ADJOURNMENT—MOTION TO RECONSIDER ENTERED

Mr. LUCAS. Mr. President, earlier in the evening I advised the Senate that I would possibly move to reconsider the concurrent resolution (H. Con. Res. 287) to which the Senate agreed, fixing the hour and date to which we would adjourn at 12 o'clock, November 27, 1950. As a matter of protection to all Senators, and in view of the fact that it is getting around the midnight hour, I am now going to enter the motion to reconsider the vote by which the Senate, earlier in the evening agreed to the concurrent resolution, fixing the adjournment for the two Houses on Saturday, September 23, 1950, the Congress to stand adjourned until 12 o'clock on Monday, November 27. All I am doing now is entering the motion. I am not asking for its consideration at this time.

The PRESIDING OFFICER. The motion will be entered.

(At this point, at 11:45 p. m., the printing of the Senate proceedings of September 22, 1950, was suspended, to be resumed in the next issue of the RECORD.)

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 22, 1950

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we are again coming unto Thee with our many needs, encouraged by every gracious invitation in Thy holy word and constrained by Thy love from which nothing can ever separate us.

May everything that mars or hinders our heritage, our assurance and our enjoyment of an intimate fellowship with Thee be taken away.

Grant that the mind and heart of our President, our Speaker and all the Members of the Congress may be made strong and vigorous with great moral and spiritual ideals and principles as they seek in unity of spirit to perform the many arduous and challenging tasks of their high vocation.

May it be the goal of all our aspirations and longings, our labors and prayers to bring in that blessed day when the forces of righteousness shall be victorious and peace shall prevail everywhere.

When we think of the tremendous sacrifices, which are being made by so many of our own fellow citizens in order that freedom may be triumphant, we are compelled to exclaim in all humility: Alas, alas, next to defeat the saddest thing is victory at such a cost. Make us worthy of their sacrifices and of victory. Hear us in the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Woodruff, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution and a concurrent resolution of the House of the following titles:

H. J. Res. 516. Joint resolution authorizing the President, or such officer or agency as he may designate, to conclude and give effect to agreements for the settlement of intercustodial conflicts involving enemy property; and

H. Con. Res. 286. Concurrent resolution requesting the President to return H. R. 1025.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5327. An act to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1292. An act to amend section 32 (a) (2) of the Trading With the Enemy Act.

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 amendments of the House to the bill (S. 2195) entitled "An act to authorize the Palisades Dam and Reservoir project, to authorize the north side pumping division and related works, to provide for the disposition of reserved space in American Falls Reservoir, and for other purposes."

REVENUE ACT OF 1950

Mr. DOUGHTON. Mr. Speaker, I call up the conference report on the bill (H. R. 8920) to reduce excise taxes, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

CALL OF THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 286]

Allen, Ill.	Ellsworth	Kunkel
Allen, La.	Engel, Mich.	Larcade
Anderson, Calif.	Fernandez	Lichtenwalter
Angell	Gillette	Linehan
Barrett, Wyo.	Gilmer	Lodge
Bates, Ky.	Gordon	Lyle
Blackney	Granger	Lynch
Bolton, Md.	Hall, Edwin Arthur	McCarthy
Bosone		McCormack
Breen	Hand	McKinnon
Brehm	Hare	McMillen, Ill.
Buchanan	Havenner	Mack, Wash.
Buckley, N. Y.	Hays, Ohio	Magee
Burnside	Hébert	Marcantonio
Celler	Hill	Martin, Iowa
Clemente	Hinshaw	Meyer
Colmer	Hoffman, Ill.	Miles
Cooley	Holifield	Miller, Calif.
Coudert	Horan	Morrison
Cox	Jonas	Moulder
Davenport	Keefe	Murphy
Davies, N. Y.	Kelly, N. Y.	Murray, Tenn.
Dingell	Kennedy	Murray, Wis.
Doyle	Kerr	Nicholson
Eaton	Klein	Nixon
Norton	Reed, Ill.	Velde
O'Brien, Mich.	Sabath	Vorys
O'Konski	Sadlak	Vursell
Patten	Sadowski	Wadsworth
Perkins	Sasscer	Werdel
Pfeiffer, William L.	Shelley	Whitaker
	Smith, Ohio	White, Idaho
Plumley	Stigler	Willis
Poage	Stockman	Withrow
Poulson	Tackett	Woodhouse
Quinn	Teague	Woodruff
Rains	Thornberry	Young
Redden	Underwood	Zablocki

The SPEAKER. On this roll call 314 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REVENUE ACT OF 1950

The SPEAKER. The gentleman from North Carolina [Mr. DOUGHTON] asks unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

Is there objection?

There was no objection.

The Clerk read the statement.

Mr. DOUGHTON (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 3124)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8920) to reduce excise taxes, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 48, 64, 87, 99, and 110.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 36, 37, 42, 43, 46, 47, 51, 52, 53, 54, 58, 59, 60, 63, 66, 67, 69, 70, 71, 77, 78, 79, 80, 81, 84, 85, 89, 90, 93, 94, 95, 96, 97, 98, 101, 104, 105, 112, 115, 116, 117, 118, 119, 120, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 138, 139, 140, 141, 142, 143, 144, 145, 147, 148, 150, 151, 152, 153, 154, 155, 156, 158, 160, 161, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, and 189 and agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and on page 153, after line 4, of the House bill, following the matter inserted by the amendment of the Senate numbered 189, insert the following:

"SEC. 608. Allowing Stamps To Be Attached in Foreign Countries to Certain Tobacco Products.

"(a) Tobacco and snuff: Section 2103 (c) (relating to supply of stamps) is hereby amended by adding at the end thereof the following new sentence: 'If the government of a foreign country permits the revenue stamps of such country to be affixed in the United States to tobacco or snuff manufactured in the United States and imported into such foreign country, then, if tobacco

or snuff manufactured in such foreign country is imported into the United States from such foreign country, the importer may, under such rules and regulations as the Secretary may prescribe, have the United States revenue stamps attached to such tobacco or snuff in such foreign country.'

"(b) Cigars: The second sentence of section 2112 (c) (relating to attaching stamps to cigarettes in foreign countries) is hereby amended by striking out 'cigarettes' wherever appearing therein and inserting in lieu thereof 'cigars or cigarettes'.

"(c) Effective date: The amendments made by this section shall take effect on the first day of the first month which begins more than ten days after the date of the enactment of this Act."

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment and on page 153, after line 4, of the House bill, immediately preceding the matter inserted by the amendment of the Senate numbered 190, insert the following:

"SEC. 609. Articles Sold for Use of Aircraft Engaged in Foreign Trade.

"Effective with respect to articles purchased (by the user thereof) on or after the first day of the first month which begins more than ten days after the date of the enactment of this Act, section 3443 (a) (3) (A) (ii) (relating to refunds in the case of articles used or resold for use as ships' stores, etc.) is hereby amended to read as follows:

"'(ii) used or resold for use for any of the purposes, but subject to the conditions, provided in section 3451;'."

And the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: On page 11 of the Senate engrossed amendments strike out lines 15 and 16 and insert the following:

"Except as provided in section 103, the amendments made by this part shall be applicable only with respect to taxable"

And the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment as follows: On page 15 of the Senate engrossed amendments strike out lines 3, 4, and 5 and insert the following:

"(b) Amendment of Section 14 (a): So much of section 14 (relating to normal tax on special classes of corporations) as precedes subsection (b) thereof is hereby amended to read as follows:

"'SEC. 14. Tax on special classes of corporations in case of taxable years (other than the calendar year 1950) beginning before July 1, 1950'."

And the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with the following amendments:

On page 16 of the Senate engrossed amendments strike out the semicolon in line 15 and insert a period, and strike out lines 16, 17, and 18.

On page 17 of the Senate engrossed amendments, beginning in line 21, strike out "a surtax of 19 per centum of the amount of the corporation surtax net income in excess of $25,000." and insert the following: "a surtax determined by computing a tentative surtax of 19 per centum of the amount of the corporation surtax net income in excess of $25,000, and by reducing such tentative surtax by an amount equal to 1 per centum of the lower of (A) the amount of the credit provided in section 26 (a), or (B) the amount by which the corporation surtax net income exceeds $25,000."

And the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: On page 21 of the Senate engrossed amendments strike out lines 11 to 15, inclusive, and insert the following:

"'(ii) Surtax. A surtax on the corporation surtax net income, in an amount computed as provided in section 15 (b) (2), or in an amount equal to one and one-half times the surtax which would be computed under section 15 (b) (2) if the corporation surtax net income were reduced by $25,000, whichever amount is the lesser'."

And the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: On page 24 of the Senate engrossed amendments strike out lines 1 to 13, inclusive, and insert the following:

"(3) Effective with respect to taxable years beginning after June 30, 1950, and with respect to taxable years beginning on January 1, 1950, and ending on December 31, 1950, section 201 (a) (1) (relating to tax on life insurance companies) is hereby amended by striking out 'at the rates provided in section 13 or section 14 (b) and in section 15 (b)' and inserting in lieu thereof 'computed as provided in section 13 (b) and in section 15 (b)'.

"(4) Effective with respect to taxable years beginning after June 30, 1950, and with respect to taxable years beginning on January 1, 1950, and ending on December 31, 1950, section 204 (a) (1) (relating to insurance companies other than life or mutual) is hereby amended by striking out 'at the rates specified in section 13 or section 14 (b) and in section 15 (b)' and inserting in lieu thereof 'computed as provided in section 13 (b) and in section 15 (b)'."

And the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with the following amendments:

On page 25 of the Senate engrossed amendments strike out all after "chapter" in line 16 down to and including "23 (s)" in line 19, and strike out all after "chapter" in line 25 down to and including "23 (s)" in line 3 on page 26.

On page 26 of the Senate engrossed amendments, beginning in line 6, strike out "the date of the enactment of the Revenue Act of 1950" and insert the following: "August 31, 1950."

And the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: On page 29 of the Senate engrossed amendments strike out lines 7 and 8 and insert the following:

"The amendments made by this part shall be applicable only with respect to taxable".

And the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with the following amendments:

On page 29 of the Senate engrossed amendments strike out lines 16 to 18, inclusive, and insert the following:

"(a) Amendment of Section 108: Section 108 is hereby amended by striking out subsection (e) and inserting in lieu thereof the".

On page 31 of the Senate engrossed amendments strike out the quotation marks in line 17, and insert after line 17 the following:

"'(g) Special Classes of Taxpayers: This section shall not apply to an insurance company subject to Supplement G or an investment company subject to Supplement Q.'

"(b) Effective Date: The amendment made by subsection (a) in striking out subsection (e) of section 108 of the Internal Revenue Code shall not apply in the case of any taxable year described in subsections (a), (b), or (c) of such section."

And the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 202. Income Tax Exemptions for Members of the Armed Forces Serving in Combat Areas.

"(a) Exclusion From Gross Income: Section 22 (b) (13) (relating to exclusions from gross income) is hereby amended to read as follows:

"'(13) Additional allowance for certain members of the armed forces.—

"'(A) Enlisted Personnel: Compensation received for active service as a member below the grade of commissioned officer in the armed forces of the United States for any month during any part of which such member served in a combat zone after June 24, 1950, and prior to January 1, 1952.

"'(B) Commissioned Officers: In the case of compensation received for active service as a commissioned officer in the armed forces of the United States for any month during any part of which such officer served in a combat zone after June 24, 1950, and prior to January 1, 1952, so much of such compensation as does not exceed $200.

"'(C) Definitions: For the purposes of this paragraph—

"'(i) the term "commissioned officer" does not include a commissioned warrant officer;

"'(ii) the term "combat zone" means any area which the President of the United States by Executive Order designates, for the purposes of this paragraph, as an area in which armed forces of the United States are or have (after June 24, 1950) engaged in combat;

"'(iii) service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combatant activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combatant activities in such zone; and

"'(iv) the term "compensation" does not include pensions and retirement pay'."

And the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) Withholding of Income Tax on Wages: Effective with respect to wages paid after October 31, 1950, section 1621 (a) (relating to definition of wages for income tax withholding purposes) is hereby amended by inserting before paragraph (2) thereof the following:

"'(1) for active service as a member of the armed forces of the United States performed prior to January 1, 1952, in a month during any part of which such member performed service in a combat zone as determined under section 22 (b) (13), or'."

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Receipts: Sections 1625 (a) and 1633 (a) (relating to receipts for employees) are

hereby amended by adding at the end of each the following: 'In the case of compensation paid for service as a member of the armed forces, the statement shall show, as wages paid during the calendar year, the amount of such compensation paid during the calendar year which is not excluded from gross income under chapter 1 (whether or not such compensation constituted wages as defined in section 1621 (a)); such statement to be furnished if any tax was withheld during the calendar year or if any of the compensation paid is includible under chapter 1 in gross income'."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with the following amendments:

On page 42 of the Senate engrossed amendments, beginning in line 9, strike out "newspapers, magazines, or other periodicals" and insert the following: "any part of the business of another publisher of a newspaper, magazine, or other periodical".

On page 43 of the Senate engrossed amendments, strike out lines 3, 4, and 5 and insert the following:

"(c) Effective Date: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1945, except that in the case of any taxable year beginning prior to January 1, 1950—

"(1) the amendments shall not be applicable with respect to expenditures for which a deduction was not allowed the taxpayer for such year, if allowance of credit or refund with respect to such year is barred on the date of the enactment of this Act by reason of any law or rule of law; and

"(2) the election provided in section 23 (bb) of the Internal Revenue Code shall not (despite the last sentence of such section) be applicable with respect to any expenditure for which a deduction was claimed by the taxpayer under his latest treatment, prior to the date of the enactment of this Act, of such expenditure in connection with his tax liability for such taxable year."

And the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with the following amendments: On page 43 of the Senate engrossed amendments strike out lines 7, 8, and 9 and insert the following:

"SEC. 205. Payment of Income Tax by Installment Payments, and Returns of Estates and Trusts.

"(a) Payment of Income Tax by Installment Payments: Effective with respect to taxable years ending on or".

On page 45 of the Senate engrossed amendments insert after line 6 the following:

"(b) Filing of Returns and Payment of Tax by Fiduciaries of Estates and Trusts:

"(1) Section 53 (a) (1) (relating to time for filing returns) is hereby amended to read as follows:

"'(1) General rule: Returns made on the basis of the calendar year shall be made on or before the fifteenth day of March following the close of the calendar year, except that in the case of the return of the fiduciary of an estate or trust, the return shall be made on or before the fifteenth day of April following the close of the calendar year. Returns made on the basis of a fiscal year shall be made on or before the fifteenth day of the third month following the close of the fiscal year, except that in the case of the return of the fiduciary of an estate or trust, the return shall be made on or before the fifteenth day of the fourth month following the close of the fiscal year.'

"(2) Section 56 (a) (relating to time for payment of tax) is hereby amended by inserting before the period at the end thereof the following: ', except that in the case of the tax imposed upon an estate or trust the tax shall be paid on the fifteenth day of April following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the fifteenth day of the fourth month following the close of the fiscal year'.

"(3) The amendments made by this subsection shall be applicable only with respect to taxable years ending after the date of the enactment of this Act."

And the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 207. Percentage Depletion.

"(a) Transportation From Mine. The second sentence of section 114 (b) (4) (B) (relating to the definition of gross income from property) is hereby amended to read as follows: 'The term "mining" as used herein shall be considered to include not merely the extraction of the ores or minerals from the ground but also the ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products, and so much of the transportation of ores or minerals (whether or not by common carrier) from the point of extraction from the ground to the plants or mills in which the ordinary treatment processes are applied thereto as is not in excess of 50 miles unless the Secretary finds that the physical and other requirements are such that the ore or mineral must be transported a greater distance to such plants or mills.'

"(b) Effective Date. The amendment made by subsection (a) shall be applicable with respect to taxable years beginning after December 31, 1949."

And the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "208." And the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "August 31, 1950." And the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "209." And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(determined without the application of section 875) or within 90 days after the expiration of such period." And the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 62, line 2, of the House bill strike out "70" and insert the following "50".

And the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "210".

And the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) Amendment of Section 117 (j): The first sentence of section 117 (j) (1) is hereby amended by inserting before the period at the end thereof the following: ', or (C) a copyright, a literary, musical, or artistic composition, or similar property, held by a taxpayer described in subsection (a) (1) (C)'."

And the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with the following amendments:

Strike out the matter proposed to be stricken out by the Senate amendment and on page 66, line 24, of the House bill strike out "3" and insert the following: "6."

On page 67, line 8, of the House bill strike out "3" and insert the following: "6."

On page 68, line 3, of the House bill strike out "3" and insert the following: "6."

On page 68, line 6, of the House bill strike out "3" and insert the following: "6."

On page 70, line 15, of the House bill strike out "3" and insert the following: "6."

On page 73 of the House bill, beginning in line 8, strike out all after "date." down through the period in line 12.

And the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment, as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 66 of the House bill, beginning in line 8, strike out all after "Act" down to and including "date" in line 12; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "211." And the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "212." And the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows: On page 52, line 11, of the Senate engrossed amendments, strike out "212 (a)" and insert the following: "211 (a)." And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "213." And the Senate agree to the same.

Amendment numbered 102: That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "214." And the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "215". And the Senate agree to the same.

Amendment numbered 106: That the House recede from its disagreement to the amendment of the Senate numbered 106, and agree to the same with the following amendments:

On page 54, line 18, of the Senate engrossed amendments, strike out "218" and insert the following: "216".

On page 61 of the Senate engrossed amendments strike out the quotation marks in line 15, and insert after line 15 the following:

"'(1) Cross Reference: For special rule with respect to gain derived from the sale or exchange of property the adjusted basis of which is determined with regard to this section, see section 117 (g) (3)'."

On page 61 of the Senate engrossed amendments, after line 18, insert the following:

"(c) Gain Attributable to Amortization Deduction: Section 117 (g) is hereby amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof '; and', by inserting after paragraph (2) the following new paragraph:

"'(3) gain from the sale or exchange of property, to the extent that the adjusted basis of such property is less than its adjusted basis determined without regard to section 124A (relating to amortization deduction), shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in subsection (j)'."

On page 61 of the Senate engrossed amendments, line 19, strike out "(c)" and insert "(d)".

And the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "217". And the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with the following amendments:

On page 62 of the Senate engrossed amendments strike out all after line 1 over to and including line 9 on page 63, and insert the following:

"SEC. 218. Stock Options.

"(a) Treatment of Certain Employee Stock Options: Supplement B of chapter 1 is hereby amended by adding at the end thereof the following new section:

"'SEC. 130A. Employee Stock Options.

"'(a) Treatment of Restricted Stock Options: If a share of stock is transferred to an individual pursuant to his exercise after 1949 of a restricted stock option, and no disposition of such share is made by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him—

"'(1) no income shall result at the time of the transfer of such share to the individual upon his exercise of the option with respect to such share;

"'(2) no deduction under section 23 (a) shall be allowable at any time to the employer corporation of such individual or its parent or subsidiary corporation with respect to the share so transferred; and

"'(3) no amount other than the option price shall be considered as received by either of such corporations for the share so transferred.

This subsection and subsection (b) shall not apply unless (A) the individual, at the time he exercises the restricted stock option, is an employee of the corporation granting such option or of a parent or subsidiary corporation of such corporation, or (B) the option is exercised by him within three months after the date he ceases to be an employee of any of such corporations.

"'(b) Special Rule Where Option Price is Between 85 Percent and 95 Percent of Value of Stock: If no disposition of a share of stock acquired by an individual upon his exercise after 1949 of a restricted stock option is made by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him, but, at the time the restricted stock option was granted, the option price was less than 95 per centum of the fair market value at such time of such share, then, in the event of any disposition of such share by him, or in the event of his death (whenever occurring) while owning such share, there shall be included as compensation (and not as gain upon the sale or exchange of a capital asset) in his gross income, for the taxable year in which falls the date of such disposition or for the taxable year closing with his death, whichever is applicable, an amount equal to the amount (if any) by which the option price is exceeded by the lesser of—

"'(1) the fair market value of the share at the time of such disposition or death, or

"'(2) the fair market value of the share at the time the option was granted.

In the case of the disposition of such share by the individual, the basis of the share in his hands at the time of such disposition shall be increased by an amount equal to the amount so includible in his gross income.

"'(c) Acquisition of New Stock: If stock trans-'."

On page 63, line 13, of the Senate engrossed amendments strike out "112 (b) (11) or".

On page 63, line 20, of the Senate engrossed amendments strike out "(c)" and insert the following: "(d)".

On page 66, line 6, of the Senate engrossed amendments strike out "(d)" and insert the following: "(e)".

On page 66, line 7, of the Senate engrossed amendments strike out "(c)" and insert in lieu thereof the following: "(d)".

And the Senate agree to same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment as follows: On page 67, line 2, of the Senate engrossed amendments strike out "221" and insert the following: "219". And the Senate agree to the same.

Amendment numbered 111: That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "220". And the Senate agree to the same.

Amendment numbered 113: That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment as follows: On page 69, line 3, of the Senate engrossed amendments strike out "1950" and insert the following: "1949". And the Senate agree to the same.

Amendment numbered 114: That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "221". And the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: On page 72, line 15, of the Senate engrossed amendments strike out "225" and insert the following: "222". And the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows: On page 73, line 12, of the Senate engrossed amendments strike out "226" and insert the following: "223". And the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(7) There shall be excluded all income derived from research for (A) the United States, or any of its agencies or instrumentalities, or (B) any State or political subdivision thereof; and there shall be excluded all deductions directly connected with such income.

"'(8) (A) In the case of a college, university, or hospital, there shall be excluded all income derived from research performed for any person, and all deductions directly connected with such income.

"'(B) In the case of an organization operated primarily for the purposes of carrying on fundamental research the results of which are freely available to the general public, there shall be excluded all income derived from research performed for any person, and all deductions directly connected with such income'."

And the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with the following amendments:

On page 77, line 6, of the Senate engrossed amendments insert after "occupancy" the following: ", and occupied,".

On page 77, line 9, of the Senate engrossed amendments strike out "less" and insert the following: "not more."

And the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: On page 79, line 22, of the Senate engrossed amendments insert after "indebtedness" the following: "with respect to such corporation or such organization". And the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 302. Exemption of Certain Organizations for Past Years.

"(a) Trade or Business Not Unrelated: For any taxable year beginning prior to January 1, 1951, no organization shall be denied exemption under paragraph (1), (6), or (7) of section 101 of the Internal Revenue Code on the grounds that it is carrying on a trade or business for profit if the income from such trade or business would not be taxable as unrelated business income under the provisions of Supplement U of the Internal Revenue Code, as amended by this Act, or if such trade or business is the rental by such organization of its real property (including personal property leased with the real property).

"(b) Period of Limitations: In the case of an organization which would otherwise be

exempt under section 101 of the Internal Revenue Code were it not carrying on a trade or business for profit, the filing of the information return required by section 54 (f) of the Internal Revenue Code (relating to returns by tax-exempt organizations) for any taxable year beginning prior to January 1, 1951, shall be deemed to be the filing of a return for the purposes of section 275 of the Internal Revenue Code (relating to period of limitation upon assessment and collection). In the case of such an organization which was, by the provisions of section 54 (f) of the Internal Revenue Code, specifically not required to file such information return, for the purposes of the preceding sentence a return shall be deemed to have been filed at the time when such return should have been filed had it been so required. The provisions of this subsection shall not apply to a taxable year of such an organization with respect to which, prior to September 20, 1950, (1) any amount of tax was assessed or paid, or (2) a notice of deficiency under section 272 of the Internal Revenue Code was sent to the taxpayer.

"(c) Denial of Deductions: A gift or bequest to an organization prior to January 1, 1951, for religious, charitable, scientific, literary, or educational purposes (including the encouragement of art and the prevention of cruelty to children or animals) otherwise allowable as a deduction under section 23 (o) (2), 23 (q) (2), 162 (a), 505 (a) (2), 812 (d), 861 (a) (3), 1004 (a) (2) (B), or 1004 (b) (2) or (3) of the Internal Revenue Code, may not be denied under such sections if a denial of exemption to such organization for the taxable year of the organization in which such gift or bequest was made is prevented by the provisions of subsections (a) or (b) of this section."

And the Senate agree to the same.

Amendment numbered 159: That the House recede from its disagreement to the amendment of the Senate numbered 159, and agree to the same with the following amendments:

On page 84, line 23, of the Senate engrossed amendments strike out "other than" and insert the following: "in excess of."

On page 85, line 5, of the Senate engrossed amendments strike out "other" the second time it appears and insert the following: "more."

On page 85, line 9, of the Senate engrossed amendments strike out "other" and insert the following: "less."

On page 88 of the Senate engrossed amendments strike out the quotation marks in line 9 and after line 9 insert the following:

"'(4) Accumulated income: If the amounts permanently set aside, or to be used exclusively, for the charitable and other purposes described in subsection (a) during the taxable year or any prior taxable year and not actually paid out by the end of the taxable year—

"'(A) are unreasonable in amount or duration in order to carry out such purposes of the trust; or

"'(B) are used to a substantial degree for purposes other than those described in subsection (a); or

"'(C) are invested in such a manner as to jeopardize the interests of the religious, charitable, scientific, etc., beneficiaries, the amount otherwise allowable under subsection (a) as a deduction shall be limited to the amount actually paid out during the taxable year and shall not exceed 15 per centum of the net income of the trust (computed without the benefit of subsection (a)).'"

And the Senate agree to the same.

Amendment numbered 162: That the House recede from its disagreement to the amendment of the Senate numbered 162, and agree to the same with the following amendments:

On page 89, line 7, of the Senate engrossed amendments strike out "section" and insert the following: "sections".

On page 90, line 18, of the Senate engrossed amendments strike out "other than" and insert the following: "in excess of".

On page 90, line 24, of the Senate engrossed amendments strike out "other" the second time it appears and insert the following: "more".

On page 91, line 2, of the Senate engrossed amendments strike out "other" the second time it appears and insert the following: "less".

On page 93 of the Senate engrossed amendments strike out the quotation marks in line 20, and after line 20 insert the following:

"'SEC. 3814. Denial of Exemption Under Section 101 (6) in the Case of Certain Organizations Accumulating Income.

"'In the case of any organization described in section 101 (6) to which section 3813 is applicable, if the amounts accumulated out of income during the taxable year or any prior taxable year and not actually paid out by the end of the taxable year—

"'(1) are unreasonable in amount or duration in order to carry out the charitable, educational, or other purpose or function constituting the basis for such organization's exemption under section 101 (6); or

"'(2) are used to a substantial degree for purposes or functions other than those constituting the basis for such organization's exemption under section 101 (6); or

"'(3) are invested in such a manner as to jeopardize the carrying out of the charitable, educational, or other purpose or function constituting the basis for such organization's exemption under section 101 (6),

exemption under section 101 (6) shall be denied for the taxable year'."

On page 94, line 12, of the Senate engrossed amendments strike out "section 3813" and insert the following: "sections 3813 and 3814".

On page 95, line 17, of the Senate engrossed amendments after "section 3813" insert the following: "and section 3814".

On page 95, line 20, of the Senate engrossed amendments strike out "such section" and insert the following: "section 3813".

And the Senate agree to the same.

Amendment numbered 190: That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows: On page 111, line 4, of the Senate engrossed amendments strike out "608" and insert the following: "610". And the Senate agree to the same.

Amendment numbered 191: That the Senate recede from its disagreement to the amendment of the House (made by H. Res. 842) to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"TITLE VII—EXCESS PROFITS TAX

"SEC. 701. Excess Profits Tax.

"(a) The House Committee on Ways and Means and the Senate Committee on Finance are hereby directed to report to the respective Houses of Congress a bill for raising revenue by the levying, collection, and payment of corporate excess profits taxes with retroactive effect to October 1, or July 1, 1950, said bill to originate as required by article I, section 7, of the Constitution. Said bill shall be reported as early as practicable during the Eighty-first Congress after November 15, 1950, if the Congress is in session in 1950 after such date; and if the Congress is not in session in 1950 after November 15, 1950, said bill shall be reported during the first session of the Eighty-second Congress, and as early as practicable during said session.

"(b) The Joint Committee on Internal Revenue Taxation, or any duly authorized subcommittee thereof, is hereby authorized and directed to make a full and complete study of the problems involved in the taxation of excess profits accruing to corporations as the result of the national defense program in which the United States is now engaged. The joint committee shall report the results of its study to the House Committee on Ways and Means and the Senate Committee on Finance as soon as practicable."

And the House agree to the same.

Amendment numbered 192: That the House recede from its disagreement to the amendment of the Senate numbered 192, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE OF CONTENTS

"TITLE I—INCREASE IN INCOME TAX RATES

"Part I—Individual income taxes

"Sec. 101. Increase in normal tax and surtax on individuals.
"(a) Normal tax.
"(b) Surtax.
"Sec. 102. Individuals with adjusted gross income of less than $5,000.
"Sec. 103. Computation of tax in case of certain joint returns.
"Sec. 104. Effective date of part I.

"Part II—Corporation income taxes

"Sec. 121. Increase in rate of corporation income taxes.
"(a) Amendment of section 13.
"(b) Amendment of section 14 (a).
"(c) Amendment of section 15.
"(d) Mutual insurance companies other than life or marine.
"(e) Regulated investment companies.
"(f) Tax under consolidated returns.
"(g) Technical amendments.
"Sec. 122. Credits of corporations.
"(a) Dividends received credit.
"(b) Credit for dividends paid on certain preferred stock.
"(c) Western Hemisphere trade corporations.
"Sec. 123. Effective date of part II.

"Part III—Fiscal year taxpayers

"Sec. 131. Fiscal year taxpayers.
"(a) Amendment of section 108.
"(b) Effective date.

"Part IV—Increase in withholding of tax at source on wages

"Sec. 141. Percentage method of withholding.
"Sec. 142. Wage bracket withholding.
"Sec. 143. Effective date of part IV.

"TITLE II—MISCELLANEOUS INCOME TAX AMENDMENTS

"Sec. 201. Extension of time in the case of discharge of indebtedness.
"Sec. 202. Income-tax exemptions for members of the Armed Forces serving in combat areas.
"(a) Exclusion from gross income.
"(b) Withholding of income tax on wages.
"(c) Receipts.
"Sec. 203. Treatment of bond premium in case of dealers in tax-exempt securities.
"(a) Amendment of section 22.
"(b) Technical amendments.
"(c) Effective date.
"Sec. 204. Circulation expenditures.
"(a) Deduction from gross income.
"(b) Technical amendment.
"(c) Effective date.

"Sec. 205. Payment of income tax by installment payments and returns of estates and trusts.
"(a) Payment of income tax by installment payments.
"(b) Filing of returns and payment of tax by fiduciaries of estates and trusts.
"Sec. 206. Election as to recognition of gain in certain corporate liquidations.
"(a) Amendment of section 112 (b) (7).
"(b) Basis of property.
"(c) Effective date.
"Sec. 207. Percentage depletion.
"(a) Transportation from mine.
"(b) Effective date.
"Sec. 208. Treatment of certain redemptions of stock as dividends.
"(a) Amendment of section 115 (g).
"(b) Effective date.
"Sec. 209. Redemption of stock to pay death taxes.
"(a) Certain distributions not treated as dividends.
"(b) Effective date.
"Sec. 210. Capital gains and losses.
"(a) Definition of capital assets.
"(b) Amendment of section 117 (j).
"(c) Effective date.
"Sec. 211. Short sales of capital assets.
"(a) Treatment of short sales.
"(b) Effective date.
"Sec. 212. Treatment of gain to shareholders of collapsible corporations.
"(a) Collapsible corporations.
"(b) Effective date.
"Sec. 213. Capital gains of nonresident alien individuals.
"(a) Nonresident alien individuals temporarily in the United States.
"(b) No United States trade or business and income of more than $15,400.
"(c) Technical amendment.
"(d) Effective date.
"Sec. 214. Treaty obligations.
"Sec. 215. Net operating loss deductions.
"(a) Allowance of five-year carry-over.
"(b) Effective date of subsection (a).
"Sec. 216. Amortization of emergency facilities.
"(a) Amortization deduction.
"(b) Technical amendments.
"(c) Gain attributable to amortization deduction.
"(d) Effective dates.
"Sec. 217. Amortization of premium on convertible bond.
"(a) Premium attributable to conversion features of bond.
"(b) Effective date.
"Sec. 218. Stock options.
"(a) Treatment of certain employee stock options.
"(b) Effective date.
"Sec. 219. Payment of tax withheld at source from nonresident aliens.
"Sec. 220. Employees of United States working in possessions of United States or in the Canal Zone.
"Sec. 221. Residents of Puerto Rico.
"(a) Income of individuals from sources within Puerto Rico.
"(b) Citizens of the United States residing in Puerto Rico.
"(c) Taxation of income of residents of Puerto Rico.
"(d) Aliens residing in Puerto Rico.
"(e) Withholding on alien residents of Puerto Rico.
"(f) Withholding of tax on wages.
"(g) Declaration of estimated tax.
"(h) Foreign tax credit.
"(i) Collection of taxes in Puerto Rico.
"(j) Technical amendments.
"(k) Effective date.
"Sec. 222. Regulated investment companies.
"Sec. 223. Personal holding company income.

"TITLE III—TREATMENT OF INCOME OF, AND GIFTS AND BEQUESTS TO, CERTAIN TAX-EXEMPT ORGANIZATIONS

"Part I—Taxation of business income of certain tax-exempt organizations

"Sec. 301. Income of educational, charitable, and certain other exempt organizations.
"(a) Tax on certain types of income.
"(b) Feeder organizations.
"(c) Technical amendments.
"Sec. 302. Exemption of certain organizations for past years.
"Sec. 303. Effective date of part I.

"Part II—Charitable, etc., deductions of trusts not exempt from taxation

"Sec. 321. Charitable, etc., deductions of trusts.
"(a) Amendment of section 162.
"(b) Technical amendments.
"Sec. 322. Effective date of part II.

"Part III—Loss of exemption under section 101 (6) and disallowance of certain gifts and bequests

"Sec. 331. Exemption of certain organizations under section 101 (6) and deductibility of contributions made to such organizations.
"Sec. 332. Technical amendments.
"(a) Amendment of section 23 (o) (2).
"(b) Amendment of section 23 (q) (2).
"(c) Amendment of section 101 (6).
"(d) Amendment of section 505 (a) (2).
"(e) Amendment of section 812 (d).
"(f) Amendment of section 861 (a) (3).
"(g) Amendment of section 1004 (a) (2) (B).
"(h) Amendment of section 1004 (b).
"Sec. 333. Effective dates.

"Part IV—Information to be made available to the public

"Sec. 341. Information to be made available to the public.
"(a) Information with respect to certain charitable, etc., deductions.
"(b) Effective date.

"TITLE IV—INCOME TAXES OF LIFE INSURANCE COMPANIES

"Sec. 401. Correction of formula used in computing income taxes of life insurance companies for 1949 and 1950.
"(a) Reserve and other policy liability credit.
"(b) Technical amendment.
"(c) Effective date.
"Sec. 402. Filing of returns for taxable year 1949.

"TITLE V—ESTATE TAX

"Sec. 501. Transfers in contemplation of death.
"(a) Transfers, etc., in contemplation of death.
"(b) Amendments of section 811 (c) and (d).
"(c) Effective date.
"Sec. 502. Repeal of deduction for support of dependents.
"Sec. 503. Reversionary interests in case of life insurance.
"(a) Amendment of section 404 (c) of Revenue Act of 1942.
"(b) No interest on refunds.

"TITLE VI—EXCISE TAXES

"Sec. 601. Sales at auction.
"Sec. 602. Retail sales by United States or by its agencies or instrumentalities.
"Sec. 603. Tax on coin-operated gaming devices.
"(a) Increase in tax on slot machines.
"(b) Effective date.
"Sec. 604. Federal agencies or instrumentalities.
"Sec. 605. Television receiving sets.
"(a) Imposition of tax on television receiving sets.
"(b) Credit for tax paid on automobile television sets.
"(c) Technical amendments.
"Sec. 606. Imposition of tax on quick-freeze units.
"Sec. 607. Transportation which begins and ends within the United States.
"(a) Transportation of persons.
"(b) Transportation of property.
"(c) Effective date.
"Sec. 608. Allowing stamps to be attached in foreign countries to certain tobacco products.
"(a) Tobacco and snuff.
"(b) Cigars.
"(c) Effective date.
"Sec. 609. Articles sold for use of aircraft engaged in foreign trade.
"Sec. 610. Effective date of sections 601, 602, 605, and 606.

"TITLE VII—EXCESS PROFITS TAX

"Sec. 701. Excess profits tax."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

ROBERT L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
WILBUR D. MILLS,
DANIEL A. REED,
ROY O. WOODRUFF,
THOMAS A. JENKINS,
Managers on the Part of the House.

WALTER F. GEORGE,
TOM CONNALLY,
HARRY F. BYRD,
EUGENE D. MILLIKIN,
HUGH BUTLER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8920) to reduce excise taxes, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 to 37, inclusive: These amendments strike out all of the provisions of title I of the House bill, which dealt with excise taxes. However, those provisions of the House bill which increase the revenue derived from excise taxes are shifted to title VI of the bill by Senate amendments Nos. 183, 184, 185, 186, and 188. The House recedes from its disagreement to each of the amendments Nos. 1 to 37, inclusive, other than amendments Nos. 14 and 31. In the case of amendment No. 14, which strikes out section 133 of the House bill (relating to the attaching of stamps in foreign countries to certain tobacco products), the House recedes with an amendment adding to title VI of the bill a new section 608 which is substantially identical to section 133 stricken from the House bill. In the case of amendment No. 31, which strikes out section 162 of the House bill (relating to credits and refunds of manufacturers' excise tax in the case of articles sold for use of aircraft engaged in foreign trade), the House recedes with an amendment adding to title VI of the bill a new section 609 which is identical to section 162 stricken from the House bill. The conferees recognize that there are inequities in our excise tax system and believe that the subject should have continuing consideration.

Amendment No. 38: This is the first of a series of amendments adding a new title I to the bill providing for increases in income-tax rates. This amendment adds sections

101 to 104, inclusive, to the bill which (together with section 131, added to the bill by Senate amendment No. 50) result in an increase in the individual income tax for all taxable years ending after September 30, 1950. This is accomplished as follows: For taxable years beginning after September 30, 1950, the percentage reductions of the tentative tax provided by the Revenue Act of 1945 and by the Revenue Act of 1948 are entirely eliminated. For the calendar year 1950 the percentage reductions are cut by approximately 25 percent. In the case of individuals who have fiscal years beginning prior to October 1, 1950, and ending subsequent to that date, proportionate cuts in the reductions are made by computing a portion of the tax on the basis of existing tax rates and the other portion of the tax on the basis of the tax rates applicable to taxable years beginning after September 30, 1950. The House recedes with an amendment clarifying the effective date provision contained in the Senate amendment.

Amendment No. 39: This amendment adds to the House bill the heading "Part II—Corporation Income Taxes" and subsections (a) and (b) of a new section 121, relating to increase in rate of corporation income taxes. This amendment and Senate amendment No. 40 define normal tax net income and surtax net income, and eliminate the so-called notch provisions, in substantially the same manner as provided in section 218 of the House bill. Under amendment No. 39 a normal tax of 25 percent is imposed on corporations for taxable years beginning after June 30, 1950, and a normal tax of 23 percent is imposed on corporations for the calendar year 1950. Special provision is made by Senate amendment No. 50 for taxable years (other than the calendar year 1950) which begin before July 1, 1950, and end after June 30, 1950. The House recedes with an amendment which makes a clerical amendment to section 14 of the Internal Revenue Code.

Amendment No. 40: In addition to defining corporation surtax net income, this amendment provides for a surtax of 20 percent on corporation surtax net income for taxable years beginning after June 30, 1950, and a surtax of 19 percent for the calendar year 1950. Special provision is made by Senate amendment No. 50 for taxable years (other than the calendar year 1950) which begin before July 1, 1950, and end after June 30, 1950). Senate amendment No. 40 (together with Senate amendment No. 48, which adds a new section 26 (j) to the Internal Revenue Code) also allows a credit in the case of a taxable year which is the calendar year 1950 for a certain percentage of partially tax-exempt interest received by a corporation. The House recedes with amendments which provide that, in lieu of such credit, the surtax for the calendar year 1950 shall be reduced by 1 percent of the lower of the corporation's credit under section 26 (a) or the amount by which the corporation's surtax net income exceeds $25,000. The credit under section 26 (a) is, in effect, the amount of the partially tax-exempt interest adjusted as provided in the Internal Revenue Code.

Amendment No. 41: This amendment makes certain amendments in section 207 (a) of the Internal Revenue Code to reflect the new corporate tax rates provided in Senate amendments Nos. 39 and 40. The House recedes with a technical amendment.

Amendment No. 42: This amendment relates to the normal tax and surtax on regulated investment companies, and amends section 362 (b) of the Internal Revenue Code to reflect the new corporate tax rates provided in Senate amendments Nos. 39 and 40. The House recedes.

Amendment No. 43: This amendment relates to the computation and payment of tax on consolidated returns. It provides that the 2 percent additional surtax provided by section 141 (c) of the Internal Revenue Code shall not apply to the portion of the consolidated corporation surtax net income attributable to Western Hemisphere trade corporations in the affiliated group. The House recedes.

Amendment No. 44: This amendment makes certain technical amendments. The House recedes with further technical amendments.

Amendment No. 45: This amendment makes certain amendments to section 26 (b) of the Internal Revenue Code, relating to credits allowed corporations with respect to dividends received. The House recedes with two amendments eliminating the limitations on the credit allowed in section 26 (b) (2) (A) and (B) in respect of dividends received on the preferred stock of certain public utilities, and with a further amendment providing that the provisions of amendment No. 45 with respect to dividends in kind shall apply to such dividends received after August 31, 1950, instead of after the date of the enactment of the Revenue Act of 1950.

Amendment No. 46: This amendment, relating to amount of credit for dividends paid on certain preferred stock, corresponds to section 218 (c) of the House bill with the necessary changes to reflect the different tax rates provided by the Senate amendments. The House recedes.

Amendment No. 47: This amendment corresponds to section 218 (d) of the House bill. It amends section 26 of the Internal Revenue Code by adding a new subsection (i) which provides a credit for Western Hemisphere trade corporations applicable in computing both normal tax net income and surtax net income. The House recedes.

Amendment No. 48: This amendment provides corporations a special surtax credit for the calendar year 1950 in respect of partially tax-exempt interest. This amendment is no longer necessary in view of the amendment to Senate amendment No. 40 and is eliminated. The Senate recedes.

Amendment No. 49: This amendment provides the effective dates for the increases in the corporate rates. The House recedes with a clarifying amendment.

Amendment No. 50: This amendment provides for the computation of the individual income tax in the case of a taxable year (other than the calendar year 1950) which begins prior to October 1, 1950, and ends after September 30, 1950, and for the computation of the corporation income tax in the case of a taxable year (other than the calendar year 1950) which begins before July 1, 1950, and ends after June 30, 1950. The House recedes with technical amendments.

Amendment No. 51: Effective with respect to wages paid on or after October 1, 1950, this amendment changes the percentage rate of withholding of tax from 15 to 18 percent and provides new wage bracket withholding tables to reflect the increased tax rates. The House recedes.

Amendment No. 52: This is a clerical amendment which changes the heading of title II of the bill. The House recedes.

Amendment No. 53: This amendment strikes out section 201 of the House bill providing that where proceeds of insurance are paid in installments the interest element in each installment be subjected to income tax. The House recedes.

Amendment No. 54: This amendment extends for one year the application of sections 22 (b) (9) and (10) of the Internal Revenue Code, which permit a corporation to exclude from income certain amounts attributable to discharge of indebtedness. The House recedes.

Amendment No. 55: This amendment (together with Senate amendments Nos. 56 and 57) grants an exclusion from gross income in the case of compensation received prior to January 1, 1952, for service as a member of the armed forces of the United States based on the time spent in a combat zone in the taxable year in which the compensation was received. In the case of an enlisted man, the exclusion would be the same portion of his total compensation for service for the taxable year as the number of months during any part of which he served in a combat zone in the taxable year is of the total number of months he served anywhere in the taxable year. In the case of an officer, the exclusion would be $200 times the number of months during any part of which he served in a combat zone during the taxable year.

The House recedes with an amendment which will base the exclusion on service prior to January 1, 1952, in a combat zone. In the case of an enlisted man, the exclusion will be the compensation received during the taxable year for service for any month during any part of which he served in a combat zone. In the case of an officer, the exclusion will be the first $200 of the compensation received for service for any month during any part of which he served in a combat zone, and the balance of such compensation received in any taxable year will not be excluded. The fact that the compensation is received outside a combat zone or in a different year (including years after 1951) from that in which such service is performed will be immaterial.

Amendment No. 56: This amendment would exempt from the requirement of withholding wages paid on or after the first day of the second month which begins after the date of enactment of the act for active service as a member of the armed forces of the United States for a month during any part of which such member served in a combat zone. The House recedes with an amendment to provide that no withholding of tax will be made on wages paid on or after November 1, 1950, for service performed prior to 1952 in a combat zone.

Amendment No. 57: This amendment relates to the income tax witholding statement furnished members of the armed services. The House recedes with an amendment which requires the statement to show (1) the amount of taxable compensation paid during the calendar year, and (2) the amount of tax withheld during such year. The amendment requires the statement to be furnished if any tax was withheld during the taxable year or if (even though no tax was withheld) any taxable compensation was paid during the calendar year.

Amendment No. 58: This is a clerical amendment. The House recedes.

Amendment No. 59: This amendment provides that the provisions of the bill relating to treatment of bond premium in case of dealers in tax-exempt securities shall be applicable to taxable years ending after June 30, 1950, but in the case of a taxable year beginning before and ending after such date such provisions are to apply only with respect to obligations acquired after such date. Under the House bill such provisions would have applied to taxable years beginning after 1949. The House recedes.

Amendment No. 60: This amendment strikes out section 203 of the House bill, relating to credits allowed corporations with respect to dividends received in property other than money. The provisions of this section, with a change in the effective date, are incorporated in section 122 as added to the bill by Senate amendment No. 45. The House recedes.

Amendment No. 61: This amendment adds to section 23 of the Internal Revenue Code a new subsection (bb) providing, effective with respect to taxable years beginning after December 31, 1945, for the deductions by a publisher from gross income of expenditures (with certain exceptions) to establish, maintain, or increase the circulation of a newspaper, magazine, or other periodical, but allows the publisher to elect to capitalize, instead of deducting, that portion of such expenditures which is chargeable to capital account under regulations prescribed by the Secretary. Such election to capitalize is binding for the taxable year for which made and such treatment must be adhered to with respect to similar expenditures made in all subsequent years unless the Secretary permits a change. This Senate amendment also makes a conforming change in section 113 (b) (1) (A) of the Internal Revenue Code. The House recedes with a clarifying amendment as to the expenditures which are to be excepted from the rule of the new subsection and with a further amendment providing for certain limitations on the retroactive application of the provision in the case of any taxable year beginning after December 31, 1945, and before January 1, 1950.

These retroactive limitations are as follows: (1) The provisions of the new subsection shall not be applicable with respect to circulation expenditures for which a deduction was not allowed the taxpayer for such year, if allowance of a credit or refund with respect to such year is barred on the date of enactment of the bill by reason of any law or rule of law; and (2) the election provided in the new subsection shall not (despite the last sentence of such provision) be permitted with respect to any circulation expenditure for which a deduction was claimed by the taxpayer under his latest treatment (prior to the date of enactment of the bill) of such expenditure in connection with his tax liability for such year. The first limitation has the effect of preventing its application to expenditures which have been capitalized for any taxable year beginning after December 31, 1945, and before January 1, 1950, where the allowance of credit or refund for such year attributable to such deduction would be barred on the date of enactment of the bill. Accordingly, such capitalization will continue to be reflected in basis. However, where the allowance of a credit or refund for such taxable year is not barred on the date of enactment of the bill, such expenditures by such a taxpayer may not be capitalized (unless he so elects) and he may obtain a refund by claiming a deduction for such expenditures in lieu of their previous capitalization. The second limitation prevents a taxpayer who, for any taxable year beginning after December 31, 1945, and before January 1, 1950, claimed a deduction from gross income for a circulation expenditure from subsequently electing under section 23 (bb) of the code, to capitalize such expenditures for such year in lieu of the deduction. Whether a deduction is to be considered claimed by such a taxpayer, for the purposes of this limitation, depends on his latest treatment (for example, in a return, claim for refund, or petition or amended petition to the Tax Court), prior to the enactment of the bill, of such expenditure in connection with his tax liability for such year.

Amendment No. 62: This amendment adds to the bill section 205, relating to payment of income tax by installment payments. This section is identical to section 603 of the House bill which is stricken by Senate amendment No. 182. The House recedes with an amendment adding a provision contained in the House bill to extend for one month the date for filing the return of (and for paying the tax imposed upon) an estate or trust.

Amendment No. 63: This amendment restores, with respect to certain corporate distributions made pursuant to a plan of liquidation adopted after December 31, 1950, and effected during any one calendar month in 1951, the provisions of sections 112 (b) (7) and 113 (a) (18) of the Internal Revenue Code (relating to election as to recognition of gain in certain corporate liquidations and relating to the basis of property received in such liquidations). The House recedes.

Amendment No. 64: This amendment provides for the nonrecognition of gain in certain cases where, pursuant to a plan of reorganization, a shareholder of a corporation which is a party to the reorganization receives stock (other than preferred stock) in another corporation, a party to the reorganization, without the surrender by such shareholder of stock. The Senate recedes.

Amendment No. 65: The House bill (1) increased the percentage depletion allowance for coal, (2) allowed percentage depletion for the first time for certain minerals, and (3) provided that the gross income from mining upon which percentage depletion allowances are based should in no case include transportation beyond the property. The Senate amendment (1) strikes out these provisions of the House bill; (2) provides, effective with respect to taxable years beginning after December 31, 1949, that gross income from mining shall include transportation from the point of extraction from the ground to the plants or mills in which the ordinary treatment processes are applied thereto, and (3) amends, effective with respect to taxable years beginning after December 31, 1946, the definition of "ordinary treatment processes" with respect to bentonite.

The House recedes with an amendment which eliminates those provisions of the Senate amendment relating to bentonite and limits the transportation permitted by the Senate amendment to be included as gross income from mining to so much of such transportation as does not exceed 50 miles unless the Secretary finds conditions to be such that the mineral must be transported to a greater distance to the plant or mill in which the ordinary treatment processes are applied.

Amendment No. 66: This amendment strikes out section 205 of the House bill which provided for the taxation as dividends to the stockholder of distributions made out of corporate earnings and profits accumulated prior to March 1, 1913, or out of appreciation in the value of property which accrued before that date. The House recedes.

Amendment No. 67: This amendment strikes out section 206 of the House bill relating to the treatment for income-tax purposes of distributions to domestic corporations in liquidation of certain foreign subsidiaries. The House recedes.

Amendment No. 68: This is a clerical amendment. The House recedes with an amendment making a change in section number.

Amendment No. 69: This is a technical amendment conforming to Senate amendment No. 66. The House recedes.

Amendment No. 70: This is a clerical amendment. The House recedes.

Amendment No. 71: Section 115 (g) of the Internal Revenue Code provides for the treatment as taxable dividends of amounts distributed by a corporation in cancellation or redemption of its stock if the cancellation or redemption and the related distribution are effected so as to be essentially equivalent to the distribution of a taxable dividend. Section 207 of the House bill amended section 115 (g) to cover the situation where shares in a parent corporation are purchased by its subsidiaries or where shares of one corporation are acquired by another corporation and both corporations are controlled directly or indirectly by the same interests. The Senate amendment limits the application of the bill to purchases by a subsidiary. The House recedes.

Amendment No. 72: Section 207 of the House bill (relating to treatment of certain redemptions of stock as dividends) applied only with respect to amounts received after December 31, 1949. The Senate amendment provided a later effective date. The House recedes with an amendment making such provisions applicable to amounts received after August 31, 1950.

Amendment No. 73: This is a clerical amendment. The House recedes with an amendment making a change in section number.

Amendment No. 74: Under the House bill certain distributions in redemption of stock included in a decedent's gross estate were excepted from the application of section 115 (g) of the Internal Revenue Code if made within the period of limitations provided in section 874 (a). The Senate amendment provided that the period within which distributions might be made tax-free should include the period of any suspension under section 875, where applicable. The House recedes with an amendment permitting the distribution to be tax-free if made within the period provided in section 874 (a) or within 90 days after the expiration of such period, but specifically excluding any suspension under section 875. Thus, under the conference amendment, no suspension of the 3-year period of limitations provided for by section 874 (a) will operate to extend the time within which such distributions must be made.

Amendment No. 75: Under the House bill distributions in redemption of stock included in a decedent's gross estate would be relieved from the application of section 115 (g) of the Internal Revenue Code only if the value of such stock comprised more than 70 percent of the value of the decedent's net estate. The Senate amendment eliminated this limitation. The House recedes with an amendment restoring the provisions of the House bill, but providing that the value of the stock of the corporation must comprise more than 50 percent of the value of the net estate. The percentage relationship is computed by taking, as the numerator, the value of the stock included in determining the value of the decedent's gross estate, and by taking, as the denominator, the value of the decedent's net estate.

Amendment No. 76: This is a clerical amendment. The House recedes with an amendment making a change in section number.

Amendments Nos. 77 and 78: The bill as passed by the House amended section 117 (a) (1) of the Internal Revenue Code so as to exclude copyrights, patents, inventions, designs, and literary, musical, or artistic compositions, and similar property from the definition of "capital assets" when held by certain taxpayers. Amendments Nos. 77 and 78 remove patents, inventions and designs from this exclusion. The House recedes.

Amendment No. 79: This amendment eliminates the amendment made by the House bill to section 117 (j) of the Internal Revenue Code which, in general, would have treated gain and loss from the sale or exchange of property used in a trade or business as gain and loss from the sale or exchange of capital assets. The House recedes.

Amendment No. 80: This is a conforming amendment to amendment No. 83. The House recedes.

Amendment No. 81: This is a conforming amendment to amendment No. 79. The House recedes.

Amendment No. 82: This amendment excludes copyrights and literary, musical, or artistic compositions, and similar property in the hands of certain taxpayers from, and includes certain cattle used for breeding or dairy purposes in, the definition of "property used in a trade or business" which is entitled to the benefits of section 117 (j) of the Internal Revenue Code. The House recedes with an amendment which eliminates that part of the Senate amendment dealing with cattle. While it may be necessary for Congress to legislate with respect to the tax treatment of sales of livestock, the conferees agreed that cattle alone should not be dealt with to the exclusion of other livestock, the treatment of which was not in conference, and that the subject matter is deserving of further study. It is the hope of the conferees that, pending such study and further legislation, the Treasury will follow the decision of the Eighth Circuit Court in the Albright case (173 Fed. (2) 339).

Amendment No. 83: This amendment eliminates the provisions of the House bill which would change the holding period used for determining whether a capital gain or loss is long-term or short-term from 6 to 3 months. The House recedes with conforming amendments.

Amendment No. 84: This is a conforming amendment to amendments Nos. 77 and 78. The House recedes.

Amendment No. 85: This is a clerical amendment. The House recedes.

Amendment No. 86: This is a conforming amendment to amendment No. 83. The House recedes with a clarifying amendment.

Amendment No. 87: This amendment provides for the effective date of that part of amendment No. 82 which would include certain cattle in the definition of "property used in a trade or business" which is entitled to the benefits of section 117 (j) of the Internal Revenue Code. In view of the action on that part of amendment No. 82, the Senate recedes.

Amendments Nos. 88, 89, 90, 91, 92, and 93: These amendments are clerical. The House recedes with amendments making the necessary changes in section numbers and cross-references.

Amendments Nos. 94, 95, and 96: These amendments make technical and clarifying changes in the section dealing with collapsible corporations. The House recedes.

Amendment No. 97: This amendment extends the application of section 117 (m), added to the Internal Revenue Code by this bill, to a shareholder who, at any time after the commencement of the manufacturer, construction, or production of property by a collapsible corporation, owned stock which was considered as owned at such time by another shareholder who then owned (or was considered as owning) more than 10 percent in value of the outstanding stock of the corporation. The House recedes.

Amendment No. 98: This is a clerical amendment. The House recedes.

Amendment No. 99: This amendment, effective for taxable years beginning after December 31, 1950, adds a section to the bill which provides that amounts received by an assignor for the assignment of certain oil, gas, and mineral rights, where such rights terminate upon the receipt by the assignee of a fixed or determinable amount of oil, gas, or mineral, shall be treated as amounts received from the sale or exchange of capial assets. The Senate recedes.

Amendments Nos. 100, 101, 102, 103, 104, and 105: These amendments are clerical. The House recedes with amendments making the necessary changes in section numbers.

Amendment No. 106: This amendment inserts in the Internal Revenue Code a new section 124A, applicable with respect to taxable years ending after December 31, 1949, providing for the amortization over a period of 60 months of emergency facilities constructed or acquired after December 31, 1949, and certified as necessary in the interest of national defense during the present emergency period. The determination of that part of an investment in a facility which is attributable to defense purposes will be made under such standards and procedures as may be included in regulations prescribed by the certifying authority with the approval of the President. The amortization deduction may be taken at the election of the taxpayer, in lieu of depreciation, and may be discontinued (and depreciation resumed) before the expiration of the 60-month period. The provision is similar to section 124 of the code which authorized the amortization of emergency facilities during World War II. This amendment also makes a technical change in section 23 (t) of the code to conform it to the new section 124A. The House recedes with amendments, one of which adds to section 117 (g) of the code a new paragraph (3) providing that gain from the sale or exchange of property, to the extent that the adjusted basis of such property is less than its adjusted basis determined without regard to section 124A, shall be considered as ordinary income. For example, on December 31, 1950, a taxpayer making his income-tax returns on the calendar-year basis acquires at a cost of $10,000 an emergency facility (used in his business) which normally would have a useful life of 20 years. Under section 124A he elects to begin the 60-month amortization period on January 1, 1951. He takes amortization deductions in the amount of $4,000 for the years 1951 and 1952 (24 months). On December 31, 1952, he sells the facility for $9,500. The adjusted basis of the facility on that date is $6,000 ($10,000 cost less $4,000 amortization). Without regard to section 124A, the facility would have been depreciated at the rate of $500 a year, and its adjusted basis on December 31, 1952, would have been $9,000 ($10,000 cost less $1,000 depreciation). The difference between the facility's actual adjusted basis ($6,000), and its adjusted basis determined without regard to section 124A ($9,000) is $3,000. Accordingly, under the House amendment, of the $3,500 gain on the sale of the facility ($9,500 sale price less $6,000 adjusted basis), $3,000 would be treated as ordinary income and $500 as long-term capital gain.

If the taxpayer acquired other property, in a tax-free exchange, for an emergency facility with respect to which the amortization deduction was allowed, the basis of such other property would be determined with regard to section 124A of the Internal Revenue Code, and therefore the provisions of section 117 (g) (3) of such code would apply with respect to gain realized on a sale or exchange of such other property. The provisions of section 117 (g) (3) likewise apply with respect to gain realized upon the sale or exchange of an emergency facility (or other property, as described in the preceding sentence) by a taxpayer in whose hands the basis of such facility (or other property) is determined by reference to the basis thereof in the hands of another person who was allowed deductions with respect to such facility under section 124A.

Amendment No. 107: This amendment is clerical. The House recedes with an amendment making a change in section number.

Amendment No. 108: This amendment adds a new section 130A to the Internal Revenue Code to provide special income tax treatment of income in respect of "restricted stock options" in cases where the option price is at least 85 percent of the fair market value of the stock subject to the option. The House recedes with amendments providing ordinary income treatment, at disposition of the stock in certain cases, to the amount of the "spread", at the time the option was granted. The amendments revise subsection (a) of section 130A, and insert a new subsection (b).

New subsection (b) provides a special rule applicable where the option price in respect of a restricted stock option is, at the time the option is granted, between 85 and 95 percent of the fair market value of the stock. This rule provides that if no disposition of a share of stock, acquired by an individual upon his exercise after 1949 of a restricted stock option, is made by him within 2 years from the date of the granting of the option, nor within 6 months after the transfer of such share to him, but, at the time the restricted stock option was granted, the option price was less than 95 percent of the fair market value at such time of such share, then, in the event of any disposition of such share by him, there shall be included as compensation (and not as gain upon the sale or exchange of a capital asset) in his gross income, for the taxable year during which the date of such dispositions falls, an amount equal to the amount, if any, by which the option price is exceeded by the lesser of (1) the fair market value of the share at the time of such disposition or (2) the fair market value of the share at the time the option was granted. Death of the individual at any time (including death within the 2-year period or within the 6-month period) while he owns the share of stock, has the same effect for the purposes of subsection (b) as a disposition of such share by him during the taxable year closing with his death. Subsection (b) also provides that, in case of a disposition of such a share of stock by the individual, the basis of the share in his hands as of the time of such disposition shall be increased by an amount equal to the amount includible as compensation in his gross income. The rule of subsection (a) regarding denial of deduction under section 23 (a) to the employer corporation or its parent or subsidiary also applies to any amounts treated as ordinary income under subsection (b).

In order to make it clear that the special treatment provided in subsection (a) and new subsection (b), when applicable, applies separately to each share of stock, subsection (a) of section 130A has been rephrased to refer to "a share of stock," instead of to "stock." Former subsections (b), (c), and (d) have been redesignated (c), (d), and (e), respectively.

The operation of new subsection (b) may be illustrated by the following examples:

(1) On January 1, 1951, X, an employee of M corporation, receives a restricted stock option to purchase a share of stock of M corporation for $85. The fair market value on that date is $100. On January 1, 1953, X exercises the option, the fair market value of the share on that date being $125. On January 1, 1954, X sells the share for $150. The difference between the fair market value at the date the option was granted and the option price was $15. Therefore, $15 is included as ordinary income in X's gross income for 1954. This $15 increases the $85 cost basis of the share to X, thus giving him a basis for determining gain or loss on the sale of the share of stock of $100. Having sold the share for $150, X has a gain on the sale of $50, of which $25 is taken into account as long-term capital gain.

(2) If the fair market value of the share in example (1) above at the time of the sale

had been only $75, and if X had sold it for $75, no amount in respect of the sale would be includible as compensation in X's gross income for 1954. In such case, X's basis for determining gain or loss on the sale would remain $85. Having sold the share for $75, X would have a loss on the sale of $10, of which $5 would be taken into account as a long-term capital loss.

(3) If, in example (1) above, instead of selling the share on January 1, 1954, X had made a gift of the share on that day, the $15 would be included as compensation in X's gross income for 1954. Similarly, X's basis in respect of the share is increased to $100, which would become the donee's basis, as of the time of the gift, for determining gain or loss on the share of stock.

(4) If, in example (2) above, instead of selling the share on January 1, 1954, X had made a gift of the share on that date, no amount in respect of the transaction would be includible as compensation in X's gross income for 1954. X's basis would remain $85, which also would become the donee's basis, as of the time of the gift, for the purpose of determining gain on the share of stock. The donee's basis for the purpose of determining loss would be determined under section 113 (a) (2), and would be $75.

(5) If, in example (1) above, after acquiring the stock on January 1, 1953, X died during the year 1953, at a time when the share had a fair market value of $150, the $15 spread which existed at the time the option was granted would be included as compensation in X's gross income for the taxable year closing with his death. This is the rule whether X's death occurred during or after a 6-month period running from the date the share was acquired. The basis of the share in the estate of X for the purposes of determining gain or loss would be determined under section 113 (a) (5), and would be $150.

Amendment No. 109: This amendment relates to the time of payment of tax withheld at source from nonresident aliens and corresponds, except for a minor change, to section 601 (d) of the House bill. The House recedes with an amendment making a change in section number.

Amendment No. 110: This amendment adds to the Internal Revenue Code certain rules applicable to the treatment of family partnerships for income-tax purposes, retroactive to taxable years beginning after 1938. The Senate recedes.

Amendment No. 111: This is a clerical amendment. The House recedes with an amendment making a change in section number.

Amendment No. 112: This is a clerical amendment. The House recedes.

Amendment No. 113: This amendment changes the effective date for the taxation of amounts paid for services performed in a possession of the United States by a citizen of the United States as an employee of the United States or any agency thereof from taxable years beginning after December 31, 1949, to taxable years beginning after December 31, 1950. The House recedes with an amendment which restores the effective date contained in the House bill.

Amendment No. 114: This is a clerical amendment. The House recedes with an amendment making a change in section number.

Amendments Nos. 115 and 116: These are clarifying amendments. The House recedes.

Amendment No. 117: This amendment amends section 3811 of the Internal Revenue Code to extend to Puerto Rico administrative, collection, and enforcement provisions considered necessary because of the changes made by the bill relating to the income tax treatment of individuals resident in Puerto Rico. The House recedes.

Amendment No. 118: This amendment makes technical and conforming changes to section 481 (a) (7) of the Internal Revenue Code and to section 211 (a) (7) of the Social Security Act, each of which relates to the computation of net earnings from self-employment in the case of residents of Puerto Rico. These changes are necessary because of the changes made by the bill in the tax treatment of residents of Puerto Rico. The House recedes.

