By Mr. BISHOP:

H. R. 5478. A bill for the relief of Mrs. Maria Albano Batoon; to the Committee on the Judiciary.

By Mr. CHELF:

H. R. 5479. A bill for the relief of the estate of Floyd L. Greenwood; to the Committee on the Judiciary.

By Mr. DENTON:

H. R. 5480. A bill for the relief of Claudia Tanaka; to the Committee on the Judiciary.

By Mr. ENGLE:

H. R. 5481. A bill for the relief of Norman E. Dole, Jr., William F. Smith, John G. Harris, and James E. Chamberlain; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 5482. A bill for the relief of Martin L. Nelson; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 5483. A bill for the relief of Marijan Kolega, Drago Radman, Silvio Skoljerev, Zvonko Zupcic, and Ante Coco; to the Committee on the Judiciary.

By Mr. McMILLAN:

H. R. 5484. A bill for the relief of Edith Rickert Willson; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 5485. A bill for the relief of Mr. and Mrs. Edward Levandoski; to the Committee on the Judiciary.

By Mr. SABATH:

H. R. 5486. A bill for the relief of Leon and Blanche de Szethofer; to the Committee on the Judiciary.

H. R. 5487. A bill for the relief of Vladimir and Svatava Hoschl; to the Committee on the Judiciary.

By Mr. YORTY:

H. R. 5488. A bill for the relief of Charles Alexander McCoy; to the Committee on the Judiciary.

By Mr. KEATING:

H. Res. 438. Resolution for the relief of C. E. Heaney; 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:

437. By Mr. FORAND: Resolution of the Rhode Island Chapter, American League for an Undivided Ireland, unanimously adopted at a recent meeting of members from the various Irish-American organizations of Rhode Island; to the Committee on Foreign Affairs.

438. By Mr. HOLMES: Petition of several hundred citizens of Clarkston, Wash., and Asotin, Wash., urging legislation to prohibit alcoholic beverage advertising over the radio and television and in magazines and newspapers; to the Committee on Interstate and Foreign Commerce.

SENATE

WEDNESDAY, SEPTEMBER 26, 1951

(Legislative day of Wednesday, September 19, 1951)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

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

Almighty Father, the source from which we come, the goal to which we travel, the light and strength of these our pilgrim days, as we set our faces once more toward our daily tasks we pray for strength sufficient to endure as those seeing the Invisible. Enable us to win the victory over everything, whether in our circumstances or in ourselves, that is unworthy and mean. Save us from blighting the enthusiasm of any heart by the flare of sudden anger or secret hate. May we not bruise the rightful self-respect of another by contempt or malice.

We pray for those who are shaping public opinion in our time, for all who legislate in the people's name, for all who write what other people read, for all who are holding aloft the torch of truth in a world that has lost its way. And, above all, we pray for clean hands and pure hearts worthy of the trust the Nation has committed to our keeping. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MCFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 25, 1951, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, notified the Senate that Mr. CORBETT had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) to adjust the salaries of postmasters, supervisors, and employees in the field service of the Post Office Department, vice Mr. HAGEN, excused.

The message also notified the Senate that Mr. HAGEN had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1046) to readjust postal rates, vice Mr. CORBETT, excused.

The message announced that the Speaker had affixed his signature to the enrolled bill (S. 2006) to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans, and it was signed by the President pro tempore.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. O'CONOR, and by unanimous consent, a subcommittee of the Committee on the Judiciary was authorized to meet this afternoon during the session of the Senate.

TRANSACTION OF ROUTINE BUSINESS

Mr. MCFARLAND. Mr. President, I ask unanimous consent that Senators may be permitted to make insertions in the RECORD, without the time so consumed being charged to either side.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

RELIEF OF CERTAIN OFFICERS AND EMPLOYEES OF FOREIGN SERVICE—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and, with the accompanying bill, ordered to lie on the table:

To the United States Senate:

In compliance with the request contained in the resolution of the Senate (the House of Representatives concurring therein), I return herewith S. 1786, "An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature."

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 26, 1951.*

ABOLITION OF APPEAL BOARD OF OFFICE OF CONTRACT SETTLEMENT

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the Contract Settlement Act of 1944 and to abolish the Appeal Board of the Office of Contract Settlement, which, with the accompanying paper, was referred to the Committee on the Judiciary.

WILLIAM N. OATIS

Mr. O'CONOR. Mr. President, indicative of the feelings of the great mass of our citizenry is a resolution adopted by Frederick (Md.) Aerie No. 1067, Fraternal Order of Eagles, at its recent meeting urging utmost efforts by the Federal Government to secure the release from prison of William N. Oatis, Associated Press correspondent, now imprisoned in Czechoslovakia for alleged spying.

Particular attention is attached to this action by the Frederick Aerie because it is one of many such resolutions adopted or projected by the various local groups of this great fraternal order which includes in its membership more than a million patriotic citizens.

I present the resolution for appropriate reference, and ask unanimous consent that it be printed in the RECORD.

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

RESOLUTION ON WILLIAM N. OATIS

Whereas William N. Oatis, Associated Press bureau chief in Prague, Czechoslovakia, a free newspaperman who was performing his duties according to the standards and criteria of the free press of the world, was brutally snatched and imprisoned by the Communist government of Czechoslovakia without explanation; and

Whereas Mr. Oatis was arrested and held in detention without access to friend, Embassy representative, or trusted legal counsel; and

Whereas he was brought to trial and accused of "insisting on obtaining accurate, correct and verified information," which is the definition of the work of a free press; and

Whereas he was forced into admission of espionage because of his reporter's instinct for presenting the factual rather than the fictional; and

Whereas he was convicted and sentenced to 10 years of imprisonment by a trial which was universally condemned by all free nations as an outrageous "kangaroo court,"

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

completely bereft of the principles of justice and the dignity of the human being; and

Whereas by its action, the Communist-dominated Czech Government showed its scorn for the principle of freedom of information and its hatred for our free world; and

Whereas representatives of the Soviet news agency Tass have the free run of the United States of America, and are permitted to attend press conferences at our national seat of Government, at which often much "off-the-record" information is discussed: Now, therefore, be it

Resolved, that Frederick Aerie, No. 1067, of the Fraternal Order of Eagles urges the Federal Government and its agencies to be unceasing in its efforts to secure the freedom of Mr. Oatis by honorable means, and we also offer our support and the vitality of our membership to the executives of the Associated Press in their campaign to secure the release of Mr. Oatis by the communication of the true facts of the case to the free peoples of the world; and be it further

Resolved, That Aerie No. 1067 of the Fraternal Order of Eagles urges the Federal Government to bar the correspondents from the Soviet news agency Tass as well as all satellite nations correspondents from official Government press conferences where vital information may be revealed until the release of Mr. Oatis has been secured.

PETITION

Mr. LODGE (for himself and Mr. SALTONSTALL) presented resolutions adopted by the House of Representatives of the General Court of Massachusetts, which were referred to the Committee on Post Office and Civil Service and, under the rule, ordered to be printed in the RECORD, as follows:

RESOLUTION MEMORIALIZING CONGRESS TO TAKE THE NECESSARY STEPS TO CONTINUE THE MAINTENANCE OF A POST OFFICE IN THE NORTH END DISTRICT OF THE CITY OF BOSTON

Whereas the construction of the Boston Central Artery, so called, under the accelerated highway program of the Commonwealth of Massachusetts, necessitates the demolition of the building on Hanover Street in the city of Boston wherein the post office serving the north-end district of said city is maintained; and

Whereas the discontinuance of the maintenance of a post office in said district would result in great inconvenience to business and industry in said district and to the residents therein: Therefore, be it

Resolved, That the House of Representatives of the General Court of Massachusetts hereby urges the Congress of the United States to take such steps as may be necessary to provide for the maintenance of a post office at some other suitable location in said north-end district upon the demolition of the building hereinabove referred to; and be it further

Resolved, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the Postmaster General of the United States, to the presiding officer of each branch of Congress, and to the Members thereof from this Commonwealth.

House of representatives, September 20, 1951, adopted.

LAWRENCE R. GROVE, *Clerk*.

A true copy.

Attest:

EDWARD J. CRONIN,
Secretary of the Commonwealth.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H. R. 5013. A bill to authorize the President to proclaim regulations for preventing collisions at sea; without amendment (Rept. No. 838); and

S. J. Res. 104. Joint resolution to assist in the rehabilitation of the economy of South Korea, and for other purposes; without amendment (Rept. No. 839).

By Mr. MAYBANK, from the Committee on Banking and Currency:

S. 2180. A bill to provide for slaughter quotas and allocations of livestock; without amendment (Rept. No. 840).

BILLS INTRODUCED

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

By Mr. RUSSELL (by request):

S. 2174. A bill to amend the Universal Military Training and Service Act, as amended, and for other purposes; to the Committee on Armed Services.

By Mr. MAGNUSON:

S. 2175. A bill to authorize the Secretary of the Army to convey to the city of Pasco, Wash., certain property within the Pasco Engineer Depot, Franklin County, Wash.; to the Committee on Armed Services.

S. 2176. A bill to make clear that fishermen's organizations, regardless of their technical legal status, have a voice in the exvessel sale of fish or other aquatic products on which the livelihood of their members depends; to the Committee on Interstate and Foreign Commerce.

S. 2177. A bill for the relief of Daniel S. Delani-Beltayne; and

S. 2178. A bill for the relief of Jue Mei Li and Jue Wing Wah; to the Committee on the Judiciary.

By Mr. NIXON:

S. 2179. A bill for the relief of Yee Chil Gee; to the Committee on the Judiciary.

By Mr. MAYBANK (for himself, Mr. ROBERTSON, Mr. SPARKMAN, Mr. FREAR, Mr. DOUGLAS, Mr. BENTON, Mr. MOODY, Mr. CAPEHART, and Mr. IVES):

S. 2180. A bill to provide for slaughter quotas and allocations of livestock; to the Committee on Banking and Currency.

(See the remarks of Mr. MAYBANK when he introduced the above bill, which appear under a separate heading.)

By Mr. LODGE:

S. 2181. A bill for the relief of Nikolaj Perehud-Pogorelski;

S. 2182. A bill for the relief of Samuel Polsky; and

S. 2183. A bill for the relief of Voula Taloumis; to the Committee on the Judiciary.

S. 2184. A bill to establish a veterans' status for civil service purposes to certain persons who received "Discharge from Draft" certificates at the close of World War I; to the Committee on Post Office and Civil Service.

SLAUGHTER QUOTAS AND ALLOCATIONS OF LIVESTOCK

Mr. MAYBANK. Mr. President, on behalf of myself, the Senator from Virginia [Mr. ROBERTSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Delaware [Mr. FREAR], the Senator from Illinois [Mr. DOUGLAS], the Senator from Connecticut [Mr. BENTON], the Senator from Michigan [Mr. MOODY], the Senator from Indiana [Mr. CAPEHART], and the Senator from New York [Mr. IVES], members of the Committee on Banking and Currency, I introduce for reference to the Committee on Banking and Currency, a bill to provide for slaughter quotas and allocations of livestock.

The PRESIDENT pro tempore. The bill will be received, and, without objection referred, as requested by the Senator from South Carolina.

The bill (S. 2180) to provide for slaughter quotas and allocations of livestock, introduced by Mr. MAYBANK (for himself and other Senators), was read twice by its title, and referred to the Committee on Banking and Currency.

Mr. MAYBANK. Mr. President, from the Committee on Banking and Currency, I report, without amendment, the bill, (S. 2180), just introduced by me, and I submit a report (No. 840) thereon.

The PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar.

COURTESIES EXTENDED CITIZENS OF FOREIGN COUNTRIES

Mr. KNOWLAND. Mr. President, I submit for appropriate reference, a concurrent resolution. It is very brief, and reads as follows:

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the Government of the United States shall extend such courtesies and privileges to, and impose such restrictions upon, representatives and citizens of any foreign country as may be equivalent to those extended to or imposed upon representatives and citizens of the United States by such foreign country.

Mr. President, the purpose of the concurrent resolution is to place the United States on a quid pro quo basis with the Soviet Union and her satellites, and where they restrain the movement of our ambassadors and consular officers to see to it that their representatives operate under precisely the same restraint under which ours operate.

The concurrent resolution (S. Con. Res. 49) submitted by Mr. KNOWLAND, was referred to the Committee on Foreign Relations.

REVENUE ACT OF 1951—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (H. R. 4473) to provide revenue, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. JOHNSTON of South Carolina (for himself, Mr. HENDRICKSON, and Mr. IVES) submitted an amendment intended to be proposed by them, jointly, to House bill 4473, supra, which was ordered to lie on the table and to be printed.

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KNOWLAND:

Address delivered by him on September 25, 1951, by transcontinental telephone hookup, to the convention of the Associated Traffic Clubs of America, meeting in Seattle, Wash., discussing the impact of the foreign policy of the United States on the domestic economy.

By Mr. WILEY:

Statement prepared by him and essays in the American Legion National essay contest on the subject Operation Comeback, designed to show how physically handicapped could overcome their disabilities.

By Mrs. SMITH of Maine:

Column by David Lawrence entitled "'Everybody's Doing It' Doctrine," published September 26, 1951, discussing the use of influence by chairmen of national political committees in the making of loans by the Reconstruction Finance Corporation.

By Mr. JOHNSTON of South Carolina:

Address delivered by Senator McMAHON, Chairman of the Joint Committee on Atomic Energy, at the Federal Bar Assocation's dinner in honor of the Judicial Conference of the United States, at the Mayflower Hotel, Washington, D. C., on September 25, 1951.

IMPRISONMENT IN CZECHOSLOVAKIA OF ASSOCIATED PRESS CORRESPONDENT WILLIAM N. OATIS

Mr. O'CONOR. Mr. President, today we are informed by press and radio accounts that the Communists of Czechoslovakia are disposed to bargain for the liberation of William N. Oatis, the Associated Press correspondent, unjustly imprisoned on trumped-up charges of espionage.

The reports quote the Czech Ambassador as indicating that the Soviet puppets might be ready to deal for his freedom. Of course, it is observed that the Communists expect a high price such as liberal trade concessions or possibly more tangible terms.

I express the hope that our Government will not bargain or deal in such a righteous cause. Principle cannot be compromised. Decency is not the subject of barter. Justice and fair play are not salable commodities to be offered on the auction block.

The United States has ever been the symbol of upright conduct. Our basic law and our unbroken history bear testimony to the devotion of the American people to high ideals. Let us not descend to the level of the Communists by offering them monetary inducements in order to secure justice.

If we fall into the error of meeting the Communists on their own level we will appear before the world as ready to sacrifice principle in order to gain a temporary advantage.

I trust our State Department will not be a party to a deal for Mr. Oatis' release. He must be liberated, of course, and our Government should avail of every honorable means to secure his liberty. But that does not mean that we should offer trade concessions and financial terms which otherwise would not be considered regular in our intercourse with foreign nations.

William Oatis is an outstanding example of our great American newspapermen. As much as he desires freedom, he would be the last to want that freedom brought about by compromise and deals which were completely contrary to the dignity our Nation must command throughout the world.

Instead of giving in to the demands of the Czech Communists on trade we should abandon all trade with them and should refuse to treat them as worthy of relationship with our Nation. Their conduct in the Oatis case shows conclusively that they are not to be trusted to handle trade agreements faithfully and uprightly.

And that brings up another consideration. If we "bargain" and "deal" with them today for Mr. Oatis, we can be assured that they will resort to other moves tomorrow to gain even further concessions from the United States. Every time we pay the Communists ransom, in some form or another, we encourage them to resort to other dastardly deeds in order to gain their ends.

The readiness of the Czechoslovakian Government to "deal" now in this matter is most interesting, in that it proves the truth of the contention which I made on the Senate floor earlier, namely, that positive measures, rather than words or diplomatic representations, offer the only hope of effective action with regard to Mr. Oatis' release.

Instead of yielding now to the Communists on such measures as have been put into effect, our Government should redouble such efforts. For instance, exports to Czechoslovakia have been stopped, and this action has hurt that country's economy. Let us tighten that pressure by stopping all imports from Czechoslovakia, which under existing law, can be done by Executive order.

Time and again, and most recently in Korea, it has been shown that the only thing the Communists listen to is force. Let us continue to use that method, which is apparently proving effective.

REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

The PRESIDENT pro tempore. The Senator from New York [Mr. LEHMAN] has the floor.

Mr. McFARLAND. Mr. President, I ask unanimous consent that there be a quorum call, the time consumed in the calling of the roll not to be charged to either side.

The PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended. The Senator from Michigan [Mr. MOODY] has a 10-minute talk which I ask unanimous consent he be allowed to make, without the time so consumed being charged to either side.

Mr. SALTONSTALL. Mr. President, reserving the right to object, and simply to keep the record straight; would not the Senator from Michigan make his remarks as a preliminary matter?

Mr. MOODY. That is precisely what I should like to do.

Mr. SALTONSTALL. I have no objection.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arizona that the order for a quorum call be rescinded? The Chair hears none, and it is so ordered.

Is there objection to the Senator from Michigan speaking at this time? Without objection, the Senator from Michigan is recognized.

SOLICITATION OF CONTRIBUTIONS FROM CANDIDATES FOR POSTMASTERSHIPS IN MICHIGAN

Mr. MOODY. Mr. President, I had the misfortune to be away from the Senate last Saturday when my distinguished colleague, the senior Senator from Michigan, discoursed at some length on the subject of Michigan politics. I regret that the pressure of Senate duties has prevented me from reading the RECORD of last Saturday until now.

Having done so now, I wish to thank my colleague [Mr. FERGUSON] for the personal courtesy he showed me in his discourse, and I wish particularly to thank my good friend, the distinguished senior Senator from Connecticut, for having inserted in the CONGRESSIONAL RECORD the complete text of a letter I addressed to 76 postal employees, or prospective employees in Michigan, in order that my views as of that moment might be more fully presented to the Senate.

I arise at this time, Mr. President, to complete the record, insofar as it now possible, begun last Thursday by Representative GEORGE MEADER, of Michigan's second district, and continued last Saturday by my colleague from Michigan in the Senate.

It is my intention to correct certain misconceptions that may have resulted from the remarks now in the RECORD and from certain statements attributed to Mr. MEADER and others outside of the House Chamber.

The senior Senator from Michigan, after reiterating the presentation of Representative MEADER, expanded his discussion of Michigan politics to include the subject of political influence on the decisions of Government agencies, and particularly the attempts of the State of Michigan to obtain steel for the restoration of two burned-out floors of its State office building.

The senior Senator from Michigan stated:

> The business of the Government should not be influenced by political considerations nor conducted in a purely political atmosphere.

He goes on to say:

> A citizen of the United States should not be required to secure the intervention of someone directly connected with politics in order to obtain his just rights, and we should take great pains to avoid giving any impression that such intervention is necessary.

With these statements, of course, I agree.

The senior Senator from Michigan was moved to these observations, it appears, by an editorial in the Lansing State Journal, which he quoted as complaining that Governor Williams was making a political issue of the steel for the partially destroyed State office building.

I am at a loss to understand this complaint, Mr. President, for even as the State Journal editorialized thus on Sunday, September 9, its news columns carried a dispatch from its able Washington correspondent, Milt Dean Hill, which stated, in part:

> Steadman (Robert F. Steadman, State controller and a Williams' Democratic appointee) acted after conferences Friday

morning with members of the staff of Senator HOMER FERGUSON, who has been working ing with NPA authorities on the matter.

FERGUSON himself is due back in Washington on Monday, and his aides say he will take the matter up with Manly Fleischmann, NPA Administrator, immediately.

Further in the news story:

Steadman talked with aides of Senator BLAIR MOODY, and indicated he would continue his efforts next week after MOODY and FERGUSON return to Washington.

The final paragraph of the Lansing State Journal story is as follows:

Senator FERGUSON's office, working closely with Steadman, arranged the controller's appointments with NPA officials.

On September 18, Mr. President, the NPA granted the State a modest allotment of steel for the start of reconstruction of State office facilities. The United Press dispatch from Lansing contains this paragraph:

Governor Williams pointed out that both Senator MOODY and Senator FERGUSON had worked on the steel problem.

I do not believe the senior Senator was accusing himself of using improper influence and therefore I am at a loss to understand his criticism of the Governor.

All this arose, as I understand, because of a facetious remark made by Governor Williams at a press conference in Lansing.

I now turn my attention, Mr. President, to the more serious side of the questions that have been raised in this Chamber by my Republican colleague. There are a few discrepancies in the record and in the published statements pertinent to the record that I would like to clear up.

A letter was written by Howard Hunt, finance director of the Democratic State central committee, to a number of persons who had been recommended for positions in the Post Office Department, inviting them to contribute to the party. I believe the language of this letter to be entirely improper. Within an hour after I had been informed of the existence of such a letter by the distinguished Washington correspondent of the Detroit Free Press, Mr. James Haswell, and by Mr. William R. Muller, leading political writer of the Detroit News, I dictated a letter to the 76 persons whom I had recomended to the Post Office Department which said, in part:

It has come to my attention that a letter has been addressed to a number of acting postmasters by the finance director of the Democratic State central committee inviting them to contribute to the Democratic Party.

Although I have never seen the letter, I am told that my name was used in it. I repudiate this type of solicitation of those who are candidates for appointment to any office or position.

This letter was sent without my knowledge or consent. Had I known such solicitation was contemplated, I would have stopped it.

My purpose in directing this communication to you is to determine:

(1) Were you invited to make any political contribution whatsoever incident to your appointment or recommendation for appointment to any position in the Post Office Department?

(2) Were you given to understand, or in any way led to believe, that your appointment or recommendation for appointment would be contingent upon any such contribution?

(3) Have you made any political contributions whatsoever since April 23, 1951?

That was the date I came to the Senate.

If so, please state the amount, the person to whom it was given, and the circumstances under which it was given. In the interest of good Government it is imperative that we have all the facts relating to this letter, and indeed any other requests for contributions that are made incident to any appointments or recommendations. Neither Governor Williams nor I would stand for any fund raising based on the contingency of appointments and it is important to establish whether or not anything of this sort has taken place without our knowledge.

As you know, the Post Office Department is the final authority on all postal appointments. Nevertheless, I am asked to make recommendations on these appointments and I feel a heavy responsibility to the people of Michigan in seeing that my recommendations are based on merit. My suggestions to the Post Office Department are based to a large extent on recommendations from within the State.

Therefore, I must have absolute assurance that no recommendations received by me are influenced by any contributions which may have been made or promised.

After dictating that letter I dispatched my legal counsel, James H. Lincoln, former assistant United States district attorney and former assistant prosecutor of Wayne County, which includes Detroit, to start investigating this situation and also a number of other reports of campaign fund raising.

As has been stated previously in my behalf—and I am appreciative of those statements—I unequivocably repudiate any attempts on the part of any official of the Democratic State central committee to solicit contributions for the party from any postal appointee.

The senior Senator from Michigan states flatly that the sending of the Hunt letter, the text of which he read into the record, is a violation of the law.

My colleague from Michigan is an attorney well versed in law. He was a circuit judge in the county of Wayne, and he was a one-man grand jury. I am not a lawyer, so of course, I cannot presume to contest his statement.

But if, as he says, this letter constitutes a violation of the law, then I am confident that the proper prosecuting authorities will take whatever action is indicated, when we call it to their attention, as we will do, and the courts will uphold the contention.

I know that my colleague, as a former member of the bench, will join with me in expressing complete confidence in the integrity of the courts in Detroit and Wayne County.

In behalf of my good friend, the great young Governor of my State, Mennen Williams, let me put this into the RECORD: When his attention first was drawn to the fact that the finance director of the State central committee was addressing such letters to postal appointees, he immediately ordered the practice stopped. Furthermore, every penny which had been contributed during the period was immediately returned to the contributors. As of that date, in August, 20 or 21 letters had been mailed out, and the huge sum of $95 had been contributed.

This information he gave to the press in Lansing last week. He was quoted in Lansing dispatches as follows:

I am satisfied that those who prepared this letter did so with no improper motive. The Democratic Party has not accepted one penny of contributions as a result of the mistake. The mistake has been fully rectified.

It is my belief also that there was no improper motive in drafting this letter, but I certainly believe that it was couched in highly improper language. The inference which could be drawn from the letter was not a fortunate inference.

One further reference to the Governor's position in this matter, which has been subject to distortion, by error and not intent, I am sure.

Last Saturday the senior Senator from Michigan read into the record portions of a news story filed from Washington by James Haswell, of the Detroit Free Press. One of the two paragraphs he elected to read states:

The Governor's appointment of Senator MOODY broke a political stalemate which had existed for several months, and gave him control of patronage reaching into every community of the State.

The senior Senator from Michigan then went on to say:

We now find that the governor of a State indicates in the newspapers that they (postmasters) are back in politics.

I suggest that the Senator read this passage again. If he does, he will note that it was Mr. Haswell, the reporter, who said that, and not Governor Williams, who nowhere was quoted, directly or indirectly, in the story.

As I said at the outset, I am concerned primarily today with clearing up the record.

Now, Mr. President, I should like to address myself briefly to the allegations and insinuations of the Representative from the Second District of Michigan, Mr. MEADER.

According to the newspaper clippings reaching me from Michigan, Mr. MEADER and others have charged that the Democratic Party in Michigan is selling jobs in the Post Office Department. That, Mr. President, is what I meant by a political smear. Mr. MEADER is a lawyer. I am surprised that he is reaching conclusions before the evidence is in. He has reached his conclusion on the basis of the fund-solicitation letter plus one letter from a constituent who complains that, as a veteran, he was passed over unlawfully for a postmaster's appointment. I immediately asked Mr. MEADER for the identity of this man.

Mr. MEADER refused to let me know the identity of the man.

Mr. MEADER must be acquainted with the civil-service and post-office laws and regulations governing these matters. He must know that without cause a veteran cannot possibly be passed over by a nonveteran. The rest of his anonymous correspondent's complaint deals with hearsay.

Now I am not dismissing this lightly. I think this is a serious charge, and I

think it should be thoroughly investigated. Mr. MEADER asks that I call off my own personal inquiry into the charge on the ground that I am investigating myself. Of course I am not. I am inquiring into the alleged acts of others purportedly taken in my name without my authority.

If an anonymous caller telephones a bank president to say that the third cashier from the right has his fingers in the till, I rather imagine that the bank president would run an adding-machine tape on the teller before calling in the law. I am now running such a tape.

The chairman of the Republican State Central Committee in Michigan last week sent telegrams to all Michigan Republicans in Congress urging that they demand a congressional investigation of the matters referred to here. And the response at this end was prompt. The investigation has been demanded.

My colleague, in his address to the Senate last Saturday, said he was sure that the junior Senator from Michigan would join him in asking for such an inquiry. I would be delighted if the investigating committee of the Senate, after considering any evidence before it, should decide to make a check of the situation. I shall, of course, lay before the committee headed by the Senator from North Carolina [Mr. HOEY] any facts that I am able to gather, and I am sure that the senior Senator from Michigan [Mr. FERGUSON] will agree that if the committee decides to make any investigation of the fund raising in Michigan it should go into all practices of fund raising in our State by both parties.

Clean government and respect for the holders of public office is the issue. In this connection, let me say that I am sorry that Representative MEADER has chosen to place all Michigan postmasters under suspicion by his publication of an anonymous letter.

I talked with the chairman of the Senate Subcommittee on Expenditures, informed him of my inquiry, and suggested that if his committee finds sufficient evidence to justify a formal inquiry, it should go into the whole story of campaign fund solicitation, as engaged in by both major parties in Michigan over a period of the last 5 years.

Mr. President, I have just been handed by my administrative assistant an up-to-date check of the investigation so far, which shows that a total of eight contributions were made by postal employees. They were not necessarily made in response to Mr. Hunt's letter, as some of these employees are long-time members of the Democratic Party and regular contributors.

The total sum received from these people to date was $130.50. The largest of these contributions was $60, while the smallest was $3. All have been returned. Incidentally, that is an average of $16 contributed. It is somewhat typical, I am afraid, of Democratic Party financing.

I notice that the distinguished and able senior Senator from Ohio [Mr. TAFT] has come into the Chamber. I should like to point out that the $130 which was raised from eight contributors is far less, I am sure, than two gentlemen will be raising when they attend the $100-plate dinner in honor of the distinguished senior Senator from Ohio at Detroit next week.

I believe it is typical that the contribution to the Democratic Party averages $16 each.

I assure the Senate that when Mr. Lincoln, my counsel, has completed his investigation, I will make the results of it available to the distinguished Senator from North Carolina [Mr. HOEY], the chairman of the investigating subcommittee. I assure the Senate also that if there has been any violation of law—and I am confident Mr. Lincoln, a former United States district attorney, will uncover it, if there has been such a violation—we will call upon the district attorney in Detroit to prosecute the violations.

REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. McFARLAND. Mr. President, it is a little disccuraging that we should have so few Senators on the floor. I again ask unanimous consent that we may have a quorum call, without charging the time to either side.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the further proceedings incident to the call of the roll be dispensed with, and that the order for the call of the roll be rescinded.

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

The question is on agreeing to the amendment offered by the Senator from New York [Mr. LEHMAN] for himself and other Senators.

The amendments considered en bloc, offered by Mr. LEHMAN for himself and other Senators are as follows:

CHANGE OF EFFECTIVE DATE FOR CORPORATE TAX INCREASES TO JANUARY 1, 1951

On page 36, beginning with line 12, strike out all through line 24, and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954: In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, a tax of 37 percent of the normal-tax net income.

"(2) Taxable years beginning after December 31, 1953: In the case of taxable years beginning after December 31, 1953, a tax of 25 percent of the normal-tax net income."

On page 37, beginning with line 22 strike out all through line 24; and on page 38, beginning with line 1, strike out all through line 13 and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954: In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, a surtax of 25 percent of the amount of the corporation surtax net income in excess of $25,000.

"(2) Taxable years beginning after December 31, 1953: In the case of taxable years beginning after December 31, 1953, a surtax of 22 percent of the amount of the corporation surtax net income in excess of $25,000."

On page 38, in line 22, strike out the word "April" and insert in lieu thereof "January."

On page 39, beginning with line 3, strike out all through line 15; in line 16 delete "(C)" and insert in lieu thereof "(B)"; and in line 17 delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 43, beginning with line 11, strike out all through line 24, and revise line 25 to read as follows:

"(A) Taxable years beginning after December."

On page 44, in line 1, delete "1951" and insert in lieu thereof "1950," and in lines 2 and 3 delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 44, in line 13 delete "(C)" and insert in lieu thereof "(B)."

On page 45, beginning with line 4, strike out all through line 20, and amend lines 21 and 22 to read as follows:

"(A) Taxable years beginning after December 31, 1950, and before January 1, 1954."

On page 46, in line 9, delete "(C)" and insert in lieu thereof "(B)."

On page 47, beginning with line 3, strike out all through line 9 and insert in lieu thereof the following:

"(3) In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, there."

On page 47, beginning with line 17, strike out all through line 23 and insert in lieu thereof the following:

"(4) In the case of taxable years beginning after December 31, 1950, and."

On page 48, beginning with line 13, strike out all through line 19 and insert in lieu thereof the following: "period at the end thereof the following: '; except that in the case of taxable years beginning after December 31, 1950, and'."

On page 50, beginning with line 22, strike out all through line 25.

On page 51, beginning with line 1, strike out all through line 8 and insert in lieu thereof the following:

"(A) Taxable years beginning after December 31, 1950, and before January 1, 1954. In the case of taxable years beginning after December 31, 1950, and before January 1, 1954, 62 per."

On page 51, in line 14, delete "(C)" and insert in lieu thereof "(B)."

On page 52, beginning with line 1, strike out all through line 9 and insert in lieu thereof the following:

"In the case of a public utility, (A) for a taxable year beginning after December 31, 1950, and before January 1, 1954, an amount equal to."

On page 52, in line 14, delete "(C)" and insert in lieu thereof "(B)."

On page 53, beginning with line 1, strike out all through line 16 and insert in lieu thereof the following:

"(1) Taxable years beginning after December 31, 1950, and before January 1, 1954: In the case of a taxable year beginning after December 31, 1950, and before January 1, 1954, an amount equal to 27 percent of its normal-tax net income computed without regard to the credit provided in this subsection.

"(2) Taxable years beginning after December 31, 1953: In the case of a taxable year beginning after December 31, 1953, an amount equal to 30 percent of its normal-tax net income computed without regard to the credit provided in this subsection."

On page 59, in lines 20 and 24, delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 61, beginning with line 5, strike out all through line 19 and insert in lieu thereof the following:

"The amendment made by this part shall be applicable only with respect to taxable years beginning after December 31, 1950. For treatment of taxable years beginning in 1950, and ending in 1951, see section 131."

On page 65, in line 19, strike out "April 1, 1951" and insert in lieu thereof "January 1, 1951"; and in line 21 strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 66, in line 4, strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950"; and in line 17, strike out "April 1, 1951" and insert in lieu thereof "January 1, 1951."

On page 66, beginning with line 20, strike out all through line 25 and insert in lieu thereof the following:

"(g) Taxable years of corporations beginning after June 30, 1950, and before January 1, 1951, and ending in 1951: In the case of a taxable year of a corporation beginning after June 30, 1950, and before January 1, 1951 and ending after December 31, 1950, the."

On page 67 in line 6, strike out "April 1, 1951" and insert in lieu thereof "January 1, 1951", and in lines 12 and 13 strike out "March 31, 1951" and insert in lieu thereof "December 31, 1950."

On page 70, in lines 23 and 25, strike out the word "April" and insert in lieu thereof "January."

On page 71, beginning with line 7, strike out all through line 13 and insert in lieu thereof the following:

"(2) Taxable years ending after December 31, 1950.—In the case of a taxable year beginning before January 1, 1951, and ending after December 31, 1950, the tax imposed by subsection (a)."

On page 71 in lines 20 and 24, delete the word "April" and insert in lieu thereof the word "January."

On page 72, in line 1, delete "March 31, 1951" and insert in lieu thereof "December 31, 1950."

Mr. LEHMAN. Mr. President, my amendment is a simple one, offered to a very complicated tax bill. The amendment is so simple and so clear that I do not believe I shall have to use all the time which has been allotted to me.

Under this amendment, the new tax rates for corporations would be effective January 1 of the current year, instead of April 1, as is provided by the Senate committee.

There is no justification, in fact or in theory, for making the new corporation taxes effective April 1.

The bill, as approved by the House, made new corporation tax rates effective January 1. The amendment I have offered, cosponsored by 12 other Members of the Senate, strikes out the change made by the Senate committee, and restores this provision of the bill to the form approved by the House.

In practical effect, Mr. President, my amendment would increase Federal revenues by about $500,000,000. The amendment offered by the Senate committee would decrease Federal revenues by $500,000,000, or one-tenth the size of the whole bill. The Senate committee version would forgive $500,000,000 in corporate tax liability, even at the rates proposed by the Senate committee, and even more than that amount at the rates approved by the House.

Mr. President, there is no justification for this forgiveness. There is no reason for this cut in Federal revenues, for this special favor to corporations.

I do not know why the Senate committee set the date of applicability of the new rates for corporations at April 1. The committee report gives no firm reason. Why April 1? Why not March 1 or February 1 or June 1? There is no sense to an April 1 date, and there is a loss to the Government of half a billion dollars.

Mr. MILLIKIN. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. MILLIKIN. Will the distinguished junior Senator from New York be good enough to tell us what the forgiveness consists of? It is not forgiveness from existing law, is it?

Mr. LEHMAN. It is foregiveness of an amount to which the Government is entitled, and which the Government would receive if the date were fixed as of January 1, instead of April 1. The January 1 date is in accordance with the almost invariable custom of the Congress of the United States.

Mr. MILLIKIN. Then as the matter stands now, since it is not a forgiveness from existing law, it is a forgiveness, for the moment, at least, from a standard in the Senator's mind. Is that correct?

Mr. LEHMAN. I think I shall develop that in the course of my remarks.

Mr. MILLIKIN. Very well.

Mr. LEHMAN. Mr. President, the committee report argues with itself on the question of whether to make the new corporate rates effective April 1, July 1, or October 1. The arguments are revenue arguments. If the effective date for the new rates was set at July 1, the committee says, Government revenue from the new corporation taxes would be decreased $360,000,000. If the effective date were made October 1, Federal revenues would be decreased $680,000,000.

The total take for the Government, the total revenue from the new corporation taxes in the fiscal year 1952, will be $975,000,000, if the effective date is April 1, as proposed by the Senate committee; $615,000,000 if the effective date is July 1; or $295,000,000 if the effective date is October 1.

The committee report does not mention the revenue effect of changing the effective date from the House version of January 1; but the loss is estimated by the Treasury at $500,000,000, more than half of this amount in the current fiscal year.

The report says that the Finance Committee is opposed to what it calls retroactive rate increases. Indeed, this is the only rationalization for moving the date forward from January 1; but April 1 is only 3 months less retroactive than January 1. If this so-called principle were adhered to, the committee should logically recommend that the new corporate rate should be effective November 1. But the committee does not make any such recommendation. The committee knows what the effect of such a recommendation would be. Its effect would be to make the new corporation taxes largely hypothetical as far as the present fiscal year is concerned. While individual income-tax payers would be required to contribute an additional $1,400,000,000 in revenue to the Federal Government during the current fiscal year, corporations would pay practically nothing.

Why is this true with regard to corporation taxes? It is true because the bulk of the corporations maintain their books on a calendar year basis. They pay their taxes in four installments in the year following the year of liability. If these new rates were made applicable to corporations beginning November 1, most corporations would pay in the present fiscal year less than one-twelfth of their increased liability under the proposed tax bill. They would owe for the calendar year 1951 only two-twelfths of the proposed increase, covering 2 months; and in the present fiscal year, they would be required to pay little more than one-half of that. Even by the end of fiscal 1953, the corporations would not have paid a full year's tax at the new rate. Thus, it is unrealistic to speak of retroactivity with regard to corporations.

The Senate committee is well aware of that fact. No committee would have dared report a tax bill making corporation taxes effective as of the current date. Such a bill would, in effect, defer increased corporation tax rates for more than a year. It would bring no increased revenue to the Government. The corporations would be excused from carrying their share of the national burden, from making their share of the national sacrifice in the current fiscal year. Such a tax bill would be scandalous and insupportable.

So the Senate committee proposed making corporation tax rates effective as of April 1, although the House had voted to make those rates effective January 1. The Senate committee thus recognizes the principle of retroactivity of rates, so far as corporations are concerned. It is just a question of how much. What is the reason for an April 1 date? The only reason I can see is to forgive a half billion dollars in corporation taxes. It is a grant of that much to corporations.

Mr. President, I should like to be helpful to our great corporations and to all others. I admire the achievements and contributions of the corporations to the national economy; but my admiration does not carry to the point of forgiving them half a billion dollars of tax liability while the working men and women are asked to contribute their share, not next year, not the year after, but this year.

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

Mr. LEHMAN. I yield.

Mr. MILLIKIN. The Senator is not in favor of making the income tax on the workingman retroactive, is he?

Mr. LEHMAN. Certainly I am not.

Mr. MILLIKIN. Of course not.

Mr. LEHMAN. But the bill does not forgive them anything. They have to bear their share. In the case of the proposal of the Senate Finance Committee, the principle of retroactivity is recognized; but they set the date April 1, instead of January 1, which has been the invariable custom, as I shall point out, and they thus save the corporations an amount as large as $500,000,000, according to the estimates of the Treasury Department.

Mr. MILLIKIN. I would advise the distinguished Senator that the April 1 date applies only to corporations, and the individual income taxpayer has no retroactivity applied to him at all.

Mr. LEHMAN. I realize that—and he never has had.

Mr. MILLIKIN. That is a highly desirable provision, as I see it.

Mr. LEHMAN. He never has had; but the corporation tax has always been retroactive, and, in almost every instance, to January 1; and I shall develop that as I go along.

Mr. MILLIKIN. Very well.

Mr. LEHMAN. The Wall Street Journal reported on September 11 that the change of effective date recommended by the Senate committee would reduce the tax liability of United States Steel by $23,000,000. I see no reason for Congress to make this grant of $23,000,000 to United States Steel and comparable grants to our other giant corporations in a year when we are all being called upon to tighten our belts, to work a little harder, to contribute a little more, to spend a little less—in a year when we face a budget deficit of $10,000,000,000, in a year when our national income is at record levels.

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

Mr. LEHMAN. I yield for a question.

Mr. MILLIKIN. I do not desire to disturb the Senator from New York unduly, but I know he does not mind a question or two occasionally. Would the Senator mind putting in the RECORD a statement of the number of workers employed by the United States Steel Corp. and the other rich corporations to which he refers?

Mr. LEHMAN. I do not have the figures available, but, of course, I would be very glad to get them.

Mr. MILLIKIN. It is through their employment by the corporations that they get their living.

Mr. LEHMAN. I realize that, of course.

Mr. MILLIKIN. They get their living out of the well-being of the corporation which provides the payroll.

Mr. LEHMAN. I realize that, of course; but that makes no difference. They render service for their employer, and the steel corporation, of course, profits by the increasing employment given to workers, and by the increasing production.

Mr. MILLIKIN. And the profits which are retained are used to expand the plant, buy modern machines for the workers, and expand the payroll; and those profits which are not so used go to the dividend man, and he has got to have those little dividends—and most of them are litle dividends—to pay the grocer, to keep a roof over his head, to buy some shoes for the children, and so forth and so on. So these great profitable corporations serve a very useful economic function; and if we did not have them, it would be necessary to invent them.

Mr. LEHMAN. Of course, it would be; but I am surprised at the statement of my distinguished friend from Colorado. I may say again, as I said last week, that I have great admiration for the Senator and for his ability. But as I interpret his remarks the Senator from Colorado says that because these great corporations give employment to so many men—and of course we know they do—they should be excused from bearing their share of the tax burden. If the Senator's thesis is correct, why permit the taxation of corporations at all? I may say that these corporations are making more money today than they ever made before; there can be no doubt about that; and their production is greater. Furthermore, in many cases the amount they put back into the business is greater than it ever has been before, in spite of the fact that dividends are greater.

Mr. MILLIKIN. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. MILLIKIN. I would not for one moment suggest that they should not pay taxes. I, on the minority side, have been a leader in the efforts to tax them. I was a minority leader in imposing the excess-profits tax on them. So I do not want any misinterpretation of my own position. But merely because a corporation is large, or because it is making big profits, does not argue either for or against an additional tax.

Mr. LEHMAN. I am not saying it does.

Mr. MILLIKIN. I think we must be careful lest we give the impression that because a corporation is large, and because it makes big profits, we should hike its taxes. That argument cannot be sustained as a generality, any more than can the arguments that their taxes should be decreased. It means nothing.

Mr. LEHMAN. Will the Senator from Colorado understand that I am not discussing any hike in taxes at all? I am discussing the date of the collection of the taxes. I am not discussing a hike in taxes. But I am delighted to hear the Senator from Colorado express his adherence to the principle of taxing corporations, because I very much hope, and now I expect, that he will support my amendment.

Mr. MILLIKIN. Mr. President, if the Senator will yield, I think since I have been in the Senate I have probably voted, and in some instances have led, in putting tax after tax upon corporations.

Mr. LEHMAN. I am aware of that.

Mr. MILLIKIN. It do not believe that because a corporation is a corporation it is entitled to any tax exemption, or merely because it is a corporation, or is a large corporation, that it is entitled either to a tax increase or to a tax decrease. The argument must rest on another basis.

Mr. LEHMAN. I am very much encouraged in the hope that the Senator will go along with my amendment.

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

Mr. LEHMAN. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Is it not true that the argument should rest upon the ability to pay, that it should rest upon the principle of simple fact as to whether an organization or an individual has the earned income or the profit which makes it possible for the appropriate payment of appropriate taxes? I think the facts bear us out and bear out what the Senator from New York is so well stating, that in the first quarter of 1951—these figures were used extensively yesterday—corporate profits before taxes were running at the rate of $51,800,000,000; corporate profits after taxes were running at the annual rate of $23,300,000,000; dividend payments were running at the rate of $8,800,000,000; and undistributed profits were running at the annual rate of $14,500,000,000 in the first quarter of 1951. That is the quarter to which the Senator from New York is directing his attention.

I agree with the Senator from Colorado that merely because someone is making money affords no reason for suddenly rushing in with a discriminatory tax and trying to take it away from him; but I likewise point out that the record is complete that the corporations expected their tax liability to start January 1. They were notified to prepare on the basis of that, and the financial journals of Chicago, Philadelphia, San Francisco, and New York, journals which we shall place in this RECORD, show that they were prepared and preparing to meet their tax liability as of January 1, not as of April 1.

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

Mr. LEHMAN. I yield for a question.

Mr. MILLIKIN. It is news to me that the corporations handle their business exclusively on the advice of the trade journals. I have no doubt that when that advice is believed to be sound it is followed. But I suspect that the managements of corporations preserve their own discretion in the matter, and, Mr. President, sometimes they do not have discretion to set up reserves to cover retroactive taxation. One may read something in a newspaper to the effect that corporation A is going to set up reserves for this and that, while other corporations may not have the funds with which to set up reserves. Most of the corporations are not big, sound, potbellied institutions. Most of them are of much smaller size, running down to very small corporations which are under great distress to meet regular taxes already imposed, let alone meeting retroactive taxes.

Mr. HUMPHREY. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from Colorado is now talking about the wages and profits of corporate industry. We get back to the same argument. But I submit that the estimated gross profits and net profits are running at an all-time high. Let me correct the Senator in one other respect.

Mr. LEHMAN. Mr. President, I have yielded to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from Minnesota referred to what the financial journals had reported. This is not a figment of their imagination. Just as the reporters in the Press Gallery of the Senate report what they hear, so the financial journals report what they have heard from the corporate directors and the corporate managers about setting aside reserves for a tax liability, which tax liability has been announced earlier by the Congress in 1950.

Mr. MILLIKIN. The distinguished Senator is not recognizing the point of distinction which I am making. Again we fall into the habit of talking in generalities. Some corporations set up reserves, some voluntarily did not, perhaps unwisely, and some did not because they could not. We have to keep all those things in mind.

Mr. LEHMAN. I shall develop that point a little later in my remarks; but I may say that certainly ample warning had been given, ample warning covering a period of 8 or 9 months, and those who were not in position to set up reserves will not be disturbed or suffer any hardships. If they do not have earnings they will not pay any corporate tax.

Mr. MOODY. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield to the Senator from Michigan.

Mr. MOODY. I should like to ask the distinguished Senator from Colorado, since he has discussed the principle of retroactivity in taxation, why the committee set the effective date of the levy as April 1. What is the difference in principle between making it retroactive to April 1 and making it retroactive to January 1, which would include the first quarter, the most profitable quarter in corporate history?

Mr. MILLIKIN. I am glad the Senator has asked that question. It is time that he appreciates some of the practical implications of the committee bill. There is a question of adjustment, which is important when it does not sacrifice essential principles. One viewpoint was that we should go back to January 1. There was one viewpoint, which was strongly urged, that we should make the date July 1. We compromised on April 1. That is all there is to it. So far as I am concerned, I should be willing to see the date fixed at July 1, but if I cannot have July 1, I will take April 1 in preference to January 1. It is just that simple.

Mr. MOODY. Would not July 1 also be retroactive? If the Senator advocated July 1, was he not advocating retroactivity?

Mr. MILLIKIN. By July 1 there were no if's, but's, or maybe's with reference to the fact that there was going to be a tax.

Mr. MOODY. Is the Senator implying that early this year there was not adequate notice and general expectation that there would be an increase in taxes?

Mr. MILLIKIN. I do not imply it; I charge it, I allege it.

Mr. TAFT. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield for a question.

Mr. TAFT. I point out that there is a logical basis for the date of April 1. It is true that there were rumors that taxes would be raised, but they were only rumors. The President made some recommendations. After all, the President has nothing to do with the initiation of tax bills. That lies with the House of Representatives. It was April before there was any crystallization of sentiment in the House. I voted for the April 1 date because it seemed to me that by that time there was a pretty good assumption that the House would recommend a five-point increase. But I do not think it can be said that there was any reasonable anticipation or reasonable basis on which to fix any tentative reserve until the House committee had taken some action. That is why I think there is a logical basis for the date of April 1.

