate of expenditure may still be subject to control. The impact of the Missouri Basin development on the economy, for example, will obviously be quite different if it is rushed to completion in 5 years than if it is spread over 50 years. Here, the key to control seems to be the new units or segments of projects started. This stage requires approval by Congress through actual contract authorizations and appropriations. An annual summary in the budget document showing the status, proposed total outlay, and projected timing of the expenditure of all authorized long-run construction undertakings would contribute measurably to far-sighted control of Federal expenditures.

The Federal civil public works program and proposals shown in the current budget document are summarized below. Information on the timing of these expenditures beyond 1950 is not available.

[In billions of dollars]

	Estimated expenditures in fiscal 1950	Estimated expenditures after fiscal 1950
Projects begun before 1950.....	2.7	6.1
Projects proposed to start in 1950.....	.3	1.9
Projects authorized to start after 1950.....		12.8
Agency proposals not yet authorized.....		14.0
Total.....	3.0	34.8

Public works is only one of several fields in which activities are in fact authorized for many years in advance, thus making it difficult to exercise suitable public policy con-

trol by conventional annual budgeting. The 1950 budget offers examples from other fields. Universal military training is estimated to cost \$600,000,000 for fiscal 1950, but the budget message mentions a figure of \$2,000,000,000 for the next year. Evidence is lacking that this figure is founded on careful analysis. The social insurance proposals offer the paradox of presenting long-run cost information, but very little one can lay one's hands on for the years immediately following 1950. Insofar as possible, cost data should be set forth for the entire period involved in current decisions.

Achieving economy in government

With each billion dollars added to the Federal budget, economy becomes an issue of more direct concern to all taxpayers—which means the whole population. Inefficiency that might not have been heavily damaging in a \$5,000,000,000 Government becomes intolerable at nine times that figure. It wastes resources that might otherwise have been put to good use privately or devoted to expansion of needed Government services. Inefficiency begins to be felt in higher taxes than seem justified. Or alternatively, it results in the vetoing of important new programs for which there might have been room taxwise in the absence of waste.

That waste has become a serious problem in government is substantiated by the findings of the Hoover Commission. The Commission's reports show that more efficient organization and procedures can, in the course of time, save hundreds of millions—perhaps even billions—of dollars.

The existence of waste in government is hardly surprising. Government is the Nation's biggest and most complex business. Its officials are spending not their own but other people's money. And it is not compelled to live within its income.

The person who is spending someone else's dollars—whether on a business expense account or on a Government job—will usually be less strict in his standards than if he were spending his own. When the consequences of spending unwisely or too much are borne by someone other than the spender, cost-consciousness usually lessens. As Government spends a larger and larger proportion of our income, this problem becomes increasingly serious.

At the same time, bigness and complexity make it difficult to control and gain accountability in Government spending. In a small business or a small unit of local government, identity, or close contact between the spender and the one who bears the consequences provides the needed incentive. But as that contact is lost either in the large corporation or the remote Federal Government, the incentive becomes weaker and wasteful spending tends to grow.

In private units tendencies toward waste are checked by the painful if not disastrous consequences of living beyond one's income. But Government, by its very nature, lives by different standards. Unlike private units, which must tailor spending to receipts, Government units first decide upon their expenditures and then raise the funds needed to finance them. Only if we adopt a budgetary policy which makes higher taxes a consequence of higher expenditures can we enlist the aid of the revenue test in tightening the expenditure standards of Government. If this general test could be supplemented by a personalized incentive scheme—one which would relate promotions and higher salaries directly to superior performance at least cost—we could make real inroads on the problem of cost-consciousness.

For the most part, inefficiency in Government takes intangible forms—bad organization, deficient procedures, and the lack of incentives to do things the least expensive way. To the extent that waste consists of multiplication of agencies doing uncoordinated and overlapping things, it will

yield only slowly to reform. But the more tangible forms of duplication in physical facilities are a promising field for economy, even in the fairly short run. Duplicate inventories of materials throughout Government, for example, can be liquidated by centralizing both purchasing and supplies. As the Armed Services become more truly unified, duplication of air fields, training bases, and service establishments can be avoided or eliminated.

The President's recent attempt to cut back the veterans' hospital program illustrates, however, the resistance that frequently springs up when an attempt is made to economize. Veterans' groups immediately protested the cut-back. Local groups, in the geographic areas affected, quickly joined the hue and cry. As a result it appears probable that most of the cut will be restored.

Resistance of a different kind is encountered in trying to consolidate overlapping agencies, modernize obsolete procedures, and tighten up on the use of supplies. In part, the economizing process is slowed down by the resistance of Government employees who may lose their jobs or their power. But the usual vagueness of the issues and the general inertia of such a huge organization as the Federal Government are more important obstacles.

The Hoover Commission has made an outstanding contribution in defining the issues, stimulating public awareness, and offering specific suggestions for reform. The most important of these reforms relate to such matters as the elimination of duplication, consolidation of units, improving lines of responsibility and strengthening procedures for budgeting and expense control.

Perhaps the most impressive case for economy is made by the Commission's report on national security. Judging by the report, the armed services provide examples of virtually every type of inefficiency and waste that exists in Government. But the studies of the Commission have suggested improvements and savings in many other areas as well. Only a few examples need be cited here. In the Veterans' Administration reorganization and procedural improvement can, it is held, accomplish a 10-percent increase in the average output of each employee, with consequent savings of as much as \$75,000,000 a year. The task-force report on the Post Office states that "total annual expenditures in post offices having receipts of over \$1,000,000 per year can be reduced by at least \$90,000,000 if operations are placed under better management control," though at least \$8,000,000 annually will have to be invested to achieve this economy.

The Research and Policy Committee commends the report of the Hoover Commission for early consideration and appropriate action. Giving the President appropriate powers, with safeguards deemed necessary, to consolidate and reorganize the executive arm of government would be a hopeful start.

Reliance for achieving economy must also be placed on exposures of waste, duplication, and inefficiency. Vigilance on the part of individual citizens, civic groups, and news organs in unearthing and publicizing examples of wasteful spending has a wholesome effect on the responsible officials.

The foregoing comments indicate that economy and efficiency in Government cannot be achieved either easily or quickly. But they show just as clearly that economy is not a mere will-o'-the-wisp. Given the stimulus to achieve economy—and the burdens of a \$45,000,000,000 level of Federal spending should certainly provide that stimulus—it is clear that vigorous efforts in that direction can be very rewarding.

Controlling new items of expenditure

Apart from doing the existing jobs of Government at lower cost, can we effect significant savings by postponing or curtailing low-priority Government programs?

The search for savings will be most fruitful in those areas where we are currently being asked to undertake new or expanded commitments. We should focus our attention chiefly on new-item control rather than tilting at the windmill of commitments to which we are legally or morally bound by past actions.

Table IV shows the \$8,076,000,000 of expenditures in the President's budget for 1950 which depend on proposed legislation.¹ The largest item in the table is the \$4,655,000,000 for the European recovery program and other foreign aid. Although no legal commitment exists for these projects, failure to provide funds would be interpreted both at home and abroad as breaking a definite moral commitment. Leaving out this item, we find \$3,421,000,000 of proposed expenditure which depends on new legislation, to which we are not yet committed. In this amount and in the expansion of programs already authorized by statute but for which appropriations are still required lie the best opportunities for free choices affecting the expenditure side of the budget. It should be noted that \$1,665,000,000 of the expenditures under new legislation is for social insurance expansion to be financed by pay-roll tax increases.

In the field of public works, the committee thoroughly agrees with the following suggestions made by the President in his budget message: "Present high costs of construction and large competitive demands from various sectors of the economy make it necessary to undertake new river-basin projects only where urgency is evident." Further: "Because of the great increase in the estimated cost of the Missouri Basin development, the present plan should be re-examined to determine needed changes."

TABLE IV—Costs of proposed new legislation in fiscal year 1950¹

[In millions of dollars]	
International affairs and finance.....	4,655
Economic Cooperation Administration.....	4,300
Other foreign aid (Greece, Turkey, China, Korea).....	355
Social insurance.....	1,665
Old-age and survivors insurance, total and permanent disability, temporary disability.....	1,500
Unemployment.....	150
Medical care.....	15
Other.....	1,756
National defense (military construction, special programs, military pay adjustment, etc., separate amounts not specified).....	385
Universal military training.....	600
Public assistance.....	65
Slum clearance, low-rent housing, farm housing and research.....	160
Special assistance for rental and cooperative housing.....	50
Federal aid to education.....	290
Grain storage facilities.....	25
International wheat agreement.....	56
St. Lawrence seaway and power project.....	8
Anti-inflation program, rent control, and export control.....	42
Surplus property disposal.....	21
All other.....	54
Total.....	8,076

¹ Based on 1950 budget message; excludes military aid to North Atlantic countries.