Amendment No. 119: This is a clerical amendment. The House recedes.

Amendment No. 120: This amendment provides that the amendment made by Senate amendment No. 117 shall be effective on the date of the enactment of the bill. The House recedes.

Amendment No. 121: This amendment adds to the Internal Revenue Code a new paragraph which, for certain purposes, would allow a regulated investment company, at its option, to treat certain dividends as having been paid in the taxable year preceding that of their actual payment. The House recedes with an amendment making a change in section number.

Amendment No. 122: This amendment provides that section 502 (f) of the Internal Revenue Code, relating to use of corporation property by a shareholder, shall not apply to rents received during taxable years ending after December 31, 1945, and prior to January 1, 1950, if such rents were received for the use by the lessee, in the operation of a bona fide commercial, industrial, or mining enterprise, of property of the corporation. The House recedes with an amendment making a change in section number.

Amendment No. 123: This amendment strikes out section 218 of the House bill, relating to increase in rate of corporation-income taxes. The increase in corporate rates is effected under Senate amendments Nos. 39 and 40. The House recedes.

Amendments Nos. 124 and 125: These are clerical amendments which change the headings of part I of title III of the bill, and of Supplement U of chapter 1 of the Internal Revenue Code, respectively, to conform to the changes made by Senate amendment No. 151. The House recedes.

Amendment No. 126: This is a technical amendment to conform the rate of tax on organizations subject to the Supplement U tax at corporate rates to the increased corporate tax rate provided in Senate amendment No. 39. The House recedes.

Amendments Nos. 127 and 128: These are clarifying amendments. They make clear that the word "church" in the new section 421 (b) (1) of the Internal Revenue Code, as it appeared in the House bill, includes a convention or association of churches as an organization exempt from the Supplement U tax. The House recedes.

Amendment No. 129: This is a technical amendment to conform to Senate amendment No. 151, which eliminates the proposed tax on accumulated investment income. The House recedes.

Amendment No. 130: This amendment continues the exclusion of dividends, interest, and annuities from unrelated business net income for purposes of the Supplement U tax as provided for in the comparable House bill provision and sets forth specifically the royalties which are also to be excluded from unrelated business net income. The House recedes.

Amendment No. 131: This amendment is a change in paragraph number. The House recedes.

Amendment No. 132: This is a technical amendment. The provision stricken thereby from the House bill is covered in Senate amendment No. 135. The House recedes.

Amendments Nos. 133 and 134: These amendments are changes in paragraph numbers. The House recedes.

Amendment No. 135: This amendment adds a new paragraph (5) to the new numbered section 422 (a) of the Internal Revenue Code, which broadens the exclusion from unrelated business net income subject to the Supplement U tax provided in section 422 (a) (2) in the House bill for capital gains or losses. The House recedes.

Amendment No. 136: This amendment is a change in a paragraph number. The House recedes.

Amendment No. 137: This amendment extends the House bill provision which excluded, from unrelated business income subject to the Supplement U tax, income derived from research for the United States or any of its agencies. The amendment adds to the code in lieu of the House provision a section numbered 422 (a) (7) which excludes all income derived from work performed under a contract with the United States or any of its agencies or instrumentalities or with any State or political subdivision thereof. The amendment also adds a provision, numbered section 422 (a) (8), excluding income derived by a college, university, or hospital from research performed for any person.

The House recedes with amendments limiting the exclusion in section 422 (a) (7) to income derived from research for the Federal Government or the States and adding a subparagraph to section 422 (a) (8) providing that, in the case of an organization operated primarily for the purposes of carrying on fundamental research the results of which are freely available to the general public, income derived from all research is to be excluded from unrelated business income.

Amendments Nos. 138 and 139: These amendments change paragraph numbers. The House recedes.

Amendment No. 140: This amendment is clerical. The House recedes.

Amendment No. 141: This amendment excepts from the definition of "unrelated trade or business" under new code section 422 (b) as it appeared in the House bill, any trade or business which consists of selling merchandise, substantially all of which has been received by the organization as gifts or contributions. The House recedes.

Amendment No. 142: This is a technical amendment conforming to Senate amendment No. 159. The House recedes.

Amendment No. 143: This amendment changes the definition in new code section 423 (a) of the phrase "Supplement U lease" to mean, in general, a lease for a term of more than 5 years of real property on which there is a Supplement U lease indebtedness; whereas, under the corresponding provision of the House bill, leases of 5 years or more were covered where such indebtedness existed. The House recedes.

Amendments Nos. 144 and 145: These are clerical amendments. The House recedes.

Amendment No. 146: This amendment excepts certain types of leases from the definition of a "Supplement U lease" as such term is defined in new code section 423 (a). Rents from such leases will not be subject to the Supplement U tax. The excepted types of leases are those entered into primarily for purposes which are substantially related to the lessor organization's exempt purposes; leases of premises in a building primarily designed for occupancy by the lessor organization; certain long-term leases of portions of the premises where both the rents derived from such leases are less than certain percentages of the total rents derived from the entire premises and the area covered under

such long-term leases represents less than certain percentages of the total area covered by leases on the entire premises. The House recedes with a technical amendment conforming to Senate amendment No. 143 and with an amendment requiring that the building primarily designed for occupancy by the organization also be occupied by the organization if a lease of premises in such a building is to be excepted from the definition of a Supplement U lease.

Amendment No. 147: This is a technical amendment conforming to Senate amendment No. 143. The House recedes.

Amendment No. 148: This amendment clarifies the manner in which a "Supplement U lease indebtedness" may be incurred. The House recedes.

Amendment No. 149: This amendment provides that where real property was acquired by gift, bequest or devise prior to July 1, 1950, subject to a mortgage or subject to a lease requiring improvements, the mortgage indebtedness or indebtedness incurred in so improving the property shall not be considered as Supplement U indebtedness. A similar result is also provided under certain circumstances where an organization described in section 101 (1), (6) or (7) acquires all the stock of a corporation described in section 101 (14). The House recedes with a clarifying amendment.

Amendment No. 150: This is a clerical amendment. The House recedes.

Amendment No. 151: This amendment strikes out provisions of the House bill which would have added sections 424 and 425 to the Internal Revenue Code, which would have subjected to the Supplement U tax certain accumulated investment income of trusts and certain other organizations exempt under section 101 (6) of the code. The House recedes.

Amendment No. 152: This amendment is a change in section number. The House recedes.

Amendment No. 153: This amendment strikes out section 301 (c) of the House bill which set up specific standards under which certain organizations exempt under section 101 (6) of the Internal Revenue Code must operate in order to retain their exempt status. However, the provisions of this section, with modifications, are incorporated in new code section 3813 as added by Senate amendment No. 162. The House recedes.

Amendments Nos. 154, 155, and 156: These amendments are clerical and technical conforming changes. The House recedes.

Amendment No. 157: This amendment adds section 302 to the bill for which there was no corresponding section in the bill as it was passed by the House. Section 302 deals with possible tax liability for taxable years beginning prior to 1951 of certain organizations which for such years were carrying on a trade or business the profits of which were dedicated exclusively to exempt purposes; such section also deals with deductibility of contributions made prior to 1951 to such organizations.

The House recedes with an amendment which revises section 302 of the bill as amended, section 302 (a) provides that for taxable years beginning prior to 1951, no organization shall be denied exemption under section 101 (1), (6), or (7) of the code on the ground that it is carrying on a trade or business for profit, if the income from this source would not be taxable under Supplement U as amended by this bill, or if such trade or business is the rental by such organization of its real property (including personal property leased therewith).

Subsection (b) of section 302 provides that the statute of limitations against assessment of income tax shall begin to run, for any taxable year prior to 1951, with the filing of an information return (Form 990) in the case of an organization which would be exempt under section 101 of the code were it not carrying on a trade or business for profit. If under section 54 (f) of the code such organization was not required to file an information return, assessment is barred three years after the date such return would have been due if such organization had been required to file such return. However, the provisions of this subsection are not to apply to a taxable year with respect to which, prior to September 20, 1950, any amount of tax was assessed or paid, or a notice of deficiency under section 272 of the code was sent to the organization.

Subsection (c) of section 302 provides that a gift or bequest for charitable, etc., purposes, otherwise allowable as a deduction under the appropriate income, estate or gift tax provisions of the code, may not be denied for any taxable year prior to January 1, 1951, if the denial of exemption to the recipient organization for the time in which such contribution was made is prevented by section 302.

The conferees were unable to consider the question of taxability for years prior to 1951 of income derived by a college or university from the conduct of a trade or business whether carried on directly by the institution or through a subsidiary. This matter is in litigation and was not in conference. However, it is the view of the conferees that undue hardship will arise if such institutions are required to pay taxes on income which has already been spent to carry out their educational programs; and the conferees express the hope that this matter may be reviewed in subsequent legislation.

Amendment No. 158: This amendment is a change in section number. The House recedes.

Amendment No. 159: This amendment eliminates those provisions of the House bill which would have denied a deduction under section 162 (a) of the Internal Revenue Code with respect to income which was accumulated, and also the privilege of election which would have been granted trustees to deduct under section 162 (a) for certain distributions made after the close of the taxable year. This amendment retains, with modifications, the limitations proposed in the House bill on the unlimited charitable deduction allowed trusts under section 162 (a) of the code. These limitations, which now appear as section 162 (g) (1) and (2), result in the denial of a deduction under section 162 (a) of the code for amounts attributable to income derived from business activities of the trust and for amounts in excess of 15 percent of the net income if the trust has engaged in certain prohibited transactions, directly or indirectly with the creator of, or a substantial donor to, such trust. Section 162 (g) (2) (C) and (D) provides rules with repect to the taxable years affected where the deduction of a trust has been so limited because of engaging in prohibited transactions. Section 162 (g) (2) (E) provides rules for the disallowances to the donor of a deduction under the appropriate income, estate, and gift tax provisions of the Internal Revenue Code, for gifts or bequests in trust where at the time of the gift or bequest the trust is not allowed the unlimited deduction under section 162 (a) of the code.

The House recedes with clerical amendments and an amendment which adds paragraph (4) to section 162 (g), which paragraph provides that the amount which would otherwise be allowed under section 162 (a) as a deduction for amounts permanently set aside for charitable and related purposes during the taxable year or any prior taxable year and not actually paid out at the end of the taxable year shall be limited to such amounts as actually paid out as are not in excess of 15 percent of the net income of the trust, computed without the benefit of section 162 (a), where the accumulations are (1) unreasonable either in size or duration, or (2) used to a substantial degree for other than charitable or related purposes, or (3) invested in such a manner as to jeopardize the interests of the religious, charitable, scientific, etc., beneficiaries. The deductions are to be so limited as provided in this paragraph in the year in which the accumulation becomes unreasonable or is misused and will continue to be so limited until such situation is corrected.

Amendment No. 160: This is a technical amendment. The House recedes.

Amendment No. 161: This is a technical amendment to conform the effective date of part II of title III of this bill to additions made therein by Senate amendment No. 159. The House recedes.

Amendment No. 162: This amendment strikes part III of title III of the bill as it was passed by the House, the provisions of which disallowed certain charitable, etc., deductions for income-, estate-, and gift-tax purposes for gifts and bequests to certain organizations exempt under section 101 (6) of the Internal Revenue Code where the instruments under which the recipient organizations were operated did not provide that such organizations might not engage in certain prohibited acts. However, the provisions of this part, with certain modifications, are incorporated in section 3813 as added to the Internal Revenue Code by this amendment. The principal changes made by the Senate amendment are to broaden the categories of organizations not subject to the provisions of the section; to omit the requirement that the mandate against prohibited transactions be incorporated in the governing instrument of the organization; to limit the categories of prohibited transactions to those which are not at arm's length; to omit the provisions denying charitable deductions for certain contributions of stock in a family business; and to provide specific rules regarding the taxable years affected when an organization engages in a prohibited transaction.

The House recedes with clerical and technical amendments and an amendment adding after section 3813 of the code a new section, 3814. Section 3814 provides that exemption under section 101 (6) of the code shall be denied for the taxable year in the case of an organization described in section 101 (6) to which section 3813 of the code is applicable, if the accumulations out of income during the taxable year or any prior taxable year and not actually paid out by the end of the taxable year, are either unreasonable in amount or duration in order to carry out the organization's exempt purposes; or are used to a substantial degree for purposes or functions other than such organization's exempt purposes; or are invested in such a manner as to jeopardize the carrying out of the organization's exempt purposes. In effect, section 3814 denies exemption to a section 101 (6) organization in the year in which its accumulation of income becomes unreasonable or is misused, and such organization will continue to be denied exemption as long as such situation continues.

Amendment No. 163: This amendment adds to title III of the bill as it passed the House a new part designated part IV which requires, for taxable years beginning after December 31, 1949, that certain organizations exempt under section 101 (6) of the Internal Revenue Code and trusts taxable under Supplement E of the code claiming charitable, etc., deductions under section 162 (a) of the code shall furnish annually in-

formation respecting income, expenses, disbursements, accumulations, and a balance sheet, which information is to be made available to the public. The House recedes.

Amendments Nos. 164 to 174, inclusive: These amendments restrict the provisions which would apply a corrected formula in computing the income taxes of life insurance companies to 1949 and 1950, instead of to 1947, 1948, 1949, and 1950, as provided for by the House bill. The House recedes.

Amendment No. 175: This amendment strikes out section 403 of the House bill relating to income taxes of insurance companies in receivership during 1947 or 1948. The House recedes.

Amendments Nos. 176 and 177: These amendments are clerical. The House recedes.

Amendment No. 178: This amendment adds to the bill a new section which amends section 404 (c) of the Revenue Act of 1942 to limit the inclusion in the gross estate of a decedent for estate-tax purposes of proceeds of life-insurance policies upon his own life, purchased in whole or in part with premiums or other consideration paid by him on or before January 10, 1941, and receivable by persons other than his executor. The House recedes.

Amendments Nos. 179 and 180: These amendments strike out title VI and section 601 of the House bill providing for collection of income tax at source on dividends. The House recedes.

Amendment No. 181: This amendment strikes out section 602 of the House bill, which dealt with the reduction of the rate of interest on overpayments. The House recedes.

Amendment No. 182: This amendment strikes out section 603 of the House bill, relating to payment of income tax by installment payments. The provisions of that section are incorporated in Senate amendment No. 62. The House recedes.

Amendment No. 183: This amendment adds to the bill the heading "Title VI—Excise Taxes" and section 601 relating to retailers' excise taxes in the case of sales of jewelry or furs by an auctioneer or other agent. This section is identical to subsection (e) of section 102 of the House bill, which was stricken by Senate amendment No. 3. The House recedes.

Amendment No. 184: This amendment adds to the bill a new section 602, relating to retail sales by the United States or by its agencies or instrumentalities. This section is identical to section 104 of the House bill, which was stricken by Senate amendment No. 5. The House recedes.

Amendment No. 185: This amendment adds to the bill a new section 603, relating to excise tax on coin-operated gaming devices. The amendment made by this section to the Internal Revenue Code is the same as the amendment made by section 142 (a) of the House bill, stricken by Senate amendment No. 17. The House recedes.

Amendment No. 186: This amendment adds to the bill a new section 604, relating to the payment of occupational taxes by Federal agencies and instrumentalities. This section is identical to section 144 of the House bill stricken by Senate amendment No. 19. The House recedes.

Amendment No. 187: This amendment adds to the bill a new section 605 which extends the 10 percent manufacturers' excise tax on radio receiving sets and parts to television receiving sets and parts. The House recedes.

Amendment No. 188: This amendment adds to the bill a new section 606 which extends the 10 percent manufacturers' excise tax on mechanical refrigerators and air-conditioning units to quick-freeze units. Section 155 of the House bill (stricken by Senate amendment No. 24) also provided for taxing quick-freeze units, but at a lower rate. The House recedes.

Amendment No. 189: This amendment adds to the bill a new section 607, relating to taxes on transportation. Subsection (a), relating to the tax on the transportation of persons, imposes the tax on amounts paid without the United States for the transportation of persons which begins and ends in the United States, and subsection (b), relating to the tax on the transportation of property, imposes the tax on amounts paid without the United States for the transportation of property from one point in the United States to another. The House recedes.

Amendment No. 190: This amendment provides an effective date for the amendments made by the new sections 601, 602, 605, and 606. The provisions of this section are substantially the same as the corresponding provisions of the House bill. The House recedes with a change in section number.

Amendment No. 191: Senate amendment No. 191 added a new section to the bill directing the House Committee on Ways and Means and the Senate Committee on Finance to report to the respective Houses a bill for raising revenue by the levying, collection, and payment of corporate excess profits taxes with retroactive effect to October 1 or July 1, 1950, such bill to originate as required by article I, section 7 of the Constitution. Such bill was to be reported as early as practicable during the first session of the Eighty-second Congress. The Senate amendment further directed the Joint Committee on Internal Revenue Taxation to make a full and complete study of the problems involved in the taxation of excess profits accruing to corporations as the result of the national-defense program in which the United States is now engaged, and to report the results of its study to the House Committee on Ways and Means and the Senate Committee on Finance as soon as practicable.

The House (by the adoption of H. Res. 842) agreed to Senate amendment No. 191 with an amendment which directed that such bill be reported as early as practicable during the second session of the Eighty-first Congress. In all other respects, the language of the House amendment was identical to Senate amendment No. 191.

The Senate recedes with an amendment which provides that the bill required by both Senate amendment No. 191 and the House amendment thereto shall be reported as early as practicable after November 15, 1950, to the Eighty-first Congress, if in session after such date; and if the Congress is not in session in 1950 after such date, the bill shall be reported as early as practicable during the first session of the Eighty-second Congress.

Amendment No. 192: This amendment conforms the table of contents to the amendments made by the Senate to the House bill. The House recedes with an amendment conforming the table of contents to the bill as agreed to in conference.

Amendment to the title: The House recedes.

ROBERT L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
WILBUR D. MILLS,
DANIEL A. REED,
ROY O. WOODRUFF,
THOMAS A. JENKINS,
Managers on the Part of the House.

Mr. DOUGHTON. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, when this bill passed the House, it was designed to provide reduction and relief in the case of many of the war excise taxes and to close tax loopholes. This bill reduced excise taxes by approximately $1,000,000,000 and provided offsetting revenues of about the same amount.

The outbreak of hostilities in the Korean war on June 24 made the status of the bill very uncertain, since it appeared certain that additional revenue would be required. After a series of conferences with the Secretary of the Treasury, in which I participated with Chairman GEORGE of the Finance Committee, it was thought that the urgency of the situation required that additional revenue must be raised speedily. To accomplish this objective, as quickly as possible, it was decided that H. R. 8920 should be utilized as a vehicle for that purpose. On August 3, the Finance Committee, which had already completed hearings on H. R. 8920, resumed consideration of the bill. The Senate struck from the House bill all of the excise changes resulting in a loss in revenue, retained many of the provisions of the House bill designed to close tax loopholes, and provided for increased revenue through the raising of corporate and individual income taxes.

Under the bill as passed the Senate, the additional revenue on a full year basis amounted to $4,500,000,000. For the fiscal year 1951 it was estimated that the Senate bill would yield approximately $3,000,000,000.

INDIVIDUAL INCOME-TAX INCREASES

From individual income taxpayers, the bill was estimated to raise an additional amount of $2,800,000,000 annually. This was accomplished by eliminating for 1951 and subsequent years the percentage reductions from tax provided for under the Revenue Acts of 1945 and 1948. The combined effect of the reductions under those acts was from 17 percent where the tax did not exceed $400 to 9.75 percent where the tax exceeded $100,000. These reductions are completely eliminated for 1951 and subsequent years. However, the split income feature of the 1948 act was retained as well as the personal exemptions of $600 per capita and a 3-point reduction in the surtax brackets provided for in the Revenue Act of 1945.

For the year 1950, the increases are effective on October 1. Because individuals receive income at different periods throughout the year—farmers receive their income generally in the fall instead of in the spring—it was decided to apply a 25-percent cut in the percentage reductions calculated on the entire year's income. Thus, for the calendar year 1950, the taxpayer will not lose the entire reductions in tax provided for in the revenue acts of 1945 and 1948, but will have them reduced by 25 percent.

The withholding rate on wages will be increased from 15 percent to 18 percent, effective October 1, 1950.

I am inserting at this point certain tables which show the difference in tax liability under the existing law and under the conference agreement.

TABLE 1.—*Comparison of individual income-tax liability under present law and under the conference agreement for the calendar years 1950 and 1951*

SINGLE PERSON—NO DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$600									
$800	$33	$35	$40	$2	$7	4.8	0.2	20.5	0.9
$1,000	66	70	80	3	14	4.8	.3	20.5	1.5
$1,500	149	157	180	7	31	4.8	.5	20.5	2.3
$2,000	232	244	280	11	48	4.8	.6	20.5	2.7
$3,000	409	428	488	19	79	4.6	.7	19.2	3.0
$5,000	811	843	944	32	133	4.0	.8	16.4	3.2
$8,000	1,546	1,604	1,780	57	234	3.7	.9	15.1	3.6
$10,000	2,124	2,201	2,436	77	312	3.6	1.0	14.7	4.0
$15,000	3,894	4,032	4,448	137	554	3.5	1.2	14.2	5.0
$20,000	6,089	6,301	6,942	212	853	3.5	1.5	14.0	6.1
$25,000	8,600	8,898	9,796	298	1,196	3.5	1.8	13.9	7.3
$50,000	23,201	23,997	26,388	796	3,187	3.4	3.0	13.7	11.9
$100,000	58,762	60,770	66,798	2,008	8,036	3.4	4.9	13.7	19.5
$500,000	[1] 385,000	396,221	429,274	11,221	44,274	2.9	9.8	11.5	38.5
$1,000,000	[1] 770,000	[2] 800,000	[3] 870,000	30,000	100,000	3.9	13.0	13.0	43.5

[1] Taking into account maximum effective rate limitation of 77 percent.
[2] Taking into account maximum effective rate limitation of 80 percent.
[3] Taking into account maximum effective rate limitation of 87 percent.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE 2.—*Comparison of individual income-tax liability under present law and under the conference agreement for the calendar years 1950 and 1951*

MARRIED PERSON—NO DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$1,200									
$1,500	$50	$52	$60	$2	$10	4.8	0.2	20.5	0.7
$2,000	133	139	160	6	27	4.8	.3	20.5	1.5
$3,000	299	313	360	14	61	4.8	.5	20.5	2.3
$5,000	631	661	760	30	129	4.8	.7	20.5	3.0
$8,000	1,206	1,257	1,416	50	210	4.2	.7	17.4	3.1
$10,000	1,621	1,686	1,888	65	267	4.0	.8	16.4	3.2
$15,000	2,829	2,935	3,260	106	431	3.7	.9	15.2	3.5
$20,000	4,247	4,402	4,872	154	625	3.6	1.0	14.7	4.0
$25,000	5,877	6,087	6,724	210	847	3.6	1.1	14.4	4.4
$50,000	17,201	17,797	19,592	596	2,391	3.5	1.8	13.9	7.3
$100,000	46,403	47,994	52,776	1,591	6,373	3.4	3.0	13.7	11.9
$500,000	359,662	370,657	403,548	10,995	43,886	3.1	7.8	12.2	31.3
$1,000,000	[1] 770,000	792,442	858,548	22,442	88,548	2.9	9.8	11.5	38.5

[1] Taking into account maximum effective rate limitation of 77 percent.

TABLE 3.—*Comparison of individual income-tax liability under present law and under the conference agreement for the calendar years 1950 and 1951*

MARRIED PERSON—2 DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$2,400									
$3,000	$100	$104	$120	$5	$20	4.8	0.2	20.5	0.7
$5,000	432	452	520	21	88	4.8	.5	20.5	1.9
$8,000	974	1,016	1,152	43	178	4.4	.6	18.3	2.5
$10,000	1,361	1,417	1,592	56	231	4.1	.6	17.0	2.7
$15,000	2,512	2,607	2,900	95	388	3.8	.8	15.4	3.1
$20,000	3,888	4,030	4,464	142	576	3.6	.9	14.8	3.6
$25,000	5,476	5,672	6,268	196	792	3.6	1.0	14.5	4.1
$50,000	16,578	17,152	18,884	575	2,306	3.5	1.7	13.9	6.9
$100,000	45,643	47,208	51,912	1,565	6,269	3.4	2.9	13.7	11.5
$500,000	358,677	369,645	402,456	10,968	43,779	3.1	7.8	12.2	31.0
$1,000,000	769,314	791,430	857,456	22,116	88,142	2.9	9.6	11.5	38.2

The House conferees agreed to these provisions of the Senate bill.

CORPORATION TAX INCREASES

In the case of corporations, it will be recalled that the House bill provided for a more simple method of taxing corporations which eliminated the complicated notch formula of existing law. The Senate bill adopts a simplified method of the House bill, but increases the corporation tax so that beginning with 1951 the top rate will be approximately 45 percent. The changes in the Senate bill increased the tax liabilities of corporations for 1951 and subsequent years by $1,500,000,000. The normal rate under the Senate bill for 1951 and subsequent years was raised to 25 percent, a four-point increase over existing law, with a

surtax rate of 20 percent, making a total maximum effective rate of 45 percent. However, the Senate retained the $25,000 exemption from surtax provided for in the House bill. The Senate bill did not make this rate effective until 1951. For the calendar year 1950, the normal tax rate was raised to 23 percent with a surtax rate of 19 percent and a surtax exemption of $25,000.

The tables, which I will insert at this point, show the difference in tax liability under existing law and the Senate bill. Our conferees accepted these provisions of the Senate bill.

Table 4.—Comparison of effective corporate income-tax rates and tax liability for 1950, under the conference agreement and under present law

Net income (normal and surtax)	Effective rates			Combined normal and surtax			
	Present law	Conference agreement	Percentage point increase or decrease (−)	Present law	Conference agreement	Increase or decrease (−)	
						Amount	Percent
	Percent	*Percent*	*Percent*				
$1,000	21.00	23.00	2.00	$210	$230	$20	9.52
$2,000	21.00	23.00	2.00	420	460	40	9.52
$3,000	21.00	23.00	2.00	630	690	60	9.52
$4,000	21.00	23.00	2.00	840	920	80	9.52
$5,000	21.00	23.00	2.00	1,050	1,150	100	9.52
$6,000	21.33	23.00	1.67	1,280	1,380	100	7.81
$7,000	21.57	23.00	1.43	1,510	1,610	100	6.62
$8,000	21.75	23.00	1.25	1,740	1,840	100	5.75
$9,000	21.89	23.00	1.11	1,970	2,070	100	5.08
$10,000	22.00	23.00	1.00	2,200	2,300	100	4.55
$15,000	22.33	23.00	.67	3,350	3,450	100	2.99
$20,000	22.50	23.00	.50	4,500	4,600	100	2.22
$25,000	23.00	23.00	0	5,750	5,750	0	0
$30,000	28.00	26.17	−1.83	8,400	7,850	−550	−6.55
$35,000	31.57	28.43	−3.14	11,050	9,950	−1,100	−9.95
$40,000	34.25	30.13	−4.12	13,700	12,050	−1,650	−12.04
$45,000	36.33	31.44	−4.89	16,350	14,150	−2,200	−13.46
$50,000	38.00	32.50	−5.50	19,000	16,250	−2,750	−14.47
$75,000	38.00	35.67	−2.33	28,500	26,750	−1,750	−6.14
$100,000	38.00	37.25	−.75	38,000	37,250	−750	−1.97
$118,750	38.00	38.00	0	45,125	45,125	0	0
$150,000	38.00	38.83	.83	57,000	58,250	1,250	2.19
$200,000	38.00	39.63	1.63	76,000	79,250	3,250	4.28
$300,000	38.00	40.42	2.42	114,000	121,250	7,250	6.36
$400,000	38.00	40.81	2.81	152,000	163,250	11,250	7.40
$500,000	38.00	41.05	3.05	190,000	205,250	15,250	8.03
$750,000	38.00	41.37	3.37	285,000	310,250	25,250	8.86
$1,000,000	38.00	41.53	3.53	380,000	415,250	35,250	9.28
$5,000,000	38.00	41.91	3.91	1,900,000	2,095,250	195,250	10.28
$10,000,000	38.00	41.95	3.95	3,800,000	4,195,250	395,250	10.40

TABLE 5.—*Comparison of corporate income-tax liability and effective rates under present law and under the conference agreement (normal tax rate of 25 percent, surtax rate of 20 percent, and surtax exemption of $25,000) for 1951 and subsequent years*

Net income subject to normal and surtax	Combined normal and surtax		Effective rates (percent)			Increase or decrease (−) in tax liability over present law	
	Present law	Conference agreement	Present law	Conference agreement	Percentage point increase or decrease (−) over present law	Amount	Percent
			Percent	*Percent*	*Percent*		
$1,000	$210.00	$250.00	21.00	25.00	4.00	$40	19.05
$2,000	420.00	500.00	21.00	25.00	4.00	80	19.05
$3,000	630.00	750.00	21.00	25.00	4.00	120	19.05
$4,000	840.00	1,000.00	21.00	25.00	4.00	160	19.05
$5,000	1,050.00	1,250.00	21.00	25.00	4.00	200	19.05
$6,000	1,280.00	1,500.00	21.33	25.00	3.67	220	17.19
$7,000	1,510.00	1,750.00	21.57	25.00	3.43	240	15.89
$8,000	1,740.00	2,000.00	21.75	25.00	3.25	260	14.94
$9,000	1,970.00	2,250.00	21.89	25.00	3.11	280	14.21
$10,000	2,200.00	2,500.00	22.00	25.00	3.00	300	13.64
$15,000	3,350.00	3,750.00	22.33	25.00	2.67	400	11.94
$20,000	4,500.00	5,000.00	22.50	25.00	2.50	500	11.11
$25,000	5,750.00	6,250.00	23.00	25.00	2.00	500	8.70
$30,000	8,400.00	8,500.00	28.00	28.33	.33	100	1.19
$31,250	9,062.50	9,062.50	29.00	29.00	0	0	0
$35,000	11,050.00	10,750.00	31.57	30.71	−.86	−300	−2.71
$40,000	13,700.00	13,000.00	34.25	32.50	−1.75	−700	−5.11
$45,000	16,350.00	15,250.00	36.33	33.89	−2.44	−1,100	−6.73
$50,000	19,000.00	17,500.00	38.00	35.00	−3.00	−1,500	−7.89
$55,000	20,900.00	19,750.00	38.00	35.91	−2.09	−1,150	−5.50
$60,000	22,800.00	22,000.00	38.00	36.67	−1.33	−800	−3.51
$70,000	26,600.00	26,500.00	38.00	37.86	−.14	−100	−.38
$71,428.57+	27,142.86	27,142.86	38.00	38.00	0	0	0
$85,000	32,300.00	33,250.00	38.00	39.12	1.12	950	2.94
$90,000	34,200.00	35,500.00	38.00	39.44	1.44	1,300	3.80
$100,000	38,000.00	40,000.00	38.00	40.00	2.00	2,000	5.26
$150,000	57,000.00	62,500.00	38.00	41.67	3.67	5,500	9.65
$200,000	76,000.00	85,000.00	38.00	42.50	4.50	9,000	11.84
$300,000	114,000.00	130,000.00	38.00	43.33	5.33	16,000	14.04
$400,000	152,000.00	175,000.00	38.00	43.75	5.75	23,000	15.13
$500,000	190,000.00	220,000.00	38.00	44.00	6.00	30,000	15.79
$750,000	285,000.00	332,500.00	38.00	44.33	6.33	47,500	16.67
$1,000,000	380,000.00	445,000.00	38.00	44.50	6.50	65,000	17.11
$5,000,000	1,900,000.00	2,245,000.00	38.00	44.90	6.90	345,000	18.16
$10,000,000	3,800,000.00	4,495,000.00	38.00	44.95	6.95	695,000	18.29

	Millions of dollars
Increase in corporate income-tax liabilities	1,645
Decrease in individual income-tax liabilities	145
Net increase in income-tax liabilities	1,500

EXCISE TAXES

In respect to the excise taxes, the Senate bill retained all of the House provisions providing for increases in revenue from excise taxes and added two items to the House bill list, including a 10 percent tax on television sets and increase from 7 percent to 10 percent the tax on quick freezers imposed by the House bill, all of which would result in a net increase of revenue from excise taxes under existing law of approximately $55,000,000 a year.

LOOPHOLES

The bill as passed by the Senate contained many of the loophole closing provisions of the House bill. Those which we were compelled to give up in order to get a bill are the following:

First. Taxing the interest element when life insurance is paid in installments.

Second. Dividends paid out of pre-March 1913 earnings.

Third. Liquidation of foreign subsidiaries. It was decided by the conference that this matter should be considered in a bill dealing with the point 4 program.

Fourth. The provisions dealing with the sale or exchange of business property were reviewed in the conference and it was decided for the present to continue the existing law.

The House bill did not change the existing law regarding gain from the sale of livestock used for dairy or breeding purposes. However, the Senate bill included a floor amendment specifically providing that cattle used for breeding or dairy purposes should be entitled to capital gain treatment as property used in a trade or business. The conference eliminated this amendment because it was not felt advisable to deal with cattle to the exclusion of other livestock, the treatment of which was not in conference. The conferees believed the whole matter should have further study and legislation. Pending such further study and legislation the conferees expressed the hope that the Treasury would follow the Albright decision, which treats the gain from the sale of livestock used for dairy or breeding purposes as a capital gain instead of ordinary income.

Fifth. Another provision in the House bill, which we were unable to retain was the one cutting the holding period for computing capital gains from 6 months to 3 months.

Sixth. We were unable to retain the House provision requiring withholding on dividends. However, this matter can be considered again next year.

Seventh. With respect to the provisions of the House bill cutting the interest ratio on refunds from 6 to 3 percent, the House conferees agreed to recede.

Eighth. We were also unable to keep in the bill the percentage depletion allowances provided for in the House bill in the case of sand and gravel, coal, and so forth. Because of the need for revenue, it was felt that these allowances should not be made at this time.

The Senate conferees agreed to recede on two especially important provisions, One provided a new treatment for family partnerships and was retroactive to December 31, 1938. Another provided capital-gain treatment for assignments of short-lived oil and other mineral payments. It is estimated by the Treasury that these provisions would result in a large loss in revenue and that the partnership amendment would cause great administrative difficulties. The Senate receded on these amendments.

The Senate also inserted in the bill a provision providing for amortization of emergency facilities. This provision is applicable to facilities acquired or completed after December 31, 1949. It differs from the World War II provision in the following respects:

The certifying authority is to be designated by the President in an Executive order, whereas in World War II this task was assigned to the Army and Navy Departments acting under regulations issued by the President. During the war the certifying authority was delegated to the War Production Board.

A portion of the facility may be designated as essential. There was no similar provision under the World War II legislation but certificates limiting amortization to a percentage of the total cost of a facility were issued in the closing months of the war.

The World War II legislation also provided that in the event the period of emergency was terminated prior to the conclusion of the 60-month amortization period on a given facility, the taxpayer could recompute his amortization over the period ending with the date of the Presidential proclamation. No similar provision is contained in your committee's bill.

Where a plant or facility is sold which has been completely amortized, the conference agreement treats any gain as ordinary income to the extent such gain exceeds the depreciation allowance.

Under the World War II provision, however, all of the gain would be treated as capital gain. This last change was insisted upon by the House conferees.

The House bill contained a number of provisions dealing with tax-exempt organizations, foundations, and charitable trusts.

The Senate bill retained with slight modification the tax on unrelated business income, the tax on lease-backs, and the provisions of the House bill affecting the status of trusts and tax-exempt organizations engaging in transactions with their donors or members of their family. However, the Senate bill eliminates the tax on accumulations provided for in the House bill in the case of private foundations and trusts, and substituted therefor a publicity provision. It appears that the tax on accumulations might cause hardship in the case of certain bona fide trusts or organizations, and that further study of these provisions should be made. The House conferees accepted the Senate provisions with an added provision which would have the effect of denying exemption for unlimited charitable deductions to trusts and foundations which were operated to benefit the grantor or organizer of the foundation and not the beneficiaries.

The conference has accepted a Senate amendment which will exempt from income tax the pay of enlisted personnel for serving in Korea, or any other area designated by the President as a combat area. Officers are entitled to an exclusion of $200 per month for their pay earned for each month spent in the combat area.

The Senate had a provision permitting a corporation to spin off part of its assets through the formation of a new corporation and distributing the stock of the new company to the old shareholders without recognition of gain or loss. This provision was very much objected to by the Treasury and the House conferees were able to get the Senate conferees to recede on this amendment, so it could be further studied.

OTHER PROVISIONS

Other provisions which the House accepted with protective changes to prevent abuse are those relating to employee stock options, deduction for expenses to maintain, establish, and increase the circulation of newspapers and periodicals. In addition, railroads and other organizations were granted additional time, that is to December 31, 1951, to reduce their obligations without recognition of gain or loss.

In connection with Senate amendment 191 dealing with the excess-profits tax, which was amended by the House directing our committee to report an excess-profits-tax bill during the Eighty-first Congress, the conferees agreed that such bill should be reported as early as practicable during the Eighty-first Congress after November 15, 1950, if the Congress is in session after that date, and if the Congress is not in session in 1950 after that date then the bill should be reported as early as practicable during the first session of the Eighty-second Congress. It was also agreed that the bill should be retroactive to July 1 or October 1, 1950, as provided in the House instructions.

CONCLUSION

In conclusion, I wish to call the attention of the House to the conference report which will furnish more detailed discussion than I have been able to give here.

A conference must necessarily result in compromises of the different viewpoints between the House and Senate. On the whole I feel we have a very satisfactory bill which will materially help in raising revenue for the war effort. I urge the House to adopt the conference report.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 25 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, as it passed the House on June 29, 1950, H. R. 8920 was primarily

an excise-tax relief bill. But as it now comes back to the House in the conference report, H. R. 8920—the Revenue Act of 1950—is an individual and corporate tax increase bill. The reasons for the transformation from the House bill are obvious and in all probability this Revenue Act will be only the first of several tax increase measures.

Under the provisions of the conference report, revenues for fiscal 1951 will be increased by almost $3,000,000,000, taking into account the acceleration of tax payments for corporations and the elimination on the installment payment privilege for trusts and nonresident aliens. In a full year's operation the revenue increase provisions will raise tax liabilities by approximately $4,500,000,000, but only $3,000,000,000 of this will be reflected in fiscal 1951. Although the Treasury's revenues are running approximately 7 percent higher than they were a year ago, and have not as yet reflected the price wage and profit increases of the past 2 months, we can expect to have another substantial deficit for this fiscal year.

The most serious problem, however, will have to be faced when our war expenditures move into high gear, and it will then undoubtedly be necessary to raise an additional $10,000,000,000 or more if we are to attempt to meet our increasing expenditures on a pay-as-you-go basis, as indeed we must.

Although the excise-relief provisions contained in the House bill have been eliminated, the conference report retains those adjustments in excise taxes in the House bill which will result in revenue increases. These are relatively minor provisions insofar as the revenue is involved, but in addition the House conferees adopted the Senate amendment imposing a 10 percent manufacturers' excise tax on television sets. This new tax together with the 10 percent tax on quick-freeze units, and the other excise adjustments will result in an increase in excise-tax revenues by approximately $55,000,000 in a full year of operation. In contrast the House bill would have resulted in a net excise-tax reduction of approximately $900,000,000. I should like to say at this point, however, that although additional military revenue requirements may make it impossible to reduce or eliminate many of the existing excise taxes, it is imperative that corrections and adjustments in the excise field be made at the earliest possible opportunity. If the excise taxes must remain on the statute books for an indefinite time, then it is even more important that the inequities and hardships of some of these taxes be adjusted; that those businesses which are being seriously injured as the result of discriminatory taxes be given some relief, and that the people be not unduly burdened by high taxes on the very necessities of life. The necessity of raising additional revenue must not be used as an excuse for not levying our taxes equitably and fairly. Moreover, it is absolutely imperative that every item of nondefense spending be trimmed to an absolute minimum. If this is not done our expenditures will be so high as to preclude any possibility of raising the necessary revenues. I think it is not too unrealistic to say that our expenditures for 1951–52 may go as high as $55,000,000,000 or $60,000,000,000, which will be $10,000,000,000 or $15,000,000,000 higher than is expected in this fiscal year. I know the American people are willing to make sacrifices necessary to pay for needed Government expenditures, but increased taxation must not be used as an invitation to increased extravagance.

INDIVIDUAL INCOME-TAX RATES

The major source of new revenue provided in the conference agreement will result from a change in the rates under the individual income tax and these provisions when fully effective will increase the yield of tax by approximately $2,750,000,000 annually.

I pause at this point to remind my colleagues that although the rate reduction provided by the Republican Tax Reduction Act of the Eightieth Congress will be eliminated, none of the other features of the Republican bill has been disturbed. The income-splitting provisions, the increased exemption, and the additional $600 exemption for those over 65 and the blind, are still in effect. Although the President has frequently seen fit to criticize this act, he has never recommended its repeal and did not do so at this time.

The increase provided by the Senate amendment and adopted by the House conferees is obtained by the simple expedient of eliminating the so-called percentage reductions allowed under existing law which were in the Revenue Act of 1945 and in the Revenue Act of 1948.

I call the attention of the House to the fact this method of increasing individual tax liabilities follows the specific recommendations of the Secretary of the Treasury. These reductions are as follows: 17 percent of the first $400 of tentative tax; 12 percent of that part of the tax in excess of $400 and not in excess of $100,000; and 9.75 percent on the tax in excess of $100,000.

The new tax increase will become effective for the fourth quarter starting on October 1, 1950, and the withholding rate is therefore raised from 15 to 18 percent effective October 1. In order, however, to make the increased rates apply to income received prior to the fourth quarter as well as to income received in the fourth quarter, the procedure actually adopted is to cut the percentage reductions under existing law by approximately 25 percent for the year 1950. The result of the adoption of this procedure is that for the calendar year 1950 the taxpayer will determine his tentative tax in the usual fashion and then make the following percentage reductions in such tax instead of the reductions provided for under existing law: 13 percent of the first $400 of tentative tax; 9 percent of that part of the tentative tax between $400 and $100,000; and 7.3 percent of that part of the tentative tax in excess of $100,000.

It should be made perfectly plain that although the new withholding rates begin on October 1, the increase in individual tax liabilities is applicable to the full year's income. It makes no difference therefore whether an individual receives all his income prior to October 1, 1950, or subsequent to that date. All taxpayers on a calendar year basis will be treated exactly alike.

Here is a simple illustration of how the new provisions will work. If a person has a tentative tax of $300 under existing law this amount is reduced by 17 percent or $51 and the tax to be paid is therefore $249. Under the conference report the tentative tax for this year will be reduced by only 13 percent of the $300 tentative tax or $39 making the tax due $261. For next year the reduction of the $300 tentative tax is eliminated entirely so that the full $300 will be the amount of tax.

In the case of individuals on a fiscal year basis, income for years ending prior to October 1, 1950, will be subject to the rates imposed under existing law. When the fiscal year begins prior to October 1, 1950, and ends subsequent to that date, the year will be divided into two parts for the purposes of the tax. To the extent that the taxable year preceds October 1, 1950, the individual will be taxed at the rates imposed under existing law. To the extent that the year follows September 30, 1950, the individual will be taxed at the rates imposed for 1951 and subsequent years. Individuals with fiscal years beginning after September 30, 1950, will be subject to the rates imposed for 1951.

INCREASED CORPORATE RATES

The second largest source of additional revenue provided under the conference report results from the changes in the corporate income tax rates. When fully effective this change in rates will increase corporate tax liabilities by approximately $1,500,000 annually. As in the House bill the so-called notch provision has been eliminated and an entirely different set of rates has been substituted for existing law.

Under the conference agreement corporations will pay a 25-percent normal tax on all of their taxable income and a 20-percent surtax on their income in excess of $25,000. Under the House bill they would pay a 21-percent normal tax on their entire taxable income and the same 20 percent surtax on their income in excess of $25,000.

For the calendar year 1950, however, the normal tax will be 23 percent and the surtax on incomes in excess of the $25,000 surtax exemption will be 19 percent, making a total top rate of 42 percent for the calendar year 1950 as compared with a top rate of 45 percent for 1951 and subsequent years. The reason that the corporate rate is lower for this calendar year than it will be for next year is that it would have been impossible to apply the increase to only that portion of the income received after July 1 without

discriminating against corporations receiving more than half of their income in the second half of the calendar year.

The provisions with reference to fiscal year corporations are in general similar to those used in the case of the individual income tax.

In addition to the corporate increases the conference report contains the provision for acceleration of corporate payments which was provided for in the House bill.

Although the House conferees receded and concurred in the Senate amendments eliminating the excise relief provisions and imposing higher individual and corporate rates, the other provisions in the conference report are the result of compromises reached in the conference. Many of these provisions are technical in nature, and a full explanation of them will be found in the statement of the managers on the part of the House. I would like, however, to call the attention of the House to certain of the major items which were in the House bill and which have been eliminated, and to certain provisions which were in the Senate amendments and to which the House conferees agreed.

Among the items which were in the House bill which have been eliminated are:

First. The 10-percent withholding tax on dividends and patronage refunds.

Second. Reduction of the holding period for long-term capital gains from 6 to 3 months.

Third. The provision taxing the interest element in installment payments of life insurance.

Fourth. The reduction of interest on refunds from 6 to 3 percent.

Fifth. The taxation as ordinary income of dividends paid out of corporate earnings and profits accumulated prior to March 1, 1913, or out of appreciation in the value of property which occurred before that date.

Sixth. The provision revising the tax treatment of the liquidation of foreign subsidiaries of domestic corporations.

Seventh. The addition of certain nonmetallic minerals entitled to receive the 15-percent depletion rate and the addition of a new group of nonmetallic minerals entitled to depletion at the rate of 5 percent. Also the increase in percentage depletion on coal from 5 to 10 percent.

Eighth. The provision changing the tax treatment of the loss from the sale of business property (117 (j)).

In connection with this last point I have had considerable inquiries regarding what action, if any, the conferees took regarding the application of section 117 (j) to cattle and livestock. It will be recalled that the House bill made no change in the application of section 117 (j) to cattle and livestock breeders other than to treat the loss from the sale of livestock as ordinary loss. The Albright case—*Albright* v. *United States* (173 Fed. (2) 339, 1949)—was unaffected by the House bill insofar as the application of section 117 (j) was concerned. The Albright case in effect invalidated certain Treasury rulings which attempted to deny the application of section 117 (j) to farmers' livestock. Despite the Albright case, however, and despite the recent Tax Court decisions in the Emerson and Oberg cases, the Commissioner is persisting in arbitrarily denying the application of section 117 (j) in the treatment of the gains derived from the sale of a farmer's draft, dairy, or breeding livestock. A Senate amendment attempted to correct this unfortunate situation by writing into law the decision of the Albright case, but unfortunately the amendment was limited to cattle only. Under the rules of the conference it was impossible for the conferees to broaden the scope of the Senate amendment, and in order, therefore, to avoid any discrimination it was deemed advisable to eliminate the Senate amendment entirely. I call the attention of the House to the specific language of the statement of the managers on the part of the House on this point:

> Amendment No. 82: This amendment excludes copyrights and literary, musical, or artistic compositions, and similar property in the hands of certain taxpayers from, and includes certain cattle used for breeding or dairy purposes in, the definition of "property used in a trade or business" which is entitled to the benefits of section 117 (j) of the Internal Revenue Code. The House recedes with an amendment which eleminates that part of the Senate amendment dealing with cattle. While it may be necessary for Congress to legislate with respect to the tax treatment of sales of livestock, the conferees agreed that cattle alone should not be dealt with to the exclusion of other livestock, the treatment of which was not in conference, and that the subject matter is deserving of further study. It is the hope of the conferees that, pending such study and further legislation, the Treasury will follow the decision of the eighth circuit court in the *Albright case* (173 Fed. (2) 339).

Section 117 (j) was intended as a relief measure applicable alike to all taxpayers and there is nothing in the language of the section which justifies the inference that a farmer should be denied the right to treat the proceeds received from the sales of livestock for dairy breeding or draft purposes when they are no longer profitable or fit for use in the farmer's business as taxable on a capital-gains basis. The court in the Albright case said:

> To treat his sales of depreciated stock as sales of capital assets the Commissioner would require him (the breeder) to gradually retire from his business by selling more of his herd each year than he added to it.

The court stated that to do this would place a penalty upon sound business practice.

Mr. Speaker, the Bureau of Internal Revenue should follow the Albright decision and should not be permitted to continue the collection of unjust taxes against our farmers. If this is not done the Congress must legislate in order that section 117 (j) shall apply with respect to the tax treatment of the sale of livestock.

SENATE PROVISIONS ADOPTED BY THE CONFEREES

Some of the Senate amendments on specific items were rejected by the conferees and others were accepted. Among the Senate amendments adopted by the conferees were amendments providing for:

First. The exclusion from taxable income of the compensation of members of the Armed Forces in combat zones. The exclusion covers all the pay of enlisted men and warrant officers and the first $200 per month paid to commissioned officers.

Second. The amortization over a period of 60 months of facilities certified as essential because of the present emergency. The provision is in general similar to section 124 of the Code which permitted the amortization of emergency facilities during World War II, except that the sale or exchange of the property will be treated as ordinary income.

Third. The establishment of a new set of rules for the tax treatment of certain employee stock options.

In addition the House conferees adopted the Senate amendment which permits publishers of newspapers, magazines or other periodicals to deduct as a current expense all expenditures to establish, maintain or increase the circulation of a newspaper, magazine or other periodical. The only exception would be expenditures for the purchase of land or depreciable property or for the acquisition of circulation through the purchase of any part of the business of another publisher. This will eliminate the problem of distinguishing between the cost of maintaining circulation and the cost of establishing or increasing circulation.

However, if a publisher wishes to capitalize a portion of these expenditures he may elect to do so under regulations to be issued by the Secretary. Such regulations will define expenditures which may be capitalized if the taxpayer so elects. In the absence of an election to capitalize by the taxpayer, and with the one exception already stated, all expenditures to establish, maintain, or increase circulation are deductible as current expenses under this addition to section 23 of the code.

This new subsection to section 23 is retroactive to taxable years beginning after December 31, 1945, but an amendment added in conference provides that where a publisher has charged such items to current expenses in prior years, he may not now elect to capitalize the items for those years. The amendment agreed upon also provides for a technical amendment to section 113 (b) (1) (A) of the Code (relating to rules for determining adjusted basis of property) to conform such provision to the new subsection 23 (bb) of the code as described.

SENATE AMENDMENTS ELIMINATED BY THE CONFEREES

Family partnerships: It was most unfortunate that in order to reach a satisfactory compromise it was necessary

to eliminate the Senate amendment on family partnerships. This is a matter which should receive top priority in any new tax measure because the administrative and judicial determinations in this field have become so confused that a clear statutory statement of controlling principles is essential.

In addition to the family partnership amendment the conferees eliminated the Senate amendment on "spin-offs" and capital gain and loss treatment for assignments of certain oil, gas and mineral rights. In addition, many clarifying amendments were made to the Senate amendments which were adopted by the conferees.

EDUCATIONAL, CHARITABLE, AND SIMILAR TAX-EXEMPT ORGANIZATIONS

In general the conference agreement follows the provisions of the House bill imposing a tax on the unrelated business income of certain organizations exempt from taxation under section 101 (1), (6), (7), and 101 (14). The conference report follows with certain minor amendments the House provisions dealing with the "lease-back" problem. However, certain fundamental changes have been made in the existing provisions which deal with accumulated investment income of certain 101 (6) organizations and which restricted the accumulation of income by charitable trusts. The conference report eliminates the imposition of a tax on accumulated investment income but denies exemption to a section 101 (6) organization in the year in which its accumulations are (1) unreasonable either in size or duration, or (2)used to a substantial degree for other than charitable or related purposes, or (3) invested in such a manner as to jeopardize the interests of the religious, charitable, scientific, and so forth, beneficiaries.

A provision is also incorporated in the bill which in a similar manner denies the charitable, and so forth, deduction to trusts claiming deductions under section 126 (2) if their accumulations do not meet similar tests.

The conference report eliminates section 331 of the House bill which in part denied tax deductions to donors of gifts to charitable trusts or foundations where the donor or members of his family control the organization to which the contribution is made and the contribution consists of stock in a corporation in which the donor, together with members of his family, control 50 percent or more of the stock, including the stock held by the charitable trust or foundation.

In an effort to make sure that no discriminations or hardships were occasioned by the establishment of new provisions in this field, the conferees adopted certain amendments. I call the attention of the House to the following paragraph dealing with this problem contained in the statement of the managers on the part of the House:

The conferees were unable to consider the question of taxability for years prior to 1951 of income derived by a college or university from the conduct of a trade or business whether carried on directly by the institution or through a subsidiary. This matter is in litigation and was not in conference. However, it is the view of the conferees that undue hardship will arise if such institutions are required to pay taxes on income which has already been spent to carry out their educational programs; and the conferees express the hope that this matter may be reviewed in subsequent legislation.

It is my opinion that the amendments agreed to by the conferees will correct most of the existing abuses but at the same time will in no way jeopardize or interfere with our educational, charitable, and similar tax-exempt organizations, trusts, and foundations.

LIFE INSURANCE COMPANIES

The conference report amends the formula used to determine the taxable net income of life-insurance companies. The amended formula will apply to the years 1949 and 1950, thus terminating the tax-exempt status of the life-insurance companies which results from the operation of the formula contained in existing law, and providing time for the completion of the study necessary to develop a permanent solution of the problem of an adequate taxation of such companies. The formula in the bill is the same as that contained in House Joint Resolution 371 of the Eightieth Congress, second session. It is estimated that the total additional revenue to be derived from this provision is approximately $122,000,000. Of this amount $42,000,000 will be derived from the year 1949 and $80,000,000 from the year 1950.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. STEFAN. I hand the gentleman a telegram; will he comment on that?

Mr. REED of New York. I see what it is. I advise the gentleman that the 10 percent withholding tax on dividends, including the patronage dividends of cooperatives is eliminated.

Mr. STEFAN. It is not in the bill?

Mr. REED of New York. It is not in the bill.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. AUGUST H. ANDRESEN. Will the gentleman explain in his extension of remarks the intention of the committee with reference to the interpretation of section 117 (j)?

Mr. REED of New York. I have covered that in my remarks.

The SPEAKER pro tempore (Mr. BONNER). The time of the gentleman from New York has expired.

Mr. WOODRUFF. Mr. Speaker, the conference agreement on H. R. 8920 should be adopted by the House in order that a start may be made to raise the additional revenue required to finance our increased military expenditures. The major source of additional revenue will result from increasing the rates on individuals. This is achieved by eliminating the percentage reductions granted by the Congress in the Revenue Acts of 1945 and 1948. The 1945 Act permitted individuals to reduce their "tentative" tax by 5 percent and the 1948 Act increased the reduction of the tentative tax to 17 percent on the first $400 of tentative tax; 12 percent on the next $99,600; and 9.75 percent on the tax in excess of $100,000. The higher rates become effective October 1, 1950 at which time the individual withholding rates will be increased from 15 percent to 18 percent. In order, however, to make the increased rates apply to income received prior to the fourth quarter as well as to income received in the fourth quarter, the procedure actually adopted is to cut the percentage reductions under existing law by approximately 25 percent for the year 1950. The result of the adoption of this procedure is that for the calendar year 1950 the taxpayer will determine his tentative tax in the usual fashion and then make the following percentage reductions in such tax instead of the reductions provided for under existing law: 13 percent of the first $400 tentative tax; 9 percent of that part of the tentative tax between $400 and $100,000; and 7.3 percent of that part of the tentative tax in excess of $100,000.

It is estimated that the increase in individual rates will yield approximately $2,750,000,000 a year although only approximately $1,625,000,000 will be collected for the fiscal year 1951.

In the case of individuals on a fiscal-year basis, income for years ending prior to October 1, 1950, will be subject to the rates imposed under existing law. When the fiscal year begins prior to October 1, 1950, and ends subsequent to that date, the year will be divided into two parts for the purposes of the tax. To the extent that the taxable year precedes October 1, 1950, the individual will be taxed at the rates imposed under existing law; to the extent that the year follows September 30, 1950, the individual will be taxed at the rates imposed for 1951 and subsequent years. Individuals with fiscal years beginning after September 30, 1950, will be subject to the rates imposed for 1951.

The second most important source of additional revenue contained in the conference agreement will result from increasing the corporate rates. As in the case of individuals, the House conferees adopted the Senate amendments increasing corporate rates. As provided in the Senate amendment and adopted by the House conferees, the existing schedule of corporate rates has been completely abandoned and a new rate structure has been provided.

Under existing law corporations with taxable incomes of $50,000 and over pay a flat 24 percent normal tax and a flat 14-percent surtax, a total rate of 38 percent. To give smaller business a tax advantage, the effective rate of taxation is reduced for corporations with incomes below $25,000. This is accomplished under existing law by the application to

such corporations of the following marginal or bracket rates:

Income bracket	Normal tax rate	Surtax rate	Total tax rate
	Percent	*Percent*	*Percent*
The first $5,000	15	6	21
The next $15,000	17	6	23
The next $5,000	19	6	25

As a result the effective or average rate of tax rises from 21 percent for corporations with incomes of $5,000 or less to 23 percent for corporations with an income of $25,000. Since the 38-percent rate applying to corporations with taxable incomes of $50,000 and over is applicable to the entire income, it is necessary to bridge the gap between $25,000 and $50,000 by applying a 53-percent rate to the income in this area. Thirty-one percentage points of this 53-percent rate represent the normal tax and 22 percentage points represent the surtax. This notch rate of 53 percent necessarily exceeds the 38-percent rate applicable to larger corporations by 15 percentage points, since the average rate of 23 percent on a corporation with an income of $25,000 is 15 percentage points below the 38-percent rate applied to larger corporations.

The Senate adopted the suggestion of of the administration for increasing the corporate income tax for 1951 and subsequent years, and the House conferees adopted the Senate amendment. This proposal incorporated the plan of the House bill for eliminating the 53-percent notch rate but used corporate rates in excess of those in the House bill. As a result the top corporate rate will be 45 percent as compared with 38 percent under existing law. This is shown by the following table:

Surtax net income	Marginal rates		
	Present law	House bill	Finance Committee bill
	Percent	*Percent*	*Percent*
Not over $5,000	21	21	25
Over $5,000 but not over $20,000	23		
Over $20,000 but not over $25,000	25		
Over $25,000 but not over $50,000	53	41	45
Over $50,000	38		

Under the conference agreement corporations will pay a 25 percent normal tax on their taxable income and a 20 percent surtax on their income in excess of $25,000. Under the House bill they would pay a 21 percent normal tax on their entire taxable income and the same 20 percent surtax on their income in excess of $25,000.

For the calendar year 1950, the normal tax will be 23 percent and the surtax on incomes in excess of the $25,000 surtax exemption will be 19 percent, making a total top rate of 42 percent for the calendar year 1950 as compared with a top rate of 45 percent for 1951 and subsequent years.

It will be recalled that as it passed the House on June 29, 1950, H. R. 8920 was basically an excise tax relief bill, but the House conferees adopted the Senate amendment eliminating the excise cuts. In addition the Senate amendments provided for a 10 percent manufacturer's tax on television sets and a 10 percent manufacturer's excise tax on freezing units. The House conferees receded and concurred in these Senate amendments.

PROVISIONS OF HOUSE BILL ELIMINATED IN CONFERENCE AGREEMENT

In addition to the excise tax relief provisions the House bill contained a number of changes in our tax laws which were eliminated by the Senate amendments. The testimony before the Senate Finance Committee revealed in many instances that some of the House provisions would have had unfortunate results and that in attempting to close certain loopholes the House provisions had overreached their mark. The following provisions in the House bill were eliminated by the Senate and the House conferees receded and concurred in these amendments:

(a) Withholding on dividends and patronage refunds: The House bill included a provision requiring cooperatives and corporations to withhold a tax of 10 percent on all patronage refunds and dividends paid to their stockholders. Inasmuch as existing law gives the Commissioner of Internal Revenue power to require corporations to report the payment of dividends in any amount to all stockholders it is believed that if the Commissioner revises existing regulations to require complete reporting, much of the leakage of this source of taxable income will be stopped. Moreover, accuracy in reporting of patronage refund payments and dividends can further be achieved by requiring recipients to itemize their dividends on the income tax returns. The Republican minority opposed the withholding provisions in the House bill on the ground that before imposing a withholding tax on many persons who have no tax liability, the Bureau of Internal Revenue should adopt administrative changes to meet the problem.

(b) The interest element in installment payments of life insurance: The House bill imposed for the first time a tax on the interest element in death-benefit installment payments. The Senate amendments eliminated this provision on the ground that it is socially desirable that widows and other beneficiaries of life-insurance policies be encouraged to receive the proceeds in installments over a period of years rather than as a lump-sum which may be lost or dissipated.

(c) Reduction of interest rate on refunds: The House bill reduced the interest rate on refunds to the taxpayer from 6 percent to 3 percent thereby establishing a differential of 3 percent between the interest rate on refunds and deficiencies. The Senate amendment eliminated this provision and the House conferees receded and concurred.

(d) Sale of business property: Under the House bill, losses from the sale of property used in the trade or business would be treated as capital losses while gains from the sale of such property would continue to be treated as capital gains, regardless of the period for which the assets were held. The House conferees receded and concurred in the Senate amendment eliminating this House provision.

(e) Dividends paid out of pre-1913 earnings: The House bill contained a provision for the taxation as ordinary income to the stockholder of dividends paid out of corporate earnings and profits accumulated prior to March 1, 1913, or out of appreciation in the value of property which occurred before that date. The House conferees adopted the Senate amendment eliminating this provision.

In addition to the above provisions which have been eliminated in the conference report, the House conferees receded and concurred in the Senate amendments eliminating the House provisions revising the tax treatment of the liquidation of foreign subsidiaries of domestic corporations; the provision reducing the holding period for long-term capital gains from 6 to 3 months and the percentage-depletion provisions of the House bill. In connection with the percentage-depletion provisions in the House bill, the conference agreement provides that gross income from mining shall include transportation from the point of extraction from the ground to the plants or mills in which the ordinary treatment processes are applied thereto, but not in excess of 50 miles unless the Secretary finds conditions to be such that the mineral must be transported a greater distance. This amendment agreed to by the conferees corrects an injustice in the House bill which discriminated against those cases where the first processing must be done beyond the property.

PROVISIONS ADDED BY SENATE AMENDMENTS

The House conferees adopted several new provisions contained in the Senate amendments to the House bill. An explanation of these provisions is contained in the statement of the managers on the part of the House and I wish only to call the attention to the Members of certain of these provisions which were adopted by the House conferees:

(a) Exclusion for members of the Armed Forces: The conference agreement contains a provision excluding from taxable income the compensation of members of the Armed Forces of the United States in combat zones such as Korea. The exclusion covers all the pay of enlisted men and warrant officers and the first $200 per month paid to commissioned officers.

(b) Amortization of emergency facilities: The Senate amendments contained a provision for the amortization over a period of 60 months of facilities certified as essential because of the present emergency. The amortization deduction is in lieu of depreciation. The House conferees accepted this amendment upon receiving information that this amend-

ment was endorsed by the executive departments. An amendment was made to this provision which in general provides that the sale of the amortized property will result in ordinary income instead of capital gains.

(c) Stock options: The House conferees adopted with an amendment the Senate provisions establishing a new set of rules for the tax treatment of certain employees stock options. At the present time the taxation of these options is governed by regulations which adversely affect the use of employee stock options for incentive purposes. The provision in the conference agreement will to a large extent eliminate the present uncertainty as to whether the existing regulations are in fact in accordance with the law and should encourage the use of these options in proper cases.

EDUCATIONAL, CHARITABLE, AND OTHER EXEMPT ORGANIZATIONS

In general the conference report follows the provisions of the House bill which imposed a tax on the unrelated trade or business income of certain tax-exempt organizations. Certain clarifying amendments were agreed to on this problem and also on the taxation of lease-back income. The House provision taxing accumulated investment income was eliminated and also the House provision denying charitable deductions to a contributor for income, estate and gift tax purposes under certain conditions. I believe that the conference report represents a fair compromise between the House and Senate provisions in this new field and although I do not think that additional problems will not arise, a basis will be laid for correcting abuses in this field without, however, jeopardizing true charitable and educational organizations.

In conclusion I call the attention of the House to the fact that under the conference report life insurance companies will be liable for taxes for the years 1949 and 1950. Under the House bill the proposed new formula would have been retroactive to 1947 and 1948 as well. Inasmuch as another year has passed since legislation was initiated on this problem I think that the elimination of the years 1947 and 1948 is a fair compromise on the problem.

Mr. DOUGHTON. Mr. Speaker, I yield 10 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, the conference report presented on the bill H. R. 8920 is a unanimous one, signed by all the conferees of the House and Senate. It is a complete report in that there are no amendments reported in disagreement. There were certain amendments included in the Senate bill which could not be agreed to in conference. They have been carried over for further study and consideration and possible inclusion in the next tax bill.