Mr. LEHMAN. I wish to continue my remarks for the sake of saving time, because I am taking up and discussing various issues which have been raised, but I may say to the distinguished Senator from Ohio, since he referred to the warning as a rumor, that I think a presidential message addressed to the Congress early in January and a bill introduced in the House of Representatives early in January cannot be described as rumors. They certainly served notice that the disposition of the question was a very important issue.

Mr. TAFT. Mr. President, will the Senator from New York yield further?

Mr. LEHMAN. For a question.

Mr. TAFT. Is the Senator aware of the fact that the Constitution vests the whole revenue-raising power in the House of Representatives and not in the President, and that no one can assume arbitrarily that there is going to be an increase in taxes unless there is a crystallization of sentiment in the House of Representatives?

Mr. LEHMAN. Of course the Senator from New York realizes that a measure affecting revenue must be initiated in the House of Representatives, but certainly there had been ample notice that a tax bill would come before the Congress, and that there was a great likelihood of the date being fixed at January 1. It is my opinion that that was understood by most of the manufacturers. I shall develop all these questions a little later in my remarks.

Mr. HUMPHREY. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. HUMPHREY. I desire to make one comment with reference to rumors. As one person said, it was an ugly rumor based on fact. That kind of a rumor does have some compelling control.

Mr. TAFT. Mr. President, will the Senator from New York yield further?

Mr. LEHMAN. I have yielded to the Senator from Minnesota.

Mr. HUMPHREY. Earlier in the debate we discussed the whole question of the powers of revenue raising and the powers of appropriation. I have in my hand a copy of the Senate Manual, and I am referring to a section of the Constitution dealing with the powers of the Congress. Under those powers of the Congress the Constitution provides that Congress shall have power to lay and collect taxes, to provide for the common defense and the general welfare of the United States. It goes on to point out that it has power to borrow money on the credit of the United States, and it also points out that the Congress of the United States has the power of appropriation. That is exactly what the Senator from Minnesota and the Senator from New York have been saying, that the same Congress which has made appropriations has the complete and unlimited power of raising revenue. Both powers are without any limitation of jurisdiction whatsoever. It is the Congress that has made the appropriations, and it is the Congress that must enact the revenue-raising measures.

The Senator from New York is correct when he says that Congress itself had already initiated action upon the revenue-raising program, and had thereby given warning. If the Senator from Ohio wants to call it a rumor, I repeat my statement, that it was one of those ugly rumors based upon facts.

Mr. GEORGE. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I gladly yield to the distinguished chairman of the committee, but after that I would ask that I be permitted to complete my remarks, which are of some length. Senators will understand I am limited to 1 hour. If I have any time on the completion of my remarks I shall be glad to yield for any questions. If not, the opponents of my amendment will have 1 hour, and they may talk in their own time.

Mr. GEORGE. I do not wish to interrupt the Senator. I merely invite attention to the fact that while the budget message came to Congress in January it made no reference to tax rates at all, and it was February before the Secretary of the Treasury submitted a recommendation. It was April 1 before the House Ways and Means Committee went into executive session to frame a bill.

Mr. LEHMAN. I thank the Senator very much for his statement.

Mr. TAFT. Mr. President, does the Senator prefer not to yield further at this time?

Mr. LEHMAN. I prefer not to yield further, but if I have any time later I shall be glad to yield. I do not know whether the distinguished Senator from Ohio will oppose this amendment, but those who are opposed——

Mr. TAFT. I am opposed to the Senator's amendment, and I am for the provision of the committee bill.

Mr. LEHMAN. Then the Senator may express his thoughts and opinions during the hour allotted to the opponents of the amendment.

Corporation profits, as has been stated repeatedly in the Senate during this debate, are running at the rate of $50,000,000,000 before taxes, and $23,000,000,000 after taxes. This is an all-time high. There may be individual instances of decreased earnings and profits. There are a few soft spots in the economic picture—in textiles and similar goods. But the corporations which are making little or no profit would be required to pay little or no increase in taxes. What we are trying to get at, what we are trying to get for the Government and for the country, is to tap the big profits, the rich and record earnings of corporations which can, should, and must help pay for the national defense effort—for the effort on which our national survival depends.

This is no time for mollycoddling either ourselves, as individuals, our people, or our corporations.

These are times for sacrifice, and especially for equality of sacrifice.

The corporations should lead the way in bearing a fair share of the national burden, not only in producing goods for the national defense, but in producing revenues for the national defense.

The Bureau of Labor Statistics reported as of July of this year that a city worker's family budget required, as a minimum, an income of $3,800 for a family of four, to meet minimum needs of food, clothing, shelter, medical care, and recreation. Under present law an income of $4,000 for a head of household, a married man with two dependents, a family of four, bears a tax liability of $320. This tax is proposed to be increased by the Senate committee by 11 percent. This tax would be collectible immediately, in the first pay check. Even under present law the individual in question is paying more taxes than his budget can stand, under the minimum requirements described by the Bureau of Labor Statistics. But we are going to increase those taxes immediately by 11 percent. We are going to reduce the standard of living of that family even further below the minimum than is now the case.

Meanwhile we are also proposing to lay on more excise taxes. We propose to raise $1,300,000,000 of additional revenues in excise taxes. These taxes will fall largely on the great mass of the people, on those of low and moderate income. They pay the bulk of these indirect taxes. They pay the taxes on toilet goods, on automobiles, on tobacco, cigarettes, distilled spirits, beer, and on most of the other 61 items and service commodities on which taxes are now levied.

Under the terms of the pending bill, another score of commodities and products are to be added to the list of those on which excise taxes are to be levied. These include such necessities as gasoline, cigarettes, washing machines, and vacuum cleaners. On some of these items, the excise tax is unjust and unwise.

I dislike most excise taxes. They are a regressive tax. They place the greatest burden on those least able to pay. But we are going to raise $800,000,000 additional this fiscal year, in excises, above that which we already collect in excise taxes. This, too, is from the pockets of the great masses of the people.

Are we then to spare the corporations, forgive them their increased taxes this year, tell them that while we are going to raise the rates, they will not need to pay higher taxes until 1953, and that they need make only a token contribution to help balance this year's deficit, a token contribution to this year's need for revenue? I say "No." And I am convinced the American people will say "No."

The flag of nonretroactivity is raised with regard to corporations, even though, I believe, it is meaningless. What has been the practice in other years? What has been the principle we have followed in past years, in times when there was no national emergency, no world emergency?

The records show that in every year, except in 1950, corporation taxes have always been what some might call retroactive—effective on the first day of the year in which the new tax rates have been established by law. This record, Mr. President, goes back to 1909, even before our individual income-tax law was adopted. Corporation taxes have always been levied as of January 1, by Republican Congresses and by Democratic Congresses, by conservative administrations and by liberal administrations. There was one minor exception in 1921. But, to balance that, the wartime tax bill of 1918, approved in February 1919, made the corporation tax effective as of January 1, 1918. In other words, it made the retroactive clause in the bill run for nearly 14 months.

The amendment which I have proposed, which would place the date as January 1, instead of April 1, is no innovation. My amendment is no get-tough proposal with corporations. They have always paid at new rates effective as of January 1. Otherwise the increased revenues would not be realized for 1 year or even 2 years after the new tax rates were put into effect.

Any corporation of any knowledge or experience makes provision for these increased taxes, sets aside from its earnings a sum sufficient to pay these taxes.

Mr. President, I have a table of those effective dates of past corporation-tax provisions. I ask unanimous consent to insert that table at this point in my remarks.

It is an eloquent table and should refute all arguments as to the allegedly unfair nature of a so-called retroactive corporation tax. While I am not going to read this table, but rather shall insert it in the RECORD, I do want to draw attention to certain actions which were taken showing the extent of our principle of retroactivity. The initial tax bill, as I have already said, was passed on August 5, 1909. The effective date of change was January 1, 1909.

In 1917, Congress passed a bill to increase the tax rate. The date of enactment was October 3, and the effective date of change was January 1 of that same year.

On November 23, 1921, Congress enacted a bill further increasing the corporation-tax rate. That was made retroactive.

On October 8, 1940, Congress passed a tax bill, and made the effective date retroactive to January 1 of that year.

On September 20, 1941, Congress passed a bill increasing the tax rates, and made the effective date January 1 of that year.

On October 21, 1942, Congress passed a tax bill and made the effective date of change January 1 of that year.

And so it goes. There are at least 30 or 40 instances of Congress having increased the taxes and making the effective date of change January 1 of the year in which the tax measure was passed.

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

History of the corporation income tax in the United States

Federal tax law	Provisions	Date of enactment	Effective date of change
Act of—			
Aug. 5, 1909	Initial tax of 1 percent with a $5,000 specific credit	Aug. 5, 1909	Jan. 1, 1909
Oct. 3, 1913	Eliminated $5,000 specific credit	Oct. 3, 1913	Mar. 1, 1913
Revenue Act of—			
1916	Increased rate from 1 to 2 percent	Sept. 8, 1916	Jan. 1, 1916
1917	Increased rate from 2 to 6 percent [1]	Oct. 3, 1917	Jan. 1, 1917
1918	Increased rate from 6 to 12 percent for 1918 and provided $2,000 specific exemption	Feb. 24, 1919	Jan. 1, 1918
	Reduced rate from 12 to 10 percent for 1919		Jan. 1, 1919
1921	Increased rate from 10 to 12½ percent [2]	Nov. 23, 1921	Jan. 1, 1922
1926	Increased rate from 12½ to 13 percent for 1925	Feb. 26, 1926	Jan. 1, 1925
	Further increase to 13½ percent for 1926		Jan. 1, 1926
1928	Reduced rate from 13½ to 12 percent and increased specific exemption from $2,000 to $3,000	May 29, 1928	Jan. 1, 1928
Joint Resolution No. 133—1929	Reduced rate from 12 to 11 percent for 1929 only	Dec. 16, 1929	Jan. 1, 1929
Revenue Act of—			
1932	Increased rate from 12 to 13¾ percent and eliminated specific exemption	June 6, 1932	Jan. 1, 1932
1936	Increased rate and changed rate structure. Adopted graduated normal tax ranging from 8 percent on first $2,000 of net income to 15 percent on income over $40,000,[3] and surtax on undistributed profits ranging from 7 to 27 percent.[4]	June 22, 1936	Jan. 1, 1936

[1] The Revenue Act of 1917 provided the transition in the tax treatment of intercorporate dividends from the full inclusion of corporate dividends to the exclusion of such dividends. This act imposed a tax of 1 percent on dividends from earnings of 1913, 1914, and 1915, and 2 percent on dividends from earnings of 1916 and 1917. Intercorporate dividends received from earnings of 1918 and subsequent years were exempt from tax until 1936, when 15 percent of dividends was included in the tax base.

[2] In addition, made specific exemption applicable only to corporations with net incomes of $25,000 or less.

[3] The brackets and normal tax rates under the Revenue Act of 1936 were: First $2,000 of normal tax net income, 8 percent; next $13,000 of normal tax net income, 11 percent; next $25,000 of normal tax net income, 13 percent; over $40,000 of normal tax net income, 15 percent.

[4] The rates of surtax on undistributed profits under the Revenue Act of 1936 were: 7 percent on portion of undistributed net income not in excess of 10 percent of adjusted net income; 12 percent on portion of undistributed net income exceeding 10 percent but not 20 percent of adjusted net income; 17 percent on portion of undistributed net income exceeding 20 percent but not 40 percent of adjusted net income; 22 percent on portion of undistributed net income exceeding 40 percent but not 60 percent of adjusted net income; 27 percent on portion of undistributed net income exceeding 60 percent of adjusted net income.

History of the corporation income tax in the United States—Continued

Federal tax law	Provisions	Date of enactment	Effective date of change
Revenue Act of—Continued			
1938	Increased rates. Retained principle of undistributed profits tax for corporations with net income of more than $25,000. Tax on such corporations was 19 percent less 16½ percent of dividends received credit and 2½ percent of dividends paid.[5] Corporations with net income of $25,000 or less were taxed at rates graduated from 12½ percent on first $5,000 of net income to 16 percent on amount over $20,000.[6]	May 28, 1938	Jan. 1, 1938
1940	Increased rates	June 25, 1940	Jan. 1, 1940
1940 (2d)	do. In combination the 2 Revenue Acts of 1940 increased rates to the following: For corporations with net income of: $25,000 or less[7] — Percent 14.85–18.7; Over $38,566 — 24	Oct. 8, 1940	Do.
1941	Increased normal tax rates and adopted surtax. The combined rates were as follows:	Sept. 20, 1941	Jan. 1, 1941
1942	Increased combined normal and surtax rates as follows:	Oct. 21, 1942	Jan. 1, 1942
1945	Reduced rates. No change in normal tax. Surtax rates reduced. The combined rates are as follows:	Nov. 8, 1945	Jan. 1, 1946
1950	Increased rates and changed method of rate graduation	Sept. 23, 1950	July 1, 1950
Excess Profits Tax Act of 1950	Increased surtax rate from 20 to 22 percent. In combination the Revenue Act of 1950 and the Excess Profits Tax Act of 1950 increased rates to the following:[8]	Jan. 3, 1951	July 1, 1950[9]

1941 — Combined rates were as follows:

Income	Combined rate on income in bracket
	Percent
Not over $5,000	21
Over $5,000 but not over $20,000	23
Over $20,000 but not over $25,000	25
Over $25,000 but not over $38,461.54	44
Entire income if in excess of $38,461.54	31

1942 — Combined rates on income in bracket

Income	Combined rate on income in bracket
	Percent
Not over $5,000	25
Over $5,000 but not over $20,000	27
Over $20,000 but not over $25,000	29
Over $25,000 but not over $50,000	53
Entire income if in excess of $50,000	40

1945 — The combined rates are as follows:

Income	Combined rate on income in bracket
	Percent
Not over $5,000	21
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
Entire income if in excess of $50,000	38

Excess Profits Tax Act of 1950 — Combined rates on income in bracket

Income	Normal tax	Surtax	Combined rate on income in bracket
	Percent	*Percent*	*Percent*
First $25,000	25	----------	25
Over $25,000	25	22	47

[5] Not to exceed 2½ percent of adjusted net income.

[6] For the purpose of making the transition from the reduced rates for corporations with net incomes of $25,000 and less and the flat rate applicable to those with net incomes of more than $25,000, an alternative tax (the "notch") was provided, applicable to corporations with net incomes of slightly more than $25,000.

[7] Provided "notch" for corporations with net incomes between $25,000 and $38,566.

[8] These rates apply in full to taxable years beginning on or after July 1, 1950. The Revenue Act of 1950 provided a transition schedule for the calendar year 1950, consisting of a normal tax of 23 percent applicable to entire profits and a surtax of 19 percent on surtax net income in excess of $25,000. For fiscal years beginning before July 1, 1950, and ending after June 30, 1950, the rates under the old law applied to income earned prior to July 1, 1950, and the new rates to income earned after June 30, 1950.

[9] Increased rate applies to all taxable years beginning on or after July 1, 1950.

Mr. LEHMAN. Mr. President, corporations have now been on notice since early in January that new and higher taxes would be levied. Indeed, the rates recommended by the President were considerably higher than those set forth in the pending bill. Corporations had no basis, in past practice or experience, for expecting that these new rates would not be retroactive. They have no justification for having failed to make provision for these new taxes, for having set aside funds to meet these new taxes.

And with profits running at record levels, there is no reason for the Congress to indulge in this charity, in this act of generosity toward the corporations. The Nation cannot afford any such gesture.

Mr. President, I cannot see how we can face the people of this country and say that we are going to tax their individual incomes at higher rates, we are going to ask the individual taxpayers to help balance the budget, but we are going to excuse the corporations from paying at the higher rates until 1953, because they did not know that taxes were going to go up, or claimed they did not. They had that knowledge. They knew it from the newspapers, from their trade journals, from their organizations. Their current earnings certainly reflect

an eminent capacity to pay these taxes, without special hardship and without danger to their financial stability.

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

Mr. LEHMAN. Mr. President, I have already stated that I prefer to complete my remarks. Later, after the opponents have spoken, if I have time, I shall be glad to yield. However, I point out that I have already yielded a great deal of my time, and that the opponents of this amendment have an hour in which to present their views.

Mr. MILLIKIN. Mr. President, will the Senator yield to me for an observation? I do not wish to ask a question.

Mr. LEHMAN. I yield.

Mr. MILLIKIN. I merely wish to say to the Senator that he was very generous with me. I was thoughtless, because I forgot for the moment that we were operating under a limitation of time. I thank the Senator.

Mr. LEHMAN. I thank the Senator from Colorado.

I know how important the corporations are to our national economy and national productivity. I do not wish to place an insupportable burden on them. Neither do I want to place this added burden on the ordinary taxpayers of this country—on the vast numbers of men and women who work with hand and brain, in shop, office, or factory, or on the farm.

We are taking money out of their pockets. We are taking the bulk of the new taxes from the bulk of the people, in the form of income taxes and excise taxes. We are biting deeper and deeper into the low-income levels of the population.

We know—it is a hard fact of life—that in those levels is the bulk of our national income. I wish it were true that the great bulk of our national income were in the wages and salaries of people making $5,000 a year or more. I wish wages and salaries were at that level. But they are not. And the people, although better off than they were 15 and 20 years ago—with more goods, more comforts, and more conveniences—still have not reached the level where these new taxes can be borne without great sacrifice—in money available to pay for food, medical care, transportation, education, and recreation.

Hence, since the taxes must be raised, and from these people, we must also raise the taxes of corporations. Their profits must yield considerable added revenue to the Government.

I remember, Mr. President, last year when we levied excess profits taxes on corporations. What a storm of protest that aroused. We were told that the corporations would be deprived of their incentive, and would cease to expand or to operate. We were warned that new investment for plant expansion would come to a halt, and that corporate earnings would be dissipated in waste and extravagance.

Well, that has not happened. New investment has reached a new high figure. Corporations are making bigger and better profits. They will continue to do so. Whatever protests are made on their behalf, the managers and directors of those corporations are patriotic and high-minded citizens, who have the national interest at heart. They are not motivated solely by the profit motive, as the NAM would have us believe.

So let us get on with this legislation. Let us get on with our job—our distasteful job—of raising more revenues to pay for the defense effort. Let us approve the amendment, making the date of corporate taxation effective as of January 1 of this year.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a telegram which I received from Mr. Louis Hollander, president, and Harold J. Garno, secretary-treasurer of the New York State CIO Council; also a telegram from Walter P. Reuther, president of the International Union of Automobile Workers. Both telegrams deal with the tax legislation under consideration, although not specifically with the pending amendment.

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

NEW YORK, N. Y.,
September 20, 1951.

Senator HERBERT H. LEHMAN,
Senate Office Building,
Washington, D. C.:

Provisions of tax bill now under consideration threaten to impose additional back-breaking burden on lower-income groups in order to protect emergency swollen profits of industry. Coming on top of inflationary Defense Production Act, such tax measure will gravely damage public morale and further weaken economy.

On behalf of 1,000,000 CIO members in New York State, we therefore urge your support for following:

Elimination of any kind of sales or general manufacturers excise taxes.

No increase in tax on incomes under $4,000.

Elimination of split-income provision and other loopholes which benefit wealthy.

Tighten excess-profits provisions.

Provide withholding tax on dividends and interest.

Congress must achieve pay-as-you-go tax program making major demand on profits attributable to national emergency and thereafter distributing burden justly according to ability to pay.

LOUIS HOLLANDER,
President.
HAROLD J. GARNO,
Secretary-Treasurer, New York State CIO Council.

DETROIT, MICH.,
September 20, 1951.

Senator HERBERT H. LEHMAN,
Senate Office Building,
Washington, D. C.:

Senate Finance Committee tax bill now being debated is big step toward NAM-inspired plan to substitute general Federal sales tax for income taxes based on ability to pay. Instead of reducing the standards of luxury of the well-to-do before cutting down further the already inadequate standards of living of wage earners and most farm people, this bill would open new tax loopholes for high incomes and luxury spending while curtailing purchase of necessities by low income families by increased income taxes and increased and new excise taxes, preparatory to the imposition of a general Federal sales tax later, as forecast by Committee Chairman GEORGE. Continuation of $2,500,000,000 tax favors provided to well-to-do families by split-income provision is grossly unfair and unwarranted when more revenue must be obtained. We strongly oppose proposed increase and extension of excise taxes on practical necessities like automobiles, tires, replacement parts, washing machines, and vacuum cleaners, which shift the burden to families whose living standards are already below the minimum American standard. We urge you to consider favorably CIO recommendations for amendment which are being supplied to you.

WALTER P. REUTHER,
President,
International Union UAW-CIO.

Mr. LEHMAN. Mr. President, how much time have I left?

The PRESIDENT pro tempore. The Senator from New York has 19 minutes left.

Mr. LEHMAN. I yield the floor for the time being, because I wish to have some time left in the event that rebuttal becomes necessary.

Mr. GEORGE. Mr. President, I yield to the Senator from Colorado [Mr. MILLIKIN] as much time as he may desire.

Mr. MILLIKIN. Mr. President, I think the question arises naturally as to why the committee's recommendation for retroactivity goes back to April 1. I do not believe that I am making any undue disclosure of the nature of the committee's executive deliberations when I say that there was some cleavage of opinion as to whether there should be any retroactivity.

A while ago I stated that the date of April 1 was selected as an adjustment of those conflicting viewpoints. So far as I am concerned, that is the complete answer. I notice that the distinguished senior Senator from Ohio [Mr. TAFT] rationalizes the irrational by mentioning some factors which to his mind had significance in connection with fixing the date of April 1. I simply wish to repeat that so far as I am concerned it was one of those practical adjustments in a field where I would have preferred that it be July 1 instead of January 1; but not being able to get July 1, I was as content as I could be under the circumstances with April 1.

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

Mr. MILLIKIN. I yield.

Mr. KERR. I understood the distinguished Senator from New York to make a statement a while ago indicating that the committee had dealt much more harshly with individuals in this regard than it had with corporations. Is it not a fact that the effective date for the increase in the individual rates is as of November 1?

Mr. MILLIKIN. The distinguished Senator from Oklahoma is entirely correct. There was the greatest solicitude shown for individuals, and none was shown for corporations.

Mr. KERR. The fact of the matter is, if the Senator will permit a further question along the same line, that the effective date for corporations covers 9 months of 1951, and for individuals only 2 months. In other words, under the committee bill the corporations are being taxed for four and a half times as much of 1951 as are individuals.

Mr. MILLIKIN. The distinguished Senator is correct.

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

Mr. MILLIKIN. I yield to any Senator who wishes me to yield.

Mr. LEHMAN. In connection with the corporation tax, if the date were made November 1, of course, the corporations would pay virtually nothing this year. With respect to the individual income tax, the procedure usually followed by the Congress has been followed in this instance. For the present fiscal year the individual income taxpayer will pay on 8 months; but only 2 months will fall in the present calendar year.

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

Mr. MILLIKIN. I yield.

Mr. DOUGLAS. Would I be disturbing the flow of argument and of wit of the Senator from Colorado if I ventured to ask a few questions?

Mr. MILLIKIN. I am sure the distinguished Senator would add nothing but warming and illuminating light to the discussion.

Mr. DOUGLAS. Is it not true that in the case of the average individuals who pay individual income taxes—and they run into the tens of millions—their means of information concerning the probable taxes which may be levied is much less than is true of large corporations, which watch the situation very closely. Corporations are therefore in a much better position to withhold from their current earnings the needed sums to pay anticipated taxes?

Mr. MILLIKIN. I disagree entirely with the Senator, because he selected an unfortunate parallel. He is comparing large-income individuals with large-income corporations.

Mr. DOUGLAS. No. I am comparing the large numbers of individuals who have low or medium incomes with large-income corporations.

Mr. MILLIKIN. I thought the Senator said large-income individuals.

Mr. DOUGLAS. No; large numbers of individuals.

Mr. MILLIKIN. Let us take the large-income taxpayers. They represent the source of many arguments. The large-income individual, of course, has auditors and tax lawyers who are constantly giving him the benefit of their wisdom. A large corporation has the same advantage.

Mr. DOUGLAS. Does John Q. Public have a coterie of tax lawyers and accountants helping him?

Mr. MILLIKIN. When we go down the scale of prosperity of a corporation and the prosperity of an individual, perhaps the sources of information are less well informed or not as readily available.

Mr. DOUGLAS. But the able Senator from Colorado is well aware of the fact that three or four hundred large industrial corporations do the major portion of the business of the country, whereas two or three hundred of the wealthiest individuals do not receive, fortunately, the major portion of the total income.

What is more generally true is that individuals of relatively low income, from $1,500 to $7,500 a year, do not have the tax-predicting facilities of a huge corporation. I believe it is that fact which accounts for the difference in retroactivity between corporation taxes and personal income taxes.

Mr. MILLIKIN. I would say to the distinguished senior Senator from Illinois that I would not regard it as a difference of any substantiality whatever.

Mr. DOUGLAS. I am surprised that so able a man would come to so fallacious a conclusion.

Mr. MILLIKIN. The rich corporation and the rich individual have available to them the services of so-called tax experts. As the scale of income decreases, these services become less available. The poor man obviously does not have such facilities available any more than a poor corporation—and there are many poor corporations; and the Lord watches the fall of the sparrow.

Mr. DOUGLAS. The Senator from Colorado is sufficiently able and subtle to appreciate the fact that the large corporations do the major portion of the total corporation business, whereas the medium and low-income persons receive the major portion of the individual incomes. The comparisons should be made between these groups.

Mr. MILLIKIN. Of course, a large corporation does more business than a small corporation. That is obvious. I am willing to agree on that with the Senator from Illinois. I gave the Senator from Illinois a grand welcome by saying he was going to throw warming light on the discussion. However, when he asks me whether a large corporation does more business than a small corporation, even I can comprehend that to be the fact.

Mr. DOUGLAS. I said a larger proportion of the total amount of corporation business. Lamenting the lack of perspicuity of the distinguished Senator from Colorado, may I ask him whether it is not a fact that while the administration's definite request for new taxes did not come to Congress until February, the scale of the tax which it then proposed was appreciably in excess of the scale which the House committee recommended?

Therefore, because of the recommendations of the Treasury Department, which were made on February 5 the corporations should have been prepared, during the first quarter of the year, and probably were prepared, for a somewhat higher level than emerged from the House, and still higher than the Senate committee proposed, and this higher scale would compensate for the fact that the administration's proposal was not advanced in January.

Mr. MILLIKIN. On the contrary, I suggest that in view of the fact that we had imposed two prior taxes since Korea, there was a fair presumption that there would be no further tax imposed this year. Certainly there was a fair presumption that the tax would not reach the magnitude that is contained in the pending bill, or that is contained in the Senator's theory of what the bill should provide.

Mr. DOUGLAS. The Senator from Colorado forgets that the budget submitted by the President in early January, indicated expenditures of $73,000,000,000 and revenues of only $55,000,000,000, with an estimated deficit of $18,000,000,000. Therefore, according to the estimates of January, a balanced budget would have required a tax of $18,000,000,000. The President finally asked for only $10,000,000,000 in new taxes.

Mr. MILLIKIN. The junior Senator from Colorado can never forget that the President always asks for an unbalanced budget and more revenue and more spending. He can never forget that, and, he pays very little attention to the President's recommendations.

Mr. DOUGLAS. I have observed that.

Mr. MILLIKIN. I am sorry that the distinguished Senator from Illinois, who usually retains an independent mind, should be citing the President as one of his authorities in fiscal and economic matters.

Mr. DOUGLAS. I am merely speaking about the facts. When the President is right as to the facts, I shall support him. When I believe he is wrong about the facts, I shall oppose him. In this case he did point to a big budgetary deficit, and indicated that taxes had to be increased very markedly if we were to balance the budget. It seems to me that the Senator from Colorado, as an exponent of sound financing, should be in favor of a balanced budget in a period of prosperity.

Mr. MILLIKIN. The distinguished Senator from Illinois, in that bunker of protection to which he has fled by saying that if the President is right he will support him and that when he is wrong he will not support him, himself leaves many loopholes. I am delighted to note that the Senator from Illinois does not support the President very often. It is another tribute to his wisdom, which we all acknowledge.

Mr. DOUGLAS. Without going into that question, the immediate issue with which we are now dealing is whether we should raise more revenue; and if so, how? It is certainly true that the pending measure will not raise more than $2,750,000,000 during the current fiscal year, which, when added to the $60,900,000,000 provided by the existing tax law, will represent a total of slightly less than $64,000,000,000. It is well known that expenditures will aggregate at least $73,000,000,000. In my judgment they will run to a minimum of $75,000,000,000. We therefore face a deficit of from $9,000,000,000 to $11,000,000,000.

If the deficit is not met by increased taxes, the Government will have to borrow money. The borrowing will have to be in the form of borrowing from banks. We will thus create additional credit, and we will have inflation. If we do not balance the budget through taxes, we will pay through inflation and cut down the incomes of the salaried class and of old people living on annuities, who are the most helpless and defenseless group in the community.

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

Mr. DOUGLAS. I realize that I am making a speech in the Senator's time, but he has been very generous.

Mr. MILLIKIN. I wish to match the Senator's own generosity. The Senator from Illinois has mentioned two or three things that intrigue me.

One is with reference to people who live on a fixed income. Those people are in distress right now.

Mr. DOUGLAS. The Senator from Colorado would put them in greater distress.

Mr. MILLIKIN. I would not put them in greater distress. So far as I am concerned, I would take no more tax from them than is provided for in this bill and that only with great reluctance. That is one way. There is another and better way, good sir. The distinguished senior Senator from Illinois is a chief exponent of that way and in that I heartily agree with him. If there is to be a deficit, let us have cooperation between the executive and congressional branches of our system of government. Let the President, by economy and by getting rid of useless functions, which he has the power to do, meet that very deficit, and thus give the people of the country the greatest heartening they have had since the President has occupied the White House.

Mr. DOUGLAS. I may say that in my opinion both the executive and legislative branches have been negligent in not making economies which should have been made. I lament a good many appropriations which have been made. However, probably at the most we would have saved 2 or 3 billion dollars more than we did save. I am sorry that we did not save the additional money. I tried my humble best to save it. At most, however, it would have brought expenditures down from $75,000,000,000 to $73,000,000,000, or perhaps from $73,000,000,000 to $71,000,000,000. We still would have had a big deficit. If we are to pay for national defense, it is just as necessary to balance the budget through increased taxes after we have cut expenses to the bone, as it is to reduce waste and reduce expenditures.

Mr. MILLIKIN. Mr. President, let me ask the distinguished Senator from Illinois whether he will yield to me.

Mr. DOUGLAS. It is the Senator from Colorado who is being generous to me. Any time that he wants to shut me off I shall stop talking, because he has already been far more generous to me than I deserve.

Mr. MILLIKIN. I will never shut off the Senator from Illinois.

Mr. DOUGLAS. I do not wish to trespass on the Senator's time.

Mr. MILLIKIN. The distinguished Senator from Illinois was discussing deficits. I have suggested a way to stop deficits. My suggestion runs right along with the methods proposed by the distinguished senior Senator from Illinois. Now the Senator bumps his head against the wailing wall and laments that we might have saved $2,000,000,000. We could have saved a great deal more than $2,000,000,000. A part of the fault lies with Congress. I cannot accept the theory of the distinguished junior Senator from Minnesota that Congress is precluded by honor not to ask the President to reduce expenditures which it has authorized.

I am criticizing the Congress in this respect. In 1946, we provided for a scheme of congressional budgetary control of the finances of this Government, but it is never mentioned any more. We adopted that control plan in regard to the very problem to which the Senator refers. Early in the year we were to get together and to estimate the expenditures and to estimate the revenues and to estimate the surplus; and if there was evidence that there would be a deficit, we were to order the covering of the deficit in the appropriate way. That is the law of the land today; not one dot over an "i" or not one crossing of a "t" has been changed. The only thing that has changed has been the viewpoint of many Members of the Congress, and the result is that that law has become a dead letter. It has been abandoned, although at the time it was proclaimed as a great measure of salvation in connection with the very problems the distinguished senior Senator from Illinois is always arguing about.

The responsibility for dropping that law, which I think would have been salutary, had it been abided by—I want to put the matter as gently as possible—is not on this side of the aisle.

So, Mr. President, let us be selective about this matter. What specifically is the Senator from Illinois worried about?

Mr. DOUGLAS. I am worried primarily about two things: First, the bill the Senate Finance Committee has reported to the Senate will not yield sufficient revenue to cover the expenditures in the coming year, and we shall have a deficit of from $9,000,000,000 to $11,000,000,000, which will inevitably bring inflation.

Mr. MILLIKIN. Very well; let me deal with that.

Mr. DOUGLAS. And let me also say——

Mr. MILLIKIN. No, Mr. President; I ask the Senator from Illinois to give me only one of his worries at a time.

I suggest to the Senator from Illinois that the worry he has just stated may not mature. When we are pumping so much of the taxpayers' money into the economy, through the Federal Government, there is an enormous increase in the national income, from which taxes are obtained; and in a rising economy we always underestimate taxes. So perhaps the Senator's worry may not mature; perhaps the rate of spending will not continue to rise as it is rising at the present time and as it promises to do. The rate of spending may slow down, as happened last year.

Mr. DOUGLAS. All the signs point to an increase in the rate of spending.

Mr. MILLIKIN. At the moment they do, and I am glad to see it.

Mr. DOUGLAS. In other words, the Senator from Colorado is like Mr. Micawber; he always hopes something will turn up, without making any definite plans.

Mr. MILLIKIN. There are some things that I know always will turn up. I know the President always will ask Congress for more money, greater spending, longer deficits. That—whether it is like Micawber or otherwise—I know always will happen.

I am trying to answer in good faith the question the Senator from Illinois has asked. If a slowing up of expenditures, should that come about, and an increase in expenditures, should that not come about, fails to balance the budget, the President can balance the budget himself, if he wants to, by following the economy programs of the distinguished senior Senator from Illinois.

Now let me have the Senator's other worry, good sir.

Mr. DOUGLAS. Let me say that my first worry is not abated by the Senator's implicit trust in the fiscal policies of Mr. Wilkins Micawber, who was a very unsound man in respect to the handling of his personal finances, and whom I certainly would not want to have placed in a position of importance on the Finance Committee.

Mr. MILLIKIN. Mr. Micawber is not in the chair of the junior Senator from Colorado. I might suggest where Micawber is, but I wish to keep this discussion on a pleasant plane. [Laughter.]

The Senator from Illinois must be a chronic worrier if he is not satisfied with the explanation I have given him.

Now let me have his worry No. 2.

Mr. DOUGLAS. It is not a worry, but it is an affirmation, unfortunately: namely, that the Finance Committee in amending the House bill provided many and grievous loopholes for the well-to-do and made the greatest reductions in the amounts which are to be paid by those who are most able to bear the burden, and made the least reductions in the case of those who are least able to bear the burden.

I am sure the Senator from Colorado has a heart as generous as that of any living man.

Mr. MILLIKIN. I hope, if so, with my own money, but not with the people's money.

Mr. DOUGLAS. But not with the money of the well-to-do, may I say.

Mr. MILLIKIN. Neither with the money of the well-to-do nor with the money of the poor.

A while ago the distinguished Senator from Illinois talked about balancing the budget. The junior Senator from Colorado at one time led to victory in the Senate a bill which increased the exemption for the poor by $100. No one has suggested that that be taken off, although the bill was a so-called rich man's tax bill. That bill provided tax reduction. Think of it, Mr. President, a tax reduction. What an archaic thing. Why, Mr. President, one would have to get an archaeologist to dig up anything about a tax reduction. [Laughter.] Just think of it. It started the reduction at 30 percent for those in the lower-income brackets and scaled it down as we got into the area of the big, pot-bellied plutocrats, who were given a 5-percent reduction. We did that; and, tragedy of tragedies, which the Senator from Illinois and other Senators associated with him will learn as a fact—and a happy fact, not a trag-

edy—we provided for the splitting of incomes. When we got all through, 70 percent or more of the tax reduction benefit went to those in the lower brackets, where the greater income of the country is; and we balanced the budget and we produced a surplus of $8,000,000,000. This is the way to run this country, dear Senator, and that is the way it is going to be run again.

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

Mr. MILLIKIN. I am glad to yield. I wish to apologize to the Senator again for taking this much time.

Mr. LEHMAN. The Senator from Colorado has referred to the split-income provision as a boon to the small-income taxpayer.

Mr. MILLIKIN. I did not say that, good sir.

Mr. LEHMAN. That was certainly the impression I received.

Mr. MILLIKIN. I said we balanced things in the way I have discussed, by increasing the exemption $100 and by reducing by 30 percent the income-tax rate applicable to those in the lower brackets; and the balance was so well achieved that, counting everything together, those in the lower brackets received more than 70 percent of the benefit, because they have the greater part of the income.

Mr. LEHMAN. Let me say to the distinguished Senator from Colorado that I can assure him from my personal experience, because I am a beneficiary of the split-income provision, being a very substantial payer of income taxes, that the provision permitting the splitting of incomes is of vastly greater advantage to men of substantial means than it is to men of small means. There can be no doubt whatever about that.

Mr. MILLIKIN. The advantage starts, as I recall, at about $10,000. The Senator from New York says there can be no question about it. Let us get this matter straight, so it will not have to be mentioned again, unless someone wishes to deceive.

Mr. LEHMAN. Oh, it will be mentioned again frequently.

Mr. MILLIKIN. The advantages of splitting income begin at approximately $10,000. The split-income provision is of little advantage, if any at all, to those in the lower brackets. However, I say to the Senator that we benefited those in the lower brackets by increasing their exemption and by expanding the reduction of their income taxes by imposing the smallest cut on the top-income brackets and the largest cut on the lower brackets and that result was considered so happy at the time that it received a vote of 77 to 10 in the Senate of the United States. That was B. D; by that I mean before DOUGLAS. [Laughter.]

What I mean to say is that it not only had the virtues which I ascribe to it, but 77 wise gentlemen in the Senate said, "Yes; that is true." I may say they said, "Yes; that is true," because the split-income provision was included. Let someone try to take it out. I look forward to that, and I understand it will be attempted.

Mr. LEHMAN. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. Oh, certainly.

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

Mr. MILLIKIN. I ask the Senator from Illinois to let me finish first with the distinguished Senator from New York; and then I shall be glad to yield to other Senators.

Mr. LEHMAN. I should like to ask this question of the Senator from Colorado: If he is so certain or so hopeful that some windfall or something of the sort will develop to balance the budget or at least to minimize very greatly the deficit, I should like to know why he recommends a great increase—in fact, an increase of 11 percent—in the personal income tax, and why he recommends, as a part of the committee report, the levying of additional excise taxes, which are a great burden on those of small incomes, and which will bring into the Treasury $800,000,000. If the Senator from Colorado feels that the change in the effective date of the corporation tax is necessary, in spite of the fact that a January 1st date would be in accordance with the policies adhered to in the United States since 1909, I ask why he recommends placing the additional burden of an 11 percent increase in the income-tax rates and greatly increased excise taxes on those of small incomes.

Mr. MILLIKIN. The answer I must give in the first instance is very painful: I wish it were not being done. I wish there were no necessity, under any view of the subject, for it to be done. The distinguished gentleman is a member of a coterie of Senators which would increase the take from the lower income tax group more than would the version which the Senate Finance Committee has proposed. He would run it up to what figure? To 12?

Mr. LEHMAN. Yes.

Mr. MILLIKIN. So the Senator wants to run it up to 12. He criticizes me for wanting to hold it at 11.

Mr. LEHMAN. No; if the Senator will yield, the Senator from New York wishes to increase the income tax, as he wishes to have the Government avail itself of the additional $500,000,000 by making the tax retroactive to January 1, 1951; and he wishes to increase the corporation taxes for one reason, and for one reason only, namely, that we are facing a deficit, which in my opinion will be somewhere between $10,000,000,000 and $15,000,000,000, and the bill which has been recommended by the committee will bring in at the outside $2,750,000,000, leaving a staggering deficit, which will affect the entire fiscal structure of the country, and will lead to inflation. That is why I am urging the change, and that is why I hope the Senator from Colorado will go along with me.

Mr. MILLIKIN. The distinguished junior Senator from New York has at no time during the debate left me in any doubt that he wants to increase taxes.

Mr. LEHMAN. That is correct.

Mr. MILLIKIN. On the little fellow, and on the big fellow.

Mr. LEHMAN. Precisely so.

Mr. MILLIKIN. For example, the bill recommended by the Finance Committee provides that of the distribution of the cost, 37.32 percent is imposed on those with incomes under $5,000, and 62.68 percent on those with incomes over that amount. Taking into consideration the fact that 70 or 80 percent of the national income comes from those receiving under $5,000, certainly no one could say that that is an inequitable distribution of the tax burden.

Mr. LEHMAN. May I answer that?

Mr. MILLIKIN. Certainly.

Mr. LEHMAN. I do say that it is not an equitable distribution of taxes. The little man is to have his income taxes increased and is to be called upon to pay more and higher excise taxes, whereas because of the desire of the Senator from Colorado and others to leave the effective date of the corporation tax increases at April 1, $500,000,000 of revenue is to be sacrificed. I maintain that the burden is not equitably distributed. Certainly it is a question in my mind whether, unless we distribute the burden equally, it is fair to place the additional burden on the little men, as now proposed.

Mr. MILLIKIN. Let us accept the philosophy of the Senator, but let us see what it is in action; let us see what it is. Let us see what relief the distinguished junior Senator from New York wants to give to the people who justly are entitled to his most tender consideration.

The Finance Committee bill distributes the cost in this manner: 37.32 percent of the whole burden to those with incomes of $5,000 or less, who receive 70 or 80 percent of the national income. What would the Senator do? Let us study the beneficence of the Senator. Let us see the balm with which he would ease the pains of those people. The Finance Committee proposes 37.32 percent. The distinguished junior Senator from New York proposes 37.13 percent.

Mr. KNOWLAND rose.

Mr. LEHMAN. May the Senator from New York answer?

Mr. MILLIKIN. That will relieve the problems of the distressed. That will fix everything up for the unfortunates who are having a hard time to get along. Decrease the Senate Finance Committee distribution from 37.32 percent to 37.13 percent.

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield?

Mr. LEHMAN. I desire to answer the Senator from Colorado, if he will permit.

Mr. MILLIKIN. Certainly.

Mr. LEHMAN. I will tell the Senator what I should like to do. I should like to have the Senator support my amendment, which would bring into the Treasury $500,000,000—$500,000,000 to which the people of this country are entitled. There has not been a single argument made, there has not been a single explanation or excuse offered in the report which has been made by the committee, which will stand up as logical against that plea. That is one thing I would do.

The second thing I would do would be to eliminate the split-income tax, which

without question helps men of substantial or large means, and does not help in the slightest degree, as the Senator from Colorado himself has stated, the man with an income of less than $10,000.

Mr. MILLIKIN. Why, Mr. President, the distinguished Senator is at heart a sentimentalist. He has a fine emotional sentimental approach to many of the problems of life.

Mr. DOUGLAS. Is that a disqualification?

Mr. MILLIKIN. Think of the split-income provision. It makes a potential Cinderella out of every poor girl. The rich guy has a great incentive to marry the poor girl and split the income. The distinguished Senator would deprive the poor girls of this country of that Cinderella opportunity.

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

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield to a Senator on the Republican side of the aisle?

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I yield to the distinguished Senator from California.

Mr. KNOWLAND. I wish to thank the distinguished Senator from Colorado.. I was a little fearful he might be turning his back on Senators on the Republican side of the aisle, and that we might have to look to Senators on the Democratic side for recognition.

Mr. MILLIKIN. I accept the rebuke. I deserve it.

Mr. KNOWLAND. I commend the Senator, however. I think he has made a very valid argument in behalf of budget-balancing by putting some emphasis on the reduction of Government spending. I think it might be helpful in the discussion which is going on with the Senator from New York merely to point out that in the 152 years since George Washington took the first oath of office, down to and including the second term of President Franklin D. Roosevelt, the total cost of the Federal Government for those 152 years amounted to just under $180,000,000,000, and in the 7 years of the Truman administration, including the budget for the current year, the total costs of the Federal Government will amount to more than $332,000,000,000.

Mr. MILLIKIN. I thank the Senator for his outstanding contribution. I can only add that yet there are some men, who in most matters are extremely intelligent, who would want us to follow that kind of a pied-piper tune.

I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. The first observation I want to make is to express my keen interest in the Cinderella philosophy of taxation which the Senator has enunciated. For the first time he has made the tax bill look enjoyable. But I wonder if the Senator, after we documented so well the few people there are in the upper-income brackets, realizes what he is doing. He is going to precipitate a psychosis among the charming ladies of the Nation when they find there are not enough millionaires to go around. The Senator has got to do something about this if we are going to embody this new philosophy in the tax bill.

Mr. MILLIKIN. I shall not make a matrimonial bureau of myself.

Mr. HUMPHREY. I should like to ask the Senator a few more questions about his observations on split incomes. The Senator has said, categorically and truthfully, that the split income did not benefit substantially or to any measurable degree those earning less than $10,000 a year.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. The Senator has stated that from 92 to 93½ percent of the taxpayers of the country receive little or no benefit from the split-income tax, because on page 12 of the committee report it is stated that there are 42,505,000 taxpayers with incomes under $10,000 a year, and approximately 2½ million with incomes above $10,000 a year.

Since the Senator has made this statement, which he also qualified by saying that one would have to be a sentimentalist if he were thinking of removing it—and he further said that it would not be removed—does he mean that Congress is going to incorporate into the tax laws of the land a provision which gives little or no benefit to over 92 percent of the taxpayers of America but does give preferential treatment to 7 or 8 percent of the taxpayers?

Mr. MILLIKIN. I do not know how many times I have answered that question. I have said that the benefit was balanced by heavily weighted advantage to those in the lower brackets. The bill providing for splitting incomes was a balanced bill to achieve a balanced result, and the fairness of it was such that on both sides of the aisle 77 Senators voted "yea."

Mr. HUMPHREY. I realize that.

Mr. MILLIKIN. The favorable vote was so overwhelming that the bill could not have been vetoed with success, as was the preceding one, because it did not cover split incomes. I believe in the right of a dissident to maintain his opinion. As some great man has said, in effect, we should fight to the death to maintain that right.

Mr. HUMPHREY. That was Voltaire.

Mr. MILLIKIN. And now, HUMPHREY.

Mr. HUMPHREY. And now, MILLIKIN.

Mr. MILLIKIN. It cannot be that the 10 are always wiser than the 77; and the Senator from Minnesota will find that out in due course.

Mr. HUMPHREY. I appreciate that. When a committee reports a bill which reduces the House bill figure $1,700,000,000, of which only $128,000,000 goes to income brackets below $5,000 a year, I am not living under the delusion or the hope that we are going to be able to reverse the trend that is apparent here. But if I can show the Senator in this debate, as we come to the elimination of the benefits of the split income, that we can raise more money in that kind of an income tax proposal by $200,000,000 than we can by the 11-percent provision, and if I can show him that we can raise it from those with incomes above $5,000 a year, will he support it in the name of equity?

Mr. MILLIKIN. The distinguished Senator from Minnesota has asked me a question, and I am glad I can answer it without the slightest equivocation. I will not, unless the Senator—and if he did, then I would vote against him also—at the same time will remove the balancing factors which have been put into the law to equalize it.

I cannot yield any further. Time has been running, and I have been told that there are other Senators who want to take part in the debate. I wish to put a few facts into the RECORD which I shall be glad to debate at the first open opportunity.

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

Mr. MILLIKIN. I yield to the Senator from Pennsylvania.

Mr. MARTIN. Is it not also true that in the bill to which the Senator referred a moment ago seven million taxpayers were removed from the tax rolls?

Mr. MILLIKIN. I am glad the Senator has mentioned that. We increased the exemption of the aged and we increased exemptions for the blind.

Mr. HUMPHREY. Mr. President, will the Senator yield for one question?

Mr. MILLIKIN. I yield, but please make it short. Give me a "quickie," not a "falsie."

Mr. HUMPHREY. If we agree that the tax bill of the Eightieth Congress was a good, noble, equitable enterprise, will the Senator go along with us on some of the amendments we have to offer because the argument up to now has been to explain how grandly we did in 1948. Of course, the American people did not think so well of it in the month of November 1948.

Mr. MILLIKIN. I am now moving to the side of the distinguished Senator from Illinois [Mr. DOUGLAS] when he discusses the President. Let me say to the distinguished Senator from Minnesota that I will support him if he presents anything that is right, and if he presents anything that is wrong, I shall go against him.