² Excluding expenditures for military aid to the North Atlantic countries.

Parallel with these suggestions, the committee would raise two questions. First, is it good public business to spend as much as \$3,000,000,000 of public money on construction in 1950 as recommended by the President? As long as costs are still high and demands for non-Federal construction of some types remain insistent, Federal construction should be slowed down. Slowing down now would make it easier to spend up later if economic activity should decline sufficiently to call for an increase of public works expenditure. Some will protest that a slow-down now would be uneconomical because it would interrupt work already under way. To this protest it may be answered that the large projects comprising the bulk of the \$3,000,000,000 construction item break down into a series of individual works, especially in flood control and reclamation. The committee is convinced that a project-by-project engineering analysis could squeeze out a sizable sum for 1950 without impairing performance.

The second question regarding public works is this: Are decisions on the proposed \$295,000,000 for new projects in 1950 being made with full regard to the total costs involved? We have in mind the total of \$2,200,000,000 needed to complete these projects. This proposed expenditure should be evaluated not simply in terms of the benefits yielded to the particular area where the projects are located. It should also take into account for example, the housing or education projects (either public or private) which may have to be foregone to support the proposed public works. Particular attention should be given the projects which are at or approaching the stage of proposed authorizations, such as the St. Lawrence seaway and the Columbia River Basin development. It is at this stage that control can be most effective.

There are, of course, other areas in which diligent probing will reveal opportunities for savings. Such savings can and should be made without sacrificing essential elements of our programs for military security and social welfare. But constant vigilance will be needed to avoid the conversion of savings on one front into unwarranted expansion on another front.

IV. BUDGET POLICY

The proposals in the President's January budget message, excluding the recommended general tax increase, added up to a cash surplus of \$1,500,000,000 to be achieved if total personal income remained at about the \$215,000,000,000 level of October-December 1948. The President stated in January that he would send up at a later date a proposal for expenditure for military aid to the North Atlantic countries. Inclusion of an unofficial estimate of \$600,000,000 for the purpose would reduce the cash surplus to \$900,000,000.

The President recommended an increase of tax rates to yield \$4,000,000,000 in a full year. He suggested that "the principal source * * * should be additional taxes upon corporate profits," supplemented by higher taxes on estates and gifts and possibly by an "increase of rates of individual income taxes in the upper and middle brackets." Because of the normal lag of tax collections the yield of the additional taxes in fiscal 1950 would be considerably less than \$4,000,000,000, perhaps around \$2,500,000,000.

Thus the President's budget recommendations would lead to a cash surplus of a little over \$3,000,000,000 at a personal income level of \$215,000,000,000, the surplus to be achieved by means of a tax increase, mainly on corporate profits, to offset expenditure increases.

This policy, as explained by the President reflects the belief that a surplus is necessary to combat inflation, that reduction of the debt is desirable in conditions of high employment, and that a tax increase is the best means to achieve the surplus.

The principles of budget policy

Any recommendation on budget policy for a particular year reflects, explicitly or implicitly, certain principles or attitudes about the nature of budget policy in general. Should we seek to balance the budget each year, or should the size of the surplus vary with economic conditions? Should policy each year be guided by a current economic forecast or should we rely on more objective standards? We must first arrive at general answers to such questions before we can agree upon, or even discuss usefully, year-by-year budget policy. Our budget is too big, the short-run pressures and uncertainties too great, to allow us to improvise budget policy as we go along.

In 1947 the committee developed the basic principles of a workable budget policy that would contribute to economic stability, Government economy and debt reduction. The key to the program is this:

"Set tax rates to balance the budget and provide a surplus for debt retirement at agreed high levels of employment and national income. Having set these rates, leave them alone unless there is some major change in national policy or condition of national life."

The meaning of this recommendation and the reasoning that lies behind it were explained in detail in our policy statement "Taxes and the budget." We shall spell out the main implications here only in brief and general terms.

If the recommended policy were followed, the size of the actual surplus would vary with the size of the actual national income. The lower employment and national income are, the smaller will be the yield of the existing tax rates and the higher the amount of payments for unemployment compensation. There would be an automatic rise or fall of the surplus that would tend to check any rise or fall of national income and so to help maintain stability. Thus, suppose we arrange our budget expenditure programs and tax rates so that there would be a cash surplus of \$3,000,000,000 at a national income about the current level of \$230,000,000,000. If the national income falls to, say, \$215,000,000,000 or \$200,000,000,000, tax revenues will decline and unemployment compensation payments rise. The budget will take less income away from private individuals and businesses and pay more to them. This will serve to cushion the decline of national income. In present conditions, when a large part of Federal revenue comes from corporate profits taxes and business break-even points are unusually high, a decline of national income would reduce tax collections especially sharply and could easily result in a substantial deficit.

In theory it would be possible to go beyond this automatic effect of economic fluctuations upon the budget and the corresponding effects of the budget in reducing fluctuations. That is, in theory it would be possible to cut taxes in depression and raise taxes in inflation and so make a greater contribution to stability. But such a policy can only be effective if the timing is right. It will contribute to instability, not to stability, if the tax rate changes come too soon or too late. The well known unreliability of economic forecasting, plus the difficulties of getting quick action on tax rates, lead us to conclude that such a program would be unlikely in fact to contribute to stability. In conditions of extreme depression or inflation it may be desirable to go beyond the automatic operation of the stable tax-rate program and reduce or increase tax rates. But in more moderate fluctuations the maximum contribution of the budget to stability will, we believe, be obtained from the general policy we have recommended.

Adherence to the stabilizing budget principle would promote economy in Govern-

ment. To maintain taxes at the recommended level—enough to yield a reasonable surplus at agreed high levels of national income—would require that an increase in Government expenditure programs be matched by a corresponding increase in tax rates. This requirement would not, of course, serve as a substitute for the constant sifting and winnowing which is necessary to assure the maximum return per dollar of Government expenditure. Moreover, the committee recognizes that it may be undesirable to raise tax rates to meet a large and clearly temporary expenditure increase. But if the basic principle is followed the general aversion to higher taxes would be a valuable check on unnecessary expansion of the level of Government expenditure.

The committee's proposal would establish the reduction of the Federal debt as a recognized item on our fiscal agenda. Its policy would neither accept a constantly mounting debt as inevitable nor put us in the strait-jacket of compulsory debt retirement each year. Rather, debt would be retired at and above satisfactory levels of national income and employment, i. e., when the economy could afford it. If, on the average, we achieve our goal of maintaining high employment, the debt would be gradually reduced.

The committee does not rely on budget or fiscal policy alone to achieve economic stability. As the committee pointed out in monetary and fiscal policy for greater economic stability, economic stability requires coordinated action on many fronts. Fiscal policy must be coupled with monetary and debt-management policy. Monetary-fiscal policy, in turn, needs to be buttressed by appropriate wage-price and agricultural policies and by greater contributions to economic stability than have hitherto been forthcoming from policies prevailing in construction, foreign trade, and international finance, banking and insurance, and in the management of individual businesses.

We wish particularly to emphasize that the effectiveness of budgetary policy as a force for economic stability depends on how well the debt is managed. A surplus of cash receipts over expenditures will be more deflationary if it is used to build up the Treasury's cash balance or to pay off Government bonds held by the Federal Reserve banks than if it is devoted to repayment of savings bonds. Similarly, a deficit financed by borrowing from commercial banks will be more expansionary than one financed by borrowing from individuals. Changes in composition of the debt can have significant economic effects. For example, during an inflation it would be appropriate to intensify the program for selling savings bonds.

The principle recommended here is that the relation between expenditures and tax rates be so adjusted as to yield a moderate surplus at agreed high levels of employment and national income. Application of the principle requires some definition of the size of the surplus and the high-level national income.

In 1947 the committee suggested that tax rates should be set at a level that would yield a \$3,000,000,000 cash surplus under conditions of high employment.

The committee recognizes that it is impossible to determine now for the indefinite future how large a cash surplus will on the average be consistent with the maintenance of stability at high employment. We believe that in the prospective condition of the American economy an annual cash surplus of \$3,000,000,000 will not ordinarily be too large for the achievement of prosperity, especially if we adopt policies with respect to the tax structure, money and the debt that stimulate private investment. If this belief should in the future prove clearly erroneous, if the \$3,000,000,000 annual withdrawal from private incomes and liquid assets should

prove an excessive drag upon the economy, it will be desirable to reduce the figure.