The bill H. R. 8920 passed the House on June 29, 1950, and passed the Senate on September 1, 1950. It will be remembered that the bill as passed by the House was a tax reduction bill, providing for the reduction and the removal of certain excise taxes amounting to about $1,000,000,000. Certain provisions were included in the bill providing revenue from corporations and the closing of loopholes to the extent that the bill as passed by the House was estimated not to result in any loss of revenue.

There were 192 amendments added by the Senate to the pending bill. Of course, many of them were technical and clarifying amendments, but many of them were amendments of real substance, and of course resulted in considerable controversy in conference. The conferees have worked every day, including last Sunday, in an effort to compose the differences between the bill as passed by the House and as passed by the Senate. The conference report as presented today will result in increasing the revenue by about $4,500,000,000.

As is well known, shortly after this bill passed the House the international crisis developed. We were faced with the war in Korea, and it was necessary for us to have an increase of revenue instead of tax reduction, as provided in the House bill. The House has receded on quite a number of amendments, which resulted in the pending bill providing an increase of revenue from individual income taxpayers of about $2,700,000,000 a year.

The bill also provides for an increase in the corporation tax, which is estimated to yield about $1,500,000,000 a year.

So that the result of the adoption of this conference report will be an increase in revenue of about $4,500,000,000 a year.

I realize that many Members of the House are very vitally interested in the subject of an excess-profits tax. As is well known, amendment No. 191, added by the Senate, provided for a study of this subject, with the idea of reporting to the first session of the Eighty-second Congress. It is well known that we took very definite and positive action on that subject when this bill was sent to conference. So I would like to invite your attention to the provision contained in the pending bill on the subject of an excess-profits tax.

The text, as agreed to in conference, provides:

(a) The House Committee on Ways and Means and the Senate Committee on Finance are hereby directed to report to the respective Houses of Congress a bill for raising revenue by the levying, collection, and payment of corporate excess profits taxes with retroactive effect to October 1, or July 1, 1950, said bill to originate as required by article I, section 7, of the Constitution. Said bill shall be reported as early as practicable during the Eighty-first Congress after November 15, 1950, if the Congress is in session in 1950 after such date; and if the Congress is not in session in 1950 after November 15, 1950, said bill shall be reported during the first session of the Eighty-second Congress, and as early as practicable during said session.

Carrying out the mandate included in that provision of the pending conference report, the chairman of the Committee on Ways and Means has called a meeting for tomorrow morning for the committee to begin consideration of what procedure will be adopted for the preparation and reporting of an excess-profits tax bill during the month of November, shortly after the Congress is expected to return following the recess.

I have always strongly supported an excess-profits tax during wartime and periods of emergency. I strongly supported the excess-profits tax that we had during World War II, and I opposed the repeal of that excess-profits tax at the time that it was repealed. It will be remembered that the bill passed by the House of Representatives did not provide for the repeal of the excess-profits tax. We did provide for some reduction of it. The Senate provided for the outright repeal of it, and then, in conference, that was agreed to, although I strongly opposed it then, as did the chairman of the Ways and Means Committee.

Your conferees have worked diligently and have presented to you today a conference report that covers the pending bill, H. R. 8920, and the 192 Senate amendments. We believe that by reason of the international situation and the emergency as it exists today that we cannot have a reduction of revenue; certainly, we cannot have the loss of revenue that would result from the adoption of the House bill with respect to the adjustments of excise taxes.

The pending bill is only one of the steps that are expected to be taken in providing additional revenue for the financing of the present war emergency; it is to be expected that other revenue measures will have to be presented for consideration of and enactment by the Congress to provide the revenue that is so vitally needed to finance our Government during this period of time.

Mr. Speaker, it is true in this instance as in the instance of all bills of this type that the conference report presented today is a matter of compromise. Certainly, with 192 amendments added by the Senate it was necessary for us to assume an attitude of giving and taking and working out these differences. There are many provisions in this bill that I opposed in the Ways and Means Committee. I opposed them in conference. There are many provisions that are not included in the pending bill that I favored in the Ways and Means Committee and also in the conference, but this conference report represents a compromise between the conferees on the part of the House and the Senate; and, I believe, it presents a better bill than many of us thought would ever be possible at the time we began our work in conference. So I feel that the bill and the conference report are worthy of your favorable consideration.

Mr. DINGELL. Mr. Speaker, this is not the original House bill. Certainly it is not the bill I helped write. To begin with, the half of it affecting consumers' excise taxes was torn off and unceremoniously thrown into the waste-basket, and the remaining half which sought to plug existing loopholes hardly

fared better. Moreover, it was shot full of new loopholes. Now, of course, there is not too much to brag about, as I view the matter, although we did force the Senate conferees to abandon what some of us considered costly provisions and which were without basis or justification. We forced the conferees to yield further in compromising on other amendments. The bill finally worked out in the conference is expected to bring in a substantial amount of new revenue which might have been augmented to a larger degree if the loophole plugging of the House had been retained and the new Senate loopholes were excluded. But such is compromise, as you can well understand when I tell you we were over the barrel and had to make concessions. The emergency required action.

It was very gratifying to me when the House passed H. R. 8920, repealing and reducing certain of the super-duper sales taxes imposed during the war. As I stated on the floor at that time, however, the bill did not go nearly as far as I would like to have seen it go in coverage and degree of tax reduction. I was responsible for the inclusion of a pledge in the Revenue Act of 1943 that the wartime excise taxes would be repealed within 6 months after the termination of hostilities of World War II. Again, in the Revenue Act of 1945, I succeeded in having a provision inserted which would have repealed these taxes on June 30, 1946, and I have fought for their repeal ever since that time, introducing a bill to accomplish this in each Congress.

Unfortunately, due to the world situation today, it is with regret on my part that it is deemed necessary that these unfair, discriminatory, burdensome, and regressive taxes must be continued.

I am happy to say, however, that I was instrumental in having inserted in the report the reference of the Managers on the Part of the House, a statement to the effect that the conferees realize that there are inequities in excise taxes and believe the subject should receive continuing consideration. The phraseology is that drafted by the Senator from Colorado [Mr. MILLIKIN]. In addition to reducing excise taxes, the House bill revised the corporation income-tax-rate structure and increased these rates, and also plugged certain tax loopholes.

Due to the situation in Korea, a national emergency has arisen which has made it necessary to change the entire face of this bill. The national defense program had to be stepped up to protect the safety of the United States and of the entire world. This called for additional revenue. Under the stress of necessity and on the recommendation of the President, the Senate deleted the provisions of the House bill repealing and reducing excise taxes, and increased both individual and corporation taxes in order to finance the stepped-up national defense program.

The average increase in individual income taxes is 17 percent and that for corporations is 15 percent. The increase in individual income taxes will bring in an additional $2,745,000,000 and in corporation taxes $1,500,000,000. The change in individual incomes taxes will be effective October 1, 1950, and that for corporations July 1, 1950.

I am very happy to see the "notch" rate eliminated from the corporate tax-rate structure, and the 1-year carry-back and the 5-year carry-forward provision for net operating losses retained in this bill. This should grant considable relief to small corporations. I am very unhappy about the fact that certain provisions adopted by the Senate give away money like a drunken sailor to those who need it least. The following are examples of this: The provisions on circulation expenditures of newspapers; more liberal provisions as to tax-exempt institutions, which fortunately the House conferees were able to tighten to some extent; a more liberal provision on the redemption of stock by related corporations, a provision on stock options, which the House conferees were able to get tightened to some extent; and the deletion of the House provisions reducing the rate of interest on tax refunds, liquidation of foreign subsidiaries, taxation of dividends paid out of pre-March 1913 earnings, taxation of the interest element in life-insurance installment payments, and the amendments made by the House to section 117 (j) of the Internal Revenue Code relating to capital gains and losses.

In order to get a tax bill the House conferees found it necessary to concede on many provisions which I would like to have seen remain in the bill. In addition to those which I have just enumerated which were deleted by the Senate, the House conferees found it necessary to concede as to the provisions of the House bill on the withholding of tax on dividends and the taxation of life-insurance companies for the years 1947 and 1948. This was a great price to pay to get the Senate conferees to agree to delete the provision on family partnerships and the provision on the assignment of certain oil, gas, and mineral rights, the so-called in-place payments provision.

In accordance with the mandate of the House, the House Committee on Ways and Means will, if Congress is in session, report an excess-profits tax bill during this Congress. I shall make every endeavor to see that when an excess-profits tax is reenacted that it will not again be repealed before wartime excise taxes are repealed.

Even though this is not a perfect tax bill, it is a necessary one at this time, and the President has recommended quick enactment of the bill. We need the money, and this must be done.

Mr. REED of New York. Mr. Speaker, I yield 11 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, it is unfortunate that time and circumstance are such that we cannot go into this important matter extensively. Our good chairman, the gentleman from North Carolina [Mr. DOUGHTON], has delivered a prepared speech, and, likewise, the gentleman from New York [Mr. REED] has delivered a prepared speech. These two speeches are well worth your perusal if you want to know the full details of what has happened with reference to the preparation and passage of this very important tax bill. These two speeches should be a textbook of information.

You will remember that a few months ago the House passed a tax bill. The Ways and Means Committee spent several months on its preparation. The House spent much time on it and had much discussion of it on the floor because it dealt with many very important matters. It dealt, among other important matters, with the reduction of excise taxes. The bill as it passed the House did reduce excise taxes in many ways, and on many commodities and services. These reductions amounted to over a billion dollars. When the bill got to the Senate, Korea had come along. This brought to those responsible for the raising of revenue a different sort of responsibility. You usually cannot raise taxes by reducing taxes. So the Senate prepared an entirely different bill and that is why, as the gentleman from Tennessee [Mr. COOPER] said, we had about 191 amendments to be considered in the conference out of which the present bill comes.

Let us see what happened to our bill providing for reduction of excise taxes. I dare say every Member here promised somebody he would reduce the tax on baby oil, or he would reduce the tax on refrigerators, on telegrams, railroad transportation, and so forth. The House did all that. But the Senate has undone what the House did. All the reductions that the House provided for have been wiped out. The excise taxes remain as they are. The only change in excise taxes that was provided was that, in the new bill, they provide for an excess tax on television sets and an excise tax on deep freezes. Those two commodities have been added. Otherwise there have been no changes. When you go back you will have to tell your jewelry man there was no change, no reduction of any kind so far as he is concerned. You will tell all who were interested in getting a reduction of the excise tax on admission tickets, luggage, sporting goods, refrigerators, electric-light bulbs, furs, and many other articles that there will be no reduction this year. If the Democrats had passed the excise-reduction bill a year ago, when they should have done so, the people would now be able to purchase these commodities much cheaper.

Let us go a little further. Many of you were tremendously interested in depletion, allowances on gas, oil, clay, coal, and many other minerals that come from the earth. For years there has been a depletion allowance granted on these minerals. In the tax bill passed by the House we increased these depletion allowances and added a number of minerals to the list, including chemical limestone and a number of clays. It was thought proper at that time to do so. Now, the Senate in its desire to raise revenues cannot raise revenue by reducing revenue. So practically all of

those depletion allowances the House made have been lost. They have been lost so that those who would have received them may count these losses as a contribution to meet the expenses of the war in Korea.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the distinguished gentleman from South Dakota, who is soon to become a United States Senator.

Mr. CASE of South Dakota. I have read the conference report, particularly the depletion section, and I want to commend the gentleman from Ohio and those who assisted for working out the provision which permits up to 50 miles transportation in computing depletion allowances where that transportation is necessary to get the materials to the processing plant. In processing clays, it is impossible to have a plant set on every quarter section where the material is located. The gentleman will recall that when the tax bill was up for consideration in the House the latter part of June he and I had a colloquy on this matter. The gentleman expressed his interest in the matter and suggested it could be worked out in conference. I appreciate what the gentleman from Ohio and others have done to work out a satisfactory provision.

Mr. JENKINS. I thank the gentleman for his contribution. To explain what it means a little more definitely to those of you who live in clay-producing and coal-producing sections and oil-producting sections where depletion allowances are permitted. If a brick plant, for instance, has to get its clay say 2 or 3 miles from the factory where it is processed the cost of manufacturing the brick should include the cost of transporting that clay. If you are not allowed a depletion allowance for the cost of transporting the principal material used in your manufacturing process then your depletion allowance does not cover the real cost of production. However, in the preparation of the new bill language has been inserted that provides a depletion allowance for transportation. The distance is limited to 50 miles, and there are some other conditions that must be met that I cannot now explain. This transportation allowance will apply more particularly in the western part of the country where they are required to haul materials a longer distance to the place where processing is effected.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from New York.

Mr. REED of New York. Many of these products upon which depletion is being asked have no value until they reach the processing plant; is that correct?

Mr. JENKINS. Yes; without the depletion allowance we would not have much of the materials and minerals that are now processed into valuable articles of commerce.

There is another proposition I want to discuss with you. I know you are tremendously interested in this. In the bill passed by the House there was carried a provision against which I spoke and voted and I am sure that many of you were opposed to it. The bill we passed in the House provided for a withholding tax on corporate dividends just like the withholding tax on wages. Most of us Republicans opposed this plan in the Ways and Means Committee and in the House. It was argued that there was no difference between a withholding tax on corporate dividends and a withholding tax on wages. But there is a vital difference. The wage earner is in constant touch with the office of his employer, and his employer knows how many dependents the wage earner has, and he knows whether he will owe any income tax. If he knows that he does not earn enough to make him subject to an income tax he will not withhold the tax from his pay. But the company in which a person has a few shares of stock usually will not know whether the stockholder has exemptions against any income tax that he may owe, and the company will therefore be compelled to withhold 10 percent and thereby compel the shareholder to go to the trouble of getting a refund of the amount improperly withheld.

The Senate agreed with those of us who are opposed to any withholding on stock dividends. Therefore the law as passed by the House has been amended so that there will be no withholding of dividends from corporations and no withholding of the dividends that are paid out by farm cooperatives or any other corporate bodies.

You can go back home and tell your cooperatives that there is no withholding on these little, small cooperative dividends. There is no withholding on any kind of dividends. It would have been comparatively easy to hold onto the dividends of the rich people, those receiving dividends from the big companies, but it would have been quite a matter to collect from some individual who had small dividends during the year, and then that person would have to fight with somebody to get the repayment of the withheld dividends. That has been done away with, and I am proud to say that the Republican House conferees were largely responsible for that accomplishment.

Another proposition I want to talk to you about for just a minute is one in which many people are interested. The House bill provided for a tax on the interest received from installment insurance policies. Suppose A dies and leaves a $10,000 policy payable to his wife and daughter. That would mean maybe $25 or $50 a month, to each of them. The bill passed by the House provided that those persons should pay a tax on the interest on that payment. Well, the interest would be very difficult to compute and the tax would be very small. It was agreed that if the wife and daughter had gotten that $10,000 in lump sum and had deposited it in a building loan company they would be required to pay a tax on this interest derived on that money. But the installment policies carry a provision to pay that money in installments and consequently the beneficiaries have a right to have it paid in installments. I was unalterably opposed to taxing this interest on these payments and I am glad to say that the House conferees had much to do with effecting this change.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from New York.

Mr. REED of New York. As a matter of fact, it has been the experience of the insurance companies that where they paid in a lump sum, it opened the door to racketeers who preyed upon the beneficiaries.

Mr. JENKINS. That is correct.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Is it the understanding then that an insured can make his wife the beneficiary and have his daughter or some other person receive a revisionary interest upon the death of the wife and pay it out in installments without the application of the tax?

Mr. JENKINS. That is right; without any tax on the interest. If you make your illustrations too complicated, it may involve something else, and I do not want to go beyond the matter of taxing the interest that might be computed on the payments as they are made.

Mr. AUGUST H. ANDRESEN. It would be subject to the estate tax, but as I understand the interest would not be taxable.

Mr. JENKINS. That is right.

There is another proposition I want to discuss for a minute, and that is this. The House bill carried a tax on insurance companies. I am not going into detail, but here is the story. There was a tax-levying formula applied to the earnings or surpluses of insurance companies, and that formula had become ineffective, and the insurance companies did not owe any tax on these earnings or surpluses in 1946, 1947, 1948, 1949, or 1950. Some of the insurance companies indicated that they would be willing to make a voluntary payment of taxes. This would be an amount amounting to many millions of dollars. The House passed a bill providing that they should be taxed retroactively. I was the only member of the Ways and Means Committee who opposed this bill. When the matter came up on the floor of the House I was joined by quite a number of other Members who agreed with me that Uncle Sam should not put himself in the place of a mendicant holding out a tin cup, asking for contributions. I claimed that a law seeking to retroactively levy a tax that was not due would not be constitutional. I am glad that the Senate agreed with my position. The Senate in an attitude of compromise brought out a bill seeking to collect a tax for 1950 and 1949. There are

some court decisions that permit retroactive collections under some conditions, and the Senate felt that it might be constitutional to collect the tax for the years 1950 and 1949. So the bill carrying that tax was reconsidered and the bill before us provides for a tax in 1949 and 1950.

I want to talk now about what the conference did with reference to stock cattle. Those of you from the West and those of you who are interested in the raising of dairy cattle and stock cattle know there has been a provision whereby those who handle stock cattle are allowed to consider the profits from those activities as capital gains for tax purposes. There has been a decision of a district court to this effect, but the Treasury Department has refused to follow it, with the result that the cattle people have been very much agitated. This decision is known as the Albright case, found in 173 Federal, page 339. The cattle people are perfectly satisfied with this court decision. In order to compel the Treasury Department to deal justly with the cattle men we put an amendment in the bill passed by the House. The Senate adopted the Thye amendment which sought to protect cattle, but said nothing about sheep and hogs. This was manifestly not fair to the sheep and hog raisers, so the conference committee decided to strike out the Thye amendment and rely upon the present law and to let the Treasury know that it was their considered and firm opinion that the Treasury should follow the decision of the court in the Albright case. If this is done the livestock men will be satisfied. If the Treasury fails and refuses to heed this admonition then I am sure that a future Congress will take such steps as are necessary to compel compliance on the part of the Treasury.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. MILLER of Nebraska. The report states:

> It is the hope of the conferees that, pending such study and further legislation, the Treasury will follow the decision of the Eighth Circuit Court in the Albright case.

I do not like that word "hope." I want to know that the cattle and other livestock men are adequately protected and they are entitled to capital gains credit and I hope that the Congress will see to it that they get what is rightfully theirs.

Mr. JENKINS. I wish to assure my distinguished colleague, the gentleman from Nebraska, Dr. MILLER, that I share his views completely. I have led the fight for this recognition to the cattlemen and I shall be very much disappointed if what we have done in this bill does not take care of them—I have talked to several big cattlemen of the country and they think they will be treated properly and that the Albright case will be sustained by the Supreme Court.

There are two other matters that I should like to develop extensively, but I shall only have time to mention them.

The new bill that we are presently considering provides for a larger increase in taxes. The justification for this is that we are in a war. I think the country will always support adequate appropriations for the maintenance of our fighting men. With that idea in mind I shall vote for these increases in taxes that this bill provides.

The bill provides for an increase of tax on personal incomes in the amount of about $2,500,000,000. The increase on corporate taxes will amount to about $1,500,000,000.

I hope that the administration will see to it that this money is not wasted. There can be no doubt that billions intended for strengthening our defenses have been wasted in the last 3 or 4 years.

While I deplore the failure of Congress to reduce excise taxes on many commodities such as cosmetics, jewelry, telephones, and household appliances, for which reduction I worked and voted, I feel that we should pass this bill.

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, the conference report on the tax bill, now before the House, reflects a great deal of worth-while work done by the House conferees. When it is realized that the Senate made nearly 200 amendments to the bill, as passed by the House, it can be readily seen that they had a most difficult task in working out compromises between the respective viewpoints of the two Houses of Congress.

Although in the main satisfactory work has been done, yet, I am still of the opinion that it would have been better for all concerned to have written into the bill an excess-profits tax. However, the promise contained in the bill that such legislation will be prepared and presented at a later date in this session of Congress, or in the early part of next session, and made retroactive to October 1 or July 1 of this year, is some progress toward the desired end.

To me it seems unjust to have increased taxes by 20 percent on those having incomes less than $5,000, and permit excess war profits to go untaxed at this time. I so expressed myself and so voted when the bill was previously before the House, but, under administration leadership, the decision was made, by a majority vote of the House, to delay the imposition of an excess-profits tax, as I have stated.

Low-income families in the United States will be hit right in the pocketbook by the new withholding rates on wages and salaries coupled with the continued inflationary cost of food, clothing, and shelter.

The staff of the Subcommittee on Low Income Families of the Joint Committee on the Economic Report issued a report last Friday, September 15, showing the composition of economic groups in the United States by family income. Summarized, this report shows the following situation as to the distribution of the money income in 1948, which was a year of high productivity and also with average unemployment less than in August 1950:

Income group	Number of families	Percent of all
Less than $1,000	4,000,000	10.6
$1,000 to $2,000	5,600,000	14.5
$2,000 to $3,000	7,900,000	20.6
$3,000 to $4,000	8,000,000	20.7
$4,000 to $5,000	5,000,000	12.9
$5,000 to $6,000	3,100,000	8.1
$6,000 to $7,000	1,750,000	4.7
$7,000 to $8,000	1,100,000	2.8
$8,000 to $9,000	600,000	1.4
$9,000 to $10,000	320,000	.8
Over $10,000	1,120,000	2.9
Total	38,490,000	100.0

This report, based upon sampling of thousands of households, makes an apparent appraisal of the factors causing low incomes. Specific details are presented in 17 cases of low-income families culled from studies by the Social Security Administration and the Federal Security Agency. The report represents hours of painstaking research. However, it would be more valuable were it coupled with statistics on the contribution of low incomes, especially the purchasing power of such incomes, caused by inflation, the depreciated purchasing power of the dollar, and the impact of taxes at Federal, State, and local levels. This is a fertile field for investigation yet untouched.

In a war effort we must all do our part. But it should be all. The burden should not be placed on that segment of our people who are in what is now termed the low-income group, without corresponding participation of that portion of the Nation that stands to profit most from a war effort, namely, corporations that will obtain profitable war contracts and otherwise as a result of war conditions.

Mr. GROSS. Mr. Speaker, I am not at all pleased with the tax bill that is before us today.

I do not want to unduly criticize the conference committee, for I realize it has had a difficult task. This Revenue Act of 1950 should have made provision for an effective excess-profits tax, and it should have contained a provision by which farmers were given equal consideration with all others with respect to capital gains and losses.

There is no question but what the Commissioner of Internal Revenue has ignored the plain intent of Congress and the Federal courts in discriminating against farmers in the matter of taxation on sales of livestock.

The conference report, accompanying H. R. 8920, says:

> It is the hope of the conferees that, pending such study and further legislation, the Treasury will follow the decision of the Eighth Circuit Court in the *Albright case* (173 Fed. (2) 339).

The farmers of this Nation have every right to expect more than "hope" that the Commissioner of Internal Revenue will abide by the intent of Congress in a decision of the Federal courts.

I expect to vote for this pending tax measure, despite its serious deficiencies,

because additional revenue is sorely needed to close some part of the spending gap that has been caused by war. But I warn that Congress will be justifiably held to be remiss in its duty if it fails later this year to enact an excess-profits tax and plug the loophole through which the Commissioner of Internal Revenue now discriminates against America's farmers.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Speaker, I believe the conferees on the part of the House are entitled to the commendation of the Members of this body for the very splendid job they did in connection with this measure. I am particularly gratified that they closed some of the most glaring loopholes which appeared in the bill when it came from the other body. In fact, had some of those most glaring loopholes not been closed, perhaps there would have been a very determined fight against this conference report.

I particularly call the attention of some of the Members to the provision with respect to an excess-profits tax. In my opinion, Mr. Speaker, the provision in the conference report is completely binding upon both Houses to enact an excess-profits tax this year and, more than that, that it will be retroactive, definitely and positively retroactive to July 1, 1950 or October 1, 1950. Therefore we have an opportunity by voting for this conference report to commit this Congress definitely to an excess-profits tax that will be retroactive. That is the important thing, Mr. Speaker, that it will be retroactive.

May I further call the attention of the Members to the fact that an agreement has been reached between the leadership of the other body and the leadership of this body to reassemble on November 27 of this year. I feel confident that in the interim the Committee on Ways and Means or a subcommittee thereof—that will be decided tomorrow morning—will have made decided progress toward having the measure ready for this House to act on.

I hope nobody will vote against this conference report simply because it does not contain provisions imposing an excess-profits tax. When we have a positive commitment, why should we not trust this House? Why should we not trust the other body?

I trust the Members will vote for this conference report, and I am sincere about that. Everybody knows how strongly I feel about an excess-profits tax, but this is what we can get. This is binding in every respect. I hope the Members of the House will vote for the conference report.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Illinois.

Mr. MASON. Is it the gentleman's idea or opinion that anyone who votes for this conference report is morally bound to support a retroactive excess-profits tax when it is brought before us?

Mr. EBERHARTER. He is not morally bound to vote for an excess-profits tax, because he does not know what the provisions of that excess-profits-tax bill might be.

Mr. MASON. I am talking about the retroactive feature alone.

Mr. EBERHARTER. I think if one votes for this conference report he should be put on the side of those who favor a retroactive excess-profits tax.

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado [Mr. CARROLL].

(Mr. CARROLL asked and was given permission to revise and extend his remarks and include an article.)

Mr. CARROLL. Mr. Speaker, as the gentleman from Pennsylvania has pointed out, this demonstrates the wisdom of this body the other day in voting overwhelmingly for a retroactive tax in the calendar year 1950.

To answer the gentleman from Illinois [Mr. MASON], of course, there is an obligation on the part of this body to pass a retroactive excess-profits tax this session by accepting this report.

We voted on that the other day. So we are committed. Who is committed? Every member of the Committee on Ways and Means voted for an excess profits tax in this session of Congress, to a retroactive tax to be applied to 1950 war profits. Tomorow morning we are going to be given an opportunity to justify our vote, we on the Committee on Ways and Means, as we go into executive session. A motion will be made requiring the Treasury to begin preparation of data immediately for an excess profits tax, in order to be ready by October 15 to join with our Committee staff experts, who also will be requested to begin work on this matter. These groups can and should work together drafting sound excess profits tax legislation until about November 15.

It will also be suggested in this motion that the Ways and Means Committee on that date begin to hold public hearings, for at least a week. The following week the Ways and Means Committee should begin work on the final bill. As you return on November 27, we ought to have an excess profits tax bill for your consideration.

Gentlemen, this motion will sustain the point that we have been making all along. If there exists the will and the determination to impose an excess profits tax we can do the job in a few weeks. It will go out all over the country that that is what we stand for. The newspapers have already put corporations on notice that there will be a retroactive excess profits tax. It will be most interesting to watch the action, if any, of the other body.

I agree with the gentleman from Pennsylvania [Mr. EBERHARTER]. Of course there are inequities in this bill. But this conference committee on the part of the House under the circumstances has done a good job. They have knocked out the family partnerships provision saving revenue to the extent of $300,000,000 in refunds, and approximately $100,000,000 a year more which would have been lost in the future. They have saved money through other important objections to the Senate bill. I agree that the House conferees ought to be commended.

Mr. REED of New York. Mr. Speaker, I yield the balance of the time remaining to me to the gentleman from Nebraska [Mr. CURTIS].

Mr. GROSS. Mr. Speaker, I ask unanimous consent to extend my remarks following the remarks of the gentleman from Ohio [Mr. JENKINS].

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CURTIS. Mr. Speaker, I shall support the conference report. I do so not because I am totally satisfied with it, but I realize the conferees had a most difficult task to perform. I think they would have brought in a much better conference report if the conferees had been permitted to meet without other people being present. As one Member of the Congress I resent the intrusion of the Treasury Department into the conferences held between the House and Senate for the purpose of writing a tax bill.

I think it is well that we observe, however, the fact that serious precedents are started. We are perpetuating certain World War II excise taxes when it is admitted that on some businesses it amounts to almost a death blow.

During World War II there were excise taxes imposed for the purpose of closing businesses. Certainly, if this war emergency demands more revenue, and it does, the Congress should at once give attention to ways and means to spread the burden equitably to all segments of our society. I am only sorry that this Congress, controlled by the Democratic Party, was not as diligent early in the Congress in seeking excise-tax relief for the folks back home as they were in seeking tax relief for the politicians who came here to attend the inaugural.

Certain of the excise taxes should have been dealt with in this measure, because of the hardships that exist. No doubt a much better job could have been done by the conferees if the officials and employees of the Treasury Department had been kept out.

Now, a word about the excess profits tax. I believe there should be a tax on those people who, unreasonably and unfairly, are making excessive money while our boys are fighting. I think we have had too much talk in generalities about an excess profits tax and not enough attention as to what the tax should contain. The Treasury Department has not yet made its recommendations. It will be some weeks before they do. I do hope that they bring in a proposal that will actually reach excess profits. Proposals offered so far are not well thought out. Their enactment would let some concerns with the very highest wartime earnings go untouched. Other concerns would be treated unjustly. The World War II excess profits tax law did not properly do the job.

The SPEAKER. The time of the gentleman from Nebraska [Mr. CURTIS] has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the remainder of the time to the gentleman from Arkansas [Mr. MILLS].

The SPEAKER. The gentleman from Arkansas is recognized for 5 minutes.

(Mr. MILLS asked and was given permission to revise and extend his remarks and include a summary of the provisions of H. R. 8290, prepared by the staff of the Joint Committee on Internal Revenue Taxation.)

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. AUGUST H. ANDRESEN. I hope if the gentleman has time that he will explain his understanding of 117 (j) with reference to the Albright decision.

Mr. MILLS. In the beginning let me say it is my opinion that the entire membership of the conference committee on the part of both the House and Senate agrees that there must be some legislation in the future with respect to the treatment of income from the raising of livestock and carrying on that great industry in the United States. However, it was impossible for the conference committee to do the completely fair and equitable thing, because of the limited aspects of Senate amendment No. 82. It is certainly the intention of the Members who served on the conference committee to go into this matter at the earliest possible date, and we have expressed the hope that the Treasury will see fit to follow the Albright decision until such time as the Congress can settle this perplexing problem.

Mr. AUGUST H. ANDRESEN. I thank the gentleman for that statement, because I know the gentleman feels that the Bureau should follow the Albright or court decision.

Mr. MILLS. I feel that way; yes.

Now, in the closing minutes, let me talk about a matter that seems to be concerning some of my colleagues. At least I gather this impression from talking to them. The question in their minds is: "Shall I vote for an income-tax increase of some two and a half or three billion dollars on individuals, effective the 1st of October this year, when the bill does not provide for an excess-profits tax on corporations?"

My colleagues on the Ways and Means Committee will remember that some weeks ago I suggested, in the form of a motion in executive session of the committee, that our committee begin a study of the excess-profits tax. It was my thought then that an excess-profits tax should become effective the 1st of January 1951, although the motion did not so state. Nothing further was done by our committee because of the drive that was on in another body to amend H. R. 8920 by including an excess-profits tax provision.

Now, we come today to this bill without an excess-profits tax provision. Some of my friends are worried because of the possibility that their action today in voting for the bill may be misunderstood, since there is no excess-profits tax provision in it. I know of no way that we could have bound ourselves by any stronger language than that which appears in the conference report. Certainly it is more than just a moral obligation to me, as one member of the Ways and Means Committee, to see that there is legislation in the field of excess profits before the end of this Congress.

My colleagues on the committee have advised you that it is the purpose of the committee to meet in the morning to make a definite decision with respect to procedure in this area. The President of the United States has asked us for a specific tax bill at this time; we are bringing to him what he has asked for. The President was kind enough the other day to call the chairman of the committee and express appreciation to him for what this conference committee had developed in the way of his request.

Now, can you afford to vote for an increase on individuals and for higher corporate normal and surtax rates without, at the same time, voting for an excess-profits tax? I say emphatically that you can. To do anything less than that is, in my opinion, not to pay due regard to the conditions that exist today and to the great need for additional revenue.

We impose a personal tax now because we want it to go into effect the first of October. The withholding tax must go into effect then if we are to tax salaries for the remainder of the year. This conference agreement says that this excess-profits tax will go into effect either October 1 or July 1, 1950. Certainly my opinion has been fixed; I am going to be for an excess-profits tax that goes into effect July 1 or October 1, 1950, instead of, as I originally thought, January 1, 1951. Certainly we are bound by this commitment and we can rest assured that we will have an opportunity, if the Congress is in session after November 27, to vote upon, an excess-profits tax, and we can so state when we go home. I feel that very sincerely and deeply.

Mr. Speaker, I insert at this point in the RECORD a summary of H. R. 8920, the Revenue Act of 1950, as agreed to by the conferees, which was prepared by the staff of the Joint Committee on Internal Revenue Taxation:

SUMMARY OF H. R. 8920 AS AGREED TO BY THE CONFEREES

TITLE I. INCREASE IN INCOME-TAX RATES

A. Individual income taxes

Sections 101–104 eliminate for 1951 and subsequent years the percentage reductions from the tentative tax made in the Revenue Act of 1945 and in the Revenue Act of 1948.

These reductions are as follows: 17 percent of the first $400 of tentative tax; 12 percent of that part of the tentative tax in excess of $400 and not in excess of $100,000; 9.75 percent on the tentative tax in excess of $100,000.

The percentage reductions are cut by approximately 25 percent for 1950. As a result, after a taxpayer has determined his tentative tax for the calendar year 1950, he will, under the bill, make the following percentage reductions in such tax instead of the reductions provided for under existing law; 13 percent of the first $400 of tentative tax; 9 percent of that part of the tentative tax in excess of $400 and not in excess of $100,000; 7.3 percent of that part of the tentative tax in excess of $100,000.

In the case of individuals on a fiscal-year basis, income for years ending prior to October 1, 1950, will be subject to the rates imposed under existing law. When the fiscal year begins prior to October 1, 1950, and ends subsequent to that date, to the extent that the taxable year precedes October 1, 1950, the individual will be taxed at the rates imposed under existing law. To the extent that the year follows September 30, 1950, the individual will be taxed at the rates imposed for 1951 and subsequent years. Individuals with fiscal years beginning after September 30, 1950, will be subject to the rates imposed on calendar year taxpayers in 1951 and subsequent years.

This bill does not affect the increases in personal exemptions and dependency credits made in the Revenue Acts of 1945 and 1948, or the system of splitting the income of married couples adopted in the Revenue Act of 1948.

The withholding rate will be increased under the bill from 15 to 18 percent with respect to all wages and salaries paid on or after October 1, 1950 (secs. 141–143, pt. IV of title I).

The changes described will increase tax liabilities by about $2,700,000,000 or about 17 percent in a full year's operation.

Table 1 compares the combined normal tax and surtax marginal rates imposed under the Revenue Act of 1944 (the wartime peak) and those imposed under the 1945 and 1948 acts (taking the percentage reductions into account) with the rates which will apply in 1951 and subsequent years under the bill as agreed to in conference. The rates under the bill will be three percentage points lower in each bracket than those imposed under the 1944 act. The difference represents a three-percentage-point reduction in the rate schedule made in the Revenue Act of 1945, which is not removed by this bill.

Table 2 shows by net-income classes the distribution of income, taxable returns, and tax liabilities under existing law and under the bill when the proposed change in rates is fully effective.

TABLE 1.—*Individual income-tax rate schedule—the rates under the conference agreement for 1951 and subsequent years compared with those used under the Revenue Acts of 1944, 1945, and 1948*

Surtax net income	1944 act (highest wartime rates)	1945 act [1]	1948 act [1] (present law)	Rates agreed to in conference, 1951 and subsequent years
	Percent	*Percent*	*Percent*	*Percent*
0 to $2,000	23	19.00	16.60	20
$2,000 to $4,000	25	20.90	19.36	22
$4,000 to $6,000	29	24.70	22.88	26
$6,000 to $8,000	33	28.50	26.40	30
$8,000 to $10,000	37	32.30	29.92	34
$10,000 to $12,000	41	36.10	33.44	38
$12,000 to $14,000	46	40.85	37.84	43
$14,000 to $16,000	50	44.65	41.36	47
$16,000 to $18,000	53	47.50	44.00	50
$18,000 to $20,000	56	50.35	46.64	53
$20,000 to $22,000	59	53.20	49.28	56
$22,000 to $26,000	62	56.05	51.92	59
$26,000 to $32,000	65	58.90	54.56	62
$32,000 to $38,000	68	61.75	57.20	65
$38,000 to $44,000	72	65.55	60.72	69
$44,000 to $50,000	75	68.40	63.36	72
$50,000 to $60,000	78	71.25	66.00	75
$60,000 to $70,000	81	74.10	68.64	78
$70,000 to $80,000	84	76.95	71.28	81
$80,000 to $90,000	87	79.80	73.92	84
$90,000 to $100,000	90	82.65	76.56	87
$100,000 to $136,719.10	92	84.55	78.32	89
$136,719.10 to $150,000			80.3225	
$150,000 to $200,000	93	85.50	81.2250	90
$200,000 and over	94	86.45	82.1275	91
Maximum over-all rate limitation	90	85.50	77.00	87

[1] After reduction from tentative tax.

TABLE 2.—*Estimated net income, taxable returns, and tax liability under present law under the conference agreement when the change in rates is fully effective*

[Money amounts in thousands]

Income classes after deductions but before exemptions	Net income	Number of taxable returns	Tax liability [1]		Increase in tax under conference agreement
			Present law	Bill as agreed to in conference [2]	
Under $1	$2,118,218	2,406,199	$111,971	$134,900	$22,929
$1 to $2	12,694,590	7,986,162	920,795	1,109,408	188,613
$2 to $3	31,757,704	12,528,019	2,440,298	2,940,115	499,817
$3 to $4	24,153,714	6,947,195	2,000,454	2,400,855	400,401
$4 to $5	20,593,211	4,600,934	2,014,164	2,416,118	401,954
Total under $5	91,317,437	34,468,509	7,487,682	9,001,396	1,513,714
$5 to $10	17,384,843	2,637,787	2,156,251	2,558,362	402,111
$10 to $25	12,620,469	847,563	2,382,662	2,743,294	360,632
$25 to $50	4,986,129	135,559	1,496,822	1,701,586	204,764
$50 to $100	2,117,456	31,053	856,063	963,180	107,117
$100 to $300	1,915,090	14,577	966,543	1,079,124	112,581
$300 to $500	301,046	922	177,723	195,241	17,518
$500 to $1,000	232,822	406	150,926	165,274	14,348
$1,000 and over	215,341	144	139,480	151,412	11,932
Total over $5	39,773,196	3,668,011	8,326,470	9,557,473	1,231,003
Grand total	131,090,633	38,136,520	15,814,152	18,558,869	2,744,717
PERCENTAGE DISTRIBUTION					
Under $1	1.62	6.31	0.71	0.73	0.84
$1 to $2	9.68	20.94	5.82	5.98	6.87
$2 to $3	22.23	32.85	15.43	15.84	18.21
$3 to $4	18.43	18.22	12.65	12.94	14.59
$4 to $5	15.71	12.06	12 74	13.02	14.64
Total under $5	69.66	90.38	47.35	48.50	55.15
$5 to $10	13.26	6.92	13.63	13.79	14.65
$10 to $25	9.63	2.22	15.07	14 78	13.14
$25 to $50	3.80	.36	9.47	9.17	7.46
$50 to $100	1.62	.08	5.41	5.19	3.90
$100 to $300	1.46	.04	6.11	5.81	4.10
$300 to $500	.23	(3)	1.12	1.05	.64
$500 to $1,000	.18	(3)	.95	.89	.52
$1,000 and over	.16	(3)	.88	.82	.43
Total over $5	30.34	9.62	52.65	51.50	44.85
Total	100.00	100.00	100.00	100.00	100.00

[1] Includes normal tax, surtax, and alternative tax on net long-term capital gains.
[2] When the rate changes are fully effective.
[3] Less than 0.005 percent.
Source: Staff of the Joint Committee on Internal Revenue Taxation.

Table 3 compares the tax burdens under existing law, the burdens which will exist under the bill in 1950, and the burdens under the bill in 1951 and subsequent years in the case of a single individual with no dependents. Tables 4 and 5 contain similar comparisons for a married couple with no dependents and a married couple with two dependents. These tables indicate that, when expressed as a percentage of the tax due under present law, the increase under the bill is comparatively large in the case of taxpayers with smaller incomes. However, when the increase is expressed as a percentage of the spendable income remaining after tax under the present law's provisions, the change in the lower-income brackets is comparatively small, and the increase in the upper-income brackets is comparatively large.

Table 6 shows the effective rates of taxation under existing law, under the bill in 1950 and the bill in 1951 and subsequent years for a single person with no dependents. Tables 7 and 8 show similar data for a married couple with no dependents and a married couple with two dependents. These tables show that the increase in the effective rate is substantially larger in the case of large incomes than in the case of small incomes.

TABLE 3.—*Comparison of individual income-tax liability under present law and under the rates agreed to in conference for the calendar years 1950 and 1951*

SINGLE PERSON—NO DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$600									
$800	$33	$35	$40	$2	$7	4.8	0.2	20.5	0.9
$1,000	66	70	80	3	14	4.8	.3	20.5	1.5
$1,500	149	157	180	7	31	4.8	.5	20.5	2.3
$2,000	232	244	280	11	48	4.8	.6	20.5	2.7
$3,000	409	428	488	19	79	4.6	.7	19.2	3.0
$5,000	811	843	944	32	133	4.0	.8	16.4	3.2
$8,000	1,546	1,604	1,780	57	234	3.7	.9	15.1	3.6
$10,000	2,124	2,201	2,436	77	312	3.6	1.0	14.7	4.0
$15,000	3,894	4,032	4,448	137	554	3.5	1.2	14.2	5.0
$20,000	6,089	6,301	6,942	212	853	3.5	1.5	14.0	6.1
$25,000	8,600	8,898	9,796	298	1,196	3.5	1.8	13.9	7.3
$50,000	23,201	23,997	26,388	796	3,187	3.4	3.0	13.7	11.9
$100,000	58,762	60,770	66,798	2,008	8,036	3.4	4.9	13.7	19.5
$500,000	[1] 385,000	396,221	429,274	11,221	44,274	2.9	9.8	11.5	38.5
$1,000,000	[1] 770,000	[2] 800,000	[3] 870,000	30,000	100,000	3.9	13.0	13.0	43.5

[1] Taking into account maximum effective rate limitation of 77 percent.
[2] Taking into account maximum effective rate limitation of 80 percent.
[3] Taking into account maximum effective rate limitation of 87 percent.

TABLE 4.—*Comparison of individual income-tax liability under present law and under the rates agreed to in conference for the calendar years 1950 and 1951*

MARRIED PERSONS—NO DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$1,200									
$1,500	$50	$52	$60	$2	$10	4.8	0.2	20.5	0.7
$2,000	133	139	160	6	27	4.8	.3	20.5	1.5
$3,000	299	313	360	14	61	4.8	.5	20.5	2.3
$5,000	631	661	760	30	129	4.8	.7	20.5	3.0
$8,000	1,206	1,257	1,416	50	210	4.2	.7	17.4	3.1
$10,000	1,621	1,686	1,888	65	267	4.0	.8	16.4	3.2
$15,000	2,829	2,935	3,260	106	431	3.7	.9	15.2	3.5
$20,000	4,247	4,402	4,872	154	625	3.6	1.0	14.7	4.0
$25,000	5,877	6,087	6,724	210	847	3.6	1.1	14.4	4.4
$50,000	17,201	17,797	19,592	596	2,391	3.5	1.8	13.9	7.3
$100,000	46,403	47,994	52,776	1,591	6,373	3.4	3.0	13.7	11.9
$500,000	359,662	378,657	403,548	10,995	43,886	3.1	7.8	12.2	31.3
$1,000,000	[1] 770,000	792,442	858,548	22,442	88,548	2.9	9.8	11.5	38.5

[1] Taking into account maximum effective rate limitation of 77 percent.

TABLE 5.—*Comparison of individual income-tax liability under present law and under the rates agreed to in conference for the calendar years 1950 and 1951*

MARRIED PERSON—2 DEPENDENTS

Net income before exemption	Amount of tax under—			Increase under conference agreement		1950 increase as a percentage of—		1951 increase as a percentage of—	
	Present law	Conference agreement		1950	1951	Tax under present law	Net income after tax under present law	Tax under present law	Net income after tax under present law
		1950	1951						
						Percent	*Percent*	*Percent*	*Percent*
$2,400									
$3,000	$100	$104	$120	$5	$20	4.8	0.2	20.5	0.7
$5,000	432	452	520	21	88	4.8	.5	20.5	1.9
$8,000	974	1,016	1,152	43	178	4.4	.6	18.3	2.5
$10,000	1,361	1,417	1,592	56	231	4.1	.6	17.0	2.7
$15,000	2,512	2,607	2,900	95	388	3.8	.8	15.4	3.1
$20,000	3,888	4,030	4,464	142	576	3.6	.9	14.8	3.6
$25,000	5,476	5,672	6,268	196	792	3.6	1.0	14.5	4.1
$50,000	16,578	17,152	18,884	576	2,306	3.5	1.7	13.9	6.9
$100,000	45,643	47,208	51,912	1,565	6,269	3.4	2.9	13.7	11.5
$500,000	358,677	369,645	402,456	10,968	43,779	3.1	7.8	12.2	31.0
$1,000,000	769,314	791,430	857,456	22,116	88,142	2.9	9.6	11.5	38.2

TABLE 6.—*Comparison of individual income-tax effective rates under present law and under the conference agreement for the calendar years 1950 and 1951*

SINGLE PERSON—NO DEPENDENTS

Net income before exemption	Effective rates			Percentage point increase, conference agreement over present law	
	Present law	Conference agreement		1950	1951
		1950	1951		
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
$600					
$800	4.2	4.4	5.0	0.2	0.9
$1,000	6.6	7.0	8.0	.3	1.4
$1,500	10.0	10.4	12.0	.5	2.0
$2,000	11.6	12.2	14.0	.6	2.4
$3,000	13.6	14.3	16.3	.6	2.6
$5,000	16.2	16.9	18.9	.6	2.7
$8,000	19.3	20.0	22.3	.7	2.9
$10,000	21.2	22.0	24.4	.8	3.1
$15,000	26.0	26.9	29.7	.9	3.7
$20,000	30.4	31.5	34.7	1.1	4.3
$25,000	34.4	35.6	39.2	1.2	4.8
$50,000	46.4	48.0	52.8	1.6	6.4
$100,000	58.8	60.8	66.8	2.0	8.0
$500,000	[1] 77.0	79.2	85.9	2.2	8.9
$1,000,000	[1] 77.0	[2] 80.0	[3] 87.0	3.0	10.0

[1] Taking into account maximum effective rate limitation of 77 percent.
[2] Taking into account maximum effective rate limitation of 80 percent.
[3] Taking into account maximum effective rate limitation of 87 percent.

TABLE 7.—*Comparison of individual income-tax effective rates under present law and under the conference agreement for the calendar years 1950 and 1951*

MARRIED PERSONS—NO DEPENDENTS

Net income before exemption	Effective rates			Percentage point increase, conference agreement over present law	
	Present law	Conference agreement		1950	1951
		1950	1951		
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
$1,200					
$1,500	3.3	3.5	4.0	0.2	0.7
$2,000	6.6	7.0	8.0	.3	1.4
$3,000	10.0	10.4	12.0	.5	2.0
$5,000	12.6	13.2	15.2	.6	2.6
$8,000	15.1	15.7	17.7	.6	2.6
$10,000	16.2	16.9	18.9	.6	2.7
$15,000	18.9	19.6	21.7	.7	2.9
$20,000	21.2	22.0	24.4	.8	3.1
$25,000	23.5	24.3	26.9	.8	3.4
$50,000	34.4	35.6	39.2	1.2	4.8
$100,000	46.4	48.0	52.8	1.6	6.4
$500,000	71.9	74.1	80.7	2.2	8.8
$1,000,000	[1] 77.0	79.2	85.9	2.2	8.9

[1] Taking into account maximum effective rate limitation of 77 percent.

TABLE 8.—*Comparison of individual income-tax effective rates under present law and under the conference agreement for the calendar years 1950 and 1951*

MARRIED PERSONS—2 DEPENDENTS

Net income before exemption	Effective rates			Percentage point increase, conference agreement over present law	
	Present law	Conference agreement		1950	1951
		1950	1951		
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
$2,400					
$3,000	3.3	3.5	4.0	0.2	0.7
$5,000	8.6	9.0	10.4	.4	1.8
$8,000	12.2	12.7	14.4	.5	2.2
$10,000	13.6	14.2	15.9	.6	2.3
$15,000	16.7	17.4	19.3	.6	2.6
$20,000	19.4	20.2	22.3	.7	2.9
$25,000	21.9	22.7	25.1	.8	3.2
$50,000	33.2	34.3	37.8	1.1	4.6
$100,000	45.6	47.2	51.9	1.6	6.3
$500,000	71.7	73.9	80.5	2.2	8.8
$1,000,000	76.9	79.1	85.7	2.2	8.8

B. Corporation income taxes

1. Changes in rates: Under existing law corporations with taxable incomes of $50,000 and over pay a flat 24-percent normal tax and a flat 14-percent surtax, a total rate of

38 percent. To give smaller business a tax advantage, the effective rate of taxation is reduced for corporations with incomes below $25,000. This is accomplished by the application to such corporations of the following marginal or bracket rates:

Income bracket	Normal tax rate	Surtax rate	Total tax rate
	Percent	*Percent*	*Percent*
The first $5,000	15	6	21
The next $15,000	17	6	23
The next $5,000	19	6	25

As a result the effective or average rate of tax rises from 21 percent for corporations with incomes of $5,000 or less to 23 percent for corporations with an income of $25,000. Since the 38-percent rate applying to corporations with taxable incomes of $50,000 and over is applicable to the entire income, it is necessary to bridge the gap between $25,000 and $50,000 by applying a 53-percent rate to the income in this area. Thirty-one percentage points of this 53-percent rate represent the normal tax and 22 percentage points represent the surtax.

The bill eliminates the system of rates used under existing law and substitutes for 1951 and subsequent years—(1) a $25,000 surtax exemption; (2) a flat 25-percent normal tax rate; and (3) a flat 20-percent surtax rate.

Thus, a corporation with an income of $25,000 or less would pay a flat 25-percent normal tax and no more. A corporation with an income in excess of $25,000 would pay a normal tax of 25 percent on its entire taxable income, and a surtax of 20 percent on that part of its income in excess of $25,000.

For the calendar year 1950, the normal tax will be 23 percent and the surtax on incomes in excess of the $25,000 surtax exemption will be 19 percent, making a total top rate of 42 percent for the calendar year 1950 as compared with a top rate of 45 percent for 1951 and subsequent years.

Taxable years ending prior to July 1, 1950, will be taxed at the rates imposed under existing law. Years beginning prior to July 1, 1950, and ending after that date will be divided into two parts. The proportion of the corporation's taxable income which relates to the period preceding July 1, 1950, will be taxed at the rates used under existing law. To the extent that the corporation's taxable year follows June 30, 1950, its income will be taxed at the rates imposed for 1951 and subsequent years. Fiscal years beginning after June 30, 1950, will be subject to the rates imposed for 1951.

When fully effective at current levels of corporate profits, the proposed changes in the corporate rates will increase the corporate income tax liabilities by $1,600,000,000 annually. This is an increase of about 15 percent in the amount of the tax due. Taking into account the reduction in the taxable income of individuals that will accompany the lower level of dividend payments resulting from the increase in the corporate rates, the net increase in tax liabilities will be $1,500,000,000 annually when the changes in the corporate rates are fully effective.

Table 9 shows the combined normal tax and surtax effective rates under existing law and under the bill for 1951 and subsequent years. Corporations with incomes of $5,000 or less will be taxed 4 percentage points more under the bill than under existing law. The net increase over existing law will be less than 4 points in the case of corporations with incomes between $5,000 and $31,250, the net increase in this area declining as the corporate income grows larger. For incomes between $5,000 and $25,000 this is due to the fact that a flat 25 percent tax rate on the first $25,000 of income is substituted for rates which under present law increase from 21 percent to 25 percent in this income area. For incomes between $25,000 and $31,250 the fact that the rates do not increase by 4 percentage points is due to the elimination of the notch. At $31,250 the effective rates under the bill and existing law are identical. The benefits from the elimination of the notch are sufficient to produce a smaller effective rate under the bill than under existing law for corporations with incomes between $31,250 and $71,429, at which point the rates under the bill and under existing law are again equal. For corporations with incomes in excess of $71,429 the effect of eliminating the notch is outweighed by the increase in the rate. Hence in these cases the effective rate under the bill is higher than under existing law. The increase grows with the size of the income and reaches a maximum of just under 7 percentage points. Thus, the maximum effective rate under the bill is approximately 45 percent.

TABLE 9.—*Comparison of effective corporate income-tax rates under present law, and under the conference agreement in 1951 and subsequent years*

Net income (normal and surtax)	Present law	Conference agreement	
	Effective rates	Effective rates	Percentage point increase or decrease (−) over present law
	Percent	*Percent*	
$1,000	21.00	25.00	4.00
$2,000	21.00	25.00	4.00
$3,000	21.00	25.00	4.00
$4,000	21.00	25.00	4.00
$5,000	21.00	25.00	4.00
$6,000	21.33	25.00	3.67
$7,000	21.57	25.00	3.43
$8,000	21.75	25.00	3.25
$9,000	21.89	25.00	3.11
$10,000	22.00	25.00	3.00
$15,000	22.33	25.00	2.67
$20,000	22.50	25.00	2.50
$25,000	23.00	25.00	2.00
$30,000	28.00	28.33	.33
$31,250	29.00	29.00	0
$35,000	31.57	30.71	−.86
$40,000	34.25	32.50	−1.75
$45,000	36.33	33.89	−2.44
$50,000	38.00	35.00	−3.00
$60,000	38.00	36.67	−1.33
$70,000	38.00	37.86	−.14
$71,428.57+	38.00	38.00	0
$75,000	38.00	38.33	.33
$100,000	38.00	40.00	2.00
$150,000	38.00	41.67	3.67
$166,666⅔	38.00	42.00	4.00
$200,000	38.00	42.50	4.50
$300,000	38.00	43.33	5.33
$400,000	38.00	43.75	5.75
$500,000	38.00	44.00	6.00
$750,000	38.00	44.33	6.33
$1,000,000	38.00	44.50	6.50
$5,000,000	38.00	44.90	6.90
$10,000,000	38.00	44.95	6.95

Table 10 compares the tax burden under the bill in 1951 and subsequent years with those under existing law.

TABLE 10.—*Comparison of corporate income-tax liability under present law and under the conference agreement in 1951 and subsequent years*

Net income (normal tax and surtax)	Combined normal tax and surtax			
	Amount of tax		Dollar increase or decrease (−) over present law	Percentage increase or decrease (−) over present law
	Present law	Conference agreement		
$1,000	$210.00	$250.00	$40	19.05
$2,000	420.00	500.00	80	19.05
$3,000	630.00	750.00	120	19.05
$4,000	840.00	1,000.00	160	19.05
$5,000	1,050.00	1,250.00	200	19.05
$6,000	1,280.00	1,500.00	220	17.19
$7,000	1,510.00	1,750.00	240	15.89
$8,000	1,740.00	2,000.00	260	14.94
$9,000	1,970.00	2,250.00	280	14.21
$10,000	2,200.00	2,500.00	300	13.64
$15,000	3,350.00	3,750.00	400	11.94
$20,000	4,500.00	5,000.00	500	11.11
$25,000	5,750.00	6,250.00	500	8.70
$30,000	8,400.00	8,500.00	100	1.19
$31,250	9,062.50	9,062.50	0	0
$35,000	11,050.00	10,750.00	−300	−2.71
$40,000	13,700.00	13,000.00	−700	−5.11
$45,000	16,350.00	15,250.00	−1,100	−6.73
$50,000	19,000.00	17,500.00	−1,500	−7.89
$71,428.57-plus	27,142.86	27,142.86	0	0
$75,000	28,500.00	28,750.00	250	.88
$100,000	38,000.00	40,000.00	2,000	5.26
$150,000	57,000.00	62,500.00	5,500	9.65
$166,666⅔	63,333⅓	70,000.00	6,666⅔	10.53
$200,000	76,000.00	85,000.00	9,000	11.84
$300,000	114,000.00	130,000.00	16,000	14.04
$400,000	152,000.00	175,000.00	23,000	15.13
$500,000	190,000.00	220,000.00	30,000	15.79
$750,000	285,000.00	332,500.00	47,500	16.67
$1,000,000	380,000.00	445,000.00	65,000	17.11
$5,000,000	1,900,000.00	2,245,000.00	345,000	18.16
$10,000,000	3,800,000.00	4,495,000.00	695,000	18.29

The effective rates and tax burdens which will be imposed for the calendar year 1950, the year of transition under the bill, are shown in table 11. The rates under the bill will be two percentage points higher than under existing law for corporations with incomes up to $5,000. The increase will be less than two percentage points for corporations with incomes between $5,000 and $25,000. A corporation whose income is precisely $25,000 will be subject to the same rate under the bill as under existing law. When the corporation's income falls between $25,000 and $118,750, the tax rate under the bill will be smaller than under existing law due to the elimination of the notch. At an income of $118,750, the rates under the bill and under existing law again will be identical. Corporations with larger incomes are subject to a heavier rate under the bill than under existing law, the difference increasing with the size of the income. The maximum increase will be just under four percentage points.

TABLE 11.—*Comparison of effective corporate income-tax rates and tax liability for 1950, under the conference agreement and under present law*

Net income (normal and surtax)	Effective rates			Combined normal and surtax			
	Present law	Conference agreement	Percentage point increase or decrease (−)	Present law	Conference agreement	Increase or decrease (−)	
						Amount	Percent
	Percent	*Percent*	*Percent*				
$1,000	21.00	23.00	2.00	$210	$230	$20	9.52
$2,000	21.00	23.00	2.00	420	460	40	9.52
$3,000	21.00	23.00	2.00	630	690	60	9.52
$4,000	21.00	23.00	2.00	840	920	80	9.52
$5,000	21.00	23.00	2.00	1,050	1,150	100	9.52

TABLE 11.—*Comparison of effective corporate income-tax rates and tax liability for 1950, under the conference agreement and under present law*—Continued

Net income (normal and surtax)	Effective rates			Combined normal and surtax			
	Present law	Conference agreement	Percentage point increase or decrease (−)	Present law	Conference agreement	Increase or decrease (−)	
						Amount	Percent
	Percent	*Percent*	*Percent*				
$6,000	21.33	23.00	1.67	$1,280	$1,380	$100	7.81
$7,000	21.57	23.00	1.43	1,510	1,610	100	6.62
$8,000	21.75	23.00	1.25	1,740	1,840	100	5.75
$9,000	21.89	23.00	1.11	1,970	2,070	100	5.08
$10,000	22.00	23.00	1.00	2,200	2,300	100	4.55
$15,000	22.33	23.00	.67	3,350	3,450	100	2.99
$20,000	22.50	23.00	.50	4,500	4,600	100	2.22
$25,000	23.00	23.00	0	5,750	5,750	0	0
$30,000	28.00	26.17	−1.83	8,400	7,850	−550	−6.55
$35,000	31.57	28.43	−3.14	11,050	9,950	−1,100	−9.95
$40,000	34.25	30.13	−4.12	13,700	12,050	−1,650	−12.04
$45,000	36.33	31.44	−4.89	16,350	14,150	−2,200	−13.46
$50,000	38.00	32.50	−5.50	19,000	16,250	−2,750	−14.47
$75,000	38.00	35.67	−2.33	28,500	26,750	−1,750	−6.14
$100,000	38.00	37.25	−.75	38,000	37,250	−750	−1.97
$118,750	38.00	38.00	0	45,125	45,125	0	0
$150,000	38.00	38.83	.83	57,000	58,250	1,250	2.19
$200,000	38.00	39.63	1.63	76,000	79,250	3,250	4.28
$300,000	38.00	40.42	2.42	114,000	121,250	7,250	6.36
$400,000	38.00	40.81	2.81	152,000	163,250	11,250	7.40
$500,000	38.00	41.05	3.05	190,000	205,250	15,250	8.03
$750,000	38.00	41.37	3.37	285,000	310,250	25,250	8.86
$1,000,000	38.00	41.53	3.53	380,000	415,250	35,250	9.28
$5,000,000	38.00	41.91	3.91	1,900,000	2,095,250	195,250	10.28
$10,000,000	38.00	41.95	3.95	3,800,000	4,195,250	395,250	10.40

2. Consolidating the tax computation on the return form: In addition to eliminating the notch rate these sections of the bill provide a different method for computing the tax benefit to be given Western Hemisphere trade corporations and dividends paid by public utilities on certain preferred stock. The bill also contains a provision preserving the present tax benefit for partially tax-exempt interest for the calendar year 1950 when the normal tax rate under the bill will be below the normal tax rate in existing law. For 1951 and subsequent years this adjustment is unnecessary because the normal tax rate for those years will be 25 percent under the bill, while the existing normal tax rate is only 24 percent. The bill also makes a change in the method of computing the dividends-received credit where dividends are received on certain preferred stock of public utilities. These changes make it possible to combine the normal tax and surtax into a single tax computation on the corporate return form for the tax liability incurred in the calendar year 1950 and subsequent years.

3. Dividends-received credit for distributions in kind: Under section 26 (b) of the code, a corporation is allowed to deduct from net income a dividends-received credit equal to 85 percent of the amount it receives from other domestic corporations as dividends.

Section 122 provides that the dividends-received credit shall not exceed 85 percent of the adjusted basis of the distributed property in the hands of the distributing corporation. If gain is recognized to the latter corporation as a result of the distribution, the dividends-received credit would be allowed for 85 percent of the adjusted basis of the property plus the gain recognized to the distributing corporation.

This limitation on the dividends-received credit will apply only to dividends received after August 31, 1950.

It is estimated that this provision will increase revenues by about $6,000,000 a year.

TITLE II. MISCELLANEOUS INCOME-TAX AMENDMENTS

Section 201. Extension of time in the case of discharge of indebtedness

Section 201 extends for an additional year the application of sections 22 (b) (9) and (10) of the code which permit railroads and other corporations to exclude from income amounts attributable to the discharge of certain indebtedness. The bill extends this privilege to December 31, 1951.

Section 202. Income-tax exemptions for members of the Armed Forces serving in combat areas

Section 202 excludes from taxable income compensation earned in active service as a member below the grade of commissioned officer in the Armed Forces of the United States for any month during any part of which such member served in a combat zone after June 24, 1950, and prior to January 1, 1952. Compensation of commissioned officers not in excess of $200 a month is excluded on a similar basis.

The President is authorized to designate as a combat zone any area in which he finds that the Armed Forces of the United States are engaged in combat. Such designation may be made applicable to any part of the period from June 24, 1950, to January 1, 1952.

The bill also provides that with minor exceptions there shall be no withholding on or after the first day of the second calendar month which begins after the date of enactment of this bill on the pay of members of the Armed Forces for any month during any part of which they performed services in a combat zone.

Section 203. Treatment of bond premium in case of dealers in tax-exempt securities

Under existing law, dealers in tax-exempt securities, whether individuals, partnerships, or corporations, are not required to amortize premiums paid for these securities. Section 125 (d) of the code permits a dealer in such securities who inventories his securities on a cost basis or who does not maintain inventories to deduct as a loss the difference between the cost of such bonds and their selling price or the amount received at maturity. Dealers who inventory their securities at market prices automatically receive annual deductions of portions of the premiums, since an appropriate amortization is reflected in the market prices shown in their inventories, or in the selling prices if the bonds are sold or mature during the year.

Section 203 provides that with respect to State and municipal bonds held more than 30 days and having a maturity or call date not more than 5 years from the date of acquisition by the dealer, the premium paid must be amortized. In the case of dealers who carry their bonds at cost, this amortization will reduce the basis so as to eliminate an artificial loss in the year of the sale or other disposition of the bond, and in the case of dealers who carry their bonds at market prices the amount of the amortization for any year must be used to reduce the cost of sales for that year.

The amortization of the premium is required in the case of all securities purchased on or after July 1, 1950. In the case of securities held on June 30, 1950, amortization is required only with respect to taxable years beginning after that date.

It is estimated that in the long run the revenues under this changed procedure will be about $20,000,000 higher annually than they would be if existing law were continued.

Section 204. Circulation expenditures

Under section 204, publishers of newspapers, magazines, or other periodicals are allowed to deduct expenditures to maintain, establish, or increase circulation, except expenditures for the purchase of land or depreciable property or for the acquisition of circulation through the purchase of any part of the business of another publisher. This follows, in general, the practice of existing law, although in some instances expenditures to increase and establish circulation have been required to be capitalized.

Section 204 also permits publishers to elect to capitalize such portion of those expenditures as, under regulations prescribed by the Secretary, is deemed to be chargeable to capital account.

This amendment is effective with respect to taxable years beginning after December 31, 1945, but the election to capitalize may not be made in years beginning prior to January 1, 1950, when the publisher has already claimed a deduction for such expenditures in those years. Also, the amendment is not effective for any year during which any part of such expenditures was capitalized, if a claim for refund is barred for such year.

Section 205. Payment of income tax by installment payments and returns of estates and trusts

A. Corporations: Under existing law, corporate taxpayers are given the option to elect to pay their entire tax on the 15th day of the third month following the close of the taxable year or to pay one-fourth of the tax on that date and the balance in equal installments on the 15th day of the third, sixth, and ninth months following the first installment. For example, a corporation on the calendar-year basis may pay one-fourth of the tax for 1950 on the 15th day of March, June, September, and December 1951.