Mr. President, prior to the Revenue Act of 1950 the corporate rate was 38 percent. The Revenue Act of 1950 raised the corporate rate from 38 to 42 percent. The same revenue act raised the rate for 1951 to 47 percent. This substantial boost for 1951 has already been enacted. Few corporation have as yet even paid the increase for 1951 which was voted last year. Now we propose a second boost for the same year, and a third boost if we count the excess-profits tax.

Corporate profits in the first quarter of 1951, after taxes, were $23,300,000,000, but expenditures for new plants and equipment, for those things which support the payrolls of the country, were $20,700,000,000. Corporate profits were $23,300,000,000, and plant and equipment expenditures were $20,700,000,000. There were issued only $1,700,000,000 of new corporate securities in that period.

The only answer, unless we approve the expansion of our payroll activities by dumping everyone requiring capital

into that black hole of Calcutta, the RFC, is to give the corporations a chance out of their profits to expand themselves. They have got to expand greatly to meet the war load which is being put upon them—not for the profits of the pot-bellied fellows we are always hearing about, but for the profit, the welfare, of the boys who are on top of "Heartbreak Hill" right now. This indicates that retroactive taxes would be paid out of current or future earnings, with a corresponding decrease in capital expenditures because of the difficulty in floating new stock issues.

Mr. President, that is all I care to say at this time.

Mr. LEHMAN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time consumed in calling the roll be divided equally between the two sides.

The PRESIDENT pro tempore. Is there objection?

Mr. GEORGE. Mr. President, I reserve the right to object because I do not know what time I have left, and I wish to speak for a few minutes.

The PRESIDENT pro tempore. The Senator from New York has 19 minutes left and the Senator from Georgia has 14 minutes left.

Mr. GEORGE. I cannot give up all my time. I want to use 10 minutes.

Mr. MILLIKIN. Very well.

Mr. GEORGE. Mr. President, I am perfectly willing for the proponents of the amendment to proceed at this time. I shall speak very briefly.

Mr. LEHMAN. Does the Senator wish to speak now?

Mr. GEORGE. Not now.

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

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEHMAN. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and, without objection, the order for a quorum call is vacated.

Mr. GEORGE. Mr. President, I do not care to discuss this question at any great length. The facts are very, very simple. We speak of placing taxes on corporations, or individuals, for that matter, effective as of certain dates, and in this bill we speak of making the tax rate on corporations effective as of April 1, that is at the beginning of the second quarter. As a matter of fact, Mr. President, the tax will be levied over the whole year, and it will be levied at a rate of 50.75 percent for the entire year under this bill.

The total top normal in surtax rate in effect for the calendar year 1951 is, as I have already said, 50.75 percent. That is to say a normal rate of 26.50 percent and a surtax of 24.25 percent. Thus for the calendar year the committee bill will levy a normal and surtax rate on corporations of 50.75 percent, as compared with a top tax rate under present law of 47 percent.

The question is asked as to why we have cut the rate for the first year. It is simply because no action was taken to raise this tax until February, and the committee of the Congress which alone had the authority to consider it did not actually go into executive session until about April 1, or a few days thereafter, although some public hearings had been held. The committee of the Congress which alone had the power to recommend this tax did not order the bill reported until June 15, and it was actually reported on June 18. Very nearly half of 1951 had elapsed before the bill was actually reported by the committee or actually introduced in the House, because under the practice prevailing in the House, the committee holds its hearings, formulates a bill, introduces it, and reports it back. That is a very good reason for making these tax rates effective as of a certain date.

As a matter of fact, if the rates in this bill had been made effective July 1, after half the year had elapsed, the total rate would have leveled out to 50 percent for corporate incomes in 1951. But the House having put the normal and surtax rates up to 52 percent, the Senate committee did not feel like adopting what in my judgment would be a sound principle of taxation, namely, making the tax increase effective July 1.

There is another reason why this particular tax ought not to be made retroactive. Perhaps it will have no influence with my brethren who think it should be made retroactive solely for the purpose of getting some more revenue. Let me suggest to them that if they want to make it retroactive to the 1st of January, 1950, they can get more than $2,000,000,000 more money, additional revenue, but they will be getting it out of the income of the corporations for 1951.

The Excess Profits Tax Act was actually approved on January 3, 1951. Every corporation, therefore, had the right to expect and assume that its tax liability for 1951 would be fixed as of that time, that is, the date of approval of the excess profits tax law. We had raised the tax in the 1950 act, and very late in 1950 we had passed the Excess Profits Tax Act, which was approved on January 3. At that time certainly the corporations might properly have assumed that their rates for 1951 would not be increased beyond that point. Since the House had actually, by the middle of the year, reported a bill which did increase the rates, we accepted the House rates. That is to say, we accepted the over-all rate, although we did not follow the House pattern. We made the tax effective, not as of January 1, but as of the end of the first quarter.

Many corporations declare dividends quarterly. Many corporations actually set aside their dividends, figured on existing taxes. There was actually no change in the tax rate until the very end of the second quarter, even by the other House. However, corporations were on notice that the House was considering the bill. It went into executive session to consider the rate at the beginning of the first quarter. Therefore, the committee, in order to save as much current revenue as possible and to get the revenue as quickly as possible, in fairness and equity said that the rate should become effective on April 1, or that the actual rate levied on corporations would run at the over-all rate for normal and surtax of 50.75 percent for the entire year.

That is all there is in this case, except for one thing, which ought to give someone pause. I hardly hope that it will, but it should. It should give the American people pause. Let us see exactly what we are doing to corporations in this country as compared with what is being done by countries which we are aiding. Let us take a brief look at the situation.

England, for example, levies a 50 percent rate on corporate profits, for which the shareholder gets credit. He does not get credit in the United States. In addition, an undistributed profits tax of 10 percent, from which no credit is allowed to the shareholder, has recently been imposed in England. This last tax compares with our existing tax, which already is at 47 percent, and under this bill will go to 50.75 percent for the actual current year, from January 1, for which the stockholder gets no credit whatever.

Consider Canada. Canada's top corporate tax rate is 45.6 percent on that part of the income in excess of $10,000. The first $10,000 is taxed at a rate of only 10 percent. And yet under this bill, which it is now sought to amend so as to make the tax retroactive to January 1, we are taxing at the normal and surtax rate of 50.75 percent, as against Canada's top rate of 45.6 percent.

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

Mr. GEORGE. I have only a very few minutes.

Mr. FULBRIGHT. All I wanted to do was to have the Senator clarify the operation of the British credit. The Senator stated that the shareholders received certain credits.

Mr. GEORGE. The corporation pays the tax and the shareholders get credit on their individual taxes, without further taxes.

Mr. President, how much time have I remaining?

The PRESIDENT pro tempore. The Senator from Georgia has 3 minutes left.

Mr. GEORGE. In France the top corporate rate is 34 percent. Yet we give France money, and are going to give her more. We are taking it out of the pockets of taxpayers in the United States and giving it to the French.

In Brazil the top corporate rate is only 15 percent. In Australia it is only 30 percent. We have the highest tax rates in the world.

Mr. President, it is proposed to make these rates effective at the rate of 50.75 percent for the whole year. That is what it amounts to. The House wishes to make the rates effective at 52 percent for the whole year. That is the question which is involved. The entire question

will be in conference. Why cannot the committee, and the distinguished gentlemen who assume to know more about taxation than the committee which is charged with studying these problems, be left to thrash this problem out in conference and arrive at a determination? It is squarely and fairly in conference. The committee can be trusted to settle the issue. There is not one amendment in this bill which is not already squarely in conference. Senators may take up time debating amendments, if they wish to do so, but I remind them that we are losing revenue from excise taxes at the rate of $106,000,000 a month.

Mr. McFARLAND. Mr. President, will the Senator from New York yield me 3 minutes?

Mr. LEHMAN. I am glad to yield 3 minutes to the distinguished majority leader.

Mr. McFARLAND. Mr. President, I merely wish to explain my position on the pending amendment, because I shall vote for it. Strong arguments have been made on the floor for not making any taxes retroactive. Speaking generally, I believe retroactive taxation to be a bad precedent, and the principal justification for voting to make the effective date April 1 instead of July 1 is that our country is in an emergency and we need the additional sum which would be paid into the Treasury. We have cut down expenditures wherever possible, but national defense comes high, and we must raise every possible dollar by taxation to reduce deficit financing.

This same argument applies with even greater force to make the effective date January 1. The earlier date would increase the revenue by approximately a half billion dollars. That is very important. If the argument is sound for making the effective date April 1, it is even sounder and more persuasive to make it January 1.

I am persuaded to this view largely by the vote of the committee itself, when it originally wrote in the bill the date of January 1. The committee subsequently shifted its position. I do not believe anyone can be criticized now for going along with the original position of the committee, particularly at a time when the Government needs revenue as urgently as it now does. Moreover, the Senate refused yesterday to increase the excess-profits tax, which, in my opinion, is another argument for adopting the pending amendment.

Mr. LEHMAN. Mr. President, I yield 2 minutes to the Senator from South Dakota.

Mr. CASE. Mr. President, the junior Senator from South Dakota is no expert on taxation, and he lays no claim to being one. After listening to the argument on this issue it seems to me that we are warranted in making the date January 1 instead of April 1. I invite the attention of the Senate to the fact that on page 25 of the bill the committee amendment proposes to make the surtax on individual incomes retroactive to January 1, 1951. If there is any logic for making the surtax rates on individual incomes retroactive to January 1, 1951, I do not understand why the corporate tax should not be made retroactive to January 1.

Mr. GEORGE. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I am glad to yield to the distinguished Senator from Georgia.

Mr. GEORGE. The rate does not go back in that way. The tax will be collected back to January 1, but not at the full annual rate. The surtax does go back for 2 months, but its collection is spread out over the year.

Mr. CASE. Whatever it is, as I read page 25, it says:

> (1) Calendar year 1951: In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, there shall be levied, collected, and paid for such taxable year upon the surtax net income of every individual the surtax shown in the following table.

The VICE PRESIDENT. The time of the Senator from South Dakota has expired.

Mr. LEHMAN. Mr. President, I shall not keep the Senate long. I have no wish to delay a vote on the pending amendment. It is such a simple amendment. It is such a simple issue.

Are we going to follow the precedents of the past, or are we going to set a new precedent? Are we going to set a precedent which will cost the Government $500,000,000, one-tenth the size of this whole tax bill?

Whom are we favoring here? What is the reason for the special privilege granted the corporations of this country?

Who can answer these questions? Who will answer these questions? The committee has not answered them.

Oh, Mr. President, the Senate will not dare disregard the public conscience by rejecting this amendment. I cannot believe it.

While we are proposing to exact these billions from the taxpayers, while we enact new excise taxes, new impositions on the people, are we going to excuse the corporations, the impersonal giants of our national economy, from this just payment of their share of the burden?

We are asked to put new excise taxes on fountain pens, mechanical pencils, on vacuum cleaners, and on washing machines, on automobiles and on automobile parts. We are asked to tell every school child and student, "You are going to pay these taxes. When you go to the stationery shop for your pen or pencil, you are going to pay a tax, not next year, not in 1953, but now, today." We are asked to tell the working man, when he goes to buy a car to drive to and from work, to take his family out into the country on Sunday, "You are going to pay this tax, not next year, but today." It is proposed that we tell the housewife, when she goes to buy her washing machine, "Pay this tax now, or go back to the washboard."

We are doing all this because we must have additional revenue for our defense effort—an effort which is essential for our very survival and the survival of civilization.

But the corporations—General Motors, General Electric, Standard Oil, Texas Oil, Gulf Oil—these giants with two billions and more of assets each, with record earnings and profits—we are going to tell them, "Don't worry. We are going to give you special consideration this year. We told you that there would be higher taxes this year. You have always paid your taxes on profits beginning January 1. But this year, although we face a national emergency, although the fate of the entire world is at stake, you need pay at the higher rates only on three quarters of your profits."

We will tell those corporations that we will forgive their increase of taxes for the first 3 months of this year. That is a special bonus for corporations, a special gift from the Senate of the United States.

These corporations, according to official figures, had an inventory profit in the first quarter of this year of $9,000,000,000—an increase in the value of their inventory due to price increases, due to inflation, of $9,000,000,000.

Mr. President, is the Senate going to be so tender toward these earnings? I ask you again and again, why? What is the reason for this special dispensation for the corporations?

I will give the answer. There is no reason. There is no justification. In the face of the impending budget deficit, in the face of the rest of these taxes, let him who dares this outrage upon the public morality vote to reject the amendment, which is consistent with all our tax practices of the past. What it proposes is simple justice. It is simple fairness.

The Government needs the money to pay for the defense of this country.

The rate of $50,000,000,000 a year of corporate profits stares us in the face. These figures do not lie. They cannot be explained away. Let us tax them, all of them, and get on with the job before us.

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

Mr. LEHMAN. Yes.

Mr. LONG. Are we to understand that the pending bill would tax individuals for the entire year, from January 1?

Mr. GEORGE. Oh, no, it does not tax individuals, except from November, but the taxes for that little part of the year, two-twelfths of it, are spread back over the whole year. So is the corporate rate spread back over the whole year.

Mr. MOODY. Mr. President——

Mr. LEHMAN. I yield to the Senator from Michigan.

Mr. MOODY. I wish to say to the Senator from New York that I think his amendments should be adopted on a basis of pure equity. The fact is that before the Banking and Currency Committee, when we were holding hearings on the bill to control inflation, the National Production Act, representatives of great organizations representing corporations testified that the way to control inflation was by taxation. Later some of them testified before the House Ways and Means Committee that the way to control inflation was by means of a sales tax.

In raising the revenue which we must raise in order to finance the strength

we need to protect ourselves in the world, we must share the burden equitably. It seems to me that when corporate profits, both before taxes and after taxes, have been the highest in the first quarter of 1951 that have ever been known in the corporate history of the United States, special privileges or special exemptions should not be given to corporations for that quarter.

I believe the Senate would be making a serious error and perpetrating an inequity against all other taxpayers if it were to fail to adopt the amendments of the Senator from New York.

Mr. HUMPHREY. Mr. President——

Mr. LEHMAN. Mr. President, I yield the remainder of my time to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, how much time remains?

The VICE PRESIDENT. One minute remains.

Mr. HUMPHREY. What I wish to say can be said in less than 1 minute.

Mr. President, the pending bill proposes to raise by 11 percent the taxes on earned incomes, and proposes to extract, by means of excise taxes, $1,300,000,000 from individuals, and proposes to open up special treatment benefits for the capital-gains group. The bill also proposes to permit corporations, which have had the greatest income in all the history of our economy, to escape the payment of approximately half a billion dollars in taxes which are justly due the Government.

I submit that if these amendments are rejected, that will be but an indication that this body has determined that the incomes of the corporations of the United States, which are primarily derived from defense activities and defense production, are not to be taxed on an equitable basis.

I ask for support of the amendments of the Senator from New York, Mr. President.

The VICE PRESIDENT. All time on the amendments of the Senator from New York has expired.

The question is on agreeing en bloc to the amendments submitted by the Senator from New York, on behalf of himself and other Senators.

Mr. LEHMAN. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Colorado will state it.

Mr. MILLIKIN. What is the pending vote?

The VICE PRESIDENT. The pending vote is on the amendments en bloc of the Senator from New York.

Mr. MILLIKIN. A vote "yea" will mean what?

The VICE PRESIDENT. A vote "yea" is a vote for, and a vote "nay" is a vote against. [Laughter.]

Mr. McFARLAND. Mr. President, my understanding is that a vote "yea" will be a vote in favor of the position of the Senator from New York, and a vote "nay" will be a vote in favor of the committee's position.

The VICE PRESIDENT. That is another way to state it.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], the Senator from North Carolina [Mr. SMITH], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from New Mexico would vote "nay", and the Senator from Tennessee would vote "yea."

I announce further that if present and voting, the Senator from North Carolina [Mr. SMITH] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, and if present, he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and if present, he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The result was announced—yeas 33, nays 54, as follows:

YEAS—33

Aiken	Holland	Monroney
Benton	Humphrey	Moody
Case	Johnson, Tex.	Morse
Clements	Kilgore	Murray
Douglas	Langer	Neely
Fulbright	Lehman	O'Mahoney
Gillette	Long	Pastore
Green	Magnuson	Russell
Hayden	Maybank	Smathers
Hennings	McFarland	Sparkman
Hill	McMahon	Underwood

NAYS—54

Bennett	Flanders	McCarthy
Bricker	Frear	McClellan
Bridges	George	McKellar
Butler, Md.	Hendrickson	Millikin
Butler, Nebr.	Hickenlooper	Mundt
Byrd	Hoey	Nixon
Cain	Hunt	O'Conor
Capehart	Ives	Robertson
Carlson	Jenner	Saltonstall
Connally	Johnson, Colo.	Schoeppel
Cordon	Johnston, S. C.	Smith, Maine
Dirksen	Kem	Smith, N. J.
Duff	Kerr	Taft
Dworshak	Knowland	Watkins
Eastland	Lodge	Welker
Ecton	Malone	Wiley
Ellender	Martin	Williams
Ferguson	McCarran	Young

NOT VOTING—9

Anderson	Kefauver	Thye
Brewster	Smith, N. C.	Tobey
Chavez	Stennis	Wherry

So Mr. LEHMAN's amendments were rejected.

The VICE PRESIDENT. Inasmuch as the provisions of title V were reopened, after having been adopted with other amendments en bloc, the question now is on again agreeing to the committee amendments which were affected by the reopening to permit the Senator from New York to offer his amendment.

The amendments were agreed to.

Mr. FLANDERS obtained the floor.

Mr. McFARLAND. Mr. President, will the Senator yield to me for an announcement?

Mr. FLANDERS. I am glad to yield to the Senator from Arizona.

Mr. McFARLAND. Mr. President, the Senate has spent many days on the pending bill. We worked 4 days last week, and this is the third day this week. It is very evident from the vote which has just been taken on the Lehman amendment that very little additional change is going to be made in the bill. That would be my judgment. It would also be my judgment that the quicker we get the bill to conference, the better it will be for the Government and for all of us.

In an attempt to save time and to insure the passage of the bill, and in order that we may be able to conclude this session of Congress at some convenient time this fall, I again ask unanimous consent that there be a limitation of debate of 1 hour upon amendments, motions, and appeals.

In regard to the limitation of 1 hour, I merely wish to say that there was a 2-hour limitation of debate on the amendment which has just been voted upon by the Senate. How many Senators were present on the floor? If we could have a shorter limitation, Senators desiring to present their views would have an audience; but they are not going to have an audience if there are to be long discussions, such as have occurred this morning.

I further ask that all amendments be required to be germane, that debate on the bill be limited to 2 hours, and that the time on amendments be divided between the proponent of any amendment offered and the distinguished senior Senator from Georgia, in the event that he is opposed to the amendment, or, if he favors the amendment, that the time be controlled by the distinguished acting minority leader.

The VICE PRESIDENT. Is there objection to the request?

Mr. McCLELLAN. Reserving the right to object, I should like to state for the RECORD, on behalf of myself and a number of other Senators, that one reason why Senators are not on the floor is that they are in committee sessions and others are in conference on bills already passed both Houses and are performing duties which have to be performed. It is regrettable that some of us cannot be on the floor all the time to hear these discussions. At present the subcommittee of which I am a member is engaged in investigating charges involving Mr. William Boyle, chairman of the National Democratic Committee and the RFC.

Mr. McFARLAND. I personally feel that if we can get a limitation on debate, Senators attending committees would be willing to remain on the floor and hold their committee meetings later, but if the debate is unlimited, committees will continue to meet.

Mr. McCLELLAN. I may say to the Senator that it is not a question of willingness on the part of Senators to remain on the floor. The Senator has stated that a number of Senators are not present in the Chamber, and I do not want the RECORD to imply that there is a lack of interest or that they are willfully or unnecessarily absenting themselves from

the Chamber. But there is a multiplicity and a pressure of duties that must be attended to at this time. I am not opposing the Senator's unanimous-consent request. I think the agreement should be entered into, but I do not want to leave the RECORD with the implication that some of us are absent by choice. It is just impossible for us to meet all responsibilities at the same time.

Mr. MORSE. Mr. President, reserving the right to object, I think it is very important that we enter into a unanimous-consent agreement at an early hour for final disposition of the bill, though I do not think this is the hour in which to enter into it. I do not agree with the Senator from Arizona that the sooner we get the bill to conference the better. I think it is first very important that we get a record on the bill for the American people. We shall not get that record by sending it to conference. We must make the record on the floor of the Senate for future reference. Those Senators who do not want to hear the record made can remain off the floor of the Senate, attend committee meetings, or do what they care to do, but the American people in time to come are going to be very much interested in the record made on this bill.

In my opinion there are few amendments among those on which we will vote which will require longer than 1 hour for debate. May I suggest to the Senator from Minnesota [Mr. HUMPHREY], who is very much the able leader of the group of us who are fighting for some amendments upon which we think a record should be made, that he call us together in the next few minutes for a discussion of which ones of the amendments we need more than an hour to discuss, and then go along with the unanimous-consent agreement for an hour on the other amendments. We have not been able to get together and hold such a conference. Until there is such a conference, I object.

Mr. McFARLAND. Mr. President, will the Senator withhold his objection for a moment?

Mr. MORSE. Yes.

Mr. McFARLAND. The Senator from Minnesota came to me and said he was willing to go along with a limitation of 1 hour on amendments. It is agreeable to me to limit the time on some of the amendments to more than 1 hour if that seems necessary. Yesterday we allowed 2 hours on four amendments, and it is agreeable to do that again. I also understand the distinguished Senator from Nevada [Mr. McCARRAN] wants some additional time.

Mr. McCARRAN. Mr. President, that is not all. Some of us would like to be on the floor, but there is a conference committee in session in connection with the State, Justice, and Commerce appropriation bill. We have been in session for 2 days, and we must go into session again this afternoon and cannot be on the floor to hear the debate. The bill referred to should be out of the way before the first of the month. We must attend to such matters, otherwise we never will be able to adjourn.

Mr. McFARLAND. I may say to the Senator from Nevada that I agree that we will never get a final adjournment unless we can expedite consideration of legislation on the floor. I want every Senator to have all the time he desires to submit his views, but I feel that the time has come when we should make some progress on the tax bill if we are ever going to have a recess this fall. We can go along another week on the bill and have conference committee meetings and drag along, but what would we accomplish by that? Perhaps it would be better to lay the pending bill aside for a while. The only solution of the problem I know of is to limit debate, and at the same time give every Senator an opportunity to explain his views. That seems to me to be fair.

Mr. McCARRAN. Mr. President, will the Senator yield for an observation?

Mr. McFARLAND. I yield.

Mr. McCARRAN. I do not think there has been any bill before this body more important to the American people than is the bill now pending. The progress on the bill has been fine. The debate has proceeded rapidly, considering the involvement of it. I think progress has been excellent and I believe the Senator from Arizona is overly anxious.

Mr. McFARLAND. No, Mr. President, I am not overly anxious, but I am going to give notice of a night session tonight merely to make it possible to finish consideration of the bill within a reasonable time.

The VICE PRESIDENT. Objection has been heard.

Mr. GEORGE. Mr. President, I think the objection has been withheld for a moment.

I wish to state that I think we are making progress. The bill is a difficult one, and some new features have been brought in. The distinguished Senator from Nevada is interested in a matter which is a new tax but which is in both your committee's bill and the House bill. As a result if it is agreed to by the Senate it would not even be in conference. I am not greatly concerned when the problems are matters which can be fairly ironed out in conference. In such cases it is difficult to see the necessity of talking at great length upon them, but where they are not in conference, the situation is admittedly quite different. There have been several subjects raised in connection with the bill thus far which would not be in conference. I do not see why they need to be debated at length now.

However, under the present parliamentary situation, Senators themselves may select the time when they may bring up their amendments. In other words, if they do not wish to call an amendment up until after a certain hour, they have that right if they can get recognition.

I think that if the Senator from Arizona will not press his request at this time, but will give those in opposition a little opportunity for conference, as the Senator from Oregon [Mr. MORSE] suggested, we probably can reach an agreement. Where the matters will be in conference and must be fought out when the bill goes to conference, I believe the Senators will see that there is no need to discuss them at too great length now. As to matters which would not be in conference, of course, they may desire a longer time. I hope, therefore, that the Senator from Arizona will permit the status to remain just as it is for the time being.

Mr. McFARLAND. Mr. President, I have no alternative. Objection has been heard.

As to the program for tomorrow, my reason for giving notice now of a night session is because we cannot finish the bill this week unless we make more rapid progress. I think every Senator would like to see consideration of the bill finished so that we would not have to have a Saturday session. Some of my friends on the other side of the aisle have told me they needed to confer, that there are certain things they wish to discuss among themselves, and they did not want me to hear what they had to say. So I have agreed that we would not have a 10 o'clock morning session tomorrow, in order that they may hold their conference. So the Senate will not convene tomorrow until 12 o'clock as an accommodation to my friends on the other side of the aisle. Moreover, I do not desire to see anyone deprived of a good dinner, especially my good Republican friends; so a week ago I promised that the Senate would not sit late tomorrow evening to permit the new Republican Members to entertain the older Republican Members at a dinner—I assume it is for the purpose of attempting to get the older Members in a little better humor and to look at things in a more democratic light. I thought Members should understand why the Senate will not meet early nor sit late tomorrow and why I am trying to expedite our progress. It is not that I am trying to overwork the Senate; but I am trying to make up a little bit of the time we are going to lose tomorrow.

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

Mr. McFARLAND. I yield.

Mr. SALTONSTALL. I know of no Member on this side of the aisle who wants to delay consideration of the bill, and I may say, in reply to the Senator from Arizona, that somehow it has appeared to me that Senators on the other side of the aisle have at numerous times gotten together in secret, without Senators on this side knowing what they were doing—although I do not know just how much has been accomplished by such meetings. Also it seems to me they have been fed very well.

Mr. McFARLAND. Sometime I will come around and tell the Senator from Massachusetts what has been accomplished.

Mr. SALTONSTALL. In all seriousness, will the Senator tell me about how long he intends to have the Senate remain in session tonight, so I may know what to tell other Senators on this side of the aisle?

Mr. McFARLAND. We will have a night session. I would not like to say the Senate will remain in session until 9 or 10 or 11 o'clock, because maybe it may be we will make progress more rapidly than we now anticipate.

Mr. SALTONSTALL. If we succeed in entering into a unanimous-consent agreement this afternoon, perhaps the night session tonight will be called off.

Mr. McFARLAND. That depends on the progress we may make. Let us decide that question when we come to it.

The VICE PRESIDENT. Is there objection to the unanimous-consent request made by the Senator from Arizona?

Mr. MORSE. Mr. President, reserving the right to object, I am perfectly willing to have the request presented again later this afternoon after I have conferred with the Senator from Minnesota [Mr. HUMPHREY].

Mr. FLANDERS. Mr. President——

The VICE PRESIDENT. The Senator from Vermont.

Mr. SMITH of NEW JERSEY. Mr. President, will the Senator yield so I may make a brief statement?

Mr. FLANDERS. For how many minutes does the Senator wish to have me yield?

Mr. SMITH of New Jersey. About 10 minutes.

Mr. FLANDERS. If the Senator from New Jersey will first allow me to offer an amendment, I will then ask unanimous consent that I may yield to the Senator from New Jersey without losing the floor.

Mr. SMITH of New Jersey. Very well.

Mr. FLANDERS. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 221, after line 23, it is proposed to insert the following:

SEC. 344. Life insurance departments of mutual savings banks.

(a) Section 201 (b) is hereby amended by adding at the end thereof the following: "The term 'life insurance company' includes a life insurance department of a mutual savings bank established by State law and authorized to conduct the business of life insurance under State laws governing domestic legal reserve life insurance companies and such department shall be subject to tax as a life insurance company under Supplement G if the accounts of such department are maintained separately from the accounts of the other business of the bank."

(b) Effective date: The amendment made by this section shall be applicable only with respect to taxable years beginning after December 31, 1951.

Mr. FLANDERS. The purpose of the amendment is to put the life-insurance departments of mutual-savings banks under life-insurance taxation rather than under the mutual-savings bank taxation.

Mr. GEORGE. Mr. President, this amendment is in a technical form, but it carries out the declaration and purpose set forth by us during the debate on this question, and we have no objection to the amendment, but, on the contrary, favor it.

Mr. SALTONSTALL. Mr. President, will the Senator from Vermont yield for one question?

Mr. FLANDERS. I yield.

Mr. SALTONSTALL. This amendment, as the Senator from Vermont has drafted it formally, includes the words "savings bank." It does not include any other institution. What is involved is a form of savings bank life insurance in which such banks have engaged. If, for instance, any other banks, such as trust companies or other kinds of companies, let us say, took up this form of insurance, the Senator from Georgia would not object if they were included, would he?

Mr. GEORGE. I would not, I will say to the Senator from Massachusetts. I think the Senator means to ask me if I think they should also be separated, and treated separately from the others.

Mr. SALTONSTALL. Yes.

Mr. GEORGE. I answer in the affirmative.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. FLANDERS].

The amendment was agreed to.

Mr. FLANDERS. Mr. President, under the assumption that I still have the floor, I now ask unanimous consent that the Senator from New Jersey may present his statement without my losing the floor.

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

PROPOSED REVISION OF THE ITALIAN PEACE TREATY

Mr. SMITH of New Jersey. Mr. President, I desire to call the attention of the Senate at this time to the problem of the proposed revision of the Italian peace treaty. This in my judgment is a most important problem from the point of view of the solidarity of the free world and the need to have all free nations stand as equal partners in defense of their common heritage. It is regrettable that so many other pressing matters confronting the Senate have made it impossible up to this time for us to concentrate our attention on this matter.

The visit to the United States of Premier de Gasperi, who made a notable address before a joint session of Congress on Monday, makes it particularly timely for us to consider the peace-treaty question. I hope very much that Premier de Gasperi's visit will result in hastening the day when Italy will be free of the burdens and inequalities of the present treaty.

Recently I received a copy of a resolution adopted on the 9th of September by the grand lodge of New Jersey, Order of Sons of Italy in America, urging the revision of the Italian peace treaty "so as to accord by its terms a more humane, reasonable, practicable, and just consideration of most important matters which are of importance not only to Italy but to all democratic nations." I ask unanimous consent that the full text of this resolution be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit A.)

Mr. SMITH of New Jersey. Mr. President, in my judgment the revision of the Italian peace treaty is a matter of importance not only to Americans of Italian origin but to all Americans and indeed to all who value the free way of life. On my recent trip to Europe as a member of the subcommittee of the Foreign Relations Committee I had an opportunity to talk with our representatives in Italy and with the leaders of the Italian Government about this problem.

The attitude of the Italians on this matter is worth noting. They feel, as we in America do, that the military restrictions on Italy imposed by the peace treaty in 1947 prevent Italy from playing the part she is ready and willing to play in helping to defend the North Atlantic area as a member of the North Atlantic Treaty Organization. But they also feel, and in this I think they are entirely right, that the terms of the treaty are humiliating for the new Italian democracy which has emerged since the end of World War II. They do not like the words of the preamble which serve as an eternal reminder to Italy of the period of Fascist aggression under Mussolini. They do not like the provisions which impose on Italy an obligation to respect the rights of man, rights to which present-day Italy is devoted of her own free will, and which in any case can never be secured by dictation. In short, the Italians feel that the treaty is obsolete not only in its military provisions but in its moral attitude. It is a treaty imposed by the victors on the vanquished, and even though it is less harsh than many other such treaties it is fundamentally based on this unequal principle.

When we consider the very different spirit of the Japanese treaty signed in San Francisco on September 8, the contrast is obvious. And I speak again from personal experience, because, as my colleagues know, I was an alternate delegate to the Japanese peace treaty conference in San Francisco. The Japanese treaty is essentially a peace of reconciliation, as Mr. Dulles has properly described it. It takes fully into account the great strides toward democracy made in Japan under the occupation. As we all know, Italy has fully restored her old democratic institutions which the Fascist era interrupted. She has done so as a completely independent nation. She is now being called on to make a heavy contribution to the Atlantic defense, and this contribution will not be easy in light of the difficulties of the Italian economy.

In this situation it becomes obvious that every reasonable step should be taken to bolster the morale and self-respect of the Italian people. No single step toward this end could be more effective than the removal not only of the military restrictions on Italy but also of those provisions of the treaty which view Italy as a nation conquered in war, and their replacement with provisions which bring Italy fully and equally into the community of free peoples.

I shall not discuss now the legal complexities surrounding the problem of revision, except to say that all the signatories of the treaty except the Russians and their satellites apparently favor this step. It is also noteworthy that the Soviet Union has already violated the existing treaty, in spirit if not in fact, by vetoing the admission of Italy into the United Nations in the face of a pledge in the preamble to the treaty that all

the signatories would support Italy's application. This violation by Russia gives us a strong moral sanction, if not a legal sanction, for revision.

To sum up, Mr. President, I am convinced that we are called upon not alone by military expediency but even more by moral considerations, by our allegiance to the ideals of human freedom and national independence, to work for a speedy revision of the peace treaty with Italy. The basic instrument of our relations with Italy should be a document which treats Italy not as a vanquished enemy but as a dignified and equal partner in the defense of freedom. It should not be a document which stands for the Italian people as an eternal reminder of the tragedy and shame of the Fascist era, but rather one which inspires them with the glorious memory of Mazzini and Garibaldi. It should remind them of the splendor of early Rome—not the physical splendor of the imperial tyrants and Caesars but the greater spiritual splendor of the ancient Republic, the Rome which produced almost the first representative government in the history of mankind.

Let us turn our backs on the tragedies of the past and receive the people of Italy wholeheartedly into the family of free nations.

I thank the Senator from Vermont for yielding me time.

EXHIBIT A

Whereas the Italian Peace Treaty is a gross miscarriage of justice and contrary to every principle of fair play for which the United States stands; and

Whereas the material and moral assistance of Italy is necessary to combat the evil of communism; and

Whereas Italy cannot give such assistance if she is to remain chained and shackled by said peace treaty: Now, therefore, be it

Resolved, That on the 9th day of September 1951, at the forty-seventh annual convention of the Grand Lodge of the State of New Jersey, Order of Sons of Italy in America, held at Atlantic City, N. J., that the Grand Lodge of New Jersey (with a membership of 6,600 persons) respectfully urge the President of the United States and the Members of the Senate of the United States to bring about the revision of said peace treaty so as to accord by its terms a more humane, reasonable, practicable, and just consideration of most important matters which are of importance not only to Italy but to all democratic nations; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, the Vice President of the United States, to the President pro tempore of the United States Senate, the Secretary of State of the United States, and to members of the Foreign Relations Committee of the United States Senate.

GRAND LODGE OF NEW JERSEY, ORDER OF SONS OF ITALY IN AMERICA.

Mr. HENDRICKSON. Mr. President, the junior Senator from New Jersey rises to commend and congratulate his distinguished and able colleague upon the stand he has taken in respect to the Italian peace treaty. I feel precisely as does my colleague on the subject. I know that as a member of the Foreign Relations Committee he has made a very thorough study of the whole question. With his consent I should like to associate myself with his remarks before the Senate today, as well as his high purposes.

As one who spent many long and difficult months in Italy, both before and after the surrender of the Italian people, under Nazi domination, helping the Italian people to reconstruct their government, I think I know something of the spirit of the Italian people and their problems. The junior Senator from New Jersey, during the long months he spent in Italy, learned to love the Italian people and to appraise their courage very highly.

I am very glad that this question has been raised on the floor of the Senate today, at a most appropriate time, when we have in our midst a great Italian Premier and Foreign Minister. I recall distinctly his very able speech before the joint meeting of the two Houses of Congress yesterday, and I shall always remember it with a great deal of inspiration.

I hope the Senate will join in the spirit exemplified today by my distinguished colleague in respect to the Italian treaty.

Mr. SMITH of New Jersey. I thank my colleague.

REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. LANGER. Mr. President, on Monday at the time the amendment dealing with cooperatives was being considered on the floor of the Senate, unfortunately I was absent. However, as stated by the majority leader yesterday, I relied upon his promise that the question of cooperatives would not be considered until Tuesday morning, upon my return.

In reading the RECORD I found a statement by the Senator from Delaware [Mr. WILLIAMS] which I believed to be inaccurate, on the subject of cooperatives. I therefore took the matter up with Mr. Roy F. Hendrickson, executive secretary of the National Federation of Grain Cooperatives. This morning I received a letter from him which I wish to read into the RECORD. It is dated yesterday and reads as follows:

NATIONAL FEDERATION OF GRAIN COOPERATIVES,
Washington, D. C., September 25, 1951.

The Honorable WILLIAM LANGER,
The United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: In the debate on the Williams amendment to H. R. 4473, the CONGRESSIONAL RECORD for September 24, page 11975, quotas Senator WILLIAMS as having said in debate with Senator KERR:

"Was the Senator from Oklahoma present in the Senate Chamber a little earlier this afternoon when I pointed out how one of the cooperatives in the Midwest, namely the Farmers Union Grain Terminal, was making allocations to the farmers in preferred stock, with the specific language written on it that the preferred stock is not to be voted. They have a capitalization of $25,000,000, of which $50,000 is voting common stock, and the remainder of the $25,000,000 is not voting stock. Therefore, as they make these allocations over a period of years, the farmers do not have, in effect, the control of the corporation. The control remains in the hands of the $50,000 voting stock. Furthermore this preferred stock is not transferable except upon the approval of the directors. They even have the authority to expel a member at any time and sell his stock without his consent if he sees fit to object. These allocations in nearly every instance are not negotiable."

Because this statement and others made during the course of the debate indicate a complete lack of understanding regarding the structure and methods of a great cooperative, the Farmers Union Grain Terminal Association of St. Paul, serving farmers of the Central Northwest, the facts in the case are here provided as follows:

For a farmer or an association of farmers to become a member of GTA, he or they must make an application for membership. The association must consist entirely of producer-members—it must be a true farmers' cooperative.

If accepted as a member, the applicant is required to buy one share of common stock for $1. This gives the member the right to vote at annual meetings of the stockholders and to participate democratically in determining policies of the GTA. It also makes the member eligible to market grain through GTA, because GTA refuses to do business for anyone except its members. In short, this common stock is in reality membership qualifying stock.

No farmer receives or is allocated any of the preferred stock of GTA unless he has qualified for membership by having obtained a share of common stock with a right to vote in the affairs of GTA.

The preferred stock is the form in which patronage is distributed to members. GTA has no voteless members, but the members all have the same voting rights—one man, one vote—whether the member sells 1,000 bushels or 100,000 bushels of grain through GTA. That is true cooperation.

Senator WILLIAMS is very wrong when he states that GTA has outstanding $50,000 in common or voting stock.

As of May 31, 1950, it had outstanding $6,012 in common stock. That really meant that at $1 par value per share GTA had 6,012 members. Some of these members are individual farmers; other members are associations of farmers, local co-ops in reality.

Each year GTA has more members, but no one except these members who have a share of common stock and, therefore, a vote can obtain patronage which is distributed in the form of preferred stock.

The idea is that the members who are using GTA own it and its 22,000,000-plus bushels of grain storage facilities at Great Falls, Spokane, Minneapolis, St. Paul, Superior (Wis.), and elsewhere. When a member dies or retires from farming, his holdings of preferred stock are redeemed by GTA at the full par value of $25 a share and his share of common or voting stock is redeemed at $1 par value. And all of the early issues of GTA preferred stock issued starting in 1938 and through 1942 have been redeemed—it runs into several millions of dollars.

The Minnesota cooperative law requires GTA to place in a permanent reserve 10 percent of its annual savings until the reserve equals 50 percent of its outstanding stock.

That reserve, all of which is allocated to the patrons who contributed it, was $2,147,347.08 as of May 31, 1950. The total members' and patrons' equity on that date was $20,008,173.17.

As of May 31, 1950, in addition to $6,012 in common stock shares, GTA had outstanding: $17,512,566.28 in preferred stock shares, actually owned by the same people who held the common voting stock, and there was $342,247.26 in partial credits on preferred stock. These credits consisted of amounts due individuals and associations of less than $25 each. When the credits due a patron reach a total of $25, a share of preferred stock is issued.

I may say, Mr. President, that under the rulings of the Internal Revenue

Bureau a farmer obtaining the credit must pay income tax on it whether it is paid in cash or issued in scrip.

I continue reading from the letter:

It is hoped that this information will clear up misunderstanding which could easily arise in the wake of the statement by Senator WILLIAMS.

It should be borne in mind that GTA, a true cooperative that has been an outstanding success, makes a profit, not for itself, but for its member-patrons whose agent it is in all its operations as the Supreme Court of Minnesota ruled in 1947.

Sincerely,

ROY F. HENDRICKSON,
Executive Secretary.

I have read the letter because I know the inherent fairness of the Senator from Delaware [Mr. WILLIAMS], for whom I have very great respect. I am sorry that he is not present. I am sure that if he were here he would be delighted to have me read the letter, because it clears up a misunderstanding which he had about the National Federation of Grain Cooperatives.

Mr. CARLSON. Mr. President, I call up my amendment identified as 9-20-51-A.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will state the amendment.

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

SEC. —. Nonbusiness casualty losses.

(a) Removal of limitation: Section 122 (d) (5) (relating to net operating loss deduction) is amended by inserting after "Deductions" in the first sentence thereof a comma and the following: "other than deductions allowable under section 23 (e) (2) and (3)."

(b) Effective date: The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1950.

Mr. CARLSON. Mr. President, this amendment treats casualty loss by individuals the same as capital loss with respect to the carry-over privilege for tax purposes.

Thousands of our citizens in the recent flooded areas of Kansas, Missouri, and Oklahoma have suffered casualty losses that reach as high as 100 percent. In my opinion, it is only fair that they should be given an opportunity to make adjustments in their tax returns on a carry-forward or carry-backward basis, the same as losses attributed to the operation of a trade or business.

The amendment does not restrict the privilege of a casualty loss carry-over to any designated disaster area, or to any particular disaster. It would make the privilege available to anyone, anywhere, in conection with any casualty loss.

In view of the extreme need for this amendment, I would urge that the Chairman of the Finance Committee, the Senator from Georgia [Mr. GEORGE], take it to conference.

Mr. GEORGE. Mr. President, I have given consideration to the amendment. It only gives to the people who have been unfortunate enough to sustain loss in the recent floods, after a certain date fixed in the amendment, loss carry-forward and carry-back provisions. I cannot see that there is any injustice in the amendment. I shall be very glad to take it to conference. Of course, if there should appear in conference to be any substantial reason against the amendment on the ground of fairness, justice, or equity, I want to be free to vote against it. Whenever I say that I shall take an amendment to conference, I always mean that I shall consider it as a bona fide approved amendment, unless something is developed in conference which had not been brought to my attention. I see no objection to the amendment, and I shall be glad to take it to conference.

Mr. CARLSON. I appreciate the fine statement of the distinguished chairman of the committee. I am confident, knowing him as I do, and being familiar with his splendid work on the committee and in the Senate, that he will give serious consideration to the amendment, and I am hopeful that the outcome will be satisfactory.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Kansas [Mr. CARLSON] is agreed to.

Mr. HENDRICKSON. Mr. President, I call up my amendment 9-20-51-E.

The PRESIDING OFFICER. The clerk will state the amendment.

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

SEC. —. Exclusion from gross income of retired pay.

(a) Section 22 (b) (2) of the Internal Revenue Code (relating to exclusion from gross income of amounts received as annuities, etc.) is amended by adding at the end thereof of a new subparagraph as follows:

"(C) Exclusions: In the case of amounts received as a pension, retired or retirement pay, or a retirement annuity, so much of such pension, pay, or annuity received during the taxable year as does not exceed $1,440 shall be excluded from gross income. For the purposes of the second sentence of subparagraph (A) and the first sentence of subparagraph (B) of this paragraph, the amounts received as an annuity which are excluded from gross income under this subparagraph shall not be considered in computing the amount 'received as an annuity,' or the 'amount received in the taxable year,' or the 'aggregate amount excluded from gross income under this chapter' or the 'amounts received under such contract.' Nothing in this subparagraph shall be deemed to require the inclusion in gross income of any amounts received during the taxable year which are excludable from gross income under other provisions of law."

(b) The amendment made by this section shall be applicable only with respect to taxable years beginning after December 31, 1950.

Mr. HENDRICKSON. Mr. President, I offer the amendment to the pending tax bill to correct an inequity and to afford relief to some of our aged retired. The amendment would exempt from income tax the first $1,440 of all pensions paid. It is not designed to result in the payment of funds from the Treasury. Rather, it is designed to give a measure of tax relief to retired pensioners, and to give all of them the same benefits that are already being enjoyed by a large percentage of their number.

Mr. President, I think the American people are eminently fair and like to see all their fellow citizens treated alike. In my judgment this amendment will help much toward reaching that goal.

At the present time there are some thousands of retired school teachers, retired policemen, retired firemen, and other retired persons, who formerly were Federal, State, or local government employees, as well as participants in private retirement systems, who are living on pensions which usually are quite small. Frankly, Mr. President, in most instances they are so small that I do not know how such persons eke out an existence. They are having a very difficult time to make ends meet. In these days of inflation, when every necessity of life costs so much more than it did when their pension systems were drawn up, their problem is much more difficult.

In very many cases, the pensions now being paid are providing a great deal less than what we currently conceive to be a fair standard of living. This unfair condition exists because these pensioners have no powerfully organized voice in our legislative halls, as have those who are engaged in industry. For instance, labor is efficiently organized and is well able to protect the interests of its vast army of workers and to help secure for them a return which will keep pace with the rise in the cost of living. However, this same power is not available to the retired under pension programs.

The chances are, of course, very small that needed corrections can be made to all the various systems under which retirement annuities are being paid. Indeed, it could hardly be the function of Congress to add sufficiently to all annuities to restore to them the same purchasing power they once had. However, Congress can and should allow to them the same tax benefits which it allows to others who draw pensions from the Federal Treasury. For example, pensions paid under the Railroad Retirement Act are exempt from all Federal income taxes. Social-security pensions are exempt from all Federal income taxes. Pensions paid to war veterans or their families are exempt from all Federal income taxes. Why, then, should not retired school teachers, retired policemen, and retired firemen, and other Federal, State, and local employees, as well as participants in private pension systems, be entitled to the same consideration?

As an example of how this discrimination works, I call attention to the fact that, while a retired railway worker enjoys this tax relief for his pension, the retired railway postal employee, who may have worked right along with him, enjoys no such relief.

The purpose of my amendment is to do equity in a place where equity is badly needed. Is it too much to ask that the first $1,440 of all pensions should be exempt? I think not, Mr. President.

Under this amendment, the loss to the Federal Treasury, in terms of the way the Federal Government now spends money, will be relatively minor, whereas the relief granted in individual cases will be extremely helpful.

Let us not by the additional taxes currently under consideration impose new burdens which will further shrink the dwindling amount of the necessities of life which our workers of the past

will be able to have. Let us help them, instead of hindering them.

I sincerely hope that my colleagues will give this very fair and very humane amendment the favorable consideration it deserves, and will vote for its adoption.

But, Mr. President, before the vote is taken, I ask the very distinguished and able chairman of the Finance Committee whether he will consider taking the amendment to conference.

Mr. GEORGE. Mr. President, I would not be able to take this amendment to conference. It has been voted on both in the Senate and recently in the House of Representatives; and it was voted down.

Although, of course, the amendment makes a considerable appeal, yet in view of the fact that both bodies of Congress have acted upon the amendment, and in view of other legislation which has been enacted, I would not be able to take the amendment to conference.

I shall have to suggest the absence of a quorum if the Senator from New Jersey desires to have a vote taken on the amendment at this time.

The PRESIDING OFFICER. Does the Senator from Georgia suggest the absence of a quorum?

Mr. GEORGE. Yes, if a vote is desired at this time. Otherwise I would wait a little while, in order to give Senators an opportunity to return from lunch.

Mr. MORSE. Mr. President, will the Senator from New Jersey permit me to ask a few questions for purposes of information?

Mr. HENDRICKSON. Yes, indeed.

Mr. MORSE. Do I correctly understand that the Senator's amendment seeks to exempt the first $1,400——

Mr. HENDRICKSON. The first $1,440.

Mr. MORSE. It seeks to exempt the first $1,440 of pensions from the gross income of any person, when figured for income-tax purposes, does it?

Mr. HENDRICKSON. That is correct.