The revenue estimates included in the President's January budget message were based on the assumption that total personal income would continue at about \$215,000,000,000 a year. This is approximately the level that prevailed in the second half of 1948, somewhat below the peak reached at the end of 1948, and probably close to the current (spring 1949) level. It is a level of income at which we have had high employment with an average level of prices near the present level. The personal income figure of \$215,000,000,000 corresponds to a national income figure of \$230,000,000,000. Conceivably with a sufficient decline in prices high employment could be maintained at a level of national income lower than \$230,000,000,000. However, any considerable fall of national income carries with it the risk of unemployment. There is no strong reason for setting tax rates high enough to yield a cash surplus at a national income figure below that used in the preparation of the budget estimates. Therefore we consider it a reasonable interpretation of our general principle at the present time that the budget should be set to yield a \$3,000,000,000 surplus at about \$230,000,000,000 national income. It should be clear that this does not imply a forecast that the national income will actually be \$230,000,000,000 in 1949-50. If the national income is lower the surplus would be, appropriately, lower.

Need for reform of the tax structure

Before turning to the application of our general principle to the question of the total level of taxes in 1949-50 we wish to emphasize that tax policy is not merely a question of totals. It is also a question of the character of the taxes that yield the total. Our present tax system has seriously detrimental effects upon the vitality and efficiency of our productive system. We have described these effects and made suggestions for remedying them in an earlier policy statement.⁸ We shall not repeat them here. Major changes in the tax structure have often in the past been the byproducts of major changes in the level of taxes. However, this need not be the case. Important structural improvements can be achieved without any change in the over-all level of taxes. In fact, the prospect that we may have to live for some while with the present over-all level of taxes makes it especially urgent that we proceed with structural improvements. The present heavy burden of taxes aggravates the structural defects of the existing system.

Pay-roll taxes for social security

The President's proposals include \$2,200,000,000 of pay-roll tax increase to finance broader social-security benefits. These benefits, in turn, are estimated by the budget to account for \$1,600,000,000 of expenditures.

Without passing on the merits of the expansion of social insurance recommended by the President,⁹ the committee would agree that higher pay-roll taxes are the appropriate means of financing it under present circumstances. Such taxes are appropriate here because (1) direct and recognizable benefits are being given in exchange; (2) they generate the feeling that benefits are received as a matter of right rather than charity. The committee is mindful, however, of the broad interest of society in the welfare of the aged

⁸ Taxes and the Budget, a statement on national policy by the Research and Policy Committee of the CED, November 1947.

⁹ The committee has earlier recommended one large single element in the program, namely, the broadening of old-age and survivors insurance. We have also suggested broader coverage of unemployment compensation and liberalization of benefits. See Taxes and the Budget.

and the consequent justification of a measure of financial support from the general revenue. Also, as benefits are increased and coverage is widened, making social insurance more truly a general government function, we will approach the point where, as the committee suggested in Taxes and the Budget, it becomes appropriate to reconsider the entire financial status of the system.

Budget policy for fiscal year 1950

The Choices Before the Country

The expenditure proposals now before the Congress confront the country with the necessity for choosing among three courses of action:

1. To hold expenditures down—so that a moderate cash surplus would be yielded by existing tax rates under conditions of high employment.

2. To allow expenditures to rise and to increase tax rates—so that tax revenue would cover the increased expenditures plus a moderate cash surplus at high employment.

3. To allow expenditures to rise and not to increase tax rates—so that there would be at most a very small surplus and possibly a deficit even at high employment.

The Need for Reduction of Expenditures

In the present situation the only acceptable course to follow is to reduce expenditures.

The committee recognizes the inescapable character of some of the largest Government-expenditure programs. It appreciates the grave risks that must be weighed by those who have to decide the amounts to be spent for national defense or foreign aid. These decisions cannot be governed entirely, or even primarily, by fiscal considerations.

But the existence of a large, hard core of expenditures in the budget does not mean that the budget as a whole is untouchable. On the contrary, the extraordinary demands that the current international situation make upon the Federal budget compel us to practice economy everywhere with more than ordinary rigor. The question is not whether we can find expenditure programs in the budget that are useless. The important questions are (1) can the most essential programs be trimmed and carried on more economically and (2) can the less essential programs be deferred, curtailed, or eliminated, in view of the great demands being made upon the budget?

Expert investigation has shown that large amounts can be saved by reorganization and more efficient operation of the Government. In this connection we have referred in section III to the finding of the Hoover Commission. It is critically imperative that these potential savings be realized quickly and fully. We have also pointed out that many of the expenditure programs, new and old, submitted to Congress represents decisions to be made, not necessities to be accepted. There is, for example, a choice in the rate at which we push ahead expanding public-works programs. There are choices in the rate at which we introduce other new programs and carry on old ones.

Whatever may be said for the need for certain projects that will increase expenditures, the need must surely be weighed against the cost. Under present conditions the cost is raising taxes or foregoing debt reduction. Either cost is too high.

The Cost of Higher Taxes

The burden of taxes in the United States is heavy. Federal taxes alone take about one-fifth of the national income. Federal, State, and local taxes together take about one-fourth of the national income. This heavy tax burden is a serious threat to the growth and efficiency of the American economy. The heavy tax burden reduces the supply of capital available for investment in expansion and improvement of productive capacity. It represses the incentives to use

funds in risky, forward-looking enterprises, since the Government will take a large share of the rewards if the enterprise is successful but will only share in any losses to a much smaller extent, if at all. In some cases the high share that the Government takes of additional earnings weakens the drive to personal effort. A continuing, large flow of capital into additional productive capacity, a continuing search for new and better ways of using funds and personal talent are essential to the future strength of this country and to the well-being of the whole population, indeed of the whole democratic world. Adding to the existing tax burden would further weaken these basic supports and stimulators of our economy.

A tax increase would be particularly risky at the present time. There has already been a substantial softening from the boom economic conditions of a year ago. Employment and production are still high as this is written. We are not now in a depression. But no one can tell when the decline may stop or how far it may go. We should not, if we can avoid it, add the real and psychological impact of a tax increase to the forces making for the current readjustment.

The Cost of Not Providing for Debt Reduction

The principle that if expenditure levels are increased taxes should be increased sufficiently to provide for debt reduction during periods of high employment we regard as essential to the long-run stability of the American economy. Failure now to hold expenditures moderately below the revenues that would be yielded by our tax system under conditions of high employment would be a dangerous departure from that principle.

This principle is a necessary safeguard against excessive increase of Government expenditure. It should be abandoned only in the most extraordinary circumstances. It is not, and should not be, an insuperable barrier to any increase of expenditure. But it does impose upon the Government and the public the discipline of counting the costs of their expenditure decisions. Thus, it tends to confine expenditures to those of which the value is clear after the costs as well as benefits have been weighed. There is no practical substitute for the requirement that taxes be raised when expenditure programs are increased as a means of bringing the costs as well as the gains into the balance-of-expenditure decisions. Without this balancing, we would be exposed to the danger of continuous expansion of the scope of Government and uneconomical diversion of resources from private to Government use.

The principle that the debt should be reduced in periods of high employment is also a necessary safeguard against a long-run inflationary trend. The committee has recognized that the importance of combating economic instability makes it undesirable to attempt to reduce the debt during a period of depression. The same consideration points to the necessity of providing for a surplus in prosperous times. If we run deficits in depression and yet enforce no check against deficits in prosperity we shall get not stability but economic fluctuations around an inflationary trend.

We have indicated that to increase taxes would be especially risky now in view of the present business uncertainty. To allow expenditures to rise so far that existing taxes would not yield a surplus at high employment would add to the existing uncertainty. It would suggest an inability to manage our fiscal affairs.

The committee's conclusion is: The costs of not curtailing expenditures are too high to pay, in terms of their effects upon the stability and efficiency of the American economy. Congress and the President have the responsibility for weighing these costs. They cannot safely accept the position that

because expenditure reduction is difficult the only choice lies between raising taxes and foregoing debt reduction. The course of least resistance may be to approve expenditure increases and not to raise taxes. However, if the effort to reduce expenditures finally fails, it is the committee's judgment that Congress must assume responsibility for raising taxes, as the least dangerous of the two other alternatives.¹⁰ In our judgment, however, a tax increase is not necessary because, barring major unforeseen international developments, expenditures for the coming fiscal year can be reduced.

VISIT TO THE SENATE BY GEN. LUCIUS CLAY

Mr. LUCAS. Mr. President, I should like to make an announcement for the benefit of the RECORD, and also for the press.

Gen. Lucius Clay has been invited to speak tomorrow before the House of Representatives. Following his appearance and address in the House of Representatives, he will then come to the United States Senate and address Members of the Senate. I do not know the exact time, but I ask unanimous consent that General Clay be permitted to address Members of the Senate at some time early tomorrow afternoon.

The PRESIDING OFFICER (Mr. KERR in the chair). Is there objection to the request of the Senator from Illinois?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I will state that I feel confident that I express the views of minority Members, as the majority leader expresses the views of Senators on his side of the aisle. We shall be only too happy to hear General Clay, who has made such an excellent record as an administrator in Berlin.

Mr. LUCAS. I thank the able acting minority leader.