Section 205 of the bill provides for a gradual transition over a period of 5 years to a method under which the installment option for corporations will be limited to two payments of 50 percent of the tax due on the 15th day of the third month and the 15th day of the sixth month following the close of the taxable year. The manner in which this transition is to be made is shown in table 12.

TABLE 12.—*Accelerated payments of corporation income taxes*

	Percent of payments due in—			
	First quarter (percent)	Second quarter (percent)	Third quarter (percent)	Fourth quarter (percent)
First taxable year	30	30	20	20
Second taxable year	35	35	15	15
Third taxable year	40	40	10	10
Fourth taxable year	45	45	5	5
Fifth taxable year and subsequent years	50	50	0	0

The first change in the method of payment will be effective with respect to corporate taxable years ending on or after December 31, 1950.

For the calendar-year corporations, which make up about three-fourths of the total, the bill permits the payment of 30 percent of the 1950 tax on March 15 and June 15,

1951, and 20 percent on September 15 and December 15, instead of 25 percent on each of the quarterly payment dates as permitted under existing law. The payments on March 15 and June 15 will be increased to 35 percent of the tax due in 1952, 40 percent in 1953, 45 percent in 1954, and 50 percent in 1955, with corresponding reductions in the percentage of the tax payable on September 15 and December 15 in each of these years.

The estimated increase in collections resulting from accelerated payments is shown in table 13. In the fiscal year 1951 it is estimated that the additional collections will be about $800 million. The additional receipts in the fiscal year 1956, the last year in which collections are affected, will be about $90,000,000. The increase in each of the years 1952 through 1955 will be about $1 billion. The total additional collections during the full 6-year transition period aggregate about $4,800,000,000.

TABLE 13.—*Estimated increase in corporate income-tax collections resulting from accelerated payments*

Fiscal years	Increase in collections
1951	$800,000,000
1952	1,040,000,000
1953	970,000,000
1954	970,000,000
1955	970,000,000
1956	90,000,000

Source: Staff of the Joint Committee on Internal Revenue Taxation.

B. Trusts, estates and nonresident aliens: Under existing law fiduciaries may elect to pay the income tax in four quarterly installments. Section 205 eliminates this option in the case of trusts but retains it in the case of estates.

Existing law also permits the installment option to be elected in the case of nonresident aliens whose gross income is in excess of $15,400, or who have a trade or business in the United States. Section 205 eliminates this option.

The elimination of the installment option in the case of trusts and certain nonresident aliens applies to taxable years ending on or after December 31, 1950, and will increase collections in the fiscal year 1951 by about $90,000,000.

Under section 205 fiduciaries are given until the fifteenth day of the fourth month following the close of the taxable year in which to file their return. Under existing law they must file the return by the fifteenth day of the third month following the close of the taxable year.

Section 206. Election as to recognition of gain in certain corporate liquidations

Section 206 revives for the calendar year 1950 section 112 (b) (7) of the code dealing with the recognition of gain in certain corporate liquidations. An individual shareholder complying with the provisions of section 112 (b) (7) may elect, with respect to a liquidation occurring in one calendar month in 1951, to have his gain recognized only to the extent of the amount of his ratable share of the earnings and profits of the corporation, plus any money, and any stock or securities acquired by the corporation after August 15, 1950, which is received by him. Such a gain, to the extent that it consists of his share of earnings and profits, is to be taxed as a dividend; so much as results from the receipt of money or recently acquired securities is taxable as capital gain immediately. The balance will not be recognized as a gain until he sells or exchanges the property received upon liquidation of the corporation. The revenue effects of this provision are not substantial.

Section 207. Percentage depletion

Section 207 amends the definition of "gross income from the property" upon which percentage depletion is calculated so as to insure the inclusion within the definition of "mining" of transportation to the plant or plants where the "ordinary treatment processes" are applied. Ordinarily, transportation in excess of 50 miles will not be included but the Secretary of the Treasury is authorized to permit exceptions to this rule if he finds that the physical and other requirements are such that the ore or mineral must be transported a greater distance to be so processed.

This action applies to taxable years beginning after December 31, 1949.

Section 208. Treatment of certain redemptions of stock as dividends

Section 115 (g) of the code provides that where a corporation redeems its stock in such a manner as to make the redemption essentially equivalent to the distribution of a taxable dividend, the amount distributed in redemption of the stock shall be treated as a taxable dividend to the extent that it represents a distribution of earnings or profits.

Section 208 amends section 115 (g) of the code so as to cover the indirect redemption of shares in a parent corporation through purchases by its subsidiary. This amendment applies to amounts received after August 31, 1950. It will yield a small amount of additional revenue and will prevent substantial loss through avoidance in future years.

Section 209. Redemption of stock to pay death taxes

Section 209 of the bill amends section 115 (g) of the code so as to remove, from the category of a taxable dividend, payments made under certain restricted circumstances in the redemption by the issuing corporation of a portion of its stock included in a decedent's estate. To qualify for such treatment the redemption must be made within the period of the statute of limitations for the assessment of the estate taxes due or within 90 days after the close of this period, and the value of the stock in such corporation for estate-tax purposes must comprise more than 50 percent of the value of the net estate. The exemption from the provisions of section 115 (g) will apply only to so much of the proceeds of the stock as does not exceed the total of the estate, inheritance, legacy, or succession taxes (including interest) imposed because of the decedent's death.

This amendment will be applicable only to amounts distributed on or after the date of enactment of the bill. The revenue loss probably will not be large.

Section 210. Capital gains and losses

A. Copyrights, artistic works, and so forth: When a person is in the profession of writing books, or creating other artistic works, his income from the sale of the products of his work is taxed as ordinary income. This is true whether he receives royalties from the use of his products or sells them outright, since the products of his work are held by him "primarily for sale to customers in the ordinary course of his trade or business" and are, therefore, not treated as capital assets.

If an amateur receives royalties on his book or other artistic work, they are treated as ordinary income, but if he holds his book or other artistic work for 6 months and then sells it outright he can treat such a sale as the sale of a capital asset, not held primarily for sale to customers in the ordinary course of the taxpayer's trade or business. As a result the taxpayer receives long-term capital gain treatment on the product of his personal effort.

Section 210 provides that when any person sells a copyright, a literary, musical, or artistic composition, or similar property which is the product of his personal effort, his income from the sale is taxed as ordinary income. He would, of course, be able to average his income from such work, if his activities covered a period of 36 months or more, to the extent permitted by section 107 (b) of the code. A gain received by a person who acquired the copyright or artistic work as a gift from the creator is also taxed as ordinary income.

Section 210 is applicable to taxable years beginning after the date of enactment of this bill. It is estimated that the amendment will yield about $1,000,000 annually in additional revenue.

B. Livestock: The bill does not alter the provisions of the code governing the tax treatment of livestock. A provision contained in the Senate bill dealing exclusively with the tax treatment of cattle was eliminated in conference. The report of the managers on the part of the House contains the following statement:

"While it may be necessary for Congress to legislate with respect to the tax treatment of sales of livestock, the conferees agreed that cattle alone should not be dealt with to the exclusion of other livestock the treatment of which was not in conference, and that the subject matter is deserving of further study. It is the hope of the conferees that, pending such study, the Treasury will follow the decision of the Eighth Circuit Court in the *Albright case* (173 Fed. (2) 339)."

Section 211. Short sales of capital assets

At the present time it is possible for an investor in stocks to realize a capital gain in less than 6 months and obtain long-term capital gain treatment on it by making a short sale, which will assure his gain on his original investment, and then defer closing out the short sale until he has held his original stock investment for more than 6 months. A similar result may be obtained where the initial transaction is a short sale.

Much the same device may be used by a taxpayer to avoid tax on his profits from speculation in commodity futures. Regulations of the Department of Agriculture prohibit a broker from carrying for a customer simultaneous long and short positions in the same commodity, the same future period, and the same market. A taxpayer may achieve substantially the same result, however, by keeping the simultaneous long and short positions in two different markets.

Section 211 provides, in effect, that where a sale of substantially identical property is made, and thereafter simultaneous long and short positions are maintained so as to give an actual short-term transaction the appearance of a long-term transaction, gains and losses shall be treated for tax purposes as short-term gains or losses. On the other hand, where securities have been held for more than 6 months, and thereafter a short sale is made, any loss on the short sale shall be treated as a long-term loss, offsetting the long-term gain so that 50 percent of both will be taken into account, and not as a short-term loss 100 percent of which would be taken into account. These rules also apply where the taxpayer buys and his spouse sells substantially identical property, or vice versa.

Whether a short sale is of substantially identical property will depend on the circumstances at the time of the short sale. Securities of one company will not be regarded as substantially identical with securities of another company, except that when issued securities of a successor corporation may be substantially identical with the securities to be exchanged for them in a reorganization. It is specifically provided that a commodity future requiring delivery in one calendar month will not be regarded as substantially identical to a commodity future requiring delivery in a different calendar month.

The provisions of this section do not apply to straddle or arbitrage transactions in commodity futures where long and short contracts are executed on the same day and both are closed out on the same day.

A person who owns stock may buy a put which entitles him to sell his stock at any time within, for example, 30 days at a specified price. If the market price of the stock goes up he will, of course, sell at the market price rather than exercise the put option he has purchased. But if the market price goes down he is assured of getting the price specified in the put option he has bought. Therefore, a person who buys a put is assured that he will realize the appreciation in value of his stock just as though he had made a short sale. For this reason a short sale is defined as including a put, or option to sell at a fixed price.

The provisions of this section would apply to taxable years beginning after the date of enactment of this bill.

It is estimated that section 211 will result in about $2,000,000 a year in additional revenue.

Section 212. Treatment of gain to shareholders of collapsible corporations

The collapsible corporation is a device which has been used in an attempt to convert ordinary income into long-term capital gain by use of a temporary corporation. The device has been used principally in the motion-picture industry. A corporation engaged in the business of producing motion pictures would ordinarily pay the corporate income tax on its net income, and its shareholders would pay ordinary income tax on their dividends from the corporation. Producers have tried to avoid these results by organizing separate corporations for each motion picture. Upon completion of the film, but prior to the realization by the corporation of any income therefrom, the corporation is liquidated and the assets are distributed. In such a case the corporation pays no tax, claiming that it has realized no income. The producer pays tax upon the difference between his cost and the fair market value of the assets so distributed; but such gain is reported as long-term capital gain with a maximum effective rate of 25 percent. After liquidation the fair market value of the released production is ordinarily amortized against the income from the film as it is received. If the income from the film does not exceed such fair market value, there is no further tax.

In addition to the motion-picture industry, it is understood that the collapsible-corporation device has also been used in the building-construction trade by contractors who set up corporations to construct buildings for sale and then liquidate the corporations and sell the buildings as individuals.

Under section 212 of the bill the gain realized from the sale or exchange (including liquidation) of stock in a collapsible corporation will be treated as ordinary income for tax purposes, in the case of a stockholder owning 10 percent or more of the corporation's stock, if the gain realized from the sale or exchange of the stock during the year is more than 70 percent attributable to property produced by the corporation, and the gain is realized within 3 years following the completion of the manufacture, construction, or production of the property.

This provision is applicable to gains realized after December 31, 1949, and no inference is to be drawn from the amendment with respect to gains realized prior to 1950.

It is estimated that section 212 will produce approximately $3,000,000 additional revenue annually.

Section 213. Capital gains of nonresident alien individuals

Under existing law capital gains of nonresident alien individuals not engaged in trade or business in the United States are exempt from income tax.

Section 213 of the bill imposes a tax on the net amount of capital gains derived from sources within the United States by a nonresident alien individual not engaged in trade or business in the United States, but temporarily present therein. If such nonresident alien has been within this country for less than 90 days during the taxable year, the tax applies only to such gains as were realized during his presence in the United States. If he has been present 90 days or more, the tax applies to all such gains realized on transactions carried out within the United States personally or through an agent during the entire taxable year, whether or not he was present in the United States at the time the sales or exchanges occurred.

Generally, the rate imposed on such gains will be 30 percent, which is the rate applied under existing law to nonresident alien individuals not engaged in trade or business in the United States on their other income arising from sources within the United States. The 30-percent rate is somewhat higher than the maximum rate now applied to long-term capital gains, but, of course, well below the rates frequently applicable to short-term capital gains. Where the taxpayer's gross income from sources within the United States is $15,400 or more, the tax will be 30 percent or the amount calculated under the regular income tax rates, whichever is the larger.

This amendment, like other sections of the bill, is limited by the general rule set out in section 214 of the bill, that "No amendment made by this act shall apply in any case where its application would be contrary to any treaty obligation of the United States."

This amendment will apply only with respect to taxable years beginning after December 31, 1949.

It is anticipated that this amendment will increase the revenues by about $1,000,000 annually.

Section 215. Net operating loss deductions

Section 215 of the bill amends the net operating loss deduction provided under section 122 of the code. Under existing law a business loss in the taxable year may be carried back against income in the two preceding years, and carried forward against the income of the two subsequent years. The bill substitutes for this 2-year carry-back and 2-year carry-forward, a 1-year carry-back and a 5-year carry-forward.

Under the bill the 2-year carry-back and 2-year carry-forward will continue to apply to losses incurred in taxable years beginning before January 1, 1950. Losses incurred in taxable years beginning after December 31, 1949, will be subject to the new rule.

Since this amendment extends the period of averaging, some revenue loss is involved. However, no loss will be realized for several years. The time of appearance and the amount of the eventual revenue loss are very uncertain and will depend upon future business conditions.

Section 216. Amortization of emergency facilities

Section 216 provides for the amortization over a period of 60 months of facilities certified as essential because of the present emergency. Such amortization is in lieu of depreciation and may be elected by a taxpayer whose facility has been certified to have an emergency character. The election may be revoked on notice by the taxpayer.

The certifying authority is to be designated by the President in an Executive order.

Only that portion of the cost of the facility certified as attributable to defense purposes may be amortized.

The bill provides that gains from the sale or exchange of an emergency facility shall be considered as ordinary income to the extent that they represent the excess of the amortization allowed over the depreciation otherwise allowable under section 23 (l) of the code with respect to such facility. Donees and other transferees whose basis is that of the original owner of the emergency facility will similarly have a part of their gain treated as ordinary income.

Section 216 applies to taxable years ending after December 31, 1949.

The revenue loss is uncertain.

Section 217. Amortization of premium on convertible bonds

Under section 125 of the code the purchaser of a taxable bond who pays a price in excess of the amount recoverable at maturity is permitted a deduction which will amortize the premium paid. If the bond is noncallable, the premium is written off over the life of the security. If the bond is callable, the premium is writen off over the period between the date of purchase and the earliest call date.

Section 125 was intended primarily to deal with the case where the premium was paid because the security bore a stated rate of interest higher than that prevailing in the current market for securities of a like risk and a similar life.

However, a premium also may arise because the security purchased is convertible into another type of security. Here the premium paid may represent nothing more or less than a portion of the price paid for the security into which the bond is convertible. No distinction is made in section 125 of the code between premiums based upon the payment of an unusually high rate of interest and premiums based upon a conversion privilege.

Section 217 of the bill stipulates that the privilege of amortizing a bond premium allowed under section 125 of the code will not apply to that portion of the premium on a convertible bond which is attributable to the conversion features.

With respect to securities acquired on or before June 15, 1950, the amendment applies to taxable years beginning after that date. For instance, if a convertible bond purchased on January 2, 1950, matures on January 2, 1955, with no provision for earlier call, one-fifth of the actual premium paid could be amortized in 1950 by a taxpayer on the calendar year basis, but only that part of the premium not due to the conversion privilege could be amortized over the four subsequent years. However, with respect to securities acquired after June 15, 1950, only that part of the premium not attributable to the conversion privilege may be amortized in 1950 or subsequently.

It is estimated that this provision will increase the revenue by $2,000,000 annually when in full operation.

Section 218. Stock options

Section 218 establishes a new set of rules for the tax treatment of certain employee stock options. Under existing regulations an employee exercising an option to purchase stock from his employer corportion is treated as though he received taxable income at the time he exercises the option to the extent of the difference between the market value of the stock at the time of the exercise of the option and the option or purchase price. This difference is taxed as ordinary income.

Under section 218 no tax will be imposed at the time of exercise of a "restricted stock option" or at the time such an option is granted.

To qualify as a "restricted stock option" a number of conditions must be met.

(1) The option price must be 85 percent or more of the fair market value of the stock at the time the option is issued. If the option price is 95 percent or more of the fair market value at that time, the entire gain realized on the sale of the stock acquired under the option is taxed as a capital gain provided the other requirements for the beneficial treatment available to the recipient of a "restricted stock option" are also

complied with. If the option price is 85 percent or more but less than 95 percent of the fair market value of the stock at the time the option is granted, the difference between the option price and the fair market value at the time the option was granted or at the time the stock was disposed of, whichever is lower, is taxed as ordinary income at the time the stock acquired under the option is disposed of. The balance is taxed as a capital gain.

The operation of this provision can be illustrated as follows: If at the date of the issuance of the option the market value of a share of the stock covered by the option is $100, and the option price is $95, the recipient of the option can obtain capital gains treatment on the full gain realized on the sale of the stock acquired under the option, provided he conforms with the other requirements necessary to qualify for the beneficial treatment available to the recipient of a "restricted stock option." If, however, the option price is $85 and the value at the time of the disposition of the stock is $100 or more, $15 of the gain would be taxed as ordinary income. If the value on disposition is less than $100, but more than $85, the entire gain is taxed as ordinary income.

If the option price is $85, the value at the time the option is issued is $100, the other requirements for beneficial treatment under the restricted stock option provision are complied with, and the stock is held by the optionee until his death, the difference between $85 and $100 is taxed as ordinary income at the time of death, provided the value of the stock at that time is $100 or more. If the value of the stock at the time of death is $95, the difference between $85 and $95 is taxed as ordinary income.

(2) The stock acquired must not be sold less than 2 years subsequent to the date on which the option is granted or less than 6 months after the date on which the stock is purchased.

(3) The option must not be transferable except by will or by the operation of the laws of interstate succession.

(4) The recipient of the option must not own directly or indirectly more than 10 percent of the combined voting power of all classes of stock of the employer corporation or of its parent or subsidiary corporation at the time the option is granted.

To obtain the benefits of this section the individual at the time he exercises the "restricted stock option" must be an employee of the corporation granting such option or of a parent or subsidiary of such corporation, or the option must be exercised by him within 3 months after the date he ceases to be an employee of any of such corporations.

No deduction is allowed to the employer corporation under section 23 (a) with respect to a transfer of stock pursuant to a "restricted stock option."

The rules governing restricted stock options apply to options granted, modified, extended, or renewed after December 31, 1946, and exercised after December 31, 1949.

Section 219. Payment of tax withheld at source from nonresident aliens

Under existing law withholding returns for nonresident aliens must be filed on March 15 but the payment of the tax is not required until June 15. Section 219 conforms the date upon which the withholding agent must pay the tax with the date upon which he files the withholding return.

Section 220. Employees of the United States working in possessions of the United States or in the Canal Zone

Section 251 of the code exempts from tax the income of individual citizens and domestic corporations from sources outside the United States if 80 percent or more of their gross income is derived from sources within a possession of the United States and 50 percent or more of their gross income is derived from the active conduct of a trade or business within a possession of the United States. For the purposes of section 251, the Canal Zone receives the same treatment as a possession, but the Virgin Islands are not so treated. Individuals are entitled to this exemption whether they engage in a trade or business on their own account or as employees or as agents. The exemption has been interpreted as applying to military and civilian personnel employed by the United States.

Section 220 of the bill eliminates the special treatment accorded the military and civilian employees of the United States Government and its agencies who are stationed in the possessions or the Canal Zone. Wages paid to them in taxable years beginning after December 31, 1949, for services to the United States or its agencies performed in such possessions will not be considered income from within such "possessions" in determining whether they are entitled to the benefits of section 251 of the code, and will be subject to tax as income from sources within the United States.

It is estimated that this provision will increase the revenues by $31,000,000 annually when fully effective.

Section 221. Residents of Puerto Rico

Under the existing interpretation of the Federal individual income tax law a difference exists between the treatment accorded two different groups of United States citizens who are residents of Puerto Rico, those who are citizens only by reason of the organic acts establishing the government of Puerto Rico and those who are citizens because they were born or naturalized in the United States.

Puerto Rican residents who are United States citizens only as a result of the organic law are taxed by the United States on any income derived from sources in the United States in the same manner as nonresident aliens.

Citizens of the United States who are residents of Puerto Rico but do not derive their citizenship from the Puerto Rican organic law are also divided into two groups for tax purposes, depending upon whether or not they are eligible for the special treatment provided for income from sources within the United States possessions under section 251 of the code. To be eligible for this treatment 80 percent of the individual's gross income must be derived from United States possessions and 50 percent of his gross income must be derived from the conduct of a trade or business within a possession of the United States either on his own account or as an employee. These individuals are taxed by the United States only on income from sources within the United States. They receive the regular deductions to the extent that they are allocable to income from sources within the United States and are subject to the regular individual income-tax rates, but receive only a single personal exemption.

Those who do not qualify under section 251 are taxed by the United States on their income from all sources, including Puerto Rico, but receive a foreign tax credit on taxes paid to Puerto Rico or to any foreign country. They receive the ordinary deductions and exemptions.

For the purposes of its own individual income tax, Puerto Rico does not distinguish between those of its residents whose United States citizenship depends upon organic law and those who were born or naturalized in the United States. It taxes their income from all sources, including the United States, and allows a tax credit for tax paid to the United States or to a foreign country.

Under section 221 of the bill all United States citizens who are bona fide residents of Puerto Rico during the entire taxable year receive the same tax treatment with respect to taxable years beginning after December 31, 1950. They are not taxed under the Federal individual income tax with respect to any income derived from sources within Puerto Rico. The tax is limited to income derived from sources outside Puerto Rico, including income from the United States itself. The withholding tax of 30 percent of gross income will no longer apply to residents of Puerto Rico who are citizens of the United States only by reason of organic law nor are they to be deprived of exemptions and the benefits of income splitting as under existing law.

It has been estimated that this provision will increase the revenues by $2,500,000 annually when fully effective.

Section 222. Regulated investment companies

Under existing law a corporation whose primary source of income is from dividends, interest, and the sale of securities and whose security holdings are widely distributed may, if certain specified conditions are met, be treated for tax purposes as a "regulated investment company." Such companies are given special tax treatment under supplement Q of the code. Where such a company distributes at least 90 percent of its net income for the taxable year, it is, in general, taxed at the corporate tax rates only on its undistributed income.

Section 222 of the bill permits such companies to elect to count as distributions during the taxable year certain dividends declared after the close of the year but before filing the return for such year. This section applies to taxable years ending after the date of enactment of this bill.

The revenue effect is negligible.

Section 223. Personal holding company income

This section excludes from the definition of domestic personal holding company income for a limited period (taxable years ending after December 31, 1945, and before January 1, 1950) rents received by a corporation for the use of its property by a stockholder if the rents were received for the use of property by the lessee in the operation of a bona fide commercial, industrial, or mining enterprise. The revenue effect is negligible.

TITLE III. TREATMENT OF INCOME OF, AND GIFTS AND BEQUESTS TO, CERTAIN TRUSTS AND TAX-EXEMPT ORGANIZATIONS

The bill as agreed to in conference includes a series of provisions which, under specified conditions, results in the imposition of taxes in the case of educational, charitable, and certain other tax-exempt organizations, foundations, and trusts; the denial of charitable deductions under section 162 (a) to nonexempt trusts; and the denial of deductions for income, estate, and gift tax purposes to donors to these organizations. It is estimated that these provisions in a full year of operation will increase the revenues by about $60,000,000.

A. Unrelated business income (sec. 301 and the part of sec. 321 which inserts sec. 162 (g) (1) into the code): The bill imposes the regular corporate income tax on certain tax-exempt organizations which are in the nature of corporations, and the individual income tax on tax-exempt trusts, with respect to so much of their income as arises from active business enterprises which are unrelated to the exempt purposes of the organizations. Trusts claiming the charitable, etc., deduction under section 162 (a) of the code also are denied this deduction with respect to their business income. The tax in the case of exempt organizations applies to the unrelated business income of the labor, agricultural, and horticultural organizations exempt under section 101 (1) of the code; the literary, scientific, religious (other than churches), educational, and charitable organizations, including hospitals and foundations, exempt under section 101 (6); and the business and trade associations exempt under section 101 (7). The tax does not apply to income of this type received by a church (or association or convention of

churches) even though the church is held in the name of a bishop or other church official. However, the tax does aply to other exempt institutions operating under the auspices of a church.

The tax on unrelated business income also applies to the so-called investment subsidiaries now exempt under section 101 (14) if their income is payable to section 101 (1), (6), or (7) organizations. However, since these organizations are presently limited to holding title to property, collecting income from it and turning the proceeds over to other exempt organizations, the only trade or business in which they can engage is the rental of property. Consequently the tax on unrelated business income can only apply to their rental income from the type of leases described under (2) below. The tax on unrelated business income is applicable with respect to taxable years beginning after December 31, 1950.

(1) Income from an unrelated trade or business other than the rental of property: Under the bill a tax is imposed on income derived from a trade or business "regularly carried on" by a tax-exempt organization if the business is not "substantially related" to the performance of the functions upon which the organization's exemption is based. However, the tax does not apply if substantially all the work done in the trade or business is performed without compensation, or if, in the case of a section 101 (6) organization, the trade or business is carried on primarily for the convenience of the members, students, patients, officers or employees of the tax-exempt organization.

Athletic activities of schools are substantially related to their educational functions. For example, a university would not be taxable on income derived from a basketball tournament sponsored by it, even where the teams were composed of students of other schools.

In the case of an educational institution, income from dining halls, restaurants, and dormitories operated for the convenience of the students would be considered related income and, therefore, would not be taxable. Income from a university press would be exempt in the ordinary case since it would be derived from an activity that is "substantially related" to the purposes of the university.

The bill also exempts from tax income derived from the sale of merchandise by tax-exempt organizations when substantially all the merchandise is acquired by gift. This is intended to exclude "thrift shops" run by tax-exempt organizations where those desiring to benefit the exempt organization contribute old clothes, books, and so forth, to be sold with the proceeds going to the exempt organization.

The bill specifically exempts from tax income derived from research for the United States or any of its agencies, and for State and local governments.

A special exemption is provided in the case of colleges, universities, and hospitals for income received from research done for anyone. Income derived from research is also exempted in the case of other nonprofit research organizations if they are operated primarily to carry on fundamental research which is freely available to the general public.

The bill also includes a specific exemption of $1,000. This, in addition to the requirement that such businesses must be carried on "regularly" to be taxable, will dispose of most of the nuisance cases. In applying the tax, the bill provides for the consolidation of all of an organization's income from its various unrelated trade or business activities.

The tax on unrelated business income does not apply to dividends, interest, royalties, and rents (other than certain rents on property acquired with borrowed funds). The bill indicates that for this purpose the term "royalties" includes overriding royalties and includes royalties whether measured by production or by gross or net income from the property.

The bill also provides that the tax on unrelated business income does not apply to gains or losses from the sale of any property (including standing timber) other than stock in trade, property held for sale to customers, or timber cut by the organization.

(2) Rentals from certain long-term leases: The bill taxes as unrelated business income certain income received from the lease of real property and personal property leased in connection with it. The organizations covered by this portion of the bill are the same ones which are subjected to tax on their other unrelated business income.

The tax applies only when the property owned by the organization is leased for a period of more than 5 years, or when the period of the lease plus options is more than 5 years. It applies only where borrowed funds are used to finance the purchase or improvementy of the property. The amount of rents included in gross income is restricted to the same proportion of the rents as the borrowed funds used to finance the purchase or improvement bear to the adjusted basis of such property. This restricts the tax to the income which does not result from a simple investment of the trust or organization's capital funds. The tax applies whether or not the vendor and the lessee are the same person.

Four exclusions from the application of this tax are provided. The first excludes from the tax "related" leases even though the lessee is a taxable organization. "Related" is defined in a similar fashion as in the case of a related trade or business and is, for example, intended to exclude from the application of this tax leases by tax-exempt hospitals of part of the hospital facilities to doctors' association for use as clinics.

The second of these exclusions relates to property which was acquired by gift, bequest or devise before July 1, 1950, and at the time of acquisition was already subject to a mortgage or was under a lease requiring improvements. This exclusion also applies to investment subsidiaries exempt under section 101 (14) where one-third of the stock in the subsidiary was acquired by gift and all of the stock was acquired prior to July 1, 1950. In the case of such subsidiaries and their parent organizations, indebtedness incurred prior to July 1, 1950, or indebtedness incurred after such date in improving property as required by a lease entered into before July 1, 1950, does not make the rental income taxable.

The third exclusion limits the application of the tax on certain rental income where only a part of the property is rented out under long-term leases. In these cases the tax is imposed only if either of two conditions is present: (a) The rents derived from long-term leases represent 50 percent or more of the total rental payments received, or the space occupied by such leaseholders represents 50 percent or more of the rented area; or (b) the rental payments derived from any single long-term leaseholder represent 10 percent or more of the total rents or the space occupied by any single long-term leaseholder represents 10 percent or more of the area rented out. Thus, no tax would be imposed where over half of the property is rented out on a short-term basis, if the long-term leases which do exist are spread out among relatively numerous leaseholders.

The fourth exclusion relates to cases where an exempt organization has borrowed funds to build a building primarily designed for its own use, but has extra space which it desires to rent out under long-term leases.

B. "Feeder" organizations: The bill provides that no organization operated primarily for the purpose of carrying on a trade or business (other than the rental of real estate) for profit shall be exempt under section 101 merely on the grounds that all of its profits are payable to one or more organizations exempt from tax under this section. This amendment is not intended to affect the exemptions now provided for farm cooperatives, subsidiaries of these cooperatives, or investment subsidiaries exempt under section 101 (12), (13), and (14).

The effect of this amendment is to prevent the exemption of a trade or business organization under section 101 on the grounds that an organization actually described in section 101 receives the earnings from the operations of the trade or business organization.

This provision is applicable with respect to taxable years beginning after December 31, 1950.

C. Exemption for past years (sec. 302): The bill as agreed to in conference adds three provisions dealing primarily with the exemption of organizations in prior years. The first of these provides that with respect to years beginning prior to January 1, 1951, no organization shall be denied exemption under section 101 (1), (6), or (7) merely because it is deriving income from a trade or business if this income would not be taxed in future years under this bill as unrelated business income, or merely because the income is rental income from real property.

Under the second of these provisions, the filing of an informational return (Form 990) is to be considered as the filing of a return for the purpose of starting the 3-year period of limitations on the assessment of deficiencies with respect to those organizations which would be exempt under section 101 if they were not carrying on a trade or business for profit. Organizations not required to file Form 990 are treated for this purpose as if they had done so. This second provision does not apply, however, in those cases where prior to September 20, 1950, a deficiency has been asserted or taxes have been assessed or paid. Subject to these limitations, this second provision has the effect with respect to past years of barring any action with respect to years prior to 1947 to deny exemption to any organization under section 101 merely because it was carrying on a trade or business if the organization complied with the provisions of the law relating to the filing of information return.

Third, it is also provided that a deduction for a gift or bequest to an organization prior to January 1, 1951, may not be denied if the limitations provided in the first or second provision described above prevent the denial of an exemption under section 101 to the organization to which the contribution was made.

The statement of the managers on the part of the House also includes the following statement:

"The conferees were unable to consider the question of taxability for years prior to 1951 of income derived by a college or university from the conduct of a trade or business whether carried on directly by the institution or through a subsidiary. This matter is in litigation and was not in conference. However, it is the vew of the conferees that undue hardship will arise, if such institutions are required to pay taxes on income which has already been spent to carry out their educational program; and the conferees express the hope that this matter may be reviewed in subsequent legislation."

D. Provisions relating to transactions prohibited in the case of trusts and exempt foundations (the part of sec. 331 which inserts sec. 3813 in the code, and the part of sec. 321 which inserts sec. 162 (g) (2) in the code): The bill provides that if certain types of organizations exempt under section 101 (6) (and trusts claiming charitable deductions under sec. 162 (a) engage in specified "prohibited transactions" they lose their exemption (or their unlimited chari-

table deduction in the case of trusts claiming deductions under sec. 162 (a)).

The prohibited transactions are defined as including transactions in which an organization (1) lends any part of its income or corpus without adequate security or at an unreasonable rate of interest to donors (including testators), members of their families, or a corporation which they control; (2) pays any compensation to such persons in excess of a reasonable allowance for personal services actually rendered; (3) makes any part of its services available to such persons on a preferential basis; (4) makes any substantial purchase of securities or other property from such persons for more than adequate consideration; (5) sells any substantial part of its securities or other property to such persons without adequate consideration; or (6) engages in any other transaction which results in a substantial diversion of its income or corpus to such persons.

Exemption or the unlimited charitable deduction under section 162 (a) is denied in the case of an organization or trust participating in a prohibited transaction only with respect to years subsequent to the year in which it receives notification of a violation except where the prohibited transaction was entered into with the purpose of diverting funds involving a substantial proportion of the assets or income of the organization. In the latter case exemption may be denied retroactively. An organization or trust which has engaged in a prohibited transaction may regain its exempt status (or the unlimited charitable, etc., deduction under sec. 162 (a)) by presenting information to the Commissioner of Internal Revenue which satisfies him that it is unlikely knowingly to participate again in one of these transactions.

For deduction of contributions to donors, the bill requires that the organization or trust be exempt at the time the contribution is made, unless the donors (or their families) personally are involved in one of these transactions for the purpose of diverting funds from the organization and such transaction involves a substantial part of the assets or income of the organization.

The provisions discussed here affect trusts claiming charitable deductions under section 162 (a) and organizations exempt under section 101 (6) other than (1) religious organizations; (2) educational organizations with an enrolled student body in attendance; (3) organizations which receive a substantial portion of their support from the Government or directly or indirectly from the general public (excluding in such computation income received by the organization in carrying on its exempt function; (4) organizations which are operated or principally supported by religious organizations; and (5) organizations providing medical or hospital care or medical education or medical research.

The organizations excluded from the application of these provisions are, in general, what might be called "public" organizations.

These provisions are applicable to taxable years beginning after December 31, 1950, or with respect to gifts or bequests made after that date.

E. Provisions relating to types of accumulations prohibited in the case of trusts and exempt foundations (the part of sec. 331 which inserts sec. 3814 in the code and the part of sec. 321 which inserts sec. 162 (g) (4) in the code): The bill as agreed to in conference denies exemption to any organization exempt under section 101 (6) where the income accumulated in the current and prior years—(1) is unreasonably large, or is held for an unreasonable period of time, in view of the exempt purposes for which the funds are intended to be used; (2) is used to a substantial degree for purposes other than the organization's exempt purpose; or (3) is invested in such a manner as to entail the risk that the funds will be lost and thus not be available for the exempt purpose of the organization.

In considering the above factors the income accumulated in prior years, as well as the current year, are taken into consideration. Exemption under this provision in the case of organizations not meeting these tests is lost only for the 1 year involved. If in the next year the accumulations of the current and prior years' income meet these tests the organization is again exempt. The initial determination as to whether or not the above tests are met will be made by the Bureau of Internal Revenue, but the ordinary judicial remedies are available to the organization where it disagrees with this determination. An organization denied exemption under this provision would still be eligible for the 5-percent deduction for charitable contributions available to ordinary corporate taxpayers (or a 15-percent charitable deduction if taxable like an individual). This provision applies to taxable years beginning after December 31, 1950.

A provision is also incorporated in the bill which in a similar manner denies the charitable, etc., deduction to trusts claiming deductions under section 162 (a) if their accumulations do not meet similar tests.

F. Publicizing accumulated investment income (sec. 341): The bill as agreed to in conference also incorporates a provision requiring that information disclosing the extent of accumulations of income of certain tax-exempt organizations be made available to the public.

The organizations required to file this information include all organizations exempt under section 101 (6) now required to file information returns (Form 990) under section 54 (f) of the code, and also trusts claiming charitable, etc., deductions under section 162 (a) of the code. In general this means that all private foundations and trusts are subject to this provision.

The information required in the case of a section 101 (6) organization (which the Commissioner of Internal Revenue may require in such detail as he deems desirable) is the organizations (1) gross income for the year; (2) expenses attributable to such income; (3) disbursements out of current income for its educational, charitable, etc., purposes; (4) accumulation of income within the year; (5) prior accumulations of income; (6) disbursements out of principal; and (7) balance sheet. Trusts claiming charitable, etc., deductions under section 162 (a) will be required to submit similar information.

This provision is effective with respect to taxable years beginning after December 31, 1949.

TITLE IV. INCOME TAXES OF LIFE-INSURANCE COMPANIES

Title IV of the bill amends the formula used to determine the taxable net income of life-insurance companies. The amended formula will apply to the years 1949 and 1950, thus terminating the tax-exempt status of the life-insurance companies which results from the operation of the formula contained in existing law, and providing time for the completion of the study necessary to develop a permanent solution of the problem of an adequate taxation of such companies. The formula in the bill is the same as that contained in House Joint Resolution 371 of the Eightieth Congress, second session. It is estimated that the total additional revenue to be derived from this provision is approximately $122,000,000. Of this amount $42,000,000 will be derived from the year 1949 and $80,000,000 from the year 1950.

TITLE V. ESTATE TAX

Section 501. Transfers in contemplation of death

Under existing law, transfers in contemplation of death are included in the gross estate, and there is a rebuttable presumption that transfers made within 2 years prior to death are made in contemplation of death.

Section 501 removes all transfers made more than 3 years prior to the date of death from the scope of the contemplation-of-death clause. The burden of showing that the transfer was not in contemplation of death will be borne by the estate in all cases where the transfer was made within a period of 3 years ending with the date of death. The change made by section 501 will be effective only with respect to the estates of decedents dying after the date of enactment of this bill. It is estimated that the revenue loss when the change is fully effective will be about $4,000,000 a year.

Section 502. Repeal of deduction for support of dependents

Section 812 (b) of the code allows the gross estate of a decedent to be reduced for estate-tax purposes by amounts "reasonably required and actually expended" for the support of the decedent's dependents during the settlement of the estate to the extent that such expenses are allowed by State law.

Section 502 repeals this feature of the estate-tax law. The amendment applies to estates of decedents dying after the date of enactment of this bill.

It is estimated that this amendment will increase the revenue by about $3,000,000 annually when fully effective.

Section 503. Reversionary interests in the case of life insurance

Section 503 amends section 404 (c) of the Revenue Act of 1942 and provides that the retention of a reversionary interest in a life-insurance policy transferred before January 11, 1941, shall not result in the inclusion of the proceeds of the policy in the insured's gross estate on the basis of premiums paid before that date if the reversionary interest arose by operation of law or was worth 5 percent or less of the value of the policy.

Section 503 applies to the estates of decedents dying after October 21, 1942. No interest is to be allowed or paid on refunds arising under this amendment.

The revenue effect of the amendment is small.

TITLE VI. EXCISE TAXES

Section 601. Sales at auction

Under existing law the tax on jewelry and furs applies to the auction of such items only when the auction takes place in, or is conducted for, a retail establishment. Otherwise, articles sold at an auction do not qualify as articles sold at retail.

Under section 601 the sale of furs or jewelry at auction is treated as a retail sale, subject to an exemption of $100 when such items are auctioned in a private home.

The revenue increase will be small.

Section 602. Retail sales by the United States or by its agencies or instrumentalities

Until August 1, 1949, post exchanges were not collecting retail excise taxes, but since that time those within the United States have been collecting these taxes in accordance with the Treasury Department's interpretation of present law as requiring them to do so. Section 602 provides that the United States Government or any of its agencies or instrumentalities in the United States shall collect the retail excise taxes with respect to any articles sold at retail which are generally subject to these taxes, unless sales by such agencies are specifically exempt by statute. There will be no increase in revenue.

Section 603. Tax on coin-operated gaming devices

Under present law the occupational tax on coin-operated gaming devices is $100 per year per machine. Section 603 increases this tax to $150. It is estimated that in a full year of operation this amendment will increase excise-tax collections by $5,000,000.

Section 604. Occupational taxes on Federal agencies or instrumentalities

Under existing law certain Government agencies are not subject to the occupational excise taxes. Section 604 makes these taxes applicable in the case of such Government agencies unless the agency is granted by statute a specific exemption from such tax. The revenue effect will be small.

Section 605. Imposition of tax on television receiving sets

Section 605 extends the 10-percent manufacturers' excise tax on radios to television sets. When fully effective, this action will increase the revenues by $42,000,000 annually.

Section 606. Imposition of tax on quick-freeze units

This section extends the 10-percent manufacturers' excise tax on household-type refrigerators to household-type quick-freeze units. When fully effective this action will increase the revenues by $8,000,000 annually.

Section 607. Transportation which begins and ends within the United States

Section 607 amends the sections of the Internal Revenue Code imposing the taxes on transportation of persons and property so as to make it clear that where the transportation both begins and ends in the United States the taxes apply even though payment is made outside the United States. Section 607 applies to amounts paid on or after the first day of the first month which begins more than 10 days after the date of enactment of this bill for transportation which begins on or after such first day.

While the resulting increase over present collections under these taxes will be small, the action taken in section 607 will forestall the possibility of a substantial revenue loss in the future.

Section 608. Allowing stamps to be attached in foreign countries to certain tobacco products

This section provides for the affixing of internal-revenue stamps in foreign countries to tobacco products manufactured in such countries for importation into the United States. For this provision to be effective the foreign country must provide reciprocal privileges to American manufacturers of these products. The affixing of stamps in the case of cigarettes is already permitted under present law. The bill extends this privilege to other types of tobacco products.

Section 609. Articles sold for use of aircraft engaged in foreign trade

Section 3451 of the Internal Revenue Code provides an exemption from manufacturers' excise taxes for articles sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on both ships and aircraft engaged in foreign trade. However, this exemption may be availed of for articles used on aircraft only in the case of direct sales by the manufacturer, since the provisions allowing tax refunds after use or resale apply only to articles used on ships. The bill permits refunds of manufacturers' excise taxes on articles used or resold for use on aircraft where a direct sale by the manufacturer for such use would be exempt.

Effective dates

Sections 601, 602, 603, 605, 606, 608, and 609 are to be effective on the first day of the first month which begins more than 10 days after the date of enactment of this bill.

TITLE VII. EXCESS PROFITS TAX

Section 701. Excess profits tax

The text of section 701 follows:

"(a) The House Committee on Ways and Means and the Senate Committee on Finance are hereby directed to report to the respective Houses of Congress a bill for raising revenue by the levying, collection, and payment of corporate excess-profit taxes with retroactive effect to October 1, or July 1, 1950, said bill to originate as required by article I, section 7, of the Constitution. Said bill shall be reported as early as practicable during the Eighty-first Congress after November 15, 1950, if the Congress is in session in 1950 after such date; and, if the Congress is not in session in 1950 after November 15, 1950, said bill shall be reported during the first session of the Eighty-second Congress, and as early as practicable during said session.

"(b) The Joint Committee on Internal Revenue Taxation, or any duly authorized subcommittee thereof, is hereby authorized and directed to make a full and complete study of the problems involved in the taxation of excess profits accruing to corporations as the result of the national-defense program in which the United States is now engaged. The joint committee shall report the results of its study to the House Committee on Ways and Means and the Senate Committee on Finance as soon as practicable."

The SPEAKER. The time of the gentleman from Arkansas has expired. All time has expired.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The SPEAKER. Is their objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. FURCOLO. Mr. Speaker, may it please the House: I had intended to vote against this report on the tax bill because an excess-profits tax on corporations was not being enacted at the same time. I believe it is unfair to have a tax bill that does not include an excess-profits tax. However, I have had a very definite understanding with members of the Ways and Means Committee and with leaders of both parties to the effect that an excess-profits tax will positively be enacted before adjournment of Congress and will be retroactive.

I heartily disapprove of and disagree with the plan of passing this tax bill now, recessing until after the election, and then considering an excess-profits tax. I believe we should stay right here and pass a tax bill that also includes an excess-profits tax just as soon as possible. If we remain here, it might be possible to have such a measure passed before the November election.

I have been assured that both parties in good faith intend to pass an excess-profits tax. I have also been assured by members of the Ways and Means Committee that it will be done. In view of those assurances, even though I am not satisfied with a tax bill that does not include an excess-profits tax, I must vote for the present conference report.

Obviously we must have a tax bill. Even though this bill is unsatisfactory in many ways, it is being presented after a conference and is necessarily a compromise.

I serve notice here and now that my vote in favor of this tax bill is based upon the expressed demand of those in control that an excess-profits tax measure will be presented and passed before December 1; and that such a measure will be retroactive so that failure to pass it today will not result in the loss of any revenue.

Under the circumstances, I reluctantly must vote in favor of this measure today. I have tried to force the issue to a vote before the November election and once again want to publicly call upon the leadership of both parties to do everything possible to see to it that a vote is taken before the November election.

Mr. O'HARA of Illinois. Mr. Speaker, I have no alternative but to vote for a tax bill that does not satisfy me because it is incomplete.

In a fight for survival there must be sacrifice and a willingness on the part of everyone to make the sacrifices required. I have no doubt that the rank and file of our people will accept uncomplainingly their share of the burden, translated to them in the shape of increased taxes on income and therefore of reduced sums in the take-home envelope. That I am not worried about.

The American people are of one mind in the will and the determination to pay as we go in the maintenance of forces required for our defense and the security of our democratic world. It is known to every man and woman in our land that the strategy of the communistic dynasty is to bleed us white in enforced expenditures for our protection, which they hope we will assume in the form of new debts until finally we will be rendered impotent under the excessive weight of the accumulated burden.

That challenge we accept by adopting the policy of pay as we go. The Soviet design we frustrate by our willingness to sacrifice.

After the first of October there will be, under the tax bill we are now voting, less money in the pay envelope because we are increasing the income tax to make it possible to carry on the fight for survival and at the same time to meet the enormous expenditure required on a pay-as-we-go basis. No one in all the United States can, or will, object to that because it must appeal to the common sense of all that there is no other way to frustrate the design of our enemies and to assure our triumph. We do not know what is to come, whether it will go on according to the present pattern for a short period or a long one, and whether soon, late or not at all it will burst into another devastating world war, the most destructive in all history because of new atomic and biological warfare. All that we do know is that under the pay-as-we-go system we are prepared for any eventuality and that in no other way could we guard against falling from exhaustion if the bleeding process forced upon us by our enemies continued too far beyond our present calculations.

But the rank and file of our people, however willing they may be to carry their share, will properly insist that business and large corporations and especially those who enjoy profits from the conditions of the war emergency must carry their full and fair share, too.

The plain truth is that men and women are determined that this time none shall profit from war.

I was determined to vote for no tax bill of any nature whatsoever until it had in it the excess-profit-tax provision. I signed the round robin of the gentleman from Ohio [Mr. HUBER] pledging myself to remain here, if we

could muster the required number, until the very last day of the Eighty-first Congress, if necessary. I supported the memorable battle on this floor last week so ably captained by the gentleman from Pennsylvania [Mr. EBERHARTER] and the gentleman from Colorado [Mr. CARROLL] which sent the tax bill back to the conference committee. I would not support a tax bill that did not tax excess profits, and tax them until the cut had gone exterminatingly into the fat. That is still my position. There is no other position my constituents in the Second District of Illinois would expect me to take. There is no other position that can be defended in any congressional district.

I am voting for this bill because (1) I cannot have our young men sent to Korea to fight for us and then refuse to vote for taxes to raise the money properly to equip and provide for them, and (2) I have been assured by members of the Ways and Means Committee in whom I have the utmost confidence and who from the very first have been fighting for an excess-profits tax that when we reconvene in November the Ways and Means Committee will have ready for our quick enactment such a measure satisfactory in every respect and retroactive to either July 1 or October 1.

As a member of the Democratic delegation from Illinois I am happy and proud that our colleague on the Ways and Means Committee, the Honorable THOMAS J. O'BRIEN, has been so consistently and effectively in the forefront of the fight for an excess profit tax. Under his leadership and that of our beloved dean [Mr. SABATH] we will be back after the recess to give the full support and solid vote of the Illinois Democratic delegation to the excess profits tax measure.

Mr. YATES. Mr. Speaker, it is only the assurance by the gentlemen on the Ways and Means Committee that an excess-profits tax will be reported during this Congress and will be made retroactive to October 1 or July 1, 1950, which permits me to vote for this conference report. The small-wage earner is being taxed at an increased rate on October 1 to the tune of $2,500,000,000. While corporation tax rates have been advanced, the advance is inadequate; there can be no true equality of taxation between individuals and the corporations until an excess-profits tax has been made effective and made retroactive to capture the excessive profits now being made out of the Korean war.

This Government's tax policy is predicated upon ability to pay. That principle must be applied to the large corporations through an excess-profits tax—else the burden of taxation will have been shifted to those least able to pay.

I trust that when we return to this session of the Congress after the short adjournment the Ways and Means Committee will have prepared and reported a decent excess-profits tax bill, applicable to earnings made subsequent either to July 1 or October 1. Otherwise, there will have been a breach of faith, for the obligation, the duty exists to pass such a bill at once, a breach of faith with those of us who would have insisted upon remaining in session until such a bill was reported out.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. DOUGHTON. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 328, nays 7, not voting 94, as follows:

[Roll No. 287]

YEAS—328

Abbitt
Abernethy
Addonizio
Albert
Allen, Calif.
Andersen, H. Carl
Andresen, August H.
Andrews
Arends
Aspinall
Auchincloss
Bailey
Barden
Baring
Barrett, Pa.
Bates, Mass.
Battle
Beall
Beckworth
Bennett, Fla.
Bennett, Mich.
Bentsen
Biemiller
Bishop
Blatnik
Boggs, Del.
Boggs, La.
Bolling
Bolton, Md.
Bolton, Ohio
Bonner
Boykin
Bramblett
Brooks
Brown, Ga.
Brown, Ohio
Bryson
Buchanan
Buckley, Ill.
Burdick
Burke
Burleson
Burton
Byrne, N. Y.
Byrnes, Wis.
Camp
Canfield
Cannon
Carlyle
Carnahan
Carroll
Case, N. J.
Case, S. Dak.
Cavalcante
Celler
Chatham
Chelf
Chesney
Chiperfield
Christopher
Chudoff
Clevenger
Cole, Kans.
Cole, N. Y.
Colmer
Combs
Cooper
Corbett
Cotton
Coudert
Cox
Crawford
Crook
Crosser
Cunningham
Curtis
Dague
Davenport
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson
Deane
DeGraffenried
Delaney
Denton
D'Ewart
Dollinger
Dolliver
Dondero
Donohue
Doughton
Douglas
Durham
Eberharter
Elliott
Elston
Engle, Calif.
Evins
Fallon
Feighan
Fellows
Fenton
Fisher
Flood
Fogarty
Forand
Ford
Frazier
Fugate
Fulton
Furcolo
Gamble
Garmatz
Gary
Gathings
Gavin
Golden
Goodwin
Gore
Gorski
Gossett
Graham
Granahan
Grant
Green
Gregory
Gross
Gulil
Gwinn
Hale
Hall, Leonard W.
Halleck
Harden
Hardy
Hare
Harris
Harrison
Hart
Harvey
Hays, Ark.
Hays, Ohio
Hedrick
Heffernan
Heller
Herlong
Herter
Heselton
Hobbs
Hoeven
Hoffman, Mich.
Holmes
Hope
Horan
Howell
Huber
Hull
Irving
Jackson, Calif.
Jackson, Wash.
Jacobs
James
Javits
Jenison
Jenkins
Jennings
Jensen
Johnson
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karst
Karsten
Kean
Kearney
Kearns
Keating
Kee
Kelley, Pa.
Kennedy
Keogh
Kilburn
Kilday
King
Kirwan
Kruse
Lane
Lanham
Latham
LeCompte
LeFevre
Lichtenwalter
Lind
Linehan
Lovre
Lucas
McConnell
McCulloch
McDonough
McGrath
McGregor
McGuire
McKinnon
McMillan, S. C.
McSweeney
Mack, Ill.
Macy
Madden
Mahon
Mansfield
Marsalis
Martin, Mass.
Merrow
Michener
Miles
Miller, Md.
Miller, Nebr.
Mills
Mitchell
Monroney
Morgan
Morris
Morton
Multer
Murdock
Murray, Wis.
Norblad
Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Hara, Minn.
O'Neill
O'Sullivan
O'Toole
Pace
Passman
Patman
Patterson
Peterson
Pfeifer, Joseph L.
Philbin
Phillips, Calif.
Phillips, Tenn.
Pickett
Polk
Potter
Powell
Preston
Price
Priest
Rabaut
Ramsay
Rankin
Reed, N. Y.
Rees
Regan
Rhodes
Richards
Riehlman
Rivers
Robeson
Rodino
Rogers, Fla.
Rogers, Mass.
Rooney
Roosevelt
St. George
Sanborn
Sasscer
Saylor
Scott, Hardie
Scott, Hugh D., Jr.
Scrivner
Scudder
Secrest
Shafer
Sheppard
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Sims
Smathers
Smith, Kans.
Smith, Va.
Smith, Wis.
Spence
Staggers
Stanley
Steed
Stefan
Stockman
Sullivan
Taber
Talle
Tauriello
Taylor
Teague
Thomas
Thompson
Tollefson
Towe
Trimble
Van Zandt
Velde
Vinson
Wagner
Walsh
Walter
Weichel
Welch
Wheeler
Whitaker
Whitten
Whittington
Wickersham
Widnall
Wier
Wigglesworth
Williams
Wilson, Ind.
Wilson, Okla.
Wilson, Tex.
Winstead
Wolcott
Wolverton
Yates

NAYS—7

Marcantonio
Marshall
Mason
Rich
Sutton
White, Calif.
White, Idaho

NOT VOTING—94

Allen, Ill.
Allen, La.
Anderson, Calif.
Angell
Barrett, Wyo.
Bates, Ky.
Blackney
Bosone
Breen
Brehm
Buckley, N. Y.
Burnside
Clemente
Cooley
Davies, N. Y.
Dingell
Doyle
Eaton
Ellsworth
Engel, Mich.
Fernandez
Gillette
Gilmer
Gordon
Granger
Hagen
Hall, Edwin Arthur
Hand
Havenner
Hébert
Hill
Hinshaw
Hoffman, Ill.
Holifield
Jonas
Keefe
Kelly, N. Y.
Kerr
Klein
Kunkel
Larcade
Lodge
Lyle
Lynch
McCarthy
McCormack
McMillen, Ill.
Mack, Wash.
Magee
Martin, Iowa
Meyer
Miller, Calif.
Morrison
Moulder
Murphy
Murray, Tenn.
Nelson
Nicholson
Nixon
Noland
Norton
O'Brien, Mich.
O'Konski
Patten
Perkins
Pfeiffer, William L.
Plumley
Poage
Poulson
Quinn
Rains
Redden
Reed, Ill.
Ribicoff
Sabath
Sadlak
Sadowski
Shelley
Smith, Ohio
Stigler
Tackett
Thornberry
Underwood
Vorys
Vursell
Wadsworth
Werdel
Willis
Withrow
Wood
Woodhouse
Woodruff
Young
Zablocki

So the conference report was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mrs. Kelly of New York with Mr. Allen of Illinois.

Mr. Havenner with Mr. Hand.

Mrs. Bosone with Mr. Hoffman of Illinois.

Mrs. Woodhouse with Mr. Eaton.

Mr. Patten with Mr. Brehm.

Mr. Redden with Mr. Angell.

Mr. Ribicoff with Mr. Ellsworth.

Mr. Lynch with Mr. Sadlak.

Mr. Dingell with Mr. Martin of Iowa.

Mr. Fernandez with Mr. O'Konski.

Mr. Doyle with Mr. Nicholson.

Mr. Morrison with Mr. Gillette.

Mr. Moulder with Mr. Edwin Arthur Hall.

Mr. Noland with Mr. Hagen.

Mr. Murphy with Mr. Woodruff.

Mr. Underwood with Mr. Anderson of California.

Mr. Bates of Kentucky with Mr. Blackney.

Mr. Gilmer with Mr. Hinshaw.

Mr. Stigler with Mr. Jonas.

Mr. Larcade with Mr. Vorys.

Mr. McCarthy with Mr. Withrow.

Mr. McCormack with Mr. Vursell.

Mr. Miller of California with Mr. Werdel.

Mr. Kerr with Mr. Lodge.

Mr. Rains with Mr. Engel of Michigan.
Mr. Magee with Mr. Hill.
Mr. Tackett with Mr. Wadsworth.
Mr. Thornberry with Mr. Smith of Ohio.
Mr. Clemente with Mr. Reed of Illinois.
Mr. Burnside with Mr. Plumley.
Mr. Granger with Mr. Meyer.
Mr. Hébert with Mr. Mack of Washington.
Mr. Holifield with Mr. Barrett of Wyoming.
Mr. Young with Mr. Kunkel.
Mr. Gordon with Mr. Keefe.
Mr. Zablocki with Mr. McMillen of Illinois.
Mr. O'Brien of Michigan with Mr. Nelson.
Mr. Shelley with Mr. Nixon.
Mr. Klein with Mr. William L. Pfeiffer.
Mr. Breen with Mr. Poulson.

Mr. CHESNEY, Mr. BUCHANAN, Mr. DAVENPORT, Mr. TAURIELLO, and Mr. FURCOLO changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

The SPEAKER. The Chair wishes to make a statement for the benefit of the membership in which he thinks probably every Member is interested. It looks as though we will not receive a message from the White House before 3 o'clock and possibly not before 4.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the Chair yield for an inquiry?

The SPEAKER. Yes.

Mr. MARTIN of Massachusetts. May I ask if it is the Speaker's intention to take care of a few pieces of business and then recess to a definite time?

The SPEAKER. There are about five small conference reports to be disposed of and then we will probably take a recess until 3:45. The Chair desires to dispose of the conference reports first.

BROWN'S POINT RECREATIONAL FACILITY

Mr. HART. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8851) to authorize the Secretary of the Treasury to transfer by quit-claim deed to the Brown's Point Improvement Club a small strip of land at Coast Guard light station facility, Brown's Point, Pierce County, Wash.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. HART. This is a bill which is intended to transfer a 50-foot strip of land to the Brown's Point Recreational Corp. which furnishes recreational facilities for a town of the same name.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to grant and convey by quitclaim deed to the Brown's Point Improvement Club, incorporated and organized under the laws of the State of Washington as a nonprofit organization for local public purposes, the following-described strip of land fifty feet in width, being the southerly portion of the Brown's Point Coast Guard Light Station Reservation in Pierce County, State of Washington:

That portion of lot 1 and tract numbered 4 of Tacoma Tidelands, section 17, township 21 north, range 3 east, Willamette meridian, situate and lying south of a line fifty feet north of and parallel to the south line of said lot 1 and the contiguous portion of tideland tract numbered 4, which became vested in the United States of America by virtue of the judgment and decree of the court dated July 12, 1901, in Civil Case Numbered 781 entitled "United States of America versus Joseph Swoyall et al.", for the condemnation of certain lands situated on Brown's Point, in Pierce County, Washington.

SEC. 2. Such conveyance shall contain the express condition that the Brown's Point Improvement Club shall move and reestablish the fence on the relocated south line of the said Coast Guard reservation; provide an access gate and provide and maintain a suitable access road therefrom through the fifty-foot strip of land hereby authorized to be conveyed and property owned by said club in order to provide access from the Government property to Ton-A-Wan-Da Avenue, Brown's Point, and upon failure to do so title in the property described in section 1 of this act shall revert to the United States.

With the following committee amendment:

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

"That the Secretary of the Treasury is hereby authorized and directed to grant and convey by quitclaim deed to the county of Pierce, State of Washington, for public use through the Brown's Point Improvement Club, incorporated and organized under the laws of the State of Washington as a nonprofit organization, the following strip of land approximately fifty feet in width, being the southerly portion of the Brown's Point Coast Guard Light Station Reservation, Pierce County, State of Washington:

"That portion of lot 1 and tract numbered 4 of Tacoma Tidelands, section 17, township 21 north, range 3 east, Willamette meridian, situate and lying south of a line fifty feet north of and parallel to the south line of said lot 1 and the contiguous portion of tideland tract numbered 4, less that portion of said fifty-foot strip concerning which a boundary title dispute exists between the Brown's Point Improvement Club and the United States, all of which said fifty-foot strip of land was included in a larger area covered by the judgment and decree of the court dated July 12, 1901, in Civil Case Numbered 781 entitled "United States of America vs. Joseph Swoyall et al.", for the condemnation of certain lands situated on Brown's Point, in Pierce County, Washington.

"Such conveyance shall contain the express condition that the Brown's Point Improvement Club shall move and reestablish the fence on the relocated south line of the said Coast Guard reservation; provide an access gate and provide and maintain a suitable access road therefrom through that portion of the 50-foot strip of land conveyed to such county, and property owned by such club, in order to provide access from the Government property to Tom-A-Wan-Da Avenue, Brown's Point, and upon failure to do so title in that portion of the 50-foot strip of land conveyed to such county shall revert to the United States: *Provided*, That the conveyance to the county of Pierce shall contain a further condition that, in the event the property so conveyed to such county ceases to be used for public purposes, title therein shall revert to the United States.

"SEC. 2. The Secretary of the Treasury is hereby further authorized and directed to grant and convey by quitclaim deed to the Brown's Point Improvement Club that portion of said fifty-foot strip of land which is the subject of a boundary title dispute."

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. HART. I yield.

Mr. RICH. In this recreational set-up is there any expense so far as the Federal Government is concerned?

Mr. HART. No expense whatever. As a matter of fact they have been operating under a revocable license and using this land since 1949. In the event that they discontinue its use for public purposes it reverts to the Federal Government. There is no expense whatever involved.

Mr. RICH. And if there should be any expense it will be borne by the people who are going to get the use of the property?

Mr. HART. There is no authorization for expenditure in this legislation.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PAYMENTS ON ACCOUNT OF DEATH OF EMPLOYEES

Mr. STANLEY. Mr. Speaker, I ask unanimous consent to vacate the proceedings whereby the House on yesterday passed House Resolution 860, for the purpose of offering an amendment.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. STANLEY. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STANLEY: Page 1, line 2, after the word "House", strike the words "after the close."

Mr. STANLEY. It just makes it effective during the recess.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The resolution was agreed to. A motion to reconsider was laid on the table.

PRINTING OF HOUSE RULES AND MANUAL

Mr. STANLEY. Mr. Speaker, I offer a privileged resolution (H. Res. 862) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That a revised edition of the Rules and Manual of the House of Representatives for the Eighty-second Congress be printed as a House document, and that 1,600 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered as may be directed by the Parliamentarian of the House for distribtuion to officers and Members of Congress.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield.

Mr. RICH. Will this involve any additional cost?

Mr. STANLEY. This is the usual resolution that is passed at the close or recess of the Congress each year.

Mr. RICH. It does not provide for any additional copies over the customary number?

Mr. STANLEY. That is right.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL COPIES OF "BACKGROUND INFORMATION ON KOREA"

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 731) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed 4,000 additional copies of the report of the Committee on Foreign Affairs entitled "Background Information on Korea," House Report No. 2495, of which 1,000 copies shall be delivered to the House document room and 3,000 copies delivered to the Committee on Foreign Affairs.

With the following committee amendments:

Line 1, strike out "four thousand" and insert "ten thousand" in lieu thereof.

Line 4, strike out "one thousand" and insert "seven thousand" in lieu thereof.

Mr. RICH. Mr. Speaker, will the gentleman explain this?

Mr. STANLEY. Mr. Speaker, this is for the printing of 10,000 additional copies of the Background Information on Korea. The Committee on Foreign Affairs has asked that this resolution be passed in order that it might have sufficient copies to meet the demand they are having for this document.

Mr. RICH. What does it say about Korea insofar as this war that we now have in Korea is concerned?

Mr. STANLEY. It is a report the gentleman has already read, House Document No. 2495. I am sure the gentleman has had a copy of it.

Mr. RICH. I may have had a copy, but why is it necessary to increase the number from 4,000 to 10,000?

Mr. STANLEY. Because of the tremendous demand for it throughout the country.

Mr. RICH. Are they going to be distributed to the Members on an equitable basis or do they all go to the committee?

Mr. STANLEY. Three thousand copies will go to the Members, and 7,000 copies will go to the document room for distribution among the Members.

Mr. RICH. For distribution or sale?

Mr. LECOMPTE. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Iowa.

Mr. LECOMPTE. May I call the gentleman's attention to this fact: The original resolution called for 4,000 copies. It appears that all of the copies the Committee on Foreign Affairs had have been exhausted.

Mr. STANLEY. There were 3,500 copies printed previously and they have been exhausted.

Mr. LECOMPTE. The gentleman's amendment calls for 10,000, but later in the resolution it is not stated how you dispose of the 10,000—1,000 copies for the House document room and 3,000 copies for the Committee on Foreign Affairs. That still does not dispose of the other 6,000. Does the gentleman want to offer another amendment?