Mr. MORSE. Suppose Mr. X has a gross income of $10,000. Would the Senator's amendment simply deduct from that $10,000 the $1,440 Mr. X receives from a pension, and make it nontaxable?

Mr. HENDRICKSON. That is as I understand the situation under the amendment.

Mr. MORSE. Does the Senator from New Jersey think that such an individual with a gross income of $10,000 should have $1,440 deducted for tax purposes?

Mr. HENDRICKSON. I believe so; yes.

Mr. MORSE. Is not the basis of the argument of the Senator from New Jersey, which he presented on the floor, and with which I am in a great deal of sympathy, his desire to protect the poor annuitant and the poor pensioner who finds it necessary to live on a very scanty pension? However, if his income is $10,000, of which $1,440 is pension money, I do not see what justification there is for exempting his pension money from tax.

Mr. HENDRICKSON. Of course, the Senator realizes that all pensioners would have to be treated alike.

Mr. MORSE. That is the point I wish to discuss with the Senator from New Jersey.

Mr. HENDRICKSON. I tried to make clear that I do not think we can discriminate as between pensioners. I think the distinguished Senator from Oregon would find, if he made a survey of the situation, that the great majority of these pensioners have no such income as $10,000 a year. A great many of them are living on a bare pittance.

Mr. MORSE. Mr. President, I make these very brief remarks on the principle involved in the Senator's amendment. I would say that I do not think our major concern should be with pensioners as such, but I believe our major concern should be with citizens who have such small incomes.

Mr. HENDRICKSON. I am perfectly willing to use the term "people of small incomes" for these fine citizens, who in many cases served their Government so well. I have no argument as to the term to be used.

Mr. MORSE. However, I wish to point out that the Senator's amendment does not draw that distinction, but is drawn up in terms of gross income. I am not willing to accept the generalization of the Senator from New Jersey that there are not a considerable number of persons in the United States who receive pensions and annuities and also have very substantial incomes. In view of the job in insurance work in the United States which I think some of the great insurance companies have done—and I believe it is a remarkable job—namely, the job of carrying the principle of private enterprise to the extent of getting people to plan for old age when they come of a certain age, so as to have an annuity accrue to them then, I do not think there should go along with it a Government program which offers exemptions in the case of annuities as an inducement to the sale of the policies. I do not think that would be a sound public policy.

What should concern us are our fellow citizens who are in such a low-income class that the application of a Federal tax would work a hardship upon them, regardless of whether they are pensioners or are not pensioners. What I am interested in is in knowing the total income of A, B, C, D, and the millions of other people who fall within the low-income bracket? But I think, Mr. President, and I say it most respectfully, that the distinction between annuitants and pensioners in the small-income group, on the one hand, and other people in the low-income group, is a rather artificial distinction.

I believe the sound principle for us to follow is to determine whether we have a fair tax structure applicable to people in the low-income groups, and as to them I would find myself very sympathetic toward giving consideration to the question of whether the existing taxes on them ought to be reduced.

But I have serious doubt whether it is consistent with good public policy to be setting up what I consider to be a rather artificial class distinction, such as that set forth in the Senator's amendment. I do not see why annuitants and pensioners should be set aside in a class by themselves, unless the same class benefits which accrue to them are given generally to other Americans in the low-income bracket.

In my opinion we also need much more information than the Senator from New Jersey has given us in his presentation of his amendment, as to how many people who have gross incomes far in excess of $1,440 would be benefited under the gross-income provision of his amendment. I do not see why they should receive the benefit of an exemption on $1,440.

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

Mr. MORSE. I yield to the Senator from New Jersey.

Mr. HENDRICKSON. I gather from the remarks of the distinguished Senator from Oregon that in principle he is in favor of this amendment.

Mr. MORSE. In principle, I am in favor of seeing that we do justice to the people in the low-income brackets, including annuitants and pensioners.

Mr. HENDRICKSON. And, therefore, the Senator endorses the principle, does he not?

Mr. MORSE. I endorse the principle of providing tax relief for people whose income is so low that for the Federal Government to collect a tax from them would be very much a case of Shylock collecting his pound of flesh.

Mr. HENDRICKSON. If I were to modify this amendment so that it would apply only to net income, I wonder whether the Senator would then support it.

Mr. MORSE. I think the Senator from New Jersey would thereby greatly strengthen his amendment, and make me much more inclined to support it. But I do not happen to be one of those who, when a proposal for a substantial change in an amendment is made on the floor, would immediately commit themselves to saying that, if the change were adopted, they would support the amendment. I only say to the Senator from New Jersey that if he would talk to me in terms of net income, I should be much more inclined to go along with his amendment than I am at the present time.

Mr. HENDRICKSON. Then, Mr. President, I hope that the Senator will go along with the amendment. I now modify my amendment so that it will affect only the net income from pensions in the $1,440 class.

The PRESIDING OFFICER. The amendment will be modified accordingly.

Mr. GEORGE. Mr. President, the Senator has a right to modify his amendment, but I may say I would still have to oppose it and suggest the absence of a quorum. I would say to the Senator, in view of the vote on this particular provision, which was taken this year in

the House Committee on Ways and Means and in view of previous votes, on this provision, I have not the slightest idea that this amendment could ever be accepted.

I want to make this statement to the Senator. We have given to all people 65 years of age a double exemption, which applies to a person who has retired as well as one who is still working, so that a married man who is 65 years old, and has a wife who is 65 years old, receives exemptions of $2,400. They have also the standard deduction of 10 percent of their entire gross. These allowances when taken together can amount to a considerable sum. So there is very little need for the relief in the lower brackets because there is little pension income in these brackets subject to tax.

The proposed amendment, of course, would give great relief to all people receiving pensions or retired pay or retirement benefits of $10,000, $15,000, $20,000 a year. But it would cut into the revenue, and it does not seem to me that this is an adequate reason for urging this amendment at this time. I would hope that the Senator would not do so because we could not take it, and I would have to suggest the absence of a quorum.

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

The yeas and nays were not ordered.

Mr. IVES. Mr. President, before the yeas and nays are ordered and before the absence of a quorum is suggested, may I make a statement on this amendment.

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

Mr. HENDRICKSON. I yield the floor to the Senator from New York.

The PRESIDING OFFICER. The Senator from Georgia did not have the floor in his own right, did he, or did he?

Mr. GEORGE. I merely rose to suggest the absence of a quorum, if a vote is desired at this time.

The PRESIDING OFFICER. Does the Senator from Georgia yield, so that the Senator from New York may make a statement regarding the proposed amendment?

Mr. GEORGE. Oh, yes.

The PRESIDING OFFICER. The Senator from New York.

Mr. IVES. Mr. President, I would rather not trouble so many Senators by having them return to the floor before we get around to a vote. I, therefore, suggest that a quorum call be delayed. I merely want to concur in the proposal made by my distinguished colleague from New Jersey. I have made proposals of similar nature in the past two Congresses, and I wish to tell him that they were to no avail. That does not alter the fact that the principle involved is sound, and it does not alter the fact that we still have exceptions, some of which have been indicated, under the Railway Retirement Act, where the pensions or annuities up to a certain amount received by the pensioners or annuitants are exempt from taxation. It occurs to me, Mr. President, that sooner or later we must resolve this question one way or another. It is my understanding that the Joint Committee on Internal Revenue Taxation is studying this whole pension question. I would ask my distinguished colleague from Georgia whether I am wrong in that understanding.

Mr. GEORGE. It has been under study by the joint staff.

Mr. IVES. And it is likely to be under study in the future, as well as having been studied in the past, is it not?

Mr. GEORGE. It will be, yes. It has been studied, and one report has been made; but it will be studied further by the joint staff.

Mr. IVES. Has any report been made on a proposal such as the one made by the Senator from New Jersey?

Mr. GEORGE. Yes. According to my recollection, an adverse report was made by the staff of the joint committee, in which it was pointed out that since pension income was not unlike any other income, it would be better to allow an extra exemption for those over 65 from which everyone over that age might receive a benefit. As a result, we have given double exemptions to people over age 65.

Also, under another provision of this bill we are giving to every taxpayer—and it is done primarily to assist the people in the lower brackets—the benefit of a deduction for all medical, dental, and hospital expenses, without taking into consideration the 5 percent limitation on gross income which exists generally. As a result we have dealt liberally with persons who have reached the age of 65, and while some people do retire before that age, generally speaking a person who retires is around 65. When we consider the double exemption, and the benefit that he has been given to take care of his medical expenses without the 5 percent limitation, I believe that the pensioner who has a relative small pension is taken care of very well.

It is true that social-security payments, under interpretation by the Social Security Administrator, are not subject to tax. Also, there is a special provision in the Railroad Retirement Act that such retirement benefits are not subject to tax. But these are limited areas in which little or no tax would be due even without these exclusions. The provisions in this amendment would apply to all who receive retirement benefits, and we get into classes of persons with pretty large retirement benefits. To take off $1,440 in addition to all the other deductions, exemptions, and exclusions virtually reduces the income of pensioners to where there will be very little tax collected. The amendment is estimated, very conservatively, to cost at least $15,000,000 a year. Therefore, I would not be able to accept it.

Mr. IVES. Mr. President, I appreciate very much what the Senator from Georgia has just stated. However, I do want to point out, and I am sure the Senator from Georgia will agree with me, that it seems to be scarcely fair to have a condition in this country wherein certain pensions are exempt from taxation and other pensions are not.

Mr. GEORGE. I do agree.

Mr. IVES. The Senator from Georgia has cited two instances where such a condition pertains, and I think there are others.

Mr. GEORGE. I do agree, and that is why the staff has been giving study to it. It is hoped that we may have a uniform rule to apply to all pensioners. I fully agree with the Senator.

Mr. IVES. I thank the Senator from Georgia.

May I suggest at this point, in line with what the distinguished Senator from Georgia has stated, that the age of retirement under the various pension plans has been gradually dropping for one reason or another? For instance, in my own State a person in State service may retire at age 55 by paying a higher rate of contribution. It seems to me, in view of that circumstance—and I assume that it is only typical of what we may expect in the future throughout the country, because if the time ever comes again when there is serious unemployment, as may some time occur, we shall need to find new ways to take care of such a situation—in view of that circumstance, I repeat, it seems to me that it would be well in the study which is being made and which is likely to be made and which has been referred to in this colloquy, to consider a retirement system of that type which some time may be applied generally in this country. In other words, when a tax plan is finally evolved—for we cannot have this inequitable situation forever—with reference to a kind of retirement program in which the age of retirement is 55 instead of 65 years, it should treat fairly all pensioners and annuitants.

Mr. GEORGE. We certainly should have uniform treatment of all pensions or retirement benefits received. The Senator is quite correct. The staff has been making such a study. I hope the junior Senator from New Jersey and the senior Senator from New York, who have been very much interested in this subject, may not press the matter to a vote, because, under existing conditions, and in view of the House committee's action, I must say frankly that there would be only a very remote possibility of any agreement being reached on it at this time until a study has been finally completed.

Mr. HENDRICKSON. Mr. President, I should like to follow the suggestion of the distinguished Senator from Georgia, for whose judgment I have the greatest respect, but I think this amendment involves a principle which we ought to resolve now, and I feel that there should be a vote on the amendment.

Mr. IVES. Mr. President, if the Senator from New Jersey feels that he must press it, I shall certainly support his proposal, because fundamentally it is proper in the light of conditions which exist at the present time and which have been referred to in the discussion of the question.

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

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

The PRESIDING OFFICER. There is not a sufficient number of Senators

present at this time to support the request of the Senator.

The clerk will call the roll.

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

Aiken	Hayden	McKellar
Bennett	Hendrickson	McMahon
Benton	Hennings	Millikin
Bricker	Hickenlooper	Monroney
Bridges	Hill	Moody
Butler, Md.	Hoey	Morse
Butler, Nebr.	Holland	Mundt
Byrd	Humphrey	Murray
Cain	Hunt	Neely
Capehart	Ives	O'Conor
Carlson	Jenner	O'Mahoney
Case	Johnson, Colo.	Pastore
Clements	Johnson, Tex.	Robertson
Connally	Johnston, S. C.	Russell
Cordon	Kem	Saltonstall
Dirksen	Kerr	Schoeppel
Douglas	Kilgore	Smathers
Duff	Knowland	Smith, Maine
Dworshak	Lehman	Smith, N. J.
Eastland	Lodge	Sparkman
Ecton	Long	Stennis
Ellender	Magnuson	Taft
Ferguson	Malone	Underwood
Flanders	Martin	Watkins
Frear	Maybank	Welker
Fulbright	McCarran	Wiley
George	McCarthy	Williams
Gillette	McClellan	Young
Green	McFarland	

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business.

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from North Dakota [Mr. LANGER] and the Senator from California [Mr. NIXON] are detained on official business.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). A quorum is present.

The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. HENDRICKSON].

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

The yeas and nays were ordered.

Mr. KERR. Mr. President, it is the hope of the committee that this amendment will not be agreed to. At the present time an additional exemption of $600 a year for each taxpayer is made in the case of taxpayers 65 years of age and older. That means that in the case of a married couple 65 years of age or older $2,400 of their income is already exempt from taxation.

In addition, 10 percent of whatever their income may be is exempt, up to 10 percent of the first $10,000, as a standard deduction. That means that a couple with an income of $5,000 a year, if they were 65 years of age or over, would have an exemption of $2,900 at the present time. If the amendment of the Senator from New Jersey were agreed to, it would mean that there would be an additional exemption of $1,440 a year, or a total of $4,340 a year of the income of a man and his wife with an income of $5,000.

The Forty-eighth Congress, in the Revenue Act, made provision for just such a situation as this. If the amendment of the Senator from New Jersey were adopted the Congress would now be giving a double exemption with reference to that part of the income of the taxpayer which is contemplated by the amendment of the Senator from New Jersey.

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

Mr. KERR. I yield.

Mr. KNOWLAND. I wish to obtain some light on this particular amendment, if possible.

Do I correctly understand that under the existing law those who come under the Railroad Retirement Act get such an exemption.

Mr. KERR. That is correct.

Mr. KNOWLAND. Is it correct to say that those who come under the social-security legislation nationally now get this exemption?

Mr. KERR. That is correct, but I know of no one who gets $1,440 a year under it.

Mr. KNOWLAND. But that statement would not apply to those who come under the Railroad Retirement Act.

Mr. KERR. I cannot answer that question, but I think it would.

Mr. KNOWLAND. I came in a little late from a committee meeting, and did not hear all the argument of the Senator from New Jersey. Apparently what he is trying to do is to place those who are municipal, county, and school employees, and who come under the local retirement system, on a basis comparable with those coming under the Railroad Retirement Act and the Social Security Act. Is that a fair statement?

Mr. KERR. Under the amendment of the Senator from New Jersey the exclusion would apply to any pension or retirement pay, or retirement annuity. It is not limited to what the Senator has referred to at all.

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

Mr. KERR. I yield for a question.

Mr. HENDRICKSON. It is true, is it not, that the majority of those who would be affected by this amendment are either retired teachers, policemen, firemen, or other Federal, State, or local government employees?

Mr. KERR. I do not think so at all. I do not believe that even percentagewise they would represent anywhere near a third of those who would benefit by this amendment as it is written.

Mr. HENDRICKSON. The Senator from New Jersey disagrees with the Senator from Oklahoma on that score.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from New Jersey. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], and the Senator from North Carolina [Mr. SMITH] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, and if present, he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and, if present, he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from North Dakota [Mr. LANGER] and the Senator from Califorina [Mr. NIXON] are detained on official business.

The result was announced—yeas 36, nays 50, as follows:

YEAS—36

Bridges	Ives	McCarthy
Cain	Jenner	Moody
Douglas	Johnston, S. C.	Murray
Duff	Kem	Neely
Ecton	Kilgore	O'Conor
Ferguson	Knowland	O'Mahoney
Gillette	Lehman	Pastore
Green	Lodge	Saltonstall
Hendrickson	Long	Schoeppel
Hennings	Magnuson	Smith, Maine
Humphrey	Malone	Smith, N. J.
Hunt	McCarran	Welker

NAYS—50

Aiken	Flanders	McMahon
Bennett	Frear	Millikin
Benton	Fulbright	Monroney
Bricker	George	Morse
Butler, Md.	Hayden	Mundt
Butler, Nebr.	Hickenlooper	Robertson
Byrd	Hill	Russell
Capehart	Hoey	Smathers
Carlson	Holland	Sparkman
Case	Johnson, Colo.	Stennis
Clements	Johnson, Tex.	Taft
Connally	Kerr	Underwood
Cordon	Martin	Watkins
Dirksen	Maybank	Wiley
Dworshak	McClellan	Williams
Eastland	McFarland	Young
Ellender	McKellar	

NOT VOTING—10

Anderson	Langer	Tobey
Brewster	Nixon	Wherry
Chavez	Smith, N. C.	
Kefauver	Thye	

So Mr. HENDRICKSON's amendment was rejected.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the Speaker had affixed his signature to the enrolled bill (S. 1786) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature, and it was signed by the Vice President.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, September 26, 1951, he presented to the President of the United States the following enrolled bills:

S. 1349. An act to establish a Department of Food Services in the public schools of the District of Columbia, and for other purposes; and

S. 1786. An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature.

S. 2006. An act to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the Bank may make loans.

REVENUE ACT OF 1951

The Senate resumed the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

Mr. IVES. Mr. President, I call up my amendment 7-25-51-I. I ask unanimous consent that the reading of the amendment be dispensed with, and that it be incorporated in the RECORD at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. IVES is as follows:

At the proper place in the bill insert the following:

"SEC. —. Restricted retirement funds.

"(a) Exclusion of portion of income paid to a restricted retirement fund: Section 22 (relating to the definition of gross income) is amended by adding at the end thereof the following new subsection:

"'(p) Contributions to a restricted retirement fund:

"'(1) General rule: In the case of an individual, there shall be excluded from gross income the portion of income for any taxable year paid within such year to a restricted retirement fund. Such portion of income shall be taxable at the time and in the manner provided in section 173.

"'(2) Limitation: The total amount excludible under paragraph (1) for any taxable year shall not exceed 10 percent of the taxpayer's earned net income, or $7,500, whichever is the lesser, minus any amounts contributed during such taxable year by an employer of the taxpayer—

"'(A) to or under a plan meeting the requirements of section 165, or

"'(B) toward the purchase of an employee's annuity contract described in the first sentence of subsection (b) (2) (B) of this section.

"'(3) Definition of restricted retirement fund: For definition of "restricted retirement fund" see section 173 (b).

"'(4) Definition of earned income, etc.: For the purposes of this subsection—

"'(A) "earned income" means wages, salaries, and professional fees, other amounts received as compensation for personal services actually rendered, income from any literary, musical, or artistic composition created by the taxpayer, and income from a copyright on such a literary, musical, or artistic composition, but does not include any amount not included in gross income (computed without reference to this subsection), nor that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered;

"'(B) "earned income deductions" means such deductions as are allowable by section 23 for the purpose of computing net income and are properly allocable to or chargeable against earned income;

"'(C) "earned net income" means the excess of the amount of earned income over the sum of the earned income deductions; and

"'(D) in the case of an individual proprietor or member of a partnership who performs personal services in the business of such proprietorship or partnership, the portion of the profits attributable to his personal services shall be deemed "earned income"; and in the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, the determination of the portion of the profits, attributable to personal services shall be made under regulations prescribed by the Secretary.

"'(5) Consent by taxpayer: This subsection shall be applicable only to a taxpayer who files with the Commissioner, in such manner, in such form, and within such time as the Secretary may by regulations prescribe, a consent to have taxed in the manner provided in section 173 the portion of income excluded from gross income under paragraph (1).'

"(b) Inclusion in gross income on annuity payments received from a restricted retirement fund: Section 22 (b) (2) (relating to annuities) is amended by adding at the end thereof the following new subparagraph:

"'(C) Restricted retirement annuities: If an annuity contract is purchased by a trustee for an individual under a plan with respect to which section 173 is applicable, such individual shall include in his income the amounts received under such contract for the year received; and for the purposes of this chapter such annuity contract shall be deemed to have a basis of zero.'

"(c) Restricted retirement funds: Supplement E of chapter 1 (relating to the taxation of estates and trusts) is amended by adding at the end thereof the following new section:

"'SEC. 173. Restricted retirement funds.

"'(a) Exemption from tax: A restricted retirement fund shall not be taxable under this supplement and no other provision of this supplement shall apply with respect to such fund.

"'(b) Definition of restricted retirement fund: For the purposes of this chapter a "restricted retirement fund" means a trust forming part of a retirement plan set up by a bona fide agricultural, labor, business, industrial, or professional association or similar organization, for the exclusive benefit of its participating members for the purpose of distributing to such members or their beneficiaries the corpus, profits, and earnings of the trust accumulated by the trust in accordance with the plan if under the plan and the trust instrument—

"'(1) the interest of any participating member is nonassignable, except as to his right—

"'(A) to designate one or more beneficiaries to receive any interest in the trust to which he may be entitled at his death; and

"'(B) to elect a survivorship option under any annuity contract through which his interest in the trust may be distributed;

"'(2) the designation of a trustee or successor trustee is restricted to a bank (as defined in section 104), and the trustee is authorized and directed to invest the assets of the trust in securities which are legal for the investment of trust funds by such bank;

"'(3) except in case of his total and permanent disability (which shall be certified to the trustee by affidavit of a licensed physician), the distribution of the interest of any participating member in the trust may not be made to him during his lifetime at a date commencing earlier than his age 60 and under one or more of the following optional methods of distribution to be elected by him—

"'(A) in a lump sum;

"'(B) in annual installments of a designated amount over a period of years; or

"'(C) by the purchase by the trustee, in the name of the participating member, of one or more single premium noncommutable life annuity contracts (with or without a guaranteed minimum payment and with or without a survivorship option).

"'(c) Taxability of beneficiary: The amount actually distributed or made available to any distributee under a restricted retirement fund under the option described in subsection (b) (3) (C) shall be taxable to him under the provisions of section 22 (b) (2) (C), and the amount actually distributed or made available to any such distributee under one of the options described in subsections (b) (3) (A) or (B) shall be taxable to him, in the year in which so distributed or made available, under the provisions of section 22 (b) (2) (C) as if it were an annuity under an annuity contract taxable under such section, except that if the entire interest is distributed in a lump sum under the option described in subsection (b) (3) (A) it shall be considered a gain from the sale or exchange of a capital asset held for more than 6 months.'

"(d) Effective date: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1950."

Mr. IVES. Mr. President, on July 25 I submitted this amendment to House bill 4473, and the amendment was printed and ordered to lie on the table. Its purpose is to encourage savings for retirement through restricted retirement funds, particularly for groups, principally self-employed, not presently covered by retirement plans. However, any member of a bona fide professional, business, agricultural, or labor organization, even if covered by an existing plan, could participate. The amendment would permit any participant to contribute annually, tax free, to an approved retirement fund 10 percent of income or $7,500, whichever is less. A tax would be levied when benefits were received, rather than when contributions were made. Thus, savings for retirement would be encouraged.

I submitted the amendment primarily to obtain committee consideration of the basic principle involved.

It is now my understanding that the Senate Finance Committee has considered the amendment, but has deferred action without prejudice. I further understand that a study was found to be necessary, principally because no estimate of revenue loss is available.

I hope very much that further study of this matter will be made by the Joint Committee on Internal Revenue Taxation, in connection with the over-all study on existing pension plans, which I understand it is making.

To fit this amendment into existing pension plans, some fair ceiling on annual tax-free contributions must be determined. I was keenly aware of this problem when I submitted the amendment and arbitrarily chose the $7,500 figure, which I believe is too high. At that time I directed my staff to survey existing pension system, to determine at what peak tax-free contributions have been permitted under both private industrial pension systems and various State and Federal plans.

Mr. President, I ask unanimous consent that the results of these studies be

incorporated in the body of the RECORD at this point as part of my remarks.

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

EXHIBIT I

Survey included some 500 plans; this is a random cross section of privately financed industrial pension plans, top salaries.

Compensation and payment to pension plan (by companies and individuals), 1950 [1]

Name of company, officer, etc.	Compensation	Payment to pension plan	
		By individual	By company (tax-free)
Standard Oil Co. of New Jersey:			
Eugene Holman, president and director.	$186,013	(2)	$23,905
18 officers and directors.	1,738,777	(2)	239,833
Goodyear Tire & Rubber Co.:			
P. W. Litchfield, chairman of board.	125,000	(2)	11,982
All officers and directors (no number given).	1,011,310	(2)	106,016
United States Steel Corp.:			
B. F. Fairless, president.	213,966	$6,035	8,931
All officers and directors (no number given).	983,430	19,510	28,874
General Motors:			
Charles E. Wilson, president.	[3] 363,795	10,190	25,856
62 officers and directors.	[4] 6,572,345	170,815	362,808

[1] Compensation is comprised of salaries, fees, commissions, bonuses, shares in profits, thrift-account payments, payments in stock or in kind, etc., but does not include indeterminate benefits such as option in stock or pension payments by the company for the benefit of its officers and directors.

[2] Makes payment but amount not available.

[3] Plus 1,358 shares of General Motors stock valued at $45.07 per share which equals $60,205.

[4] Plus 33,995 shares of General Motors stock valued at $45.07 per share which equals $1,532,155.

Source: Securities and Exchange Commission.

General Motors Corp., notice of special meeting of stockholders to be held September 27, 1950:

ESTIMATED PENSION BENEFITS OF CERTAIN DIRECTORS AND OFFICERS

With respect to such of those persons who were directors of the corporation at any time during 1949 and who will be entitled to participate in the revised salaried program, including the three highest paid officers of the corporation during such year, and whose aggregate remuneration for 1949 was in excess of $25,000, the table below shows the portion of the total contribution by the corporation in 1949 for future service benefits under the present retirement plan, such portion being the same as the amount which would have been contributed by the corporation under the contributory part of the revised salaried program if it had been in effect during that year. There are also shown the contributions made by the participating directors during 1949. As pointed out on page 17, under the noncontributory part of the pension program the corporation's contributions are not susceptible of meaningful determination in respect of individual persons. With respect to the individuals named in the table, Ormond E. Hunt and Bayard D. Kunkle had accrued benefits under the present retirement plan and service pension plan at the time of their retirement from active service in 1949 equivalent to $8,044 per year and $9,330 per year, respectively, and these benefits will not be changed under the revised salaried program; in the cases of the other individuals named, it is not possible to determine who will eventually receive benefits under the revised salaried program or, with respect to those who will receive retirement benefits, what the amount of the retirement benefits will be. However, there are shown in the table the annual benefits estimated to be payable under the revised salaried program based on the assumptions that (a) the employee will survive and continue in the employ of the corporation until automatic retirement age and will be otherwise qualified under the terms and conditions of the program at that time, (b) his salary will continue at the current rate, and (c) he will continue to contribute under the terms and conditions of the revised salaried program as long as he is eligible to do so.

Name [1]	Contributory part of salaried program		Estimated annual retirement benefit under revised salaried program
	Contribution by director in 1949	Attributable portion of total contribution by corporation in 1949 for future service retirement benefits, tax-free annual contribution under sec. 165 IRC	
Albert Bradley	$7,850	$18,609	$40,000
Francis L. Burke	4,350	8,928	35,898
Marvin E. Coyle [2]	[2] 7,350	[2] 21,348	[2] 12,094
Harlow H. Curtice	7,350	15,825	40,000
Frederic G. Donner	5,850	8,383	40,000
Ronald K. Evans	5,850	15,315	25,882
Louis C. Goad	5,850	8,760	40,000
Edward R. Godfrey	4,350	10,834	30,520
Ormond E. Hunt	5,513	14,733	8,044
Bayard D. Kunkle	600	1,748	9,330
John J. Schumann, Jr	3,663	9,593	21,112
Charles E. Wilson	9,850	24,531	40,000

[1] The positions occupied by the directors are listed in the table commencing on p. 5 of this proxy statement.

[2] Marvin E. Coyle did not participate in the present retirement plan when eligible. Under the revised salaried program, Mr. Coyle will be eligible to commence contributing on Oct. 1, 1950. The 1949 contribution figures shown, and the estimated annual retirement benefits to which he would be entitled, are based on the assumption that Mr. Coyle will participate in the contributory part of the revised salaried program commencing Oct. 1, 1950. In the event that Mr. Coyle should elect not to contribute under the revised salaried program he will be entitled upon retirement at age 65 to the minimum benefit under the program described in par. 2 (a) on p. 11.

EXHIBIT II.—*The Library of Congress Legislative Reference Service*

TYPICAL MAXIMUM CONTRIBUTIONS AND BENEFITS OF REPRESENTATIVE RETIREMENT PLANS, RAILROAD, BANK, STATE, CIVIL SERVICE, CONGRESSIONAL

Plan	Employer's maximum annual tax-free contribution per person	Employee's maximum contribution	Contribution rates	Benefit formula
Railroad retirement	$216	$216	6 percent each by employer and employee (total 12 percent) on income up to $3,600 a year (to increase to 6½ percent each in 1952).	Years of service times the sum of 2.4 percent of the first $50 of the average monthly wage, 1.8 percent of the next $100, and 1.2 percent of the next $150. Maximum benefit, $1,728.
Typical independent plan for a large bank.[1]	$2,500 on $50,000 salary; $3,750 on $75,000 salary.	$2,440 on $50,000 salary; $3,690 on $75,000 salary.	Employee contributes 3 percent of first $3,000, 5 percent of excess salary. Employer adds entire cost of past service plus 5 percent of salary for future service.	Whatever fund will provide. Maximum pension, $6,000.
New York State plan [2]	$2,523 on $30,000 salary paid to judges of the intermediate appellate court at rate of 8.411 percent per year.	$5,040 on $30,000 salary	Employee rate depends upon age, sex and occupation—varies.	Approximately 1.70 of average salary per years of service at age 60, or 1/60 of average salary per years of service at age 55, depending upon plan selected by employee and amount accumulated.
Louisiana State Employees' Retirement System.	State supplies balance to guarantee benefits.	$840 compulsory, $560 voluntary; $1,400 total on salary of $14,000 paid to judges in the State's highest court.	6 percent of salary. Employees may make voluntary contributions up to 10 percent of gross compensation to purchase larger annuity.[3]	Approximately 1½ percent of average salary per years of service (salary base being average for highest 5-year consecutive period).[4]
Civil Service retirement	$6,563.62 supplied as part of the annual appropriation of the Federal Government to cover guaranteed benefits. Presupposes a hypothetical cabinet officer, who receives a retirement annuity for 15 years.[5]	$1,350 compulsory, $2,250 voluntary; $3,600 total on $22,500 salary of cabinet officers.	6 percent of total wages by employees; an additional voluntary contribution up to 10 percent of salary.	Years of service times the greater of 1 percent of salary plus $25 on salaries up to $5,000 (or 1½ percent of salaries above $5,000) of employee's highest 5-year average basic salary, but not to exceed 80 percent of the average for those years.

[1] Mountjoy, Edgar E. Principal features of retirement pension plans sponsored by State bankers associations. In Banking, vol. 42, December 1949:80-81.

[2] The Book of the States, 1950-51. Chicago, 1950, vol. VIII, p. 217.

[3] Ibid., p. 217.

[4] Department of Research, Association of Casualty and Surety Companies. Government insurance in the United States (New York) 1950:89.

[5] Since the Government's share of the contribution is made through annual appropriation in an amount to guarantee benefits, rather than in the form of a joint contribution established to set up a special trust fund, it follows that the Government's contribution is geared to the number of years of retirement payments, rather than to the employee's contribution during his working years. In the above figure, the following assumptions are made: The retired man had 20 years of Government service on July 31, 1951, of which 15 were at a salary of $10,000, and 5 years were in the cabinet at a salary of $22,500. When he retired at age 65 he had made a total contribution of $38,431.25 of which $26,250 was in the form of voluntary contributions. He is thus entitled to an annual annuity of $9,112.50 which he receives for a total of 15 years—or until his death at age 80. The total cost to the Government of meeting this guaranteed benefit amount would be $98,456.25 after the amount of his contribution had been deducted. Prorated for 15 years, this cost would come to $6,563.62 annually for this period.

EXHIBIT II.—*The Library of Congress Legislative Reference Service*—Continued

Plan	Employer's maximum annual tax-free contribution per person	Employee's maximum contribution	Contribution rates	Benefit formula
Retirement plan for Members of Congress.	$6,439.28 supplied as part of the annual appropriation made by the Federal Government to cover guaranteed benefits. Presupposes a hypothetical Vice President or Speaker who receives a retirement annuity for 15 years.[6]	$1,800 compulsory, $3,000 voluntary; $4,800 total on $30,000 salary of Vice President and Speaker of House.	Same as above	Years of service times 2½ percent of average salary as a Member, but may not exceed 75 percent of last salary.

[6] Method of meeting benefit guarantees same as those described for civil service retirement in the preceding footnote. This hypothetical contribution by the Government presupposes a Vice President or Speaker of the House who has met all of his retirement obligations for 15 years of service in this office prior to retirement at age 65 on July 31, 1951. His total contribution was $40,879.45 of which $27,319.45 were in the form of voluntary contributions. He is thus entitled to an annual annuity of $8,164.58, which he receives for a total of 15 years—or until his death at age 80. The total cost of the Government of meeting the guaranteed benefit amount would be $96,589.25 after the amount of his contribution had been deducted. Prorated for the 15 years of retirement, this cost was come to $6,439.28 annually for this period.

Mr. IVES. Mr. President, in this connection, I refer to four exhibits which appear in the insertion.

Exhibit 1 presents a survey based on a study of some 500 industrial plans. It contains an outline of four typical industrial retirement plans, while one executive pension plan—for the General Motors Corporation—is detailed.

Exhibit 2 sets forth maximum tax-free contributions under the railroad retirement plan, the retirement plan of a typical bank, and the New York and Louisiana State retirement plans, as well as the Federal Civil Service and Congressional pension systems.

I trust that the tables presented may be of assistance to the committee and its staff in the consideration of this problem.

In determining a fair ceiling on annual tax-free contributions under this amendment, the committee will probably also consider the present pattern of income and savings distribution. These factors are important because the fairness of this amendment can be judged by the number of persons able to make the maximum annual contribution it allows.

Mr. President, in this regard I request to have printed at this point some further data gathered by my staff.

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

EXHIBIT III.—*1950 Survey of Consumer Finances, Federal Reserve Board*

DISTRIBUTION BY 1948 INCOMES OF SPENDING UNITS WITHIN 1949 INCOME GROUPS [1]

1948 annual money income before taxes	Percentage distribution of spending units within 1949 income groups							
	All spending units	Under $1,000	$1,000 to $1,999	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $7,499	$7,500 and over
Under $1,000	14	67	18	5	1	1	(2)	
$1,000 to $1,999	15	12	50	16	3	1	2	
$2,000 to $2,999	20	5	13	54	23	7	2	
$3,000 to $3,999	18	2	4	13	53	29	8	1
$4,000 to $4,999	10	(2)	1	2	10	39	22	4
$5,000 to $7,499	8	1	1	1	2	11	50	19
$7,500 and over	4	(2)	(2)		(2)	1	5	65
Not ascertained	11	13	13	9	8	11	11	11
All income groups	100	100	100	100	100	100	100	100
Number of cases	3,512	479	604	672	615	397	437	269

[1] Based on reports of spending units interviewed early in 1950 (fifth survey) concerning annual incomes in both 1948 and 1949. As shown in the table, the 1948 income of 1/10 of all spending units could not be determined at the beginning of 1950.
[2] Less than ½ of 1 percent.

PROPORTION OF TOTAL MONEY INCOME RECEIVED BY EACH TENTH OF THE NATION'S SPENDING UNITS WHEN RANKED BY SIZE OF INCOME, 1949, 1948, 1947, AND 1946 [1]

Spending units ranked according to size of income	Percentage of total money income before taxes								Lowest income within group			
	By each tenth				Cumulative							
	1949	1948	1947	1946	1949	1948	1947	1946	1949	1948	1947	1946
Highest tenth	30	[2] 31	33	32	30	[2] 31	33	32	$5,800	$6,000	$5,700	$4,850
Second	15	15	15	15	45	46	48	46	4,500	4,500	4,200	3,750
Third	12	12	12	12	58	58	60	58	3,760	3,750	3,500	3,100
Fourth	11	10	10	10	68	68	70	69	3,200	3,200	3,000	2,700
Fifth	9	9	9	9	78	[2] 76	78	77	2,700	2,840	2,530	2,300
Sixth	8	[2] 8	7	7	85	84	86	85	2,290	2,400	2,100	2,000
Seventh	6	6	6	6	91	90	91	91	1,810	2,000	1,700	1,500
Eighth	5	5	4	5	96	95	96	95	1,280	1,500	1,200	1,150
Ninth	3	3	3	3	99	99	99	99	710	860	750	700
Lowest tenth	1	1	1	1	100	100	100	100	(3)	(3)	(3)	(3)

[1] Income data for each year are based on interviews during January, February, and early March of the following year. It is possible that the proportion of income received by the highest tenth of income receivers is underestimated by several percentage points in all years. Samples of approximately 3,500 spending units having been used in these 3 surveys, it cannot be expected that a completely representative sample of the highest dollar incomes was obtained.
[2] Revised.
[3] Not available from survey data.

NOTE.—Detailed figures may not add to cumulative figures because of rounding.

EXHIBIT IV.—*1950 Survey of Consumer Finances, Federal Reserve Board*

PROPORTION OF TOTAL MONEY INCOME, POSITIVE SAVING, NEGATIVE SAVING, AND NET SAVING ACCOUNTED FOR BY EACH TENTH OF THE NATION'S SPENDING UNITS WHEN RANKED BY SIZE OF INCOME [1]

Spending units ranked according to income	Percentage of total accounted for by each tenth															
	Money income [2]				Positive saving [3]				Negative saving [4]				Net saving [5]			
	1949	1948	1947	1946	1949	1948	1947	1946	1949	1948	1947	1946	1949	1948	1947	1946
Highest tenth	30	[6] 31	33	32	47	45	52	44	9	[6] 14	19	6	105	[6] 78	77	63
Second	15	15	15	15	15	15	14	15	9	11	11	12	26	19	16	16
Third	12	12	12	12	10	11	8	12	8	9	10	7	13	15	6	14
Fourth	11	10	10	10	8	8	7	8	8	9	10	11	8	6	6	7
Fifth	9	9	9	9	7	7	6	6	10	7	11	11	1	6	3	4
Sixth	8	[6] 8	7	7	5	5	5	5	8	9	6	13	(7)	2	4	1
Seventh	6	6	6	6	4	4	4	4	9	8	5	8	−4	−1	2	2
Eighth	5	5	4	5	2	2	2	3	9	7	7	7	−8	−3	−1	1
Ninth	3	3	3	3	2	2	1	2	7	[6] 9	6	12	−6	[6] −5	−2	−3
Lowest tenth	1	1	1	1	(7)	1	1	1	23	17	15	13	−35	−17	−11	−5
All units	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

[1] Income and saving data for the postwar years are based on interviews in January–March of each succeeding year. The figures in this table cannot be used to measure precisely changes in income and saving because of the limited size of the sample. However, it is believed that the data show with reasonable accuracy the nature of certain broad changes which occurred in the pattern of income and saving during these years. The surveys for 1946 through 1949 also differ somewhat in their definitions of saving, as discussed in appendix I to this article.
[2] Annual money income before taxes.
[3] Positive saving comprises the saving of all spending units with money incomes in excess of expenditures.
[4] Negative saving comprises the dissaving of all spending units with expenditures in excess of money income.
[5] Net saving (plus or minus) is positive saving less negative saving for the combination of all units in each income decile.
[6] Revised from data presented in the Federal Reserve Bulletin, January 1950, table 10, p. 23.
[7] Less than ½ of 1 percent.

Mr. IVES. Mr. President, exhibit No. 3 outlines the present pattern of income distribution in this country. It shows how many people earned how much.

Exhibit 4 shows which income group has saved the most and, therefore, which income groups would be most likely to utilize whatever maximum contribution the committee may decide should be allowed.

Mr. ROBERTSON. Mr. President——

Mr. IVES. Mr. President, does the Senator from Virginia desire to have me yield to him?

Mr. ROBERTSON. No, Mr. President; I do not wish to interrupt my distinguished colleague from New York. I am seeking recognition in my own right.

Mr. IVES. Mr. President, in order that the distinguished Senator from Virginia may have recognition, I now withdraw the amendment.

The PRESIDING OFFICER. The amendment submitted by the Senator from New York is withdrawn.

Mr. ROBERTSON. Mr. President, I submit an amendment to the committee amendment on page 233, in line 11, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 233, in line 11, it is proposed to strike out "a tax of 18 cents per pound" and insert in lieu thereof "a tax of 10 cents per pound."

Mr. ROBERTSON. Mr. President, the purpose of this amendment is to put smoking tobacco which is made out of burley tobacco back into the same category in which it has been ever since 1919, when it was included by the Treasury Department in the same category with snuff, plug tobacco, twist, loose cut, and scrap-chewing, at 18 cents a pound.

In the current bill all others in this category have been reduced to 10 cents a pound. This amendment is merely for the purpose of keeping the ancient classification and putting pipe tobacco in the same category with the other types, at 10 cents a pound.

In the past 10 years the consumption of pipe tobacco has decreased 47 percent. If that rate of decline continues for another 5 years, the manufacturers of pipe tobacco will be out of business.

However, the concern of the Senators from Virginia and of our distinguished colleagues from Kentucky is primarily for the farmers who raise the Burley tobacco.

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

Mr. ROBERTSON. I yield.

Mr. MAYBANK. Would the amendment in any way have an effect upon bright-leaf tobacco?

Mr. ROBERTSON. The amendment would have no effect at all on that type of tobacco.

Mr. MAYBANK. I thank the Senator.

Mr. ROBERTSON. Mr. President, it might be said, "Just let the farmers who now are raising burley tobacco raise the type of tobacco which is flue-cured." However, Mr. President, that type of tobacco can be raised only in light, sandy, porous soil. Or it might be said, "Let those farmers raise dark-fired tobacco." However, that type of tobacco can be raised only on the heavy, red-clay soil.

Mr. President, Burley tobacco is raised chiefly in the bluegrass regions, the limestone regions.

I have been happy to hear from the chairman of the committee that he is willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. ROBERTSON] to the committee amendment on page 233, in line 11.

Mr. MILLIKIN. Mr. President, I am glad to hear that the distinguished chairman of the committee is willing to take the amendment to conference. I join heartily in that decision.

Mr. GEORGE. Mr. President, I am willing to take the amendment to conference. It opens up the matter in conference; and since we have reduced the duties upon chewing tobacco, twist, plug, and on snuff, I believe, perhaps this type of tobacco should be kept in the same category; and I am entirely willing to take the amendment to conference.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Let me ask what loss of revenue the amendment would involve.

Mr. ROBERTSON. The immediate loss is $11,500,000; but if the business of the manufacturers of pipe tobacco continues to decline as it has been declining, that industry will be wiped out and will be out of business, and then the farmers who raise that type of tobacco will be gone at the same time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. ROBERTSON].

The amendment was agreed to.

Mr. DOUGLAS. Mr. President, I should like to call up my amendment 9-22-51—3, and I send it to the desk. I ask that the reading of the amendment be dispensed with, but I call attention to the fact that minor changes have been made on pages 3, 5, 12, and 21, which do not however alter the purpose or content of the amendment, but which are merely designed to avoid certain technical difficulties.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point without without reading.

The amendment offered by Mr. DOUGLAS (for himself, Mr. MORSE, Mr. LEHMAN, Mr. KEFAUVER, Mr. BENTON, Mr. HUMPHREY, Mr. LANGER, Mr. NEELY, Mr.

GREEN, Mr. KILGORE, and Mr. MAGNUSON) is as follows:

On page 349, immediately after line 9, insert the following new title:

"WITHHOLDING ON DIVIDENDS AND CORPORATE BOND INTEREST

"TITLE VII—COLLECTION OF INCOME TAX AT SOURCE ON DIVIDENDS AND CORPORATE BOND INTEREST

"SEC. 701. Collection of income tax at source on dividends and interest.

"Subtitle B of the Internal Revenue Code is hereby amended by inserting before chapter 7 the following new chapter:

"'CHAPTER 6—COLLECTION OF INCOME TAX AT SOURCE ON DIVIDENDS AND INTEREST

"'SEC. 1200. Definitions.

"'As used in this chapter—

"'(a) Dividend: The term "dividend" means—

"'(1) any distribution by a corporation which is a dividend as defined in section 115 (a); and

"'(2) a payment made by a stockbroker to any person as a substitute for a dividend (as defined in sec. 115 (a)) upon which a tax is required to be deducted and withheld under this chapter.

"'(b) Interest: The term "interest" means interest on all bonds, debentures, notes, certificates, or other evidences of indebtedness, issued by any corporation, with interest coupons or in registered form;

"'(c) Taxable year: The term "taxable year" shall have the same meaning as when used in chapter 1.

"'(d) Person: The term "person" includes any government or political subdivision, or agency or instrumentality thereof.

"'(e) Nonresident alien: The term "nonresident alien individual" includes an alien resident in Puerto Rico.

"'SEC. 1201. Income tax collected at source.

"'(a) Requirement of withholding: Every person making payment after December 31, 1951, of a dividend or interest shall deduct and withhold upon such dividend or interest a tax equal to 20 percent of the amount thereof. If the withholding agent is unable to determine the person to whom the dividend or interest is payable, such tax shall be deducted and withheld at the time payment thereof would be made if such person were known. For certain exemptions from withholding, see section 1202.

"'(b) Withholding where amount of dividend is unknown: If the withholding agent is unable to determine the portion of a distribution which is a dividend, the tax required to be deducted and withheld under this chapter shall be computed on the entire amount of the distribution.

"'(c) Indemnification of withholding agent: A withholding agent shall not be liable, except as provided in section 1203, to any person for the amount of any tax required to be deducted and withheld under this subchapter.

"'(d) Credit for tax withheld: For credit, against the income tax of the recipient of the income, of amounts required to be deducted and withheld under this subchapter, see section 35.

"'SEC. 1202. Exemptions from withholding.

"'The provisions of this chapter shall not apply to—

"'(a) A dividend paid in the stock or rights to acquire the stock of the distributing corporation, whether or not the recipient of such stock or rights had an option to be paid in money, or other property, in lieu of such stock or rights.

"'(b) Distributions (other than capital gain dividends described in section 362 (b) (7)), to shareholders which are treated under chapter 1 as amounts received upon the sale or exchange of property, or distributions with respect to which gain or loss is not recognized under chapter 1 to the shareholders.

"'(c) Any amount which is includible in gross income as a taxable dividend under the provisions of section 112 (c) (2) (relating to certain distributions made in pursuance of a plan of reorganization), section 115 (g) (relating to redemptions of stock), or section 371 (e) (2) (relating to certain distributions pursuant to the order of the Securities and Exchange Commission).

"'(d) A dividend paid by a Federal Reserve bank, Federal land bank, Federal home loan bank, Central Bank for Cooperatives, or bank for cooperatives.

"'(e) Any interest which, irrespective of the person to whom payable, is wholly exempt from the tax imposed by chapter 1.

"'(f) Dividends or interest paid by a corporation to another corporation if both corporations are members of the same affiliated group which filed a consolidated return under chapter 1 for the preceding taxable year of the payor corporation.

"'(g) Dividends or interest paid by a corporation to one or more (1) governments, (2) political subdivisions thereof, (3) international organizations, or (4) wholly owned instrumentalities or agencies of the foregoing, if the entire class of stock in respect of which such dividend is paid, or the entire class of obligations in respect of which such interest is paid, is owned by one or more of such governments, subdivisions, organizations, instrumentalities, or agencies.

"'(h) Interest on equipment trust certificates.

"'(i) Dividends or interest paid by a foreign corporation, a nonresident alien individual, any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, or by an international organization.

"'(j) (1) Any payment of a dividend or interest (except coupon bond interest) to (A) a foreign corporation not engaged in trade or business within the United States, (B) a nonresident alien individual, (C) any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, or (D) any foreign government or international organization.

"'(2) Any payment of coupon bond interest to a person described in paragraph (1) of this subsection, but only if a certificate filed (in such form and manner, and at such time, as the Secretary may by regulations prescribe) with the withholding agent discloses that the recipient of such payment is a person described in paragraph (1).

"'(k) Any payment upon which the withholding agent is required to deduct and withhold a tax under section 143 (a) (relating to tax-free covenant bonds, etc.) determined without regard to the provisions of paragraph (2) of such section.