Mr. President, I cannot tell the Senate the exact time, but I have conferred with General Bradley, and General Bradley has agreed to have General Clay here immediately following his address in the House of Representatives.

The PRESIDING OFFICER. Without objection, a recess will be ordered at an appropriate time tomorrow so that General Clay may have the opportunity to address Members of the Senate.

RECESS

Mr. LONG. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 53 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 17, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 16 (legislative day of April 11, 1949):

IN THE ARMY

Gen. Lucius DuBignon Clay, O9318, commander in chief and military governor,

¹⁰ Footnote by Beardsley Ruml: "It would not be inconsistent with the position taken by the committee in its policy statement, Taxes and the Budget, if nonrecurring expenditures were financed by the sale of savings bonds to the public. Such sales would be in some measure an alternative to taxation."

United States zone, Germany (major general, U. S. Army) to be placed on the retired list in the grade of general under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

Maj. Gen. Abram Franklin Kibler, O6668, Army of the United States (brigadier general, U. S. Army), for appointment as major general in the Regular Army of the United States under the provisions of title V, Officer Personnel Act of 1947.

Brig. Gen. Ernest Marion Brannon, O12292, Army of the United States (colonel, Judge Advocate General's Corps, U. S. Army), for appointment as brigadier general, Judge Advocate General's Corps, in the Regular Army of the United States, under the provisions of title V, Officer Personnel Act of 1947, and title II, Public Law 759, Eightieth Congress.

Brig. Gen. George Leland Eberle, O6613, United States Army, for temporary appointment as major general in the Army of the United States under the provisions of section 515, Officer Personnel Act of 1947.

IN THE AIR FORCE

The following-named persons for appointment in the United States Air Force in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

To be second lieutenants

Gordon S. Adams, AO538366.
Ernest L. Alexander, AO565337.
George O. Anderson, AO690297.
Jack G. Anderson, AO866362.
Angelo R. Arena.
Stanley E. Asplund, AO874164.
Herbert J. Avise, AO900352.
Frank L. Ayres, AO805545.
Theodore Bacha.
Richard A. Baldwin, AO2089172.
Randolph W. Barker.
John W. Barter, AO855959.
Robert P. Baumann, Jr., AO761025.
Gerald J. Beisner, AO836403.
Robert M. Bell, AO736076.
George A. Bennett, AO799753.
William G. Beno, AO817382.
Roy H. Black, AO669170.
Woodrow W. Blalock, AO2098705.
Henry P. Blodgett, Jr., AO709114.
James R. Bohannon, Jr., AO795894.
Charles W. Borders, AO671631.
Arthur W. Bostick, AO871127.
Ralph I. Bowman, AO763049.
Leslie W. Bray, Jr., AO865513.
William L. Brinson, AO789667.
Bernard A. Brisley, AO2089892.
Roy J. Broughton, Jr., AO786046.
Robert S. Buchanan, AO2094453.
James M. Burkhardt, AO774518.
John S. Byrn, AO874568.
Nicholas Chima, AO801056.
Charles J. Cochrane.
Perry V. Collins, AO727180.
William Cook, Jr., AO2082993.
Dewey G. Cooper, AO2087125.
Troy N. Crook.
John M. Crowley, AO712085.
Frederick E. Crowther, AO714035.
Ralph J. Curry, AO783924.
Paul E. Darling, AO925885.
Bruce Davis, AO462203.
Irving C. Doe, AO800492.
Charles E. Donegan, AO722012.
George W. Dooley, Jr.
Patrick L. Doran, AO672774.
Louis D. Dumontier, AO748600.
Conly J. Eagle, AO433548.
Donald E. Eberhardt, AO756518.
J. Murray Ellzey, AO761507.
James W. Enoch, Jr.
Graydon K. Eubank, AO663499.
Richard L. Fahrney, AO696347.
Al W. Farnsworth, AO774087.
Richard H. Foote, AO875308.
Harry D. Gilpin, AO664565.
Donald H. Gleaves, AO579951.

Jean G. Goppert, AO520943.
 Edwin P. Gourley, AO808414.
 Carl W. Grant.
 Donald U. Gray, Jr., AO716108.
 Norman M. Green, AO2058793.
 Vernie B. Greenamyre, AO1541910.
 Reginald W. Gregory.
 Willie P. Gregory, AO831157.
 Robert M. Griffard, AO2065274.
 Kenneth E. Gross, AO760831.
 Benny B. Hall, AO838767.
 Calvin L. Hamilton, AO1045448.
 Edward J. Hanigan, Jr., AO715201.
 Robert P. Hansen, AO693498.
 John T. Hanton, AO667072.
 Warren H. Hawes, AO802112.
 Neal A. Hess, AO860932.
 Malcolm G. Hicks, AO810370.
 Maurice E. Hinerman, AO869234.
 George E. Hochstetler, AO767234.
 Charles A. Hoffman, Jr., AO730783.
 James K. Houghtby, AO780960.
 Lewis L. Howes, AO875340.
 Buford M. Humphries, AO807221.
 Dana F. Hurlburt, AO444526.
 Guy Hurst, Jr., AO784725.
 Paul E. Hutchinson, AO573019.
 Charles W. Jackson, AO665567.
 Harford P. Jenks, AO659937.
 Alvin L. A. Johanson, AO837707.
 Clarence L. Johnson, AO722099.
 Victor E. Johnson, AO946569.
 David B. Jones, AO752680.
 Donald A. Jones, AO742724.
 Richard E. Jones, AO747812.
 Edward G. Kar, AO876791.
 Dean L. Kennedy, AO778178.
 Benjamin C. Kenyon, Jr., AO767272.
 Donald E. Kenyon, AO823621.
 Clifford D. Kester, AO681116.
 Ivan P. Kirschman, AO2093886.
 Jasper F. Kobler.
 Arthur W. Latta, AO768863.
 Harris Y. Lauterbach, AO705593.
 Miles R. League, AO734111.
 Oliver W. Lewis, AO2061733.
 Herbert M. Light, Jr., AO727354.
 Thomas U. Lineham, Jr., AO428206.
 David L. Little, AO707488.
 Glenn H. Lloyd, AO869910.
 James Q. Locklear, AO791949.
 Clarence R. Lockridge, AO757533.
 Robert F. Long, AO858916.
 Donald S. Lopez, AO803409.
 Vernon N. Luber, AO660583.
 Richard E. Lyons, AO863016.
 David L. Mallickson.
 William J. Malloy, AO869264.
 William R. Malone, Jr., AO590160.
 Sidney R. Mandina, AO470949.
 Sidney C. Marshall, AO701255.
 Eugene Martin, Jr., AO2059324.
 Edward S. May, AO767849.
 Robert H. McCully, AO589853.
 Jonathan B. McMinis, AO2072822.
 Carl M. Melton, AO813752.
 Robert E. Melvin, AO806489.
 Robert F. Merino, AO827712.
 Frank Mertely, AO701133.
 Billy H. Miller, AO572656.
 John W. Miller, AO699944.
 Arthur J. Mills, AO807495.
 Cornelius P. Mills, Jr.
 James E. Mills, Jr., AO794564.
 Charles F. Moehle, AO729550.
 Jack K. Moore, AO855510.
 Walter P. Morton, Jr., AO728709.
 Norman F. Mueller, AO2084376.
 Orlin C. Munns, AO702171.
 James T. Nanney, AO854512.
 Frederick C. Newton, AO717686.
 Christopher J. O'Halloran, AO2063523.
 Carl A. Paige, AO1534355.
 William J. Palmer, AO735441.
 Peter Payant, AO829286.
 Wesley L. Pendergraft, AO74531.
 Everett E. Penick, Jr., O552246.
 Roland A. Perry, AO775527.
 Francis D. Peters, Jr., AO792869.
 Warren E. Peters, AO590101.