Mr. STANLEY. There is on the way down from the Committee on House Administration a report stating how the copies will be distributed: 3,000 copies to go to the Committee on Foreign Affairs and 7,000 copies to go to the document room. They may be sold at 20 cents per copy.

Mr. LECOMPTE. I think that is all right, but it does not say so in the resolution.

Mr. STANLEY. If the gentleman will permit, that report is being sent down.

Mr. RICH. The ones that go to the document room are to be sold?

Mr. STANLEY. Yes.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. What is this report about Korea?

Mr. STANLEY. It is quite a long story. I am sure the gentleman has seen it. It consists of 74 pages.

Mr. BROWN of Ohio. Is it the Committee on Foreign Affairs or the Committee on Interstate and Foreign Commerce that makes this request?

Mr. STANLEY. The Foreign Affairs Committee.

Mr. BROWN of Ohio. When was it originally printed?

Mr. STANLEY. It was printed during this session.

Mr. BROWN of Ohio. On June 6.

Mr. STANLEY. During the session. I do not know the exact date.

Mr. BROWN of Ohio. It covers the general subject of Korea?

Mr. STANLEY. "Background Information on Korea" is the title.

Mr. BROWN of Ohio. Factual and not political? It is not one of these campaign documents, is it?

Mr. STANLEY. The gentleman might have his own views on that. I cannot answer that question.

Mr. BROWN of Ohio. I did not understand the gentleman.

Mr. STANLEY. The gentleman might have his own views on that and we might differ.

Mr. KEE. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from West Virginia.

Mr. KEE. I will answer the gentleman's question. The report was prepared by the committee 2 days after the raid was made across the thirty-eighth parallel into South Korea and it gives a full and complete history of our entrance into Korea, why we are there, what is going on and a history of the whole trouble that exists there now.

Mr. BROWN of Ohio. Does it deal, for instance, with the action of Congress in the way of votes and all this and that?

Mr. KEE. No; nothing of that kind.

Mr. BROWN of Ohio. I have seen so much of this propaganda floating around at Government expense that I wanted to be sure.

Mr. KEE. Most of the information came from our hearings.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that this report was originally prepared for use by the Committee on Foreign Affairs by our own staff to give us factual information on Korea, Republicans, Democrats and everybody; because it contained so much valuable material, and the Korean affair soon developed into such a full-scale conflagration there were many requests from Members and other people for the report. Hence the motion was made to make this pamphlet available to everybody as well as to the Congress. It is strictly factual material.

Mr. KEE. The original resolution provided for 4,000 copies. Now we find that the demand is so great for it that we want it increased to 10,000.

Mr. RICH. Does it contain the information that the gentleman from Minnesota sent out with reference to the Chinese and Korean situation? That was a good speech. Everybody ought to read it.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Michigan.

Mr. MICHENER. As a matter of fact, these copies are to be distributed in two ways, through the document room and through the committee. I wonder if we all understand that any document distributed through the document room is given, presumably, to the first fellow who asks for it. If they go through the folding room, then each Member gets a like number. If this report goes through the document room, the first Members there will get them, and the bulk will be controlled entirely by the committee. If this resolution goes through, any Member wanting any of these reports better get in his order early in the document room.

Mr. RICH. The gentleman said they were going to the document room for sale at 20 cents a copy.

Mr. MICHENER. That is always true.

Mr. RICH. How can you get them out of the document room if they are going to be sold?

Mr. MICHENER. There are a certain number of them allocated for sale.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. When these documents are printed, will it be unethical for a Congressman to send them out in their franked envelopes?

Mr. STANLEY. I should think if he had a request for them, that it would not be unethical.

Mr. HOFFMAN of Michigan. I could not be charged with improper lobbying if somebody asked me for a copy and I mailed it to him in a franked envelope?

Mr. STANLEY. I think the gentleman can answer that as well as I can.

Mr. HOFFMAN of Michigan. Well, I just wanted to be sure, after the experience of the activities of the Lobbying Committee.

Mr. BROWN of Ohio. Since I made my original inquiry, I have been furnished with a copy of this publication, which I have not seen before. I can

find nothing there except a factual report on the actions of the United Nations and others in connection with the whole Korean situation from the very time that the troops moved in.

Mr. STANLEY. I thank the gentleman.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERFORMANCE-RATING PLANS

Mr. DAVIS of Georgia. Mr. Speaker, I call up the conference report on the bill (H. R. 7824) to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

Mr. DAVIS of Georgia (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman explain the conference report?

Mr. DAVIS of Georgia. Mr. Speaker, the bill H. R. 7824, which is the subject of the conference report, relates to the establishment of a performance-rating system for Federal employees to replace the existing efficiency-rating system provided for in title IX of the Classification Act of 1949.

The House and Senate conferees have resolved their differences as follows: First, it was agreed that employees outside the continental limits of the United States who are paid in accordance with local native prevailing wage rates shall be excluded from the provisions of the bill; second, the highest performance rating is to be known as outstanding rather than excellent; third, any employee with a performance rating of less than satisfactory shall be entitled not only to an impartial review of his rating within his department but, upon written appeal, may also receive a review of his rating by a statutory board of review composed of one member designated by the head of the department, one member designated by the employees of the department, and a chairman designated by the Civil Service Commission; and, fourth, an employee wishing to appeal a performance rating of satisfactory may either (a) request an impartial review of such rating by his department or (b) be entitled to appeal to the independent statutory board of review and receive a hearing and decision upon the merits of his appeal.

The only other difference between the House and Senate versions of the bill was resolved by agreeing to a Senate amendment which merely perfected certain language.

It was the view of the conference committee that a performance rating of outstanding should be given only after the rating officer has set forth in writing in detail wherein the performance of any employee merits such outstanding rating. Also, the conferees believed that the head of the department or his designated representative should approve in writing the evaluation of such outstanding performance by an employee.

The conferees believe that, in order to carry out the intention of the legislation properly, the Civil Service Commission, under its rule-making authority provided in section 8 of the bill, should issue this as a part of its regulations.

The House Post Office and Civil Service Committee, under the leadership of its most able chairman, the gentleman from Tennessee, Mr. TOM MURRAY, who is necessarily absent because he is in the hospital recovering from an operation, has devoted a great deal of study to this problem. The legislation carries out recommendation 4 (e) of the Hoover Commission recommendations, which stated:

> The efficiency-rating system should be simplified and should be used solely to develop a better understanding between supervisors and employees.

Mr. Speaker, I ask that the House agree to the conference report on H. R. 7824.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 3125)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7824) to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 4, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: On page 5, line 10, of the House engrossed bill insert after the period the following: "If an officer or employee with a current performance rating of satisfactory has not requested and obtained a review of such rating as provided in subsection (a), such officer or employee, upon written appeal to the chairman of the appropriate board of review established under subsection (b), shall be entitled, as a matter of right, to a hearing and decision on the merits of the appealed rating."

And the Senate agree to the same.

TOM MURRAY,
JAMES C. DAVIS,
EDWARD H. REES,
Managers on the Part of the House.

J. ALLEN FREAR, Jr.,
RUSSELL B. LONG,
HENRY C. DWORSHAK,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7824) to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This amendment is of a clerical nature, and is made necessary by the recession on the part of the House on amendment No. 2. The House recedes.

Amendment No. 2: Section 2 (b) of the House bill excluded 10 categories of employees from the operation of the bill. The Senate amendment adds an eleventh category consisting of employees outside the continental United States who are paid in accordance with local native prevailing wage rates for the area in which they are employed. The House recedes.

Amendment No. 3: Section 6 of the House bill required that each performance-rating plan should provide for ratings of "excellent," "satisfactory," and "unsatisfactory." The Senate amendment substitutes for the rating of "excellent" the rating of "outstanding." The conference committee believes that the Senate amendment will assist in carrying out the intent of the bill to reserve the highest rating for a comparatively few employees whose performance deserves special recognition. The House recedes.

Amendment No. 4: This is a clarifying amendment to make it clear that when several boards of review are established in one department, their jurisdiction will be on the same level and an appellant would not have successive appeals from one board to another board. The House recedes.

Amendment No. 5: Section 7 (c) of the House bill provided that, in addition to the performance-rating appeal provided in subsection (a), any officer or employee with a current performance rating of less than "excellent" was entitled to appeal his rating to the appropriate board of review established under section 7 (b). The Senate amendment provides for such an appeal only if the current performance rating is less than "satisfactory." The House recedes with an amendment adding to section 7 (c) a new sentence which provides that an officer or employee with a current performance rating of "satisfactory" shall, if he so elects, have the right to an appeal under subsection (b), in lieu of a review of his performance rating under subsection (a).

TOM MURRAY,
JAMES C. DAVIS,
EDWARD H. REES,
Managers on the Part of the House.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SEPARATE SETTLEMENT CONTRACTS WITH SIOUX INDIANS

Mr. MORRIS. Mr. Speaker, I call up the conference report on the bill (H. R. 5372) to authorize the negotiation

and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and North Dakota for Indian lands and rights acquired by the United States for the Oahe Dam and Reservoir, Missouri River development, and for other related purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

Mr. MORRIS (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. RICH. Reserving the right to object, Mr. Speaker, we ought to know what this bill does.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. CASE of South Dakota. I was the author of the bill as it passed the House. I have examined the conference report. The conference report largely restores the provisions of the bill as passed by the House. There is one important change in that a paragraph was added by the conferees which provides for ratification on the part of the tribe in conformance with the provisions of a treaty made many years ago, whereby the ratification of the tribe to cessions of land would have to be by the vote of three-fourths of the adults of the tribe. We believe that it is better to provide that kind of ratification as far as the Indians are concerned, rather than by other methods, so there would be complete accordance with the treaty and not raise any questions later as to the validity of the action. Of course, it is generally recognized that Congress has the plenary power to legislate as it pleases but it ought not to disregard treaty rights once ratified.

Mr. RICH. Will this bill require additional funds from the Government in order to make a settlement?

Mr. CASE of South Dakota. No, this bill does not provide for any appropriation of funds. It provides for the opportunity to negotiate a settlement between the Government and the tribes. Any settlement would have to be ratified by the Congress. In case of any questions that might arise on which the negotiators are unable to agree, they would be referred to the Congress for settlement.

Mr. RICH. This bill might not provide for the appropriation of funds, but under this proposed legislation they can make certain agreements that eventually might lead to larger appropriations in order to make the settlements?

Mr. CASE of South Dakota. I do not know whether the gentleman knows what basic legislation is involved here, but the Federal Government is engaged in the building up of dams on the Missouri River for flood control. Those dams will flood out a considerable portion of the tribal land and privately owned lands of the Indians on two different reservations. This merely provides a method of settlement with the tribes for the losses sustained.

Mr. RICH. Under the original law which authorized the construction of the dams the Government is required to condemn the property or make settlements with everybody whose property is affected.

Mr. CASE of South Dakota. The gentleman is partly correct but not entirely so. Under long established interpretations, where water rights were reserved by treaty to Indian tribes the Government cannot settle for them in the normal manner if it comes in and takes the land. Water rights were reserved to the Indians in these cases. Destruction of the tribe's rights on the Missouri River and its tributaries could not be properly compensated for by settlement to individuals for individual tracts of land.

Hunting and fishing rights also were a part of the rights recognized by treaty in 1851 and 1868 and ratified by the Congress. To the extent that these may be impaired or destroyed, the tribe is entitled to compensation apart from settlement with the allottees holding individual tracts of land.

The building of the dam in question, the Oahe Dam, not only floods out the Missouri River, but backs water far up its tributaries, the Cheyenne, Moreau, and other streams. This floods out the bottom lands on these tributaries which have provided winter feed and shelter for tribal herds and for the cattle of operators to whom the uplands have been leased for summer grazing.

Everyone who runs cattle in the West knows that the value of summer grazing lands depends in part upon the availability of winter feed. The destruction of the bottom hay lands creates a tribal loss for which simple payment for the lands themselves is not equitable compensation. So, this bill, already approved by both House and Senate, establishes a procedure for negotiating a just and equitable settlement.

I might add, that as passed by the House, the bill specifically listed some of the possible items of compensation, such as relocation of cemeteries, construction of buildings, reservation of a block of power, and so forth. The bill in section 4 carried a declaration that the specification of certain provisions would not preclude the inclusion of other provisions. In other words, the negotiators were to be left free to negotiate.

The other body, however, struck out House language on power and put in a section, section 7, which would have been affirmative legislation as to power regardless of whether any contract was ever negotiated or completed or not. The conferees have very properly dropped that section 7 so as to leave the subject of power, like other items, open for negotiation and agreement if desired. When an Indian tribe gives up its rights to develop a flowing stream with power possibilities, it has surrendered a thing of value and for which it is entitled to compensation. A proviso that an organized tribe could purchase power on the same basis as a co-op or a public body, was no compensation at all. So that section of the Senate bill was properly dropped in conference.

This covers, I believe, the substantial modifications made in the bill by the conferees.

Mr. RICH. Are you going to give preferential treatment to Indians over other American citizens?

Mr. CASE of South Dakota. Indians are American citizens, and in fact they were here before the white man. These lands were Indian lands originally and never became lands of the United States, but have only been held in trust for the Indians.

Mr. RICH. Does it give any citizen a preferential right over any other citizen?

Mr. CASE of South Dakota. Not that I know of. It only proposes a method for compensating some citizens for what is to be taken from them.

Mr. MORRIS. May I say to the gentleman from Pennsylvania that the only purpose of the legislation is to pay the Indians a just price for what we are going to take away from them. That is the only purpose.

Mr. RICH. You do that with reference to other citizens now?

Mr. MORRIS. Certainly.

Mr. RICH. All I want to know is that you are not providing for any preference to any citizens, whether they be white, black, or whatever their color, or any other condition.

Mr. MORRIS. I assure the gentleman that no preference whatsoever is intended.

Mr. RICH. I want all to be treated alike, and that is what you are trying to do?

Mr. MORRIS. That is the purpose of this bill, to treat them alike.

Mr. RICH. And you are not providing for any distinction between American citizens?

Mr. MORRIS. Certainly not. No distinction is intended or provided in the bill.

Mr. BECKWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BECKWORTH. Mr. Speaker, there have been reports that the cotton crop this year will be short. We all are aware cotton is a very important crop in our defense efforts. Cotton linters, for example, are significant in the manufacture of certain explosives. It has been my contention that some of the smaller cotton farmers have been given so few acres that they cannot continue to grow cotton. I desire to include at this point certain information about the cotton crop and cotton farmers.

[From the Washington Post of August 9, 1950]

THE 1950 COTTON CROP 36 PERCENT BELOW 1949

(By John W. Ball)

The Crop Reporting Board yesterday broke the bad news that this year's cotton crop

will be 36 percent less than last year, and about 3,000,000 bales—or about one-third—short of normal domestic requirements.

The shortage resulted from a confused cotton-acreage allocation law passed late last year. Varying interpretations put upon its provisions in different States resulted in only about 18,678,000 acres being planted instead of about 21,000,000 its authors promised.

NO SHORTAGE SEEN

Cotton experts last night said there was little danger of an acute shortage, however. Heavy carry-overs from the 1948 and 1949 crops, totaling about 7,000,000 bales, are considered ample to meet all foreseeable demands. Normal requirements are for about 9,000,000 bales for domestic consumption and 5,000,000 for export.

The estimate was for 10,308,000 bales, or 5,820,000 bales less than the 16,128,000 bales harvested last year.

New York futures shot up as much as $8.45 a bale (500 pounds) before profit taking trimmed the gain. They closed from $4.15 to $4.50 a bale above Monday's close. New Orleans spot cotton closed $4.05 a bale higher than on Monday.

At the same time, the Agriculture Department revealed that Government price-support loans and Government inventories of cotton have melted like snow in the last few weeks.

Out of 3,190,150 bales of 1949 cotton that had been put under Government price-support loans, more than 2,600,000 have been redeemed. On July 27 only 500,637 bales were under loan, and at least a third of these have been redeemed since that date, officials estimated.

BALES UNDER LOAN

A total of 5,271,000 bales of 1948 cotton were put under loan. Farmers redeemed 1,490,000 bales. The Government placed the remainder, 3,781,369 bales, in a pool. By July 26, the Government had sold 612,169 bales of the pooled 1948 cotton. Since that time sales have been held every other day. Estimates last night were that total sales now may reach 1,500,000 bales, leaving only about 1,600,000 on hand.

Total Government investments in cotton, which on April 30 were about a billion dollars, are expected to have declined to about one-third of that figure.

The cotton-pooling law, which operates on a "heads-I-win, tails-you-lose" formula, was put through Congress during the war by the potent cotton State lawmakers. When World War II broke out, the Commodity Credit Corporation had tremendous stocks of cotton it had bought to maintain prices between 1935 and 1941. It sold this cotton, largely to other Government agencies, at a substantial profit.

Now, however, when the Government forecloses a price-support loan on cotton, it must "pool" that cotton. Each bale is stored with the grower's name attached. If CCC sells the cotton at a profit, even to another Government agency, it must return the profit to the original grower, even though he gave up possession of it through foreclosure of the loan, years before. If, however, the Government should sell the pooled cotton at a loss, the Government must assume the loss.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Linden, Ala., May 8, 1950.

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: The following answers are submitted in reply to your letter of May 5, 1950.

1. How many cotton producers are in your county? Cotton allotments have been established for 1,945 farms, on which there are about 3,000 producers.

2. How many farmers in your county received less than 5 acres of cotton: 628.

3. How many new producers applied for acreage: 114.

4. How much acreage was there to distribute among the new producers in your county: 340.1 acres. Three acres apiece.

5. How much did each get: 89.61 percent of the country's factor.

6. Did any receive zero acres: No.

7. What percent of the new producers do you regard as genuine farmers: 40 percent.

8. How much in acres did the recent cotton amendment help your new producers: None.

9. How much in acres did the recent cotton amendment help your old producers: 2,042.2 acres.

10. How many of your producers receiving less than 5 acres probably will grow no cotton: 70.

11. How many will cease to farm for themselves: None.

Any time we may be of service to you, please call on us.

Very truly yours,
T. G. NORRIS,
Chairman, Marengo County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Pell City, Ala., May 8, 1950.

To: Representative LINDLEY BECKWORTH.
Subject: Requested tabulation of cotton data.

DEAR SIR: In reply to your letter of May 5, I am submitting a tabulation of the information which you requested on the cotton situation in this county.

1. Number of group I farms: 1,527.

2. Number receiving less than 5 acres: 345.

3. Number of applications for group II allotments: 324.

4. Number of acres to group II farms: 1,234.1 (these acres held at the State level).

5. Average acres to each farm: 3.8.

6. Number receiving zero allotment: 14.

7. Percent of group II allotments to farms where the producer farms for a living: 20 percent.

8. Amendment acres to group II farms: None.

9. Number acres to group I farms under new legislation: 405.4.

10. Number of farms with less than 5 acres which will not grow cotton: 75.

11. Number of producers who will cease to farm for themselves: 200 (due to boll weevil damage last year this figure will be an abnormally high one).

If there is any way in which we may be of further assistance to you, do not hesitate to call on us.

Yours very truly,
VERNON L. WHITTLE,
County Administrative Officer, St. Clair County, Ala.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Fort Payne, Ala., June 29, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

Subject: Information pertaining to adjustments in cotton-acreage allotments resulting from provisions of Public Law 471.

1. Cotton producers in county: 6,134.

2. Farmers receiving less than 5 acres of cotton: 943.

3. New producers who applied for acreage: 124.

4. Acreage for new producers: 424.8.

5. Acreage received by each new producer: 0.2292 of cropland.

6. Producers receiving zero acres: 1.

7. New producers regarded as genuine farmers: 60 percent.

8. Acres received by new producers from recent cotton amendment: None.

9. Acres received by old producers from recent cotton amendment: 896.7.

10. Producers receiving less than 5 acres who will probably grow no cotton: 5 percent.

11. Producers who will cease to farm for themselves: 2 percent.

Very truly yours,
HERMAN L. HALES,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Nashville, Ark., April 14, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We are glad to supply you with the information below as requested in your letter of April 11:

1. Number of farms in Howard County receiving 5 acres of cotton or less: 577.

2. Number of new growers applying for allotments: 73.

3. Acreage for distribution to new growers: 246.9; acreage each (1–2 acres, 1), (2–3 acres, 21), (3–4 acres, 15), (5–6 acres, 1), and (17 acres, 1).

4. Number of zero allotments: None.

5. Percent of new growers genuine farmers: 66 percent.

Yours very truly,
ARTHUR R. JOHNSON,
County Administrative Officer.

MURFREESBORO, ARK., *April 18, 1950.*

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: I am pleased to honor your letter of April 12, 1950, by giving you the best available information on cotton acreage in Pike County, Ark., at the present time. There are 546 cotton farmers listed in the county.

1. Four hundred and ninety-three of the 546 received 5 acres or less (more of these received less).

2. Forty-seven new producers applied for cotton acreage.

3. There were 81 acres of cotton to be distributed among the new producers.

4. The highest allotment among the 47 new producers is 6.1 acres. The next, 5.3, and the third producer, 5 acres. The minimum allotment for any one of the 47 is one-half acre.

5. No new producer received zero acre.

6. I regard 90 percent of the 47 new producers are genuine farmers.

Thanking you for your interest and assistance I will remain,

Yours very truly,
REEDER DILDY,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Marshall, Ark., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter dated May 5, relative to the apportionment of the Searcy County cotton-acreage allotment for 1950 to farms.

Searcy County has 30[illegible] farms receiving 1950 cotton-acreage allotments. Two hundred and four of these farms were allotted less than 5 acres; 24 producers applied for a new farm allotment. There was a total of 54 acres available to be apportioned to new farms within the county. Below is a chart

showing the distribution of this acreage for new farms:

Number of farms receiving allotment

Size of acreage allotment:

2	17
2.2	2
2.5	1
2.6	1
3	1
3.5	1
3.9	1

None of the producers applying for a new farm allotment received a zero acreage. We consider each of these applicants for a new farm allotment as a genuine farmer. Five acres was reapportioned to new farms, and 12.8 acres was reapportioned to old growers as provided in the recent cotton amendment. It is estimated that 16 of those producers receiving less than 5 acres will grow no cotton this year. It is believed that none of those farmers receiving allotments will cease farming operations due wholly to marketing quotas and acreage allotments being effective in this country.

We hope that we have furnished you the information you desired. If we can be of any further assistance, please call on us. We appreciate your interest in our county.

Very truly yours,

C. HOWARD TREECE,
Chairman, Searcy County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Pine Bluff, Ark., May 9, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In regard to your letter, we are listing below the information you requested:

Cotton farms in Jefferson County: 1,834.

Farmers received less than 5 acres of cotton allotment: 202.

New producers applied for acreage: 122.

Acres to distribute among new producers: 419.5.

Each received .7338 percent of acreage requested, depending on amount of acres. This amounted to from 0.6 acre to 22.0 acres.

None received zero acres.

Fifty percent regarded as genuine farmers.

The recent cotton amendment did not help the new producers any.

The recent cotton amendment helped the old producers by 439.5 acres.

Ninety percent of producers receiving less than 5 acres probably will grow cotton.

Hoping this is the information you need,

Yours very truly,

O. W. BARNETT,
Administrative Officer, Jefferson County.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Little Rock, Ark., May 9, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter dated May 5, 1950, the following information as requested by you is listed below.

Cotton producers in county: 1,198.

Farmers in county receiving less than 5 acres of cotton: 288.

New producers applying for acreage: 67.

Acreage to be distributed among new producers: 340.

Each got approximately: .1971 percent.

Received zero acres: None.

Regarded as genuine farmers: 90 percent.

Number of acres benefit to new producers by recent cotton amendment: None.

Number of acres benefit to old producers: 1971.5.

Producers receiving less than 5 acres cotton who probably will grow no cotton: 15.

Producers who will cease to farm for themselves: 12.

Very truly yours,

J. D. STEPHENS,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Texarkana, Ark., May 8, 1950.

Congressman LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of May 6, 1950:

1. How many cotton producers are in your county: 1,200.

2. How many farmers in your county received less than 5 acres: 84.

3. How many new producers applied for acreage: 211.

4. How many acres to distribute to new producers: 843.4 acres.

5. How did each get: 150 received from 2.8 to 30 acres.

6. Did any receive zero allotments: 61 were not approved for any acreage.

7. What percent of new producers do you regard as genuine farmers: Seventy-five percent of the new growers are farmers.

8. How much in acres did the recent cotton amendment help new producers: The recent amendment affected only farms with history.

9. The old ones. About 7 percent in this county.

10. How many producers receiving less than 5 acres probably will grow no cotton: Probably 20 percent.

11. How many will cease to farm for themselves: Probably 5 percent.

Trusting this is the information you desired.

Sincerely yours,

RAY A. WATERS,
County Administrative Officer, Miller County, Ark.

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 5, 1950.

DEAR FRIEND: How many cotton producers are in your county? How many farmers in your county received less than 5 acres of cotton? How many new producers applied for acreage? How much acreage was there to distribute among the new producers in your county? How much did each get? Did any receive zero acres? What percent of the new producers do you regard as genuine farmers? How much in acres did the recent cotton amendment help your new producers? The old ones: 500 acres. How many of your producers receiving less than 5 acres probably will grow no cotton: 15. How many will cease to farm for themselves?

I'll appreciate any information you can give me.

Your friend,

LINDLEY BECKWORTH.

Cotton producers: 1,100.

Recovered less than 5 acres: 200.

New growers applied: 216.

Acres to new growers: 470.

Cropland for new growers: 10 percent.

None reseeded: no acres.

Genuine farmers: 150.

New growers received no help from amendment: 10.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Nashville, Ark., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We are glad to supply you with the information below as requested in your letter of May 6:

1. Number cotton producers in Howard County: 983.

2. Number farmers receiving less than 5 acres of cotton: 211 received 5 acres; 367 received less than 5.0 acres.

3. Number of new producers who applied for acreage: 74.

4. Acreage distributed among new producers in county: 250.9.

5. Acreage each received:

Number farms:	*Amount received (acres)*
2	1– 1.9
20	2– 2.9
34	3– 3.9
16	4– 6
1	6– 7
1	17

6. Number receiving zero acres: None.

7. Percent of new producers considered as genuine farmers: 66 percent.

8a. Amount of acreage the recent cotton amendment helped new producers: None.

8b. Amount of acreage the recent cotton amendment helped old producers: 370.0 acres.

9. Number of producers receiving less than 5 acres that will probably grow no cotton: 25 percent.

10. Number of producers receiving less than 5 acres that will cease to farm for themselves: None.

Yours very truly,

ARTHUR R. JOHNSON,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Van Buren, Ark., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of May 5, 1950, there are 205 cotton producers in Crawford County. Thirty farmers received less than 5 acres of cotton. Three new producers applied for acreage. There were 39 acres to distribute among the new producers in this county. One new producer received 4 acres, one 3.8 acres, and one 18.4 acres. No one received zero acres. One hundred percent of the new producers is regarded as genuine farmers. The recent cotton amendment helped the old producers 190 acres, the new producers, none. Twenty of our producers receiving less than 5 acres probably will grow no cotton. Five will probably cease to farm for themselves.

Yours truly,

BILLY H. REYNOLDS,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Clarendon, Ark., May 8, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In answer to your letter of May 5, we are listing below the answers to the questions which you requested:

How many cotton producers are in your county: 1,746.

How many farmers in your county received less than 5 acres of cotton: 138.

How many new producers applied for acreage: 63.

How much acreage was there to distribute among the new producers in your county: 425.3 acres.

How much did each get: .3212 percent of cropland.

Did any receive zero acres: No.

What percent of the new producers do you regard as genuine farmers: All—some part time.

How much in acres did the recent cotton amendment help your new producers: None.

The old ones: 378.7 acres—106 farms—3 acres apiece.

How many of your producers receiving less than 5 acres probably will grow no cotton: None.

How many will cease to farm for themselves: None.

We hope this information will be of help to you.

Yours very truly,

LEALDON SMITH,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Augusta, Ark., May 8, 1950.

Congressman LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Enclosed please find a summary of information requested in your letter dated May 5, 1950.

It is difficult to estimate the number of cotton producers in this county as the law required that farms be established allotments, on ownership tracts. A large percentage of the farms have from 1 to 75 tenants or share-cropper producers. All information listed on enclosed summary will be based on ownership tracts.

Yours very truly,

MAX G. SALLINGS,
County Administrative Officer.

1. Number of cotton farms: 1,215.
2. Number of cotton farms receiving less than 5 acres of cotton: 100.
3. Number of producers requesting new grower allotments: 80. Each new grower received (a) .3201 percent of cropland, (b) the acreage requested, provided his request did not exceed the county factor of .3201 percent. No farm received less than 3.8 acres if cropland was sufficient to permit planting the minimum of 3.8 acres.
4. Number of acres available for distribution to new growers: 557.
5. Number of farms requesting allotments received: 0 acres, provided the farm had a cotton history and available cropland.
6. Percent of new growers considered genuine farmers: 99.9 percent.
7. Number of acres allotted under Public Law 471, Section 344 (F) (5): 694. This acreage allocated to old growers, since law stated that allotment computations would be entirely on history during base years. New producers would have no history for base years.
8. Number of producers receiving less than 5 acres who will probably grow no cotton: 1 percent.
9. Number of farmers who will cease to farm for themselves: Less than 2 percent.

A number of your questions were difficult to answer with any degree of accuracy due to variable circumstances which govern any farming operation. I have answered them to the best of my ability.

Trust this information will be satisfactory.

Yours very truly,

MAX G. SALLINGS,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Mountain Home, Ark., June 27, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In regard to your letter of May 6, 1950, we wish to submit to you the following information pertaining to the cotton farms in Baxter County:

Number of producers in the county: 155.
Farms receiving less than 5 acres: 70.
Number of new farms that applied for acreage, 28.
Number of acres for new growers: 69.8.
Average acreage that each received: 2.5.
Number of zero allotments: 0.
Number of genuine farmers: 100 percent.
Number of acres under recent cotton amendments: New growers, 8.8 old growers, 17.
Number of producers receiving less than 5 acres: 27.
Number that will cease to farm for themselves: 10 percent.

We will be glad to furnish any further information that you desire.

Very truly yours,

JAMES D. OWEN,
County Administrative Officer.

BACA FLOAT RANCH, INC.,
Nogales, Ariz., June 14, 1950.

Hon. HAROLD A. PATTEN,
House of Representatives,
Washington, D. C.

DEAR SIR: Replying to your letter of June 6 I am pleased to give you the following information regarding cotton acreage, etc., in Santa Cruz County; I am not repeating your questions but am simply giving the answers as you numbered them in your request:

1. 8.
2. 0.
3. 0.
4. 0.
5. 0.
6. No.
7. x.
8. 0.
9. 0.
10. 0.
11. 0.

As you know this is a very small cotton county but I believe the above data to be accurate.

With kind regards, I am,

Sincerely yours,

JAMES B. PENDELTON.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Tucson, Ariz., July 7, 1950.

Hon. HAROLD A. PATTEN,
House of Representatives,
Washington, D. C.

DEAR MR. PATTEN: Mr. J. A. McLeod, Jr., chairman of the Pima County PMA Committee, has asked me to reply to your letter requesting information on cotton producers in the county.

1. There are 78 cotton producers in the county.
2. One farmer received a 5-acre allotment.
3. Four new producers applied for acreage.
4. There were 27.5 acres to distribute to new producers.
5. One received 20 acres, one received 7.5 acres.
6. Two received zero acres.
7. Fifty percent of new producers are regarded as genuine farmers.
8. The recent amendment did not help our new producers.
9. It did not help the old ones either.
10. None of our producers received less than 5 acres.
11. None will cease to farm for themselves.

Very truly yours,

R. P. INSKEEP,
Administrative Assistant, PMA County Committee of Pima County.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Willcox, Ariz., May 22, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In your recent letter you request of this office information relative to cotton in Cochise County. We submit the following:

1. How many cotton producers: 225.
2. How many new producers applied for acreage: 60.
3. How many farms in your county received less than 5 acres: 35 (all new producers).
4. How much acreage was distributed among new producers: 403.
5. How much did each get: (1949 first-time producers, 8.5 percent of cropland); (1950 new producers, 4 percent of cropland).
6. Did any receive 0 acres: No.
7. What percent of new producers do you regard as genuine farmers: 100 percent.
8. How much in acres did the recent cotton amendment help new producers: None.
9. The old ones: Net increase of 410 acres.
10. How many of your producers received less than 5 acres and will grow no cotton: 10, approximately.
11. How many will cease to farm for themselves: None.

We hope this is the information you desire.

Yours very truly,

WILLIAM M. BELCHER,
Administrative Assistant.

HOUSE OF REPRESENTATIVES,
Washington, D. C., June 6, 1950.

Hon. LINDLEY BECKWORTH,
House Office Building,
Washington, D. C.

MY DEAR COLLEAGUE: You will recall that recently you wrote me and spoke to me, asking for certain information with regard to cotton production in the counties of Arizona.

I am enclosing for you the information which has come to me with respect to Maricopa County. Congressman PATTEN, in whose district the other cotton-producing counties lie, is securing the other information, as I told you over the telephone the other day.

Assuring you that I was glad to be of assistance to you in this matter, I remain

Sincerely yours,

JOHN R. MURDOCK,
Member of Congress.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Phoenix, Ariz., June 2, 1950.

Hon. JOHN R. MURDOCK,
Congressman from Arizona,
Washington, D. C.

DEAR CONGRESSMAN MURDOCK: The attached information, concerning cotton production in Maricopa County, is furnished in accordance with your leter of May 29, 1950.

Very truly yours,

CARL E. TEETER,
Member, Arizona State Committee.

COTTON INFORMATION DESIRED

1. How many cotton producers are in Maricopa County: 1,660.
2. How many farmers in Maricopa County received less than 5 acres of cotton: 55.
3. How many new producers in Maricopa County applied for acreage: 109.
4. How much acreage was there to distribute among the new producers in Maricopa County: 2,828.
5. How much did each get: 16 percent of adjusted cropland.
6. Did any receive zero acres: No.
7. What percent of the new producers in Maricopa County do you regard as genuine farmers: All.
8. How much in acres did the recent cotton amendment help your new producers in Maricopa County: Not available.
9. How much—the old producers: 6,348 acres.
10. How many producers in Maricopa County receiving less than 5 acres probably will grow no cotton: None, to our knowledge.

11. How many will cease to farm for themselves: None, to our knowledge.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Phoenix, Ariz., June 22, 1950.

Hon. LINDLEY BECKWORTH,
Congressman from Texas,
Washington, D. C.

DEAR CONGRESSMAN BECKWORTH: The attached tabulation is forwarded in accordance with your letter of May 6. The column headings are numbered to correspond with the following questions:

1. How many cotton producers are in each county?
2. How many farmers in each county received less than 5 acres of cotton?
3. How many new producers in each county applied for acreage?
4. How much acreage was there to distribute among the new producers in each county?
5. How much did each get?
6. Did any receive zero acres?
7. What percent of the new producers in each county do you regard as genuine farmers?
8. How much in acres did the recent cotton amendment help your new producers county by county?
9. How much * * * the old producers?
10. How many producers county by county receiving less than 5 acres probably will grow no cotton?
11. How many will cease to farm for themselves county by county?

Very truly yours,

CARL E. TEETER,
Member, Arizona State Committee.

County	1	2	3	4	5	6	7	8	9	10	11
Cochise	142	0	70	410	15 percent of adj. cropland	No	All	0	743	0	0
Graham	491	75	15	74	20 percent of adj. cropland	No	All	0	0	0	0
Greenlee	134	12	6	14	15 percent of adj. cropland	No	All	0	161	0	0
Maricopa	1,660	55	109	2,828	16 percent of adj. cropland	No	All	0	6,345	0	0
Pima	66	0	9	396	24 percent of adj. cropland	No	All	0	0	0	0
Pinal	921	8	72	2,963	16 percent of adj. cropland	No	All	0	4,717	0	0
Santa Cruz	7	0	0	0				0	0		
Yuma	174	35	13	356	20 percent of adj. cropland	No	All	0	130	0	0
State	3,595	185	294	6,981					12,096		

MAY 24, 1950.

Mr A. A. BROCK,
Director of Agriculture, State Capitol,
Sacramento, Calif.

DEAR MR. BROCK: One of my colleagues from Texas, LINDLEY BECKWORTH, has asked me if I could obtain for him answers to the following questions:

How many cotton producers are in each county?

How many farmers in each country received less than 5 acres of cotton?

How many new producers in each county applied for acreage?

How much acreage was there to distribute among the new producers in each county?

How much did each get?

Did any receive zero acres?

What percent of the new producers in each county do you regard as genuine farmers?

How much in acres did the recent cotton amendment help you new producers county by county?

The old ones?

How many producers county by county receiving less than 5 acres probably will grow no cotton?

I do not know whether or not you have available this information in your statistical department. But if you do have all of it, or part of it, and could furnish it to me I would greatly appreciate it. The information is desired by the Honorable LINDLEY BECKWORTH, one of our fine Members in the House. He has made a thorough study of the effects of the recent cotton allocations and I would like very much to help him make his study as comprehensive and thorough as possible.

Whatever you may do will be considered a personal favor by me. If you have nothing that pertains to this readily available, I do not, of course, expect you to set aside your regular work to obtain this information. Also, if this information is obtainable elsewhere, I have no objection to you sending my letter to that agency with the request that they reply directly to me.

With my best regards to you and your staff, I remain

Sincerely yours,

LEROY JOHNSON,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 4, 1950.

DEAR FRIEND: How many cotton producers are in your county? [14] How many farmers in your county received less than five acres of cotton? [8] How many new producers applied for acreage? [0] How much acreage was there to distirbute among the new producers in your county? How much did each get? Did any receive zero acres? What percent of the new producers do you regard as genuine farmers? How much in acres did the recent cotton amendment help your new producers?—the old ones? [0] How many of your producers receiving less than five acres probably will grow no cotton? [4] How many will cease to farm for themselves? [2].

I'll appreciate any information you can give me.

Your friend,

LINDLEY BECKWORTH.

Bay County, Fla., 59-003; Panama City, Fla., J. A. Sorensen, secretary, Bay County, PMA Committee.

MAYO, FLA., *May 9, 1950.*

LINDLEY BECKWORTH,
Congressman, Washington, D. C.

DEAR SIR: Replying to your letter of May 5, in which you desired information on cotton. Permit me to advise you as follows:

Lafayette County has 94 farmers out of 526 who were eligible for a cotton allotment in 1950. Of this number 61 had less than 5-acre allotments. There are no allotments in excess of 5 acres in this county, even though some planted 10 acres regularly before allotments were imposed. We had only 8 acres to distribute to new growers, and 23 applied. These received from three-tenths to four-tenths acres each. No grower was given a zero allotment. All new growers are genuine farmers. The release procedure helped new growers, but was virtually of no value to old growers. Most farmers are growing their allotments or have released it for other farmers.

Yours very truly.

S. L. BROTHERS, *County Agent.*

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Tallahassee, Fla., May 9, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of May 5, I herewith submit the information you requested, for Leon County, Fla.:

1. How many cotton producers are in Leon County: 505.
2. How many farmers in Leon County received less than 5 acres of cotton: 282.
3. How many new producers applied for acreage: 9.
4. How much acreage was there to distribute among the new producers in Leon County: 3.6.
5. How much did each get: 0.4.
6. Did any receive zero acres: No.
7. What percent of the new producers do you regard as genuine farmers: 100 percent.
8. How much in acres did the recent cotton amendment help your new producers: None.
9. How much in acres did the recent cotton amendment help your old producers: 64.7.
10. How many of your producers receiving less than 5 acres will probably grow no cotton: 50.
11. How many will cease to farm for themselves: None.

Yours very truly,

ROBERT E. TURNER,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION.
Pensacola, Fla., June 26, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: Following is the information requested in your letter of May 4, 1950.

We have 432 cotton producers in Escambia County with 172 allotments being less than 5 acres. Forty farmers, included in 432 above, applied for new grower allotments. Twelve acres were divided among the 40 farms with the highest acreage for any one farm being 1.2 acres. Average of 0.3 acre. None received zero acres. We regard approximately 60 percent of the new growers as genuine farmers. The recent amendments helped the new growers by 52 acres, old growers by 300 acres. We think that possibly 60 of those farmers receiving less than 5 acres will not plant with possibly 10 ceasing to farm.

Yours very truly,

EMORY HUNT,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Crestview, Fla., June 26, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Listed below are questions and answers to your letter of May 5, 1950:

1. How many cotton producers are in your county: 470.
2. How many farmers in your country received less than 5 acres of cotton: 157.
3. How many new producers applied for acreage: 36.
4. How much acreage was there to distribute among the new producers in your county: 13.9.
5. How much did each get: (a) 2, 0.2; (b) 7, 0.3; (c) 22, 0.4; (d) 4, 0.5; (e) 1, 0.6.
6. Did any receive zero acres: None.
7. What percent of the new producers do you regard as genuine farmers: 100 percent.

8. How much in acres did the recent cotton amendment help your new producers: 36.2.

9. The old ones: 226.2.

10. How many of your producers receiving less than 5 acres probably will grow no cotton: 50.

11. How many will cease to farm for themselves: Very few.

Very truly yours,

FRED W. BARBER, *County Agent.*

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Thomasville, Ga., June 30, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: This is in reply to your letter dated May 6, 1950.

Cotton producers in Thomas County: 824.

Cotton producers who received less than 5 acres: 500.

Producers who applied for cotton acreage: 175.

Acres distributed to new producers: 457.7.

Average each received, 2.6.

Percent of new producers as genuine farmers: 25 percent.

How much in acres did the recent cotton amendment help new producers: None.

Old growers: 135.2.

We cannot yet determine the number of producers who will cease to grow cotton in 1950.

Very truly yours,

EDWIN Z. STIRLING,
Administrative Officer,
Thomas County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Danielsville, Ga., June 29, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In regard to your letter of May 3, 1950, we are listing below the information requested by you.

1. How many cotton producers are in your county: 1,620.

2. How many farmers received less than 5 acres: 168.

3. How many new producers applied for acreage: 101.

4. How much acreage was there to distribute among the new producers: 419.1.

5. Did any receive zero acres: No.

6. What percent of the new producers do you regard as genuine farmers: 95 percent.

7. How much in acres did the recent cotton amendment help the new producers: 0.

8. Old ones: 214.6.

9. How many producers receiving less than 5 acres probably will grow no cotton: 43.

10. How many will cease to farm for themselves: 20.

We trust that the above information is sufficient.

Yours very truly,

CLAYTON A. BURRISS,
Administrative Officer,
Madison County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Butler, Ga., July 5, 1950.

Mr. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: We are furnishing the information you requested in your letters of May 5 and May 17 as follows:

COTTON

Cotton producers in county: 575.

Number receiving less than 5 acres: 38.

New producers applying: 29.

Acreage to new producers: 179.3.

Approximate acreage received by each: 6.

Number receiving zero acreage: 0.

Percent regarded as genuine farmers: 100.

Acres helped by cotton amendment (includes 65-45-40 and reapportioned released acreage): New producers, 27.7; old producers, 493.3.

Number of producers receiving less than 5 acres that will not plant any cotton: 25.

Number that will cease to farm for themselves: 5.

PEANUTS

Number producers in county: 505.

Minimum acreage needed: 4.

Number having less than 4-acre allotment: 155.

Number having less than 2-acre allotment: 54.

Number having less than 2-acre allotment that will stop growing peanuts, 35.

Number that will cease to farm for themselves, 5.

Number new producers, 42.

Acreage received by new growers, 112.1.

Approximate acreage each received, 2.6.

Yours very truly,

ROY F. JONES,
Administrative Officer,
Taylor County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Jefferson, Ga., June 28, 1950.

Subject: Reply to questionnaire from Congressman LINDLEY BECKWORTH, of Texas, asking for information in regard to cotton.

1. How many cotton producers are in your county? Answer: There are 1,524 cotton acreage allotments established for farms in Jackson County representing an estimated 1,800 cotton producers. This does not mean that all of these producers actually planted cotton in 1950 and records at this time are incomplete as to the actual number planting cotton in 1950.

2. How many farmers in your county received less than five acres of cotton? Answer: 84.

3. How many new producers applied for acreage? Answer: 33.

4. How much acreage was there to distribute among the new producers in your county? Answer: The cotton acreage allotment for new producers was not allowed to counties in lump sums, but was distributed to applicants by the State PMA committee on the basis of recommendations of the county PMA committee. In this county, the amount recommended by the county PMA committee was granted for all applicants requesting new grower allotments within the time limit.

5. How much each get? Answer: The county PMA committee recommended a total of 162.4 acres for the 26 applicants approved, which is an average of 6.2 acres. These individual allotments ranged from 1.0 acre to 15.0 acres, depending on the size of the farm, the labor, workstock and equipment available.

6. Did any receive zero acres? Answer: Yes. Of the 33 applicants, the county PMA committee did not consider seven of them as eligible for new grower allotments under the regulations governing this procedure.

7. What percent of the new producers do you regard as genuine farmers? Answer: We consider the 26 applicants which were approved as genuine farmers inasmuch as this was one rule of eligibility for securing a new grower allotment.

8. How much in acres did the recent cotton amendment help your new producers? Answer: None.

9. The old ones? Answer: Under Section 344 (f) (5) of the Agricultural Adjustment Act of 1938, as amended, 44 farmers received a total of 199.7 acres increase in 1950 cotton allotment. Under Section 344 (f) (4) of the Agricultural Adjustment Act of 1938, as amended, 104 farms received a total of 340.2 acres increase in 1950 cotton allotment. This makes a total of 539.9 acres increase.

10. How many of your producers receiving less than five acres probably will grow no cotton? Answer: We estimate that 25 will grow no cotton in 1950.

11. How many will cease to farm for themselves? Answer: We have no information available on which to base a reply to this question.

R. V. RICHEY,
Chairman, Jackson County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Preston, Ga., July 10, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: Below we are giving the information you requested in your letters of May 4 and May 17 in regards to cotton and peanuts in Webster County:

How many cotton producers are in your county: 277.

How many farmers in your county received less than 5 acres of cotton: 81.

How many new producers applied for acreage: 33.

How much acreage was there to distribute among the new producers in your county: 130.1.

How much did each get: Those applying for new grower allotments received an average of 1 acre of cotton for each 20 acres of cropland.

Did any receive zero acres: 1.

What percent of the new producers do you regard as genuine farmers: 97 percent.

How much in acres did the recent cotton amendment help your new producers: 2 acres.

How much in acres did the recent cotton amendment help your old producers: 33.8 acres.

How many of your producers receiving less than 5 acres probably will grow no cotton: 75 percent.

How many will cease to farm for themselves: None.

Data on peanuts:

The number of peanut producers in Webster County: 370.

What is the least number of acres your average farmer and producer can afford to grow or economically grow: Owing to varied conditions existing on our farms we would not attempt to make an estimate as to the minimum number of acres of peanuts a farm can afford to grow or economically grow. The varied conditions existing on our farms such as size of the farm, size of the family, productivity of the land; also, we must take into consideration that some of our farmers are contented with a very low standard of living while others strive for a high standard. We are decidedly of the opinion that in the majority of cases the smaller or family-size farm the acreage of peanut allotment is inadequate for a reasonably good standard of living.

How many of your peanut producers received allotments of less than 2 acres: 4.

Of the number of peanut farmers receiving allotments of less than 2 acres, how many will cease to grow peanuts: 4.

Approximately how many will cease to farm for themselves: The above farms have not been farmed by the operators.

How many new producers applied for peanut acreage in your county this year, 1950: 2.

How many acres did you have to distribute to them: Allotment for new farms was given from State level reserve.

Approximately how much did each receive: 7.9 acres.

Very truly yours,

JOHN A. KING,
Administrative Officer, Webster County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Greenville, Ga., June 27, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We are giving you below information requested in your letter of May 4, 1950:

1. How many cotton producers are in your county: 1,179.
2. How many farmers in your county received less than 5 acres of cotton: 140.
3. How many new producers applied for acreage: 57.
4. How much acreage was there to distribute among the new producers in your county: 379.9.
5. How much did each get: county cropland factor, 1,606.
6. Did any receive zero acres: None.
7. What percent of the new producers do you regard as genuine farmers: 57.
8. How much in acres did the recent cotton amendment help your new producers: 12.6. The old ones: 388.1.
9. How many of your producers, receiving less than 5 acres probably will grow no cotton: 35.
10. How many will cease to farm for themselves: Question.

Very truly yours,
FRANK WELLS,
Administrative Officer, Meriwether County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
McDonough, Ga., June 27, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Please find enclosed the information requested in your letter dated May 4, 1950.

Very truly yours,
MUSETTE H. COAN,
Secretary and Treasurer, Henry County PMA Committee.

HENRY COUNTY

1. How many cotton producers are in your county: 1,282.
2. How many farmers in your county received less than 5 acres of cotton: 206.
3. How many new producers applied for acreage: 66.
4. How much acreage was there to distribute among the new producers in your county: 428.5.
5. How much did each get: 0.2022 percent of cropland.
6. Did any receive zero acres. No.
7. What percent of the new producers do you regard as genuine farmers: 75 percent.
8. How much in acres did the recent cotton amendment help your new producers: 31.2. The old producers: 507.
9. How many of your producers receiving less than 5 acres probably will grow no cotton: Not able to tell at present time.
10. How many will cease to farm for themselves: Not able to tell.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Crawfordville, Ga., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We have your letter of May 4, 1950, and are applying to the Georgia State PMA office for permission to furnish the information requested.

Yours very truly,
A. T. STEWART,
Chairman, Taliaferro County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Blackshear, Ga., May 9, 1950.

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR SIR: We have attempted to answer your questions in connection with cotton producers in order as set out in your inquiry.

There are 652 cotton producers in Pierce Couny; 393 of these farmers received less than 5 acres.

There were 39 new producers that applied for acreage. Acreage distribution to new producers were made at the State level. No new producers received zero acres. Ninety-seven percent of the new producers are genuine farmers. Under the recent cotton amendment no new producers were benefited. Old producers were eligible for 18.9 acres under this amendment.

It is believed that 100 of the 393 (less than 5 acres) producers will not plant cotton. We do not have any farmers who are expected to cease farming.

Very truly yours,
T. M. MINCHEW,
County Administrative Officer, Pierce County PMA.

JONESBORO, GA., *May 9, 1950.*

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: We have a total of 395 cotton producers in Clayton County. Sixty-three of the farmers received less than 5 acres of cotton. There were 23 new producers applying for acreage. The total acreage distributed among the cotton farmers. Each farm received between 2 to 100 acre allotment. There were no producers receiving zero acres. The new cotton amendment did not help any of the new producers. The old ones about 200 acres. I consider about 75 percent of the new producers genuine farmers. There are about 20 of our farmers that received less than 5 acres who will grow no cotton. About 10 will cease to farm for themselves.

Very truly yours,
W. H. HUDDLESTON,
County Administrative Officer, Clayton County.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND
MARKETING ADMINISTRATION,
Sparta, Ga., June 26, 1950.

LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to letter dated May 4, 1950, requesting information on cotton in Hancock County.

Number of cotton producers in Hancock County: 964.

Number of farmers receiving less than 5 acres cotton allotment: 52.

Number of new producers in Hancock County: 47.

No. of acres for distribution for new cotton growers: 224.1.

Each new grower received .1683 percent of their cropland.

Ninety percent of new producers are genuine farmers.

New growers were not helped any by the recent cotton amendment, the old growers 305.7 acres.

Fifteen percent of producers with less than 5.0 will probably grow no cotton at all.

Five percent will cease to farm for themselves.

Yours truly,
ALEX LONG,
Administrative Officer, Hancock County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Milledgeville, Ga., June 26, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Enclosed is a list of questions asked for in your letters under dates of May 4, 1950, and May 16, 1950. We have answered them to the best of our ability and hope this is the desired information you requested.

Very truly yours,
JOE B. MORAN,
Administration Officer, Baldwin County Production and Marketing Association.

Number of peanut producers in Baldwin County: 42.

Least number of acres average producer or farmer can economically grow: 6.

How many producers in county received allotments less than the number of acres mentioned in above question: 32.

How many peanut producers received allotments of less than 2 acres: 22.

Peanut farmers receiving less than 2 acres allotment, how many will cease to grow peanuts: 50 percent.

Approximately how many will cease to farm for themselves: 5 percent.

How many producers applied for peanut acreage, 1950: 43.

How many acres were distributed to them: 151.3.

How much did each receive: 3.6. (Average acreage per farm.)

How many cotton producers in Baldwin County: 350.

How many received less than 5 acres: 75.

How many new producers applied for acreage: 22.

How much did each get: 3.8. (Average acreage per farm.)

Did any receive zero acres: No.

What percent of new producers do you regard as genuine farmers: 80 percent.

How much in acres did the recent cotton amendment help new producers: None. Old ones: 267.7.

How many of your producers receiving less than 5 acres will grow no cotton: 15.

How many will cease to farm for themselves: 5 percent.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Athens, Ga., June 26, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Below are the answers to your questions in your letter dated May 4, 1950.

There are 506 cotton farms in Clarke County with some of these having more than one producer.

One hundred and eight farms received less than 5 acres of cotton.

Thirty seven new producers applied for acreage.

There were 4,515.2 acres to distribute among producers of this county.

Each got 0.1662 percent of their cropland plus county committee reserve for adjustment.

None received zero acres.

Sixty-six percent of new producers are genuine farmers.

The recent cotton amendment did not help any new producers. It gave 177.8 acres to old producers.

Twenty-five percent of producers receiving less than 5 acres will grow no cotton.

None will cease to farm for themselves.

Very truly yours,
B. P. MCWHIRTER,
Secretary, Clarke County PMA Committee.

ROCKDALE COUNTY, GA.

Cotton producers in Rockdale County: 573.

Less than 5-acre allotments: 76.

New producers applied: 34.

Acreage distributed to new producers: 169.9.

New producers receiving less than 5 acres: 17.

New producers receiving 5 acres or more: 17.

All new producers qualifying received cotton.

All new producers are regarded as genuine farmers.

New producers helped by recent amendment: 2.

Group I farms helped by recent amendment: 37.6.

About 10 percent of small farms receiving less than 5 acres may cease to grow cotton.

We feel that all of our small farmers will continue to farm next year.

Yours very truly,

JOHN L. BINENDINE,
Administrative Officer, Rockdale County PMA Office.

DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT AGENCY,
Ellijay, Ga., June 28, 1950.

LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In answer to your letter of May 4, 1950. We have 51 cotton producers. Fifty-one farmers in this county received less than 5 acres of cotton. Five new producers applied for acreage. There was 8.5 acreage to distribute among the new producers in this county. The new producers got from 0.9 to 3.4 acres. No one received a zero acres allotment. We regard 100 percent new producers as genuine farmers. The recent cotton amendment helped the new producers none, and the old ones none. Probably 50 percent of the producers receiving less than 5 acres will grow no cotton. Ten percent will cease to farm for themselves.

Very truly yours,

RANELL LOWMAN,
Treasurer, Gilmer County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
LaGrange, Ga., June 29, 1950.

Congressman LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: The following is information as requested in your letter of May 5, 1950:

Number cotton producers in county: 645.

Number farmers receiving 5 acres or less: 132.

Number new growers: 55.

Amount of acreage distributed to new growers: 288.6.

Number acres distributed to each: Bases county factor.

Number new growers receiving zero acres: None.

Percent considered genuine farmers: 70 percent.

Number acres new cotton amendment helped new growers: Very little.

Number acres amendment helped old growers: 89.9.

Number receiving less than 5 acres that will produce no cotton: 50 percent.

Number that will cease to farm for themselves: Unable to determine at present.

Yours very truly,

MARION M. SHIVERS,
County Administrative Officer, Troup County PMA Office.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Murray, Ky., June 26, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of May 3, the information you requested is listed as follows:

How many cotton producers are in your county: 482.

How many farmers in your county received less than 5 acres of cotton: 473.

How many new producers applied for acreage: 68.

How much acreage was there to distribute among the new producers in your county: 11.9.

How much did each get: 0.2 acre to 1 acre.

Did any receive zero acres: Yes.

What percent of the new producers do you regard as genuine farmers: 100.

How much in acres did the recent cotton amendment help your new producers: None; the old ones: None.

How many of your producers receiving less than 5 acres probably will grow no cotton: 25.

How many will cease to farm for themselves: None.

Very truly yours,

Q. D. WILSON,
Chairman, Calloway County Production and Marketing Administration Office.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Independence, Kans., June 23, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In answer to your letter of May 3, 1950, requesting cotton information for Montgomery County:

1. Cotton producers in Montgomery County: 12.

2. Allotments of less than 5 acres: 2.

3. Allotments requested for farms on which cotton had not been grown: 5.

4. Allotment to new farms on original listing: 3 farms, 15.3 acres; none received zero acres.

5. All new farmers are genuine farmers—new farms caused by tenants moving from farm with seeded history.

6. Cotton amendment released 32.4 acres for new farms; 10.8 acres for old farms.

7. All producers have received increases to 5 acres or more and don't believe any will cease farming on account of acreage allotment, although some hardship will be caused.

Very truly yours,

DALE O'BRIEN,
Secretary, County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Colfax, La., April 18, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Reply is made to your memorandum of April 12, 1950:

Two hundred and eleven farmers in Grant Parish received 5 acres and less cotton acreage allotment.

Fifty-eight new growers applied for cotton acreage allotments.

One hundred and ninety-three acres was distributed to new growers in this parish.

We have 11 farmers in the parish who applied for new grower allotments after the closing date, February 15, 1950, who have not received, and in all probability will not receive, a 1950 cotton-acreage allotment.

All applicants are considered bona fide cotton farmers.

Yours very truly,

VICTOR A. ADAMS,
Parish Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Bastrop, La., May 9, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of April 28, we submit the following information:

There are 1,154 cotton producers in this parish. One hundred and fourteen farmers received less than 5 acres. Five hundred and eighty-nine and four-tenths acres were distributed among 95 new producers with an average of 6.2 acres allotted to each. We regard all these producers as genuine farmers. New producers received no additional acreages under the recent cotton amendment while old producers received an increase of 1,579.2 acres. Twenty-five farmers receiving less than 5 acres probably will plant no cotton and fifteen of these will cease to farm for themselves.

Yours very truly,

ROY L. O'BRIEN,
Parish Administrative Officer, Morehouse Parish.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Denham Springs, La., May 10, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN BECKWORTH: We are enclosing the information you requested in your letter of April 28, according to the records we have in this office.

If we can be of further assistance to you, we will be glad to give you what information we can.

Yours very truly,

E. D. DIXON,
Parish Administrative Officer, Livingston Parish PMA.

1. How many cotton producers are in your county: 181.

2. How many farmers in your county received less than 5 acres of cotton: 138.

3. How many farmers in your county received 5 acres or more: 43.

4. How many new producers applied for acreage: 39.

5. How much acreage was there to distribute among the new growers in your county: 103.

6. How much did each get: 85 percent of requested allotment if not more than 3.8 acres of cotton.

7. Did any receive zero acres: 3 farms that filed after the closing date of February 15, 1950.

8. What percent of the new producers do you regard as genuine farmers: [Blank.].

9. How much in acres did the recent cotton amendment help your new producers: None.

10. How much in acres did the recent cotton amendment help your old producers: The minimum affected 4 farms but such a small amount that only one farmer applied for his minimum. Frozen acres released would not help as most of the farms in this county got their highest planted as their highest was under 5 acres.

11. How many of your producers receiving less than 5 acres probably will grow no cotton: Only seven released their acreage.

12. How many will cease to farm for themselves: [Blank.].

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Port Allen, La., May 8, 1950.

Representative LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: The following is the information requested in your letter of April 29.

Number of cotton producers in county: 190.
Farmers receiving less than 5 acres: 69.
Number of new producers who applied: 17.
Amount of acreage for new growers: 97.

The recent amendment did not help new growers in our county. Old growers received 19.0 acreas in additional allotments.

Yours truly,
E. D. DIXON,
Parish Administrative Officer, West Baton Rouge Parish.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
New Orleans, La., May 11, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We are in receipt of your letter of April 24, 1950, requesting information about cotton producers in Orleans and Jefferson Parishes. We are furnishing the information as follows:

	Orleans Parish	Jefferson Parish
1. How many cotton producers are in your county?	2	1
2. How many farmers in your county received less than 5 acres of cotton?	0	1
3. How many new producers applied for acreage?	0	0
4. How much acreage was there to distribute among the new producers in your county?	0	0
5. How much did each get?	0	0
6. Did any receive zero acres?	No	No
7. What percent of the new producers do you regard as genuine farmers?	0	0
8. How much in acres did the recent cotton amendment help your new producers?	0	0
9. The old ones?	2.0	0
10. How many of your producers receiving less than 5 acres probably will grow no cotton?	0	0
11. How many will cease to farm for themselves?	0	0

Very truly yours,
JOHN L. HAYS,
Acting Secretary-Treasurer,
Orleans and Jefferson PMA Committees.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Abbeville, La., May 10, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: In reply to your letter of April 29, 1950 we wish to advise as follows:

1. There are 2,275 cotton farms in our county.
2. Of the 2,275 cotton farms in the county, 768 received less than 5 acres of allotment.
3. There are 44 new producers applying for cotton allotments.
4. These 44 new producers received a total of 193 acres of allotment, an average of 4.38 acres per farm.
5. One hundred percent of our new producers are considered genuine farmers.
6. The 65–45–40 provision of the recent cotton amendment did not help any of our farmers; however, the provision permitting the release of frozen or unused acreage helped considerably. Under this provision we were able to reapportion 137.4 acres to 50 of our cotton farms.

With hopes that the above information will be of assistance to you, I am,

Yours very truly,
GEORGE R. BOUDREAUX,
Parish Administrative Officer,
Vermilion Parish PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Tallulah, La.

The enclosed is for your attention.

Yours very truly,
JAMES B. STEWART,
Parish Administrative Officer,
Madison Parish ACA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Tallulah, La., May 3, 1950.

Mr. LINDLEY BECKWORTH,
Washington, D. C.

DEAR SIR: Your inquiry "Committee Interstate and Foreign Commerce" dated April 28 re cotton producers and acreage.

Replies follow in same order as listed in your letter.

1: 750 cotton producers.
2: 18 received fewer than five acres.
3: 47 applicants for new ground allotments.
4: 284 acres distributed to new producers.
5. Varied around 46 allotted; low 2 acres, high 35 acres.
6: one zero.
7: 100 percent genuine producers.
8: no new producers helped by amended act.
9: approximately 600 acres.
10: anticipate all will plant.
11: none so far as we have learned.

Yours truly,
MADISON PARISH PMA COMMITTEE.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Plaquemine, La., May 2, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In reply to your letter of April 28 with regard to how the new amendment helped cotton growers in our parish, we wish to offer the following:

1. Number of producers in Iberville Parish: 256.
2. Number of farmers receiving less than 5 acres: 162.
3. Number of new producers applying: 29.
4. Acreage granted for new producers: 141.
5. Number of acres each received. (See attached.)
6. Number receiving zero acres: 3.
7. Percent of new growers regarded as genuine farmers: 100.
8. Number of acres by which new producers were helped by the new cotton amendment: 116.4.
9. Number of acres by which old producers were helped by the new cotton amendment: 49.9.
10. Number of producers receiving less than 5 acres who will probably have no cotton: 50.
11. Number who will cease to farm for themselves: None.

Yours very truly,
BERT J. OURSO,
Parish Administrative Officer, Iberville Parish PMA.

Number of acres each new producer received from 141 acres

Farm No.:	Allotment
B–1	4.0
B–22	3.0
B–29	6.0
B–31	3.8
B–2001	2.0
B–2002	2.0
D–7	3.0
D–52	3.0
D–1504	40.0
D–2001	3.0
D–2002	3.0
D–2003	3.0
G–62	3.0
G–85	6.1
G–87	4.0
G–101	5.0
G–2001	3.0
H–1	3.0
I–90	3.0
I–123	5.0
I–134	3.0
I–135	3.0
I–166	3.8
I–1001	6.5
I–2001	3.0
I–2002	3.8
G–92	10.0
B–109	0.0
B–2502	0.0
I–124	0.0

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Gulfport, Miss., July 24, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Some time back you wrote seeking information concerning cotton in this county. I am sorry not to have answered sooner, but have only now had the opportunity to do so.

We have only 37 farmers who received cotton allotments this year and only 1 of these planted cotton. Thirty-two of these thirty-seven received less than 5 acres of cotton. There were no new producers who applied for acreage, therefore, there was no acreage to distribute among new producers.

The recent cotton amendment did not help our old cotton farmers at all. Thirty-one of the producers receiving less than 5 acres will grow no cotton. None of the producers will cease to farm for themselves.

In this county the farmers have gone out of cotton production replacing it with other things, such as dairying, beef cattle, and tung. The most of our farmers were eligible for cotton because of war crops.

Very truly yours,
HUGH R. EGGERTON,
County Administrative Officer,
Harrison County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING
ADMINISTRATION,
Lucedale, Miss., May 4,, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In answer to your recent letter we wish to advise that we have 410 farmers in George County with cotton allotments, 130 of that amount being applicants for a new-producer allotment. There were 262 farmers receiving an allotment of less than 5 acres.