"'(l) Interest on an obligation of a corporation, issued on or after January 1, 1934, and before January 1, 1951, containing a contract or provision by which the obligor agrees to pay the interest without deduction for any tax which the obligor may be required to pay thereon or to retain therefrom under any law of the United States.

"'(m) Dividends paid pursuant to the terms of a lease of property entered into prior to January 1, 1951, if under such lease the shareholders of the lessor corporation are entitled to such dividends without deduction for any tax which any law of the United States might require to be deducted and withheld upon the payment of dividends.

"'(n) Amounts (whether or not designated as dividends) paid by a mutual savings bank, savings and loan association, building and loan association, cooperative bank, homestead association, credit union, or any similar organization, in respect of withdrawable or repurchasable shares, investment certificates, or deposits.

"'SEC. 1203. Returns and payment.

"'(a) In general: Every person required under this subchapter to deduct and withhold any tax shall make a return of such tax and shall pay such tax, at such time, for such period, and in such manner as the Secretary may by regulations prescribe, by making a return of the total amount of dividends and interest with respect to which tax is required to be deducted and withheld by such person under this subchapter for such period and paying a tax, for which such person shall be liable, in an amount equal to 20 percent of such total.

"'(b) Adjustment of tax: If more or less than the correct amount of tax due for any period under subsection (a) is paid with respect to such period, proper adjustments with respect to the tax shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this subchapter.

"'SEC. 1204. Return and payment by governmental payor.

"'If the person referred to in section 1203 (a) is the United States, or a State, Territory, or political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return and payment required by such sections shall be made by any officer or employee of the United States, or of such State, Territory, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of the dividend or interest, or appropriately designated for that purpose.

"'SEC. 1205. Nondeductibility of tax in computing net income.

"'Any tax deducted and withheld under this chapter shall not be allowed as a deduction in computing net income for the purpose of any tax on income imposed by act of Congress.

"'SEC. 1206. Tax-exempt organizations—Refund.

In the case of a person which is exempt from the tax imposed by chapter 1, if the amount required to be deducted and withheld as tax under this chapter with respect to dividends and interest received by it during any calendar quarter exceeds the credit claimed by and allowed to such person under section 1637 for such quarter, the excess shall be immediately refunded or credited to such person as an overpayment of the tax imposed by this chapter, but only if claim therefor is filed (or, if no claim is filed, if credit or refund is made) after the close of such calendar quarter and on or before March 15 of the fourth calendar year beginning after the close of such calendar quarter. No interest shall be allowed or paid with respect to any such refund or credit for any period prior to the date on which claim for such refund or credit is filed or prior to March 16 of the calendar year succeeding the close of the calendar quarter in respect of which such refund or credit is claimed, whichever date is the later.

"'SEC. 1207. Credit for regulated investment companies and personal holding companies.

"'In the case of any withholding agent which is a regulated investment company as defined in section 361 or a personal holding

company as defined in section 501, the amount required to be deducted and withheld as tax under this chapter with respect to dividends and interest received by it during a taxable year shall be allowed, under regulations prescribed by the Secretary, as a credit against (but not in excess of) the tax for which such withholding agent is liable under section 1203 (a) in respect of dividends and interest paid by it during such year. For the purposes of this section a dividend shall be considered as having been paid within a taxable year (1) in the case of a regulated investment company, if treated as paid during such taxable year under section 362 (b) (8), or (2) in the case of a personal holding company, if claimed under section 504 (c), in computing undistributed subchapter A net income, in the return for such year.

"'SEC. 1208. Failure to file returns.

"'In case of a failure to make and file any return required under this chapter within the time prescribed by law or prescribed by the Secretary in pursuance of law, unless it is shown that such failure is due to reasonable cause and not to willful neglect, the addition to the tax or taxes required to be shown on such return shall not be less than $5.

"'SEC. 1209. Other laws applicable.

"'All provisions of law, including penalties, applicable with respect to any tax imposed by section 2700, and the provisions of section 3661, shall, insofar as applicable and not inconsistent with the provisions of this chapter, be applicable with respect to the tax under this chapter.'

"SEC. 702. Credit for tax withheld.

"Section 35 (relating to credit against income tax) is hereby amended as follows:

"(1) by striking from the heading thereof the words 'On wages.'

"(2) by inserting at the beginning of the first paragraph thereof the following heading: '(a) Credit for tax withheld on wages'; and

"(3) by inserting at the end thereof the following new subsection:

"'(b) Credit for tax withheld on dividends and interest: Under regulations prescribed by the Secretary—

"'(1) In general: The amount required to be deducted and withheld as tax under chapter 6 upon any payment of a dividend or interest shall be allowed as a credit, to the recipient of the income, against the tax imposed by this chapter for the taxable year in which the dividend or interest is received.

"'(2) Partnerships, trusts, and estates: If the recipient of the dividend or interest is a partnership or a common trust fund, then the credit shall not be allowed to such recipient, but the members of the partnership, or the participants in the common trust fund as the case may be, shall be allowed their proportionate share of such credit. If the recipient is an estate or trust, and if any legatee, heir, or beneficiary subject to the tax imposed by this chapter is required to include a portion of such dividend or interest in computing his net income, such legatee, heir, or beneficiary shall be allowed such portion of the credit as is properly allocable to him on the basis of the income allocable to him under section 162 for the taxable year of the estate or trust, and such portion of the credit shall not be allowed to the estate or trust.

"'(3) Regulated investment companies and personal holding companies: In the case of a regulated investment company or a personal holding company, the credit provided in paragraph (1) shall be reduced by the amount of credit allowed such company under section 1207.

"'(4) Tax-exempt organizations: The credit provided by this subsection shall not be allowed to any recipient which is exempt from income tax. For credit against the liability of such a recipient in respect of the employment taxes imposed by subchapter A and subchapter D of chapter 9, see section 1637. For refund under chapter 6 in the case of such a recipient, see section 1206.'

"SEC. 703. Credits in case of organizations exempt from tax.

"Subchapter E of chapter 9 (relating to employment taxes) is hereby amended by adding after section 1636 the following new section:

"'SEC. 1637. Special credit in case of organizations exempt from income tax.

"'In the case of any person (including any Government or political subdivision, agency, or instrumentality thereof) which is exempt from the tax imposed by chapter 1, the amount required to be deducted and withheld as tax under chapter 6 with respect to dividends and interest received by it during any calendar quarter shall be allowed, under regulations prescribed by the Secretary, as a credit against (but not in excess of) the amount shown on the return of such person as its liability (after the adjustments, if any, provided for in secs. 1401 (c) and 1411) for such quarter in respect of the taxes imposed by subchapter A and subchapter D of this chapter. Such credit shall be allowed only if claim therefor is made, in accordance with such regulations, at the time of the filing of the return under subchapter A and subchapter D for such quarter. For refund under chapter 6, see section 1206.'

"SEC. 704. Technical amendments.

"(a) Tax computed by collector: Section 51 (f) (relating to tax computed by collector) is hereby amended to read as follows:

"'(f) Tax computed by collector.

"'(1) Return requirements: An individual entitled to elect to pay the tax imposed by supplement T whose gross income is less than $5,000 and is entirely from one or more of the following sources: wages as defined in section 1621 (a), or dividends (other than a capital gain dividend as defined in section 362 (b) (7)) or interest on which tax is required to be deducted and withheld under chapter 6, shall at his election be relieved, by using the form prescribed as the form for the return for the purposes of this subsection, from showing on the return the tax imposed by this chapter. In such case the tax shall be computed by the collector.

"'(2) Result of computation: After the collector has computed the tax, he shall mail to the taxpayer a notice stating the amount determined by the collector as payable and making demand therefor.

"'(3) Regulations: The Secretary shall prescribe regulations for carrying out this subsection, and such regulations may provide for the application of the rules of this subsection to cases where the gross income includes items other than those enumerated in paragraph (1) if the gross income from such other sources is not more than $200, and to cases where the gross income is $5,000 or more but not more than $5,200. Such regulations shall provide for the application of this subsection in the case of husband and wife, including provisions determining when a joint return under this subsection may be permitted or required and what constitutes a joint return, whether the liability shall be joint and several, and whether one spouse may make return under this subsection and the other without regard to this subsection.

"'(4) Method of election: The election to have the benefits of this subsection shall be made by making return on the form prescribed as the form for the return for the purposes of this subsection. An election so made shall constitute an election to pay the tax imposed by supplement T.'

"(b) Requirement of declaration of estimated tax: Section 58 (a) (relating to declaration of estimated tax) is hereby amended to read as follows:

"'(a) Requirement of declaration: Every individual (other than an estate or trust and other than a nonresident alien with respect to whose wages, as defined in section 1621 (a), withholding under subchapter D of chapter 9 is not made applicable, but including every alien individual who is a resident of Puerto Rico during the entire taxable year) shall, at the time prescribed in subsection (d), make a declaration of his estimated tax for the taxable year if—

"'(1) his gross income from wages (as defined in sec. 1621) and from dividends and interest, as defined in chapter 6, upon which a tax is required to be deducted and withheld under such chapter, can reasonably be expected to exceed the sum of $4,500 plus $600 with respect to each exemption provided in section 25 (b); or

"'(2) his gross income from sources other than wages (as defined in sec. 1621) and other than dividends and interest, as defined in chapter 6, upon which a tax is required to be deducted and withheld under such chapter, can reasonably be expected to exceed $100 for the taxable year and his gross income to be $600 or more.'

"(c) Credit under section 143: Section 143 (relating to withholding of tax at source) is hereby amended by adding at the end thereof the following new subsection:

"'(i) Credit for tax withheld at source: Where any person is required to deduct and withhold a tax under subsection (b) on an amount on which a tax was required to be deducted and withheld under chapter 6, such person shall deduct and withhold only the excess of—

"'(1) the amount which would be required to be deducted and withheld under subsection (b) but for the application of chapter 6, over

"'(2) the amount required to be deducted and withheld under chapter 6.'

"(d) Credit under section 144: Section 144 (relating to payment of corporation income tax at source) is hereby amended by striking out the period at the end thereof and adding in lieu thereof the following: ': *Provided further*. That, where any person is required under this section to deduct and withhold a tax on an amount on which a tax was required to be deducted and withheld under chapter 6, such person shall deduct and withhold only the excess of—

"'(1) the amount which would be required to be deducted and withheld under this section but for the application of chapter 6, over

"'(2) the amount required to be deducted and withheld under chapter 6.'

"(e) Information at source: Subsections (a) and (b) of section 147 (relating to information at source) are hereby amended to read as follows:

"'(a) Payments of rent, salaries, interest, and so forth: All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, and employers, making payment to another person, of—

"'(1) rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, and income (other than payments described in section 148 (a) or 149), of $600 or more in any taxable year, or

"'(2) interest, upon which tax is required to be deducted and withheld under chapter 6, of $300 or more in any taxable year, or

"'(3) interest, upon which tax is not required to be deducted and withheld under chapter 6, of $100 or more in any taxable year,

or, in the case of such payments made by the United States, the officers or employees of the United States having information as to such payments and required to make returns in regard thereto by the regulations hereinafter provided for, shall render a true and accurate return to the Secretary, under such regulations and in such form and manner and to such extent as may be prescribed by him, setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment.

"'(b) Returns regardless of amount of payment: Such returns may be required, regardless of amounts, (1) in the case of payments of interest, and (2) in the case of collection of items (not payable in the United States) of interest upon the bonds of foreign countries and interest upon the bonds of and dividends from foreign corporations by persons undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange. This subsection shall not apply to payments of interest (other than coupon bond interest) upon which tax is required to be deducted and withheld under chapter 6.'

"(f) Information by corporations: Section 148 (a) (relating to information by corporations in the case of dividend payments) is hereby amended by inserting a comma in lieu of the period at the end thereof and adding the following: 'except that if the amount of dividends paid to any shareholder during a calendar year is less than $300 and tax is required to be deducted and withheld under chapter 6 upon the entire amount of such dividends, no such return shall be required with respect to such shareholder for such calendar year.'

"(g) Clerical amendment: Section 169 (b) (relating to taxation of common trust funds) is hereby amended by striking out 'or chapter 6' and by striking out 'chapters' and inserting in lieu thereof 'chapter.'

"(h) Amount of credit considered as payment: Section 322 (a) (2) (relating to refunds and credits) is hereby amended to read as follows:

"'(2) Treatment of credits: The amount of the credit provided in section 35 against the tax for any taxable year shall, to the extent thereof, be considered as payment of the tax for such year, whether or not the withholding agent has paid to the collector the amount of the tax deducted and withheld at the source under subchapter D of chapter 9 or the amount of tax required to be deducted and withheld at source under chapter 6.'

"(i) Special period of limitations for small refunds on tax withheld at source: Section 322 (b) (relating to statute of limitations on filing claim for credit or refund) is hereby amended by adding at the end thereof the following new paragraph:

"'(7) Special period of limitations with respect to certain overpayments resulting from tax withheld on dividends or interest: In the case of an individual filing a claim for credit or refund of an overpayment for a taxable year for which he was not required under section 51 (a) to make a return, if the overpayment is attributable to the credit allowed under section 35 for tax required to be deducted and withheld under chapter 6 (relating to tax withheld at source on dividends and interest), in lieu of the period of limitation prescribed in paragraph (1), the period shall be 7 years from the date prescribed by law for filing a return for the taxable year with respect to which the claim is made. In such a case, the amount of credit or refund may exceed the portion of the tax paid within the period prescribed in paragraph (2), to the extent of the amount of the overpayment attributable to such credit allowed under section 35, or to the extent of $2, whichever is the lesser.'

"(j) Presumptions as to date of payment: Section 322 (e) (relating to presumption as to date of payment) is hereby amended to read as follows:

"'(e) Presumptions as to date of payment: For the purpose of this section—

"'(1) any amount allowable as a credit under section 32 (relating to credit for tax withheld at source on tax-free covenant bonds and on payments to nonresident alien and foreign corporations) or under section 35 (relating to credit for tax withheld at source of wages, dividends, and interest) shall, in respect of the person entitled to such credit, be deemed to have been paid by him on the last day prescribed by law (determined without regard to any extension of time granted the taxpayer) for the filing of the return for his taxable year with respect to which such amount is allowable as a credit; and

"'(2) any amount paid as estimated tax for any taxable year shall be deemed to have been paid on the last day prescribed by law (determined without regard to any extension of time granted the taxpayer) for the filing of the return for such taxable year.'

"(k) Interest on overpayments: Section 3771 (f) is hereby amended to read as follows:

"'(f) Tax withheld at source and estimated tax.

"'(1) Claims filed under special period of limitations provided in section 322 (b) (7): If credit or refund of the overpayment would be barred under section 322 (b) except for paragraph (7) thereof, no interest shall be allowed or paid with respect to the overpayment for any period ending prior to the expiration of 6 months after the date on which the claim was filed.

"'(2) Cross reference: For date of payment in respect of estimated tax and tax withheld at source, see section 322 (e).'

"(l) Definition of withholding agent: Section 3797 (a) (16) is hereby amended by striking out '143 or 144', and by inserting in lieu thereof '143, 144, or 1201.'

"(m) Effective date: The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning after December 31, 1951."

Mr. GEORGE. Mr. President, would the Senator be good enough to identify the amendment? I mean by substance.

Mr. DOUGLAS. Yes. It is the amendment to provide for the collection of the income tax on dividends and corporate-bond interest at the source. It is the so-called withholding amendment.

Mr. GEORGE. Withholding at the source?

Mr. DOUGLAS. Yes.

Mr. GEORGE. I thank the Senator.

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

Mr. DOUGLAS. I shall be glad to yield for a question.

Mr. McFARLAND. May I inquire of the Senator about how long he thinks it will take to dispose of this amendment?

Mr. DOUGLAS. I should be perfectly willing to agree to a reasonable limitation of debate on the amendment.

Mr. McFARLAND. Would 1 hour be agreeable?

Mr. DOUGLAS. One hour to each side?

Mr. McFARLAND. Thirty minutes to each side.

Mr. DOUGLAS. I would suggest 45 minutes to each side.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the debate on the pending amendment be limited to 1 hour and a half, 45 minutes to a side, the time to be controlled by the Senator from Illinois [Mr. DOUGLAS] and by the distinguished Senator from Georgia [Mr. GEORGE], that any amendment which may be proposed to the amendment must be germane, and that debate on the amendments to the amendment be limited to 30 minutes, 15 minutes to each side, the time to be controlled by the proponent of such amendment and the Senator from Georgia.

Mr. DOUGLAS. That is perfectly acceptable.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

The Senator from Illinois.

Mr. DOUGLAS. Mr. President, this is a proposal to apply collection at the source for corporate dividends and corporate interest, similar to the provision now in the law for the collection of the income tax on wages and salaries at the source. When the income tax was first adopted, in the administration of Woodrow Wilson, we copied the British system of withholding at the source a portion of the income from rent, salaries, and wages, pensions and annuities, interest, and other fixed amounts of income, all in excess of $3,000. In the 1920's, this was omitted, and all income taxes, whether on wages and salaries or on corporate dividends and interest, were paid by the recipient, with no collection at the source and no withholding.

It was, I believe, in 1943 that the Congress passed an act which provided for the withholding of the basic income tax on wages and salaries at the source, but it did not provide for withholding the taxes on interest and dividends.

The amendment now presented is a proposal to apply a 20-percent withholding tax or collection at the source on corporate dividends and corporate bond interest.

It is virtually identical with the measure adopted by the House but rejected by the Senate committee, except that we have omitted royalties, which were included in the House measure, and certain interest payments by insurance companies and the interest on refunds from overpayment of the internal revenue tax. It is my understanding that the House intended that all interest other than corporate bond interest be excluded from its bill, but left in the two items I have just mentioned more or less by inadvertence.

My amendment does not apply to interest on Government bonds, to interest on shares of cooperatives, building and loan associations, mutual savings banks, and in and of itself, it does not apply to patronage dividends, although section 314 of the bill as reported by the Finance Committee provides that if a system of withholding on corporate dividends is adopted, it shall also apply to patronage

dividends and refunds. In other words, my amendment is rigidly restricted to dividends from corporations and interest on corporate, not governmental bonds.

It is aimed to bring into the Treasury, by merely providing for a better system of collecting taxes payable on corporate dividends and interest, from $250,000,000 additional a year to $323,000,000 additional a year.

I should emphasize that the more liberal estimate of $323,000,000 was not furnished by the Treasury, but by the staff of the Joint Committee on Internal Revenue Taxation. The Treasury submitted the conservative estimate of $250,000,000. This is to be done, not by raising the rates, but by providing for a more adequate system of collection.

The facts are approximately these, as they were stated in the testimony of Secretary Snyder before the Senate Finance Committee on pages 18 and 19 of the hearings on the revenue revisions of 1950. The Treasury found that in 1947 the total dividends which were paid by corporations to individuals amounted to slightly under $6,500,000,000, yet the dividends reported by the individuals amounted to only $4,295,000,000, leaving a raw difference between these figures of about $2,200,000,000.

The Treasury has made accurate estimates on the dividends which were passed on to individuals by trusts and listed on their returns as fiduciary income, dividends which were held and taxable in the hands of trusts, dividends received by tax-free institutions, and dividends received by persons not required to file and those receiving dividends through partnerships. These make a figure of $1,268,000,000 for 1947. Deducting this from the $2,200,000,000 of difference between the amounts reported by individuals and the dividends paid by corporations to individuals, we get a total of $900,000,000 of dividends paid but not reported by recipients for 1947. The Treasury, working on the experience of these figures, estimates that for 1950 the total dividends not accounted for amounted to $1,040,000,000, and the House Ways and Means Committee report on this bill estimated the amount for 1951 at $1,100,000,000. I ask unanimous consent to have inserted at this point in my remarks a table substantiating these figures, including an explanatory statement submitted by the Treasury Department.

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

Statistics compiled from corporation and individual income-tax returns indicate that there has been a serious understatement on individual income-tax returns of dividend income in recent years. The discrepancy has been very large since 1941. It is not possible to state precisely the amount of this understatement. For instance, certain dividend recipients (for example, charitable and educational organizations) do not file tax returns; some dividend income is received by nontaxable individuals whose total income falls below the income-tax filling requirement; and some undetermined part of the fiduciary income reported by individuals is actually dividend income. However, it is possible to make a reasonable approximation of the amount of dividend income of these recipients to arrive at an estimate of the amount of dividend income representing an understatement of dividend income received by taxable individuals.

The following table shows the net corporate dividends paid in cash and in property of the company's own stock, the amount of dividends reported on individual income-tax returns as dividends, and approximations of (a) the dividend income reported by individuals as fiduciary income, (b) the dividends received by tax-exempt institutions, and (c) the dividends received by individuals not required to file, for the calendar years 1946 and 1947.

Dividends not accounted for on individual income-tax returns estimated for calendar year 1950 and actual for calendar years 1946 and 1947

[Amounts in millions of dollars]

	1950		1947		1946	
	Amount	Percent	Amount	Percent	Amount	Percent
Net dividends paid by corporations	8,300	100.0	[1] 6,483	100.0	[1] 5,724	100.0
Reported on individual returns:						
As dividends	5,650	68.1	[1] 4,295	66.3	[1] 3,684	63.7
As fiduciary income	830	10.0	628	9.7	485	8.4
Retained by taxable fiduciaries	320	3.9	301	4.6	294	5.1
	6,800	81.9	5,224	80.6	4,463	77.2
Received by tax-exempt institutions	290	3.5	227	3.5	202	3.5
Received by individuals not required to file, filing Form W-2, receiving dividends through partnerships, etc.	170	2.0	130	2.0	116	2.0
Total dividends accounted for	7,260	87.5	5,581	86.1	4,781	82.7
Total dividends not accounted for	1,040	12.5	902	13.9	1,003	17.3

[1] Actual.

The estimated amount of dividend income reported as fiduciary income is based on statistics pertaining the fiduciaries included in individual income-tax returns. No tabulation of the various components of income reported by nontaxable fiduciaries is available. In the table above it is assumed that the dividend component of nontaxable fiduciaries is relatively the same as that reported by taxable fiduciaries for which data are available.

The amounts of dividends estimated to be received by tax-exempt institutions, by individuals not required to file, and by individuals receiving dividends through partnerships are based on admittedly sketchy data but it is believed that they represent reasonable approximations of the magnitudes involved.

The estimates for 1946 and 1947 (and for the years 1941 through 1945) have been carried through for the level of dividend payments by corporations estimated for the calendar year 1950 on a trend and proportionality basis. As shown in the table above, it is estimated that the total dividend payments not accounted for will amount to $1,040,000,000 in the calendar year 1950.

(Source: Hearings on revenue revisions of 1950 before Senate Finance Committee, pp. 18–19, from testimony of Secretary Snyder, July 5, 1950.)

Mr. TAFT. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I am glad to yield to the Senator from Ohio.

Mr. TAFT. Does the Senator really think there is any substantiation of those figures?

Mr. DOUGLAS. Yes.

Mr. TAFT. Is there any evidence that these dividends do not go to people who ought not to have to pay taxes, or to funds or to people with incomes less than the exemption?

Mr. DOUGLAS. I may say that the amounts of the dividends by those who are taxed, whose incomes are less than the taxable minimum, are very, very small indeed. A survey made by the Federal Reserve Board shows that of those with incomes under $1,000 a year, 92 percent received no interest or dividends at all, so that only 8 percent received any dividends and interest at all; and the situation is not much different in the case of those with incomes under $2,000 a year or $3,000 a year. Up to $3,000 a year, the incomes of the recipients are almost exclusively composed of wages and salaries, and, to very, very small extent, of interest and dividends. I have here some tables, the first of which is from the Federal Reserve Bulletin for August 1951, which shows that 92 percent of those with incomes under $1,000 had no interest or dividends; it shows, furthermore, that 92 percent from the income group from $1,000 to $2,000; 92 percent of those with incomes from $2,000 to $3,000; and 93 percent of those with incomes from $3,000 to $4,000 received no dividends or interest at all. Those figures apply to spending units which are roughly equivalent to families. Figures based on individual income tax returns show that only 2.8 percent of persons earning less than $1,000 receive any dividends.

I ask unanimous consent that the table from the Federal Reserve Bulletin to which I have been referring be printed in the RECORD.

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

Income from specified sources received by spending units within income and occupational groups, 1950 [1]

[Percentage distribution of spending units]

Income from specified source	All spending units	1950 money income before taxes							Occupation of head of spending unit							
		Under $1,000	$1,000–$1,999	$2,000–$2,999	$3,000–$3,999	$4,000–$4,999	$5,000–$7,499	$7,500 and over	Professional and semi-professional	Self-employed	Managerial	Clerical and sales	Skilled and semi-skilled	Unskilled and service	Farm operator	Retired
Wages and salaries:																
None	23	67	26	14	9	11	15	30	14	68	3	2	1	3	71	67
$1–$100	2	6	3	1	(2)	(2)	(2)	1	(2)	2	(2)	(2)	(2)	1	8	4
$101–$500	4	13	7	3	1	(2)	1	3	1	7	1	1	(2)	3	12	9
$501–$1,000	4	14	12	1	1	1	(2)	(2)	4	2	2	4	3	10	5	4
$1,001–$2,000	13	(2)	51	17	2	2	1	2	8	8	5	17	13	34	2	4
$2,001–$3,000	17	(2)	(2)	64	22	4	3	(2)	14	6	13	30	22	25	1	7
$3,001–$5,000	26	(2)	(2)	(2)	65	82	25	6	31	3	32	30	49	20	1	3
$5,001 and over	10	(2)	(2)	(2)	(2)	(2)	55	58	26	3	44	16	12	3	(2)	1
Undetermined amount	1	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	1
Not ascertained	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2	1	(2)	(2)	(2)	(2)	(2)	(2)
All cases	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Pensions and allowances, etc.: [3]																
None	75	85	66	76	79	83	84	91	82	91	91	84	79	82	81	28
$1–$99	2	2	1	2	3	2	2	1	1	(2)	1	1	3	1	3	1
$100–$499	9	16	11	10	10	8	7	4	9	6	4	9	11	8	5	15
$500–$999	9	27	11	6	6	4	4	1	4	2	3	4	5	8	4	33
$1,000–$1,999	4	(2)	11	4	2	2	2	1	1	1	1	1	2	1	6	17
$2,000–$2,999	1	(2)	(2)	2	(2)	1	1	(2)	1	(2)	(2)	(2)	(2)	(2)	1	2
$3,000–$4,999	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2
$5,000 and over	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1
Undetermined amount	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	1	(2)	(2)	(2)	(2)
Not ascertained	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)	1
All cases	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Interest, dividends, etc.: [4]																
None	85	92	92	92	93	88	83	56	76	84	75	88	94	96	88	78
$1–$99	5	3	3	4	4	6	7	6	7	3	7	5	5	3	6	6
$100–$499	4	4	2	2	2	4	7	17	8	10	11	5	1	(2)	4	7
$500–$999	1	1	2	1	1	2	1	5	3	1	3	(2)	(2)	(2)	1	4
$1,000–$1,999	1	(2)	1	1	(2)	(2)	1	4	2	1	(2)	1	(2)	(2)	1	2
$2,000–$2,999	1	(2)	(2)	(2)	(2)	(2)	(2)	4	1	1	1	1	(2)	(2)	(2)	1
$3,000–$4,999	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	1	(2)	1	(2)	(2)	(2)	(2)	(2)
$5,000 and over	(2)	(2)	(2)	(2)	(2)	(2)	1	5	1	(2)	2	(2)	(2)	(2)	(2)	1
Undetermined amount	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Not ascertained	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	(2)	(2)	1	(2)	1
All cases	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Rent other than from roomers and boarders: [5]																
None	87	90	89	90	91	85	84	73	86	78	86	90	91	93	89	78
$1–$99	1	2	1	2	(2)	(2)	1	1	1	1	1	1	1	1	4	(2)
$100–$499	6	5	6	5	5	10	6	11	7	9	7	5	5	5	6	7
$500–$999	3	3	2	1	3	3	4	5	3	3	4	2	2	1	1	5
$1,000–$1,999	2	(2)	3	1	(2)	1	4	3	2	6	1	1	1	(2)	(2)	5
$2,000–$2,999	(2)	(2)	(2)	1	(2)	(2)	1	1	(2)	1	(2)	1	(2)	(2)	(2)	1
$3,000–$4,999	1	(2)	(2)	(2)	1	1	(2)	3	(2)	1	1	(2)	(2)	(2)	(2)	2
$5,000 and over	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3	(2)	1	(2)	(2)	(2)	(2)	(2)	1
Undetermined amount	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)	1
Not ascertained	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
All cases	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Number of cases	3,415	418	514	537	601	441	538	294	269	250	235	477	902	289	388	219

[1] Data are subject to considerable reporting error, especially where small amounts are involved.
[2] No cases reported or less than ½ of 1 percent.
[3] Includes income from old-age pensions, retirement pay, annuities, unemployment compensation, welfare payments, alimony, regular contributions, veterans' pensions, school allotments, State bonuses, and allotments to families of servicemen.
[4] Includes interest, dividends, income from trust funds, and royalties.
[5] The first question asked was: "Did you receive income from roomers and boarders?" Respondents were then asked "Did you receive money from other rent?" If yes, "How much was it after allowing for expenses?"

NOTE.—Details may not add to totals because of rounding.

Source: 1951 Survey of Consumer Finances, pt. III, Distribution of Consumer Income in 1950, appearing in the Federal Reserve Bulletin, August 1951, pp. 920–937.

Mr. DOUGLAS. I also ask unanimous consent to have printed at this point in my remarks a table computed on the basis of figures contained in Statictics of Income for 1947 published by the Bureau of Internal Revenue, United States Treasury Department. These figures are not estimates; they are actual figures obtained from income tax returns for the year 1947 actually filed with the Bureau of Internal Revenue.

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

Adjusted gross income class	Dividends		Wages and salaries	
	Percent of all tax returns of each level receiving dividends	Percent of dividends going to each income level	Percent of all tax returns at each level receiving wages and salaries	Percent of wages and salaries going to each income level
Under $1,000	2.8	2.2	82.8	3.8
$1,000 to $2,000	3.5	4.4	86.2	15.3
$2,000 to $3,000	3.9	4.9	90.9	27.7
$3,000 to $4,000	5.8	4.8	91.3	24.3
$4,000 to $5,000	9.5	4.1	88.0	12.6
$5,000 to $10,000	25.1	14.3	71.8	10.0
$10,000 to $20,000	47.5	16.6	54.8	3.3
$20,000 and over	67.3	48.7	55.9	3.0
Total		100.0		100.0

Based on actual 1947 income tax returns—both taxable and nontaxable.

Source: Computations made by National Income Division, Department of Commerce (based on data contained in Statistics of Income, 1947; U. S. Treasury Department, Bureau of Internal Revenue).

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

Mr. DOUGLAS. I yield.

Mr. TAFT. I question all those statistics. I have never seen the basis on which any of those statistics were collected. It is simply a spot-check idea, with some agent going around and asking the people with those incomes certain questions. So far as I know, there are no figures from the Treasury, and so far as employment is concerned, there are no figures from the Bureau of the Census. I simply do not think that the claims which have been made by the Treasury as to the income lost from dividends are in any way supportable by evidence which anyone would even consider in a court proceeding.

Mr. DOUGLAS. I may say to my good friend from Ohio that in the first place we can get, and I believe the Treasury obtained, perfectly accurate figures on total dividends distributed by corporations. That is a perfectly simple thing. All that is necessary is to run the computation sheets through the computing machines, in order to get the totals.

The dividends paid by corporations in the year 1947 totaled $6,483,000,000. Similarly, one can run through the computing machines the sheets for an individual covering the dividend items. That was done, and the total was $4,295,000,000 reported by individuals. This left a difference of $2,188,000,000. These are the basic figures, and they are not estimates; they are actual totals tabulated from income-tax returns.

Now certain corrections have to be made, it is true. It is not difficult to obtain the figures with respect to the dividends which are held by trusts and are taxable. These may be obtained accurately from the statistics of income based on actual income-tax returns. They came to $301,000,000. An estimate of the dividends which were passed on by trusts to individuals is $682,000,000. This estimate is based upon the experience regarding the proportion of personal income in general attributable to dividends.

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

Mr. DOUGLAS. I yield.

Mr. TAFT. Who prepared these figures?

Mr. DOUGLAS. The United States Treasury.

Mr. TAFT. I do not think the Treasury has any basis for them. Even small trusts do not have to make returns.

Mr. DOUGLAS. I was referring to the figure of $1,100,000,000 of dividends and interest payments. All dividends and interest payments received by individuals are not reported. I would say that such figures by income classes are collected by sampling by the Federal Reserve Board, and the statistics from the 1947 report of the Treasury entitled "statistics on income," pages 16 and 17, show that the interest and dividend payments were extremely small for persons with incomes under $2,000.

Mr. TAFT. The estimates are made entirely from income-tax returns, and entirely neglect the persons who do not make returns.

Mr. DOUGLAS. That is true for a portion of the statistics but as a check against that——

Mr. TAFT. Is it not also true that the Federal Reserve Board figures are very sketchy? In other words, they are merely surveys in which people are asked whether they made any returns?

Mr. DOUGLAS. The Federal Reserve Board's survey was a sampling made on the basis of about 3,400 interviews taken in 66 sampling areas throughout the Nation. The note accompanying this survey states that this sample is "representative of the entire population of the United States living in households." The note admits, and I admit, that there are limitations to any such study.

But the Senator from Ohio is well aware of the fact that the mathematical theory of probability permits one to take a relatively small proportion in different sections of the country, and it presumably gives an accurate reflection of the whole.

Mr. TAFT. May I ask the Senator whether that was the method pursued by the Gallup poll?

Mr. DOUGLAS. Yes. There was not the same bias, however, in the Treasury figures as there was in the Gallup poll; nor was there the large proportion of "don't knows" or "undecided's" that subjects the Gallup poll to abnormally large errors.

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

Mr. DOUGLAS. I yield.

Mr. GEORGE. The basic figures were assembled by the Department of Commerce, not the Treasury, in determining personal income. The Treasury did subsequently conduct some tests; but I think it is important to keep in mind that the basic figures really were submitted by the Department of Commerce rather than the Treasury.

Mr. DOUGLAS. I may say that the figures which I have quoted from pages 16 and 17 of the Statistics of Income for 1947 are based on a large sample of something like a million tax returns collected by the Treasury, which is a pretty good sample. I understand that the staff of the Joint Committee on Internal Revenue Taxation relies on these figures and that experience has shown there is less than a 5-percent error in them.

Mr. GEORGE. That is true.

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

Mr. DOUGLAS. The Senator from Colorado [Mr. MILLIKIN], in his characteristically generous way, yielded to us this morning quite frequently, and I would not deny him the opportunity of indulging in the remarkable flow of eloquence and wit which proceeds from him today; so, before I yield to the Senator from Delaware, I should like to yield to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, I appreciate the Senator's yielding. I simply desire to state that the Treasury's figures are also based on sampling.

Mr. DOUGLAS. Of about one million returns for the lower-income groups.

Mr. MILLIKIN. I got the impression that the distinguished Senator from Illinois, in the earlier part of his remarks, gave a figure resting upon a totaling of every dividend paid by corporations. I think that is a rather easy figure to get. But the estimate of those in the higher brackets who did not pay on dividends received rests upon a sampling.

Mr. DOUGLAS. It is my understanding, subject to correction, that the figures on dividends paid by corporations to individuals refer to the totality of corporation reports, that the individual reports are quite complete in the higher brackets relying more on sampling toward the lower brackets, and that the distribution as between income brackets is a sampling.

Mr. MILLIKIN. We are now talking about two figures: One, the total amount of taxable dividends, which I understood the Senator to say was simply a matter of totaling—it could be done that way; I am not prepared to say whether it was or was not—but when it comes to the question of what reports were made on taxable incomes in the upper-income-tax brackets, he is proceeding on a sampling.

Mr. DOUGLAS. Yes.

Mr. MILLIKIN. Having made a sampling, and drawing the conclusions that were drawn from that sampling, then a subtraction process took the rest into the lower-income brackets. On that point I shall speak in my own time.

Mr. DOUGLAS. As I understand, the sampling conducted by the Treasury was on the basis of a million returns, which would be a very large sample and is generally considered a very adequate one.

Mr. MILLIKIN. I am not now challenging whether it was large, and at the moment I am not challenging the statement that it was adequate. I am trying to make clear how it was done.

Mr. DOUGLAS. I think the total of dividends paid as compared with the total of dividends reported by individuals was not a sample, but consisted instead of total figures.

Mr. MILLIKIN. That would not surprise me, because they should be easy to get. Once we have them, we have a solid figure.

Mr. BUTLER of Maryland. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. BUTLER of Maryland. The Senator's amendment does not exempt charitable corporations, does it?

Mr. DOUGLAS. There would be withholding for them; yes.

Mr. BUTLER of Maryland. If the Senator will yield further, I should like to state an actual case. I refer to the case of the Walters Galleries, a very famous art gallery in Baltimore. The employees are under the city pension system and, therefore, pay no social-security taxes. The withholding would amount, roughly, to $35,000 a year. There would be no deduction for the withholding, which would mean that they would be making a permanent loan to the Government of the United States of $35,000 without interest. Is not that correct?

Mr. DOUGLAS. They pay taxes now on their income, do they not?

Mr. BUTLER of Maryland. No. The institution is completely exempt.

Mr. DOUGLAS. Is it a charitable trust?

Mr. BUTLER of Maryland. Yes.

Mr. DOUGLAS. If it is a charitable trust and is exempt, there would be withholding, but provision is made in my amendment, which is the same as the House plan, to relieve most of the hardship; but in answer to the Senator's question, there would be withholding.

Mr. BUTLER of Maryland. That is the question I asked the Senator, whether his amendment provides for that. As I understand the amendment, the only relief there would be in a case of the kind I have mentioned is that they would have the right to make a claim for refund, but they would never catch up, and there would be $35,000 of the trust's money held in perpetuity——

Mr. DOUGLAS. The same question arose when the withholding tax was originally applied to individuals receiving salaries and wages. It was then argued that they could never catch up with themselves. Why should we give preferential treatment to dividends and interest as compared with wages and salaries?

Mr. BUTLER of Maryland. If we exact a tax from persons who are not required to pay any tax, it is pure confiscation. We are not even going to pay them any interest on the money.

Mr. DOUGLAS. I might say to the Senator from Maryland that the House Committee on Ways and Means considered this aspect of the problem carefully before it recommended this withholding system to the House. In order to reduce the hardship to tax-exempt organizations to a minimum, provision was made to permit such organizations to use the amount withheld from dividend and interest payments received by them as a credit against the amount due from such an organization under the income and payroll taxes. Thus they would not have to wait for a refund for much of these credits. In addition, however, they may make quarterly applications for refunds, which are made, I believe, in a matter of weeks following the filing of the return and the application. The paragraph describing this provision appears on page 22 of the House report on H. R. 4473.

If there are additional difficulties I should think they could be taken care of in conference.

Mr. BUTLER of Maryland. In the State of Maryland we have a State income-tax law. There would be great confusion if the payor, instead of paying the taxpayer a $100 dividend, should pay him $80. The taxpayer in such case would probably return only what he had received which would very much complicate our State income-tax collections.

Mr. DOUGLAS. Does it apply to wages and salaries, too?

Mr. BUTLER of Maryland. Yes, but there is no withholding of wages and salaries.

Mr. DOUGLAS. There would be no greater difficulty caused to the interest recipients because wages and salaries are in the same position.

Mr. BUTLER of Maryland. The man who receives wages or salary has, under the Federal law, a right to certain exemptions. As I understand, by the proposed amendment no one is given exemption. It simply provides for withholding a flat 20 percent whether the interest recipient pays taxes or does not pay taxes.

Mr. DOUGLAS. I might remind the Senator that very substantial refunds, amounting now to roughly $500,000,000, are made every year, even under the law providing for the withholding or collection at the source of a tax on wages and salaries, which tries to take into consideration personal exemptions. Significant errors are made, particularly in the case of sporadic workers. The employer does not ask the income recipient or worker, "Is your annual income less than $600, or less than $1,000?" The employer withholds a flat amount, and then if the man is tax exempt, because, say, he only works 3 months a year, or if his tax is less than the amount of withholding, he gets a refund. The Treasury is compelled to give him a refund. But the amount is withheld from him in the meantime.

Mr. BUTLER of Maryland. What is the average period of time within which he will receive a refund?

Mr. DOUGLAS. The refunds are made quarterly. I am not certain of the exact gap of time, but they are made quarterly.

Mr. BUTLER of Maryland. It is in excess of a year, is it not?

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. As a matter of information, let me say that the refunds are made on a quarterly basis. For example, in the case of withholding of wages and salaries, after the filing of the return it takes about 7 weeks for the refund to be made.

Mr. DOUGLAS. In other words, we are providing precisely the treatment with respect to dividends and interest as is now provided with respect to wages and salaries, except we make the procedure simpler, as I shall point out in a minute.

Mr. BUTLER of Maryland. I may say to the Senator from Illinois that the experience of the trust companies in Maryland is that the gap is between 15 and 18 months in the case of the ordinary refunds. If such a case is multiplied by thousands and thousands it seems to me it makes the whole scheme such that it will fall down of its own weight.

Mr. HUMPHREY. I think the Senator from Maryland is talking about refunds on regular corporate returns or individual tax returns.

Mr. BUTLER of Maryland. Yes.

Mr. HUMPHREY. What we are talking about is the withholding tax on employees' salaries. The Treasury Department has expedited the refunding process and is making refunds at an annual rate of $500,000,000. That is done within a period of from 6 to 7 weeks.

With respect to withholdings as they relate to charitable trusts, the Treasury Department has informed us that if a withholding is made with respect to interest or dividends paid to a charitable trust, that can be offset by applying it to the withholding tax on wages paid employees of a charitable trust. It can be balanced in that way. In other words, the withholdings on dividends paid to a charitable trust can be applied to the withholdings on wages and salaries of employees of the charitable trust.

Mr. BUTLER of Maryland subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD immediately following the colloquy between the Senator from Illinois, the Senator from Minnesota, and myself a brief statement which I have prepared.

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

STATEMENT BY SENATOR BUTLER OF MARYLAND

Section 201 of the bill provides that, beginning with the year 1952, payors of certain interest, dividends, and royalties shall retain 20 percent thereof, and shall pay the same to the Government, to be credited against the tax liability of the respective recipients. Interest includes interest upon bonds and other obligations of corporations, but not on municipal or Government obligations, or savings-banks interest.

It is argued that the retention of the above percentage will prevent avoidance of income tax by individuals who fail to include such items in their income-tax returns. A parallel has been drawn between the proposed provision, and the existing provision of law under which employers are required to deduct and pay over to the Government amounts specified by the law, from the wages and salaries paid to employees.

A marked distinction, however, exists between the two procedures, in that the proposed retention of 20 percent is to be made without regard to or credit for any exemptions or deductions to which the recipient of such dividends and interest is entitled, while the employee files with his employer a certificate which establishes the exemptions to which he is entitled, and the amounts retained by the employer are based upon the excess of the annual wage or salary over the total exemptions. These exemptions consist of $600 each per annum for any of the following: for himself, for his spouse, for his age over 65, for his wife's age over 65, for his blindness, for his wife's blindness, for each dependent. If the exemptions exceed the salary, no deduction is made by the employer.

Moreover, the deduction of 20 percent would apply to payments to charitable and religious corporations, which by law are exempt from tax.

It is true that the taxpayer or exempt corporation may file a claim for refund of the tax overpaid; and the exempt corporation is permitted to apply against retentions made for its account, the amount of social-security taxes payable by it to the Government. However, the law specifies that these refunds shall be made without allowance of interest, so that the taxpayer is deprived of the use of his money without compensation. Further, no one can foretell how long the taxpayer will have to wait for a refund.

In view of the huge number of returns involved, it is probable that there will be a long delay before any refund can possibly be made. Experience has shown that on ordinary overpayments, anywhere from 3 weeks to 18 months elapse before the taxpayer receives his refund.

This hardship falls upon a group of people who are least able to bear it, viz: those who are dependent, because of age, infirmity, or other reasons beyond their control, upon income derived from interest and dividends

affected by the provision, and who, in any event, would have little or no tax to pay.

The following simple illustration will show the effect of the proposed provision in contrast with the existing provision as to retention out of wages and salaries. It is based upon a supposed annual income of $2,400 from interest and dividends, and a supposed annual wage of like amount.

According to the 1950 revised optional tax tables, the amount of tax payable by the recipient under both cases is the same, viz:

	1 exemption	2 exemptions	3 exemptions	4 exemptions
On an income of $2,400	$314.00	$194.00	$74.00	-------
If this is all salary income, tax withheld by employer will be	316.80	196.80	76.80	-------
Making overpayment of	2.80	2.80	2.80	-------
If income was all from interest and dividends—tax would be	314.00	194.00	74.00	-------
20 percent withheld would be	480.00	480.00	480.00	$480.00
Making an overpayment of	166.00	286.00	406.00	480.00
As compared with above overpayment	2.80	2.80	2.80	-------
The difference between similar taxpayers being	163.20	283.20	403.20	480.00

The person receiving the $2,400 from interest and dividends must file a declaration of estimated tax for the current year, which, of course, would be based on the actual tax, if any. Nevertheless, and in spite of the declaration, such person would have his income reduced during the year by $480, notwithstanding the fact that his tax could not possibly amount to that much and might be zero.

In the year 1953 he would file a return showing an overpayment of tax; and after the Bureau of Internal Revenue verifies it, he would get back the overpayment, ranging from $166 to $480, without interest. In the meanwhile this person would be living on $1,920 during 1952 instead of the $2,400 he had been receiving. In 1953 the process would be renewed, with the result that the taxpayer would never catch up with the retention made in 1952, as long as he lives.

The situation affecting charitable exempt institutions is illustrated by the case of the Walters Art Gallery. The estimated total of retentions under the provision of 20 percent, from the trust funds held for it, would amount to, annually, $34,402. It owes no social security taxes, as its employees are members of the Baltimore City pension fund. As a result of the 20 percent retention in 1952 it will be deprived of income in that year of $34,402. In 1953, the refund for 1952 will be offset by the withholding occurring in that year and so on for succeeding years. In effect this amounts to a permanent loan of $34,402 in 1952 to the Government without interest.

The effect of the proposed provision on all the parties concerned should be considered.

1. The Federal Government will have millions of tax refunds to verify and to pay.

2. The State income tax authorities are concerned lest in State returns the taxpayers include 80 percent of the interest and dividends instead of the whole amount.

3. The small taxpayer would have to go through the machinery each year of filing returns and filing claims for tax refunds, not to mention reducing his mode of life until the refund comes in. Many small taxpayers find the returns too complicated as it is, without the additional burden of filing claims, and doubtless the more illiterate will do nothing and thus lose the refunds.

4. The banks and trust companies must handle the enormous detail involved in these deductions. Practically all affected interest and dividends are cashed through the local banks which carry the accounts of the recipients. These banks and the succeeding banks through which the coupons pass, must keep records until the coupons finally reach the paying agent which makes the payment of the 20 percent to the Government. Trustees and other fiduciaries must double their entries and allocate the retentions in proper proportions to the several beneficiaries of the trusts, and compute the shares of each beneficiary in their fiduciary returns.

The magnitude of the job as a whole and the expense are far out of proportion to the results to be obtained, particularly at a time when the defense preparations entail such large claims upon available manpower. Moreover, it would appear that the Government has other means already available to it for catching up with evaders, without penalizing so many small taxpayers.

Mr. DOUGLAS. Mr. President, I think there can be no doubt that approximately $1,000,000,000 of corporate dividends received by individuals are not reported by individuals and no income taxes are collected from them.

With respect to under-reporting of interest payments received by individuals, the House Ways and Means Committee, in its report on H. R. 4473, estimated that during the calendar year 1951, $1,900,000,000 of interest payments was not reported by individuals, although this included all interest payments, not merely corporate bond interest, which is treated by my amendment.

Much of the failure to report may even be deliberate, although a good deal of it is not deliberate. No one knows precisely the relative proportions of the two. But whether deliberate or not deliberate, the failure to withhold at the source taxes on dividends and interest, as taxes are withheld at the source on wages and salaries, deprives the Government of considerable revenue.

I do not see why we should be more tender of the recipients of dividends and interest than we are of the recipients of wages and salaries.