Harry W. Peterson, AO589980.
 Jackie T. Phelps.
 Thomas R. Phillips, Jr., AO1684178.
 Charles E. Phillips.
 Russell K. Pierce, Jr., AO442962.
 Gordon C. Preller, AO759299.
 John H. Pulley, Jr., AO675621.
 Richard M. Purcell, AO843331.
 Theodore M. Raley, AO701055.
 Richard C. Randall, AO706303.
 Leland R. Raphun, AO659759.
 William D. Reeder, AO802784.
 Addison T. Reid, AO739680.
 Horace J. Reinsner, AO2058086.
 William J. Rementer, AO2072531.
 Bruce E. Reuteler, AO747140.
 Cecil H. Rigbsby, AO888661.
 Siegfried E. Ristau, AO804976.
 Jack V. Roderick, AO660810.
 Leslie B. Rosenberg, AO70832.
 Richard T. Rutherford, AO792156.
 John A. Salyards, Jr., AO680725.
 Francis P. Sanna, AO1586134.
 George R. Schmidt, AO760916.
 Howard R. Schmidt, AO466673.
 Clifford Schoeffler, AO686497.
 Alvin G. Schuering, AO804412.
 James T. Seaver, Jr., AO418674.
 Frederic D. Selbie, Jr., AO857497.
 David M. Sharp, AO680093.
 William M. Shelley.
 Clifford W. Shewan, AO673632.
 Morris E. Shiver, AO841611.
 Jefferson D. Sinnott, AO718784.
 Bennie C. Smith, AO1581375.
 Maurice H. Smith, AO748824.
 George F. Snyder, AO1645389.
 John T. Snyder, AO1573596.
 Loren J. Spencer, AO2092191.
 Wayne L. Stephenson, AO330734.
 Wendelle C. Stevens, AO697595.
 James S. Stone, AO786659.
 George E. Talbot, AO661395.
 Theodore J. Tanner, AO696977.
 Charles K. Taylor, Jr., AO432268.
 Harry E. Terrell, Jr., AO688873.
 Lucius Theus, AO589788.
 Lawrence A. Thompson, Jr., AO699334.
 Thomas W. Tigertt.
 Horace C. Traylor, Jr., AO804254.
 John Trommershauser, AO793866.
 Joe W. True, AO590215.
 Roland L. Urquhart, AO677334.
 Jay C. Van Bloom, AO796071.
 John W. Vega, AO2072946.
 George B. Vockroth.
 Leonard Volet, AO807083.
 Harvey P. Walter, AO822148.
 Roy F. Weeks, Jr., AO756365.
 Donald L. Werbeck, AO817312.
 William A. Werber, AO863933.
 William T. Wilborn, AO760086.
 Lawrence V. Willey.
 James C. Williams, AO932644.
 Lawrence Williams, AO1017112.
 Elbert Wilson, Jr., AO933117.
 Richard S. Wilson, AO447410.
 Douglas W. Winfree, Jr., AO439610.
 Charles S. Wolfe, AO675147.
 Paul M. Yeager, AO440148.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

John T. Fuller, Alexander City, Ala., in place of R. A. Blythe, resigned.
 Joseph L. Savage, Centre, Ala., in place of C. H. West, removed.
 Carl T. Driskill, Dawson, Ala., in place of J. A. Russell, retired.
 Clodie M. Hall, Geraldine, Ala., in place of W. P. Gilbert, resigned.
 Carey M. Brady, Jr., Lanett, Ala., in place of H. H. Haralson, removed.
 Paul H. Woods, Parrish, Ala., in place of Tillman Christian, transferred.

ALASKA

Martin E. Olsen, Dillingham, Alaska, in place of A. K. Griffen, resigned.

ARIZONA

Ernest S. Hulet, Holbrook, Ariz., in place of G. L. Noel, resigned.

ARKANSAS

Ralph B. Ellis, Dermott, Ark., in place of K. D. McNeely, retired.
 Basil L. Grigsby, Hartford, Ark., in place of W. S. Sampson, Sr., deceased.
 Louis E. Rice, Lonoke, Ark., in place of W. F. Chaney, removed.
 Mansel H. Howie, Montrose, Ark., in place of W. T. Sedberry, resigned.
 Kate L. Dooley, South Fort Smith, Ark., in place of E. F. Dooley, retired.
 William L. Burns, Tillar, Ark., in place of J. L. Hyde, retired.

CALIFORNIA

C. Margaret Dashiell, Baxter, Calif. Office became Presidential July 1, 1948.
 Florence M. Dedmon, Belden, Calif., in place of G. M. Morgenthaler, resigned.
 Eva A. Harvey, Bieber, Calif., in place of A. C. Bleber, resigned.
 Josephine B. Loomis, Bonita, Calif., in place of T. F. O'Brien, resigned.
 Harold A. Fornell, Calwa City, Calif., in place of R. E. Patterson, removed.
 Catherine C. Krolfner, Del Monte, Calif., in place of D. M. Christopherson, resigned.
 Gene Martin, Denair, Calif., in place of M. L. Horine, transferred.
 Anne R. Birch, Descanso, Calif., in place of E. B. Near, retired.
 Nina I. Clark, Dorris, Calif., in place of G. M. Tolbert, resigned.
 Hazel D. Ashby, Etna, Calif., in place of F. T. Ashby, deceased.
 Maxine A. Bartle, Fall River Mills, Calif., in place of M. W. Wilson, resigned.
 Duane J. Cox, Groveland, Calif., in place of Minnie Ferretti, resigned.
 Marvin Harmon Wharton, Grover City, Calif. Office established March 16, 1947.
 James Henley Brammer, Independence, Calif., in place of Nettie Fausel, retired.
 Helen G. Hoe, Kenwood, Calif., in place of H. T. Mitchell, appointment rescinded.
 Laurence J. Eberhardt, Lone Pine, Calif., in place of A. E. Tate, retired.
 Hugh M. Reynolds, Manhattan Beach, Calif., in place of H. A. Bastien, deceased.
 Theresa A. Casazza, Martell, Calif. Office became Presidential July 1, 1948.
 Willie A. Harp, Montara, Calif. Office became Presidential July 1, 1944.
 Eva May Oates, Nubieber, Calif. in place of I. C. Jones, resigned.
 Helen G. Braden, Oceano, Calif., in place of L. L. Ford, deceased.
 Roy Corhan, Pincrest, Calif., in place of A. R. Martin, resigned.
 Geraldine M. Webster, Project City, Calif., in place of F. M. Davis, resigned.
 Max K. Stewart, Red Bluff, Calif., in place of W. A. Hornbeck, deceased.
 William E. Krenning, San Diego, Calif., in place of D. M. Stewart, retired.
 Otto O. Wiseman, Standard, Calif., in place of E. R. Wiseman, deceased.
 Jean A. Caple, Stateline, Calif. Office became Presidential July 1, 1948.
 Esther C. M. Landrum, Storrer, Calif. Office became Presidential October 1, 1948.
 Theoda H. Stackhouse, Summit City, Calif. in place of A. M. O'Keefe, resigned.
 Oliver Corona, Tahoe, Calif., in place of J. D. Watson, retired.
 Johannes Philippsen, Tahoe Valley, Calif., in place of A. W. Lampson, resigned.
 Irene B. Hawkins, Tennant, Calif., in place of F. M. Filson, resigned.
 Marjorie L. Dietz, Wilseyville, Calif. Office became Presidential July 1, 1948.

COLORADO

Doris B. Byrd, Association Camp, Colo., in place of Edward D. Parton, resigned.
 Julius M. Lancaster, Eads, Colo., in place of I. Jenkins, transferred.

Myrtle L. Craig, Merino, Colo., in place of E. O. Smith, retired.

CONNECTICUT

David H. Short, Rowayton, Conn., in place of F. R. Stevens, retired.
Elizabeth R. Rockwood, West Suffield, Conn., in place of O. R. Rugbee, deceased.

FLORIDA

Clarence A. Nettles, Chiefland, Fla., in place of L. L. Callaway, retired.
Lawrence P. Abney, City Point, Fla. Office became Presidential July 1, 1948.
John L. Blanchet, Copeland, Fla. Office became Presidential July 1, 1948.
Henry L. Bayless, Grand Island, Fla. Office became Presidential July 1, 1948.
Zackary V. Smallwood, Gulf Hammock, Fla., in place of J. F. Yearty, resigned.
Cecil H. Pillans, Haines City, Fla., in place of Faltha Huie, resigned.
Mary H. Wetz, Lake Jem, Fla. Office became Presidential July 1, 1948.
Francis E. Moore, Marathon, Fla., in place of A. E. Woodburn, retired.
Mark Enfinger, Molino, Fla., in place of B. H. Hastings, retired.
Russell L. Saxon, New Smyrna Beach, Fla., in place of W. P. Wilkinson, deceased.
Marie M. Zimmerman, Ozone, Fla. Office became Presidential July 1, 1948.
John Graham Jones, St. Andrew, Fla., in place of K. G. Mosier, resigned.

GEORGIA

Bessie Sue K. Smith, Atco, Ga., in place of Lucius Hannon, retired.
Hubert Hadley, Chipley, Ga., in place of J. P. Williams, transferred.
Alonza L. Haddock, Haddock, Ga., in place of M. M. Chambliss, retired.
Joseph D. Smith, Lindale, Ga., in place of C. O. Lloyd, resigned.
Vernon L. Roberts, Monticello, Ga., in place of G. W. Cornwell, retired.
Raymond S. Townsend, Wildwood, Ga. Office became Presidential July 1, 1948.

IDAHO

Glenn W. Pratt, Pirth, Idaho, in place of H. W. Winschell, resigned.
Arthur Dinnison, Orofino, Idaho, in place of H. S. Detmer, retired.