This county received 465.7 acres for the new producers, and as we were able to raise them up to 3.8 no matter what the factor gave them, the majority received the 3.8 allotment. None received zero allotments.

Most of the ones asking for new allotments had been doing war work and are now wanting to start up farming operations again.

The recent cotton amendment helped only 5.1 acres in this county on the old allotments but none on the new producers except that the released acreage for reapportionment will bring them up to 40 percent of their cropland.

Most of the ones who received allotments and did not release are intending to plant all they are allowed, but a few say that they did not receive enough to plant. Very few will cease to farm for themselves.

I hope this information will help you. Please feel free to call on us at any time.

Yours very truly,

B. ALTON GAVIN,
County Administrative Officer,
George County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Houston, Miss., May 6, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In answer to your letter of May 2 requesting information concerning cotton in our county, the information which you request is as follows:

1. Number of cotton farms in Chickasaw County: 1,800.
2. Number of farms receiving less than 5 acre allotment: 306 (this includes both new and old cotton farms).
3. Number of new producers applying for cotton: 135.
4. Acres distributed to new cotton growers: 595 acres.
5. Each new grower received approximately .1350 percent of his cropland.
6. Number receiving zero acres: 2.
7. Eighty percent of new growers are genuine farmers.
8. Amount in acres that recent cotton legislation helped (1) new producers: none, (2) old producers: unable to say exactly at present time, I would estimate about 2,000 acres.
9. Number of producers receiving less than 5-acre allotment that will not produce any cotton—about 10 or 15 percent.
10: Number that will cease to farm for themselves: unknown.

The information given above is approximately correct except for questions 8, 9, and 10 which is only an estimate at the present time.

Very truly yours,

JOHN H. GEORGE,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Pontotoc, Miss., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: I am in receipt of your letter of May 2, requesting certain information relative to farmers of Pontotoc County.

This is to advise that we are now in the process of compiling above information to send to the State office, and I suggest that you contact the State PMA office, Post Office Box 1251, Jackson, Miss.

Very truly yours,

NELSON G. KENNEDY,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Vicksburg, Miss., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 2, please be advised that 781 farms in Warren County, Miss., and approximately 2,000 cotton producers (landlords, sharecroppers, and tenants) received a 1950 cotton allotment.

Sixty-seven farmers applied for new producer allotments and all applicants received an allotment. Each averaged 4.2 acres. The recent cotton-allotment legislation did not affect the new producers, and approximately 50 percent of the new producers may be regarded as genuine farmers.

Recent legislation increased 77 old cotton farms in this county by 728.5 acres. Approximately 12 percent of the producers received less than 5 acres and will grow no cotton this year. It is believed that none of these producers who own these farms will cease to farm.

The delay in answering your letter has been brought about by the fact that I was out of the office the latter part of last week attending a cotton-measuring school. Hoping that the above answers will be of assistance to you, I remain.

Sincerely yours,

WILBUR A. RIGBY,
County Administrative Officer,
Warren County PMA.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Cleveland, Miss., May 10, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Reference is made to your letter of May 6, 1950, requesting number of cotton producers in Bolivar County, Miss.

In 1949 there were 2,187 cotton-producing farms. In 1948 there were 2,100 cotton-producing farms. In 1947 there were 2,150 cotton-producing farms. For the year 1950 we have records on 2,350 cotton-producing farms. This increase in cotton farms can be accounted for mainly through farms that were not carried on our records before the acreage-control program came into effect and through divisions of existing cotton farms.

Therefore, the figures for the years 1947, 1948, and 1949 are probably not exact figures, but as nearly accurate as can be determined.

I hope this is the information that you desire and that you will feel free to call on us at any time that we can be of service to you.

Very truly yours,

JAMES M. SIMMONS,
County Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Wiggins, Miss., May 9, 1950.

LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: The following is the answer to your inquiry of May 2, 1950:

1. Number of cotton producers in Stone County: 117.
2. Number of farms receiving less than 5 acres of cotton: 96.
3. Number of new producers that applied for a cotton allotment: 14.
4. Acreage available for new producers. We received 32.7 acres from the State committee reserve for this purpose and there is more available but we have no applicants.
5. Each new producer got 3.0, 2.0, 1.5, 1.0, 1.0, 3.8, 3.0, 3.8, 1.0, 1.0, 1.0, 3.0, 3.8, 3.8 acres.
6. Number of new producers receiving zero acres: None.
7. Percent of new producers that we regard as genuine farmers: 40.
8. Number of acres that the recent cotton amendment gave to new growers: None.
9. Number of acres that the recent cotton amendment gave old growers: None.

(No one would apply for an increase).

10. Number of producers receiving less than 5 acres that will probably grow no cotton: 25.
11. Number of cotton farmers that will cease to farm for themselves: 0.

Very truly yours,

WALDO P. O'NEAL,
Chairman,
Stone County PMA Committee.

DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT AGENCY,
Mosquero, N. Mex., May 8, 1950.

How many cotton producers are in your county: 9.

How many farmers in your county received less than 5 acres of cotton: 4.

How many new producers applied for acreage: None.

How much acreage was there to distribute among the new producers in your county: None.

How much did each get: None.

Did any receive zero acres: No.

What percent of the new producers do you regard as genuine farmers: None.

How much in acres did the recent cotton amendment help your new producers: None.

The old ones: None.

How many of your producers receiving less than 5 acres probably will grow no cotton: 4.

How many will cease to farm for themselves: 1.

LAURA MAE HAMMER,
Administrative Officer,
Harding County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Asheboro, N. C., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: This is with reference to your letter of May 4, 1950 in which information concerning the 1950 cotton marketing quota was requested.

Below is listed the number of farms with 1950 cotton acreage allotments, etc., as requested.

Number cotton farms in county: 191.

Number farms receiving less than 5 acres: 175.

Number producers applied for acreage: 191.

Number acres available for new producers: 21.4.

Number acres each received: 4, 0.5 acre; 1, 0.9 acre; 1, 1.0 acre; 2, 1.3 acres; 3, 1.5 acres; 1, 1.4 acres; 2, 1.6 acres; 1, 2.0 acres; 1, 3.8 acres.

Total, 21.4 acres.

Number receiving zero acres: 1.

Percent of new growers genuine farmers: 100.

Number new producers recent cotton amendment helped: All.

Number old producers recent cotton amendment helped: None.

Number producers receiving less than 5 acres that will grow no cotton: Unknown.

Number producers that will cease farming: Unknown.

The 191 listed above as applying for cotton allotments is a total of all farms that were eligible for a 1950 allotment, either as an old grower or new grower. The new growers benefited when the county committee was authorized to go as high as 3.8 acres disregarding cropland factor. We have listed none as the number of old producers helped due to the recent cotton amendment, because all producers in this county received more acreage than the new amendment of 65 percent and 45 percent would give them when allotments were first established. We have listed the number of producers receiving less than 5 acres that will grow no cotton as unknown, because no acres were released for reissuance when producers were informed of this provision, therefore, we do

not know whether these acres will be planted or not.

Cotton has not been a problem in this county due to the producers going out of cotton production.

Yours very truly,

EUGENE I. CARROLL,
Secretary, Randolph County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Wilmington, N. C., May 8, 1950.

LINDLEY BECKWORTH,
Congressman, Washington, D. C.

DEAR SIR: In reply to your inquiry in regards to cotton producers, etc., letter May 5, 1950, I submit the following:

Cotton producers in New Hanover County: 20.

Farmers receiving less than 5 acres of cotton: 18.

Acres to distribute among new producers, 2.7.

Did not have any new applications since there was such a small acreage available.

There would have been 3 or 4 worth-while farmers had there been enough acreage to distribute worth considering.

The recent amendment too late for new growers to make plans, since there was not enough acreage for them to start plans for cotton earlier.

The old producers received in acres for adjustment (from released acreage): 13.7.

Those receiving less than 5 acres to grow no cotton: 8.

Those ceasing to farm for themselves: 3.

ALVARA B. NANCE,
New Hanover County PMA Secretary.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Poteau, Okla., April 17, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: in reply to your letter of April 13, we submit the following information.

In Le Flore County, 384 farms received less than 5 acres of cotton, and 1,713 farms received allotments of 5 acres or more. We had 35 new allotment farms and only received a total of 51 acres for these growers. This averages 1.5 acres per farm. We had no zero allotments, except five late requests which were filed after the dead-line date. We regard 100 percent of the new producers as genuine farmers.

We appreciate your interest and hope that this will give you the information that you desire. Please feel free to call on us at any time for information.

Very truly yours,

A. H. MILLER,
Chairman, Le Flore County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Duncan, Okla., April 17, 1950.

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: This is to acknowledge receipt of your letter to the Stephens County PMA Committee asking several questions in regard to the cotton allotments in this county.

1. There were 305 farmers in this county that received 1950 cotton allotments of 5 acres or less.

2. There were 63 farmers who applied for allotments under the new farm provision.

3. An allotment of 132 acres was issued to the county committee by the State committee for the establishment of new farm allotments. There is a provision now in effect giving the county committee authority to transfer from their reserve for lates, corrections, and reconstitutions, to this new farm allotment. The county committee in this county are now waiting approval of their lates, corrections, and reconstitutions, in order to ascertain how much reserve will remain to transfer. After this figure is determined they will then establish the new farm allotment.

4. It is felt by the county committee that all 63 applicants are cotton farmers but are now on farms which carry no cotton history.

5. It is not thought, by the committee, that any of the applicants will receive a zero allotment although all of them will of necessity be rather small.

It is hoped this is the information you desired. If there is additional information you would like, please call on the committee at any time.

Very truly yours,

Q. M. HIGHTOWER,
Secretary.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Atoka, Okla., April 19, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN: Below find the questions and answers for Atoka County that you asked in your letter of April 13, 1950.

How many farmers in your county received 5 acres of cotton or less? Answer: 659.

How many applied for new-growers acreage? Answer: 101.

How much acreage was there to distribute among the new producers in your county? Answer: 171.1 acres.

How much did each get? Answer: From 0 to 5.8 acres.

Did any receive zero? Answer: Yes; one.

What percent of the new producers do you regard as genuine farmers? Answer: About 50 percent.

If there is any other information that we could furnish you, we would be glad to do so.

Very truly yours,

C. H. SMITH,
Chairman, Atoka County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Nowata, Okla., May 8, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: This replies to your questionnaire dated May 5, 1950:

How many cotton producers are in your county: 121.

How many received less than 5 acres of cotton: 56.

How many new producers applied for acreage: 32.

How much acreage was there to distribute among the new producers: 77.

How much did each get: Average less than 2.5 acres each.

Did any receive zero acres: 4.

What percent of the new producers do you regard as genuine farmers: 95 percent.

How much in acres did the recent cotton amendment help your new producers: None.

How much did it help the old ones: 67.

How many of your producers receiving less than 5 acres probably will grow no cotton: 50 percent.

How many will cease to farm for themselves: None.

Yours very truly,

BILL E. FISHER,
County Administrative Officer, Nowata County.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Ardmore, Okla., May 9, 1950.

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your inquiry of May 3, 1950, we submit the following information:

We have 735 old cotton farms; 154 of these receive less than 5-acre allotments because of the limitation of highest planted acreage. Eighty-eight producers requested new cotton allotments. We had only 142 acres to distribute to these new producers, making an average new allotment of 1.6 acres, with no zero allotments. All of these new-grower applicants are regarded as genuine farmers. No additional acreage was available for increase in new allotments because of the recent cotton amendment. Old growers received increases totaling 166.4 acres through the recent amendment. Very probably 25 or 30 percent of the producers receiving allotments of less than 5 acres will plant no cotton and a few may cease to farm for themselves.

The total cotton allotment available to Carter County this year is sufficient, if only the county committee had authority to distribute the acreage to farms where it would be planted.

Yours very truly,

A. B. DUKE,
Vice Chairman, Carter County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Marietta, Okla., May 9, 1950.

Congressman LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN BECKWORTH: As requested in your letter of May 4 we have listed your questions as listed with the answers for Love County.

How many cotton producers are in your county: 1,166.

How many farmers in your county received less than 5 acres of cotton: 80.

How many new producers applied for acreage: 42.

How much acreage was there to distribute among the new producers in your county: 252.7 acres.

How much did each get: Allotments arranged for 2.5 acres up to 21.8 acres with 5.8 average for the 42 farms.

Did any receive zero allotments: No.

What percent of the new producers do you regard as genuine farmers: 90 percent.

How much in acres did the recent cotton amendment help your new producers: 15.6 acres, only 4 of the 42 new growers ask for additional acreage.

The old ones: 2,000 acres was released and reissued in this county.

How many of your producers receiving less than 5 acres probably will grow no cotton: We think all producers who did not drop their allotment will plant it this year.

How many will cease to farm for themselves: None.

Hoping this is the information you requested.

Yours truly,

U. OZEL COX,
Love County, Administrative Officer.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Knoxville, Tenn., May 9, 1950.

Hon. LINDLEY BECKWORTH,
Congress of the United States,
Washington, D. C.

DEAR MR. BECKWORTH: We only have five cotton producers in Knox County. Three

farmers in Knox County received allotments of less than 5 acres. One new producer applied for acreage. One and nine-tenths acre was available to distribute to new producers. One producer received the 1.9 acre. No new producer received zero acres.

Cotton is grown on a very small scale in Knox County. The recent cotton amendment did not in any way change either the old or the new producer.

We get no response at all from cotton correspondence from the office. This is a very minor detail in our county.

We hope this information will be of assistance to you.

Very truly yours,

O. A. SMITH,
Chairman, Knox County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Cleveland, Tenn., July 5, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIRS: There are 1,137 cotton producers in Bradley County. There are 670 who received less than 5-acre cotton allotments.

One hundred and forty-one producers applied for new cotton allotments and only 218 acres were available for distribution between the 141. These allotments range from 0.5 to 4.5 acres. We did not have any zero allotments. The new producers are regarded as 100-percent genuine farmers.

The recent cotton amendment helped our old growers 66.7 acres. There was 185 acres released from farms not planning to plant all of their allotment. This acreage was reallocated to other farmers in the county.

There are about 50 producers who received less than 5 acres allotment that will probably grow no cotton in 1950 and about 25 who will cease to farm for themselves.

Yours very truly,

GUS HARRIS,
Chairman, Bradley County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Benton, Tenn., June 27, 1950.

1. How many cotton producers are in your county: 521.
2. How many farmers in your county received less than 5 acres of cotton: 170.
3. How many new producers applied for acreage: 36.
4. How much acreage was there to distribute among the new producers in your county: 119.1.
5. How much did each get: 3.3 average.
6. Did any receive zero acreage: No.
7. What percent of the new growers do you regard as genuine farmers: 20 percent.
8. What percent of the old growers do you regard as genuine farmers: 90 percent.
9. How much in acres did the recent cotton amendment help your new producers: None.
10. How much in acres did the recent cotton amendment help your old producers: 15.2.
11. How many of your producers receiving less than 5 acres will probably grow no cotton: 40.
2. How many will cease to farm for themselves: 20.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Nashville, Tenn., April 24, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: We have your letter of April 12 in regard to cotton acreage in Davidson County, Nashville, Tenn.

We have only 11 cotton farms in Davidson County, 10 old cotton farms and one new grower. We had only one application for a new grower's allotment and he received 3.7 acres which was all we had for distribution. He has a small 6-acre farm but had grown so much cotton in Alabama in the past that he was going to plant at least 4 acres regardless of allotment.

Nine of the ten old cotton farms received five or less acres allotments.

We hope that this is the information which you desire and if we can be of further assistance in the future do not hesitate to write us.

Yours very truly,

W. K. RANSOM,
Chairman, Davidson County PMA Committee.

SMITHVILLE, TENN., *May 5, 1950.*

To: LINDLEY BECKWORTH, Washington, D. C.
From: DeKalb County PMA Committee.
Subject: Cotton statistics.

1. Number of cotton producers in DeKalb County: 95.
2. Number of cotton allotments in DeKalb County less than 5 acres: 95.
3. Number of producers applying for new cotton acreage: 4.
4. Acres of cotton distributed to new producers: 9.5.
5. Number of new producers receiving zero acres: none.
6. Number of new producers that are considered as genuine farmers: 4.
7. Number of acres the new cotton amendment helped (new growers): None.
8. Number of acres the new cotton amendment helped (old growers): None.
9. Producers with less than 5 acres cotton allotment that probably will grow no cotton: 30.
10. How many will cease to farm for themselves: None.

DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT AGENCY,
Jasper, Tenn., May 5, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In regard to your letter dated May 2, 1950, concerning the cotton allotments for this county, we are listing the requested information.

There are 267 cotton producers in this county; 116 farmers in this county received less than 5 acres of cotton; 31 new producers applied for acreage. There was 65.6 acres to distribute among these new growers. The following are the allotments for the new producers in this county: 2.6; 5.0; 1.7; 2.0; 0.8; 1.9; 0.5; 2.5; 0.5; 1.7; 3.8; 3.7; 0.7; 1.5; 0.5; 0.2; 0.2; 1.2; 1.2; 9.7; 1.5; 0.8; 2.9; 2.9; 1.5; 3.7; 2.1; 5.0; 0.3; 1.1; and 1.9 acres. No new producer was given a zero acreage, in fact the above figures covers each request. About 75 percent of these new cotton growers are to be considered genuine farmers. The recent cotton amendment did not help the new producers any in this county. The old cotton growers were helped by 52.2 acres. A rough estimate would be that about 15 percent of the producers receiving less than 5 acres will grow no cotton. I believe that none of these farmers will cease to farm for themselves since a large majority of the farms in this county are small enough for the operator to be the same as the owner.

We trust that the above answers to your questions are the information that you needed from this county.

Yours very truly,

JACK COLLINS,
Chairman, PMA County Committee,
Marion County.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Lebanon, Tenn., May 5, 1950.

Hon. LINDLEY BECKWORTH,
Member of Congress,
Washington, D. C.

DEAR SIR: Your letter, not addressed to any county, reached us today. It may have been intended for a Texas County. However in answer to your questions we are glad to give the following information on the 1950 cotton allotments for Wilson County, Tenn.:

Number of cotton farms: 43.
Number receiving less than 5 acres: 34.
New producer applications: 6.
Acreage to distribute: 13.6.
Number receiving zero: None.
Percentage regarded as genuine farmers: 100 percent.
Recent amendment helped how many new producers: None.
Old producers: None.
Estimated number that will not grow cotton: 7.
Estimated number that will cease farming: None.

Yours very truly,

F. K. WRIGHT,
Chairman, Wilson County PMA Committee.

DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT AGENCY,
Spencer, Tenn., May 6, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: Here are the answers to the questions in your letter of May 3, 1950, in regard to cotton producers of this county.

We have 23 cotton producers in our county; 16 farmers received less than 5 acres of cotton; 9 new producers applied for acreage. There were 27.5 acres to distribute among the new producers. The new producers that applied for acreage got from 1 to 5 acres. None of the new applicants received zero acres.

We regard about 90 percent of the new producers as genuine farmers.

The recent cotton amendment did not help any in acres for the new producers, nor the old ones.

We believe that about 10 percent of producers receiving less than 5 acres will grow no cotton. About 10 percent will cease to farm for themselves.

Yours very truly,

CHARLES E. KELL,
Chairman, Van Buren County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Shelbyville, Tenn., May 16, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: This is to acknowledge receipt of your letter of May 5, requesting certain cotton data from this county.

We are sorry to say that due to the heavy work load in the office we are unable to prepare this information for you at present.

If you should need this information later please contact us and we hope to be in a better position to furnish it.

Yours very truly,

J. F. SHARP,
Secretary, Bedford County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Nashville, Tenn., May 23, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: This will acknowledge receipt of your letter of May 17 request-

ing the number of producers who applied for additional cotton acreage by counties. We are listing below the counties in this State and the number of producers who requested additional acreage under the provisions of Public Law 471, Eighty-first Congress:

Bedford	5
Benton	140
Blount	0
Bradley	41
Cannon	0
Carroll	1,508
Chester	564
Coffee	31
Crockett	931
Davidson	1
Decatur	134
DeKalb	0
Dickson	0
Dyer	1,062
Fayette	104
Franklin	245
Gibson	1,950
Giles	542
Grundy	0
Hamilton	33
Hardeman	499
Hardin	358
Haywood	267
Henderson	523
Henry	450
Hickman	2
Humphreys	0
Knox	0
Lake	36
Lauderdale	576
Lawrence	772
Lewis	5
Lincoln	827
Loudon	0
McMinn	1
McNairy	783
Madison	295
Marion	21
Marshall	20
Maury	12
Meigs	21
Monroe	0
Montgomery	0
Moore	5
Obion	247
Perry	6
Polk	7
Rhea	0
Roane	1
Robertson	0
Rutherford	68
Sequatchie	0
Shelby	434
Stewart	0
Tipton	656
Van Buren	0
Warren	6
Wayne	158
Weakley	202
White	1
Williamson	1
Wilson	2

Assuring you that it has been a pleasure to serve you in this instance, I am

Yours very truly,

CARL FRY,
Chairman State PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Dresden, Tenn., May 9, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: We give you the following information relative to cotton production in Weakley County, Tenn., as requested in your inquiry of May 3:

Number cotton producers: 3,230.

Number farmers receiving less than five-acre allotments: 1,146.

Number new producers applied for acreage: 209.

Number acres distributed to new producers: 460.7.

How much did each get: .6464 (percent of request).

Number zero allotments: 40.

Percent new producers regarded as genuine farmers: 30 percent.

How much in acres did recent cotton amendment help new producers: None.

How much in acres did recent cotton amendment help old producers: 300 (review committee still in session).

How many producers receiving less than five acres will grow no cotton: 250.

How many will cease to farm for themselves: —.

G. B. FOWLER.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Bolivar, Tenn., June 27, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR SIR: In answer to your letter of May 2, we have now been authorized to go ahead in answer to your questions.

We have 2,172 cotton producers in this county. Three hundred and fifty farms received less than 5 acres of cotton. One hundred and fifteen farmers applied for new cotton allotment. There were 280.7 acres to distribute among new producers. They each received 0.58872 of their requested acreages. Cnly one received zero acres. About 60 percent are genuine farmers. The recent cotton amendment helped none of our new producers. The new amendment helped the old ones 1,439.4 acres. About 5 percent of our producers receiving less than 5 acres probably will grow no cotton. About 5 percent will cease to farm for themselves.

Sincerely,

B. T. LAKE,
Chairman, Hardeman County PMA Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Boydton, Va., June 30, 1950.

Mr. LINDLEY BECKWORTH,
Washington, D. C.,

DEAR SIR: In reply to your letter of May 3, 1950, and May 18, 1950, in regard to the cotton and peanut allotments in Mecklenburg County, Va. Enclosed are answers to your questions listed in order. We are sorry that we could not get this report to you sooner.

Very truly yours,

R. H. BEVELL,
Secretary, Mecklenburg PMA County Committee.

COTTON ALLOTMENTS IN MECKLENBURG COUNTY, VA.

1. 1,171.
2. 865.
3. 59.
4. 82 on State level.
5. 0.1 to 0.4 acre.
6. None.
7. All.
8. 259.4.
9. 15.5.
10. 12 percent.
11. Very few.

PEANUT ALLOTMENTS IN MECKLENBURG COUNTY, VA.

1. Number peanuts produced: 72.
2. Do not know, peanuts minor crop in this county.
3. Not applicable since question No. 2 not answered.
4. 19 received allotments less than 2 acres.
5. Not any.
6. None.
7. 4.
8. 5.5.
9. 1 to 2 acres.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Dinwiddie, Va., July 7, 1950.

Mr. LINDLEY BECKWORTH,
Member Congress,
Washington, D. C.

DEAR MR. BECKWORTH: Listed below you will please find the questions with applicable answers contained in your letter of May 3, 1950, requesting certain cotton data for Dinwiddie County, Va.:

1. How many cotton producers are in your county? Answer: Number allotments group I and II, 266.
2. How many farmers in your county received less than 5 acres of cotton? Answer: 258.
3. How many new producers applied for acreage? Answer: 26.
4. How much acreage was there to distribute among the new producers in your county? Answer: 2.9 acres.
5. How much did each get? Answer: About 0.1 acre.
6. Did any receive zero acres? Answer: No eligible new grower applicant received no allotment.
7. What percent of the new producers do you regard as genuine farmers? Answer: 100 percent.
8. How much in acres did the recent cotton amendment help your new producers? Answer: None.
9. The old ones? Answer: 26.1 acres.
10. How many of your producers receiving less than 5 acres probably will grow no cotton? Answer: 50 percent.
11. How many will cease to farm for themselves? Answer: None.

With best wishes, I am

Very truly yours,

F. W. YOUNG,
Secretary, Dinwiddie PMA County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Halifax, Va., June 28, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 3, requesting information concerning cotton producers in Halifax County. I am listing below the questions asked and answers following each question:

Number of cotton producers in the county: 12.

Number of farmers receiving less than 5 acres of cotton: 12.

Number of new producers applying for new allotments: None.

Number of acres distributed among new growers in the county: Zero.

The number of acres given farmers under recent cotton amendments: Zero.

Number of farms expected not to grow any cotton for 1950: None.

I hope that I have answered the above questions clearly. There has been very little cotton grown in Halifax County since 1942 and most of the allotments were established from war-crop credits. It is the opinion of the county committee that Halifax County farmers will not grow cotton to any large extent since they are unable to produce large enough yields to grow it profitably.

Very truly yours,

W. W. HANKINS, Jr.,
Secretary, Halifax PMA County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Princess Anne, Va., May 8, 1950.

Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D. C.

MY DEAR MR. BECKWORTH: In our county there are fifteen cotton producers, all of

these having less than 5 acres. There were no applications for new producers. We understand that there will be applications for new producers in 1951.

The recent cotton amendment did not help our old producers. We think that all producers receiving less than 5 acres will grow cotton and they will continue to farm for themselves.

Very truly yours,
LUCILLE A. BASS,
Secretary, Princess Anne PMA County Committee.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Lawrenceville, Va., June 30, 1950.

Mr. LINDLEY BECKWORTH,
House of Representatives, Washington, D. C.

DEAR MR. BECKWORTH: In reply to your letter of May 3, in regard to cotton acreage in Brunswick County:

1. Number of growers: 1,446.
2. Less than 5 acres: 1,151.
3. New growers: 79.
4. Divided among them: 10.3 acres.
5. Each got: From 0.1 to 0.4 acre.
6. Zero allotment: None.
7. Regarded as genuine farmers: 50 percent.
8. Amendment helped new producers: None; old ones, 359.3 acres.
9. Will grow no cotton that received less than 5 acres: 150.

Yours truly,
W. P. HOUSE,
Secretary, Brunswick PMA County Committee.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 3132)
(To accompany H. R. 5372)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the Bill (H. R. 5372) to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and of Standing Rock Reservation in South Dakota and North Dakota for Indian lands and rights acquired by the United States for the Oahe Dam and Reservoir, Missouri River development, and for other related purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment insert the following:

"That the Chief of Engineers, Department of the Army, jointly with the Secretary of the Interior, representing the United States of America, are hereby authorized and directed to negotiate contracts containing the provisions outlined herein separately with the Sioux Indians of the Cheyenne River Reservation in South Dakota and with the Sioux Indians of the Standing Rock Reservation in South Dakota and North Dakota, through representatives of the two tribes appointed for this purpose by their tribal councils.

"SEC. 2. The contracts made pursuant to section 1 of this Act shall—

"(a) convey to the United States the title to all tribal, allotted, assigned, and inherited lands or interests therein belonging to the Indians of each tribe required by the United States for the reservoir to be created by the construction of the dam across the Missouri River in South Dakota, to be known as Oahe Dam, including such lands along the margin of said reservoir as may be required by the Chief of Engineers, United States Army, for the protection, development, and use of said reservoir: *Provided*, That the date on which the contract is signed by Chief of Engineers, United States Army, and the Secretary of the Interior shall be the date of taking by the United States for purposes of determining the ownership of the Indian tribal, allotted, and assigned lands conveyed thereby to the United States, subject to the determinations and the payments to be made as hereinafter provided for;

"(b) provide for the payment of—

"(1) just compensation for lands and improvements and interests therein, conveyed pursuant to subsection (a);

"(2) costs of relocating and reestablishing the tribe and the members of each tribe who reside upon such lands so that their economic, social, religious, and community life can be reestablished and protected: *Provided*, That such costs of relocating and reestablishing the tribe and the members of each tribe who reside upon such lands shall not result in double compensation for lands and properties to the tribe and members of each tribe; and

"(3) costs of relocating and reestablishing Indian cemeteries, tribal monuments, and shrines located upon such lands;

"(c) provide that just compensation for the lands of individual members of such tribes, who reject the appraisal covering their individual property, shall be judicially determined in proceedings instituted for such purpose by the Department of the Army in the United States district court for the district in which the lands are situated;

"(d) provide a schedule of dates for the orderly removal of the Indians and their personal property situated within the taking area of the Oahe Reservoir within the respective reservations: *Provided*, That the Chief of Engineers shall have primary and final responsibility in negotiating concerning the matters set out in the foregoing paragraphs (a) and (b) hereof;

"(e) provide for the final and complete settlement of all claims by the Indians and tribes described in section 1 of this Act against the United States arising because of construction of the Oahe project.

"SEC. 3. To assist the negotiators in arriving at the amount of just compensation as provided herein in section 2 (b) (1), the Secretary of the Interior or his duly authorized representative and the Chief of Engineers, Department of the Army, or his duly authorized representative shall cause to be prepared an appraisal schedule on an individual tract basis of the tribal, allotted, and assigned lands, including heirship interests therein, located within the taking areas of the respective reservations. In the preparation thereof, they shall determine the fair market value of the lands, giving full and proper weight to the following elements of appraisal: Improvements, severance damage, standing timber, mineral rights, and the uses to which the lands are reasonably adapted. They shall transmit the schedules to the representatives of the tribes appointed to negotiate a contract, which schedules shall be used as a basis for determining the amount of just compensation to be included in the contracts for the elements of damages set out in section 2 hereof.

"SEC. 4. The specification in sections 2 and 3 hereof of certain provisions to be included in each contract shall not operate to preclude the inclusion in such contracts of other provisions beneficial to the Indians who are parties to such contracts.

"SEC. 5. (a) The contracts negotiated and approved pursuant to this Act shall be submitted to the Congress within eighteen months from and after the date of enactment of this Act.

"(b) No such contract shall take effect until it shall have been ratified by Act of Congress and ratified in writing by three-quarters of the adult members of the two respective tribes designated in Section 1 hereof, separately, within nine months from the date of the Act ratifying each said contract: *Provided*, That in the event the negotiating parties designated by Section 1 of this Act are unable to agree on any item or provision in the proposed contracts, said items or provisions shall be reported separately to the Congress as an appendix to each contract, and shall set out the provisions in dispute as proposed by the advocates thereof for consideration and determination by the Congress.

"SEC. 6. Nothing in this Act shall be construed to restrict the orderly prosecution of the construction or delay the completion of the Oahe Dam to provide protection from floods on the Missouri River."

And the Senate agree to the same.

J. HARDIN PETERSON,
TOBY MORRIS,
WESLEY A. D'EWART,
Managers on the Part of the House.

ERNEST W. MCFARLAND,
HUGH BUTLER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (H. R. 5372) to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and of Standing Rock Reservation in South Dakota and North Dakota for Indian lands and rights acquired by the United States for the Oahe Dam and Reservoir, Missouri River development, and for other related purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amended the bill, as passed the House, by striking all after the enacting clause and inserting in lieu thereof that language as is contained in the bill agreed to by the conferees, except that in section 5 (b) the following language was inserted: "and ratified in writing by three-quarters of the adult members of the two respective tribes designated in Section 1 hereof, separately, within nine months from the date of the Act ratifying each said contract: *Provided*, That in the event the negotiating parties designated by Section 1 of this Act are unable to agree on any item or provision in the proposed contracts, said items or provisions shall be reported separately to the Congress as an appendix to each contract, and shall set out the provisions in dispute as proposed by the advocates thereof for consideration and determination by the Congress."

J. HARDIN PETERSON,
TOBY MORRIS,
WESLEY A. D'EWART,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SOIL CONSERVATION

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, the farmer has begun to take his place as one of the most important cogs in American industrial and economic life. It has been said, and I believe it is true, that unless the farmer, and by that I mean all kinds, has prosperity we will experience a great depression in this country, if not throughout the world. Therefore, since this has become a recognized fact, I believe it is up to all segments of American society to see that the farmer is able to make a decent and living wage, to clothe and educate his family, and live on a plane equal to any other segment of our society.

I think this Congress and future Congresses should do more to consider the small farmers of the Nation, because these problems hit him and his family harder than the big land owners. Perhaps he just raises a few hogs, cattle, or sheep for the market, or perhaps some grains or vegetables. However, when we take the combined efforts of these small contributions and add them together several million times, because we do have at least four or five millions of these small farmers, their combined products are enormous. I believe their economic life has much more bearing on the welfare of the Nation than do the large farms of the Nation. One way certainly to be thinking of helping them is in terms of soil conservation.

Today we think in terms of utter destruction by the atom bomb, but how few of us realize the inestimable amount of soil that is removed in a few hours by a flooding rain. Soil that required many centuries to form and by which the people of the world subsist, the beginning and ending of all life.

Something must be done, and done quickly, if we hope to preserve for ourselves and for future generations the oldest possession in the world—the soil. If we are to continue as the world's greatest agricultural land, then we must at once put into operation a rigid system of soil-saving operations. Since the beginning of time we have been making a living off the land, but we have been neglectful in protecting the land. Soil and water is the foundation of America, for everything we do is built from the productivity of our agricultural lands. No one needs to be reminded of the importance of our water resources. We need a soil-conservation program which will be of lasting benefit to the farmer and to every American. We need a program which will assist in helping our citizens to make proper use of their soil and water resources and do the job in the shortest possible time.

No nation has ever despoiled as beautiful and wonderful a country as ours in so short a time. History is repeating itself. We are traveling the same road that the great nations of antiquity traveled before us, but at a much faster rate. We are destroying in decades what it took them centuries to devastate. They did not have tractors, modern plows, discs, and tillage implements that we have. We are going forward at a rapid rate of speed in our depletion and devastation. Yet, only a few of our people are alarmed or concerned over the fact that one-half of our original topsoil is already gone and we will probably lose the rest in less time than it took to destroy the first half.

In many parts of our country where once lay heavy, black, rich soil, now you see the yellow soil coming through. We must have a Nation-wide cooperative effort to stop this devastation. This is not just a farmer's problem—it is everybody's problem. From all strata of our society we must start thinking and working at this job of conserving our national resources.

It takes from 200 to 800 years to build 1 inch of topsoil. But this topsoil could be washed or blown away in a few years, or even a few weeks, if the areas are flooded or duststorms occur often and the soil is unprotected.

All Americans must awaken and realize the importance of these factors to life and living. We must, therefore, preserve soil, water, wildlife, forestry, and human life.

Conservation movements are results of scientific developments and a desire to prevent waste and make the most of nature's gifts. It is an attempt to prevent destruction and exploitation and to conserve for the bad years. It is important to man's existence.

The farmers in the United States have been called upon during the past 30 years to produce food to win two wars, and food for civilian population of foreign countries, both allies and conquered. Had it not been for our soil-conservation program we could not have met our goal during these times of emergency.

We know that farmers themselves are best qualified to administer their own national conservation program on a local and community level.

We must have a legislative and administrative program to insure a more stable income for our farmers; increase the speed and quality of soil-conservation work in the Nation, while strengthening the farmer-managed institutions engaged in such work. Above all, we must put into effect a program to put our agricultural house in order for any national or international emergency.

A productive and prosperous agriculture is a must for the Nation's prosperity. The wealth of our Nation is wholly dependent upon the productivity of our soil.

In insuring a more stable income for our farmers, we will in turn insure an adequate and stable income for workers, business, and industry. Man has never been conscious of the rate at which his misuse has depleted the very thing that gave him life and in the absence of which he cannot expect to exist.

We need a national conservation survey, a conservation timetable, and technical assistance to help in effecting proper land use and conservation treatment to be made available to all farmers. To encourage proper use and conservation of our agricultural resources, land-use conversion, soil-conserving, and soil-building payments and grants-in-aid should be made available.

Soil erosion has been, and is, one of the most wasteful situations in the history of the world. If we face the problem squarely we can meet it and save our country from destruction. The only way to insure the prosperity of the people of our great Nation is to conserve its soil—its most important resource.

On June 26, 1950, when the Commodity Credit bill was before the Senate the vote was 35 to 35, with the Vice President casting the deciding vote to save this important farm-price-support program.

It was interesting to me to note that every Republican present, along with three Democrats, voted to kill the measure which has been a great instrument in putting our farmers on the level with other segments of our society.

It is also interesting to note that 35 Democrats voted for the measure and it was a Democratic Vice President, ALBEN BARKLEY, who voted to break the tie and save the disintegration of our farm program and chaos in the Nation.

This should prove once and for all to any thinking man or woman in the Nation which party is in favor of legislation helpful to the farmer.

These are the facts. Let us look at the record and decide. I was happy to have voted for the bill and work for its passage when it was before the House.

THE SCREENING OF SEAMEN

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, under the guise of a national emergency—which, incidentally, has never officially been declared—the United States Coast Guard has instituted the return of the blacklist to employment at sea. The Coast Guard claims that it is screening seamen and other maritime personnel for security risks. They have published no regulations, given no outline of their procedure, and have no standards except their own dogmatic and arbitrary determination of what constitutes a security risk.

The Coast Guard has thus given union-busting employers the perfect weapon for returning the dread blacklist to employment at sea. That blacklist has been used in the past to break unions and to discriminate, particularly against Negro and Puerto Rican seamen, in the interests of keeping the open shop at sea. Powerful unions, such as the NMU, the Marine Cooks & Stewards, and the ILWU have made big strides toward breaking down irregular employment at sea and establishing the principle of union hiring halls, probably the greatest advance in labor relations for maritime workers.

The Coast Guard's screening tests completely break down this tremendous advance of the seamen's unions. It returns not only the blacklist, but the open

shop and the most arrogant discrimination in the interest of establishing company unionism at sea. It is perfectly obvious that the Coast Guard, which for many years has worked closely with anti-union shopowners, will use the screening tests to screen out the most active and militant seamen and to bring back discrimination.

This has already happened. It is no accident that three-fourths of the NMU members who have been screened out of ships are Negro or Puerto Rican members, particularly those who have held key jobs aboard passenger vessels. Thus a union which in the past has built itself by wiping out discrimination and uniting white and Negro workers is being destroyed by the Coast Guard's lily-white screening. Unfortunately there are elements in the NMU leadership, which encourage this device in order to root out rank and file opposition to their arbitrary leadership.

The seamen defer to no group in their patriotism. As everyone knows, the members of the maritime unions sustained a higher rate of casualty during the war than any group of the Armed Forces—bar none. These men do not have to prove their patriotism. They surely do not deserve such arbitrary treatment at the hands of the Coast Guard or any other agency of Government.

On the west coast, the members of the Marine Cooks & Stewards Union have been particularly subject to this infamous blacklisting procedure. The papers of marine personnel have been confiscated by the Coast Guard. Cooks and stewards have been unceremoniously removed from ships. They have been given no hearing. It is perfectly apparent from case after case, in no way remotely connected with security, that members of the union are being kicked off the ships simply because they are militant union men. A leading member of the union was blacklisted off the steamship *Alaska* prior to a passenger tourist trip to Alaska. What security risk could have been involved in this pleasure trip, if the same member of the union was permitted to buy a ticket and sail on the cruise as a passenger?

The shipowners, hiding behind the flag, super-dollar-patriots all, work hand in glove with the Coast Guard to eliminate militant seamen. This is their golden day—the chance to push seamen's working conditions back to the good old days by the blacklist and union busting.

PERMISSION TO ADDRESS THE HOUSE

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a report from the Citizens Committee for the Hoover Report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. BROWN of Ohio addressed the House. His remarks appear in the Appendix.]

WE NEED A LONG-RANGE SHIPBUILDING PROGRAM TO END THE FEAST-AND-FAMINE EXISTENCE OF THE SHIPBUILDING INDUSTRY

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey [Mr. WOLVERTON]?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, the situation that exists in our Nation's shipyards is one that demands immediate relief. Shipyards that have had useful careers have had to close their gates because of lack of work. Thousands of shipworkers have been turned loose to shift for themselves. Organizations that have taken years to build into efficient working forces have been disseminated. They are lost to the shipbuilding industry. They have gone into other industries that give promise of greater continuity of work.

The shipbuilding industry in this country has been on a feast-and-famine basis so often since World War I that it is fast losing its appeal to the skilled worker as a means of livelihood. We never seem to learn. During World War I the industry was revived only after long delay and at great additional cost to the Government and the taxpayers. When the war emergency was over we permitted it to deteriorate until it became almost a dead industry. When World War II came upon us it was again necessary to revive it. It had to be built up from the very bottom. The resultant delay and the additional cost was again experienced. As soon as World War II was over our shipbuilding forces were again disbanded. With the exception of a few contracts, in a small number of shipyards, there was no work for most of the yards. Now, in the face of another emergency we are caught with no ready plans for an adequate shipbuilding program. I repeat, when will we ever learn?

The provoking part of the whole matter is, that while our Nation has been sleeping on the job, other nations have been awake. They have been and are now building like mad. The very nations who are depending upon us for financial aid are building ships. Why can't we use some of this money to build ships in this country. Surely we have obligations at home as well as abroad.

Today, while I am speaking to you, 3,000 shipworkers at the Camden, N. J., plant of the New York Shipbuilding Co., are walking the streets without work. They were suddenly stripped of their jobs, during the last few days, because the present war emergency has necessitated a change of plans. Why isn't there a shipbuilding policy that will contemplate contingencies instead of waiting until the emergency is upon us?

What this Nation needs is an awakening from its Rip Van Winkle slumber, a realization of the need of ships, and, the adoption of a long-range policy that will put our shipbuilding industry on a permanent basis rather than a feast and famine existence.

HON. FRANK KEEFE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, in recent years no Member of the House has been more active and interested in general legislation than the gentleman from Wisconsin [Mr. KEEFE], who some months ago announced he would not stand for reelection in 1950. This was a shock to all of us; however, we well know that FRANK KEEFE's retirement from Congress meant he would logically be a candidate for Governor or United States Senator from Wisconsin. This feeling was general, and I might say was the accepted fact in the House.

FRANK KEEFE is an indefatigable worker and there is so much work to do in Washington, but even one of his powerful physique feels the impact. As a conscientious member of the great Appropriations Committee, few, if any men in the House knew more about the housekeeping, the efficiency and the expense of all Federal Government projects and operations. He was a walking encyclopedia so far as Presidential budgets were concerned. He would not heed the advice of friends that no man could continue long at the pace he was going. The natural result followed, and Mr. KEEFE is now convalescing from a serious heart attack, as we are advised. We all anticipate his complete recovery. If our hopes are realized, we are sure that FRANK KEEFE's public service has not ended. He has the ability; he has the know-how; and he would be a valuable asset to the United States Senate.

Mr. KEEFE received his law degree from the University of Michigan at Ann Arbor. We of Michigan are especially interested in him and, I might say, very proud of him.

The entire Membership of the House is praying for Mr. KEEFE's speedy recovery and hopes the future brings him success, happiness, and satisfaction.

HON. ALBERT J. ENGEL

Mr. MICHENER. Mr. Speaker, the Eighty-second Congress will not seem quite the same without that hard-working, energetic, effective, and outstanding member of the Appropriations Committee in the House, ALBERT J. ENGEL, of Michigan.

Mr. ENGEL has saved the Nation literally millions of dollars because of his aggressiveness and penetrating tenacity in his determination to reduce the taxpayers' burdens. As a member of the Committee on Appropriations, he never supported an appropriation that in his opinion was not absolutely essential to the carrying on of the Government and adequately defending that same Government to which he, along with all other citizens, owed so much. His position on the committee has been such that his judgment and his approval or disapproval of Presidential budgets carried much weight. In short, when an appro-

priations bill was before the Congress, the common query from the membership was: "What does ENGEL think about this appropriation?"

Albert was never a political partisan in making legislative decisions. With a long and outstanding career in the State senate, he came to Washington to do a job and the CONGRESSIONAL RECORD is replete in recording his accomplishments. He is a young man and he leaves the Congress of his own volition, but we have his assurance he will carry on in his own State of Michigan to the end that there be clean, efficient, adequate, and economical administration of public affairs. It is a foregone conclusion that he will be heard from in the future.

HON. ROBERT F. RICH

Mr. MICHENER. Mr. Speaker, the fall of the gavel at the close of the Eighty-first Congress will terminate the congressional career of Representative ROBERT RICH, of Pennsylvania. I am sure those who have served in Congress with Mr. RICH and who are in the Eighty-second Congress will miss him much.

There is only one BOB RICH. A genuine Christian gentleman, he is as unique as he is sound, forthright, courageous, able, and conscientious. As a businessman, he was a splendid success in industry. He had met and knew how to meet payrolls in good times and bad times. When he came to Congress, he was apparently immune to the spend and spend, and elect and elect fever. Whenever money was to be spent by the Federal Government that was not absolutely necessary in the public interest, Bob's temperature rose. The Congress always knew when the boiling point was reached because then and there he shouted his familiar slogan: "Where are you going to get the money"? Bob knew he could not run his factory in Pennsylvania indefinitely without a "pay as you go" policy. To him industry, long hours, and thrift were still words of virtue. He used them often and he always meant what he said. I generally agreed with him; however, he was always tolerant of the views of others, and he is one of those men who can disagree without being disagreeable.

Bob is not the only member of the Rich family who will be missed in Washington. When he first joined us, he brought with him a charming wife and four daughters, all of whom were popular and active in Washington circles. The daughters are now married and Bob is proud at the least provocation to tell about the grandchildren.

It is regrettable that Mrs. Rich's health has been such that Bob feels called upon to voluntarily relinquish his congressional duties. His decisions are always buttressed by reasons which seem to him sufficient, and when he retires to his domain in Woolrich, Pa., we all wish for him and the good wife many years of happiness and good health. Those who know BOB RICH are sure he will not sit by the roadside and watch the the world go by, but will carry on as a leader in his community and continue to make this a better world in which to live.

Good luck, Bob, and God bless you.

UNITED NATIONS

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a pamphlet on the United Nations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JENSEN. Mr. Speaker, many people have asked me to give them some idea of just how the United Nations operates—what it is, what it does, and how it works. Recently the Lions Club of America sent me a pamphlet which explains the United Nations in very concise and clear terms, and explains what it is and what it does and how it works.

(The pamphlet is as follows:)

UNITED NATIONS—WHAT IT IS, WHAT IT DOES, HOW IT WORKS

The great majority of mankind—at that time some 1,700,000,000 people represented by the delegates of 50 nations—resolved on June 26, 1945, "to combine our efforts" to make a secure and better world through "an international organization to be known as the United Nations." On that day, at San Francisco, they signed the Charter.

Some weeks later, Poland signed in a space reserved for her, as she had been an original signatory of the United Nations Declaration in 1942, but had been unable to participate in the Conference. In 1946, four other nations were admitted; in 1947, two; and in 1948 and 1949, one each, bringing the total to 59.

To maintain international peace and security; to develop friendly relations among nations based on the equal rights and self-determination of peoples and to take other appropriate measures to strengthen peace; to achieve cooperation in solving international economic, social, cultural, and humanitarian problems and in promoting and encouraging respect for human rights and fundamental freedoms for all without distinction of race, sex, language, or religion; to be a center for harmonizing the actions of nations in achieving these ends: these are the purposes of the United Nations.

The United Nations is founded on these basic principles:

All member states are sovereign and equal.

All are pledged to fulfill their obligations under the Charter in good faith.

All are pledged to settle their disputes by peaceful means and in such manner as not to endanger peace, security, and justice.

In its international relations no member shall use or threaten force against the territory and political independence of any state or behave in any manner inconsistent with the purposes of the United Nations.

All are pledged to give every assistance to the United Nations when, in accordance with the Charter, it takes any action, and also not to give assistance to any state against which the United Nations is taking action to preserve or restore peace.

So far as it is necessary to preserve peace and security, the organization shall ensure that countries which are not members shall also act in accordance with the principles of the Charter.

The United Nations shall not intervene in matters which are essentially within the domestic jurisdiction of any state except when it is acting to enforce the peace.

Membership in the United Nations is open to all peace-loving states which accept the obligations of the Charter and are judged by the organization to be able and willing to carry out these obligations.

With a scope fully as extensive as the whole range of international relations, the United Nations had necessarily to be organized as a group of bodies and the Charter therefore created six "principal organs."

These are the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat.

THE GENERAL ASSEMBLY

The main deliberative organ of the United Nations and the nearest equivalent yet to a parliament of man is the General Assembly. Meeting usually once a year, the General Assembly has the right to discuss and make recommendations on all matters within the scope of the Charter. It also has the right to discuss the powers and functions of all other organs. It initiates studies and makes recommendations to member states and to other organs for promoting international cooperation in political, social, economic, cultural, educational and health matters.

All member states are represented in the General Assembly, and each has one vote though it may send as many as five representatives to the sessions. On ordinary matters, the Assembly reaches its decisions by a simple majority of those present and voting, and on important matters, by a two-thirds majority.

The one exception to the Assembly's powers to make recommendations arises when the Security Council is dealing with a dispute or situation. In this event, the Assembly may discuss the matter but cannot make a recommendation unless requested to do so by the Council.

The Assembly's power to discuss the working and functions of the other organs gives it a central position in the organization. All the organs of the United Nations, including the Security Council, submit annual and special reports to the General Assembly whose duty it is to consider these reports. The Assembly further elects the six nonpermanent members of the Security Council, all the 18 members of the Economic and Social Council, and a varying number of members of the Trusteeship Council. Voting independently, the General Assembly and the Security Council elect the judges of the International Court of Justice. Upon the recommendation of the Security Council the General Assembly admits new members and appoints the Secretary-General who controls the Secretariat.

It is the General Assembly which holds the purse strings, for it considers and approves the budget of the whole organization and apportions the expenses among the member states. The United Nations is maintained by contributions from its members.

THE SECURITY COUNCIL

Eleven members, five of them permanent and six elected by the General Assembly, compose the Security Council, the organ on which member states have conferred primary responsibility for maintaining peace and security. In performing its functions the Security Council acts on behalf of the member states, all of whom have agreed to accept and carry out its decisions.

The five permanent members are China, France, the U. S. S. R., the United Kingdom, and the United States. The nonpermanent members are elected by the General Assembly for 2-year terms, and are not eligible for immediate reelection.

Each member of the Security Council has one vote. Decisions on procedural matters are made by an affirmative vote of at least 7 of the 11 members. Decisions on substantive matters also require only seven votes, but these seven must include the concurring votes of all the five permanent members: This is the rule of "Great Power unanimity," popularly referred to as the "veto." When the council is taking measures for pacific settlement, a party to the dispute must abstain from voting.

Because the maintenance of peace requires constant vigilance and may call for prompt

action, the Security Council is in permanent session and generally meets at least once a fortnight. Should it so decide, the Council may hold its meetings at places other than headquarters.

The Security Council has the right to investigate any dispute or situation which might lead to friction between two or more countries, and such disputes or situations may be brought to the Council's attention either by one of its members, by any member state, by the General Assembly, or by the Secretary-General, or even, under certain conditions, by a state which is not a member of the United Nations.

It has the right to recommend ways and means of peaceful settlement and, in certain circumstances, the actual terms of settlement.

In the event of a threat to or breach of peace or an act of aggression, the Security Council has powers to take enforcement measures in order to restore peace and security. These include severance of communications, of economic and diplomatic relations and, if required, action by air, land, and sea forces.

All members of the United Nations are pledged by the Charter to make available to the Security Council on its call and in accordance with special agreements, the armed forces, assistance and facilities necessary to maintain peace and security. (These agreements are yet to be negotiated.)

Under the Security Council is a military staff committee, composed of the chiefs of staff of the five permanent members or their representatives, which advises and assists the Council on all military matters.

The General Assembly established in January 1946 an Atomic Energy Commission which works under the directions of the Security Council.

In February 1947 the Security Council established a Commission on Conventional Armaments.

THE ECONOMIC AND SOCIAL COUNCIL

Working under the authority of the General Assembly, the Economic and Social Council seeks to build a world of greater prosperity, stability and justice.

It makes studies, reports and recommendations on international economic, social, cultural, educational, health and related matters and also with respect to human rights and fundamental freedoms for all. It prepares draft conventions on these subjects for submission to the General Assembly. It calls international conferences when needed. It gives information and assistance to the Security Council as required and, with the approval of the General Assembly, performs services within its scope for member States.

Composed of 18 member states elected by the General Assembly, the Economic and Social Council meets as often as is required to perform its duties. It arrives at its decisions by a majority of those present and voting.

Even before the founding of the United Nations, several intergovernmental agencies were at work to deal with specific problems. Some of these have been in existence for many years, such as the International Labor Organization, founded in 1919. Others, like the United Nations Food and Agriculture Organization, were established after World War II. It is one of the important tasks of the Economic and Social Council to bring these organizations, called "Specialized Agencies," into relationship with the United Nations by negotiated agreements and to coordinate their activities.

New specialized agencies may become necessary to deal with special problems and, in that case, it is the Economic and Social Council which initiates the negotiations to bring them into existence.

In order to help it discharge its functions, the Economic and Social Council appoints Commissions to deal with particular aspects of its work. These Commissions are small bodies of international authorities on special subjects, and they give expert advice to the council. New commissions may be created by the council as required.

Representatives of the Specialized Agencies participate without vote in the proceedings of the Economic and Social Council. The council also makes consultative arrangements with approved voluntary or nongovernmental organizations.

THE TRUSTEESHIP COUNCIL AND NON-SELF-GOVERNING TERRITORIES

In an article of profound significance, the Charter proclaims two principles with respect to countries which have not yet attained self-government. The interests of the inhabitants of these areas are paramount, the declaration says, and member states which administer such areas accept certain obligations as a sacred trust—obligations to promote political, economic, social, and educational advancements; to provide just treatment and a protection against abuses; to develop self-government; to further international peace and security; and to encourage constructive development.

In accordance with this declaration, member states which administer non-self-governing territories transmit reports to the Secretary-General on conditions in these territories. These reports are studied and analyzed, and come up for discussion before the General Assembly and other organs so that the world is fully apprised of progress in these areas.

The Charter also sets up a trusteeship system for the administration and supervision of territories which are placed under the system by member states. Each member placing a territory under the trusteeship system submits a trust agreement. The agreement may designate the member country, any other country, or the United Nations as the administering power to administer the area under the terms of the trust agreement. These terms have to be agreed upon by the states directly concerned and to be approved by the General Assembly or, in the case of areas designated as strategic, by the Security Council.

The Trusteeship Council, which operates under the authority of the General Assembly, is the principal organ which performs these functions. As regards the strategic areas, the Security Council has to avail itself of the assistance of the Trusteeship Council on political, economic, social, and educational matters.

The Trusteeship Council is composed of (1) member countries administering trust territories; (2) permanent members of the Security Council which are not administering trust territories; and (3) as many other members (elected for 3-year terms by the General Assembly) as may be necessary to ensure equality in numbers between administering and non-administering members.

The Trusteeship Council considers reports submitted by the administering authority. It accepts petitions and examines them in consultation with the authority. It may provide for periodic visits to the trust territories, and takes other measures in conformity with the terms of trusteeship agreements.

THE INTERNATIONAL COURT OF JUSTICE

The principal judicial organ of the United Nations is the International Court of Justice which sits at The Hague in Holland. Fifteen judges elected independently by the Security Council and the General Assembly compose the Court.

The Court functions under a statute which is a part of the Charter of the United Nations, and every member state of the United Nations, therefore, has automatic access to the Court. Every member is also pledged to comply with the decisions of the Court in any case to which it is a party.

The jurisdiction of the Court comprises all cases which the parties refer to it, and all matters specially provided for in the Charter or in treaties and conventions in force.

In addition to judging legal disputes which are submitted to it, the Court performs an important function in giving advisory opinions on legal matters which are referred to it by the General Assembly, the Security Council, and other organs and Specialized Agencies which are authorized by the General Assembly.

THE SECRETARIAT

The vast administrative functions of the United Nations are performed by the sixth principal organ, the Secretariat, the agency which, working the year round, services the other organs and administers the programs and policies laid down by them. At its head is the Secretary-General, who is appointed by the General Assembly on the recommendation of the Security Council.

In February 1946, Trygve Lie, then Foreign Minister of Norway, was appointed Secretary-General for a five-year term.

The Secretariat is divided into eight departments which are concerned, respectively, with Security Council affairs, economic affairs, social affairs, trusteeship and information from non-self-governing territories, legal matters, public information, conference and general services, and administrative and financial matters.

The duties and responsibilities of the Secretariat are exclusively international. Each member of the staff, whatever his nationality, is an internatioanl civil servant who serves the world and, in so doing, serves also the highest interests of his own country.

(For information about this folder, please refer to the nearest United Nations Information Center.)

MEMBERS OF THE UNITED NATIONS

Afghanistan, Argentina, Australia, Belgium, Bolivia, Brazil, Burma, Byelorussian Soviet Socialist Republic, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, France, Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Israel, Lebanon, Liberia, Luxemburg, Mexico, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Saudi Arabia, Sweden, Syria, Thailand, Turkey, Ukrainian Soviet Socialist Republic, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States of America, Uruguay, Venezuela, Yemen, Yugoslavia.

FEBRUARY 1950.

PREAMBLE TO THE CHARTER OF THE UNITED NATIONS

We, the peoples of the United Nations, determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom, and for these ends to practice tolerance and live together in peace with one another as good neighbors, and to unite our strength to maintain international peace and security, and to ensure by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and to employ international machinery for the promotion of the economic and social advancement of all peoples, have resolved to combine our efforts to accomplish these aims.

Accordingly, our respective governments, through representatives assembled in the city of San Francisco, who have exhibited their full powers found to be in good and due form, have agreed to the present Charter of

the United Nations and do hereby establish an international organization to be known as the United Nations.

S. 784

Mr. BOGGS of Delaware. Mr. Speaker, I ask unanimous consent to address the House for one minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. BOGGS of Delaware. Mr. Speaker, on August 31, I expected to have the opportunity to report to the Members of the House on the thorough investigation which the Subcommittee on Claims of the Judiciary Committee of the House made of all of the evidence now finally assembled after 15 years of efforts by congressional committees in connection with the case which caused the proposed legislation, namely, S. 784. The rule was not adopted, and I did not have the opportunity at that time to set forth the reasons why I was supporting S. 784.

The investigation by the House Judiciary Committee of this Congress found that the findings of the Judiciary Committees of the Senate of the Eightieth Congress and that of the Eighty-first Congress were correct, namely, that the balance of the cash bond of the claimant companies was being withheld without warranty to do so.

The companies had performed their agreement to operate three Government-owned freight vessels under specific terms; their cash performance bond had fulfilled its purpose and was returnable.

The courts found that the companies breached no contracts, and did not damage the Government to the extent of the balance of their cash bond or any part thereof. Every congressional investigation also found this to be the fact.

Two former Attorneys General and the incumbent Attorney General have advised Congress that the return of these funds are within the discretion and judgment of Congress. It is within the prerogative and duty of the Congress. Congress by its mandate discontinued the Merchant Fleet Corporation and turned over the cash in its treasury and the assets and the obligation over to the Government for liquidation, including the obligation to return to the companies the balance of their cash bond. This had at first been ascertained by the first congressional investigation, in 1936, as set forth in House Report No. 2135, dated May 25, 1950, of the House Judiciary Committee of this Eighty-first Congress in re S. 784.

The procrastinations which set in, and which have prevented return by this time, were brought about by sham and invalid contentions fabricated by the Maritime Commission. The courts and the congresional committees have ascertained the invalidity of these contentions, and the injustice brought about by the procrastinations, and the committees have sincerely condemned them.

I call attention to the text of a report by a former House Committee on Claims on another claim which many years ago finally was cleared up by congressional mandate; in that case the objectors endeavored to denounce such claim as a stale and an old claim. See report of the House Committee on Claims, Sixty-first Congress, second session, pertinent to House bill 22534, which report was published March 30, 1910; note on page 33 thereof, the following pertinent declaration:

> These claims are old, but they are not stale. As says Mr. Brumm, chairman of the House Claims Committee, in 1894, "their age is due to the failure of the Government to pay them. To defeat them on the ground of their age would be to allow the Government to take advantage of its own wrong by availing itself of its own procrastination in meeting its responsibilities. To shift this delay to the shoulders of the claimants would be manifestly unjust and wrong."

The procrastination in this case is due to the United State Maritime Commission and its predecessors. The claimant companies in this case have consistently endeavored since 1921 to have returned to them their cash property, the balance of which is now reposing in the custody of the United States Treasury, withheld there without warranty or right, used there without consideration for the companies.

The claimant companies have diligently pursued their remedies, both before administrative bodies and in the courts. In one instance, it was necessary to take a collateral matter relating to the status of the Government as a successor of the Fleet Corporation, by virtue of the 1936 Merchant Marine Act, to the Supreme Court of the United States—Supreme Court 1062, October 645m 1940—which resulted in a final determination favorable to the companies, as reported in House Report No. 2135, page 6 thereof.

All attempts by sham contentions to becloud the issue which is so simple, to wit: "The request of an escrower to have returned to him cash funds reposing in the custody of the successor of an escrowee when the funds have served their purpose as a cash bond and are returnable" have always followed the same pattern fabricated by the Maritime Commission and its predecessors; its motivation is readily recognized, namely: To prevent, or at least to procrastinate, the day when the return of the balance of the companies' cash bond may be mandated by Congress, as now provided for by the proposed legislation S. 784.

A man should not have to spend 30 years recovering money which he placed as a security bond for the performance of an agreement in good faith into the escrow with a corporation wholly owned by the Government, and which became returnable when he performed his agreement. The honor of the Government requires to return these funds as a matter of ordinary fair dealing with its citizens.

The attempt to bolster up the invalidity of objection alleged adverse to S. 784 by vexatious comments on the companies' and Schundler's perseverance to have returned to them what belongs to them, needs no comment. Mr. Schundler's testimony was affirmed in every respect, as the evidence shows, by the responsible officials who dealt in 1920–21 in behalf of the Shipping Board-Fleet Corporation with the companies; by the late President in his report to Congress as to the simple origin of the case; by the Treasury Department's Internal Revenue Bureau, by the findings of courts as to the facts; by the findings of congressional committees whose judgment was accepted by all Members of previous Congresses and by the Members of the Senate of the Eightieth and Eighty-first Congresses who approved this bill; the members of the Committee on the Judiciary of the House in this second session of this Eighty-first Congress thoroughly reexamined the evidence in this case, and consequently, approved the findings of aforesaid previous Congresses.

The status of H. O. Schundler needs no comment. Mr. Schundler was recognized here and abroad as one of the principal American operators in transocean services in the American and international cargo trades on all oceans. The evidence proves Schundler's ability and experience as a ship operator, and his moral and financial responsibility. The evidence also discloses that his operational staff was composed of the highest types of American shipwise personnel, recognized for their ability and integrity. A perusal of the history of the case, as set forth on pages 7, 17, 24 to 34 in the House Judiciary Committee's official report, House Report No. 2135, affirms the aforesaid comments.

The evidence shows that Schundler's companies paid out in their own funds $1,046.83 per day per ship as operational cost for their commercial use of each of the three vessels as long as they were operating and using the vessels until their operation and use was terminated; the companies paid a total of hire-cost-rental-operation cost of $526,559.17 for the commercial use of the vessels, and collected a total of $572,819.74 in freight, thus saving a total gross of $46,260.57; after allowing for the taxes fixed by the Internal Revenue Bureau of $30,672.95 to the Government, there remained an operational profit of $15,587.62 for the Schundler companies as a result of their efforts. At the request of the Shipping Board when its policy had changed and it had adopted a new policy requiring prescribed trade routes and prescribed conference freight rates, the Shipping Board terminated the agreements, because its new policy was in total contrast to the operation agreement existing between the Schundler companies and the Fleet Corporation, which covenanted their use of the vessels without restriction as to routes or rates. This was the effective cause of the withdrawal of the vessels from the companies' operation and use.

The considerable savings of public funds made by the Government, namely over $200,000, as a result of the Fleet Corporation's operating agreement with the Schundler companies are set forth in detail on pages 7 and 8 of the official house report, No. 2135.

The Committee on the Judiciary of this House has made its recommendations to the House that the bill S. 784 do pass, having determined that the passage of this bill is warranted by reason of equity, legality, morality, and constitutional law.

The following declaration on behalf of the committee, which was adopted from the report of Senator WILEY, reporting

on behalf of the Senate Judiciary Committee of the Eightieth Congress, and from the report of Senator McGrath on behalf of the Senate Judiciary Committee of the Eighty-first Congress, is noteworthy:

It is pertinent to remark that Schundler and his companies undeniably rendered a distinct service to the United States Government in saving the United States Government harmless from a serious loss during the period that his companies and he had the vessels under their management, custody, operation, and use. That his companies and he have been treated unjustly to date is undeniable.