I know that in the past it has been complained that a system of collecting basic taxes at the source, or the withholding system, would be impossible to administer. It is administered in the case of wages and salaries, which involves many more people, much more detailed reporting and is much more difficult. The same objection was raised prior to 1943, but the withholding system has been carried out with respect to wages and salaries.

Most of the objections which were raised to the 1950 proposal of the Treasury for collection at the source of taxes in corporate dividends and interest can not be raised to the proposal which we are now putting forward. In 1950 it was required that the corporation which withheld the taxes on the dividends and interest should give a withholding receipt to each recipient, and should also make a direct report about its withholding from each individual to the Government. That is not required in the pending amendment, nor was it required in the measure as it passed the House.

All that happens is that a corporation pays the Bureau of Internal Revenue by figuring 20 percent of the total dividend payments, that is, by turning over to the Bureau one-fifth of its total dividend and interest payments. It does not have to report how much it withheld from each individual.

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

Mr. DOUGLAS. I should like to finish a paragraph, and then I will yield. Nor does the corporation have to give a withholding slip to the recipient of dividends and taxes. It merely turns over to the Bureau of Internal Revenue one-fifth of the total dividend payments.

I am now glad to yield to the Senator from Delaware.

Mr. WILLIAMS. Mr. President, if I understood the Senator from Illinois correctly, he said that the withholding-tax amendment which he is offering does not apply to or in no way affects the withholding of dividends at the source from cooperatives.

Mr. DOUGLAS. That is correct.

Mr. WILLIAMS. I refer the Senator from Illinois to page 147 of the tax bill, on which is found the amendment which was voted on and adopted by the Senate night before last and which relates to cooperative dividends. That amendment was supported by the Senator from Illinois. With the Senator's permission I should like to read to him this section.

Mr. DOUGLAS. I may say I think I was in error, and I am glad the Senator from Delaware has corrected me. If the amendment to which he refers does apply there will be withholding on patronage dividends, in the event my amendment is agreed to.

Mr. WILLIAMS. I refer to subsection (d), and with the permission of the Senator from Illinois I ask unanimous consent that the subsection may be printed in the RECORD at this point.

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

(d) Withholding of tax at source: If any law (other than secs. 143 and 144 of the Internal Revenue Code) enacted by Congress requires the withholding at source of tax on corporate dividends paid in cash, patronage dividends, rebates, and refunds (whether paid in cash, merchandise, capital stock, revolving fund certificates, retain certificates, or otherwise) shall be subject to the provisions of such law in the same manner and to the same extent as provided in such law with respect to corporate dividends paid in cash.

Mr. WILLIAMS. Mr. President, this subsection spells out specifically that if there is any withholding tax provision enacted by the Congress to apply to corporate dividends, the same withholding tax shall be applied to cooperatives.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I want the RECORD to be perfectly clear, however, that the amendment provides for the withholding of tax on corporate dividends and corporate bond interest. I am fully aware of the provision the Senator from Delaware has now called to our attention. I think I am aware of the fact that one of the reasons why that provision was incorporated into the tax bill was to dampen somewhat the enthusiasm of those of us

who wanted to provide for withholding taxes on corporate dividends, by tying the provision for withholding taxes on dividends and interest with the withholding on patronage refunds.

I am willing to say now that if that has been the purpose, we are still for withholding taxes on dividends and corporate bond interest, because it is the opinion of those of us who support the amendment that the taxes ought to be paid, and we feel that taxes are being paid on patronage refunds. We feel that most of the taxes on dividends and corporate bond interest are being paid, but that where they are not being paid they should be paid. Therefore, we feel that the proposal for the withholding of taxes on dividends and corporate bond interest is very reasonable, and one that is fully supported by the figures of loss of revenue which have been furnished to us by the Department of the Treasury.

Mr. WILLIAMS. Mr. President, will the Senator from Illinois yield briefly?

Mr. DOUGLAS. Yes.

Mr. WILLIAMS. I should like to say to the Senator from Minnesota that I am not going to impugn the motives of any Senator who voted for the amendment to which I have alluded. Of course, as the Senator from Minnesota knows, I offered an alternative proposal which I think would have been a great improvement over that which was placed in the bill.

If I understand correctly, the Senator from Minnesota and the Senator from Illinois both voted for the provision now found in the bill, and against my alternative proposal. But if they want to say that that provision was written into the bill for the purpose of killing the amendment they are now offering, far be it from me to contradict what they had in mind.

Mr. DOUGLAS. I appreciate the needling by the Senator from Delaware. I say to him in reply that if he is anxious to tax the patronage dividends of cooperatives, the way to do that is apparently to vote for the amendment I am suggesting, and he will therefore be able to roast his pig in the process. [Laughter.]

Mr. President, I believe I have used 30 of my 45 minutes. I should like to reserve some time. Let me say that the figure which I drew up as an estimate, showing that this provision would add to revenues between $250,000,000 and $320,000,000, is not drawn out of the air. The Treasury estimated an addition of $250,000,000. The Joint Committee on Internal Revenue Taxation estimated $323,000,000. The Joint Committee on Internal Revenue Taxation did the statistical work for the House Ways and Means Committee in connection with this provision. If members of the Finance Committee, who ordinarily rely heavily on the Joint Committee on Internal Revenue Taxation want to befoul their own nest, that is quite possible; but I say that I have confidence in the accuracy of the figures of the joint committee. I believe that the estimate of $320,000,000 is accurate.

This proposal would probably raise $320,000,000, merely by providing that we adopt the same system in collecting taxes on dividends and interest that we now follow in the case of wages and salaries. What is wrong with that? It is merely reciprocal equality of treatment.

As a matter of fact, the amendment provides a much simpler method than is provided in connection with withholding the taxes on wages and salaries. The corporation does not have to report to the Bureau of Internal Revenue the names of the individuals nor the amounts withheld for each. Nor does it have to give a withholding receipt to each person who receives a dividend or interest payment. All it has to do is to take 20 percent of the dividends and interest and turn the money over to the Bureau of Internal Revenue. Then the individual makes his computation, and has credited against his tax the amount which has been withheld. It is a perfectly simple operation, much simpler than is provided for the case of wages and salaries. It would give the Treasury hundreds of millions of dollars more of revenue without increasing the rates but merely by closing one of the loopholes which is now available to the recipients of dividends and interest, but not to the low-income recipients of wages and salaries.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I am sure that somewhere in his remarks the Senator has referred to the system which he is now discussing, the system of withholding by the corporation. A year ago, in this same type of debate on the tax bill, when we were discussing the withholding of dividends and bond interest, the argument was advanced as to the burden on the corporation, particularly if we were going to take into consideration at the corporate level such things as deductions, and the over-all income of the dividend recipient. Therefore, when the Treasury Department has discussed this question with corporations, they have come to an understanding that if such provisions were incorporated in the law, it should be done on a simplified basis. The Treasury Department was perfectly willing to have these simplifications noted and taken account of. But the corporations say it means too much bookkeeping. I think they are right. It involves too much bookkeeping. So the method is simplified at the request of those who would be the dispensers of the dividends.

Mr. DOUGLAS. Yes; but they are still opposed to it, even though the plan has been simplified. Now the objection is that it is too rough on the individuals who receive the dividends and interest. Formerly it was too rough on the corporations which paid, but now it is too rough on the individuals who receive. Apparently it is more blessed to give than to receive.

Mr. HUMPHREY. The Senator is familiar with the fact that there are approximately 10,000,000 stockholders and that they average $100 a year in dividends. That is not too little to consider. It involves a collection of $20 from each individual. There is an aggregate of approximately 10,000,000 stock or bond holders, and the average dividend is $100.

Mr. DOUGLAS. Mr. President, I should like to yield the floor after placing in the RECORD a set of figures from a rough chart which I have had prepared.

The people whose incomes are under $3,000 a year receive 11½ percent of the dividends distributed, but they receive 46.8 percent of wages, or nearly one-half. In other words, the low-income group get most of their income from wages and salaries, and taxes are now withheld on these wages and salaries. However, those with incomes of $20,000 a year and over get 48 percent, or nearly half of all the dividends distributed.

So there is a class element involved, and not merely a functional element. Under our present system we are permitting the upper income groups to evade the payment of taxes on dividends and interest which they receive, but on which, for one reason or another, they avoid making payments to the Government. This proposal would close that loophole, which is now closed—and properly so—in the case of recipients of wages and salaries, who tend to be in the low-income group.

Mr. HUMPHREY. Mr. President will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. In order that there may be an explicit demonstration of the amendment at the moment, the group with incomes below $3,000 a year, who receive 46.8 percent of the wages paid, together with those associated with them to make up the total number of recipients of wages and salaries, overpay, on an annual basis, $500,000,000, which is refunded.

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. The $3,000-a-year individual also suffers when there is an overpayment, but no one has bled and died over his suffering. We have been going along and allowing such taxpayers to make the overpayment of $500,000,000 a year, which has been quickly refunded. But all at once we hear about the little dividend recipient. The widows and orphans are brought into the argument.

Mr. DOUGLAS. Along with the people with incomes of $20,000 a year and over.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. I am reminded of what was said about Burke, "that he wept for the plumage and forgot the dying bird." Senators who object to this proposal weep for the people receiving dividends and interest whom they incorrectly call the low-income groups, but they forget the great masses of people who receive wages and salaries and who really are the low- and middle-income groups and who have the withholding system applied to them.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] for himself and other Senators.

Mr. FLANDERS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield time to the Senator from Vermont?

Mr. GEORGE. I yield 2 minutes to the Senator from Vermont.

Mr. FLANDERS. Mr. President, I should like to address myself very briefly to this question.

At no time has the junior Senator from Vermont been disturbed because of the load on the corporations. From the very first he has been disturbed by the idea that receivers of dividends should have the taxes withheld, and then be put to the burden of proof of showing whether or not they should be witheld.

Reference has been made to widows and orphans, and I too, am going to refer to them. I am going to make reference to the fact that in my section of the country—I do not know whether it is true in other sections or not—there are a great many widows and orphans whose sole income is derived from a few shares of stock.

The proposed system does not seem to me to be as definite and specific in this instance as it is in the system which is applied to the case of the workman who is on a payroll, and who has a number on the payroll. Here the Treasury Department, without a shooting license unless we give it to them, aims a shotgun into a thicket, fires the shotgun, and then listens to see who is hurt. That is a very poor way of administering a tax law.

Mr. DOUGLAS. Will the Senator from Vermont yield for a question?

Mr. FLANDERS. Yes; I yield for a question.

Mr. DOUGLAS. Is the Senator from Vermont opposed to a withholding tax on wages and salaries?

Mr. FLANDERS. No. The Senator from Illinois is shooting into a thicket with a shotgun to see who squeals. The Government knows the man who is on the payroll, and the Government gets a return from him. He is already identified.

Mr. DOUGLAS. But there is $500,000,000 in revenue withheld, which is later refunded each year, so that the man who gets a wage or salary is in a class from which there is withheld a half billion dollars more than the people in that class owe. If the Senator from Vermont were proposing to repeal the withholding tax on wages and salaries, he would be consistent and wrong. I hope he will be consistent and right by extending the withholding provision to dividends and interest.

Mr. FLANDERS. Mr. President, I still say to the Senator from Illinois that there is a definite difference between a payroll tax applied to specific persons who are already within the cognizance of the Treasury Department and shooting a shotgun into a blind thicket.

Let me suggest that I am not saying that nothing should be done about the matter. However, we do not know how many people are left tax-free. We are only guessing. I see a diagram near the desk of the Senator from Illinois, which indicates that perhaps so much of the dividend money goes to those earning less than $3,000, and so much of the money goes to those earning more than $3,000. My guess is that most of the people in the upper income groups are already filing a tax return. It is important to know whether they are reporting all their dividends.

I would suggest, before shooting into the brush, that the Treasury Department do a little sampling. For example, in the most widely distributed stock in the country, which is American Telephone & Telegraph, let the Treasury take the letter G. Knowing, as is public knowledge, what the dividend payments are on American Telephone & Telegraph, let the Treasury ask that great company for the names and addresses of their stockholders under the letter G. If that would be too many, I would suggest that they ask for that information for G to Go, or something of that sort. Let them make a real analysis of what the situation is. That is what I would ask. I would ask the Treasury to make a sampling, so that we may know how bad the situation is before we authorize them to shoot into the brush with a blunderbuss.

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

Mr. FLANDERS. Yes.

Mr. AIKEN. I was going to remind my colleague that a large percentage of the people to whom he refers in our State, who have an income of from $200 to $300 a year from stocks which they own, do not at the present time fall into any income group in which they must make out a tax return. I do not know of any estimate as to how many people would be required to make out income-tax returns in order to get from the Government the five or six dollars which had been withheld.

Perhaps the Senator from Illinois has an estimate of how many additional persons would have to make out income-tax returns in order to get the few dollars which were withheld from them, possibly at a time when they needed the money.

The PRESIDING OFFICER. The time of the Senator from Vermont [Mr. FLANDERS] has expired. Does the Senator from Georgia yield more time to him?

Mr. AIKEN. I did not know that we were operating under a limitation of time.

Mr. GEORGE. I am glad to extend the Senator's time.

Mr. AIKEN. As I understand the Senator from Illinois and the Senator from Vermont, the Senator from Illinois is shooting at a bobcat, although he cannot see it. There are a couple of hundred songbirds, rabbits, and other animals in the brush, which he does not want to hit. Nevertheless, he takes a shot at everything. I believe it would work an undue hardship on a very large number of people who have only a very limited income. Furthermore, I believe it would be administratively impossible in the case of farm cooperatives. Therefore, I shall have to vote against the amendment of my friend from Illinois.

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

Mr. FLANDERS. I thank my senior colleague for his contribution, with which I thoroughly agree. I should like to state one or two other things.

The PRESIDING OFFICER. The time of the Senator from Vermont [Mr. FLANDERS] has expired. Does the Senator from Georgia yield more time to him?

Mr. GEORGE. Does the Senator from Vermont desire more time? I do not mind giving him more time, but I dislike to have other Senators take his time after I have yielded it to him.

Mr. FLANDERS. I shall not take long.

Mr. GEORGE. I yield 3 minutes to the Senator from Vermont.

Mr. FLANDERS. There are other Senators who may wish to protest this amendment. As I said, the people to whom I refer are in a thicket. The wage earners are in sight, and the Treasury Department knows about them. I submit that the proposal for a sampling which I made would give a clear indication of the number of dividend holders who are below the minimum of taxable income, and those who are above and are welching on their just taxes. Before I will vote for any provision of the kind which Shakespeare called the insolence of office I would insist that there be some sort of revealing sample taken.

Mr. GEORGE. Mr. President, I yield to the Senator from Colorado [Mr. MILLIKIN] if he wishes to talk on the subject. The Senator from North Carolina desired to make some remarks, but he is not on the floor.

Mr. MILLIKIN. I shall be very brief.

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

Mr. MILLIKIN. Yes.

Mr. CASE. Is not the point which the Senator from Vermont [Mr. FLANDERS] has made quite applicable, namely, that in the case of wages there is definite knowledge of the number of dependents, and therefore the withholding is based upon the family or individual status of the taxpayer; whereas in any proposed withholding on dividends there would be no such knowledge, and the number of dependents would not be taken into account?

Mr. MILLIKIN. The Senator from South Dakota is entirely correct. He points out the valid difference between the two systems—the system applying to wage earners and the proposed system.

There is another point to be considered. In the wage field the worker gets his take-home pay. His wages are figured in terms of take-home pay—pay after taxes. The man who does not work for wages, who gets a little check from this, that, or the other company, has no take-home pay problem focused on him as such. His take-home pay is what he gets—the full amount of the check. That is particularly true if, after allowing for what he gets, he does not owe any taxes at all.

With reference to the estimates made by the Treasury and others, I affirm that there has not been made a competent survey to determine all the facets of the problem. The Treasury says, "We have surveyed a selected, fair sampling of returns in the upper brackets. From that we deduce that there is an evasion of revenue of $250,000,000 a year."

If I were convinced that we are losing $250,000,000 a year or $350,000,000 a year, or considerably less than either, through this type of evasion in the upper brackets by people taking dividend or interest

checks, sneaking into banks and getting the cash, and not reporting it on their returns—if I thought that was going on to the extent that is intimated by the figures with which we have been regaled, I certainly would be for stringent action.

Here is the way to get stringent action, and here is the way to get the evaders——

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

Mr. MILLIKIN. I should first like to state how to do it.

What a curious proposal comes to us from the Treasury Department. Although by its own figures, evasions in the amount of $250,000,000 occur every year, I challenge anyone to show that any person has been thrown into jail for evading taxes in that way, or I challenge anyone to state the number of fraud cases which have been commenced because of this particular process.

Of course, the answer is that when the samplings are made and it is found that there are these evaders, they should be put in jail. If a few of them were put in jail, there would be no problem. That is the way to handle that matter.

There is no sense in distorting the entire tax-collecting machinery and inconveniencing the hundreds of thousands of persons who owe no taxes, in order to get from some other persons money which the Treasury Department can get by activating its own interest and duty.

Mr. DOUGLAS. Mr. President, the Senator from Colorado is always gracious in yielding, and of course I was willing to yield to him during the course of my remarks.

Mr. MILLIKIN. Mr. President, I cannot resist that gambit, so let me have it.

Mr. DOUGLAS. Would the Senator from Colorado advocate doing away with withholding from the salaries of individual workers and wage earners?

Mr. MILLIKIN. No.

Mr. DOUGLAS. Then, why does not the Senator from Colorado advocate withholding in this case?

Mr. MILLIKIN. Because the situation which exists in the other case is not present in connection with the type of withholding proposed in this case.

Mr. CASE. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. CASE. How does the Senator from Colorado know there are such evaders in connection with the payment of taxes on dividends?

Mr. MILLIKIN. Does the Senator from South Dakota mean to ask how the figures to which I have referred have been obtained?

Mr. CASE. Yes.

Mr. MILLIKIN. A certain number of returns in what are called the higher income-tax brackets, which were considered to represent a fair sampling, were examined in order to ascertain whether taxes had been or had not been paid on dividends. From that study or sampling, the figure thus obtained was ballooned up to a grand figure which we are told represents the total scope of evasion in such cases.

However, I repeat that if there has been evasion on the part of the higher-bracket-income taxpayers who make returns, and whose returns can be checked, and whose returns are being checked, and if evasions to the extent of $250,000,000 or $300,000,000 a year are occurring, why has not someone been put in jail for such evasion? The way to have the payments made is to put some of the evaders in jail.

Mr. CASE. I want to have that done, too.

Let me ask the Senator whether the corporations paying the dividends make a report of the dividends they pay.

Mr. MILLIKIN. I am coming to that point, and I am glad the question has been asked.

Mr. President, under this bill, the Treasury Department has a right to request complete reports on all dividends paid by corporations. If the Treasury Department will obtain such reports and will run them down to the bottom and will cross-check them against the returns which are made by the individual taxpayers, the Treasury will know what is happening and it will know whom to put in jail for evasion or whom to confront with income-tax-fraud cases.

Mr. CASE. It seems to me that is the way to proceed.

Mr. MILLIKIN. Mr. President, the present proposal is a convenient way for the Treasury to dodge its own duties and to inconvenience all dividend and interest recipients in the United States as a reward for doing so.

Mr. CASE. Apparently the Treasury does not even need a hunting license, for it already has a directory giving the name and address, if the Treasury wishes to use it.

Mr. MILLIKIN. Yes, it would be the easiest sort of thing to do.

Mr. GEORGE. Mr. President, let me remind the Senator that in this bill we are authorizing the Treasury to require a corporation paying as much as $100 in the form of a dividend to report that payment; and if the Treasury Department is not satisfied with that, it can require all corporations paying dividends to report to the Treasury in regard to everyone who receives a dividend of even as little as $1.

Mr. MILLIKIN. The Senator from Georgia is entirely correct, and that is the purpose.

Mr. GEORGE. In regard to the other question, the query is always presented, "If you are going to make withholdings from the wages of workers and wage earners, why not withhold in the case of dividends?" On that point, let me say that in the case of the worker, the withholding occurs after exemptions, and is based on standard deductions.

Mr. MILLIKIN. That is correct.

Mr. GEORGE. Whereas in the case of the present proposal, the withholding will be from the gross amount received by the poor recipient.

Mr. President, I have received a letter which states what may be an extreme case, but certainly there are hundreds of thousands like it. Let me show what this proposal would mean to elderly persons.

The letter to which I now refer was sent to me by a lady who says that she is in a class of persons who may be called aged couples. I read now from her letter:

> What will this mean to the aged couples, formerly self-employed, without pensions or social security, the couple living meagerly on a $2,000 income from securities, owing not one dollar of income tax, and being 65 years of age? That couple will have to make a forced loan to the Government in the amount of $400—

Even although not owing 1 cent to the Government.

I read further:

> The same couple, if receiving $2,500 in dividends, will be compelled to make a forced loan to the Government of $500—

Although not owing the Government 1 cent.

I read further from the letter:

> The same couple, if receiving $2,700 in dividends, will be stripped of $540—

To cover what, Mr. President? To cover a $6 tax liability.

Oh, Mr. President, the proposal before us is a perfectly ridiculous one.

Mr. MILLIKIN. Mr. President, the letter the Senator from Georgia has read shows up the utter ridiculousness and unfairness of this proposal.

Mr. CASE and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I yield first to the Senator from South Dakota. Thereafter I shall be glad to yield to the Senator from Minnesota.

Mr. CASE. Mr. President, the point just made by the senior Senator from Georgia brings out the fact that some adjustment or refund would have to be made in every case, under the present proposal; whereas in the case of the withholding of wages, in many instances the withholding is a correct one because exemptions and deductions are taken into consideration.

However, under the present proposal the withholding of dividends would be done without giving consideration to deductions and exemptions, and thus in every case there would have to be a refund, after refiguring the case, because the collection would be made as if there were no exemptions.

Mr. MILLIKIN. Yes. In other words, in connection with the proposal which now is made, there is a basic assumption that every person who receives dividends owes the Federal Government 20 percent of those dividends. Of course that is an inaccurate assumption, and those who would make the withholding would have no knowledge of the exemption or of the income-tax base in the particular case.

Mr. HUMPHREY. Mr. President, will the Senator from Colorado yield to me at this time?

Mr. MILLIKIN. I yield.

Mr. HUMPHREY. I grant that the corporation making the return would not know anything about the income-tax status of the person to whom the dividend was paid, any more than an employee at the gate of the United States Steel Corp. knows anything about a man

who comes to that gate. In each case, it is necessary to obtain a declaration from the person.

Mr. MILLIKIN. The exemptions would be known.

Mr. HUMPHREY. The exemptions would be known when the taxpayer stated his exemptions.

If the Senator from Colorado wishes to have the amendment modified in such a way as to provide that the individual recipient of a dividend shall declare his exemptions, we shall be glad to modify the amendment in that way; but the business firms of the United States have said, "No, a thousand times no."

Mr. MILLIKIN. Mr. President, I also say, without reference to the business firms of the United States, but speaking so far as I am concerned, "No, no, a thousand times no."

Mr. DOUGLAS. Mr. President, then that is not the real objection of the Senator from Colorado.

Mr. MILLIKIN. What is not?

Mr. DOUGLAS. The point the Senator from Colorado has just advanced, because we said we would be glad to meet it. However, the Senator from Colorado says he will be opposed to the amendment, even if we do meet that point.

Mr. MILLIKIN. Mr. President, let my flower bloom a little more so the Senator from Illinois can see it. [Laughter.]

Now, Mr. President, let us come to the category of citizens for whom I have real solicitude—although the Senator is falling into the habit of sneering at that category as being "widows and orphans." The ones for whom I have real solicitude are those—hundreds of thousands or perhaps millions in number—who receive little dribbles of dividends and interest and do not owe any tax at all.

As the Senator from Georgia has pointed out, under the present proposal, someone would withhold 20 percent of their meager incomes. That amount would be withheld, not for only 1 year, but for every year; there would be a continuous withholding of 20 percent, a continuous withholding in that amount from persons who canont afford to have anything withheld. Nevertheless, constantly one-fifth of their small incomes would be held up by Uncle Sam, who, I assume, under competent management would also make some interest on it.

Be that as it may, I am thinking in terms of nuisance; I am thinking in terms of harassment of the citizen. I do not want our citizens to have to be flooding the mails with claims for refunds. Many of them will not know that they have a refund due. Tens or hundreds of thousands would go to their graves without knowing that someone was holding back 20 percent of the money to which they were entitled, because, although I think most wise corporations would explain to the stockholder, yet there is nothing in the present proposal which would require the corporations to say, "We have taken 20 percent of your money and have handed it, not to you, but to Uncle Sam, who will continue to hold it until you make a claim for refund if you are entitled to it."

The average person is the one I am discussing. Let us consider his situation. Perhaps he has a little income from rent or perhaps he has a little income from interest or perhaps he has a little income from a pension or perhaps he has a few small dividends coming to him—not an average of $100 for each dividend as we have heard, but little amounts of $1.50 or $2 in dividend checks which are mailed to him. He does not make any income-tax return; he is not obligated to make an income-tax return. But the great, benevolent, solicitous Uncle Sam wants that person to get into the habit of making returns and making claims for refund. The only way he can get his money back is to make claim for a refund. That means he has to go to see Judge John Doe, whom he supported for justice of the peace, and say to him, "Judge, I want you to write a letter for me. I am not getting that full $1.50 check out of which I buy the chewing tobacco described by the distinguished junior Senator from Virginia, and the wife will not give me an additional allowance. I want to get that full $1.50. Now, they are holding 30 cents of that back on me, and I want you to write a letter to them."

So the judge, conscious, as some people sometimes are, of political favors, will write a letter for the gentleman in which he says to the dividend payer, "How come that my friend does not get all of his check out of the corporation?" What is our present postage rate? Has that been decided? What is it—3 cents or 4 cents?

Mr. BUTLER of Maryland. It is hovering between 3 and 4.

Mr. MILLIKIN. It is hovering between 3 and 4? Well, it will be 4. So the old justice puts a 4-cent stamp on the letter he has written. The mail carrier takes it away and it goes through the postal service. The corporation gets it. The corporation spends 15 or 20 or more cents for every letter it writes. So it writes a reply. It reaches the judge, and the judge telephones out in the country, the old boy comes in again, and the judge says, "Why, my friend, you have got to make a request of Uncle Sam for a refund." The man replies, "Well, judge, for goodness sake, write that letter for me." [Laughter.] So the judge writes another letter, affixes another 3-cent stamp or 4-cent stamp. Back comes a reply from Uncle Sam telling this bewildered and bedeviled citizen that he must make an application for a refund. This calls for a visit to the postmaster or a revenue agent to find out how to go about making the application. So he makes out the form; and some day, by the grace of God, maybe this poor devil will get back his tobacco money.

That is the kind of thing certain Senators want to fasten on the low-income people of this country—and there are millions of them—who do not make income-tax returns, and who should not be required to make income-tax returns or to correspond with the Government to get back from the Government that which never should have been withheld.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. GEORGE. Mr. President, the Senator may have further time, if he desires it.

Mr. MILLIKIN. I will make my remarks very short, unless I am harried by the warriors to the left of me, who stand with their tomahawks poised. But, Mr. President, they are papier mâché, and I do not fear them. [Laughter.]

I now yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, if oratory and wit were to determine this issue—if oratory and wit were to determine this vote, the Senator from Colorado would have a very easy victory; but when he speaks of these figures having been produced by the "insolence of office," that is, of the United States Treasury——

Mr. MILLIKIN. It was the distinguished Senator from Vermont who said that.

Mr. DOUGLAS. I think it was endorsed by the Senator from Colorado. The estimates of $323,000,000 were produced, not by the Treasury, but by the Joint Committee on Internal Revenue Taxation, which has prepared the technical details for this bill. That is not the Treasury estimate. The Treasury estimate was only $250,000,000. The joint committee's estimate is $320,000,000.

Mr. MILLIKIN. Why not get another estimate, and possibly it will be made $500,000,000 or $1,000,000,000?

Mr. DOUGLAS. The point I am trying to make is that the Treasury was extremely conservative, and probably the joint committee is much closer to the facts.

Mr. MILLIKIN. I suppose I could with equal plausibility argue that the Treasury was extremely optimistic, and that the joint committee was even more optimistic. That proves nothing.

Mr. DOUGLAS. We have spent some time on the figures, and it is obvious that the Treasury figures were not optimistic.

Mr. MILLIKIN. It is obvious, Mr. President, that if the Treasury is telling the truth, several hundred people should be in jail who are not there.

Mr. President, I must get ahead, because this morning I found myself in such an entrancing debate with the two gentlemen who have been on their feet, that I was a little hoggish of the time. I want to say something about the people in the lower brackets, about the people who are not only in the lower brackets, but who do not make any returns, and who should not be required to make any returns, and who should not be harassed. Their position in life is such that we should not add unnecessary harassments to those from which they already suffer.

Mr. President, I admit that when we had the experts before the Senate Committee on Finance they had something bearing the semblance of statistics on tax evaders in the upper-income brackets. But I said, "Now, what are your statistics to show us the number of people in the lower brackets, who do not pay income taxes but who, if they reported their dividends or interest,

would be in the taxpaying category?" On that score they had nothing. On the very core of this problem, they had nothing whatever. It was suggested, would it not be simple, would it not be easy, to follow a procedure such as that suggested by the distinguished junior Senator from Vermont, to take a sampling of those people, to find out how many of them, if they received dividends and reported them, would have to pay taxes? No one ever thought of it. No one ever did it. No one was thinking about keeping harassment and annoyance and pestering from the people who have enough to worry about without that. That is all I have to say, Mr. President.

Mr. GEORGE. Mr. President, have I any time left?

The PRESIDING OFFICER. The Senator has some time remaining.

Mr. GEORGE. I yield to the Senator from North Carolina. Does the Senator from Illinois wish to speak?

Mr. DOUGLAS. Mr. President, does the Senator from Illinois have a little time?

The PRESIDING OFFICER. The Senator from Illinois has 10 minutes left, the Senator from Georgia 14 minutes.

Mr. GEORGE. I yield my remaining time to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HOEY. Mr. President, this is the one amendment which, in the event it should be adopted, I think would cause more trouble to more people in the United States than any other amendment which has been proposed to the bill.

There are about 400,000 taxable corporations in the United States, and they have stockholders all over the country. The American Telephone & Telegraph Co., for instance, has 1,000,000 stockholders, and that company therefore sends out a million dividend checks. The greater number of these stockholders own anywhere from 2, 3, 4, or 10, to 15 or 25 shares, so that that stock is held by a large number of people, millions of people, throughout the United States. In my State 1 corporation has 30,000 stockholders, and there is not a single member of that corporation or stockholder who owns as much as 2 percent of its capital stock.

Dividends received from corporations are a part of the integral income of at least from 6,000,000 to 15,000,000 people in the United States. The estimate before the Senate Finance Committee was that there are at least 6,000,000 people in the United States receiving dividends, and that, in all probability, the number reaches 15,000,000. Most of the dividends are small. The Treasury Department estimated, in the examination of its representatives before the Senate Finance Committee, that in the event the pending amendment should become a part of the law, in all probability there would have to be at least 2,000,000 refunds made to people who received dividends and whose money was withheld, although they did not owe any taxes to the Federal Government.

I cannot conceive of any amendment which would cause so much trouble to so many small people throughout the Nation as would this amendment if it should be adopted. Why should we interrupt the ordinary procedure of 2,000,000 persons in receiving dividends on the small investments they have in corporations throughout the country, and have one-fifth of their dividends withheld before they receive them, and force them to the necessity, the annoyance, and the expense of filing applications for refunds and filing tax returns, when they would not be required to do so otherwise?

To illustrate how a small amount of money affects many people, let me say that when the Congress, 2 or 3 years ago, changed the exemption from $500 to $600 and increased the exemption of those over 65 years of age to $1,200, it eliminated more than 6,000,000 taxpayers from the rolls. That shows how small is the income of a great many persons, and how disastrous would be the effect of the adoption of the pending amendment upon the small people who receive dividends. Widows and orphans with small investments would be forced to go to someone to file an income tax return for them when they owed no money to the Government, and then to prepare a refund application when the Government had withheld the money.

Most dividends are paid quarterly although smaller corporations pay semi-annually or annually. A dividend would be paid in March and 20 percent would be withheld. Another dividend would be paid in July, and 20 percent of it would be withheld, and the same would occur in October, and, finally, in January.

Between January and March 15, when the time came to file an application for refund, and at the same time to file a return, those people would file their applications. They had already been without the money for a full year. How long it would take to have these refunds handled and how long it would take to have them processed and the money returned is a question I cannot decide, but already the people who needed this money for their regular existence and for their normal support would be denied the use of it. There is absolutely no justification for such a provision.

Let us see what the purpose is. We are told that the desire is to bring about a better collection of taxes on dividends. Is there anything in the world to prevent the Treasury from collecting more taxes on dividends now, if they are not getting them all? Under the present law, every corporation is required to submit to the United States Treasury a list of all dividends paid to all stockholders in the United States if they exceed $100, and, in addition to that, if the Treasury Department wants to do so, it is entitled to get a report of every single dollar paid in dividends. So the Treasury would have available the names and addresses of every person in the United States who has received a dividend from any corporation.

Last year the Senate Finance Committee suggested to the Treasury Department the adoption of a regulation that a taxpayer, in making his return, should not simply list dividends of so much, but be required to make a list of the dividends, the companies which paid them, and the amount paid. Under the law, the taxpayer is required to file a list of every dividend he received and the corporations of the country are required to file a list of all the dividends paid and the people to whom they are paid.

Is there any trouble about having the tax returns checked against those lists? Could not the Treasury make that check as easily as they could process refunds to the number of 2,000,000? At the same time, they could ascertain whether anyone had failed to return his dividends.

Mr. President, I have received more letters regarding this provision than I have received with respect to any other provision of the bill. I have received letters from every State of the Union, largely from women who say: "My husband is dead. He left a certain amount of money and I have invested it. I receive about a thousand dollars a year in dividends, and that is all the income I have. I have four children. If this provision goes into effect, they will hold $200 of my money, and I cannot spare it; I need it to live on."

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

Mr. HOEY. I am glad to yield to the Senator from Delaware.

Mr. FREAR. Is it the opinion of the Senator that some of the persons who have small dividends coming to them would not have knowledge of the situation, should this provision withholding 20 percent of their dividends become effective, and would not take the trouble to file a form to get a refund from the Treasury?

Mr. HOEY. I think the Senator is absolutely correct.

Mr. FREAR. If that be the case, the Treasury of the United States would be taking money that did not belong to it.

Mr. HOEY. That is correct; and taking it from people who could ill afford to spare it.

Mr. SCHOEPPEL. Mr. President, will the Senator from North Carolina yield?

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

Mr. SCHOEPPEL. Regarding the situation to which the Senator from North Carolina has just referred, namely, of having heard from many people from all over the United States in protest against such an amendment as is now proposed, the same thing has been true in my case. Scores of persons writing to me have never been in the tax-reporting bracket and they are very fearful. They ask, "What is it that I will be required to pay under this amendment when I have not sufficient earnings even to make an income tax return?" I say that the point which the Senator is making is a very valid one, and one which concerns a great many persons.

Mr. HOEY. I thank the Senator from Kansas. His experience, I think, is duplicated by that of Senators throughout the Chamber.

When a man is employed he has a right to give to his employer at the time of his employment, under social security, the names of his dependents and his own

exemptions, and all that information is taken into account before any deduction is made from his salary. It would not be practicable to undertake to apply that sort of rule to dividends, for the reason that corporations would not be able to handle the multiplicity of details which would be involved. They would be endless. The corporations have indicated that they could withhold the money if the law provided for that, but if conditions were prescribed by which it would be necessary for them to make decision as to the amount of money that should be withheld, then it would be an insurmountable task and would involve the employment of additional bookkeepers and auditors to handle that phase of the situation. It is just not practicable.

Let us take another illustration. Those over 65 years of age have an exemption of $1,200. If a man is over 65 years of age and his wife is over 65 years of age, they would have a combined exemption of $2,400; but if this provision should go into effect and they had less income than the exemption, they would have the expense, the annoyance, and the trouble of filing a return. They may not be accustomed to doing that. It would involve considerable expense. The expense and trouble would be almost as much as the refund would be worth. They are the people who would probably most need the money, and they are the ones from whom the Government should not take the money. I do not think the Government should reach down into the citizen's pocket and tax that which the citizen is not obligated to pay, and which, under the law, he is not required to pay.

Mr. President, I do not know what would more disrupt the pleasant feeling which should prevail between the Government and its people than to say, "We are going to take this money for a year and you will be without it in the time of your great need. When you need it for the support of yourself, your children, and your family, you shall be denied it, because someone says you are not returning all that should be returned."

I hope the Senate will not adopt the amendment. Of all the amendments which have been offered, as I said a few minutes ago, this one would cause more trouble and annoyance to more people than would any other amendment which could be conceived. To me it seems that the Government would be undertaking to say to the people, "We do not know how honest you are, so we are going to take 20 percent of the dividends you are receiving. If you have been paying your tax on them, all right. If you have not been paying it we are going to take it out. If you do not owe it, all right, we are going to take it anyway."

Mr. President, as I stated, there are other ways and methods by which we can deal with those who do not make proper and full returns of their dividends. There are two methods, either one of which can be adopted, either one of which will be efficient, either one of which will be effective, and there is no reason why we should adopt this sort of amendment and put several million people to unusual trouble, to unnecessary expense, and to delay in receiving that which justly belongs to them.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the junior Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I have listened with sincere and real interest to the remarks of the Senator from North Carolina. I am frank to tell him that I am moved by his remarks, and I share the deep concern he has, which he has so well stated, about the low-income group, the recipients of small dividends, and the individuals who must live off their dividends or interest payments. But, Mr. President, I will say again and again that every argument which has been made here today about the recipients of dividends and interest payments can be used with respect to the income of the wage earner. Approximately $500,000,000 of overpayments on withholdings from wages and salaries are refunded. The bulk of the repayments thus made go to the low-income wage earner.

Mr. President, there is no withholding system which can be devised that will cover every individual case.

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

Mr. HUMPHREY. Mr. President, I have only 5 minutes, and I should like to continue my statement. If the Senator from Illinois will yield me a little additional time later, I shall be glad to answer a question.

Mr. President, according to the survey of the Department of Commerce entitled "Statistics of Income," wage earners with $3,000 a year income or less, received 11.5 percent of the dividends. If those people had not paid one dime on their dividends in terms of taxes there still would have been a substantial amount of dividends and interest payments unaccounted for, because if they never paid even as much as a plugged nickel last year on the total amount of dividends, the 11.5 percent of the total amount of dividends is still $350,000,000 below the amount which is estimated as unreported.

Mr. President, furthermore, let me say that no kind of a tax program can be worked out which does not result in some disadvantages and some hardships. I heard this morning that we could not make the effective date for corporate income taxes January 1 because it would work some kind of hardship; so in that case we gave up $500,000,000 to those who did not need to have it given to them, to those who could very well afford to pay that amount. Sooner or later in this debate we are going to hear about a number of other people who ought to receive some special exemption because—well, because we do not want to be too hard on them.

Now we come to the point where we are asked not to be too hard on recipients of interest and dividend payments. But I want the fact to be revealed that the people who have their main source of income from dividends and interest payments are in the upper-income brackets, the overwhelming amount of dividends and interest goes to those in the upper-income brackets, and that everything we do in this tax bill is designed to protect that group.

Mr. President, I have heard it said that a proper survey has not been made, and that we cannot take this action until we have a survey. Let me ask the Finance Committee, What kind of survey did they have that resulted in the amendment with respect to excess-profits taxes? As a matter of fact the returns have not even been examined yet. The Bureau of Internal Revenue has not had a chance to examine the returns.

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

Mr. HUMPHREY. Not now. I shall be glad to yield if the Senator from Illinois gives me additional time.

I should like to know what kind of a survey was made before it was decided to put an excess-profits tax on washing machines. How many washer women did the committee talk to? We do not need surveys every time it is decided to apply a new tax. But when we want to put a withholding tax on corporate dividends and bond interest, how many widows and orphans are interviewed?

Let us consider the matter of corporate bond interest. Let us omit consideration of dividends for the moment. How many widows and orphans are receiving bond interest?

Mr. President, I know we cannot legislate to perfection, but an estimated $323,000,000 of revenue is available under the amendment. If Senators wish to reduce the estimate to $300,000,000 or $250,000,000, still we need revenue, and I submit that the economic facts reveal that the bulk of this revenue will come from those who can very well afford to pay it.

The PRESIDING OFFICER (Mr. MOODY in the chair). The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield me an additional minute to conclude?

Mr. DOUGLAS. Yes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for an additional minute.

Mr. HUMPHREY. Mr. President, so far as this amendment is concerned, I, as a cosponsor, wish to say that if any member wants to propose an amendment to the amendment to have all the deductions and exemptions taken into account before the dividend and interest withholding tax applies, I will vote for it. I will join in the proposal of such an amendment.

Mr. President, let me also say that if any Member wants to see to it that the Treasury Department shall be further staffed so as more quickly to expedite the refunding operation, I will join with him in such a move. If any Member wishes to propose an amendment providing for better enforcement of the laws by the Bureau of Internal Revenue, I will join with him. But that takes manpower, and no one knows it better than the Senator from Colorado. He knows that it takes manpower to analyze more than 45,000,000 income tax returns, which is the number of returns the Federal Gov-

ernment is dealing with at the present time.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] for himself and other Senators.

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

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from North Carolina [Mr. SMITH] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, and, if present he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and, if present, he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Dakota [Mr. LANGER] are detained on official business.

The Senator from Wisconsin [Mr. MCCARTHY] is detained because of his testimony on a legal matter, and, if present, he would vote "nay."

The result was announced—yeas 15, nays 70, as follows:

YEAS—15

Benton	Kefauver	McMahon
Douglas	Kilgore	Moody
Green	Lehman	Morse
Hill	Long	Murray
Humphrey	Magnuson	Neely

NAYS—70

Aiken	Hayden	Monroney
Bennett	Hendrickson	Mundt
Bricker	Hennings	Nixon
Butler, Md.	Hickenlooper	O'Conor
Butler, Nebr.	Hoey	O'Mahoney
Cain	Holland	Pastore
Capehart	Hunt	Robertson
Carlson	Ives	Russell
Case	Jenner	Saltonstall
Clements	Johnson, Colo.	Schoeppel
Connally	Johnson, Tex.	Smathers
Cordon	Johnston, S. C.	Smith, Maine
Dirksen	Kem	Smith, N. J.
Duff	Kerr	Sparkman
Dworshak	Knowland	Stennis
Eastland	Lodge	Taft
Ecton	Malone	Underwood
Ellender	Martin	Watkins
Ferguson	Maybank	Welker
Flanders	McCarran	Wiley
Frear	McClellan	Williams
Fulbright	McFarland	Young
George	McKellar	
Gillette	Millikin	

NOT VOTING—11

Anderson	Chavez	Thye
Brewster	Langer	Tobey
Bridges	McCarthy	Wherry
Byrd	Smith, N. C.	

So the amendment offered by Mr. DOUGLAS for himself and other Senators was rejected.

Mr. LONG. Mr. President, I call up my amendment 9-22-51-4. If I could have unanimous consent for a yea-and-nay vote on the amendment I would be glad to limit the debate on it to 15 minutes to a side.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. Beginning on page 172, line 22, it is proposed to strike through line 20 on page 175—being section 325, relating to tax treatment of coal royalties.

Mr. MCFARLAND. Mr. President, I ask unanmous consent that debate on the amendment offered by the Senator from Louisiana [Mr. LONG] be limited to 30 minutes, 15 minutes to a side, to be controlled by the Senator from Louisiana [Mr. LONG] and the Senator from Georgia [Mr. GEORGE], and that any amendment offered to the amendment must be germane, with the same time limitation.

Mr. LONG. Will the majority leader include in the unanimous-consent request an order for the yeas and nays?

Mr. MCFARLAND. And that the yeas and nays be ordered.

Mr. STENNIS. Mr. President, may we have order? I should like to have the Senator from Arizona restate his unanimous-consent request.

Mr. MCFARLAND. I do not wish to waste time on a unanimous-consent request for limitation of debate on each amendment as we take it up. My request is that debate be limited on the amendment to 30 minutes, 15 minutes to a side, controlled, respectively, by the Senator from Louisiana [Mr. LONG] and the Senator from Georgia [Mr. GEORGE]; that any amendment offered to the amendment be germane and the debate on it likewise limited to 30 minutes, 15 minutes to each side, the time to be controlled, respectively, by the proponent of the amendment and the Senator from Georgia [Mr. GEORGE]. Furthermore, that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I hope the Senator from Arizona will withhold his request that the yeas and nays be ordered.

Mr. MCFARLAND. That was a condition of the agreement to limit debate.

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

The yeas and nays were ordered.

Mr. LONG. I should like to speak to this amendment first.

Mr. MCFARLAND. May we have a ruling on the request for a limitation of debate?

The PRESIDING OFFICER. Is there objection to the unanimous-consent request for a limitation of debate on the amendment?

Mr. SALTONSTALL. Reserving the right to object, did the Chair rule that the request for the yeas and nays was sufficiently seconded?

The PRESIDING OFFICER. The Senator from Massachusetts is correct.

Mr. SALTONSTALL. The order for the yeas and nays is not a part of the unanimous-consent agreement.

The PRESIDING OFFICER. It is not now a part of the unanimous-consent agreement.

Mr. SALTONSTALL. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

Mr. LONG. I believe that Senators can very easily understand the issue involved, and the amendment should not require a statement of more than a few minutes.

Mr. President, the portion of the bill which is sought to be amended by my amendment is not an amendment inserted by the Senate committee. The language was put in the bill by the House committee. In my opinion the provision in the bill which I seek to amend violates the general principle of equity in our system of taxation. The provision would mean a reduction in revenue of about 60 percent in the tax of those who receive coal royalties. It would treat coal royalties as a capital-gains transaction.

In other words, if a person owns a coal mine, or owns a coal reserve, and merely leases it, he would be able to treat the income from such a lease as a capital-gains transaction. It would mean that he would pay only on half of the income, and his total over-all tax on the amount he received would be limited to 25 percent.

I believe that a study of the situation would show that the people who receive coal royalties are for the most part corporations which are paying excess-profits taxes, so that most of the income would be in about the 70-percent bracket. The House committee put into the bill a proposal under which coal royalties would be treated as a capital-gains transaction, and therefore the income tax would be reduced to 40 percent of what it otherwise would be on coal royalties. It seems unfair to the junior Senator from Louisiana, at a time when we are raising taxes for everyone else in the Nation, that those who are receiving coal royalties should have their income tax cut by about one-half of what it otherwise would be.

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

Mr. LONG. Yes.

Mr. ROBERTSON. Is any coal mined in Louisiana?

Mr. LONG. No; there is no coal mined in Louisiana, so far as I know.

Mr. ROBERTSON. When the Senator from Louisiana talks about the corporations who would be benefited by this provision, does he realize that most of the leases are made on the basis of 10 cents a ton? Furthermore, is the Senator from Louisiana going to ask that the proposed treatment of timber on a capital-gains basis should be abolished? Or is the Senator speaking only with reference to coal royalties?

Mr. LONG. I shall be very glad to speak to that point. The question is raised that coal is not produced in my State. Mr. President, last year I spoke against the Connally amendment, which proposed to treat as a capital-gains transaction all the revenues received

from the sale of a certain number of barrels of oil or so much gas from a well. I thus opposed capital-gains treatment for the benefit of the largest industry in Louisiana.

If we are to give such special treatment to coal royalties, under which the owners would be taxed on the basis of the capital-gains rate, it seems to me that the oil industry and gas industry would be just as much entitled to have their income tax cut by 60 percent. Certainly they would be as much entitled to it as would be the coal-mine owners.

There is only a small amount of money involved. Giving the reduction to a special group would mean only about $10,000,000. I predict that, as sure as the sun will rise tomorrow, if we give this reduction in taxes of 60 percent to coal-royalty owners, that the oil and gas industries will come to the Senate and say, "You are discriminating against us."