ILLINOIS

John P. Mallon, Bushnell, Ill., in place of W. C. Vail, retired.
Samuel E. Caldwell, Canton, Ill., in place of S. W. Ash, resigned.
Mildred G. Thompson, Kirkwood, Ill., in place of R. E. Gamble, retired.
Paul E. Ross, Mount Carroll, Ill., in place of R. M. Hartman, deceased.
Paul H. Schenk, Nauvoo, Ill., in place of R. J. Blum, retired.
Andrew Zimmerman, Roanoke, Ill., in place of Jacob Sand, retired.
Joseph Brown, Rossville, Ill., in place of J. R. Prather, deceased.

INDIANA

Herman P. J. Hoessle, Charlestown, Ind., in place of J. C. McKillip, resigned.
Woodbury Mohr, Flat Rock, Ind., in place of D. E. Pherigo, retired.
Donald F. Holle, Hoagland, Ind., in place of D. L. Barkley, retired.
Hobart M. Smith, Patriot, Ind., in place of Clarence Rea, transferred.
Henry P. Childers, Union Mills, Ind., in place of H. J. Thalman, deceased.
Elmer J. Deetz, Waterloo, Ind., in place of G. A. Kelley, resigned.

IOWA

Monrad C. Paulson, Aurelia, Iowa, in place of A. A. Dingman, retired.
Jack T. Christy, Bonaparte, Iowa, in place of G. L. Lorton, retired.
Wendell Dean Nowels, College Springs, Iowa, in place of M. T. Harper, resigned.
Walter S. Keagle, Collins, Iowa, in place of C. G. Vasey, retired.

James E. McMenamin, Dexter, Iowa, in place of, Mabel Crane, retired.

Philip W. Thurtell, Eagle Grove, Iowa, in place of J. R. Reider, transferred.
A. Alice Daughton, Grand River, Iowa, in place of G. W. Brammer, transferred.

William R. Sharrett, McClelland, Iowa, in place of F. L. Leslie, retired.

Thomas David Casey, Massena, Iowa, in place of J. E. Amdor, transferred.

Robert A. Bair, Mount Vernon, Iowa, in place of B. S. Clark, resigned.

I. Lucille Larson, Scarville, Iowa, in place of C. L. Larson, transferred.

Herbert A. Rickert, Schleswig, Iowa, in place of P. C. Hollander, retired.

Kathryn H. Chesley, Sutherland, Iowa, in place of C. W. Tigges, resigned.

Mark W. Harris, Jr., Wever, Iowa, in place of H. G. Liddle, deceased.

KANSAS

Ronald K. Cram, Bird City, Kans., in place of C. W. Smull, transferred.
Marie Robinson, Hill City, Kans., in place of I. R. Mort, resigned.

Jessie M. Thompson, Rolla, Kans., in place of G. L. Hunt, resigned.

Earl H. Gibson, Smith Center, Kans., in place of E. L. Pounds, transferred.

KENTUCKY

Carlos P. Hall, Beattyville, Ky., in place of G. T. Smith, resigned.

Jack L. Miller, Bradford, Ky., in place of R. E. Welsbrodt, retired.

Jack G. Talbot, Burkesville, Ky., in place of N. D. McGee, retired.

Joseph Wade Walker, Lancaster, Ky., in place of J. M. Farra, retired.

Newell M. Hargett, Maysville, Ky., in place of James Purdon, retired.

Robert E. Batts, Turners Station, Ky., in place of A. C. Cannon, retired.

John Howard, Utica, Ky., in place of O. L. O'Flynn, resigned.

LOUISIANA

Alverie O. Jarrell, Longleaf, La., in place of Claud Jones, retired.

Paul M. Potts, Natchitoches, La., in place of W. M. Payne, resigned.

Louis V. Mayeux, Plaquemine, La., in place of M. E. Chenevert, retired.

Ston E. Jenkins, Winnfield, La., in place of P. H. Mercer, resigned.

Mamie A. McHugh, Zachary, La., in place of R. E. Loudon, retired.

MAINE

Arthur I. Davis, Canaan, Maine, in place of H. B. Harris, retired.

Margaret B. Manson, Rumford, Maine, in place of E. J. Roderick, deceased.

Irving R. Moulton, West Scarborough, Maine, in place of I. S. Knight, retired.

MARYLAND

William N. Michael, Aberdeen, Md., in place of F. M. Hopkins, resigned.

Sterling P. Lynch, Chesapeake City, Md., in place of H. C. Kirk, deceased.

Edith W. Jenkins, Mechanicsville, Md., in place of H. R. Guyther, resigned.

Winfield S. Wallace, Jr., Ocean City, Md., in place of L. D. Lynch, resigned.

MASSACHUSETTS

Roger W. Fegan, Beverly, Mass., in place of H. J. Cottrell, retired.

Clara E. Dion, Northbridge, Mass., in place of E. J. Dion, deceased.

Lawrence Soule, Norwell, Mass., in place of C. H. Baldwin, removed.

Earle O. Phillips, Rochester, Mass., in place of M. S. Gifford, resigned.

Walter Paul Lech, Thorndike, Mass., in place of E. C. Kelley, retired.

Aitha M. Shay, Westminster, Mass., in place of W. A. Shay, deceased.

Ruby M. Durkee, West Peabody, Mass. Office became Presidential July 1, 1948.

MICHIGAN

Frank G. Sibal, Jr., Albion, Mich., in place of D. M. McAuliffe, resigned.

Manard W. Hunt, Clarksville, Mich., in place of M. A. Rush, removed.

Evelyn Panyan Nikorak, Copper City, Mich., in place of Sara Devine, resigned.

Calvin B. Talhelm, Evart, Mich., in place of F. N. Hubbard, resigned.

Percy T. Morden, Hazel Park, Mich. Office established July 1, 1948.

Beatrice Gissberg, Hulbert, Mich. Office became Presidential July 1, 1948.

Lionel R. Haight, Mount Pleasant, Mich., in place of A. S. Warner, resigned.

Guyles M. Dame, Northport, Mich., in place of E. A. Wurzburg, retired.

Horace P. Wheeler, Omena, Mich., in place of H. B. Fouts, deceased.

Monroe G. Dunlap, Oxford, Mich., in place of E. S. Capron, resigned.

Hal O. Fry, Pottsville, Mich., in place of L. D. Fosket, resigned.

Edward J. Stimac, Trimountain, Mich., in place of W. N. Holman, retired.

MINNESOTA

Clarence F. Olafson, Akeley, Minn., in place of D. N. Geddes, transferred.

Harold C. Berg, Atwater, Minn., in place of George Enblom, retired.

Dennis J. Peterson, Audubon, Minn., in place of Alfred Gilbertson, resigned.

Oscar G. Brustad, Crookston, Minn., in place of Bernhard Levins, resigned.

David G. Polzin, Dover, Minn., in place of D. J. Laudon, resigned.

Percy C. Miller, Granite Falls, Minn., in place of E. T. Silver, transferred.

Harold S. Rolland, Kensington, Minn., in place of I. S. Rolland, transferred.

Oswald J. Hoese, Mayer, Minn., in place of C. H. Guetzkow, transferred.

Ella V. Closner, Pine Island, Minn., in place of G. H. Tome, retired.

MISSOURI

John K. Morris, Bakersfield, Mo., in place of T. M. Vaughan, retired.

Donald V. Raney, Chula, Mo., in place of W. H. Manning, deceased.

MONTANA

Clara M. Frederick, Martin City, Mont. Office established March 15, 1947.

William J. Neidt, Wisdom, Mont., in place of Wilma Givogre, resigned.

NEW HAMPSHIRE

Hollis Gordon, Jr., North Woodstock, N. H., in place of E. W. Clement, resigned.

NEW JERSEY

Maurice J. Long, Jr., Palmyra, N. J., in place of X. H. Walter, resigned.

Robert B. Cunningham, River Edge, N. J., in place of James Simpson, removed.

NEW MEXICO

Fannie T. Matthews, Columbus, N. Mex. Office became Presidential July 1, 1948.

Lyle L. Gholson, Hobbs, N. Mex., in place of R. E. Jackson, resigned.

Charles A. Wier, Loco Hills, N. Mex., in place of Louise Miller, resigned.

Tiburcio Fretze, Mesilla, N. Mex. Office became Presidential July 1, 1945.

Irene Graham, Reserve, N. Mex., in place of M. J. Kemp, declined.

Anna M. Hawley, San Jon, N. Mex., in place of T. W. Horne, retired.

Jesse L. Turner, Silver City, N. Mex., in place of A. L. Huff, resigned.

NEW YORK

David E. McCarthy, Alden, N. Y., in place of J. J. Wienand, retired.

Harold J. Smith, Bliss, N. Y., in place of M. E. Brown, resigned.

Paul A. Hughes, Granville, N. Y., in place of D. J. McHenry, retired.