EXTENSION OF REMARKS

Mr. GROSS asked and was given permission to extend his remarks and include a letter from a constituent.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to extend my remarks and include a report on the work of the Committee on Expenditures in the Executive Departments. We are all proud of the way this committee has operated under the able leadership of the gentleman from Illinois [Mr. DAWSON], and I am glad to introduce this report into the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MARTIN of Massachusetts askcd and was given permission to extend his remarks and include a letter.

Mr. GOSSETT asked and was given permission to extend his remarks.

Mr. BIEMILLER asked and was given permission to extend his remarks in four instances and in each include extraneous material

Mr. RICH. Mr. Speaker, on yesterday I was granted a special order for 10 minutes today. It may be that I shall not be able to prepare my speech by that time and I therefore ask unanimous consent to extend my remarks in the RECORD at some future time.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PATTERSON asked and was given permission to extend his remarks and include a letter.

Mr. PRESTON asked and was given permission to extend his remarks and include extraneous matter.

Mr. FLOOD asked and was given permission to extend his remarks and include a statement; and in another instance to extend his remarks with reference to legislation introduced by him yesterday.

Mr. RABAUT asked and was given permission to extend his remarks.

Mr. RANKIN asked and was given permission to extend his remarks.

Mr. MULTER asked and was given permission to extend his remarks and include extraneous matter.

Mr. RIVERS asked and was given permission to extend his remarks and include an article.

Mr. WILLIAMS asked and was given permission to extend his remarks in three instances and in each to include newspaper items.

Mr. WICKERSHAM asked and was given permission to extend his remarks.

Mr. MARCANTONIO asked and was given permission to extend his remarks and include extraneous matter.

Mr. JAMES asked and was given permission to extend his remarks and include a letter.

Mr. BRAMBLETT (at the request of Mr. PHILLIPS of California) was given permission to extend his remarks.

Mr. HINSHAW (at the request of Mr. PHILLIPS of California) was given permission to extend his remarks and include an address on the sale of China.

Mr. PHILLIPS of California asked and was given permission to extend his remarks and include tables from the Department of the Interior.

Mr. BROWN of Ohio asked and was given permission to extend his remarks and include a letter received from a doctor who requested that it be placed in the RECORD.

Mr. WOLVERTON asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. WIDNALL asked and was given permission to extend his remarks and include an article from the Community Press.

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a report which I will make to the Armed Services Committee on the military defense assistance program. I do not know the exact length of this report, but, irrespective of the length, I ask unanimous consent that it may be printed in the RECORD.

The SPEAKER pro tempore (Mr. PRIEST). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GWINN asked and was given permission to extend his remarks and include a speech by Robert Dresser on the views of a so-called reactionary, and further to extend his remarks on the history of communism.

Mr. BOGGS of Delaware asked and was given permission to extend his remarks in two instances and include extraneous material.

RECESS

The SPEAKER. The Chair, under authority previously granted by the House, declares a recess until 3:45 p. m., the bells to be rung at 3:30 p. m.

(Thereupon, at 1 o'clock and 42 minutes p. m. the House stood in recess until 3:45 o'clock p. m.)

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 3 o'clock and 45 minutes p. m.

RECESS

The SPEAKER. The Chair declares another recess until 4 o'clock.

Accordingly (at 3 o'clock and 46 minutes p. m.) the House stood in recess until 4 o'clock p. m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 4:05 p. m.

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 bills and joint resolutions of the House of the following titles:

On September 21, 1950:

H. R. 1662. An act authorizing the Secretary of the Interior to acquire on behalf of the United States Government all property and facilities of the Rainier National Park Co.;

H. R. 1860. An act for the relief of Kenji Takumi;

H. R. 2758. An act for the relief of the Fisher Brewing Co.;

H. R. 3274. An act to provide for the conveyance of certain historic properties to the State of Georgia, and for other purposes;

H. R. 6537. An act to provide funds for cooperation with the Territorial school authorities of Nome, Alaska, in the construction, extension, improvement, and equipment of school facilities, to be available to both native and nonnative children;

H. R. 7709. An act to provide for the acquisition, investigation, and preservation of lands to commemorate the historic Fort Caroline settlement, St. Johns Bluff, Fla.;

H. R. 7891. An act to amend section 3224 (b) of the Internal Revenue Code, relating to the transportation of narcotic drugs;

H. R. 8118. An act for the relief of the estate of the late Ismael Miranda;

H. R. 8687. An act for the relief of Angelo Messina;

H. R. 8829. An act for the relief of Sisters Pasqualina Bova, Rosa Pellanda Emilia Dei Rossi, Speranza Zoia, and Domenica Lapadula;

H. R. 9087. An act for the relief of H. Dale Madison;

H. R. 9111. An act to incorporate the United States Olympic Association; and

H. J. Res. 334. Joint resolution to amend certain laws providing for membership and participation by the United States in certain international organizations.

On September 22, 1950:

H. R. 6020. An act for the relief of Richard H. Sears;

H. R. 6528. An act for the relief of the Western Chemical & Manufacturing Co.;

H. R. 6640. An act to amend an act entitled "An act relating to the disposition of public lands of the United States situated in the State of Oklahoma between the Cimarron base line and the north boundary of the State of Texas," approved August 7, 1946, and for other purposes;

H. R. 6750. An act for the relief of Achileus Maroulis;

H. R. 7670. An act to regulate the height, exterior design, and construction of private and semipublic buildings in the Georgetown area of the National Capital;

H. R. 7881. An act to amend sections 675 and 676 of the act entitled "An act to establish a Code of Law for the District of Columbia," approved March 3, 1901, regulating the disposal of dead human bodies in the District of Columbia;

H. R. 8158. An act to repeal certain laws as they affect the Territory of Alaska;

H. R. 8534. An act to authorize the acceptance of donations of land to supplement present parkway lands along the line of the Chesapeake and Ohio Canal between Great Falls and Cumberland, Md.;

H. R. 8975. An act to amend the Synthetic Liquid Fuels Act, as amended; and

H. J. Res. 519. Joint resolution to permit the National Grange to erect a marker on Federal land in the District of Columbia.

INTERNAL SECURITY ACT, 1950—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 9490, the proposed "Internal Security Act of 1950."

I am taking this action only after the most serious study and reflection and after consultation with the security and intelligence agencies of the Government. The Department of Justice, the Department of Defense, the Central Intelligence Agency, and the Department of State have all advised me that the bill would seriously damage the security and intelligence operations for which they are responsible. They have strongly expressed the hope that the bill would not become law.

This is an omnibus bill containing many different legislative proposals with only one thing in common: they are all represented to be "anticommunist." But when the many complicated pieces of the bill are analyzed in detail, a startling result appears.

H. R. 9490 would not hurt the Communists. Instead, it would help them.

It has been claimed over and over again that this is an "anticommunist" bill—a "Communist control" bill. But in actual operation the bill would have results exactly the opposite of those intended.

It would actually weaken our existing internal security measures and would seriously hamper the Federal Bureau of Investigation and our other security agencies.

It would help the Communists in their efforts to create dissension and confusion within our borders.

It would help the Communist propagandists throughout the world who are trying to undermine freedom by discrediting as hypocrisy the efforts of the United States on behalf of freedom.

Specifically, some of the principal objections to the bill are as follows:

1. It would aid potential enemies by requiring the publication of a complete list of vital defense plants, laboratories, and other installations.

2. It would require the Department of Justice and its Federal Bureau of Investigation to waste immense amounts of time and energy attempting to carry out its unworkable registration provisions.

3. It would deprive us of the great assistance of many aliens in intelligence matters.

4. It would antagonize friendly governments.

5. It would put the Government of the United States in the thought-control business.

6. It would make it easier for subversive aliens to become naturalized as United States citizens.

7. It would give Government officials vast powers to harass all of our citizens in the exercise of their right of free speech.

Legislation with these consequences is not necessary to meet the real dangers which communism presents to our free society. Those dangers are serious and must be met. But this bill would hinder us, not help us, in meeting them. Fortunately, we already have on the books strong laws which give us most of the protection we need from the real dangers of treason, espionage, sabotage, and actions looking to the overthrow of our Government by force and violence. Most of the provisions of this bill have no relation to these real dangers.

One provision alone of this bill is enough to demonstrate how far it misses the real target. Section 5 would require the Secretary of Defense to "proclaim" and "have published in the Federal Register" a public catalogue of defense plants, laboratories, and all other facilities vital to our national defense—no matter how secret. I cannot imagine any document a hostile foreign government would desire more. Spies and saboteurs would willingly spend years of effort seeking to find out the information that this bill would require the Government to hand them on a silver platter. There are many provisions of this bill which impel me to return it without my approval, but this one would be enough by itself. It is inconceivable to me that a majority of the Congress could expect the Commander in Chief of the Armed Forces of the United States to approve such a flagrant violation of proper security safeguards.

This is only one example of many provisions in the bill which would in actual practice work to the detriment of our national security.

I know that the Congress had no intention of achieving such results when it passed this bill. I know that the vast majority of the Members of Congress who voted for the bill sincerely intended to strike a blow at the Communists.

It is true that certain provisions of this bill would improve the laws protecting us against espionage and sabotage. But these provisions are greatly outweighed by others which would actually impair our security.

I repeat, the net results of this bill would be to help the Communists, not to hurt them.

I therefore most earnestly request the Congress to reconsider its action. I am confident that on more careful analysis most Members of Congress will recognize that this bill is contrary to the best interests of our country at this critical time.

H. R. 9490 is made up of a number of different parts. In summary, their purposes and probable effects may be described as follows:

Sections 1 through 17 are designed for two purposes. First, they are intended to force Communist organizations to register and to divulge certain information about themselves—information on their officers, their finances, and, in some cases, their membership. These provisions would in practice be ineffective, and would result in obtaining no information about Communists that the FBI and our other security agencies do not already have. But in trying to enforce these sections, we would have to spend a great deal of time, effort, and money—all to no good purpose.

Second, these provisions are intended to impose various penalties on Communists and others covered by the terms of the bill. So far as Communists are concerned, all these penalties which can be practicably enforced are already in effect under existing laws and procedures. But the language of the bill is so broad and vague that it might well result in penalizing the legitimate activities of people who are not Communists at all, but loyal citizens.

Thus the net result of these sections of the bill would be: no serious damage to the Communists, must damage to the rest of us. Only the Communist movement would gain from such an outcome.

Sections 18 through 21 and section 23 of this bill constitute, in large measure, the improvements in our internal security laws which I recommended some time ago. Although the language of these sections is in some respects weaker than is desirable, I should be glad to approve these provisions if they were enacted separately, since they are improvements developed by the FBI and other Government security agencies to meet certain clear deficiencies of the present law. But even though these improvements are needed, other provisions of the bill would weaken our security far more than these would strengthen it. We have better protection for our internal security under existing law than we would have with the amendments and additions made by H. R. 9490.

Sections 22 and 25 of this bill would make sweeping changes in our laws governing the admission of aliens to the United States and their naturalization as citizens.

The ostensible purpose of these provisions is to prevent persons who would be dangerous to our national security from entering the country or becoming citizens. In fact, present law already achieves that objective.

What these provisions would actually do is to prevent us from admitting to our country, or to citizenship, many people who could make real contributions to our national strength. The bill would deprive our Government and our intelligence agencies of the valuable services of aliens in security operations. It would require us to exclude and to deport the citizens of some friendly non-Communist countries. Furthermore, it would actually make it easier for subversive aliens to become United States citizens. Only the Communist movement would gain from such actions.

Section 24 and sections 26 through 30 of this bill make a number of minor changes in the naturalization laws. None of them is of great significance—nor are they particularly relevant to the problem of internal security. These provisions, for the most part, have received little or no attention in the legislative process. I believe that several of them would not be approved by the Congress if they were considered on their merits, rather than as parts of an omnibus bill.

Section 31 of this bill makes it a crime to attempt to influence a judge or jury by public demonstration, such as picketing. While the courts already have considerable power to punish such actions

under existing law, I have no objection to this section.

Sections 100 through 117 of this bill (title II) are intended to give the Government power, in the event of invasion, war, or insurrection in the United States in aid of a foreign enemy, to seize and hold persons who could be expected to attempt acts of espionage or sabotage, even though they had as yet committed no crime. It may be that legislation of this type should be on the statute books. But the provisions in H. R. 9490 would very probably prove ineffective to achieve the objective sought, since they would not suspend the writ of habeas corpus, and under our legal system to detain a man not charged with a crime would raise serious constitutional questions unless the writ of habeas corpus were suspended. Furthermore, it may well be that other persons than those covered by these provisions would be more important to detain in the event of emergency. This whole problem, therefore, should clearly be studied more thoroughly before further legislative action along these lines is considered.

In brief, when all the provisions of H. R. 9490 are considered together, it is evident that the great bulk of them are not directed toward the real and present dangers that exist from communism. Instead of striking blows at communism, they would strike blows at our own liberties and at our position in the forefront of those working for freedom in the world. At a time when our young men are fighting for freedom in Korea, it would be tragic to advance the objectives of communism in this country, as this bill would do.

Because I feel so strongly that this legislation would be a terrible mistake, I want to discuss more fully its worse features—sections 1 through 17, and sections 22 and 25.

Most of the first 17 sections of H. R. 9490 are concerned with requiring registration and annual reports, by what the bill calls Communist-action organizations and Communist-front organizations, of names of officers, sources and uses of funds, and, in the case of Communist-action organizations, names of members.

The idea of requiring Communist organizations to divulge information about themselves is a simple and attractive one. But it is about as practical as requiring thieves to register with the sheriff. Obviously, no such organization as the Communist Party is likely to register voluntarily.

Under the provisions of the bill, if an organization which the Attorney General believes should register does not do so, he must request a five-man Subversive Activities Control Board to order the organization to register. The Attorney General would have to produce proof that the organization in question was in fact a Communist-action or a Communist-front organization. To do this he would have to offer evidence relating to every aspect of the organization's activities. The organization could present opposing evidence. Prolonged hearings would be required to allow both sides to present proof and to cross-examine opposing witnesses.

To estimate the duration of such a proceeding involving the Communist Party, we need only recall that on much narrower issues the trial of the 11 Communist leaders under the Smith Act consumed 9 months. In a hearing under this bill, the difficulties of proof would be much greater and would take a much longer time.

The bill lists a number of criteria for the Board to consider in deciding whether or not an organization is a Communist-action or Communist-front organization. Many of these deal with the attitudes or states of mind of the organization's leaders. It is frequently difficult in legal proceedings to establish whether or not a man has committed an overt act, such as theft or perjury. But under this bill, the Attorney General would have to attempt the immensely more difficult task of producing concrete legal evidence that men have particular ideas or opinions. This would inevitably require the disclosure of many of the FBI's confidential sources of information and thus would damage our national security.

If, eventually, the Attorney General should overcome these difficulties and get a favorable decision from the Board, the Board's decision could be appealed to the courts. The courts would review any questions of law involved, and whether the Board's findings of fact were supported by the preponderance of the evidence.

All these proceedings would require great effort and much time. It is almost certain that from 2 to 4 years would elapse between the Attorney General's decision to go before the Board with a case, and the final disposition of the matter by the courts.

And when all this time and effort had been spent, it is still most likely that no organization would actually register.

The simple fact is that when the courts at long last found that a particular organization was required to register, all the leaders of the organization would have to do to frustrate the law would be to dissolve the organization and establish a new one with a different name and a new roster of nominal officers. The Communist Party has done this again and again in countries throughout the world. And nothing could be done about it except to begin all over again the long dreary process of investigative, administrative, and judicial proceedings to require registration.

Thus the net result of the registration provision of this bill would probably be an endless chasing of one organization after another, with the Communists always able to frustrate the law enforcement agencies and prevent any final result from being achieved. It could only result in wasting the energies of the Department of Justice and in destroying the sources of information of its FBI. To impose these fruitless burdens upon the FBI would divert it from its vital security duties and thus give aid and comfort to the very Communists whom the bill is supposed to control.

Unfortunately, these provisions are not merely ineffective and unworkable. They represent a clear and present danger to our institutions.

Insofar as the bill would require registration by the Communist Party itself, it does not endanger our traditional liberties. However, the application of the registration requirements to so-called Communist-front organizations can be the greatest danger to freedom of speech, press, and assembly, since the Alien and Sedition Laws of 1798. This danger arises out of the criteria or standards to be applied in determining whether an organization is a Communist-front organization.

There would be no serious problem if the bill required proof that an organization was controlled and financed by the Communist Party before it could be classified as a Communist-front organization. However, recognizing the difficulty of proving those matters, the bill would permit such a determination to be based solely upon the extent to which the positions taken or advanced by it from time to time on matters of policy do not deviate from those of the Communist movement.

This provision could easily be used to classify as a Communist-front organization any organization which is advocating a single policy or objective which is also being urged by the Communist Party or by a Communist foreign government. In fact, this may be the intended result, since the bill defines "organization" to include "a group of persons permanently or temporarily associated together for joint action on any subject or subjects." Thus, an organization which advocates low-cost housing for sincere humanitarian reasons might be classified as a Communist-front organization because the Communists regularly exploit slum conditions as one of their fifth-column techniques.

It is not enough to say that this probably would not be done. The mere fact that it could be done shows clearly how the bill would open a Pandora's box of opportunities for official condemnation of organizations and individuals for perfectly honest opinions which happen to be stated also by Communists.

The basic error of these sections is that they move in the direction of suppressing opinion and belief. This would be a very dangerous course to take, not because we have any sympathy for Communist opinions, but because any governmental stifling of the free expression of opinion is a long step toward totalitarianism.

There is no more fundamental axiom of American freedom than the familiar statement: In a free country, we punish men for the crimes they commit, but never for the opinions they have. And the reason this is so fundamental to freedom is not, as many suppose, that it protects the few unorthodox from suppression by the majority. To permit freedom of expression is primarily for the benefit of the majority because it protects criticism, and criticism leads to progress.

We can and we will prevent espionage, sabotage, or other actions endangering our national security. But we would betray our finest traditions if we attempted, as this bill would attempt, to curb the simple expression of opinion. This we should never do, no matter how distasteful the opinion may be to the vast major-

ity of our people. The course proposed by this bill would delight the Communists, for it would make a mockery of the Bill of Rights and of our claims to stand for freedom in the world.

And what kind of effect would these provisions have on the normal expression of political views? Obviously, if this law were on the statute books, the part of prudence would be to avoid saying anything that might be construed by someone as not deviating sufficiently from the current Communist propaganda line. And since no one could be sure in advance what views were safe to express, the inevitable tendency would be to express no views on controversial subjects.

The result could only be to reduce the vigor and strength of our political life—an outcome that the Communists would happily welcome, but that free men should abhor.

We need not fear the expression of ideas—we do need to fear their suppression.

Our position in the vanguard of freedom rests largely on our demonstration that the free expression of opinion, coupled with government by popular consent, leads to national strength and human advancement. Let us not, in cowering and foolish fear, throw away the ideals which are the fundamental basis of our free society.

Not only are the registration provisions of this bill unworkable and dangerous, they are also grossly misleading in that all but one of the objectives which are claimed for them are already being accomplished by other and superior methods—and the one objective which is not now being accomplished would not in fact be accomplished under this bill either.

It is claimed that the bill would provide information about the Communist Party and its members. The fact is, the FBI already possesses very complete sources of information concerning the Communist movement in this country. If the FBI must disclose its sources of information in public hearings to require registration under this bill, its present sources of information, and its ability to acquire new information, will be largely destroyed.

It is claimed that this bill would deny income-tax exemption to Communist organizations. The fact is that the Bureau of Internal Revenue already denies income-tax exemption to such organizations.

It is claimed that this bill would deny passports to Communists. The fact is that the Government can and does deny passports to Communists under existing law.

It is claimed that this bill would prohibit the employment of Communists by the Federal Government. The fact is that the employment of Communists by the Federal Government is already prohibited and, at least in the executive branch, there is an effective program to see that they are not employed.

It is claimed that this bill would prohibit the employment of Communists in defense plants. The fact is that it would be years before this bill would have any effect of this nature—if it ever would. Fortunately, this objective is already being substantially achieved under the present procedures of the Department of Defense, and if the Congress would enact one of the provisions I have recommended—which it did not include in this bill—the situation would be entirely taken care of, promptly and effectively.

It is also claimed—and this is the one new objective of the registration provisions of this bill—that it would require Communist organizations to label all their publications and radio and television broadcasts as emanating from a Communist source. The fact is that this requirement, even if constitutional, could be easily and permanently evaded, simply by the continuous creation of new organizations to distribute Communist information.

Section 4 (a) of the bill, like its registration provisions, would be ineffective, would be subject to dangerous abuse, and would seek to accomplish an objective which is already better accomplished under existing law.

This provision would make unlawful any agreement to perform any act which would substantially contribute to the establishment within the United States of a foreign-controlled dictatorship. Of course, this provision would be unconstitutional if it infringed upon the fundamental right of the American people to establish for themselves by constitutional methods any form of government they choose. To avoid this, it is provided that this section shall not apply to the proposal of a constitutional amendment. If this language limits the prohibition of the section to the use of unlawful methods, then it adds nothing to the Smith Act, under which 11 Communist leaders have been convicted, and would be more difficult to enforce. Thus, it would accomplish nothing. Moreover, the bill does not even purport to define the phrase, unique in a criminal statute, "substantially contribute." A phrase so vague raises a serious constitutional question.

Sections 22 and 25 of this bill are directed toward the specific questions of who should be admitted to our country, and who should be permitted to become a United States citizen. I believe there is general agreement that the answers to those questions should be: We should admit to our country, within the available quotas, anyone with a legitimate purpose who would not endanger our security, and we should admit to citizenship any immigrant who will be a loyal and constructive member of the community. Those are essentially the standards set by existing law. Under present law, we do not admit to our country known Communists, because we believe they work to overthrow our Government, and we do not admit Communists to citizenship, because we believe they are not loyal to the United States.

The changes which would be made in the present law by sections 22 and 25 would not reinforce those sensible standards. Instead, they would add a number of new standards, which, for no good and sufficient reason, would interfere with our relations with other countries and seriously damage our national security.

Section 22 would, for example, exclude from our country anyone who advocates any form of totalitarian or one-party government. We, of course, believe in the democratic system of competing political parties, offering a choice of candidates and policies. But a number of countries with which we maintain friendly relations have a different form of government.

Until now, no one has suggested that we should abandon cultural and commercial relations with a country merely because it has a form of government different from ours. Yet section 22 would require that. As one instance, it is clear that under the definitions of the bill the present Government of Spain, among others, would be classified as "totalitarian." As a result, the Attorney General would be required to exclude from the United States all Spanish businessmen, students, and other nonofficial travelers who support the present Government of their country. I cannot understand how the sponsors of this bill can think that such an action would contribute to our national security.

Moreover, the provisions of section 22 of this bill would strike a serious blow to our national security by taking away from the Government the power to grant asylum in this country to foreign diplomats who repudiate Communist imperialism and wish to escape its reprisals. It must be obvious to anyone that it is in our national interest to persuade people to renounce communism, and to encourage their defection from Communist forces. Many of these people are extremely valuable to our intelligence operations. Yet under this bill the Government would lose the limited authority it now has to offer asylum in our country as the great incentive for such defection.

In addition, the provisions of section 22 would sharply limit the authority of the Government to admit foreign diplomatic representatives and their families on official business. Under existing law, we already have the authority to send out of the country any person who abuses diplomatic privileges by working against the interests of the United States. But under this bill a whole series of unnecessary restrictions would be placed on the admission of diplomatic personnel. This is not only ungenerous, for a country which eagerly sought and proudly holds the honor of being the seat of the United Nations, it is also very unwise, because it makes our country appear to be fearful of foreigners, when in fact we are working as hard as we know how to build mutual confidence and friendly relations among the nations of the world.

Section 22 is so contrary to our national interests that it would actually put the Government into the business of thought control by requiring the deportation of any alien who distributes or publishes, or who is affiliated with an organization which distributes or publishes, any written or printed matter advocating (or merely expressing belief in) the economic and governmental doctrines of any form of totalitarianism.

This provision does not require an evil intent or purpose on the part of the

alien, as does a similar provision in the Smith Act. Thus, the Attorney General would be required to deport any alien operating or connected with a well-stocked bookshop containing books on economics or politics written by supporters of the present government of Spain, of Yugoslavia or any one of a number of other countries. Section 25 would make the same aliens ineligible for citizenship. There should be no room in our laws for such hysterical provisions. The next logical step would be to "burn the books."

This illustrates the fundamental error of these immigration and naturalization provisions. It is easy to see that they are hasty and ill-considered. But far more significant—and far more dangerous—is their apparent underlying purpose. Instead of trying to encourage the free movement of people, subject only to the real requirements of national security, these provisions attempt to bar movement to anyone who is, or once was, associated with ideas we dislike, and in the process, they would suceed in barring many people whom it would be to our advantage to admit.

Such an action would be a serious blow to our work for world peace. We uphold—or have upheld till now, at any rate—the concept of freedom on an international scale. That is the root concept of our efforts to bring unity among the free nations and peace in the world.

The Communists, on the other hand, attempt to break down in every possible way the free interchange of persons and ideas. It will be to their advantage, and not ours, if we establish for ourselves an "iron curtain" against those who can help us in the fight for freedom.

Another provision of the bill which would greatly weaken our national security is section 25, which would make subversive aliens eligible for naturalization as soon as they withdraw from organizations required to register under this bill, whereas under existing law they must wait for a period of 10 years after such withdrawal before becoming eligible for citizenship. This proposal is clearly contrary to the national interest, and clearly gives to the Communists an advantage they do not have under existing law.

I have discussed the provisions of this bill at some length in order to explain why I am convinced that it would be harmful to our security and damaging to the individual rights of our people if it were enacted.

Earlier this month, we launched a great Crusade for Freedom designed, in the words of General Eisenhower, to fight the big lie with the big truth. I can think of no better way to make a mockery of that crusade and of the deep American belief in human freedom and dignity which underlie it than to put the provisions of H. R. 9490 on our statute books.

I do not undertake lightly the responsibility of differing with the majority in both Houses of Congress who have voted for this bill. We are all Americans; we all wish to safeguard and preserve our constitutional liberties against internal and external enemies. But I cannot approve this legislation, which instead of accomplishing its avowed purpose would actually interfere with our liberties and help the Communists against whom the bill was aimed.

This is a time when we must marshal all our resources and all the moral strength of our free system in self-defense against the threat of Communist aggression. We will fail in this, and we will destroy all that we seek to preserve, if we sacrifice the liberties of our citizens in a misguided attempt to achieve national security.

There is no reason why we should fail. Our country has been through dangerous times before, without losing our liberties to external attack or internal hysteria. Each of us, in Government and out, has a share in guarding our liberties. Each of us must search his own conscience to find whether he is doing all that can be done to preserve and strengthen them.

No considerations of expediency can justify the enactment of such a bill as this, a bill which would so greatly weaken our liberties and give aid and comfort to those who would destroy us. I have, therefore, no alternative but to return this bill without my approval, and I earnestly request the Congress to reconsider its action.

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 22, 1950.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message and bill will be printed as a House document.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Mr. WOOD. Mr. Speaker, only 2 days ago this House had this measure before it and debated it. I feel that the Members are thoroughly familiar with the provisions of the bill, and I move the previous question.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. This document should be answered on the floor. I have never heard so many misstatements in the same number of words. I am sure the President did not write it, and I doubt if he even read it. It sounds like Communist propaganda.

The rumor is that Felix Frankfurter wrote it. They say that he and a man named Russell from the Justice Department spent a large part of yesterday, and this morning, in the White House preparing this message. From that message one would think this bill was a "red herring."

If we vote down the previous question, that will give us an hour to debate it, will it not?

The SPEAKER. It would be debatable if the previous question is voted down.

Mr. MARCANTONIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. In order to offer a motion to refer the bill and message back to the committee, the House would first have to vote down the previous question. Is that correct?

The SPEAKER. The gentleman is correct.

Mr. WHITE of Idaho. Mr. Speaker, I have listened with great interest to the reading of the President's veto message on the Internal Security Act of 1950. This message from our President meets with my approval and has my support. This courageous communication from the President, I am sure, will go down in history as a great State paper.

Mr. WOOD. Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. Under the Constitution, this vote must be determined by the yeas and nays.

The question was taken; and there were—yeas 286, nays 48, not voting 95, as follows:

[Roll No. 288]

YEAS—286

Abbitt	Donohue	Kearns
Abernethy	Doughton	Keating
Addonizio	Durham	Kee
Albert	Elliott	Kennedy
Allen, Calif.	Elston	Kilburn
Andersen, H. Carl	Engle, Calif.	Kilday
Andresen, August H.	Evins	Kruse
Andrews	Fallon	Lane
Arends	Feighan	Lanham
Auchincloss	Fellows	Latham
Bailey	Fenton	LeCompte
Barden	Fisher	LeFevre
Baring	Flood	Lind
Barrett, Pa.	Fogarty	Linehan
Bates, Mass.	Forand	Lovre
Battle	Ford	Lucas
Beall	Frazier	McConnell
Beckworth	Fugate	McCulloch
Bennett, Fla.	Fulton	McDonough
Bennett, Mich.	Furcolo	McGrath
Bentsen	Garmatz	McGregor
Bishop	Gary	McGuire
Boggs, Del.	Gathings	McKinnon
Boggs, La.	Gavin	McMillan, S. C.
Bolton, Md.	Golden	McSweeney
Bolton, Ohio	Goodwin	Mack, Ill.
Bonner	Gore	Macy
Boykin	Gorski	Madden
Bramblett	Gossett	Magee
Brooks	Graham	Mahon
Brown, Ga.	Granahan	Mansfield
Brown, Ohio	Grant	Marsalis
Bryson	Gregory	Marshall
Buckley, Ill.	Gross	Martin, Mass.
Burleson	Guill	Mason
Burton	Hale	Merrow
Byrne, N. Y.	Hall, Leonard W.	Michener
Byrnes, Wis.	Halleck	Miles
Camp	Harden	Miller, Md.
Canfield	Hardy	Miller, Nebr.
Carlyle	Harris	Mills
Case, N. J.	Harrison	Monroney
Case, S. Dak.	Hart	Morgan
Cavalcante	Harvey	Morton
Chesney	Hays, Ark.	Murdock
Chiperfield	Hays, Ohio	Murray, Wis.
Clevenger	Hedrick	Nixon
Cole, Kans.	Heffernan	Noland
Cole, N. Y.	Heller	Norblad
Colmer	Herlong	Norrell
Combs	Herter	O'Hara, Minn.
Cooper	Heselton	O'Sullivan
Corbett	Hobbs	O'Toole
Cotton	Hoeven	Pace
Coudert	Hoffman, Mich.	Passman
Cox	Holmes	Patman
Crawford	Hope	Patterson
Crook	Horan	Peterson
Crosser	Howell	Phillips, Calif.
Cunningham	Hull	Phillips, Tenn.
Curtis	Jackson, Calif.	Pickett
Dague	Jacobs	Polk
Davenport	James	Potter
Davis, Ga.	Jenison	Preston
Davis, Tenn.	Jenkins	Priest
Davis, Wis.	Jennings	Rankin
Deane	Jensen	Reed, N. Y.
DeGraffenried	Johnson	Rees
Delaney	Jones, Ala.	Regan
Denton	Jones, N. C.	Rhodes
D'Ewart	Judd	Ribicoff
Dolliver	Kean	Rich
Dondero	Kearney	Richards
		Riehlman
		Rivers

Robeson	Smathers	Vorys
Rodino	Smith, Kans.	Wagner
Rogers, Fla.	Smith, Va.	Walsh
Rogers, Mass.	Smith, Wis.	Walter
Rooney	Spence	Weichel
St. George	Staggers	Wheeler
Sanborn	Stanley	Whitaker
Sasscer	Steed	White, Calif.
Saylor	Stefan	Whitten
Scott, Hardie	Stockman	Whittington
Scott, Hugh D., Jr.	Sutton	Wickersham
Scrivner	Taber	Widnall
Scudder	Talle	Wigglesworth
Secrest	Tauriello	Williams
Shafer	Taylor	Wilson, Ind.
Sheppard	Teague	Wilson, Okla.
Short	Thomas	Wilson, Tex.
Sikes	Thompson	Winstead
Simpson, Ill.	Trimble	Wolcott
Simpson, Pa.	Van Zandt	Wolverton
Sims	Velde	Wood
	Vinson	

NAYS—48

Aspinall	Douglas	O'Brien, Ill.
Biemiller	Eberharter	O'Hara, Ill.
Blatnik	Green	O'Neill
Bolling	Huber	Pfeifer, Joseph L.
Buchanan	Irving	Philbin
Burdick	Jackson, Wash.	Price
Burke	Javits	Rabaut
Cannon	Jones, Mo.	Ramsay
Carnahan	Karst	Roosevelt
Carroll	Karsten	Sullivan
Celler	Kelley, Pa.	Welch
Chatham	King	White, Idaho
Chelf	Kirwan	Wier
Christopher	Marcantonio	Yates
Chudoff	Mitchell	
Dawson	Morris	
Dollinger	Multer	

NOT VOTING—95

Allen, Ill.	Hill	Perkins
Allen, La.	Hinshaw	Pfeiffer, William L.
Anderson, Calif.	Hoffman, Ill.	Plumley
Angell	Holifield	Poage
Barrett, Wyo.	Jonas	Poulson
Bates, Ky.	Keefe	Powell
Blackney	Kelly, N. Y.	Quinn
Bosone	Keogh	Rains
Breen	Kerr	Redden
Brehm	Klein	Reed, Ill.
Buckley, N. Y.	Kunkel	Sabath
Burnside	Larcade	Sadlak
Clemente	Lichtenwalter	Sadowski
Cooley	Lodge	Shelley
Davies, N. Y.	Lyle	Smith, Ohio
Dingell	Lynch	Stigler
Doyle	McCarthy	Tackett
Eaton	McCormack	Thornberry
Ellsworth	McMillen, Ill.	Tollefson
Engel, Mich.	Mack, Wash.	Towe
Fernandez	Martin, Iowa	Underwood
Gillette	Meyer	Vursell
Gilmer	Miller, Calif.	Wadsworth
Gordon	Morrison	Werdel
Granger	Moulder	Willis
Gwinn	Murphy	Withrow
Hagen	Murray, Tenn.	Woodhouse
Hall, Edwin Arthur	Nelson	Woodruff
Hand	Nicholson	Young
Hare	Norton	Zablocki
Havenner	O'Brien, Mich.	
Hébert	O'Konski	
	Patten	

So, two-thirds having voted in favor thereof, the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Lynch and Mr. Clemente for, with Mr. Holifield against.

Mrs. Kelly of New York and Mr. Gilmer for, with Mrs. Norton against.

Mr. Sadlak and Mr. Hand for, with Mr. Klein against.

Mr. Tackett and Mr. Rains for, with Mr. Powell against.

Mr. Fernandez and Mr. Murphy for, with Mr. Shelley against.

Mr. Kerr and Mr. Hébert for, with Mr. Havenner against.

Mr. Allen of Illinois and Mr. Woodruff for, with Mr. Sabath against.

Mrs. Woodhouse and Mr. Davies of New York for, with Mr. Miller of California against.

General pairs:

Mr. Morrison with Mr. Brehm.
Mr. Underwood with Mr. Reed of Illinois.
Mrs. Bosone with Mr. Eaton.
Mr. Moulder with Mr. Ellsworth.
Mr. Breen with Mr. Towe.
Mr. Granger with Mr. Jonas.
Mr. Stigler with Mr. Keefe.
Mr. Thornberry with Mr. Anderson of California.
Mr. Young with Mr. Angell.
Mr. Gordon with Mr. Gillette.
Mr. Zablocki with Mr. Hagen.
Mr. Redden with Mr. Hill.
Mr. Patten with Mr. Hoffman of Illinois.
Mr. Bates of Kentucky with Mr. Tollefson.
Mr. Doyle with Mr. Plumley.
Mr. Dingell with Mr. Poulson.
Mr. Burnside with Mr. Hinshaw.
Mr. Buckley of New York with Mr. Withrow.
Mr. Keogh with Mr. Werdel.
Mr. Lyle with Mr. Wadsworth.
Mr. McCarthy with Mr. Barrett of Wyoming.
Mr. McCormack with Mr. Vursell.
Mr. Quinn with Mr. O'Konski.
Mr. Willis with Mr. Edwin Arthur Hall.
Mr. Murray of Tennessee with Mr. Nicholson.
Mr. Sadowski with Mr. Meyer.
Mr. Hare with Mr. Martin of Iowa.
Mr. Larcade with Mr. Blackney.
Mr. Cooley with Mr. Mack of Washington.
Mr. Allen of Louisiana with Mr. Nelson.
Mr. Quinn with Mr. McMillen of Illinois.
Mr. O'Brien of Michigan with Mr. Lodge.

The result of the vote was announced as above recorded.

Mr. WOOD. Mr. Speaker, I ask unanimous consent that I may have five legislative days within which to revise and extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. WOOD. Mr. Speaker, the President's veto message on H. R. 9490, the Internal Security Act of 1950, contains many statements with which I do not agree, regarding the meaning and effect of the legislation.

In the case of many of the provisions, the message merely characterized them as ineffective or unworkable, as calling for fruitless effort on the part of law-enforcement agencies, or as adding nothing to existing law. These are expressions of opinion rather than statements of fact. I do not for a moment question the sincerity of these statements. However, I disagree with them, and it seems clear that a large majority of the Members of Congress disagree with them. Time will tell which view is correct.

More serious, however, is the fact that in the message there are general expressions to the effect that the net result of the legislation will be not to hurt the Communists but to help them; that it will weaken, rather than strengthen, our internal security; that it would provide for thought control; that it would give Government officials the power to harass citizens in the exercise of their right of free speech.

In support of these frequent expressions, the message criticizes certain specific provisions of the legislation. I submit that these criticisms are based either upon misinterpretations of the provisions in question or upon erroneous assumptions as to the manner in which law-enforcement officers will be empowered or required to administer them. I think it is desirable for me to point out in some detail the reasons why I disagree with these criticisms and with the conclusions they are represented to support.

The message states that in proceedings before the Subversive Activities Control Board, to be instituted by the Attorney General to enforce compliance with the registration provisions, there would inevitably be required the disclosure of many of the FBI's confidential sources of information, and that this would result in damage to our national security. My answer to this is that the Attorney General will be the one to decide what evidence he will submit before the Board. He will have the power to decide, in any given case, whether the national security will be best served by introducing or withholding evidence which would result in disclosure of confidential sources of information. This same problem exists in the case of prosecutions for many offenses prescribed under our existing criminal laws. It was undoubtedly a factor in the presentation of evidence by the Government in the recent trial of the 11 Communist leaders under the Smith Act.

The message is particularly critical of the registration provisions applicable to Communist-front organizations. It states that these provisions "can be the greatest danger to freedom of speech, press, and assembly, since the alien and sedition laws of 1798. This danger arises out of the criteria or standards to be applied in determining whether an organization is a Communist-front organization."

In support of this statement the message alleges that the provisions relating to registration of Communist-front organizations "could easily be used to classify as a Communist-front organization any organization which is advocating a single policy or objective which is also being urged by the Communist Party or by a Communist foreign government."

I cannot conceive that the Subversive Activities Control Board or any other court would be justified in interpreting and applying these provisions so as to reach such a result.

Let us examine the provisions to see whether they could be properly so interpreted and applied.

An organization could be required to register as a Communist-front organization only if it is established, by evidence presented by the Attorney General in a proceeding before the Subversive Activities Control Board, that it is under the duty to do so. Such a proceeding may be instituted only by the Attorney General, and it may be assumed that he will initiate a proceeding in the case of a particular organization only if, in his judgment the organization is a Communist-front organization within the meaning of the definition contained in paragraph (4) of section 3. He would not be justified in initiating the proceeding unless he has good reason to believe that the organization is one which—to quote from the definition—

(A) is substantially directed, dominated, or controlled by a Communist-action organization, and (B) is primarily operated for the purpose of giving aid and support

to a Communist-action organization, a Communist foreign government, or the world Communist movement referred to in section 2 of this title.

Furthermore, the Subversive Activities Control Board would not be justified in entering an order requiring the registration of the organization unless it found that the organization was one included in the definition. On judicial review of the Board's determination the findings of fact made by the Board in reaching its determination would have to be supported by a preponderance of the evidence presented to it in the hearing.

Section 13 (f) specifies certain things which the Board shall take into consideration in determining whether an organization is a Communist-front organization. These are the following:

(1) the extent to which persons who are active in its management, direction, or supervision, whether or not holding office therein, are active in the management, direction, or supervision of, or as representatives of, any Communist-action organization, Communist foreign government, or the world Communist movement referred to in section 2; and

(2) the extent to which its support, financial or otherwise, is derived from any Communist-action organization, Communist foreign government, or the world Communist movement referred to in section 2; and

(3) the extent to which its funds, resources, or personnel are used to further or promote the objectives of any Communist-action organization, Communist foreign government, or the world Communist movement referred to in section 2; and

(4) the extent to which the positions taken or advanced by it from time to time on matters of policy do not deviate from those of any Communist-action organization, Communist foreign government, or the world Communist movement referred to in section 2.

This is not an exclusive specification of the things to be taken into consideration by the Board in reaching its determination.

It will be noted that the Board is merely required to "take into consideration" the matters referred to in the four paragraphs quoted above. There is no requirement as to the weight to be given to the evidence on any one of these matters. Having taken into consideration the evidence on these matters, as well as the other evidence before it, the basic question remains in any given case: Is the organization a Communist-front organization within the meaning of the definition contained in paragraph (4) of section 3?

It therefore seems clear to me that an organization could not be classified as a Communist-front organization solely on the ground that it is advocating a single policy or objective which is also being urged by the Communist Party or by a Communist foreign government.

Proceeding from the premise based upon the misinterpretation which I have pointed out, the message states that "the basic error of these sections is that they move in the direction of suppressing opinion and belief." The view is expressed that it would "curb the simple expression of opinion"; that "since no one could be sure in advance what views were safe to express, the inevitable tendency would be to express no views on controversial subjects."

I submit that there is no basis for these fears under the legislation as it is written.

Of all the provisions of the legislation, I believe that section 5 is the one to which the message addressed the severest criticism. It stated that this section "would aid potential enemies by requiring the publication of a complete list of vital defense plants, laboratories, and other installations."

The fact is that the section would not provide for a public listing of any plant, laboratory, or installation unless in the judgment of the Secretary of Defense the security of the United States would be served thereby.

To make this clear, it is necessary for me to explain the provisions of section 5, insofar as they relate to defense plants.

Subsection (a) of section 5 contains certain prohibitions which will apply when a Communist organization is registered, or is, by a final order of the Subservise Activities Control Board, required to register. Among these prohibitions are the following:

1. It is made unlawful for a member of the organization, in seeking, accepting, or holding employment in any "defense facility," to conceal or fail to disclose the fact that he is a member of such organization.

2. It is made unlawful (if the organization is a Communist-action organization) for any member of the organization to engage in any employment in a "defense facility."

3. It is made unlawful for any officer or employee of any defense facility to contribute funds or services to the organization.

In order to make these prohibitions legally valid and workable it was necessary to make provision in section 5 for some method by which persons who might be subject to them, prosecuting officers, and the courts, could be able to determine what plants and other facilities were defense facilities within the meaning of such prohibitions. It is a well-established principle of constitutional law that statutes prescribing criminal offenses must be sufficiently explicit in their meaning so that persons subject to them will be able to know what conduct on their part will render them liable to penalties. This principle is well stated in the case of *Connally* v. *General Construction Company* (296 U. S. 385), at page 391, as follows:

That the terms of a penal statute creating a new offense must be sufficiently explicit to inform those who are subject to it what conduct on their part will render them liable to its penalties is a well-recognized requirement, consonant alike with ordinary notions of fair play and the settled rules of law. And a statute which either forbids or requires the doing of an act in terms so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application violates the first essential of due process of law. (*International Harvester Co.* v. *Kentucky* (234 U. S. 216, 221); *Collins* v. *Kentucky* (234 U. S. 634, 638).)

It was not practicable, of course, for Congress itself to attempt to name or designate the plants or facilities which should, at any given time, be considered to be defense facilities for purposes of the prohibitions. The obvious thing to do was to place that duty upon an appropriate officer in the executive branch, to be exercised in such manner as to best serve the interests of national security. This has been done in the bill in section 5 (b), which provides that the Secretary of Defense shall designate, from time to time, a list of those facilities with respect to the operation of which he "finds and determines that the security of the United States requires the application of the provisions of subsection (a) of this section." If the facilities designated by the Secretary were kept secret, then for the reasons explained above the prohibitions in subsection (a) would be lacking in the certainty of meaning which is essential in the case of any criminal statute. Subsection (b), therefore, further requires that the designations made by the Secretary shall be published in the Federal Register and that notice of such designation shall be posted in each facility so designated.

The committee of conference was perfectly well aware of the fact that there may be many vital plants, laboratories, and other installations the identity of which should be kept secret. It is to be assumed that in the case of such plants, laboratories, or other installations, the decision of the Secretary will be that the interests of the national security will be best served by not designating them as "defense facilities" for the purposes of operation of the prohibitions contained in section 5 (a). Section 5 (b) clearly permits the Secretary to make that decision in appropriate cases, and is intended to do so. On the other hand, there are undoubtedly many plants, laboratories, installations, and other facilities which are commonly known to have an important relation to the national security. When this is a matter of common knowledge it seems clear to the Congress that the national security may be well served and protected by making applicable to them the prohibitions contained in section 5 (a) with respect to the employment of members of Communist-action organizations and Communist-front organizations.

Mr. PATTERSON. Mr. Speaker, the President was ill-advised in his veto of the Communist-control bill which was adopted by Congress this session.

In his message the President stressed these themes: First, that the measure was one of expediency—in truth it has been considered by Congress in substantially the same form since 1947 and passed the House during the Eightieth Congress failing of enactment only because of the adjournment of Congress; second, that Communist and Communist-front organizations would not register as required under the bill—to follow this type of reasoning Congress should therefore repeal all criminal statutes as a substantial number of people fail to abide by them. It is ridiculous to oppose registration on the grounds that subversives will not comply. Their failure to do so constitutes an illegal action and makes them subject to the penalty provisions of the bill; third, the President states that "the course proposed by this bill would delight the Communists"—every informed citizen knows that the Communist Party and every Communist-front organization has used every possible means to bring about its defeat, while patriotic organizations,

such as the American Legion, Veterans of Foreign Wars, Knights of Columbus and many others have consistently supported its passage; fourth, perhaps the most ridiculous assertion in the veto message is the statement that "employment of Communists by the Federal Government is already prohibited, and there is an effective program to see that they are not employed." This varies greatly with the facts known to every citizen. Day after day we are informed of Communists who for years were employed by the executive branch of the Government. The peoples' memory is not so short that Hiss and his cohorts are already forgotten. This is one of the fundamental reasons behind its almost unanimous support in Congress.

There is a definite need for Communist-control legislation. The people demand it and Congress is responsive to that demand. How futile it is to fight communism throughout the world with dollars and bullets while allowing the home-grown variety to continue undisturbed. Too many times has this Nation been sold out by those whose loyalty is to Moscow. Stringent measures are necessary, and I support this legislation without reservation.

ADJOURNMENT OF CONGRESS

Mr. MANSFIELD. Mr. Speaker, I am opposed to the adjournment of Congress at this time. I feel that, in view of the serious situation we are in, that we should stay in session.

It is not important that we win our individual election contests, but it is important that we remain on the job and pass the necessary legislation to insure victory and economic stability.

Last year we adjourned on October 19. There was no war or emergency facing us then. There is a war and an emergency facing us now, and our duty is to remain at our post.

We should consider now an excess-profits tax, amendments to the Selective Service Act, strengthening the Marine Corps, and adequate controls. We have made fine speeches here but we have fallen down on our job in looking after the interests of our people. Are we waiting for the economic situation to be attended to after the November elections? The only important thing not going up right now is the American dollar. Its value is going down while we fiddle and fume because we are afraid of the outcome of an election.

The important thing is for us to stay in session and enact real economic controls legislation, enact an excess-profits tax, and put into effect a pay-as-you-go program for the conflict we are now engaged in, in the dangerous years ahead. If we act now we may accomplish something; if we wait until after election it may be too late.

I am against adjournment, and I will vote accordingly.

CONGRESSIONAL RECESS TO NOVEMBER 27, 1950

Mr. PRIEST. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 287), and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That when the two Houses adjourn on Saturday, September 23, 1950, they stand adjourned until 12 o'clock meridian on Monday, November 27, 1950.

Mr. PRIEST. Mr. Speaker, I move the previous question.

Mr. HESELTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HESELTON. Mr. Speaker, is it possible to offer an amendment to the resolution at this point?

The SPEAKER. Inasmuch as the previous question has been moved, it is not in order; and, of course, if the previous question is ordered, it is not in order to offer amendments to the resolution.

Mr. HESELTON. If the previous question is not ordered, then would an amendment be in order?

The SPEAKER. If the previous question is not ordered, then if the gentleman is recognized he may offer an amendment.

The question is on the motion of the gentleman from Tennessee [Mr. PRIEST] for the previous question.

The question was taken; and on a division (demanded by Mr. CANFIELD) there were—ayes 224, noes 64.

Mr. HESELTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

So the previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. HESELTON. Mr. Speaker, I regret exceedingly that the parliamentary situation was such that I could not explain to the full membership the reason why I wished the previous question to be voted down so that I could discuss briefly the nature and purpose of the amendment I wanted to offer.

I do want to express my appreciation of the courtesy of the acting majority leader in permitting me to have the information as to the context of the concurrent resolution providing for a recess from tomorrow to November 27 and in informing me as to when he intended to offer the resolution.

The amendment I wished to offer would have read as follows:

Amendment offered by Mr. HESELTON: Strike out the period after "1950," insert a comma, and add "or until 12 o'clock meridian on the third day after the respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

"SEC. 2. The President of the Senate, the Speaker of the House of Representatives, the majority leader of the Senate and the majority leader of the House of Representatives, all acting jointly, shall notify the Members of the Senate and the House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it."

This amendment is taken from the adjournment resolution adopted on July 26, 1947. As will be noted, it provides the very important alternative of reassembling on the third day after the Members were notified to reassemble by the four leaders of the administration in the Congress.

I have consulted with able constitutional lawyers as to the power of the President and the Congress to arrange to reconvene when there is a recess or adjournment to a day certain. It was pointed out to me that in 1947, after the Congress had adjourned on July 26 to January 2, 1948, the President, by proclamation, called the Congress into emergency session on November 17, 1947. However, I want to emphasize the fact that the resolution did contain the alternative, and express my strong conviction that Congress should be protected against an emergency which might not appeal to the President as requiring congressional action, but which might definitely be desired by the entire Congress and the people of this country. Under the resolution as it has been adopted, there is very grave doubt as to whether, under any such circumstances, the Congress could possibly do anything but wait until November 27. I feel very deeply that Congress and its officers should have the power to act legally and on its own responsibility in the event of some grave condition suddenly confronting this Nation.

Many of us, on the Republican side, have been gravely concerned about the widespread reports earlier this week that Congress was to be adjourned sine die. We believe that Congress has a definite and vitally important responsibility to be ready instantly to act upon any emergency which may arise in the days ahead. I make the positive assertion that there is no one in this country or in the world who can predict with accuracy what the world situation may be, not only between now and the suggested date of return, but between now and tomorrow morning. Of course, we all hope that the encouraging reports of successful action in Korea will be followed soon with complete victory, but we do not know that that will be the case. We do know that within the last few days reports have come in as to an outbreak in Indochina, which could well seriously affect the world situation and our own military efforts. We know that there is serious concern about what might happen in Berlin, in and around Yugoslavia, and a number of other places.

I want to offer a single example, which, I think, is irrefutable evidence of the soundness of accepting this amendment. I think very few Members of Congress had any knowledge that former Secretary of Defense Johnson would resign. The news of his resignation as it came over the radio at about 6:35 Tuesday, the 12th, was a complete surprise to most of us. At the same time we were informed that it would be necessary for the Congress to take affirmative legislative action immediately if Secretary Marshall was to qualify. We all know that such action was taken. But, what would have happened had we been in recess to a day certain? That is most important.

It may seem to be futile to discuss this matter now that the vote has been taken. However, I do believe it is important to keep the record clear so that if there is any recurrence of this situation in the future all Members will have references which can be used in determining their future actions.

It was quite apparent this morning that a number of the Members wished to take some constructive step toward this improvement in the resolution. Consequently a brief statement was issued by 65 Republican Members, and I wish to conclude my remarks by inserting that statement and the signatures. It is as follows.

We understand that the recess resolution has been drawn and that it will undoubtedly be a straight motion to recess until November 27.

This would preclude any reassembling of the Congress prior to that date except by proclamation of the President. We believe that should the public interest require it, congressional leaders should have the right and responsibility of recalling the Congress into session and we shall try to amend the resolution accordingly.

JAMES C. AUCHINCLOSS, New Jersey; ERNEST K. BRAMBLETT, California; GORDON CANFIELD, New Jersey; CLIFFORD P. CASE, New Jersey; ROBERT B. CHIPERFIELD, Illinois; ALBERT M. COLE, Kansas; ROBERT J. CORBETT, Pennsylvania; NORRIS COTTON, New Hampshire; PAUL CUNNINGHAM, Iowa; PAUL B. DAGUE, Pennsylvania; GLENN R. DAVIS, Wisconsin; JAMES I. DOLLIVER, Iowa; CHARLES H. ELSTON, Ohio; JAMES G. FULTON, Pennsylvania; RALPH A. GAMBLE, New York; H. R. GROSS, Iowa; BEN GUILL, Texas; CECIL M. HARDEN, Indiana; RALPH HARVEY, Indiana; CHRISTIAN A. HERTER, Massachusetts; JOHN W. HESELTON, Massachusetts; CHARLES B. HOEVEN, Iowa; HAL HOLMES, Washington; MERLIN HULL, Wisconsin; DONALD L. JACKSON, California; JACOB K. JAVITS, New York; EDWARD H. JENISON, Illinois; BEN F. JENSEN, Iowa; WALTER H. JUDD, Minnesota; BERNARD W. KEARNEY, New York; CARROLL D. KEARNS, Pennsylvania; KENNETH B. KEATING, New York; CLARENCE E. KILBURN, New York; HENRY J. LATHAM, New York; KARL M. LECOMPTE, Iowa; HAROLD O. LOVRE, South Dakota; WILLIAM M. MCCULLOCH, Ohio; GORDON L. MCDONOUGH, California; J. HARRY MCGREGOR, Ohio; EDWARD T. MILLER, Maryland; THRUSTON BALLARD MORTON, Kentucky; REID F. MURRAY, Wisconsin; CHARLES P. NELSON, Maine; WALTER NORBLAD, Oregon; JOSEPH P. O'HARA, Minnesota; JAMES T. PATTERSON, Connecticut; JOHN PHILLIPS, California; CHARLES E. POTTER, Michigan; EDWARD H. REES, Kansas; KATHERINE ST. GEORGE, New York; JOHN P. SAYLOR, California; HARDIE SCOTT, Pennsylvania; HUGH D. SCOTT, Jr., Pennsylvania; ERRETT P. SCRIVNER, Kansas; HUBERT B. SCUDDER, California; DEWEY SHORT, Missouri; RICHARD M. SIMPSON, Pennsylvania; LAWRENCE H. SMITH, Wisconsin; WINT SMITH, Kansas; HENRY O. TALLE, Iowa; DEAN P. TAYLOR, New York; THOR C. TOLLEFSON, Washington; ALVIN F. WEICHEL, Ohio; WILLIAM B. WIDNALL, New Jersey; CHARLES A. WOLVERTON, New Jersey.

I want to make it entirely clear that there were others whom we could not reach before the time came when we had to complete this statement, who would undoubtedly have joined in making this effort. It was physically impossible within the time limits to circulate it fully. Consequently the fact that any Member's name does not appear on this statement is no indication whatever that he would not have approved the effort to amend the resolution.

AUTHORIZING THE SPEAKER AND THE PRESIDENT OF THE SENATE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. PRIEST. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 288) and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That notwithstanding the adjournment of the two Houses until Monday, November 27, 1950, the Speaker of the House of Representatives and the President of the Senate be, and they are hereby, authorized to sign enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

Mr. PRIEST. Mr. Speaker, I move the previous question.

The previous question was ordered.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO RECEIVE MESSAGES FROM THE SENATE

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday, November 27, 1950, the Clerk be authorized to receive messages from the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AUTHORIZING THE SPEAKER TO APPOINT COMMISSIONS, BOARDS, AND COMMITTEES

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday, November 27, 1950, the Speaker be authorized to appoint commissions, boards, and committees authorized by law or by the House.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

GENERAL PERMISSION TO EXTEND REMARKS

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday, November 27, 1950, all Members shall have the privilege to extend and revise their own remarks in the CONGRESSIONAL RECORD on more than one subject, if they so desire, and also to include therein such short quotations as may be necessary to explain or complete such extension of remarks, but this order shall not apply to any subject matter which may have occurred or to any speech delivered subsequent to the adjournment of Congress.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. STEFAN. Reserving the right to object, Mr. Speaker, does that include newspaper and magazine articles?

Mr. PRIEST. It would include such short newspaper and magazine articles as may be necessary.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PRINTING OF REPORTS FILED BY COMMITTEES

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that reports filed with the Clerk following the adjournment of the House until Monday, November 27, 1950, by committees authorized by the House to conduct investigations, may be printed by the Clerk as reports of the Eighty-first Congress.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PRINTING OF REPORTS OF COMPTROLLER GENERAL

Mr. PRIEST. Mr. Speaker, I offer a privileged resolution (H. Res. 863) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the reports of the Comptroller General of the United States made to the Congress pursuant to the Government Corporation Control Act (59 Stat. 597), during the recesses of the Eighty-first Congress, shall be printed during such recesses as House documents of the second session of the Eighty-first Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING APPEARANCE OF RALPH R. ROBERTS, CLERK OF THE HOUSE, IN ANSWER TO SUBPENAS

Mr. PRIEST. Mr. Speaker, I offer a privileged resolution (H. Res. 864) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That in all cases involving the failure of witnesses to appear or refusal of witnesses to answer questions before committees of the House of Representatives properly certified pursuant to the provisions of section 104 of the Revised Statutes of the United States as amended now or hereafter pending during the Eighty-first Congress in any court of the United States where subpenas duces tecum may be issued by the due process of said court and addressed to Ralph R. Roberts, Clerk of the House of Representatives or any officer or employee of the House of Representatives directing them to appear as witnesses before the said court at any time and to bring with them certain and sundry papers in the possession and under the control of the House of Representatives wherein such documentary evidence is needful in any said court of the United States that Ralph R. Roberts, Clerk of the House or any officer or employee of the House be authorized to appear at the place and before the court named in the subpenas duces tecum so issued, but shall not take with them any papers or documents on file in their office or under their control or in their possession as officers or employees of the House; and be it further

Resolved, That when any said court determines upon the materiality and the relevancy of the papers and documents called for in the subpenas duces tecum then any said court through any of its officers or agents have full permission to attend with all proper parties to the proceeding and then always at any place under the orders

and control of this House and take copies of any documents or papers in possession or control of said officers or employees that the court has found to be material and relevant, except minutes and transcripts of executive sessions, and any evidence of witnesses in respect thereto which the court or other proper officer thereof shall desire, so as, however, the possession of said documents and paper by the said officers or employees shall not be disturbed, or the same shall not be removed from their place of file or custody under said officers or employees; and be it further

Resolved, That a copy of these resolutions be transmitted by the Clerk to any of said courts whenever such subpenas are issued as aforesaid.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SUSPENSION OF IMPORT TAXES ON SCRAP METAL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5327) to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 20, strike out "(1950)" and insert "1951."

Amend the title so as to read "An act to continue until the close of June 30, 1951, the suspension of duty and import taxes on metal scrap, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. REED of New York. Mr. Speaker, reserving the right to object, I wish to call the attention of the House to the fact that this bill, of course, would lower the tariff on scrap iron and metals. I want to point out the reason; I think we should keep it in mind.

During the last war we had shipped, previously to the war, to Japan enough scrap iron so that she could build all of her tanks, her airplanes, and nearly all of her war equipment. Later they threw that all back in our face. I remember the State Department's coming up here, and we sat in the back of this very room, and they urged that we remove the tariff on scrap iron so that we could proceed with the war. They said they would have to go down in the Caribbean and around through South America collecting old, abandoned sugar mills or anything to get scrap for us to carry on our war. Now, then, you New Dealers are in another war. The purpose of this is to supply some scrap iron which we need. Prior to World War II the United States sent over to the Japs vast quantities of scrap iron and military supplies, which they threw back at our soldiers, resulting in the killing of thousands of our servicemen.

Of course, we have had here a bill to protect us from the exportation of scrap iron into Russia. It has been watered down. We better get busy and get the scrap iron we need now from foreign countries. That is the purpose of this bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, this bill, H. R. 5327, as it passed the House on July 19, 1949, provided for the suspension of import duties on metal scrap, or relaying and rerolling rails, from the day after the date of enactment of the bill through June 30, 1950. During the consideration of the bill in the Senate Committee on Finance, an amendment relating to the import tax on copper was added, and this controversial subject resulted in delay in its passage by the Senate. As finally passed by the Senate, however, the only amendment is a change in the expiration date from June 30, 1950, to June 30, 1951, with a corresponding change in the title.

Mr. Speaker, favorable reports were received by the Committee on Ways and Means from the Department of Commerce and the Treasury Department. We need whatever supplemental supplies of metal scrap we can obtain in order to conserve our limited reserves in this country and to develop stockpiles that may be necessary in connection with our long-range defense program.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend the statement I made just prior to the roll call.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that I may have five legislative days in which to extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

FEDERAL HOSPITAL CONSTRUCTION PROGRAM

Mr. SIKES. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, I am today introducing a bill for a restoration of the $75,000,000 fund eliminated from the Federal hospital-construction program by the Bureau of the Budget. I realize that no action will be taken on this measure prior to the reconvening of Congress in November. However, I want this matter before the Congress and I want the country to know where the fault lies when needed hospital facilities are eliminated or curtailed.

In the recent omnibus appropriation bill, Congress, in substance, abdicated its control over Government spending to the Federal agencies. Instead of designating the places where saving should be made, we directed the administration to make the savings where it saw fit. The absolute folly of this course is now shown by the manner in which cuts are being made by the agencies of the Government.

Hospitals and schools are the victims, not bureaus and bureaucracy. I question whether the entrenched government-as-usual, spend-as-usual, agencies in Washington will feel any real pinch of economy until Congress again asserts its constitutional rights and responsibilities.

The bill provides that section 1214 of the General Appropriations Act of 1951, Public Law 759, approved September 6, 1950, shall not be applicable to the item, "Grants for hospital construction," contained in chapter V of said act.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees 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. 9526) entitled "An act making supplemental appropriations for the fiscal year ending June 30, 1951, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 9, 25, 38, 39, 44, 54, 55, 57, 71, 78, 100, 104, 119, and 120; and that the Senate recedes from its amendments numbered 24, 26, 36, 49, 50, 53, and 58 to the above-entitled bill.

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 Senate to the bill (H. R. 5372) entitled "An act to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and of Standing Rock Reservation in South Dakota and North Dakota for Indian lands and rights acquired by the United States for the Oahe Dam and Reservoir, Missouri River development, and for other related purposes."

EXTENSION OF REMARKS

Mr. CARNAHAN asked and was given permission to extend his remarks and include a newspaper article.

Mr. McMILLAN of South Carolina asked and was given permission to extend his remarks.

Mr. KRUSE asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. CELLER (at the request of Mr. ROONEY) was given permission to extend his remarks.

Mr. SMATHERS asked and was given permission to extend his remarks.

Mr. HELLER asked and was given permission to extend his remarks and include extraneous matter.

Mr. McKINNON asked and was given permission to extend his remarks and include extraneous matter.

Mr. SIMPSON of Illinois (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks and include an editorial from the Jacksonville Journal.

Mr. GUILL (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks.

Mr. LATHAM (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks and include a portion of the Hoover Report, notwithstanding the fact that it will exceed two pages of the RECORD, and is estimated by the Public Printer to cost $430.

Mr. VELDE (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks and include a speech by Mr. Martin Dies on Communism, notwithstanding the fact that it will exceed two pages of the RECORD, and is estimated by the Public Printer to cost $287.

Mr. CROSSER asked and was given permission to extend his remarks on the subject of Democracy.

Mr. EBERHARTER asked and was given permission to extend his remarks and include extraneous matter.

Mr. RAMSAY and Mr. SAYLOR asked and were given permission to extend their remarks.

Mr. WHITE of Idaho asked and was given permission to extend his remarks and include an article on mining, notwithstanding the fact that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost $360.

Mr. WILSON of Oklahoma asked and was given permission to extend his remarks.

Mr. CRAWFORD asked and was given permission to extend his remarks and include a letter.

Mr. WOLVERTON asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that in extending the remarks I made just prior to the roll call I may insert extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. DONOHUE asked and was given permission to extend his remarks.

Mr. O'HARA of Minnesota asked and was given permission to extend his remarks in two instances, one on the Kerr gas bill and the other on a sound national farm policy.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. TABER asked and was given permission to extend his remarks and include certain tables.