The Senator from Virginia has asked me, "How about timber?" He says that I am not proposing to do away with the special capital gains treatment on timber, and therefore it would be a discriminatory treatment. I am in the position of coming from a State which produces timber and not asking that coal be given the same preferential treatment. I am sure that if a Senator in the future rises to oppose this type of proposal on behalf of the oil interests, another Senator will rise to ask him, "Do you have any oil produced in your State?" The same question could be asked with reference to other resources. In other words if we are going to give the owners of coal royalties preferential treatment, we will find, by inescapable logic, that we should do the same thing for the gas and oil interests. It will follow that we will be asked to give the same treatment to other industries, such as sand, gravel, sulfur, iron ore, and many others. Before we are through we will find that the special treatment will have cost the other taxpayers of the Nation about $100,000,000 in revenue.

Mr. ROBERTSON. Mr. President, will the Senator from Louisiana yield for a very brief question?

Mr. LONG. I shall be very glad to yield 30 seconds to the Senator from West Virginia.

Mr. ROBERTSON. We now tax the coal which a man owns and mines. If we tax him on the basis of capital gains, why not tax the lessor in the same way?

Mr. LONG. If a man owns coal reserves and he mines the coal, he is entitled to a depletion allowance. At this point I am not questioning his depletion allowance. I assume that was carefully studied and that there is a reason for the depletion allowance in the case of coal.

However, to apply the capital-gains treatment in this case to a limited group of taxpayers, most of whom are large corporations, and thus reduce by one-half the tax they pay, at a time when we are increasing the taxes of all other persons and are subjecting their incomes to excess-profits taxes, would seem to me to be most unreasonable.

Is a group which has been paying normal income taxes year in and year out, ever since the income-tax law was first enacted, to be treated in such a way as to reduce its taxes by one-half, while at the same time we raise the taxes paid by everyone else?

Mr. President, if we give coal this special treatment, I predict we shall find that we must do the same for gas and for oil and for other minerals, and the result simply will be that we shall give all of them a 60-percent reduction in tax.

Therefore I think my amendment should be agreed to; I think we should strike from the bill the proposed exemption for those who have coal royalties.

Mr. GEORGE. Mr. President, I yield to the Senator from Oklahoma.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). The Senator from Oklahoma is recognized for 15 minutes.

Mr. KERR. Mr. President, this provision was placed in the bill because of what the committee believed to be inequities in the present treatment of income from royalties from coal.

The ordinary income from royalties is based upon the current value of the product sold; but the evidence disclosed that most of the coal royalties in the United States are being sold under the terms of lease contracts which go back 10, 15, 20, 30, or 40 years, and that the going royalty rate is approximately 10 cents a ton. There can be no question but that a royalty interest is a disappearing asset, an exhaustible asset.

It matters not how much coal there may be under a given piece of land; in any case, it is limited, and as each ton is mined, the commodity remaining is that much less in quantity. There is no way to replace it; there is no way to grow another crop of it. There is a limited amount of it; and when that limited amount is mined, it is gone and that asset is completely depleted.

As I said a moment ago, in addition to that fact and that basic principle, we know that under no interpretation can the coal royalty be calculated upon anything other than a capital basis, which is what it is. Whatever amount of royalty the owner of the land has is a capital item; and as the coal is sold, the owner is receiving, not income from property which remains intact, but income from the sale of his capital.

Mr. LONG. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I yield.

Mr. LONG. Would not the same argument apply equally to oil and gas royalties?

Mr. KERR. The same argument would apply equally to gas and oil royalties. However, in the first place, those are not before us. In the second place, they were not brought before us. In the third place, the chief difference between coal royalties, on the one hand, and oil and gas royalties, on the other hand, is that the latter provide that a certain rate of interest shall be paid to the owner of the product when it is sold. On the other hand, the coal which is sold today is two or three times as valuable as it was when the lease contracts were made. However, the coal lease contracts are not made on the basis of paying a certain percentage of the value of the coal when it is mined—as my good friend, the Senator from Louisiana, knows is true in the case of oil or gas or other minerals—but the payment of coal royalties is fixed at 10 cents a ton, whereas the Senator knows that the owner of an oil royalty receives one-eighth of the value of the oil as it is produced. However, the owner of coal does not receive one-eighth or one-sixteenth of its value. I do not know what the going price of coal at the mine is; I think it is more than $3 a ton.

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

Mr. KERR. I yield.

Mr. ROBERTSON. For most of it the price is more than $5 a ton.

Mr. KERR. Very well; it is more than $5 a ton. So actually the owner is receiving a 2 percent royalty, on the basis of a price fixed in his lease contract 10, 20, or 30 years ago, although the value of the product has increased a great deal since that time.

Mr. LONG. Mr. President, will the Senator from Oklahoma yield further to me?

Mr. KERR. I yield.

Mr. LONG. I know that the State of Oklahoma has fixed the price for gas; but is it not true that enormous gas reserves are tied up under old contracts under which the sale price of the gas is ridiculously low? Perhaps that is true in other States, if not in the State of Oklahoma.

Mr. KERR. There are countless amounts of gas which are tied up under contracts by which the operators are bound; but in the majority of those instances the operators have renegotiated the contracts and have new contracts with the royalty owners, for the reason that it has been demonstrated in some instances they were able at least to cast doubt upon the validity of the leases which kept their income at such a very low basis, by virtue of old contracts, and because as of today their product has a value so very much greater than it had at the time when the old contracts were made.

Those were the considerations, Mr. President, which impelled your committee to concur in the action of the House and to leave this provision in the bill.

Mr. ROBERTSON. Mr. President, will the Senator from Oklahoma yield to me for a question?

Mr. KERR. I yield.

Mr. ROBERTSON. Is it not a fact that under this section, if a coal lessor takes the capital-gains treatment he cannot get the depletion allowance treatment; and is it not also true that the oil producers do not wish to pay on that basis, but would rather have the depletion allowance treatment, rather than the capital gains treatment?

Mr. KERR. I cannot answer the Senator as to that; but, Mr. President, I am sure that if the Senator from Virginia tells me that the arrangement with reference to coal royalties is as he has stated, he has stated correctly what the situation is.

Mr. ROBERTSON. That is my understanding, namely, that if one is taken, the other cannot be taken.

Mr. KERR. I thank the Senator.

Mr. President, I yield the remainder of my time——

Mr. CARLSON. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 8 minutes remaining.

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

Mr. CARLSON. Is it not true that the funds received as a royalty from coal are funds received from property that is irreplaceable, and that those receiving the money are taxed on that basis?

Mr. KERR. Yes, unquestionably that is the case. So far as the principle is concerned, the principle is sound, and the application of any other principle is unsound, because the asset is a diminishing one, and what is sold is the sale of a capital item.

It is just as if a man had 100 acres of timberland. When the timber is sold, it is gone. In fact, this treatment is even more equitable in the case of coal than it is in the case of timberland, for the reason that the ground which grows the first crop of timber will eventually grow another crop, if it is permitted to do so, whereas the ground which contains one crop of coal is worthless, so far as coal is concerned, once the crop of coal is mined. When the coal is mined, it is gone; and no one short of the Omnipotent can grow another crop of coal on that piece of land.

Mr. President, I yield the remainder of my time to the distinguished Senator from West Virginia [Mr. NEELY].

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

Mr. NEELY. Mr. President, let me, in behalf of West Virginia, the world's greatest coal producing State, warn the Senate that the coal industry would be as certainly and seriously imperiled by the adoption of the Long admendment, "relating to tax treatment of coal royalties" as the oil and gas industries would be endangered by the adoption of the Humphrey amendment which is designed to "reduce the percentage depletion for oil, gas, sulphur and nonmetallics."

All who are opposed to the Humphrey amendment should vote against the amendment proposed by the able Senator from Louisiana [Mr. LONG]. Friends of the coal, oil and gas industries should fully realize and constantly remember that if, in the important matters now before the Senate, they all unite, they all will stand, but if they divide, they all will fall.

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

Mr. NEELY. I yield.

Mr. LONG. The Senator is discussing depletion allowances. I think he understands that by this amendment I am proposing to eliminate capital-gains treatment. It has nothing at all to do with depletion. As a matter of fact, I stated I would not ask for this kind of treatment for oil and gas, and that is why I do not think we ought to ask the same thing for coal.

Mr. NEELY. I thoroughly understand the amendment and also understand that a given injury to an industry is equally harmful regardless of the means by which it is inflicted or the euphemism with which it is described.

Let me remind the Senator from Louisiana that the various factors in the indispensable coal industry are united as inseparably as the links in a chain are joined together. The bearing of a burden by any of these factors is sooner or later shared by all. The Long amendment, if enacted into law, would injure every coal owner, every coal operator, every coal miner, and every coal-carrying railroad in the country.

Mr. President, the coal industry is now seriously depressed.

On the 14th of July, 1950, it was my privilege to file a report in behalf of the Committee on Labor and Public Welfare pursuant to Senate Resolution 274, to investigate the cause of increasing unemployment in certain industries. That report shows the devastation the coal industry has suffered in recent years as a result of the competition of foreign oil. For example, the Norfolk & Western, the Virginian, and the Chesapeake & Ohio Railroads are largely dependent upon the transportation of coal for their prosperity. These roads transport coal from West Virginia to their eastern terminus, Hampton Roads, Virginia. In 1948, 17,578,000 tons of coal passed through this port to the New England, New York, and Philadelphia areas. In 1949 this coal traffic dropped to 10,398,000 tons—a decrease of more than 7,000,000 tons in a single year. It is shown that this decrease caused approximately 2,600 railroad employees to lose their jobs. In the same year 10,000 coal miners in West Virginia lost their employment.

It is further shown by the report mentioned that largely as a result of the competition of foreign oil 46 mines in central Pennsylvania were closed between January 1, 1949, and May 1950.

In 1949 Pennsylvania's coal production was 43,059,000 tons less than it was in the previous year. As a result of this decrease 10,750 miners were unemployed.

Distress similar to that suffered by the coal industry in West Virginia and Pennsylvania has plagued every other coal-producing State in the Union. No other industry is more entitled to a fair deal; no other industry is in greater need of relief; no other industry is more deserving of a helping hand.

I entreat the Senate to defeat the Long amendment and thereby lend aid to the embarrassed coal industry in its struggle for existence, help to increase the employment of the miners and railroaders, and generally augment the prosperity of the people of every walk of life.

Mr. LONG. Mr. President, how much time remains to the proponents?

The PRESIDING OFFICER. Eight minutes.

Mr. LONG. Mr. President, I should like to answer one or two of the arguments which have been made on the floor. The distinguished Senator from Oklahoma made the argument that coal is depleted, that it has been taken from the ground, and that it is gone, never to be replaced. That is true. The same thing is true of oil and gas; the argument is equally applicable. Mr. President, there is no logical distinction that can be made.

It is said that inasmuch as a natural resource becomes depleted, money accruing from it should be treated as a capital gain, taxable at the top tax rate to the extent of only 25 percent of the entire transaction. If that principle is to be applied in the case of the extraction of coal, it applies equally to the extraction of any other natural resource to be found in the entire United States or in any other place in the world. If we are to adopt that principle, we might as well recognize the fact that we have established a precedent for the wealthiest people of the United States to get a tremendous windfall which they never expected. The oil and gas interests do not expect us to exempt their royalties from taxation or even to cut the taxation on their royalties by about 60 percent; but if we do this for coal, they will expect it, they will be demanding it of us, and frankly, they will have a very good argument.

The argument was made, and made very effectively, by the distinguished Senator from West Virginia, that the oil industry should support the coal industry, and vice versa, and that those of us who happen to live in States producing a great deal of oil ought to support the coal industry. This very bill, as I understand, provides very favorable treatment for coal in the way of depletion allowance. Oil is not getting any additional depletion allowance in the bill. When we are talking about extraction, we are talking in terms of transactions which get a depletion allowance for that very reason. Why should we go further and permit a depletion allowance? I see no reason for it.

Mr. President, we may as well realize that for the most part the coal operators are not involved in this request. In fact, it is the coal operators who could be construed as benefiting, from the fact that they are paying what is asserted to be a low price for coal leases; but the operators are not being affected one way or other, so far as the junior Senator from Louisiana can determine.

However, it would be well for us to notice that there are only a few, or a limited number of royalty owners, with respect to coal. It has been pointed out to me that one company would benefit to the extent of a $420,000 tax reduction if the House provision should remain in the bill. Another company might benefit to the extent of $1,000,000 or more.

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

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

Mr. NEELY. Mr. President, let me assure the Senator from Louisiana that in opposing his amendment I have spoken for the numerous coal owners, coal operators and more than 125,000 coal miners of West Virginia.

Mr. LONG. I accept the Senator's statement, and I will be glad to agree

that he represents what he considers to be the best interests of all the workers of his State, as well as of the people in the industries of his State. Nevertheless, Mr. President, we have a much stronger argument for giving oil and gas royalties of this kind of preferential treatment than in the case of coal. Oil and gas royalties are broken down, and just as strong an argument could be made for them.

Therefore, Mr. President, it would seem unreasonable to think that the royalty owners should get this windfall. It has been argued that coal mining is a depressed industry, particularly so far as it pertains to those who have leased their coal mines. If that be true, why should the American taxpayer be asked to pay the expense of subsidizing the lessor of the coal? If they are in a depressed condition, possibly they ought to raise their price. Possibly the Price Stabilization organization ought to look into it. But that is not a proper reason for passing an additional tax burden on to the American taxpayer.

Therefore, Mr. President, all of these arguments merely boil down to one thing, namely, that this is a case of taking one little taxpayer who has been accustomed to paying taxes at the normal rate, and cutting his tax by 60 percent. At the same time, we are raising the tax on everyone else. It would be creating a bad precedent.

Mr. President, one of the soundest Members of this Senate is the distinguished Senator from Colorado [Mr. MILLIKIN]. He himself pointed out in the hearings, at page 677, the following:

> We have got to watch what we are doing here because pretty soon we are establishing precedents in other fields.

He had in mind the oil and gas producers, the gravel producers, and the sulfur producers, meaning that they would expect the same type of treatment with regard to the natural assets they take from the soil, which would probably mean that we would be given exemptions amounting to $100,000,000.

Mr. President, if we are going to heed the argument that the ordinary cutting of timber has been given capital gains treatment, and, therefore, the extraction of every other natural asset should be given the same treatment, I do not know how we can prevent a very major tax slash being granted to those who are well able to pay.

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

Mr. LONG. How much time do I have, Mr. President?

The PRESIDING OFFICER. The Senator has one minute left.

Mr. LONG. I promised I would yield 1 minute to the Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, if we adopt this exemption, we will have to adopt a similar one for every natural resource in the country. There can be no differentiation at all. That is my first point.

The second point is that I do not see any difference, so far as depreciation is concerned, between running an orchard and being interested in an office building. There is depreciation in both cases. In the case of coal there is already a liberal depletion allowance, and that, under the bill, is being doubled. There is no depletion allowance; except a very small one, in the case of an office building, a residence, a farm, an orchard, or any similar property. There is no merit in considering it a matter of capital gain.

The PRESIDING OFFICER. The time of the Senator has expired.

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

Mr. MILLIKIN. Mr. President, my name was brought into the discussion by the distinguished junior Senator from Louisiana, perhaps carrying the implication that I favor his amendment.

I gave very close attention to the matter in the committee, and I am opposed to the Senator's amendment, and I am in favor of the committee version.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hennings	McMahon
Bennett	Hickenlooper	Millikin
Benton	Hill	Monroney
Bricker	Hoey	Moody
Bridges	Holland	Morse
Butler, Md.	Humphrey	Mundt
Butler, Nebr.	Hunt	Murray
Byrd	Ives	Neely
Cain	Jenner	Nixon
Capehart	Johnson, Colo.	O'Conor
Carlson	Johnson, Tex.	O'Mahoney
Case	Johnston, S. C.	Pastore
Clements	Kefauver	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Dirksen	Kilgore	Schoeppel
Douglas	Knowland	Smathers
Dworshak	Langer	Smith, Maine
Eastland	Lehman	Smith, N. J.
Ecton	Lodge	Sparkman
Ellender	Long	Stennis
Ferguson	Magnuson	Taft
Flanders	Malone	Underwood
Frear	Martin	Watkins
Fulbright	Maybank	Welker
George	McCarran	Wiley
Gillette	McCarthy	Williams
Green	McClellan	Young
Hayden	McFarland	
Hendrickson	McKellar	

The PRESIDING OFFICER (Mr. Smathers in the chair). A quorum is present.

The question is on the amendment of the Senator from Louisiana [Mr. LONG]. The yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], and the Senator from North Carolina [Mr. SMITH] are absent on official business, and if present and voting they would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, and, if present he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and if present, he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from Pennsylvania [Mr. DUFF] is detained on official business.

The result was announced—yeas 16, nays 72, as follows:

YEAS—16

Aiken	Lodge	Russell
Benton	Long	Smathers
Douglas	McMahon	Stennis
Green	Moody	Williams
Humphrey	Morse	
Lehman	Pastore	

NAYS—72

Bennett	Hayden	McCarthy
Bricker	Hendrickson	McClellan
Bridges	Hennings	McFarland
Butler, Md.	Hickenlooper	McKellar
Butler, Nebr.	Hill	Millikin
Byrd	Hoey	Monroney
Cain	Holland	Mundt
Capehart	Hunt	Murray
Carlson	Ives	Neely
Case	Jenner	Nixon
Clements	Johnson, Colo.	O'Conor
Connally	Johnson, Tex.	O'Mahoney
Cordon	Johnston, S. C.	Robertson
Dirksen	Kefauver	Saltonstall
Dworshak	Kem	Schoeppel
Eastland	Kerr	Smith, Maine
Ecton	Kilgore	Smith, N. J.
Ellender	Knowland	Sparkman
Ferguson	Langer	Taft
Flanders	Magnuson	Underwood
Frear	Malone	Watkins
Fulbright	Martin	Welker
George	Maybank	Wiley
Gillette	McCarran	Young

NOT VOTING—8

Anderson	Duff	Tobey
Brewster	Smith, N. C.	Wherry
Chavez	Thye	

So Mr. LONG's amendment was rejected.

Mr. HUMPHREY. Mr. President, I wish to call up my amendment designated "9-22-51-11." This amendment relates to the so-called family partnership provisions.

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

Mr. HUMPHREY. I yield.

Mr. MCFARLAND. How long will the Senator need to debate this amendment?

Mr. HUMPHREY. I was about to suggest 30 minutes to a side.

Mr. MCFARLAND. Mr. President, I ask unanimous consent that debate on this amendment be limited to 30 minutes to a side, the time to be controlled by the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Georgia [Mr. GEORGE]; that debate on any amendments to the amendment be limited to 30 minutes, 15 minutes to a side, the time to be controlled by the proponent of the amendment and the Senator from Georgia——

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

Mr. HUMPHREY. I yield.

Mr. MALONE. Do I correctly understand that this request applies only to the one amendment?

Mr. MCFARLAND. It applies only to the one amendment. I also add to the request that all amendments to the amendment must be germane.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The amendment offered by Mr. HUMPHREY (for himself, Mr. MORSE, Mr. DOUGLAS, Mr. KEFAUVER, Mr. LEHMAN, Mr. MURRAY, Mr. NEELY, Mr. LANGER, Mr. GREEN, Mr. KILGORE, and Mr. MAGNUSON) was, beginning on page 202, line 18, to strike through line 5, on page 207, being section 339, relating to family partnerships.

Mr. HUMPHREY. Mr. President, this is like rehearsing an old play, or retelling an old story, because it was just a year ago, on September 1, 1950, that a provision similar to this amendment was discussed in the old Supreme Court Chamber, when we were meeting in that historic room on a very historic occasion, in the discussion of the tax bill of 1950. I am sure that the same characters and the same great dramatic artists who opposed this amendment at that time will rise again to give the same kind of brilliant opposition, but we shall persist.

The amendment proposes to strike out what is known as the family partnership provision in the tax bill. The House of Representatives made a special provision in its bill for family partnerships. The House provision was adopted by the Senate last year, but fell by the wayside in conference. It is back again, with an added wrinkle. This time it is made retroactive to December 31, 1938.

The House provision on family partnerships, which is not retroactive—and this is the new wrinkle added by the Senate—allows, for example, a father who operates a business to reduce his tax by making gifts to each of his children of an interest in his business. The children, of course, need not work or make any substantial contribution to the business. An infant of 6 months—yea, an infant of 6 days—yea, one of 6 hours, may be a partner.

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

Mr. HUMPHREY. I yield for a question.

Mr. McCLELLAN. I ask the able Senator whether his amendment would have the effect of repealing the split-income provision or the community-property provision.

Mr. HUMPHREY. No. This is an entirely different amendment.

Mr. McCLELLAN. The Senator is not offering an amendment to affect those provisions?

Mr. HUMPHREY. Not at this time.

Mr. McCLELLAN. This is not such an amendment?

Mr. HUMPHREY. No. This deals with family partnerships.

Mr. McCLELLAN. I thank the Senator. I must leave to go to a committee meeting. I wish to be heard in connection with the other amendment when it is presented.

Mr. HUMPHREY. Under the family partnership provision now in the House bill, and in the Senate bill, a father may donate or contribute a share of his business to his 6-month-old son, his 6-day-old son, or his 6-hour-old son, and make the child a partner.

If the father wants to be technical and a little more careful for legal purposes, he can create a trust for his children, and he can immediately appoint himself trustee, and in that capacity become his own partner, and thereby deny the 6-day-old child the opportunity of making those mature business decisions which should go with family partnerships.

Ordinarily a man would not seriously consider making his infant children partners in his business. For the past 10 years, however, our country has lived in mortal peril. To meet that peril Congress has had to increase taxes. It has had to increase earned income taxes and corporate taxes. As I have pointed out, every time the Congress increases earned income taxes or every time it increases corporate taxes, it places greater temptation before the taxpayer to evade the payment of taxes by some tax loophole or gimmick. This is a loophole which is really used. It is one which has been tried and tested and found by experience to work.

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

Mr. HUMPHREY. I yield.

Mr. MAGNUSON. I understand that this amendment, although it would affect family partnership returns, which are now uniform throughout the country, could not legally affect the making of returns in community property States. They would be the same.

Mr. HUMPHREY. That is correct. It does not affect the community property State situation.

I want it to be perfectly clear, lest anyone think we are trying to do away with legal family partnerships, such as a partnership in which a father and three sons are all working in the business enterprise and making a substantial contribution to the enterprise, that there is no such intention. Such a family partnership enterprise is legal. That is what we call a true partnership, in fact, and not in theory. No effort is made by those who are the proponents of this amendment to do away with legal family partnerships. What we are thinking about seriously is family partnerships which are entered into for the purpose of tax avoidance. I submit that tax avoidance becomes a paramount issue as we consider the tax bill. When we raise earned-income rates and corporate rates a premium is placed upon tax avoidance. The tax attorney finds employment, and the tax consultant or tax accountant finds a dozen new ways to open up the tax laws with reference to the distribution of income, so that lower rates will be paid.

A year ago we debated this question. In the CONGRESSIONAL RECORD, volume 96, part 10, page 14103, continuing over to page 14105, there are set forth a series of cases which were documented and placed in the RECORD from the Bureau of Internal Revenue files. These are the most incredible cases a man could ever dream of, cases so blatant and open on their face as tax avoidance instrumentalities that it would take the most clever and sinister tax lawyer even to figure them out.

What does the Senate family partnership amendment do? The family partnership amendment in the Senate bill says that all cases which are now in controversy, or cases which have not been settled up to date, and in which the Bureau of Internal Revenue is attempting to claim tax revenue which it ought to get, shall be invalidated. In other words, they would be cleaned up, for the benefit of those who used family partnerships during World War II as a means to evade taxation.

I repeat that in every war period, in every period of heavy Government spending, in every period when one can make a "fast buck," in every period of American history when there has been a chance for someone to get rich quick, the family partnership technique and the family partnership tax loophole has been used again and again. Such partnerships have increased at a fabulous rate. As a matter of fact, the rate of increase is over 200 percent. In some periods of time it has run as high as 300 percent. It is a loophole which is designed for one purpose, namely, to avoid the payment of the proper amount of tax which is due from a business enterprise.

I repeat, Mr. President, that every time someone avoids paying his fair share of the tax, Mr. Taxpayer will have to pay it out of his pocket. Every time someone cheats, and every time someone gets good, legal tax advice which permits him to avoid the payment of a fair share of the tax, the man without the tax attorney, the little fellow, the wage earner, has to pick up the check, which he can ill afford to do.

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

Mr. HUMPHREY. Yes.

Mr DOUGLAS. Is it not true that if the retroactive features alone go into effect the Treasury Department will have to refund approximately $200,000,000, which is now in litigation.

Mr. HUMPHREY. That is my understanding.

Mr. DOUGLAS. And the refund of $200,000,000 will probably go to the worst set of war profiteers the war has spawned.

Mr. HUMPHREY. The Senator from Illinois has stated the case concisely, accurately, and courageously. If the retroactive feature goes into effect—and the House bill was bad enough in that regard—it will mean that every one of these persons who is trying to clip a fast dollar by avoiding his fair share of the tax burden of World War II, and who has hired smart, shifty tax attorneys, will be able to be relieved of his tax burden.

What does it mean, Mr. President? It means that some poor soul, who does not have an attorney at his elbow, who never

heard of a family partnership, will find that his earned income tax rate must go up. That is why we are talking about an 11-percent super tax on earned income. We must rig the tax laws with respect to earned income higher and higher because we are letting down the floodgates with respect to other people, which would not be the case if we did not put all these "gimmicks" into the law.

I submit that the burden of proof for the placing of this amendment in the bill rests with the Committee on Finance. Why must we have this kind of language in the bill? I repeat the question again and again. In the 30 minutes allotted to the opponents of my amendment I want them to answer certain questions.

First, why must we have an extra provision in the tax law for family partnerships? Why is it not good enough to cover the person who makes a substantial contribution to a business, or who has an actual investment in the business? Is that not enough? Why must we open the floodgates? Let me give an example.

If a man's business earned a net income of $100,000 he would pay a tax at the rates which Congress has prescribed for $100,000 incomes. If he wants to give some of his money to his children, or set it aside in trust for their benefit, that is fine. That is what a man should do. That is what an honorable and decent citizen would do. However, first he ought to pay his tax on the money which he earns and continues to control. That is the situation with the kind of people with whom I have had the privilege to associate. If I wanted to set up a fund for my daughter, I would set it up out of my funds and I would not claim some kind of tax exemption. That is the way the bulk of the American people do business. But a man should not be allowed to take his two children into partnership with him, and pay a reduced tax on a part of his income, as if the children or the children's capital earned a third or a half of his income.

As the law now stands, a single person earning $100,000 net pays an income tax of $66,798. If we repealed the income-splitting gadget, the same man would pay that same tax even if he were married. Today, if the same man has a wife who has no income of her own and two children, and the couple files a joint return, their total tax is $51,912. By the fiction of income splitting—for this higher income group, I repeat, and not for 85 percent of the people—they save in taxes $15,886, which is just about the same amount as a Senator's entire salary.

If we let our $100,000 income man take advantage of the new bill and form a partnership with his two babies, we have another situation. Let us assume that he keeps one-half of the income himself, because he does all the work, and that he gives each of his children a quarter interest in his business. The taxable income of the husband and wife is artificially reduced to $50,000. The income of the child partners is assumed to be $25,000. The family tax bill is reduced still further. The husband-father files a joint return with his wife, and pays a tax of $19,592. Each baby has a tax paid for him of $9,796. The family tax bill on exactly the same income of $100,000 earned in exactly the same way as before is $39,184, instead of more than $50,000. In other words, one must be smart. All one must do is get a special degree in tax avoidance.

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

Mr. HUMPHREY. Yes.

Mr. MAGNUSON. I do not believe that the Senator from Minnesota should be so harsh. Is that the law now?

Mr. HUMPHREY. That is not the law now. It is what we are talking about in the bill.

Mr. MAGNUSON. It would be the law if the bill should be enacted?

Mr. HUMPHREY. Yes.

Mr. MAGNUSON. If it were the law it would be incumbent upon a tax expert to advise his clients that that was the law.

Mr. HUMPHREY. Yes. He would be negligent and derelict in his duty if he did not give such advice.

Mr. MAGNUSON. In other words, the thing to do is to stop such a provision from becoming the law.

Mr. HUMPHREY. Yes.

Mr. MAGNUSON. It would not be tax avoidance if the law permitted it.

Mr. HUMPHREY. It would be tax avoidance in the sense that the law would permit it to be done in a legal manner.

Mr. MAGNUSON. Yes.

Mr. HUMPHREY. It is the difference between doing it and keeping out of jail, and doing it and going to jail. We have heard something about catching those who do not pay taxes on their dividends and putting them in jail. This would afford an opportunity not to pay taxes and still stay out of jail.

If the increased rates become law, the tax saving from split income and family partnerships will be even greater in dollars and percentagewise. I do not see how anybody operating a business as an individual could afford not to take advantage of the proposed loophole. I wish that the times were such that we could reduce everybody's taxes that much. I see no reason why a man in a position to take his children into his partnership should be singled out for any special privileged treatment.

That is what the House provision does. As I said, that is bad enough, if only for the future, because the House provision projects itself to the future. The Senate bill is a double swinging door. One can come in and go out. It goes back 13 years and then goes ahead, as well.

In earlier years, during 1939 and 1940, many people fell for the suggestion of smart lawyers and accountants, or figured it out for themselves, that they might avoid taxes by taking their wives and children into so-called partnerships. That is exactly what they did. To get the tax advantage under the law as it is now and was then, they had to claim that wives and children were real partners in the legal sense and that they intended to work together and invest their money together as bona fide partners.

Those who formed valid partnerships in a bona fide way have been allowed by the Internal Revenue Bureau and the courts to split their incomes. Many had a little, but not enough, evidence that their wives or children contributed money of their own which did not come straight from papa, or who could prove that they did some work for the income they claimed was theirs for tax purposes. They had generally settled their cases and gotten some tax advantage, although not all they had claimed.

Obviously there are a great many cases in which nothing happened except that the husband purported to make a gift to his wife and children. These cases the Government has refused to settle. The people involved in those cases are trying to make the new loophole, which the House has opened for the future, retroactive to minor cases all the way back to 1938.

There was a time when Congress was making a studious effort to close loopholes and to make people pay taxes on their real income at the rates Congress purported to fix. An alarming tendency is developing to open loopholes for the future principally by letting people split incomes and enlarging and extending the privilege of paying the capital gain rates on half of the income they derive from certain kinds of transactions. It is bad enough to create a loophole by act of Congress. It is bad enough to create a capital-gains loophole, but now we are apparently going to make a brand-new loophole. It is a loophole which was rejected, I remind this body, last year in the conference report of the House and Senate on the tax bill of 1950. This partnership provision reaches a new high—or low. It opens a loophole of dubious merit for the future, retroactively extending that loophole 13 years into the past.

I recommend that the Senate delete the family-partnership provision. I strenuously urge that the Senate refuse to enact a measure for the private and unwarranted relief of unnamed and unencumbered individuals who in the past 13 years formed family partnerships for tax-avoidance purposes.

If the Bureau of Internal Revenue has taken tax money from some of the people—for example, in cases where soldiers were made partners, and then went to war—I see no objection to private bills for their relief. Even if some of those persons have lost their cases in court, they can be helped by a private bill, and in that way the entire issue can be decided on the merits of the individual case. I suspect that some of the most deserving cases involve persons who believed in the bona fides of their partnership, took their case to court, and lost. However, this provision of the bill would give them no relief.

The bill now before the Senate is a comprehensive revenue-raising bill, a war measure. The provision which we are discussing at this time would give no relief to the persons I have just men-

tioned; would apply only to cases which still have not gotten into court, but still are being higgled and jiggled in an attempt to work out an arrangement with the Bureau of Internal Revenue. The procedures and safeguards which we have established in the case of private bills have not been followed when we have focused on the complex and difficult fiscal and legal problems involved in a revenue measure. Mr. President, let us not include private-relief measures for high-bracket taxpayers in a bill of this sort.

As I have said, a year ago we discussed this question in the fullest detail. We had a case called the Tinkoff case, another case called the Slifka case, another one called the Stanback case, another one called the Stone case, and about a dozen others which were outstanding examples of abuse of the family-partnership arrangement. Any reasonable group of men, any jury selected in the United States, would hold those cases on their face to be for only one purpose, namely, the purpose of avoiding the payment of taxes.

Mr. President, I shall not labor this issue any longer. I simply say that when we propose to enact a revenue-raising bill which strikes hard at legitimate business enterprise, as this measure does, and sharply raises the tax rate on earned individual incomes, from those in the highest bracket to those in the lowest bracket, it is unfair and does not follow any principle of equity, and certainly is unwarranted at this critical period in our history, to place in the law and on the statute books a provision permitting those who wish to take advantage of it to escape their fair share of taxation.

If this proposal were to become law, Mr. President, it would at least be a constant temptation to every businessman to try to turn his business into a family partnership, for the purpose of reducing his taxes.

In this case, if this provision remains in the bill, just as in the case to which the Senator from Louisiana referred a moment ago, when discussing the amendment preceding the pending one, we are setting a precedent. A few minutes ago the Senate decided to treat the income from coal royalties on a capital-gains basis. I say that next year there will be a similar measure for oil, and later there will be a similar one for limestone, and later there will be a similar one for iron ore. In short, we have opened a Pandora's box, and such amendments will simply fly out in our faces. They will have to be accepted on the basis of logic, in view of the direction in which we already have moved. So we are opening up one loophole after another.

If we give preferential treatment to one group, we will have to give it to another group, because the latter will say, "You did it for this group; how about helping us?"

Mr. President, if we open up the bill for the abuse of the family-partnership system, I submit that we shall never close it.

We fought this proposal before. For years we fought off this tax-avoidance device. Last year we came close to losing. Actually the provision passed one House last year, but was dropped in conference.

At this time both the House and the Senate committee have been snared into it and have been convinced that such a proposal is a proper one. The House said, in effect, "At least we will do it only in the future, from 1951 on." But the Senate committee has said, in effect, "We will go back to 1938."

Mr. President, I wish to know why 1938 was chosen. Why should not 1937 have been chosen? Perhaps I can find someone around here who has a friend who would like to get under the tent; so why not select 1933? What is the mystery of December 31, 1938?

All I can see about that date is that it was on the 1st of January 1939, that the United States began to rearm. It was then that we began defense mobilization for World War II; and with defense mobilization, profits, including exorbitant profits, were made in many businesses and many industries.

So we have here a device, proposed to be written into the tax law, to permit the profiteers—and I do not use that term in the sense of castigating any one group—to get the benefit of tax avoidance, just as we did earlier, in permitting the holders of coal royalties to escape taxation.

What a fine business all this is, Mr. President. Everyone who can figure out a special tax loophole is asking to have the Congress embody that loophole in the tax law, and the Congress is doing so.

Mr. President, I say that the loophole in the case of family partnerships should be closed. At least, the provision should not be made retroactive. All such cases can be settled in the courts of law. Surely the provision now proposed to be included in the bill should not be projected into the future, particularly at a time when the record bears me out when I say that this is a device which is used in the defense mobilization periods in the history of our country. That is its record.

Mr. LEHMAN. Mr. President, will the Senator from Minnesota yield to me for a question?

The PRESIDING OFFICER (Mr. FREAR in the Chair). Does the Senator from Minnesota yield to the Senator from New York?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. As I understand, under the provision reported by the committee, any unscrupulous person who desired to evade taxes could nominally take into partnership any member of his family, regardless of whether that member made any contribution whatsoever to the interest of the firm, and regardless of the age of the member of the family. In other words, if my interpretation is correct, any person who wished to evade taxation could give a partnership share of his business and of his profits to an infant child, and could get away with such an arrangement.

Mr. HUMPHREY. That is correct.

Mr. LEHMAN. How can anyone defend such a proposal? That seems to me to be so clearly contrary to the public interest that I do not understand how anyone could defend a device of that sort.

Mr. HUMPHREY. Possibly some infant children would possess such great genius that they could make some mature decisions. However, under the provision presented to us by the committee, a father could put the child's interest in a trust fund, and then the father could become the trustee, with the result that thereafter the child's interest would be in cold storage, so to speak, while the father made all the decisions.

Mr. LEHMAN. That could be done in the case of a child only 1 day old, could it not?

Mr. HUMPHREY. Yes.

Mr. President, I repeat that with split-income devices and family-partnership devices in effect, business concerns which would like to avoid paying their fair share of taxes would be able legally to avoid paying them, if such devices were provided in the law as enacted.

Therefore, Mr. President, I ask that this section of the bill be amended in accordance with the proposal which I, together with my cosponsors, have submitted. That proposal would strike from the bill both the House provision and the provision reported by the Senate committee, both of which are uncalled for.

Mr. GEORGE. Mr. President——

Mr. BUTLER of Nebraska. Mr. President——

Mr. GEORGE. Mr. President, I yield 10 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. BUTLER of Nebraska. Mr. President, I wish to address myself to section 339 of the pending bill, relating to the tax treatment of family partnerships, which appears beginning on page 202. Subsections (a) and (b) are identical with the House version of the bill; subsection (c) provides that the amendment shall apply to all taxable years to which the Internal Revenue Code is applicable. The section is designed to eliminate the present confusion with respect to the income-tax treatment of so-called family partnerships, by clearly setting forth that the principles applicable to these cases are the same as those which have been applied to all other forms of property during the entire history of the income-tax laws.

The statute provides that, if an interest in a partnership is actually owned by any person, that person is taxable upon his share of the partnership income, whether or not that interest was acquired by gift from a member of his family. The section precludes the application of rules of thumb which have been variously applied in the past by some of the lower courts, and it makes clear that the test is whether the donee, after the purported gift, actually owns an interest in the partnership. The section gives the Commissioner and the courts complete freedom to examine all the facts of any case and to disregard sham or unreal transactions relating to partnership interests as fully as such transactions in

connection with any other forms of property are disregarded. Moreover, the section provides two specific safeguards against the deflection of a donor's income. First, partnership income must be computed after the allowance of reasonable compensation for the donor's personal services. Second, the distributive shares of partnership income must be proportionate to the respective capital accounts.

Representative CURTIS of Nebraska and I have had a protracted correspondence with the Secretary of the Treasury in an attempt to obtain a clear statement of the Bureau's present policy in these cases and what change would be effected by section 339, and what loss of revenue the change might involve. While the statement is not as clear or concise as might be desired, it is fair to conclude from this correspondence that the Commissioner is committed to principles not significantly different from those set forth in the bill. Although I specifically requested it, the Commissioner has not furnished a single example of a set of facts where a partnership would be valid under the bill which would not be valid under the statement of principles which he now states he considers applicable. It would seem apparent, therefore, that any revenue loss from the proposed section would be negligible. If, on the other hand, the Commissioner's subordinates are applying rules which have no justification in logic or law and which are contrary to his own statement of principle, then any revenue loss is simply a restitution of taxpayers' money which should never have been collected.

The section should certainly be retroactive to the effective date of the code, because there was never any intention on the part of Congress to deny income tax effect to a bona fide and valid partnership because the interest was derived by gift from another partner. The exaction of a tax upon such a principle is completely without justification in the statutes; and an illegal tax can never be justified by the fact that the amount is large.

The section substitutes a clear and simple statement of principle for the confusion and uncertainty which have been created during the past 10 years by hundreds of litigated cases and by the failure of the Bureau to issue a clear statement of policy. Whatever form the Bureau's policy might otherwise ultimately take, the complexity resulting from the present confusion, and litigation makes it highly desirable for Congress at this time to erect a signpost which can be followed by the Commissioner and the taxpayer and Congress in settling pending cases and preventing further unnecessary confusion.

Mr. President, section 339 in effect is the same as the provision which the Senate has passed previously at least twice and I think three times, by attaching it as an amendment to a revenue bill which was before the Finance Committee, which was passed by the Senate, which amendment was later stricken out in conference on the insistence of the House, because the conferees on the part of the House, I think perhaps properly, felt that under the Constitution tax bills and appropriation bills should originate in the House. I was delighted that the House Members saw fit to include in this bill section 339 in the form in which it came from the House.

I am sorry that the Secretary of the Treasury did not give me a definite reply so that we could estimate the amount of money which he thinks may possibly be lost by the enactment of this provision. But it is safe to say that the facts to date, and the testimony of the Treasury itself, are to the effect that they are winning only about 25 percent of their cases in the Tax Court. I myself am not a lawyer, but I think that when they can win only about 25 percent of the cases, they perhaps do not have a very good statute to begin with. Certainly with the enactment of the provision which is now in the House bill and which was included in the Senate committee version of the bill, I doubt that they will win even 10 percent of any such cases; and no cases should be won unless there is fraud, and where there is fraud the tax should be imposed exactly the same as in any other case in court.

Mr. President, I have had considerable correspondence with the Bureau of Internal Revenue regarding the family-partnership question, extending over some time, in an endeavor to ascertain the Treasury's objection to the amendment, and also to learn the Bureau's position in allowing or disallowing such family partnerships for tax purposes. I received a letter from the Commissioner describing the Bureau's present policy, which seemed to me to be identical with the rules prescribed in the House provision. In other words, the Bureau's formal position on family partnerships, according to the description in the Commissioner's own letter, seemed to be exactly the same as the rule for which we are contending.

The Treasury, however, has continued to insist that this amendment should not be adopted, and has contended that it will open up loopholes in the law which do not exist under the Bureau's policy. To reconcile this apparent contradiction, I specifically asked the Treasury to supply me with a single hypothetical case of a family partnership which would be validated under the language of the House provision, but not allowed as such by the Bureau. I shall include at the close of my remarks a copy of the letter which I wrote to the Secretary of the Treasury under date of September 17, covering that subject. I may say that I received word from the Treasury today that the reply to my letter had been prepared, but that it would be impossible to get it to me today. I replied that I expected that the amendment might be brought up today, or almost at any time, and that I would like to have the reply. If I receive a reply tomorrow and it throws any considerable or additional light on the subject, I shall include it in the RECORD, and also the letter which I wrote to the Secretary of the Treasury.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. BUTLER of Nebraska. May I have one more minute?

Mr. GEORGE. I yield the Senator a minute.

Mr. BUTLER of Nebraska. Mr. President, it appears to me that the Treasury cannot give us a single possible case of a family partnership which would be inadmissible under present Bureau policy but valid under this amendment. I therefore suggest that the amendment will simply write into firm law the very principles which the Bureau contends are now followed by it. If that is the case, I cannot see the slightest reason for refusing to adopt the provision in the Senate bill.

Mr. President, I ask that the letter to the Treasury, dated September 17, to which I referred earlier, be printed in the RECORD at the conclusion of my remarks.

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

SEPTEMBER 17, 1951.

Hon. JOHN W. SNYDER,
Secretary of the Treasury.

MY DEAR SECRETARY SNYDER: Thank you for the letter of September 5, 1951, signed by Mr. Lynch as Acting Secretary, in which it is stated that the bureau's present position on family partnership differs from the provision of H. R. 4473.

Mr. Lynch expresses anxiety that the statute would foreclose consideration of elements tending to disprove the good faith of the partnership. The Ways and Means Committee could not have made it more clear that the statute does not sanction any sham transaction in connection with partnership interests any more than the law sanctions such transactions in connection with corporate stock or any other property. I call your attention to the following paragraph in the Ways and Means Committee report, which seems to me to dispel any fears along this line:

"The amendment leaves the Commissioner and the courts free to inquire in any case whether the donee or purchaser actually owns the interest in the partnership which the transferor purports to have given or sold him. Cases will arise where the gift or sale is a mere sham. Other cases will arise where the transferor retains so many of the incidents of ownership that he will continue to be recognized as a substantial owner of the interest which he purports to have given away, as was held by the Supreme Court in an analogous trust situation involved in the case of *Helvering* v. *Clifford* (309 U. S. 351). The same standards apply in determining the bona fides of alleged family partnerships as in determining the bona fides of other transactions between family members. Transactions between persons in a close family group, whether or not involving partnership interests, afford much opportunity for deception and should be subject to close scrutiny. All the facts and circumstances at the time of the purported gift and during the periods preceding and following it may be taken into consideration in determining the bona fides or lack of bona fides of a purported gift or sale."

In any event, in the light of the answers given by the Commissioner of Internal Revenue in his letter of July 26, 1951, to the specific sets of fact therein considered, I find it hard to understand how the statute could cause any donee to be recognized as a partner who would not be recognized as a partner under that letter. In my letter of August 20 to you, I suggested that you furnish me an example of any such case. Your letter of September 5 does not contain any example of a case in which a partnership would be recognized by the statute

which would not be valid under the Commissioner's letter.

I again suggest that you state for me a concrete set of facts which you consider typical of the many family-partnership cases now pending in the Bureau and the courts in which a partnership, which would be invalid under the Commissioner's letter, would be validated by the statute. This matter has been under consideration by your office for a long time, and my request was made first nearly 2 months ago. If such a set of facts exists, you should be able to furnish me with a statement of it promptly. It is most important that I have it immediately so that I may consider it in advance of the final action which we are required to take within the next few days.

Sincerely yours,

HUGH BUTLER,
United States Senator, Nebraska.

Mr. GEORGE. Mr. President, I do not know whether any other Senator wants to speak on the amendment. May I inquire how much time remains on the amendment?

The PRESIDING OFFICER. The Senator from Georgia has 19 minutes, and the Senator from Minnesota [Mr. HUMPHREY] has 4 minutes.

Mr. GEORGE. Mr. President, I desire to make a brief statement.

The Senator from Minnesota and some other Senators have fallen into the habit of averring, if not charging that deliberate loopholes are put into tax statutes for the purpose of enabling people to avoid paying taxes. Personally, I care nothing about these assertions, but I do think that such statements as have been made are likely to be taken up by irresponsible columnists, such as Drew Pearson, and others, and published over the country, and it will be said that no one has denied them. It is embarrassing for the Congress, the Government itself, to be brought under such general blanket charges without the slightest foundation in fact.

I now specifically deny all innuendoes, all charges, all statements, that anyone has had any improper motive or has been actuated by any improper purpose in trying to write tax legislation.

The particular amendment now pending furnishes a shining example of reckless statements. I call them that because they are reckless. What is the reason why the head of a house cannot have a partnership with his wife or with his children? There is not now and never has been any law which would forbid a father entering into a bona fide partnership with his son, his daughter, or his wife. It is true that in considering transactions between the father, the wife, and the child, careful scrutiny will be applied to the transactions. We inquire into the good faith of the transactions. If the transaction is a sham, it will be disregarded. If it has been made for some ulterior purpose, particularly one against public policy, it will be disregarded. But if it is a bona fide transaction, I submit that all the columnists, all the reckless statements to the contrary notwithstanding, any man may make a bona fide, honest partnership with a wife, with a son, or with a daughter. To say otherwise is to make ridiculous all the laws of this country.

What is the situation with reference to land? A father may give land to his wife, he may give it to his children, he may give it to an infant, he may give it to a child of any age, and the transaction is good, under the law, in the forum of any State of this Nation, so far as I know, and it is good so far as taxes go. Such a right has never been questioned; it cannot be questioned. The transaction itself may be questioned as not having been made in good faith. It may be a sham; it may be a fraud; but if the head of the family is possessed of a thousand acres of land and he has five boys, he can give each one of them 100 acres of that land, and it is their land, and the income from the land is theirs. The taxing authorities do not question it. Indeed, they cannot question it.

The father can organize a corporation. He can take the business, which worries some Senators, and organize a corporation, put the whole thing in the corporation, and issue capital stock. He can give that capital stock to his wife, to his daughter, to his son, to an infant child, or to a grandchild, and there is not a court in the land that can touch it. That is their property, if it is a bona fide gift of the donor. That is all there is to it.

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

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

Mr. HICKENLOOPER. I want to be sure that I correctly understand the situation. Is it not a fact that the attitude of the Internal Revenue Bureau toward such transactions as the formation of such partnerships, assuming that the gift or the transfer by the father to the son is absolute, and completely vests the title of the property in a member of the family, is to take the peculiar position that while they do not question the validity of the gift or the validity of the transfer, so far as the property itself is concerned, and recognize that the property is vested in the donee, nevertheless for tax purposes they say, "We do not recognize it and we will charge the donor for the entire tax," meanwhile recognizing and admitting that the property has been transferred and the recipient is to be protected under the law in the ownership of the property itself. That is rather an anomalous situation, is it not?

Mr. GEORGE. Yes; and when the court is not a wise court it has taken that position. The Senator is quite correct. The Internal Revenue Department has attempted to take that position. Since the Tower case and the Culbertson case, there has been confusion about the subject, and lack of clarity. Some of the tax courts and some of the other courts have tried to enforce the views of the Commissioner of Internal Revenue, and the Department of Justice has brought suits all over the country. The record up to date is that they have won hardly 25 percent of those cases.