Walter S. Commerding, Jr., Nesconset, N. Y., in place of E. G. Commerding, resigned.

Florence M. Ripple, Poestenkill, N. Y., in place of N. A. Fisher, retired.
Howard T. Empson, Strykersville, N. Y., in place of M. F. Marzolf, resigned.
Bessie C. Paddock, Westernville, N. Y., in place of M. H. Bingham, resigned.

NORTH CAROLINA

Walter C. Craven, Asheboro, N. C., in place of J. O. Redding, retired.
Clarence H. McCaskill, Candor, N. C., in place of D. P. Steed, transferred.
Elizabeth W. Settle, Cordova, N. C. Office became Presidential July 1, 1948.
Arthur F. Dawkins, East Rockingham, N. C., in place of T. G. Long, resigned.
Marvin D. Harper, La Grange, N. C., in place of R. G. Creech, resigned.
Robert M. McRee, Maiden, N. C., in place of R. A. Rudisill, retired.
Maurice E. Walsh, North Wilkesboro, N. C., in place of J. C. Reins, resigned.
Jasper A. Drye, Richfield, N. C., in place of G. E. Ritchie, transferred.
Thomas F. Norfleet, Jr., Roxobel, N. C., in place of J. C. Norfleet, deceased.
Thomas V. Hall, Spruce Pine, N. C., in place of A. N. Fuller, resigned.
Dewey F. Cockrell, Stony Point, N. C., in place of H. R. Millsaps, transferred.
Harry D. McLaughlin, Waxhaw, N. C., in place of H. A. Sims, transferred.

NORTH DAKOTA

Walter Kessler, Martin, N. Dak., in place of V. C. Magnuson, resigned.
Doyle W. Gordon, Regent, N. Dak., in place of J. P. Jungers, resigned.
Elizabeth N. Fischer, Streeter, N. Dak., in place of Paul Kietzke, deceased.

OHIO

Donald E. Weber, Apco, Ohio, in place of L. T. Lewis, resigned.
Robert E. Jacoby, Blanchester, Ohio, in place of C. C. Reynolds, resigned.
Doris A. Kempf, East Sparta, Ohio, in place of P. C. Patterson, resigned.
Charles F. Roberts, Fayetteville, Ohio, in place of E. J. Brulport, transferred.
Harry L. Flesher, Frankfort, Ohio, in place of D. F. Briggs, Jr., transferred.
Emmett W. Todd, Grove City, Ohio, in place of M. I. Grant, resigned.
Howard W. Brown, Kelleys Island, Ohio, in place of V. L. Keeker, resigned.
John W. Fulton, Jr., Kinsman, Ohio, in place of A. E. Owens, transferred.
Charles C. Marcinko, Long Bottom, Ohio, in place of O. P. Myers, resigned.
Joseph S. Bosko, New Milford, Ohio, in place of Smith Dunn, transferred.
Frank Koenig, Otway, Ohio, in place of C. L. Jones, resigned.
Morley F. North, Randolph, Ohio, in place of E. L. Roloff, resigned.
Lavada A. Myers, Rio Grande, Ohio, in place of E. D. Wickline, transferred.
Mary A. Bedwell, Rossmoynne, Ohio, in place of W. H. Clark, resigned.
Norman C. Juchum, Strongsville, Ohio, in place of E. E. Poots, retired.
Carl Palmer, Uniontown, Ohio, in place of P. A. Wehr, removed.
Clarence L. Nickels, Wellsville, Ohio, in place of Dale Kessel, resigned.
William E. Smith, Woodsfield, Ohio, in place of E. J. Westerman, deceased.
David C. Bradfute, Xenia, Ohio, in place of H. A. Higgins, retired.

OKLAHOMA

Charles H. Terbush, Alva, Okla., in place of R. J. McCormick, deceased.
Grover C. Bayless, Arnett, Okla., in place of C. L. Hanan, resigned.
Donald D. Fry, Beaver, Okla., in place of R. E. Weir, transferred.
Kathleen C. Camp, Buffalo, Okla., in place of M. V. Braly, transferred.
John D. Corbett, Byars, Okla., in place of R. C. Grider, resigned.
Martha V. Cowan, Cache, Okla., in place of L. M. Norris, transferred.

William F. Stratton, Carnegie, Okla., in place of C. D. Hull, transferred.
Maureta G. Pappan, Chillico, Okla. Office became Presidential July 1, 1948.
Richard H. Maxey, Clayton, Okla., in place of D. H. Blair, deceased.
Grover Franklin Smith, Clinton, Okla., in place of I. J. Loewen, deceased.
Olen V. Lowther, Davis, Okla., in place of W. N. Pierce, transferred.
Howard D. Gerber, Dover, Okla., in place of G. D. Burns, transferred.
Bessie L. M. Fleer, Drummond, Okla., in place of C. M. Jenkins, retired.
Lucy M. Sims, Hanna, Okla., in place of C. B. Burnham, resigned.
Ruby Irene Horn, Haworth, Okla., in place of R. P. McCoy, resigned.
Walter P. Herscher, Hennessey, Okla., in place of J. W. Blye, resigned.
Bolin E. Braswell, Hollis, Okla., in place of J. Q. Tucker, resigned.
Raphael F. Jeffries, Lexington, Okla., in place of J. S. Keller, transferred.
Clarence A. Refner, Manitou, Okla., in place of O. C. Ball, resigned.
Wilbur L. Smith, Red Oak, Okla., in place of Lee Garner, Jr., resigned.
Rial M. Rainwater, Ripley, Okla., in place of Ethel Shoup, resigned.
William W. Sanders, Rocky, Okla., in place of Hugh Ferguson, resigned.
Stanley R. Roff, Roff, Okla., in place of W. G. Bunyard, transferred.
Bessie Gossett, Savanna, Okla., in place of A. L. Standridge, resigned.
Flavis S. Besett, Sterling, Okla., in place of T. O. Talla, retired.
Mayme L. Field, Stratford, Okla., in place of Jessie Shi, resigned.
B. Mace Williams, Sulphur, Okla., in place of C. E. Fair, retired.
LeCarr Wooten, Texhoma, Okla., in place of I. H. Gist, deceased.
Cordia M. Martin, Velma, Okla. Office became Presidential July 1, 1948.
Donald D. Brown, Verden, Okla., in place of F. G. Ransbarger, transferred.
Bessie R. Houston, Woodward, Okla., in place of A. C. Davis, resigned.
Louis L. Whitaker, Wayne Wood, Okla., in place of J. E. Jennings, resigned.

PENNSYLVANIA

Richard M. Blomquist, Cogan Station, Pa., in place of Nora Schuch, deceased.
Sheridan L. Hower, Elysburg, Pa., in place of E. K. Richard, retired.
George D. Laginja, Hibbs, Pa., in place of Frank Coletti, resigned.
John E. O'Brien, Montrose, Pa., in place of J. L. Meehan, retired.
Louis Joseph DePaul, Mount Pocono, Pa., in place of W. S. Mervine, resigned.
Francis T. Tracy, Pittston, Pa., in place of J. F. Gibbons, retired.
Nellie E. Feeley, Tunnelton, Pa. Office became Presidential July 1, 1948.
Lewis E. Hatch, Whittemarsh, Pa., in place of L. E. Hatch, resigned.

SOUTH CAROLINA

Bennie R. Permenter, Aiken, S. C., in place of T. B. Hallman, deceased.

SOUTH DAKOTA

Earl F. Minier, Brookings, S. Dak., in place of P. W. Waltz, resigned.
Bernard J. Lentz, Estelline, S. Dak., in place of C. E. Cunningham, deceased.
Ambrose M. Schultz, Presho, S. Dak., in place of W. B. Boe, transferred.
Edward S. Gillen, White Lake, S. Dak., in place of W. G. Huebl, resigned.

TENNESSEE

Lawrence J. Bullington, Atwood, Tenn., in place of C. W. Younger, resigned.
Herman D. Eaves, Holladay, Tenn., in place of W. W. Gossett, transferred.
Leonardus F. Yancey, Oakland, Tenn., in place of T. W. Tomlin, resigned.