Mr. GAMBLE asked and was given permission to extend his remarks in four instances and include editorials and other extraneous matter.

Mr. FARRINGTON asked and was given permission to extend his remarks and include extraneous matter.

Mr. JAVITS asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. DAVIS of Wisconsin asked and was given permission to extend his remarks and include his voting record for the second session, Eighty-first Congress.

Mr. LOVRE asked and was given permission to extend his remarks.

Mr. ELSTON (at the request of Mr. JENKINS) was given permission to extend his remarks and include three articles and three editorials from Cincinnati papers.

Mr. REES asked and was given permission to extend his remarks and include a brief magazine article.

HOSPITALIZATION FOR VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks and include some newspaper editorials.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I voted against adjournment. There is no recess or adjournment for the boys fighting in Korea. I think it is dangerous for Congress not to be in session at this time. I would like to ask the Members, as they go out to their districts, to make a survey of the number of veterans needing hospitalization. They have been put out of the Army and Navy hospitals, and there are very few veterans' beds open to them anywhere. You will find a great many men who are badly injured and sick in need of hospitalization. I would remind the House that the men are coming in very fast from Korea and they need more and more of the Army and Navy hospital beds. The Senate has not passed the authorization bill for added beds for the veterans. I rejoice that the bill providing for $800,000 for automobiles for leg-amputee veterans has been passed and become law. You may remember that last summer the President unfortunately vetoed the bill that provided automobiles for the blind and the arm-amputees.

[From the Boston Daily Record, of September 20, 1950]

PROUD AND GRATEFUL

"The Navy and the Marines have never shone more brightly than this morning."

—General Douglas MacArthur.

General MacArthur's dramatic message of appreciation to Vice Admiral Arthur Struble, commander of the American Seventh Fleet, was the tribute of a proud and grateful fighting man to the men and officers of a great fighting organization.

The hearts of all Americans are filled to overflowing with pride and gratitude for the brilliant and daring military achievement at Inchon which reversed the whole trend of the war in Korea, and brought it appreciably closer to a victorious end.

The amphibious assault on Inchon by the marines, in full collaboration with the Army and the Navy and the Air Force, takes high rank with the brightest chapters of American military history.

It brings realization to all the people of the United States that a tremendous and unbelievably difficult job of military organization has been faithfully and brilliantly performed in the brief time since our unprepared Nation became involved in the unexpected and unprovoked Korean War.

The American Armed Forces, precipitated into this bitter struggle against the precarious and almost hopeless odds enjoyed by an enemy superior in both numbers and weapons, have had a grim and bloody task in Korea.

Fighting a costly and humiliating campaign of retreat and defeat in the initial phases of the war as a matter of necessity created by our unpreparedness, they have been held in contempt by the propaganda of our enemies and have even been ridiculed by our supposed allies.

Thus, in addition to almost unendurable hardships and the most exacting sacrifices, Americans fighting so desperately in Korea have been belittled and maligned, not merely abroad but at home—and in the latter instance by people who had direct responsibility, official and otherwise, for our lack of adequate preparedness.

This is the discouraging background against which the achievements of the combined and unified American fighting forces at Inchon stand out so brightly.

These fine American boys, in turning the tide of war virtually overnight, had fought back almost the whole way from the beachhead at Pusan where their backs had been against the sea.

They had fought back successfully and heroically, bravely and brilliantly, and also—and let the American people never forget it—sacrificially and painfully.

General MacArthur, in giving expression to his own pride and gratitude for the great fighting job that had been done by the American Armed Forces at Inchon spoke of the thing that is in the full hearts of all his countrymen.

[From the Washington Evening Star of September 18, 1950]

THIS CHANGING WORLD—AMERICAN OFFENSIVE IN KOREA RESTORES PRESTIGE NOT ONLY IN ASIA BUT EUROPE

(By Constantine Brown)

The American people owe a deep debt of gratitude to that handful of men who have been fighting in Korea since last June. By their unflinching courage, endurance, and resourcefulness they were able to turn the tide and make what appeared to be likely defeat into a spectacular victory.

It is too early, of course, to assume that we have won finally in Korea. There are a number of questions which must be answered before General MacArthur can cable Washington "Mission accomplished."

One element of doubt is Russia and what she will do. Will Moscow order the Chinese Communists to move across the Yalu River, after we have made a long advance from our present beachhead? Will she accept the defeat of her unfortunate satellite and thus risk a certain and devastating loss of face, not only throughout Asia but among her puppets in Europe?

The repercussions of the daring operations of the last 4 days, which so unexpectedly placed the American forces on the offensive, will be felt shortly throughout the world and particularly in eastern Germany, where military prowess ranks high above ideology.

THEY CAN STRIKE BACK

Will Russia allow her careful plot for domination to collapse, without engaging either her own forces or those of the Chinese Communists? Will she allow the troops of that "arch warmonger," General MacArthur, to thwart the carefully laid plans of the Kremlin's plotters? These are questions which no one can answer at this moment. All we know is that the Reds have the capability to retaliate.

Furthermore, will the Chinese puppets, who undoubtedly are impressed by the spectacular strategy of the American military and the superb fighting ability of the "green" American forces, be willing to follow Moscow's dictates at this stage of the game? The Russian plotters have lost face, and that is of paramount importance in the east.

American soldiers, sailors, and airmen have restored the prestige of the United States throughout the world. In spite of the dozens of billions of dollars which we have spent in Europe to gain friends and associates, the inevitable defeats which we suffered at the hands of an enemy fully prepared for war made a deep and unfavorable impression all through western Europe.

FEELING IS CHANGED

The people there—with no appreciation of our difficulties—jumped to the convenient conclusion that America was a colossus with feet of clay. They argued that if this enormously wealthy and highly industrialized Nation of 150,000,000 were incapable of handling the armies of a Russian puppet of only 8,000,000, what chance would western Europeans have of American protection against the Red masses? And a feeling of neutrality was spreading among our allies across the Atlantic.

The landing behind the North Korean lines, at a time when we were barely hanging onto our beachhead, already has created a different feeling among the Atlantic Pact nations. These people, who have been fighting wars for hundreds of years, quickly grasp bold and brilliant strategic movements.

The French and British, who fought on the defensive for the most part in the two world wars, have a deep respect for such daring offensive moves as our fighting men have made in Korea. And the masses react more quickly to specutacular displays than they do to any kind of propaganda or dole.

The victories—even if they are followed by some reverses if the masses of Chinese armies are thrown into the battle—have had a salutary effect on the home front. Those who were responsible for our total lack of foresight and preparedness when the North Korean attack caught us by surprise squirmed to find excuses, alibis, and scapegoats. It was said that the troops which we rushed across the Korean straits were softened by the garrison life of an army of occupation and that their officers preferred to live in luxury, surrounded by geisha girls, rather than give the depleted occupation divisions the necessary battle training. There was little praise for the heroism of the 500 who composed the first American contingent rushed to Korea to delay the Red onrush from the north.

FOUGHT LIKE VETERANS

These men were outnumbered 10 to 1. Yet they fought on like old battle-hardened veterans. It was whispered in some of the highest quarters that General MacArthur, at the age of 70, did not have the energy and mental capabilities necessary in a field commander. There were indications—not from the Pentagon—that it might be advisable to replace him with some younger man and that the "old gentleman" might remain merely a figurehead and an administrative officer.

The people of this country, alarmed at the heavy casualties, the enormous cost and the lack of success of our fight in Korea, were wondering where we were going and what we were doing. Some began to doubt that we could fight if this war were to spread farther.

The men in Korea—a handful at first—stood their ground. They fought desperately against overwhelming odds. They were often dispirited, like most armies which are continually in retreat. But they never lost faith and determination.

The exploit of last Friday was their reward. They did more than surprise the enemy. They restored the faith of the country and of the free world in American arms.

CARLTON J. H. HAYES ON SPAIN

Mr. DONOHUE. Mr. Speaker, I ask unanimous consent that the gentleman from New York (Mr. KEOGH) may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KEOGH. Mr. Speaker, of the many statements that have been made by those interested in the normalizing of our diplomatic and economic relations with Spain, it is generally agreed that the statements of Carlton J. H. Hayes, our distinguished former Ambassador to that country, should be made a part of the RECORD on this subject. Continuing on this course, I take the liberty of including in this brief statement a copy of a letter which I addressed to Ambassador Hayes under date of August 4, 1950, and his reply to me under date of August 12.

HOUSE OF REPRESENTATIVES,
Washington, D. C., August 4, 1950.

Hon. CARLTON J. H. HAYES,
New York, N. Y.

DEAR DOCTOR: Knowing of your long standing and continued interest in Spain, in which country you served so creditably as our Ambassador, I am sure you must have been pleased to learn of the action taken earlier in the week in the Senate on the McCarran amendment to include that country within the orbit of the ECA.

I know also of the high regard in which you hold the Ambassador-at-Large, Jose F. de Lequerica, whom it has been my pleasure to meet. I trust you agree with me that the action taken by the Senate is a vindication of the position which you took a long time ago. The amendment will shortly be considered in the House, and I would be grateful if you would be good enough to give me the benefit of your present views.

With kind regards, I am

Sincerely yours,

EUGENE J. KEOGH.

AFTON, N. Y., *August 12, 1950.*

Hon. EUGENE J. KEOGH,
House Office Building,
Washington, D. C.

DEAR MR. KEOGH: In response to your interesting letter of the 4th which has just reached me at my country home, I would express my deep satisfaction with the action taken by the Senate to include Spain within the orbit of the ECA, and my earnest hope that the House of Representatives will concur in that action. Developments of the past 5 years have confirmed me in the judgment about proper Spanish-American relations, which I published in 1945 in the last chapter of my War Time Mission in Spain. Unfortunately, our present Secretary of State has long been impervious to real knowledge and reason about Spain, and I imagine that his opinions are simply echoed by the President.

You may be interested in the enclosed memorandum. It is a copy of one I prepared 3 months ago for a personal American friend, who is greatly interested in promoting more normal relations between the two countries. What I say in it about the desirability of resuming full diplomatic relations with Spain, and using our influence to gain its admission to the United Nations, and the North Atlantic Pact, applies equally well of course to ECA funds.

With high regards, and cordial best wishes,

Faithfully yours,

CARLTON J. H. HAYES.

We should resume full diplomatic relations with Spain and use our influence to gain its admission to the United Nations and the North Atlantic Pact. For this, there are three basic and compelling reasons:

First. It is a matter of simple justice and honesty. We did recognize the Franco government in 1939 and we maintained full and friendly relations with it continuously from then until practically the end of the Second World War in 1945. In 1942, at the time of our landing in north Africa, President Roosevelt in a personal letter to Franco solemnly pledged him American friendship and assured him that Spain would never have anything to fear from the United Nations. Since that time neither the Spanish people nor its Government have given the United States any excuse for going back on the President's pledge.

During the war Spain observed a neutrality which proved in practice much more helpful to the Allies than to the Axis. It expedited our successes in north Africa, the Mediterranean, and Italy. Moreover, Spain did not intern any of the 1,300 American airmen who landed in the country, but gave them refuge and permitted them to leave freely. It did the same with over 30,000 Frenchmen who passed through Spain on their way to join the Allied armies in north Africa. Spain, by special agreement in 1944, gave us important air bases, first for our commercial planes, and then for our military planes. And from within Spain we were enabled, through our intelligence services (Army, Navy, OSS), to organize and conduct espionage in German-occupied France, without which the success of our Normandy campaign would have been highly dubious.

The helpful service of the Spanish Government was publicly acknowledge by Winston Churchill on May 1944 and by our own State Department in an official statement on July 1944. Anyone who will look into the facts will find that Spain actually granted more favors to the United States and Great Britain during the war than did any other neutral—Turkey or Sweden or Switzerland.

Justice and ordinary decency require that we abide by our assurances to Spain and repay it for favors received.

Second. There is the great strategic importance of Spain. Just look at the map, and you will see why Spain was so important to ourselves and our Allies in the last World War and why now it is so important to us and other Atlantic nations in any defense against Russian Bolshevik aggression. If a show-down comes, we may possibly be able to take the offensive from France, but much more likely from the Iberian Peninsula. Spain is behind the Pyrenees. It has harbors and airfields especially accessible to us. It holds the key to the Mediterranean, without which neither France nor Italy could be of great help to us.

Spain also has very considerable manpower of its own, and a manpower which is pretty husky and of proven valor. What it lacks is up-to-date military equipment, and it would seem a first counsel of wisdom to help Spain supply that lack. Some investment by us in Spain would be surer to strengthen our defense than what we are contributing to certain other countries, Yugoslavia for example.

There can be no doubt that the Spanish people, no less than their Government, are strongly and stubbornly anti-Bolshevik. They had too sorry an experience of their own with Communist interference to make them responsive to it now, and this holds true of Spanish republicans as well as conservatives. Spain would be a thoroughly dependable ally of ours.

Third. For the sake of maintaining our "good neighbor" policy toward the twenty-odd republics to the south of us, we should pursue a "good neighbor" policy toward

Spain. Spanish America is even more closely linked in culture and sympathy with Spain than is the United States with Britain or France. It is especially significant that the leading opponents of Spain's exclusion from the United Nations, and of other discriminations against Spain, are the spokesmen of Spanish-American countries. By our present attitude we are alienating not only Spain, but a large and important part of the American continents. We are playing into the hands of Communists in both Europe and America.

POINTS IN REBUTTAL OF POSSIBLE ARGUMENTS ON THE OTHER SIDE

1. That Franco is a tyrannical dictator, with whom we should have no dealings. But we maintain full diplomatic relations and try to be friendly with the notoriously tyrannical dictators in the Soviet Union, in Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Yugoslavia, etc. We are now catering to the Dictator Tito, though he has committed hostile acts against us such as have never been committed by Franco's Spain.

There is no such tyranny in Spain as in eastern Europe. The dictatorship in Spain has been steadily easing during the past 5 years, and Franco clearly acknowledges its "transitional" character, in contrast with the apparent permanence of the Communist dictators.

There is greater chance of liberalizing the regime in Spain through friendly counsel than through employment of abuse and threats in the Stalin manner.

2. That Spain is so poverty-stricken as a result of Franco's rule that if we keep up our sanctions against him the Spanish people are bound to rise and overthrow him and establish a democratic republic. But Spain was relatively poor long before Franco, and under him economic conditions have actually been improved. This is made clear by the monthly statistical reports of the American Chamber of Commerce in Barcelona, whose chief officers are American citizens of high standing and integrity.

Evidence to the contrary comes from Communist and fellow-traveler propaganda.

There is no reliable evidence of any serious widespread popular unrest in Spain. Franco is probably stronger today with the Spanish people at large than he was 5 years ago.

3. That Spain is religiously intolerant and persecutes Protestants. But this is simply untrue. Franco's government has expressly decreed religious toleration, and it does not persecute Protestants. There is some popular feeling against Protestants—not as non-Catholics but as "foreigners." They are very few, and chiefly converts of foreign missionaries (British or American). They may not display any signs outside their places of worship (of which there are seven in Madrid alone), but neither may the chapels for English-speaking Catholics. The test is "alien," and not "religious."

4. That any resumption of full and friendly relations with Spain would be opposed by Britain and France and might endanger their cooperation with us. But both those countries have actually kept "ministers" if not "ambassadors" at Madrid and they carry on a kind of "bootleg diplomacy" by means of which they have important commercial agreements with Spain. Both countries, like our own, agreed to outlaw Spain at a time when appeasement of Russia was the fashion. Now that fashions have changed, all should agree to supplant "bootlegging" by repeal of prohibition.

If France and Britain object, let us act without them. I'm sure they will eventually fall in line. The need is so obvious.

SPECIAL ORDER GRANTED

Mr. KRUSE asked and was given permission to address the House for 20 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

MEN ARE DYING WHILE SOME ARE LEARNING

Mr. HOFFMAN of Michigan. Mr. Speaker, apparently, without ever having counted the cost, either in dollars or men, or the effect upon the welfare of our people, the security of the Republic, for years financially and politically powerful individuals and groups have been attempting to force us into some form of a world-wide organization.

They have succeeded to such an extent that they now claim that we must continue to furnish the munitions of war and the men to fight in every way to which United Nations may commit us.

Some internationalists, notably Collier's, apparently begin to realize the enormity of the task. Permit me to quote:

Collier's strongly supports Gov. Thomas E. Dewey in his call for a vast world army of men from all free countries, under the flag and leadership of the United Nations.

* * * * *

It is time that the other United Nations governments realized that there is a limit to America's ability to foot the free world's bills and fight the free world's battles. That statement is not inspired by any sympathy toward isolationism. It is inspired by a disappointment in the non-Communist governments' leisurely and tentative response to United Nations Secretary General Trygve Lie's request for aid in Korea. It is inspired by a resentment of the American lives lost in a war that concerns every non-Communist member of the United Nations as much as it concerns the United States.

* * * * *

For 2 months the American and South Korean ground forces fought it out alone. For 2 months they fought without even the promise of help from the other major powers.

* * * * *

But Great Britain had some 30,000 trained soldiers in Hong Kong when the Korean fighting broke out, and France had about 150,000 metropolitan and colonial troops under arms in Indochina. Yet it was late August before Britain even offered to send 1,500 men to Korea and France promised a volunteer force of 1,200.

* * * * *

It may be too late now to hope for effective outside assistance in Korea. But who will be so rash as to say that Korea is the beginning and the end? There may well be other "incidents." But there must not be another Korea. With partial mobilization already under way in several countries, this is the time to start organizing the vast world army that Governor Dewey spoke of, an army prepared and alert to act in the event of further incidents and stop them quickly.

* * * * *

The intentions are these: to brand the United States as an aggressor and try to turn the masses of Asiatic people against us; to bleed our economy by forcing us to divert more and more of our wealth and effort to armaments; to expend its satellites' manpower while it keeps its own millions of men-at-arms safely at home.

Russia has spent only military equipment in Korea. America has spent equipment and lives, not to protect its own territory, not to gain any material prize, but to fight the UN's war. This cannot continue through crisis after crisis.

The United States is the bulwark of all free nations in the struggle against Soviet imperialism. It will not remain a bulwark forever if it is called upon to stand alone. As a matter of self-interest, if for no more noble consideration, the rest of the free world should realize this."

But Secretary of State Acheson, who has been sympathetic toward the Russian Communists; who would not turn his back upon Hiss, even after he was convicted of lying when he was charged with aiding the Communists, is now asking that, when the war is over, our men continue to serve abroad on an international police force. He does not learn. Acheson should get out or be fired.

Nor does President Truman seem to have learned his lesson. Apparently he still entertains the same ideas, is following the same political policies which possessed him when he referred to Stalin as "good old Joe," characterized Republican efforts to get rid of Communists in executive departments as a "political red herring."

Is it not about time that the American people elect a Congress and, at the first opportunity, a President, who will think first of the welfare of our people, of the security of the Republic?

Mr. Speaker, I yield back the balance of my time.

TANK PROGRAM

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, for the information of the Members of the House, I would like to state, as chairman of the Subcommittee on Tanks of the House Armed Services Committee, that, in keeping with recent recommendations which we made, President Truman has approved a new $500,000,000 program for the tank-construction program.

It is expected that this program will be the start of substantial building of the very latest types of tanks of every essential military category and that it will be under way forthwith.

Since much of the information on which our report was based is classified and regarded as top-secret, I regret that I cannot give the House a more detailed statement concerning our inquiries, the specific types of tanks, and full data about them.

Let me say, however, that we have every reason to believe that appropriate officials and officers of the Army are now pressing the new program with vigor and speed.

We anticipate that our new tanks will be able to stand up against any in the world.

Reports from Korea indicate that our present tanks have made a good record in that theater and we expect that the new tanks, with their increased and improved power, greater mobility, stronger protective features and armor, will be a match for any in the world. The problem now is to make sure that we get production in sufficient quantity and as fast as possible to be prepared for whatever may happen in the international scene.

The committee proposes to continue its work and I shall hope at a later date, with permission of the full committee, to give a detailed report to the House.

SERVICE HOSPITALS

I have been vigorously urging the Department of Defense, for several months past, to keep service hospitals in operation throughout the Nation.

It will be recalled that directives were issued by that Department closing several large well-equipped hospitals, including the Murphy General Hospital at Waltham, Mass., which borders on my district and serves Fort Devens and other installations and personnel in New England.

Our distinguished colleague the gentleman from South Carolina [Mr. RIVERS], as chairman of our House Armed Services Subcommittee on Hospitals, and his fellow committeemen have completely surveyed the national service hospital situation and have in many communications and conferences insisted upon the opening of these hospitals.

Up to this time, all these urgent appeals have fallen upon deaf ears. Weird, distorted concepts of economy pursued at great cost to the well-being of our gallant heroes, who are so valiantly serving the country, have prevented the maintenance of adequate and proper hospital facilities. There has been little vision and foresight manifested regarding our hospital needs.

Now the situation is even more urgent than before. Casualties in Korea are needing and will need greatly expanded hospital facilities. I have recently once again joined with the gentleman from South Carolina, Congressman RIVERS, and his subcommittee in another attempt to persuade the Department to reopen these hospitals. It would appear that certain officials at long last have become somewhat aware of current, urgent needs and I believe that in the near future President Truman himself will direct them to make additional hospital facilities available.

I hope very early favorable action will be forthcoming in this vital matter and compliment my distinguished colleague the gentleman from Massachusetts [Mr. DONOHUE] for his painstaking work to keep these hospitals open, and to reopen them now.

SEPARATION OF SUBSIDY FROM AIRMAIL PAY

Mr. HESELTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD with reference to H. R. 9184.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HESELTON. Mr. Speaker, I regret indeed that apparently it was not felt possible to schedule H. R. 9184, a bill to provide for the separation of subsidy from airmail pay, for action this week. This will be disappointing to all of the Members who have been deeply interested in voting in favor of this bill, which carries out one of the most important recommendations of the Hoover Commission. It will also be a source of disappointment to the people of this country who have taken such a great interest in the recommendations of the Hoover Commission, and, through the Citizens Committee, have supported legislation to that end. However, I think a great deal of encouragement may be had from the fact that the Rules Committee on September 15, did report a rule for the consideration of this bill calling for 2 hours' debate. It is my hope and belief that we can expect confidently to have the opportunity to vote on this bill soon after the Congress returns here on November 27. I shall do all I can to make that possible.

Many of my colleagues have inquired of me as to where they might obtain information on this bill. Here for their convenience, I wish to list certain facts and references. The bill was reported on July 19 by the Committee on Interstate and Foreign Commerce by a vote of 15 to 2. I am convinced that not more than 3 of that committee now numbering 27 will oppose the bill when it reaches the floor. The committee report is No. 3041 and was filed on August 31.

On September 18 I placed in the RECORD an analysis of certain major points I believe to be of importance in consideration of this legislation and I included a brief discussion of the arguments presented in the minority views. That is at page 15030.

I am sure many of us are aware of the very vigorous efforts made by officials of certain of our airlines since the Rules Committee reported the rule, in opposition to the bill. I want to make it clear that that opposition does exist, but it is extremely limited and almost entirely confined to those who undoubtedly would be affected if this bill becomes law. Each of them professes to agree with the principle of separation but then seeks to destroy it by saying, "Do not enact this bill."

In this connection it may be of interest to my colleagues to know that the Chairman of the CAB stated this year to the House Appropriations Subcommittee that out of each dollar of airmail pay, anywhere from 30 cents to 50 cents was subsidy. Last year he stated to the Senate Commerce Committee that the subsidies concealed in the air-mail payments totaled anywhere from $30,000,000 to $60,000,000 a year. It is understandable that the prospective loss of any substantial part of this hidden subsidy would bring protests from the recipients. But there is nothing wrong about forcing these subsidies into the open and paying only those that can be justified. Certainly the overburdened American taxpayer, now facing heavy additional burdens, is entitled to at least this much consideration.

Today we voted in favor of a tax bill which will increase the taxes paid by our constituents by many millions of dollars. Certainly it would be only simple justice to those constituents to take this constructive effort which may substantially reduce the annual subsidy ranging between thirty and sixty million dollars.

In any event, in view of the opposition which has been expressed by certain of our airlines, I also call attention to certain excerpts from statements, reports, and letters by very able executives of these airlines pointing up the necessity of supporting the subsidy paid for carrying air mail. I placed these in the Appendix of the RECORD, and they will be found on page A6675.

I shall place in the Appendix today an informative and important newspaper article by James Daniel, which appeared in last night's Washington Daily News, and undoubtedly in many, if not all, of the Scripps Howard papers in the country. I believe this to be an important statement to be included in our files on this bill.

I am confident that if my colleagues will glance at the material referred to they will be anxious to join in the effort which will be made to pass this bill very shortly after we return here on November 27.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include certain statements and excerpts.)

EFFORT MADE TO SHOW THAT RUMELY WAS DISLOYAL TO GERMANY INSTEAD OF BEING A TRAITOR TO THE UNITED STATES

Mr. PATMAN. Mr. Speaker, the gentleman from Michigan [Mr. HOFFMAN] inserted without delivering or reading in the CONGRESSIONAL RECORD of yesterday, commencing at page 15447, a number of statements and letters favorable to Edward Rumely, who was convicted of dealing with the enemy—Germany—during World War I. None of these statements or letters are dated, and the dates in some instances are very important. The S. S. McClure referred to as a close associate of Rumely boasted about spending 2 years in Italy after World War I and before World War II studying fascism. All the statements emanating from him upon his return were favorable to fascism and not against fascism. These statements, if they prove anything, prove that Rumely was disloyal to Germany instead of the United States. The fact is, he was disloyal to the United States, and the evidence in the trial of his case in New York, which was later confirmed by the circuit court of appeals and by the Supreme Court, discloses that he was guilty of treason against the United States. Rumely received from the Imperial German Government approximately $1,400,000 to buy the New York Evening Mail, which he used for that purpose. The purchase was made admittedly to use this newspaper to present the German side of the war that was then raging in Europe. The purchase was made very soon after the *Lusitania* was sunk on May 7, 1915. Rumely continued to operate the newspaper after the United States got into war on April 6, 1917, and until June 18, 1918. He either was loyal to his employer, the Imperial German Government, who furnished him this

large sum of money, and continued to present the German viewpoint, or he was disloyal to the Imperial German Government, and after receiving the money declined to carry out his obligation to the Imperial German Government.

RUMELY AGAINST UNITED STATES

In the District Court of the United States for the Southern District of New York, there was a case of the United States against Edward A. Rumely, and others. This case came to and was decided by the circuit court of appeals, second circuit, July 27, 1923.

In practically every town of a thousand people or more in the United States will be found one or more law libraries containing the United States Federal Reporter. Anyone can go to either of these libraries and go to the stack where the Federal Reporter is in the shelves and take out volume 293 and turn to page 532 and he will find approximately 30 pages of discussion of the Rumely case by the judges of the circuit court of appeals. The trial judge, when he overruled the motion for a new trial, stated:

> I listened to the evidence with patience for 5 or 6 weeks as it was being introduced. I listened to the summing up of counsel, and I am not disposed to say that the jury did wrong in bringing the verdict which it did.

And in imposing sentence, the court said:

> In this case the jury have found that an important law has been violated by you gentlemen. The law was passed to aid this country in the war, and was vital somewhat to the proper conduct of the war. I think the court would be derelict in its duty if it imposed a nominal sentence for such an infraction of the law as the jury has found in this case. I think the judgment of the court should be substantial.

In this decision of the circuit court of appeals, commencing on page 534 and concerning Rumely, it is stated:

> At the time he purchased the Mail there was a feeling on the part of many German-Americans that the news from Europe was put over in a one-sided way. As he expressed it: "There was a great deal of resentment again the biased reports that were coming, and that bias I had recognized was due to the absence of the news flow from the Central Powers."

All the testimony discloses that it was Rumely's duty to represent the Imperial German Government. Certainly the German Government would not have furnished nearly a million and a half dollars to him for any other purpose. The jury was satisfied beyond a reasonable doubt that the money for this purchase of the paper came from the Imperial German Govenment and that the defendants knew that it came from that source. Efforts were made by Rumely and the other defendants to show that German-Americans in this country furnished the money but they were unable to convince the court and the jury that this was true.

On page 536 of the 293 Federal Reporter, the court states that Rumely was interviewed by the Chief of the Bureau of Investigation of the Department of Justice, October 26, 1917, and from all the proof he did not tell the FBI the truth. The FBI pursued him until the prosecution was commenced.

Dr. Albert, the fiscal agent of the German Government who gave Rumely the money from the Imperial German Government to purchase the New York Evening Mail, had always been in the service of the German Government. He entered the service of the Government of Germany in 1895, when he was 21 years of age, and from that time to the time he came to the United States had been continually in the German public service. After the rupture of diplomatic relations between the United States and Germany, he returned to his own country and was made Alien Property Cistodian and later became Under Secretary of State. He had never been in private business.

Soon after Dr. Albert's arrival here, he paid $200,000 to Rumely or Hammerling for an advertisement, which appeared in the foreign language press of the United States.

It was in May 1915, soon after the sinking of the *Lusitania*, that Dr. Albert informed Rumely that he had been placed in funds for the account of Sielcken and that the latter was ready to invest money in the newspaper. The circuit court said:

> This was right after the incident of the *Lusitania*.

The first payment was $750,000. The testimony quoted by the circuit court of appeals in the 293 Federal Reporter, pages 541, 542, 543, 544, and 545, is very interesting and contains generous quotations from the testimony of the trial.

It seems that Mr. Kaufmann handled the case. Concerning one payment of $150,000, Dr. Albert was asked this question:

> Question. Do you know in what form the money was transmitted to Mr. Kaufmann?
> Answer. Well I think we stuck to the habit of handing it over in cash, but maybe I paid it in a check. I don't remember.

In the circuit court of appeals decision, page 545, it is stated:

> The defendant Kaufmann was Albert's legal adviser in respect to all matters relating to the Mail, and he states that he left to him all legal details. In all cases Albert states that he gave all the money paid to Rumely to Kaufmann, who was to turn it over to Rumely as a loan.

In the circuit court's decision, commencing on page 549, five overt acts are charged against the defendants. The circuit court of appeals' decision contains this statement near the end:

> The defendants had a fair trial under a valid indictment.

I do not believe that any Member of this House can read the information available from responsible sources without coming to the definite conclusion that Rumely was guilty of treason during World War I. Rumely has had more to do with propaganda and propaganda methods than any person in the world. His sordid record does not recommend him as a teacher in the United States for the purpose of trying to mold public sentiment and thereby influence major policies of our Government. The Committee for Constitutional Government is definitely a Fascist group. It is not for democracy; it is for totalitarianism. The House of Representatives very wisely cited Edward A. Rumely for contempt for refusing to state from whom he received the millions of dollars the past few years that were used to disseminate propaganda against the interests of our country.

The SPEAKER. Under previous order of the House, the gentleman from Minnesota [Mr. O'HARA] is recognized for 60 minutes.

THE YEARS 1949 AND 1950 IN REVIEW

Mr. O'HARA of Minnesota. Mr. Speaker, I want to take this opportunity to review briefly some of the highlights of the Eighty-first Congress and recent events.

BUSY AND HECTIC SESSIONS

Both the 1949 and 1950 sessions of the Eighty-first Congress were crowded and hectic ones. From the standpoint of legislation, nearly 16,000 bills and resolutions were introduced in the Senate and House of Representatives.

THE CONGRESS

This Congress has been controlled in both the House and the Senate by the same political party which controls the executive branch of our Government. In the House of Representatives, with a total membership of 430 (presently 5 vacancies), the Democratic Party has a majority of 88. That party named the chairmen of all committees and effectively controls the legislative program of the House. The program under these conditions is spelled out for Congress by the President in his state of the Union message—required by the Constitution—by his budget message, and by other messages sent to Congress from time to time.

THE PRESIDENT'S PROGRAM

In his messages to Congress the President has urged continuation of our program of foreign aid at a high level. He has demanded the repeal of the Labor-Management Relations Act of 1946, the Taft-Hartley law, the expansion of a socialized public-housing program, production payments to farmers, the Brannan farm plan, compulsory health insurance, Federal aid to education, establish great and powerful valley authorities; and he asked for authority to build and operate steel mills. He also gave approval to the so-called Spence economic-control bill which was nothing more nor less than a new version of the old OPA. He urged that Congress make no deep cuts in spending. Then he submitted a budget asking for appropriations which would create a deficit of five billions or more per year. All this was before the Korean crisis.

CONGRESSIONAL ACTION ON PRESIDENT'S PROGRAM

A majority of the Members of this Congress refused to approve more than a small part of the President's program, which they thought pointed dangerously toward total Government control or what is generally called socialism. The so-called Brannan farm plan was not enacted. The Taft-Hartley law was not repealed but the administration succeeded in blocking the passage of needed amendments which were approved by

labor. Socialized medicine was not considered on the floor of the House or Senate. Aid to education became tangled up in committee. The Columbia Valley Authority bill was given only brief hearings in committee. The Spence economic-control bill and the request for authority to build Government owned and operated steel mills were not considered.

Foreign aid was continued practically as requested, including world-wide aid to industry, known as the point 4 program. Federal housing was approved in the first session, supposedly as an emergency measure to relieve the national shortage of houses but no houses were built or even started during the first 12 months after the Housing Act was passed. Meanwhile people have built a record-breaking number of homes for themselves.

OUR FOREIGN POLICY MESS

As the result of amazing military ability, production and financial strength displayed in World War II, the United States emerged as undisputed world leader. We became the hope, the rallying point and the strength of the free peoples of the world. We could have enforced peace on the earth. We could have enlarged the territorial boundaries of freedom.

Instead our President and our State Department committed us clandestinely to the unmoral contract known as the Yalta agreement. Later, as if the betrayal of freedom of our friends at Yalta were not enough our officials supinely stepped into the Potsdam agreement bear-trap.

Directly and indirectly as the result of the Yalta and Potsdam agreements 600,000,000 people have lost what freedom they had and are now under the heel of the Russian Communist dictator. At the end of World War II the Russian Government controlled less than 200,000,000 people. Now it controls 800,000,000.

Instead of peace the blundering administration which controls the foreign policy of the United States, and so the destiny of all free people, has brought us again to war.

In voicing these harsh opinions of the manner in which the Truman administration has conducted the foreign policy of our country I do so with considerable knowledge of the record and the facts. I am convinced that future written history of the past 5 years will more than bear out the comments I make here.

THE KOREAN CRISIS

Today our American boys are dying in the rice paddies of Korea because of the present administration's weak and vacillating foreign policy in the Far East and constant appeasement of the Russians which has resulted in the fall of Manchuria, China, and North Korea, and which threatens the entire continent as well as Japan and the Philippines. It must be remembered that the Congress itself has nothing to do with formulating the foreign policy of this country. That is entirely within the province of the President and the State Department.

Secretary Acheson told us in February 1949 it was the policy of the administration to "wait for the dust to settle" before deciding our next move in China. He also stated in January 1950 in his far-eastern report that—

> This defensive perimeter (where the United States will defend in the Far East) runs along the Aleutians to Japan and then goes to the Ryukyus.

In other words, that the United States was not interested in the defense of Korea, and that only Japan, Okinawa, and the Philippines were in the perimeter of our defense set-up, thus announcing to the world that we would not intervene to halt Communist aggression in China, Formosa, or Korea, all three of which lie beyond that perimeter. To the Asiatic peoples, and unquestionably to the Soviet Union, Mr. Acheson's amazing declaration was an open invitation for the Chinese Communists to complete the conquest of China by taking Formosa and South Korea.

We were told by spokesmen of the present administration that South Korea could not be defended if attacked, and that it had no military or strategic value. So we withdrew our troops, leaving $56,000,000 worth of small arms and equipment, light jeeps, clothing, and food. The Republican members of the House Foreign Affairs Committee in an official document issued July 26, 1949, protested this withdrawal from Korea as occurring at the very instant when logic and common sense both demanded no retreat from the realities of the situation.

It was on January 19, 1950, exactly 1 week after Mr. Acheson's statement about our perimeter of defense, that a majority of the House Republican Members joined 61 Democrats in rejecting the so-called Korean aid bill containing only economic assistance, with warning to the administration that without military aid to Korea and appropriate assistance to other critical areas in Asia, the proposed $150,000,000 in economic assistance would not only be useless, but it would enhance the prize dangled before the Communist aggressors by Secretary of State Acheson in January 1950 in his far-eastern report. Under the terms of the bill for economic aid, we would have sent fertilizer, seed, and money for building of roads, dams, and the construction of hydroelectric plant. It simply meant building up a greater and richer prize for the Communists to take over in Korea. What has actually happened in Korea today confirms our fears at that time. None of the economic aid, which was finally voted in February 1950 ever got there; and although $10,000,000 in military aid was voted for Korea, actually only the small amount of $200 worth of this aid ever got there, and that was Signal Corps wire. This accounts for the fact that when our boys were first sent to Korea they had only the small arms and equipment which had been left behind when our troops withdrew with which to fight back the heavy tanks and equipment with which the Russians had armed the North Koreans.

The present administration and the State Department have been running the show, and their first policy was as expressed by Owen Lattimore, State Department adviser for the Far East, who helped formulate the policy, "the thing to do is let her—Korea—fall but not let it look as though we pushed her." Neither the voting of military nor economic aid to Korea was consistent with such policy. On June 27, 1950, however, President Truman suddenly changed his mind, and our boys were ordered to fight in Korea. I regret that the mistakes of the present administration can now only be paid for in the high currency of blood and treasure.

HOOVER COMMISSION RECOMMENDATIONS

The Eightieth Congress enacted the legislation creating the now famous Hoover Commission. Its purpose was to study the organization and operation of the executive branch of the Federal Government and make recommendations for reorganization to gain greater efficiency and economy.

The report of the Commission and its recommendations came before the Eighty-first Congress early in 1949. Congress drafted the Reorganization Act of 1949, which laid the foundation for allowing the President to submit plans for reorganizing the executive branch of the Government.

On legislation generally, if either the House or the Senate turns down or disapproves proposed legislation, it does not become law. The action of either body is final. The Reorganization Act as originally submitted provided that any plan submitted by the President would become effective unless vetoed both by the House and the Senate within 60 days. If, for example, the House disapproved the plan and the Senate did not act, such reorganization plan would become effective.

Filibusters occur in the Senate which take up weeks of time, and press of other legislative matters might prevent action by both the House and the Senate within the 60-day period.

I felt that, as a fundamental principle, the provision in the Reorganization Act under which the President's plans were to be submitted and become effective was not only wrong, it was exceedingly dangerous.

I therefore opposed this provision of the original draft of the Reorganization Act, and I was one of only nine Members of the House of Representatives who voted against this measure. The view I had taken prevailed overwhelmingly when the Reorganization Act later was debated in the Senate, and the "one-House veto" feature was accepted when Members of the House and Senate agreed in conference on this law.

Thus, although to uphold my conviction required that I "go against the tide" by making what I knew would be a misunderstood minority vote of opposition, in the end my view became the law of the land. The Reorganization Act as amended and finally enacted into law provided that a reorganization plan submitted to the Congress by the President shall take effect after 60 calendar days of continuous session of the Congress unless disapproved by either the Senate or the House of Representatives, by a majority of the authorized membership of that body—a vote to disapprove by

218 Members in the House, or 49 in the Senate.

I was in favor of the Reorganization Act as amended, and voted to agree to the conference report.

Under this key measure—the Reorganization Act—the President has submitted a total of 35 reorganization plans. One relating to reorganization of the Military Establishment was superseded by other legislation covering the same subject matter. Twenty-six of the plans submitted were accepted.

In addition to the 26 reorganization plans which have become effective to date, many new laws embodying recommendations of the Hoover Commission were enacted during the 1949 and 1950 sessions of the Eighty-first Congress, including the National Science Foundation Act, considered and reported to the House by the Committee on Interstate and Foreign Commerce, of which I am a member. The Eighty-second Congress should complete Congress' part of the job of reorganizing the executive branch along lines recommended by the Hoover Commission, insofar as the proposals are found to be feasible and desirable. Thereafter, the success of the program will hinge largely upon administrative action. It must be remembered that only about one-third of the recommendations of the Hoover Commission are capable of being acted upon by the Congress. The remainder must be carried into effect by administrative action of the executive branch, without review by Congress.

Although as much as one-half of the program as proposed in 1949 in the report of the Commission on Organization of Executive Branch of the Government—the Hoover Commission—has now been made effective, much remains to be done.

And while generally the Hoover Commission recommendations meet with my sincere approval, it must be noted that this is not a simple matter of voting just once—"yes" or "no"—on the Hoover Commission Report as a single package. Furthermore, examination of the recommendations does not present you with an issue all black or all white but rather an issue to be resolved by legislation, in which most of the statements are gray. Not all of the Hoover reports were unanimous, even among the members of the Hoover Commission.

There is also the fact that the President is not limited in his reorganization efforts to recommendations made by the Hoover Commission. We must keep in mind that the various reorganization plans which the President submits may or may not be in accord with the recommendations of the Hoover Commission, and that each plan submitted must be carefully considered to determine its import. The chief ground for rejecting the eight reorganization plans thus far was the criticism that they did not in fact carry out recommendations of the Hoover Commission; that in those plans President Truman was exploiting the Hoover report and showing much more interest in increasing his personal power and advancing his socialistic beliefs than in saving money or putting into effect the recommendations of the Hoover Commission.

One point about the Hoover report that I would like to emphasize is that the Commission's recommendations merely permit and enable savings to be made. They do not in themselves provide for a dollars-and-cents reduction in specific appropriations. The bills and plans only make it possible to provide for increased efficiencies in administration. In other words, they can lead to economies. The savings, if any, will occur if and when the heads of the executive branch acquire the desire, the courage, and the talent to install properly the reorganization plans, once they have become effective, and to carry them out. That means the President and the top people around him, in Government departments and agencies.

Representative LESLIE ARENDS, of Illinois, in summing up criticism of the plan submitted this year by President Truman to make the Federal Security Agency a full-fledged Cabinet department, stated as follows:

> In truth, this is not even a reorganization plan. It reorganizes nothing. It not only does not conform to the Hoover Commission recommendations, it runs counter to them. It would be much more accurate to call it a political-promotion plan for the advancement of socialized medicine. I do not see how anyone could reach any other conclusion. * * *
>
> Instead of reducing expenditures, this plan will lead to increased spending. Instead of less government, this plan proposes more government. Instead of promoting efficiency, this plan would bring about political control in those fields such as education and public health where there should be a very minimum of such control.

Senator JOHN L. MCCLELLAN, of Arkansas, a Democrat, called the President's plan for reshuffling the Interstate Commerce Commission "a power grab" by President Truman. He said its real purpose was "not to promote efficiency, not to reorganize in order to effect economies, but to concentrate more and more power" in the President. Senator MCCLELLAN also said that if such plans are a sample of how the administration plans to carry out the Hoover report, the claimed savings of four or five billion dollars "will evaporate." Senator MCCLELLAN was a member of the Hoover Commission and is now chairman of the Senate Committee on Expenditures in the Executive Departments, so he must know what he is talking about.

Bipartisanship has been notably prominent in the consideration of recommendations of the Hoover Commission in Congress as it had been in the deliberations of the Commission itself. Factors other than partisanship have touched off controversies on some of the features of the program.

GOVERNMENTAL ECONOMY IMPERATIVE TO CONTROL INFLATION

Government costs at Federal, State, and local levels, according to minimum estimates, will exceed $81,000,000,000, in the calendar year 1951.

To raise this almost unbelievable amount the taxes which will of necessity have to be levied will take approximately every third dollar of national income.

The consequences of such a punitive program have not been either fully or satisfactorily explained to the American businessman, the American farmer, or the American workingman.

PUBLIC DEBT HELD BY PEOPLE

Many people think that our public debt of more than $257,000,000,000 is held by the banks and big corporations of the Nation. This is a delusion.

As of July 1, 1950, the commercial banks of the Nation held but $65,000,000,000 in United States Government securities and the balance was owned by savings banks, building and loan associations, insurance companies, and the individual purchasers who purchased these securities from their personal earnings and savings as part of their plans for security and comfort in their declining years.

Mr. Speaker, every dollar held by the United States Government in these trust funds has already been spent and the security for this money consists of Government I O U's. With the dollar value collapsing from month to month, the beneficiaries of these trust funds will be paid off in devalued dollars, a system of skillful robbery achieved by inflation accelerated by deficit financing for the past 20 years.

DEFICITS IN 18 OF THE LAST 20 YEARS

Mr. Speaker, we have been going down the road to disaster and inflation in 18 of the last 20 years. We have built up the public debt by deficit spending by over $200,000,000,000. And all of this has been done with an irredeemable paper currency as the basis for our fiscal policies.

And this deficit spending has occurred during a period in which we collected more taxes by two hundred and two billion than the total cost of our Government from the beginning of the Republic down to the inauguration of Franklin D. Roosevelt in 1933.

A RECORD OF DEFICIT SPENDING

In 18 out of the past 20 fiscal years, the Federal Government has operated at a deficit. In 2 years, 1947 and 1948, the surpluses amounted to $9,173,257,504.

The public debt which was $16,185,308,299, or $131.38 per capita at the close of the fiscal year 1930, has risen to $257,357,352,351 or $1,704.50 per capita.

During the 20 fiscal years from 1931 through 1950, the Treasury Department collected revenues in the total amount of $342,292,461,609.

The total receipts for the 20-year period, plus the accumulated deficits, indicate that the total expended by the Federal Government during the period was $577,541,437,902, or an average of about $28,877,071,895 per year.

Of the money spent during this 20-year period, approximately $110,000,000,000 was spent during and since the beginning of World War II. This foreign aid is expected to continue for many years.

One important factor generally overlooked by those who claim our economy is on a sound basis is the inflation brought about by Government deficit

spending, and the depreciated purchasing power of the dollar. We Americans are in fact living in a land of make believe. Making ourselves believe the more we spend and the more we go in debt the more prosperous we can become, and the higher we can raise our standard of living. Time will awaken the people from this trance. It is a fact that in 1931 the dollar was worth 96.6 cents in the market place. In 1932 it was worth 108.1 cents and the person who had saved a dollar drew some small comfort out of the fact that he had been thrifty. Today the dollar is worth only 58.1 cents and every person who saved in the days between 1929 and 1939 now finds that he has been robbed of the purchasing power of his savings by the deficit spending of the Federal Government, which has inflated prices in the markets. Borrowed money competing for goods drives up the price, and will continue to do so until deficit spending ends.

The irony of the situation is that while the Truman administration is aggressively campaigning to save democracies all over the world, and at the same time campaigning for comprehensive and more liberal social-security programs here at home, at the very same time by this deficit spending all over the world, it is undermining the very programs they offer the people, by devaluing the purchasing power of the dollar by deficit financing.

The dollar of 1935–39 is worth less than 50 cents today, and surely will go lower unless the Congress itself acts to place our economy and our money on a sound basis.

Fifty-five million men and women with savings accounts, the millions with investments in building and loan associations, and insurance policies are being systematically robbed of their savings. Additional billions of dollars saved by the working men and women of the Nation have gone into the stocks and bonds of the industries of our country. These savers too will be robbed of the fruits of thrift, by a punitive excess-profits tax if the New Dealers and the Fair Dealers have their way and succeed in setting up the hand-out or authoritarian state.

We now are about to witness a further devaluation in the purchasing power of the dollar stimulated by Government deficit spending to finance the new programs for national defense, mutual aid assistance to European nations, and general aid and assistance to countries all over the world, all of which spending has been authorized by this Congress.

Here in America we still have time, but very little to put our house in order, restore the purchasing power of the dollar by rigid governmental economy, and the abandonment of plans for the socialistic state.

The tables which follow show the trend in Federal spending, a large part of which can be charged to waste, mismanagement, and downright incapacity on the part of the New Deal-Fair Deal administrators of our Government to measure up to the responsibilities of their jobs.

TABLE 1.—*Surplus or deficits of the Federal Government by fiscal years 1931 through 1950*

[Compiled from official Treasury statements]

	Budgetary surplus or deficit (−)
1931	−$461, 877, 080
1932	−2, 735, 289, 708
1933	−2, 601, 652, 085
1934	−3, 629, 631, 943
1935	−2, 791, 052, 085
1936	−4, 424, 549, 230
1937	−2, 777, 420, 714
1938	−1, 176, 616, 598
1939	−3, 862, 158, 040
1940	−3, 918, 019, 161
1941	−6, 159, 272, 358
1942	−21, 490, 242, 358
1943	−57, 420, 430, 365
1944	−51, 423, 392, 541
1945	−53, 940, 916, 126
1946	−20, 676, 170, 609
1947	753, 787, 660
1948	8, 419, 469, 844
1949	−1, 811, 440, 047
1950	−3, 122, 102, 357
Gross deficit	−244, 422, 233, 802
Less 1947–48 surplus	9, 173, 257, 504
Let deficit (20 years)	−235, 248, 976, 298

The Treasury receipts, other than borrowings, are shown by years in table 2, which follows:

TABLE 2.—*Budgetary receipts of the U. S. Treasury by fiscal years from 1931 through 1950*

1931	$3, 189, 638, 632
1932	2, 005, 725, 437
1933	2, 079, 696, 742
1934	3, 115, 554, 050
1935	3, 800, 467, 202
1936	4, 115, 956, 615
1937	5, 028, 840, 237
1938	5, 854, 661, 227
1939	5, 164, 823, 626
1940	5, 387, 124, 670
1941	7, 607, 211, 852
1942	12, 799, 061, 621
1943	22, 281, 642, 709
1944	44, 148, 926, 968
1945	46, 456, 554, 580
1946	43, 037, 798, 808
1947	43, 258, 833, 189
1948	44, 745, 542, 077
1949	38, 245, 667, 810
1950	37, 044, 733, 557
Total receipts (20 years)	342, 292, 461, 609

A SOUND NATIONAL FARM POLICY

During the Eighty-first Congress I joined with agricultural leaders in Congress in advocating a sound national farm policy for the country, the taxpayer, and the farmer.

I worked shoulder to shoulder with my colleague and good friend, Congressman AUGUST H. ANDRESEN, of Minnesota, who has been a member of the Committee on Agriculture of the House of Representatives during his many years of service in Congress, in the fight over the color "yellow" for margarine and all other major issues pertaining to agriculture.

LABOR MANAGEMENT

Believing that the welfare of all Americans demands that labor, industry, business, agriculture, and Government accept their duties and responsibilities, I favored the retention of the Taft-Hartley law because it protects the constitutional rights of the workingman and his employer.

In recognition of the fact that the Taft-Hartley law is not perfect, I supported efforts to improve the law by amending its provisions. While the House approved the amendments the Senate did not take action on the measure.

EFFORTS TO AID SMALL BUSINESS

Ever mindful of the fact that small business is the backbone of our economic life, I devoted much effort to aiding and assisting the businessmen of my congressional district and the Nation as a whole.

I take pardonable pride in the fact that I have on file scores of letters of commendation from small-business enterprises expressing gratitude for my success in aiding them with their problems.

VETERANS AND THEIR DEPENDENTS

During the Eighty-first Congress I continued my efforts in behalf of the veterans of all wars and their dependents, an activity that I began after my discharge from the United States Army in World War I.

My efforts were not alone in the field of veterans' legislation but I personally assisted many veterans and their dependents in obtaining benefits to which they were entitled.

AMERICANISM

Mr. Speaker, I have always consistently and very strongly opposed the philosophies of communism, socialism, or any other ism which attempts to overthrow or undermine our American system of government.

Long ago, in the early 1920's, I began speaking in behalf of a strong national defense, and calling attention to the dangers from those both without and within our own country who would destroy our American way of life.

Consistently over the years, both before and since I have been in Congress, I have supported the theory of investigating those who were subversives, whose objective is to overthrow our way of life. During all my time in Congress I have invariably supported the appropriations for continuation of the Un-American Activities Committee, and also the appropriation of every dollar that was needed for our Federal Bureau of Investigation—the FBI—and for our own national defense.

I shall continue to do this so long as I live and have the great honor of being an American citizen.

VOTING IN THE HOUSE OF REPRESENTATIVES

Since my election to the Seventy-seventh Congress, a total of 61,499 bills and resolutions, in addition to some 22,368 reports, have been submitted to Congress for consideration, in the Seventy-seventh and succeeding Congresses, to August 23, 1950.

In this connection, my opposition will criticize me on some 15 to 20 votes. I submit that, within the tremendous scope of decisions to be made as a Member of Congress, even my opposition would concede that my batting average, if I were a baseball player, would be in the vicinity of 1000 percent.

Members of Congress in the course of their legislative responsibilities are called upon to make many votes which are not recorded in the usual roll-call method. These votes are designated as voice votes, divisions, tellers, and consent votes. Consents are considered as votes because as such one individual member in the exercise of his right to object may prevent a legislative agreement otherwise necessitating vote of the membership.

The month of August 1950 was checked and analyzed with respect to this workload. August can well be taken as a representative month in that a check of the Consent and Private Calendars indicates that they were not excessive in length. Other legislative business was not abnormal. This study indicates 1,617 voice votes, 113 divisions, 18 tellers, 33 roll calls, and 1,784 consents for a total of 3,115 votes. There were 23 legislative days in August resulting in an average of 135 votes per day. In checking the total legislative days per Congress since the advent of the New Deal, it can be conservatively stated that a Congress will have somewhere between 325 and 350 legislative days. The conservative conclusion is that there are approximately 40,000 votes per Congress. It might also well be noted at this point that the votes a Representative is called upon to make as a committee member are not taken into consideration by this study.

COMMITTEE WORK

The House Interstate and Foreign Commerce Committee, of which I am a member, has held hearings almost daily and considered hundreds of important bills. The committee handles legislation pertaining to transportation, communications, public health, inland waterways, aviation, Federal Trade Commission, and Department of Commerce. In 1949, we made a thorough study of European socialized medicine plans and operation. The various socialized medicine and compulsory health insurance bills introduced in the present Congress have been considered by our committee, as well as the Federal Airport Act, Hospital Survey and Construction Act, National Science Foundation Act, Railway Labor Act, Natural Gas Act, and so forth.

I have been on this committee 8 years and am now a senior member. I serve as the ranking Republican member on the Public Health, Science, and Commerce Subcommittee, as a member of Transportation Subcommittee, and on the new special Subcommittee on Defense Activities.

I was one of seven Members appointed to the House Select Committee on Lobbying Activities, which committee conducted an active investigation of lobbying, requiring a great deal of time and effort in committee hearings.

I am also a member of the District of Columbia Committee of the House of Representatives, which deals with legislation pertaining to the Nation's Capital—the District of Columbia.

CONCLUSION

As a member of these committees, together with my legislative and other duties in representing the Second District, the Eighty-first Congress has proved an exceedingly busy one for me.

I have devoted my time and efforts to the job of representing you of my district in Congress, and I have considered all issues from the standpoint of their effect on our Nation and on the American people as a whole as well as their effect upon my district and my constituents. I have tried to meet every issue fairly and squarely by a decision reached after studying the facts and giving full weight and thought to the viewpoints expressed, but at no time did I permit narrow partisan or ill-considered views to influence my judgment in doing what I concluded was right.

I realize that the people of the Second District are more than a thousand miles away from Washington but nevertheless have many problems which can only be settled in the Nation's Capital. I am glad to be of service in any and every way possible. I also welcome letters commenting upon legislation and expressing opinions. In an average month, more than 2,000 pieces of first-class mail are received in my office from residents of this congressional district.

To you who have written letters of gratitude and encouragement, I am profoundly grateful. I assure you that I treasure your good wishes and shall always strive to justify your confidence and respect. My files are full of commendatory letters in appreciation for services rendered. I assure you that I appreciate these testimonials of my effort at all times to truly represent all the people of the congressional district.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MEYER (at the request of Mr. REES), indefinitely, on account of illness.

To Mr. BLACKNEY (at the request of Mr. MICHENER), for an indefinite period on account of illness in family.

To Mr. MULTER, for Thursday, September 21, 1950, on account of the high holiday, Yom Kippur.

ENROLLED BILLS SIGNED

Mrs. NORTON from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6319. An act to authorize a $75 per capita payment to members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation; and

H. R. 7824. An act to provide for the administration of performance-rating plans for certain officers and employees of the Federal Government, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1292. An act to amend section 32 (a) (2) of the Trading With the Enemy Act;

S. 2195. An act to authorize the Palisades Dam and Reservoir project, to authorize the north side pumping division and related works, to provide for the disposition of reserved space in American Falls Reservoir, and for other purposes;

S. 2801. An act to give effect to the International Convention for the Northwest Atlantic Fisheries, signed at Washington under date of February 8, 1949, and for other purposes; and

S. 3437. An act to amend the Atomic Energy Act of 1946.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on September 21, 1950, present to the President, for his approval, bills of the House of the following titles:

H. R. 6480. An act to amend title 18, United States Code, entitled "Crimes and Criminal Procedure";

H. R. 7940. An act to provide financial assistance for local educational agencies in areas affected by Federal activities, and for other purposes;

H. R. 8396. An act to authorize Federal assistance to States and local governments in major disasters, and for other purposes;

H. R. 9399. An act to provide a more effective method of delivering applications for absentee ballots to servicemen and certain other persons;

H. R. 9455. An act to amend the act of September 16, 1942, as amended, so as to facilitate voting by members of the Armed Forces, and certain others, absent from their places of residence; and

H. R. 9490. An act to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations, and for other purposes.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p. m.) the House adjourned until tomorrow, Saturday, September 23, 1950, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1680. Under clause 2 of rule XXIV, a letter from the Director of the Staff, Munitions Board, transmitting the first Joint Report on the Federal Catalog Program, pursuant to House Concurrent Resolution 97 (81st Cong., 2d sess.), was taken from the Speaker's table, referred to the Committee on Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PETERSON: Committee on Public Lands. Report on National Parks and Monuments, including concessions therein, pursuant to House Resolution 66, Eighty-first Congress, first session; without amendment (Rept. No. 3133). Referred to the Committee of the Whole House on the State of the Union.

Mr. KEE: Committee on Foreign Affairs. Pursuant to House Resolution 206, authorizing the Committee on Foreign Affairs to conduct thorough studies and investigations of all matters coming within the jurisdiction of such committee; without amendment (Rept. No. 3135). Referred to the Committee of the Whole House on the State of the Union.

Mr. STANLEY: Committee on House Administration. House Resolution 731, authorizing a reprint of House Report No. 2495, Background Information on Korea; with an amendment (Rept. No. 3134). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROSSER:

H. R. 9733. A bill to amend the Civil Aeronautics Act of 1938, as amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PRIEST:

H. R. 9734. A bill to amend the National Service Life Insurance Act of 1940 to provide insurance for members of the Tennessee Air National Guard who were killed in a plane crash near Myrtle Beach, S. C., on July 23, 1950; to the Committee on Veterans' Affairs.

By Mr. WITHROW:

H. R. 9735. A bill to assist the national defense by authorizing the provision of housing at reactivated military installations, and for other purposes; to the Committee on Banking and Currency.

By Mr. CELLER:

H. R. 9736. A bill to provide for the pooling of unused immigration quotas; to the Committee on the Judiciary.

By Mrs. DOUGLAS:

H. R. 9737. A bill to protect the internal security of the United States, to provide for the detention in time of emergency of persons who may commit acts of espionage or sabotage, and for other purposes; to the Committee on the Judiciary.

By Mr. GAMBLE:

H. R. 9738. A bill to create the War Damage Corporation; to the Committee on Banking and Currency.

H. R. 9739. A bill to grant succession to the War Damage Corporation; to the Committee on Banking and Currency.

H. R. 9740. A bill to amend section 23 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. DONOHUE:

H. R. 9741. A bill to authorize the naturalization of parents of veterans without regard to certain requirements of the naturalization laws; to the Committee on the Judiciary.

H. R. 9742. A bill to establish a Federal Commission for the Physically Handicapped, to define its duties, and for other purposes; to the Committee on Education and Labor.

H. R. 9743. A bill to provide for the payment of retroactive death pension to widows and children of veterans after 7 years' continued and unexplained absence; to the Committee on Veterans' Affairs.

H. R. 9744. A bill to permit holders of bonds issued under the Armed Forces Leave Act of 1946 to assign such bonds for the purpose of making payment on certain loans guaranteed under the Servicemen's Readjustment Act of 1944; to the Committee on Armed Services.

H. R. 9745. A bill to provide for the recall of officers to active duty for purposes of rehospitalization and evaluation; to the Committee on Armed Services.

By Mr. FORD:

H. R. 9746. A bill to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948, so as to remove certain limitations upon the retirement of members of the Reserve components of the Armed Forces; to the Committee on Armed Services.

By Mr. SIKES:

H. R. 9747. A bill relating to amounts made available for grants for hospital construction for the fiscal year ending June 30, 1951, and for other purposes; to the Committee on Appropriations.

By Mr. GORSKI:

H. R. 9748. A bill to provide for the issuance of a special postage stamp in commemoration of the centennial of the founding of the first settlement of Polish immigrants in the United States at Panna Maria, Tex.; to the Committee on Post Office and Civil Service.

By Mr. MORRIS:

H. J. Res. 545. Joint resolution for the establishment of a commission to study the need for simplification, modernization, and consolidation of the public-land laws, to make appropriate recommendations for an effective public land law system, and for other purposes; to the Committee on Public Lands.

By Mr. BURKE:

H. Con. Res. 289. Concurrent resolution for the establishment of a United Nations Police Authority; to the Committee on Foreign Affairs.

By Mr. DONOHUE:

H. Res. 865. Resolution calling upon Congress to take effective action against the spread of inflation and the high cost of living; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BUCKLEY of New York:

H. R. 9749. A bill for the relief of Avram, Malvina and Arthur Schonbrun; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 9750. A bill for the relief of Adrian Van Leeuwen; to the Committee on the Judiciary.

H. R. 9751. A bill for the relief of Adrian Van Leeuwen; to the Committee on Armed Services.

By Mr. KING:

H. R. 9752. A bill for the relief of David Mark Sterling; to the Committee on the Judiciary.

By Mr. MADDEN:

H. R. 9753. A bill for the relief of Panagiota Kolintza Karkalatos; to the Committee on the Judiciary.

By Mr. MORRISON:

H. R. 9754. A bill for the relief of Aba Szejnbejm, Mrs. Dvora Szejnbejm, and Shlomo Szejnbejm; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 9755. A bill for the relief of James Veidelis; to the Committee on the Judiciary.

PETITIONS, ETC.

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

2380. By Mr. HOPE of Kansas: Petition of parents and citizens of Meade, Kans., demanding that in the present drafting of our youth for military training there be written into bills a provision that no alcoholic beverages may be served or sold in camps where these youth are, or nearer than 10 miles from such camps; to the Committee on Armed Services.

2381. By the SPEAKER: Petition of Omar Brown, chairman, Legislative Assembly of the Virgin Islands, St. Thomas, V. I., relative to taking favorable action on the establishment of National Guard units in the Virgin Islands; to the Committee on Armed Services.

2382. Also, petition of Emil Loriks, secretary-treasurer, South Dakota Farmers Union, Mitchell, S. Dak., relative to enactment of an excess profits tax; to the Committee on Ways and Means.

2383. Also, petition of M. C. Cunningham, secretary, Gulf Ports Association, Mobile, Ala., relative to the lack of utilizing cargo space at Gulf ports on ships withdrawn from the maritime reserve fleet in the Gulf area and urging that such ships be loaded at Gulf ports; to the Committee on Merchant Marine and Fisheries.

SENATE

SATURDAY, SEPTEMBER 23, 1950

(Legislative day of Friday, September 22, 1950)

(Continuation of proceedings of the Senate of Friday, September 22, 1950, from 11:45 o'clock p. m. of that date:)

PROTECTION AGAINST CERTAIN UN-AMERICAN AND SUBVERSIVE ACTIVITIES—VETO MESSAGE

The Senate resumed the reconsideration of the bill (H. R. 9490) to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations, and for other purposes, the objections of the President of the United States to the contrary notwithstanding.

Mr. LANGER, Mr. JENNER, and Mr. JOHNSTON of South Carolina addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. LANGER. Mr. President, inscribed on the Statue of Liberty are these words, which describe what America has come to mean to us and to the whole world:

Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore,
Send these, the homeless, tempest-tossed, to me.
I lift my lamp beside the golden shore!

We know this description of America is true. We know that America was carved out of the remnants of five ancient empires—the British, the French, the Spanish, the Dutch, and the Russian. And we know that throughout the past years millions of the hungry, of the exploited, of the persecuted and the oppressed, have found their ways to these shores to find a new life in freedom under law.

We have learned from this experience how deeply the love of liberty is ingrained in the hearts of our fellow men. This love of liberty cannot be restricted or extinguished by the accidents of party, race, creed, or caste.

From all over the world liberty-loving men and women, of every walk of life, have come to these shores, and in their new-found freedom and dignity have made lasting contributions to our way of life. At the same time their faith has grown with the years and has helped to strengthen the roots of human dignity and decency, upon which our way of life depends.

Tonight we find this heritage under direct attack by forces which seek to undermine the very foundation of human freedom. Both from without and from within these forces are eating away at the very foundation upon which the future of our freedom depends.

I am sure there is no need for me to go into details to describe the forces of tyranny that are operating outside our borders. Suffice it to say that, in one form, these forces are seeking to undermine existing democratic institutions, for the purpose of reimposing an ancient