TEXAS

Willie Frank Crocker, Abbott, Tex., in place of Eugene Bottom, transferred.
Anna J. Witt, Adrian, Tex., in place of D. S. James, resigned.
Ruben A. Felder, Bishop, Tex., in place of L. C. Smith, deceased.
Wayne C. Bunton, Borger, Tex., in place of C. S. Campbell, transferred.
Earl Slater, Clyde, Tex., in place of Clark Tabor, transferred.
Mary E. Boyett, Colmesnell, Tex., in place of L. M. Feagin, retired.
Nicolas Cantu, Jr., Encino, Tex. Office became Presidential July 1, 1948.
Elizabeth D. Cline, Friendswood, Tex. Office became Presidential July 1, 1948.
Emil J. Bartosh, Granger, Tex., in place of A. C. Mussi, resigned.
Carrie B. Patterson, Hart, Tex., in place of R. M. Boston, resigned.
Richard E. Phelps, Ingleside, Tex., in place of Anathalie Kindle, resigned.
Charles A. Fleming, Jr., Kress, Tex., in place of C. A. Fleming, resigned.
Grace M. Wright, League City, Tex., in place of J. C. Groce, declined.
Galen S. Brademan, Lexington, Tex., in place of R. L. Peebles, retired.
John H. Seitz, Miami, Tex., in place of R. C. Burnett, resigned.
Jake C. Posey, Missouri City, Tex. Office became Presidential July 1, 1948.
Rufus J. Tyson, Mobeetie, Tex., in place of G. W. Harris, transferred.
James O. Bradford, Pettus, Tex., in place of R. J. Bradford, retired.
Robert C. Brown, Premont, Tex., in place of P. S. Langen, retired.
Luis Felipe Garcia, San Diego, Tex., in place of Domingo Garcia, removed.
Byron T. Worsham, Tioga, Tex., in place of G. L. Orr, deceased.
Marvin J. Cordes, Westhoff, Tex., in place of L. A. Moore, resigned.

VERMONT

John T. McKeever, Brandon, Vt., in place of L. B. Dunn, deceased.

VIRGINIA

Gladys B. Wright, Bland, Va., in place of E. E. Shannon, resigned.
Roy A. Lassiter, Boykins, Va., in place of R. H. Stewart, retired.
Reeta E. Litchfield, Buell, Va., in place of L. C. Costen, retired.
John B. Gillespie, Cedar Bluff, Va., in place of L. S. Perkins, resigned.
Vivian C. Simmons, Heathsville, Va., in place of C. B. Hogan, deceased.
James S. Cole, Jewell Valley, Va., in place of H. L. McGlothlin, resigned.
Harry P. Allen, Rich Creek, Va., in place of W. G. Gwinn, resigned.
William T. Brittingham, Temperanceville, Va. Office became Presidential July 1, 1948.
John A. Spivey, Windsor, Va., in place of E. L. Deans, resigned.

WASHINGTON

Janice Smith, Kettle Falls, Wash., in place of J. B. Robertson, retired.
Henry G. Riecks, Mercer Island, Wash., in place of P. G. M. Johnson, retired.
Grace V. B. Coll, Nespelem, Wash., in place of B. J. DeCamp, resigned.

WEST VIRGINIA

Anne M. Bailey, Kingston, W. Va., in place of D. W. Proffit, removed.
Arnold L. Strawderman, Mathias, W. Va., in place of V. L. Mathias, transferred.
Donald E. Post, Morgantown, W. Va., in place of C. L. Hall, retired.
Cornelius B. Carter, Shepherdstown, W. Va., in place of M. J. Snyder, deceased.

WISCONSIN

Robert M. Riley, Hartford, Wis., in place of H. J. Thoma, deceased.
Joseph A. Wirka, Madison, Wis., in place of W. J. Hyland, retired.

Harry A. Nohr, Mineral Point, Wis., in place of Levy Williamson, deceased.
 Harry A. Walters, Monticello, Wis., in place of R. S. Richards, deceased.
 Valeria Lauerman, Muscoda, Wis., in place of M. L. Shafer, transferred.
 Lester B. Schneider, New Holstein, Wis., in place of A. W. Frisch, transferred.
 Henry Jacobson, Jr., Pigeon Falls, Wis., in place of H. E. Jacobson, transferred.
 Earl R. Means, Schofield, Wis., in place of H. J. Voltz, removed.
 Gerald Bergerson, Strum, Wis., in place of R. E. Lyon, transferred.

WYOMING

Lula L. Ayer, Baggs, Wyo., in place of place of I. R. Daugherty, resigned.
 George L. Barp, Big Piney, Wyo., in place of J. B. Budd, retired.
 Daniel Gerrard, Evanston, Wyo., in place of F. P. Nelson, resigned.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 16, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou Christ who art the open door between two worlds, through which have come light, hope, and promise, unto Thee we offer our prayer.

Examine us and prove us, and help us to hold fast that which is good, that we may be true to ourselves and to Thee, and thus serve wisely our country. Prove to us that self-discipline is the most stable form of character building, and that integrity is the watchword not only for our Republic, but for the nations of earth; for the nation that breaks its promises and sows to the wind shall of that wind reap the whirlwind. Do Thou guide the world and save it. In the name of the Saviour of men. Amen.

The Journal of the proceedings of Thursday, May 12, 1949, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On May 12, 1949:

H. J. Res. 226. Joint resolution making temporary appropriations for the fiscal year 1949, and for other purposes.

On May 13, 1949:

H. R. 1467. An act for the relief of Thomas O. Troth; and

H. R. 2605. An act for the relief of John C. Nunes.

On May 14, 1949:

H. R. 711. An act for the relief of Mrs. Margaret Gregg Dilnot;

H. R. 1029. An act authorizing the Secretary of the Interior to issue a patent in fee to Howard C. Heckenlively;

H. R. 1030. An act authorizing the Secretary of the Interior to issue a patent in fee to Francis Howe;

H. R. 1041. An act for the relief of Jeanette and Jesus Esteva and their four children;

H. R. 1052. An act for the relief of Lawrence G. McCarthy;

H. R. 1079. An act for the relief of Maria Veltri Magnone;

H. R. 1109. An act authorizing the Secretary of the Interior to issue a patent in fee to Phena M. Anderson;

H. R. 1281. An act authorizing the Secretary of the Interior to issue a patent in fee to Leslie Paul Schroeder;

H. R. 1468. An act for the relief of Mrs. Anna Smolowitz and Mrs. Sylvia D'Arpe;

H. R. 1508. An act for the relief of Peter Drozd;

H. R. 1876. An act for the relief of Ralph Martin Elzingre, also known as Ralph Seawell;

H. R. 1983. An act for the relief of Edward L. Barreras; and

H. R. 2231. An act for the relief of Marie E. Wright.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 59. Concurrent resolution providing for a joint session of Congress on May 19, 1949, for the purpose of hearing an address by the President of the United States of Brazil.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 42) entitled "Joint resolution granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Gulf coast and creating the Gulf States Marine Fisheries Commission."

COMMITTEE ON BANKING AND CURRENCY

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on the bill H. R. 4009.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. ELLIOTT asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. DEGRAFFENRIED asked and was given permission to extend his remarks in the RECORD.

Mr. O'BRIEN of Michigan asked and was given permission to extend his remarks in the RECORD and include an article from the American Federationist.

PERMISSION TO ADDRESS THE HOUSE

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. FEIGHAN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. MURPHY (at the request of Mr. BREEN) was given permission to extend

his remarks in the RECORD and include an address by Hon. James A. Farley, and in addition thereto certain other material.

ATOMIC ENERGY COMMISSION FELLOWSHIP PROGRAM

Mr. DURHAM. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DURHAM. Mr. Speaker, for the past few days we have seen in the press and heard over the radio discussions in regard to the fellowship program administered by the Atomic Energy Commission. That program deals with the training of students in the fields of physics, biology, and medicine as well as other branches of science. Under the direction of Senator McMAHON, who became chairman of the Joint Committee on Atomic Energy on January 23, 1949, which committee was headed by Senator HICKENLOOPER during the Eightieth Congress, the staff of this committee was authorized to investigate this program in preparation for committee hearings on the subject. A hearing was held on May 5 with the Commission and an open hearing is scheduled for this afternoon at 2:30.

The Commission has taken the position that students who receive a fellowship are not required to have FBI clearance before they are granted such a scholarship. Neither are they obligated in any way for future employment by the Commission. The position taken by the Commission is one that I disagree with. I believe that all students receiving this fellowship should be required to be cleared by the FBI before they are granted. Further, they should be required to render some service to the Federal Government in return for receiving their education. I am thoroughly aware of the need to train scientists and feel that the program could be of great benefit in providing more and better qualified men for the field of science, in which field there is a critical shortage here in America. The Atomic Energy Commission requires FBI clearance of all persons before they are employed by the Commission. Certainly if we are going to train these scientists with the expectation of using them later on I cannot believe it to be a wise policy to train them without FBI clearance first. I do not believe such requirements would trespass on academic freedom. I believe it would have been wise for the Commission to have corrected this, which they could have done under the authority of the Atomic Energy Act of 1946.

Certainly I am opposed to educating anyone out of public funds who admits that he is a Communist as Hans Freistadt has admitted and who has been awarded an Atomic Energy Commission fellowship, or to any other person who is not loyal to our form of government. I assure the Members of the House that I am going to do everything I can to correct this serious mistake of the Commission, so I am, today, introducing a bill