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

Mr. GEORGE. I yield.

Mr. HICKENLOOPER. One more example. Assuming always, of course, that the gift, sale, or transfer from the donor to the donee within the family is an actual and complete vesting of title under the laws of the State governing, has it come to the attention of the Senator, as it has to mine, that in instances where the Internal Revenue Department attempts to and does collect the total income taxes from the donor and not from the donee, still the Internal Revenue Department does not refund the gift taxes which the Government has received upon the gift, where it is a gift? In other words, the Government retains the gift taxes on the property which the donor has given to the donee, collects the total income taxes from the donor and does not refund the gift taxes?

Mr. GEORGE. They deny the partnership.

Mr. HICKENLOOPER. They deny the partnership for the purpose of collecting an income tax from the donor.

Mr. GEORGE. That is correct.

Mr. HICKENLOOPER. But they do not refund the gift tax.

Mr. GEORGE. Such cases as that have been brought to my attention.

Mr. HICKENLOOPER. When there is a gift they do not refund the gift tax that has been collected, thereby recognizing the validity of the transfer of the ownership of the property, but refusing to recognize it for tax purposes.

Mr. LEHMAN. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. LEHMAN. I wonder whether the Senator from Georgia would advise me if he thinks that it looks like a bona fide transaction when a father takes a 10-day old son or daughter into partnership, particularly when the profits that may accrue to that infant child would inevitably remain under the trusteeship or control of the father, since he is dealing with a minor.

Mr. GEORGE. If the profits are attributable to the interest that passed to the child, it would be an uncivilized State that would not recognize the title in the child.

Mr. LEHMAN. Certainly under the language of the bill it would be perfectly legal. That is what we are objecting to. The partnership is supposed to be composed of men or women who contribute something. Certainly an infant child contributes nothing in the way of work, and the chances are he cannot contribute anything in the way of capital.

Mr. GEORGE. The Senator talks like the Tax Board and the Commissioner of Internal Revenue on this particular point. The child does contribute something. If the father makes a bona fide gift of one-fifth or one-sixth or one-half he does contribute. He does not get anything under this bill for his labor, because obviously he does not perform any. He gets only whatever his interest in the partnership is, measured by the interest which has passed to him. If it is not a bona fide transaction or transfer, or if the father controls power over the property in such a way as to give him ownership in the eyes of the law, then, of course, the child does not become the owner.

Mr. HUMPHREY. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. HUMPHREY. If the father gives the gift to the child, and the father has himself appointed trustee over the child and the gift, is he not in actual control?

Mr. GEORGE. Not necessarily.

Mr. HUMPHREY. Not necessarily?

Mr. GEORGE. Not necessarily. It depends upon what the powers of the trustee are. If the trusteeship is a bona fide one it may be all right. In the identical case, the father can incorporate the business and convey to the child by gift absolute title, to a share of the stock, or to one or more shares of stock, or to an interest in land.

Mr. DOUGLAS. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. Yes; I am glad to yield to the Senator from Illinois.

Mr. DOUGLAS. The Senator from Georgia said that the infant child can be a bona fide partner. But is not the test of partnership that the so-called partner shall make a direct and positive contribution to the partnership, either (a) through personal effort, or (b) through capital put into the business? The infant child makes no personal contribution, and any capital that is put in is derived from the partnership itself, so that there is no positive contribution of the infant child.

Mr. GEORGE. If he makes a contribution of capital, it does not make any difference where he got it, whether his grandmother gave it to him, or his aunt, whether his godfather gave it to him, or his own father gave it to him. If he makes a capital contribution to the partnership, he is entitled to a return on that interest—not for services rendered.

Mr. HUMPHREY. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. HUMPHREY. I should like to have the Senator from Georgia tell me how a 6-month-old child makes this great, deliberate decision to make a capital investment in his father's business. I mean, what words does he use? What writing does he use? How does he determine it?

Mr. GEORGE. Fortunately we live in a civilized country where the father can make a decision for the son or the child.

Mr. HUMPHREY. There is where we get the answer.

Mr. GEORGE. Or his mother can make it, or his grandfather can make it, and can convey property for him.

Mr. KERR. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield, but first I want to say that there is no law against the formation of a partnership with a minor of any particular age. It does not make any difference if that minor, through gift or otherwise, owns anything that he puts into it or that goes into it, he has a partnership interest. That is all the law recognizes.

Mr. KERR. Is it not a fact that the provision merely recognizes two of the oldest and most cherished and most honored principles of the race: No. 1, that the parent does have the responsibility for the guardianship of the child and the child's assets, and, No. 2, that the integrity of the partnership relation that can exist between people is to be guarded?

Mr. GEORGE. That is true, but there is a limitation. He cannot assign his earnings.

Mr. KERR. That is correct.

Mr. GEORGE. He can assign his property.

Mr. KERR. And is it not true that partnership is the oldest form of joint enterprise known to the English race, to the English law, and to the American law?

Mr. GEORGE. I think that is correct. The cases in point, let me say, arose first in connection with bona fide partnerships between husband and wife. Now, since the split income provision has been written into our law, the partnership of the wife with the husband, so far as the future is concerned, is taken care of in any event.

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

Mr. GEORGE. Will the Senator from Iowa permit me to finish the statement? What I have just stated is true so far as partnerships between husband and wife are concerned. Then the question arises whether we will not clarify the law, and get away from decisions, particularly those in the Tower and Culbertson cases, and other cases that really brought about confusion, which arose, I dare say, because there was not a clear conception of the old principle, or the equitable principle, which was involved. That is what this section is intended and designed to do. It does not open the door for any closed case. It does not open it for any case that is barred by the statute. But if the case is still pending, if it is still open, of the statute has not run against it, it does protect the partnership to the extent of the capital interest of the partnership, along with the head of the partnership, the father.

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

Mr. GEORGE. I yield.

Mr. HICKENLOOPER. I ask the Senator if situations of this kind have not come to his attention, which I understand are rather frequent over the country: Take, for example, the case of a father who has made a complete gift to a minor child or to his wife; gift-taxes have been paid, and the property has become completely vested in the donee. The Internal Revenue Bureau says that the donor, the father, is responsible for all the income in connection with that partnership. But in the case of a minor child who has a guardian completely removed from the father, that guardian, in addition to the father, or the donor, paying all the income tax, as an individual, can proceed against the partnership and the father for a full share of the return that is made, in that partnership, and therefore the donor is not only charged with the full income tax, but he is charged with accounting, for instance, to the minor in addition for the share to which that minor is entitled.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired.

Mr. HICKENLOOPER. Mr. President, I did not know that the Senator was speaking on limited time.

Mr. GEORGE. Yes; very limited.

What the distinguished Senator from Minnesota fails to apprehend is that when the father parts with valuable property to his minor child, the ownership of that property goes from the father, if the transaction was a bona fide one.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota has 4 minutes.

Mr. HUMPHREY. Mr. President, I wish to take up at the end of the phrase of the Senator from Georgia. It is perfectly true that when the father transfers a property as a gift to a child, the ownership is transferred to the child, but the control remains in the father. The United States Supreme Court has upheld what the junior Senator from Minnesota is now saying. The case of *Tinkoff* v. *Commissioner*, 120 Federal, 2d, 564, was noted in the majority opinion of Mr. Chief Justice Vinson in *Commissioner* v. *Culbertson* (1949), (337 U. S. 733), as the "reductio ad absurdum of the theory that children may be partners with their parents before they are capable of being entrusted with the disposition of partnership funds or of contributing substantial services."

The United States Supreme Court says what everyone must recognize, that any father knows that a child of 2 years of age is incapable of making a decision as to the disposition of property in his possession.

The Senator from Georgia has stated the case clearly and concisely for this amendment, namely, that when property is transferred to a child the control still vests in the father.

This is nothing more nor less than a shameful act of permitting tax avoidance. I submit that the record bears me out. What did the courts hold? The courts set up the test of good faith, and acting with a business purpose in the conduct of an enterprise, in order for a family partnership to be given tax recognition.

What does the Senate provision set up, and what does the House provision set up? They replace the good faith and business purpose tests with the mere test that the gift of a capital share is a real gift, and that ownership by the recipient is actual ownership.

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

Mr. HUMPHREY. Actual ownership means not only the ownership, but the control of property. If I should give to my four children a portion of my personal income or my personal property, is there anyone who believes that I would not control it? Does anyone believe that any father who does such a thing does not control the property? Of course he controls it. He who giveth taketh away. Does anyone believe that 6-month-old Johnny is going to hire an attorney to fight his father?

Mr. MILLIKIN. Mr. President——

Mr. HUMPHREY. Mr. President, my time is very limited.

Bona fide partnerships, of course, are legal. A bona fide partnership means a partnership for the purpose of conducting a business, a partnership in which services are contributed for the conduct of the business. No court in the land would overthrow a bona fide partnership; but I submit that the cases we are talking about are partnerships which are not bona fide, partnerships entered into for the purpose of dividing the income for tax-evasion purposes.

It is a strange thing that from 1939, at the beginning of World War II, the number of family partnerships steadily increased. At that time there were 290,000 such partnerships in America. By 1948 there were 930,000. For the year 1947 returns from partnerships indicated family participation in 30 percent of the cases.

The fact is that the higher we raise tax rates the greater the number of family partnerships. I say that this is an amendment which should be adopted, because no honorable, decent, fair citizen would be injured by the removal of this provision. Reasonable family partnerships are legal; but those who connive to get around the true intent and purpose of the law will be given the sanction of the law; and I submit that at this time that is not desirable.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Nevada [Mr. MCCARRAN], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Georgia [Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business, and, if present, he would vote "nay."

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate, and, if present, he would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from Pennsylvania [Mr. DUFF] is detained on official business.

The result was announced—yeas 27, nays 58, as follows:

YEAS—27

Aiken	Green	Ives
Cain	Hennings	Kefauver
Case	Hill	Kilgore
Cordon	Humphrey	Langer
Douglas	Hunt	Lehman
Long	Moody	Neely
Magnuson	Morse	Pastore
McMahon	Mundt	Smathers
Monroney	Murray	Sparkman

NAYS—58

Bennett	George	McFarland
Benton	Gillette	McKellar
Bricker	Hayden	Millikin
Bridges	Hendrickson	Nixon
Butler, Md.	Hickenlooper	O'Conor
Butler, Nebr.	Hoey	Robertson
Byrd	Holland	Saltonstall
Capehart	Jenner	Schoeppel
Carlson	Johnson, Colo.	Smith, Maine
Clements	Johnson, Tex.	Smith, N. J.
Connally	Johnston, S. C.	Stennis
Dirksen	Kem	Taft
Dworshak	Kerr	Underwood
Eastland	Knowland	Watkins
Ecton	Lodge	Welker
Ellender	Malone	Wiley
Ferguson	Martin	Williams
Flanders	Maybank	Young
Frear	McCarthy	
Fulbright	McClellan	

NOT VOTING—11

Anderson	McCarran	Thye
Brewster	O'Mahoney	Tobey
Chavez	Russell	Wherry
Duff	Smith, N. C.	

So Mr. HUMPHREY's amendment was rejected.

Mr. WILLIAMS. Mr. President, on behalf of myself and other Senators, I send an amendment to the desk. It is designated as 9-20-51-K. I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WILLIAMS. I shall be very brief in explaining the amendment, because I believe all the Members of the Senate understand it.

Mr. AIKEN. I do not understand it. I should like to have an explanation.

Mr. KILGORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Delaware yield for a parliamentary inquiry?

Mr. WILLIAMS. I yield for that purpose.

Mr. KILGORE. Inasmuch as the yeas and nays have been ordered, I suggest that the amendment be read.

Mr. WILLIAMS. I am willing that the amendment be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The Chief Clerk read the amendment proposed by Mr. WILLIAMS (for himself, Mr. FREAR, Mr. WATKINS, Mr. FERGUSON, Mr. GILLETTE, Mr. IVES, Mr. BENNETT, Mr. SCHOEPPEL, Mr. BYRD, Mr. CAIN, Mr. BRICKER, Mr. BUTLER of Maryland, Mr. HENDRICKSON, Mr. JENNER, Mr. BREWSTER, Mr. MARTIN, Mr. KEM, and Mr. MORSE) as follows:

At the proper place in the bill insert the following new section:

"SEC. . (a) Compensation of the President.

"(1) Effective as of November 1, 1951, section 102 of title 3 of the United States Code is amended by striking out the words 'no tax liability shall accrue and for which.'

"(2) Effective at noon on January 20, 1953, section 102 of title 3 of the United States Code is amended to read as follows:

"'COMPENSATION OF THE PRESIDENT

"'SEC. 102. The President shall receive in full for his services during the term for which he shall have been elected compensation in the aggregate amount of $150,000 a year, to be paid monthly. He shall be entitled also to the use of the furniture and other effects belonging to the United States and kept in the Executive Mansion.'

"(b) Compensation of the Vice President.

"(1) Section 104 of title 3 of the United States Code (relating to salary of the Vice President) is amended by striking out '$30,000' and inserting in lieu thereof '$40,000.'

"(2) Section 111 of title 3 of the United States Code (relating to an expense allowance for the Vice President) is repealed.

"(c) Salaries of Members of Congress and of the Speaker of the House.

"(1) Section 601 (a) of the Legislative Reorganization Act of 1946 (relating to salaries of Members of Congress and of the Speaker of the House) is amended—

"(A) by striking out '$12,500' and inserting in lieu thereof '$15,000'; and

"(B) by striking out '$30,000' and inserting in lieu thereof '$40,000.'

"(2) Section 601 (b) of the Legislative Reorganization Act of 1946 (relating to expense allowances for Members of Congress) is hereby repealed.

"(3) Subsection (e) of the first section of the act entitled "An act to increase rates of compensation of the President, Vice President, and the Speaker of the House of Representatives" (Public Law 2, 81st Cong.) (relating to an expense allowance for the Speaker of the House) is hereby repealed.

"(d) Computing deduction for retirement: In computing the amount to be deducted from the compensation of any official whose salary is changed by this section for the purposes of the Civil Service Retirement Act of May 29, 1930, and in computing the amount of any annuity under such act any change in compensation provided by this section shall be disregarded until further act of Congress.

"(e) Effective date: Except as provided in subsection (a) the provisions of this section shall take effect as of November 1, 1951."

Mr. WILLIAMS. Mr. President——

Mr. KILGORE. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware has been recognized.

Mr. WILLIAMS. Mr. President, the purpose of this amendment is to repeal the special tax exemption now extended to the President, Vice President, Speaker of the House of Representatives, and Members of Congress.

Under the existing law the Members of Congress are paid $15,000, with $12,500 of this amount being taxable as salary and the remaining $2,500 tax exempt. My amendment repeals the $2,500 tax exemption and places the entire amount of $15,000 under the classification of salary.

Under the existing law the Vice President and the Speaker of the House are paid $40,000, with $30,000 of this amount being taxable as salary and the remaining $10,000 exempt. The amendment repeals the $10,000 tax exemption and places the entire amount of $40,000 under the classification of salary.

Under the existing law the President of the United States is paid $150,000, with $100,000 of this amount being taxable as salary and the remaining $50,000 tax exempt. Under the Constitution the President's salary cannot be changed during his term of office. However, it is possible to repeal the tax-exemption provision of the so-called expense allowance; and my amendment does this,

thereby making the entire amount of $150,000 taxable.

The amendment provides that after January 20, 1953, the same formula as outlined for Members of Congress will be followed with respect to the President's salary, with the entire amount of $150,000 being classified as salary.

It should be noted that the so-called $50,000 tax-exempt expense allowance of the President, which item is affected under this amendment, has nothing whatever to do with the normal expense accounts which are allowed to the President of the United States. The President's traveling expenses, entertainment expenses, the expenses of the yacht *Williamsburg*, the airplane *Independence*, the winter home in Florida, the maintenance and personnel expenses of the White House, plus all other normal expenses attached to that office, are provided for specifically under different appropriations, and in no way are affected by the adoption of this amendment.

The $50,000 item of the President is in exactly the same category as the $10,000 item for the Speaker of the House and Vice President and the $2,500 item for the Members of Congress. All of them were considered as a part of compensation, and were so classified in the legislative background.

I offer this amendment, not on the basis of the additional revenue provided but merely as a matter of principle. Nor is the amendment offered with the thought that the President, Vice President, or Members of Congress are overpaid. It is my opinion, and was my opinion at the time when the exemptions were extended, that any compensation to the President or the Members of Congress should be in the form of direct payments, with the entire amount subject to the same deductions and the same tax rates that are applied to all other citizens.

So, Mr. President, I urge adoption of the amendment.

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

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

The PRESIDING OFFICER. Is the Senator from Delaware yielding the floor?

Mr. WILLIAM. No, Mr. President; but I yield to the Senator from Vermont.

Mr. KILGORE. Mr. President, can one Senator yield the floor to another Senator?

Mr. WILLIAMS. I am not yielding the floor.

Mr. FLANDERS. Mr. President, I am not asking for the floor. I am asking the Senator from Delaware to yield for a question.

Mr. WILLIAMS. I yield for a question to the Senator from Vermont.

Mr. FLANDERS. I wish to inquire of the Senator from Delaware whether the various persons named—the President, the Vice President, the Speaker of the House, Senators, and Representatives—would be entitled to put in their tax returns items for the actual expenses of their office, expenses to which they are subjected, and to obtain a tax reduction in view of those expenses?

Mr. WILLIAMS. Mr. President, if this amendment is adopted, the Members of Congress and all others affected by the amendment will be entitled to include all the deductions which now are available to American businessmen and to the average American taxpayer. They are entitled to all these same exemptions now.

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

Mr. WILLIAMS. I yield to the Senator from New Hampshire.

Mr. BRIDGES. The distinguished Senator from Delaware makes the statement that they would be entitled to the deductions available to businessmen and to all citizens. However, that is not true at the present time. Upon what assumption or with what assurance does the Senator from Delaware make that rather broad statement, for which I know he must have some basis.

Mr. WILLIAMS. When I said that the Members of Congress are entitled to all the deductions to which any normal American businessman is entitled, I made that statement because nowhere in the law—and if I am in error, I hope the Senator from New Hampshire will point it out—do I know of any provision stating that any Member of Congress is not entitled to all the expense deductions to which a businessman is entitled. So why would not Members of Congress be entitled to them, and on the other hand why are they entitled to any more?

Mr. BRIDGES. Mr. President, the Senator from Delaware is proceeding on the basis of an assumption, rather than on the basis of a specific ruling by the Bureau of Internal Revenue. However, before the $2,500 expense account was put into effect, a ruling such as the one he has suggested was never forthcoming, with the result that no Senator or Representative could take such an exemption for his expenditures. Nothing that has occurred since then would warrant the Senator from Delaware in making the statement he has made. If anything to warrant his statement has occurred since then, I should like to have it pointed out specifically.

Mr. WILLIAMS. Mr. President, the Senator from Virginia [Mr. BYRD] was one of the opponents of the expense-account provision at the time when it was made. He opposed it on the ground that it would set up a special class of taxpayers. I should like to have him discuss this point, in reply to the question which has been asked by the Senator from New Hampshire.

Mr. BYRD. Mr. President, at one time former Senator Reed, of Pennsylvania, offered an amendment, which was adopted, by means of which a Member of Congress could deduct the expenses of his office.

However, a Senator cannot deduct his living expenses, any more than a businessman can.

Mr. GEORGE. A businessman can deduct them if he comes to Washington.

Mr. BYRD. However, Washington is the place of business of a Member of Congress.

Mr. BRIDGES. Can a Member of Congress deduct his expenses in his home State?

Mr. GEORGE. No.

Mr. BRIDGES. A Member of Congress should be able to deduct them in either one case or the other.

Mr. GEORGE. If a Member of Congress lives in Washington and pays taxes in his home State, he does not live in either place, under the ruling. [Laughter.]

Mr. McCLELLAN. Mr. President——

Mr. FLANDERS. Mr. President, will the Senator from Delaware yield, to permit me to make a further inquiry?

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

Mr. FLANDERS. From time to time—in fact, practically every week end—I go home to Vermont to attend some meeting of my constituents, to which they earnestly invite me. In fact, that is an expense of the particular business in which I am now engaged.

I should like to inquire whether the Senator contemplates and has any reason for thinking that the Bureau of Internal Revenue would admit that such expenses, which in my case are very heavy, would be deductible.

Mr. WILLIAMS. I suggest that the Senator from Vermont address his question to the Collector of Internal Revenue, who is the proper person to make such interpretations of the law.

Mr. President, I repeat that this is not a case of cutting the salaries of Members of Congress. When we take this job in Washington, we know what the obligations of the job are, and we should anticipate them. I think the salaries should be fixed accordingly. I do not believe any special amount should be set aside as exempt from taxation.

For instance, let us consider the President's salary. At the present time one-third of it is tax-exempt. If we are going to exempt from taxation one-third of the President's salary, and if we can justify that arrangement some day some Member of Congress will suggest why not exempt from taxation one-third of the salary of each Member of Congress; or else why not reduce the President's salary?

Mr. President, if we do not stop this practice now, eventually we shall set up a special class in the United States. This principle is against everything American.

So far as the case of the Senator from Vermont is concerned, he is maintaining a home in Vermont, his home State. In my case, I am maintaining a home in Delaware, my home State. Both of us knew that that would be the case; we knew at the time when we began our service in the Senate.

The arguments you advance may be said of all employees in our offices, who also come to Washington from their homes in other areas; and if we are going to provide ourselves with such an exemption because we have homes in our own States, we should provide a similar exemption for our employees, who are in a similar situation; and if we are going to make such an exemption for them, why not make a similar exemp-

tion for all Government employees in the city of Washington who are in a similar situation? In that case, sooner or later, unless we check this practice now, it will expand to the point where there will be a privileged class of Government employees who will be tax-exempt, and the rest of the people will be paying their salaries.

Mr. President, I think this amendment should be adopted. I think we should repeal this provision; in fact it never should have been passed.

At the time when the Congress raised the President's salary, I said we should fix the salary at whatever we thought it should be, but we should make all of it subject to taxation.

When the President of the United States or when Members of Congress state, as Senators have stated today, "We are going to raise the taxes of the American people because they have too much money to take home and spend," we should be sure that we treat ourselves in the same way that we treat the rest of the American people. This amendment should be adopted unanimously before we even consider raising other people's taxes.

Mr. President, I yield the floor.

Mr. BRIDGES. Mr. President, I should like to say a word or two about this matter.

The subject of congressional salaries has been delicately bypassed in this Chamber and in the House at the other end of the Capitol for some years. It is a crying shame that Members of the United States Senate and Members of the House of Representatives will not face this question.

Two years ago we raised all salaries in the executive branch. At that time perhaps some of us thought that congressional salaries should be adjusted. We were told, "Oh, no; we cannot touch congressional salaries." We found that we could not touch them at that time.

The result was that we raised the salary of everyone in the bureaus downtown—and some of them very deservedly—to a higher level, but we postponed the day when we would consider raising congressional salaries.

Mr. President, you know and I know that most of the people of the United States expect the Members of Congress to be paid adequately. A Member of Congress must maintain a home in his home State and he also must maintain a home in Washington. He must maintain an office in his home State; and he must have an automobile in his home State. He must have an automobile in Washington. He must travel back and forth between his home State and Washington, in keeping in touch with his official duties. He is called upon to contribute to every cause which comes along.

Today there is not a Member of the Senate whose administrative assistant is not better off than he is, as the result of the drains upon congressional salaries.

Mr. President, I have no objection to meeting the issue as the Senator from Delaware has proposed, provided that we write into the law, so that it will not be subject to the whim of some internal revenue collector, a provision that a Member of Congress may take exemptions for legitimate expenses, and provided also it is written into the law that the salaries of Members of Congress, instead of being $15,000 a year, shall be $22,500 a year. I propose to offer such an amendment. Let us measure up to the challenge.

Mr. MAYBANK and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield, and if so to whom?

Mr. BRIDGES. I yield first to the Senator from South Carolina.

Mr. MAYBANK. So far as expenses are concerned, the distinguished Senator from New Hampshire knows that as members of the Appropriations Committee we were not allowed more than a few telephone calls a month, in 1942. The Senator and I, together with the Senator from Rhode Island [Mr. GREEN], took up the matter at that time. A committee was appointed to see that a Senator might be permitted to use a telephone at least once a day.

Mr. BRIDGES. Certainly. A clerk downtown can pick up the telephone to call San Francisco, if he wants to, three times a day.

Mr. MAYBANK. But we were only allowed to make a few calls a month.

Mr. BRIDGES. When we looked into the matter, we found that one executive agency had more telephone calls in a year than the entire legislative branch, that the cost of its telephone service alone was more than the cost of such service for the entire legislative branch.

Mr. LONG. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from Louisiana.

Mr. LONG. My recollection is that in the past 3 years Members of Congress have received no increase at all, though we have increased the salaries of the Cabinet officers by 50 percent. The salaries of other Federal employees have been increased from 20 to 30 percent. Meanwhile, though the cost of living has gone up about 15 percent, United States Senators are the only Federal employees who have not had an increase.

Mr. BRIDGES. That is correct.

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

Mr. BRIDGES. I yield to the Senator from Wyoming.

Mr. HUNT. I should like to ask the distinguished Senator, further, whether the pending proposal does not amount simply to a reduction in the case of United States Senators and Members of the House of Representatives.

Mr. BRIDGES. That is correct.

Mr. HUNT. Is there anything in the law today which will prevent the Senator from Delaware from taking advantage of a tax exemption, if he desires to do so?

Mr. BRIDGES. I think that is correct. If any Senator does not care to take advantage of it, that is optional with him.

Mr. HUNT. Let me ask the Senator whether, if this tendency keeps up, the Senate, to which we belong, will be a millionaires' club, and nothing else.

Mr. BRIDGES. That is correct. The Senate of the United States should be a cross section of America. We should have some rich men in the Senate, of course, but we should also have in office people of modest means and poor people. If the United States Senate closes its doors to all except millionaires, God help America.

Mr. HUNT. If I may ask one more question, this may be chicken feed for the chickens of the Senator from Delaware, but it is something else to the rest of us; is it not?

Mr. BRIDGES. Mr. President, let us take action at this time. I know that any statement a Senator may make on this subject, whatever his vote may be, will be used against him politically. Very well. I am willing to take my chances. I think every Member of the Senate ought to meet this issue at this time. I did not know it was to come up today. I do not have an amendment in which I might spell out a provision for a credit for official expenses.

Mr. McFARLAND. Mr. President, will the Senator from New Hampshire yield for a question?

Mr. BRIDGES. I yield.

Mr. McFARLAND. Has the Senator made a calculation to determine whether the $2,500 allowance for expenses covers the additional expense of his home, during the time he is required to remain in Washington?

Mr. BRIDGES. In theory it does; yes.

Mr. McFARLAND. Does it cover that expense?

Mr. BRIDGES. No; it does not cover the expenses.

Mr. McFARLAND. Of course, amendments could be offered to increase salaries, but would it not be better to take care of the matter by special legislation, rather than in connection with a tax bill? We are trying to finish the session. Why not proceed to vote down this amendment, and consider the matter in the form of a special bill, to be dealt with by the appropriate committee?

Mr. BRIDGES. I may say to the majority leader that he makes a very eloquent plea. There is a good deal of logic in what he says. But I have heard the same plea from the previous majority leader and from the majority leader before that. I have acquiesced, as most Senators have, to these pleas. I think we have now reached the time when we should act.

Mr. MAYBANK. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from South Carolina.

Mr. MAYBANK. I merely desire to recall some history to the Senator's mind. As I remember, in 1942 and 1943, the acting chairman of the Appropriations Committee at that time, the distinguished Senator from Tennessee [Mr. McKELLAR], acting for the late Senator Glass, appointed us on a subcommittee to investigate the question of expenses. I shall not mention any name, but we found that in one particular year one

Senator had to pay nearly $1,000 extra for the stationery he used.

Mr. BRIDGES. Let me digress a little. In reporting the legislative appropriation bill we found that a Representative from one district, for example who might represent thirty-five or forty thousand constituents had an $800 allowance for stationery, whereas a United States Senator, representing an entire State, such as New York, had an allowance of but $500. The Senator from Louisiana—and I doff my hat to him—knows very well that the expenses of a Senator representing a large State are naturally greater than those of a Representative who represents one congressional district. That illustrates the inequity of the situation. Senator after Senator has come to me to tell me that he has exceeded his stationery allowance and that costs are mounting on various items. We must meet the issue on behalf of the Members of Congress, if we want a hard-working, conscientious Congress. I think it is about time to take action.

Therefore, Mr. President, I should like to offer two amendments.

First, on page 2, line 22, of the amendment of the Senator from Delaware, I would strike out "$15,000" and insert "$22,500," and after line 22, I would insert the words "expenditures by Members of Congress: In the case of expenditures made after November 1, 1951, by a United States Senator, a Representative in Congress, a Delegate from a Territory, or a Resident Commissioner from Puerto Rico, the amount paid or incurred during the taxable year in maintaining living quarters away from his legal residence, within the District of Columbia, or from the vicinity thereof, and the amount paid or incurred during the taxable year for other ordinary and necessary expenses in connection with the performance of his official duties."

I would like to have such an amendment adopted—and I am shooting from the hip at this time—so that deductions might be made legally on a proper basis. I have not had time to perfect the amendment. But something along the line I suggest should be enacted along with the amendment proposed by the Senator from Delaware.

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

Mr. BRIDGES. I yield.

Mr. McCLELLAN. I did not get the full import of the last amendment.

Mr. BRIDGES. The last amendment is intended to make provision so that a Senator or a Representative or a Delegate may be able to claim deductions on his income tax for legitimate expenses incurred in the District of Columbia in performing his duties in the Capital, both as to living expenses and expenses incurred in the same way as a businessman, a labor leader, or an agricultural leader incurs expenses when he comes to Washington to transact his business.

Mr. McCLELLAN. I thank the Senator from New Hampshire. I think we should change the law in that respect from the way it is now written. I think we should change it in accordance with the amendment of the Senator from Delaware [Mr. WILLIAMS], plus the amendment of the Senator from New Hampshire, so as to put all taxpayers in the country on the same basis. We are not dealing here simply with a problem that is acute to many of us, certainly to those who are in the low-income group, as I am, but we are dealing with a matter of vital principle, and we ought not to enact class legislation and exempt some from the operation of the tax law, but we should put all on the same tax basis. We should keep it within reasonable bounds as it would be in relation to businessmen. I should like to have something worked out so that I can support the amendment of the Senator from Delaware with a perfecting amendment which would put us all on the same tax basis.

Mr. FREAR. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. FREAR. Did I correctly understand that the Senator from New Hampshire intends to offer two amendments separately?

Mr. BRIDGES. Yes; I would offer the two separately.

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

Mr. BRIDGES. I yield to the Senator from New York.

Mr. IVES. Would the Senator from New Hampshire consider an amendment making the President's salary $500,000? By that process he would receive approximately what he is now receiving. I can see a great deal of merit in such a proposal, for it would give the people of the United States information as to the income taxes we have to pay, and, at the same time, provide the President, presumably, with what he needs.

Mr. BRIDGES. I believe taxes should be equitable. I do not want to deprive the President of what he is now receiving. I think the President of the United States should be compensated adequately.

Mr. CAIN. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from Washington.

Mr. CAIN. I should like to say to my friend from New Hampshire that the Senator from Delaware [Mr. WILLIAMS], has stated that there is a constitutional prohibition against changing the salary of a President during his term of office, but I likewise understand that there is no prohibition against taking away the tax exemption on the $50,000 which is now going to the President of the United States. Am I correctly advised?

Mr. WILLIAMS. Yes.

Mr. CASE. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. CASE. The simplest way to take care of the tax-liability matter is merely to repeal the clause in the present law relating to the tax we have been discussing. In a paragraph in the Reorganization Act which sets up the sum of $2,500 there occurs this clause, "for which no tax liability shall be incurred or accounting be made."

It is that clause which makes the $2,500 not subject to taxation. The simplest thing to do is to strike that clause. The amendment offered by the distinguished Senator from Delaware would increase the salary from $12,500 to $15,000 and entirely repeal that paragraph.

Under date of January 7, 1948, George J. Schoeneman, Commissioner of Internal Revenue, made a ruling holding that—

> Expenses relating to or resulting from the discharge of his official duties—
>
> Referring to a Member of Congress—
>
> including his meals and lodging while in Washington, D. C., may be offset against the $2,500 expense allowance for that year.

The thing to do is to delete the clause in the present law which makes that amount not subject to taxation. The Commissioner's letter to Representative JARMAN would still stand, and the salary would be $12,500 with a $2,500 expense allowance for which accounting would have to be made.

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

Mr. BRIDGES. I yield.

Mr. BENNETT. Up until noon I was assuming that the Jarman letter was the last word on the right of a Senator to an expense allowance; but it is not. There is another ruling. But, first, let me read what the Jarman letter says:

> Accordingly, it is held that amounts expended in 1947 by a Member of Congress for expenses relating to or resulting from the discharge of his official duties, including his meals and lodging while in Washington, D. C., may be offset against the $2,500 expense allowance for that year. If such offset does not exceed the $2,500 expense allowance, no deduction for congressional expenses may be taken in computing net income. If such offset does exceed the $2,500 expense allowance, then those congressional expenses in excess thereof which qualify under section 23 (a) (1) (A) of the Internal Revenue Code may be deducted in computing net income.

Today we went to the Department and asked how they would interpret the last ruling in relation to expenditures in excess of $2,500. We have received a 1949 ruling, from which I read the following language:

> The business location, post, or station, of a Member of Congress is the District of Columbia. The duties of a Congressman consume practically all his time, and are regarded as taking precedence over any other business in which he may be engaged. Accordingly, it has been consistently held that the personal living expenses, including rent paid for a residence, of Members of Congress while in the District of Columbia for the purpose of attending Congress are not deductible for Federal income-tax purposes.

I now quote from a 1950 ruling:

> In order to be entitled to the deduction * * * a taxpayer must incur the expense for meals and lodging while neither at his usual place of abode nor at his principal place of business. Accordingly, this office is of the opinion that the cost of the taxpayer's meals and lodging while at home with his family represents nondeductible personal expenses, even though during such periods he was on business trips from his principal to his minor place of employment.

In other words, we cannot deduct our expenses at home, and we cannot deduct them in Washington. An ordinary taxpayer when away from home has the privilege of deducting his expenses. So

the latest ruling wipes out the Jarman ruling, and we are subject to this ruling which gives us no deduction for expenses.

Mr. BENNETT subsequently said: Mr. President, I ask unanimous consent to insert in the RECORD at the conclusion of my discussion earlier the complete documents from which I quoted.

Mr. CASE. Mr. President, reserving the right to object, and I do not intend to object, is the Senator including the Schoeneman letter?

Mr. BENNETT. Yes.

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). Is there objection?

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

UNITED STATES TREASURY DEPARTMENT,
Washington, September 26, 1951.

Mr. ROBERT W. BARKER,
Administrative Assistant to Hon. Wallace F. Bennett, Senate Office Building, Washington, D. C.

DEAR MR. BARKER: In accordance with your telephone conversation of this date there are quoted below excerpts from Bureau rulings concerning the deductibility, for Federal income-tax purposes, of expenses incurred by Members of Congress.

Excerpt from a 1949 ruling:

"The business location, post, or station of a Member of Congress is the District of Columbia. The duties of a Congressman consume practically all his time and are regarded as taking precedence over any other business in which he may be engaged. Accordingly, it has been consistently held that the personal living expenses, including rent paid for a residence, of Members of Congress while in the District of Columbia for the purpose of attending Congress are not deductible for Federal income-tax purposes."

Excerpt from a 1945 ruling:

"It is also recognized that in addition to their congressional duties Members of Congress are sometimes engaged in a business located outside of the District of Columbia and incur traveling expenses in the pursuit of such business. Where such expenses are shown to have been incurred they constitute allowable deductions under the provisions of section 23 (a) (1) (A) of the Code."

The following position was taken, however, in a 1950 ruling dealing with a taxpayer not a Member of Congress:

"In order to be entitled to the deduction * * * a taxpayer must incur the expense for meals and lodging while neither at his usual place of abode nor at his principal place of business. Accordingly, this office is of the opinion that the cost of the taxpayer's meals and lodging while at home with his family represents nondeductible personal expenses, even though during such periods he was on business trips from his principal to his minor place of employment."

Very truly yours,

E. I. MCLARNEY,
Deputy Commissioner.

ADVISORY MEMORANDUM NO. 1838

JANUARY 7, 1948.

MY DEAR MR. JARMAN: Further reference is made to your letter of July 16, 1947, inquiring whether the living expenses incurred by a Member of Congress while in Washington, D. C., may be offset, for Federal income-tax purposes, against the $2,500 expense allowance being received in 1947 and whether other congressional expenses incurred and paid during 1947 may be deducted on page 3 of Form 1040 for the purpose of arriving at net income.

Section 601 (b) of the Legislative Reorganization Act of 1946 (60 Stat. 812), provides the following expense allowance for Members of Congress:

"Effective on the day on which the Eightieth Congress convenes there shall be paid to each Senator, Representative in Congress, Delegate from the Territories, Resident Commissioner from Puerto Rico, an expense allowance of $2,500 per annum to assist in defraying expenses relating to, or resulting from the discharge of his official duties, for which no tax liability shall incur, or accounting be made; such sum to be paid in equal monthly installments."

Sections 601 (c) and (d) of that act repeal, effective on the day on which the Eightieth Congress convenes, the expense allowance of $2,500 per annum provided to each Member of Congress by the Legislative Branch Appropriation Acts of 1946 and 1947 (59 Stat. 238 and 60 Stat. 386), "to assist in defraying expenses related to or resulting from the discharge of his official duties."

It is noted that the purpose of such expense allowances, as specified in the three enabling acts, is substantially the same. It may be helpful therefore to review, insofar as pertinent to your inquiry, the position taken by this Bureau with respect to the allowances paid in 1945 and 1946. Bureau ruling dated July 20, 1945 to Hon. Emmet O'Neal, published in the Appendix to the CONGRESSIONAL RECORD, volume 91, part 12, page A3607, held in part that the expense allowance paid in each of those years was includible in gross income, and that a Congressman claiming such allowance as a deduction from gross income by listing it as "fully expended in the performance of official duties" could be required, if so requested, to substantiate the claimed deduction by showing that the entire $2,500 was used for expenses which are properly deductible under section 23 (a) (1) (A) of the Internal Revenue Code. In reply to specific questions presented by other Members of Congress, the Bureau further held that the Legislative Branch Appropriation Acts of 1946 and 1947 did not entitle a Congressman to any deduction to which he would not otherwise have been entitled and did not permit him to deduct amounts spent for meals and lodging while in Washington.

The Legislative Reorganization Act of 1946, however, expressly provides an expense allowance "for which no tax liability shall incur, or accounting be made." Clearly, therefore, the $2,500 allowance received by a Member of Congress in 1947 is excludible from gross income. Furthermore, where a Congressman does not claim any deduction for congressional expenses on his 1947 tax return (other than those provided for by a specific appropriation, such as the mileage or stationery allowance), it appears that the Bureau has no authority to declare what expenses may be charged against such allowance, to question whether such allowance was properly exhausted, or to require any accounting in connection therewith.

On the other hand, where a Congressman does claim a deduction for congressional expenses on his 1947 return (in addition to those provided for by a specific appropriation), the Bureau takes the position that in order to be allowable such expenses (1) must qualify as a proper deduction under section 23 (a) (1) (A) of the Code (for the Legislative Reorganization Act of 1946 does not enlarge the scope of legal deductions); and (2) must be in excess of those properly chargeable against the $2,500 allowance (inasmuch as to permit a deduction for expenses paid from a tax-exempt allowance would result in granting a double tax benefit).

Admittedly, it is difficult to reconcile this second prerequisite with the statutory provision that no accounting shall be made with respect to the $2,500 expense allowance. To abandon such prerequisite, however, would not only permit a double tax benefit but would also, in effect, treat the $2,500, or a portion thereof, as constituting additional tax-free compensation rather than an allowance for congressional expenses as authorized by law. Since it appears evident that Congress did not intend either such result, it necessarily follows that a Congressman may deduct on his 1947 return only such expenses (qualifying under sec. 23 (a) (1) (A) of the code) as exceed those properly chargeable against the $2,500 allowance. Furthermore, since a Congressman, like any other taxpayer, is required to substantiate his claim for deduction, if so requested by the internal-revenue agent examining his return, and as he could substantiate such a deduction only by showing that the expenses claimed were actually in excess of those which fully and properly exhausted his $2,500 allowance, he would virtually have to render an accounting for his tax-exempt expense allowance. This result is believed to be in accord with the legislative intent (compare Senator Overton's explanation of an amendment having similar import which the Committee on Appropriations adopted in connection with the legislative branch appropriation bill of 1946, CONGRESSIONAL RECORD, volume 91, part 4, pages 4950–4953), and the Bureau is therefore of the opinion that the statutory preclusion of an accounting was designed to apply only to those cases where no deductions are claimed for such excess expenditures.

Whether a Congressman claiming such a deduction may offset his living expenses in Washington against the $2,500 allowance received in 1947 necessarily depends upon what expenses Congress intended to assist in defraying by means of this allowance. As the language "expenses relating to, or resulting from the discharge of his official duties," appears to have no fixed legal connotation, and as the significance thereof is not readily ascertainable from the statute itself, it is necessary to resort to the legislative history of this provision in order to fully comprehend its meaning.

Section 601 of the bill (S. 2177) as introduced in the Senate would have (a) increased the compensation of Members of Congress to $15,000 per annum; (b) fixed their "home" for the purpose of section 23 (a) (1) (A) of the Internal Revenue Code at their place of residence within the State, Territory, or possession which they represent; and (c) repealed their then-existing expense allowance. Senate Report No. 1400, Seventy-ninth Congress, second session, page 36, stated that the purpose of subsection (b) was to permit Congressmen to deduct their living expenses in Washington and other expenses incident to their absence from home on congressional service. That subsection was eliminated, however, by Senator La Follette's amendment, CONGRESSIONAL RECORD, volume 92, part 5, page 6575, for the reason that it was a revenue proposal, which under the Constitution must originate in the House of Representatives (see CONGRESSIONAL RECORD, volume 92, part 8, page 10050). The House then debated the question (see particularly CONGRESSIONAL RECORD, volume 92, part 8, pages 10038, 10048, 10096, and 10097) whether to restore that subsection to the bill or to adopt the amendment offered by Representative BROWN of Ohio, which fixed the compensation at $12,500 per annum and provided the new, tax-free expense allowance. The latter amendment was agreed to and was ultimately enacted into law, apparently because it was considered more "fundamental" to recompense a Member of Congress for such expenses (including his living expenses in Washington) from a tax-free allowance than to provide simply for the deductibility of

those expenses which would otherwise have had to be paid from salary.

Accordingly, it is held that amounts expended in 1947 by a Member of Congress for expenses relating to or resulting from the discharge of his official duties, including his meals and lodging while in Washington, D. C., may be offset against the $2,500 expense allowance for that year. If such offset does not exceed the $2,500 expense allowance, no deduction for congressional expenses may be taken in computing net income. If such offset does exceed the $2,500 expense allowance, then those congressional expenses in excess thereof which qualify under section 23 (a) (1) (A) of the Internal Revenue Code may be deducted in computing net income.

If further correspondence relative to this matter is necessary, please refer to IT:P:TR-VSW-3.

Very truly yours,
GEO. J. SCHOENEMAN,
Commissioner.

Hon. PETE JARMAN,
House of Representatives,
Washington, D. C.

Business expenses: Section 23 (a), I. R. C.
Gross income (exclusions): Section 601 (b), Legislative Reorganization Act of 1946.
Personal expenses: Section 24, I. R. C.

The $2,500 expense allowance received by a Member of Congress for 1947 pursuant to section 601 (b) of the Legislative Reorganization Act of 1946 is excludible from gross income. Amounts disbursed in 1947 by a Member of Congress for expenses relating to or resulting from the discharge of his official duties, including his meals and lodging while in Washington, D. C., may be offset, without accounting therefor, against the allowance received, provided that no deduction may be allowed for congressional expenses if the amount offset does not exceed the amount of the allowance. If the amount offset exceeds the $2,500 expense allowance received then those congressional expenses in excess thereof which qualify under section 23 (a) (1) (A) of the Internal Revenue Code may be deducted in computing net income.

Mr. CASE. Mr. President, I think that what the Senator from Utah has said proves the point I was trying to make, that the simplest course to follow is to strike out the clause which makes the amount not subject to tax liability, and then we shall have retained the $2,500 expense allowance If we put it into salary and change the salary from $12,500 to $15,000, we will not know where we are.

Mr. President, I have an amendment, which I send to the desk and I should like it read at the appropriate time.

The PRESIDING OFFICER. The amendment will be received and will lie on the desk.

Mr. MAYBANK. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. MAYBANK. The question now being debated has been under discussion for many years. I remember it was debated in 1942 and 1943 and again in 1947 and 1948. I understand there is great confusion with respect to the President's expense account. The question is asked: "Why does not the Congress of the United States reduce the expense account of the President, rather than to make it taxable?" If it were made taxable it would simply take money out of one pocket of the Treasury and put it in another. I can understand that the President is not entirely popular with some persons, from what has been said around here, but why is it not proposed to reduce the amount rather than tax it further? Why give the President $50,000 and then tell the revenue collector to go around and take back $30,000 in taxes?

Mr. BRIDGES. Mr. President, I now propose my first amendment to the Williams amendment, which is to amend, on page 2, line 22, by striking out "$15,000", and to insert, "$22,500." I make the figure $22,500 on the recommendation of several Senators.

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

Mr. BRIDGES. I yield.

Mr. WILLIAMS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS. The yeas and nays have been ordered on my amendment. Is another amendment in order?

The PRESIDING OFFICER. The ordering of the yeas and nays does not preclude the offering of an amendment to the amendment.

Mr. BRIDGES. Mr. President, I yield to the Senator from Illinois.

Mr. WILLIAMS. Did the Chair rule whether it was in order to offer the amendment?

The PRESIDING OFFICER. The Chair ruled it was in order.

Mr. DIRKSEN. I should like to make a suggestion to the Senator from New Hampshire. I wrestled with this problem on the House side, and I recognized that Members of the House and Senate are the only officers of the Federal Government who are compelled to raise their own salaries by law, because there is no other way to do it. We can divest ourselves of any self-serving idea when we vote on the salary of the President, the Vice President, and anybody else in this Government. But when it comes to Members of the House and Senate, why we are sort of stranded.

I puzzled over this matter, and in 1947 I submitted a resolution on the House side. I did not press it for action, but it provided in substance that a salary commission should be appointed consisting of 18 persons, 6 appointed by the Vice President, 6 by the President, and 6 by the Speaker. They were to come from business, industry, and labor; they were to make a finding, and whatever that finding was would be the salary for Members of the House and Senate. That would divest us from any self-serving idea whatsoever. It would give the members of the commission an opportunity to explore the whole matter, including increased living costs. I think that would be an infinitely better approach than the one contemplated this evening.

My suggestion to the Senate is simply to accept the Williams amendment first, because the nontaxable item got into the Legislative Reorganization Act as a floor amendment in the House. I was one of the managers of the bill, and I remember that the amendment was offered on the floor, and it was accepted, but it was not contemplated by the Joint Committee on Legislative Reorganization. So we can, in a sense, disclaim responsibility for it. But it has been something of a headache since that time. So I am not averse to taking away the tax-exempt feature of the $2,500 expense account. Then I would be in favor of creating a salary commission.

I may say to the Senate that I have introduced a similar measure in the present session of the Congress. It has been reported once by the Committee on Post Office and Civil Service. It was called back, and the committee is making some technical modification of the measure, and it will probably be reported and placed on the Senate Calendar in short order. I think the chairman of the Committee on Post Office and Civil Service will probably bear out that statement.

Mr. JOHNSTON of South Carolina. The junior Senator from Illinois is entirely correct. The measure was reported by the committee, and then it was found that there was a technical error in it, and it was called back, and the committee reported it again last Tuesday, and it will be placed on the calendar.

Mr. HUNT. Mr. President, would it not be a more practical and feasible solution of the situation not to follow now the suggestion of the Senator from Illinois but to defeat the amendment offered by the Senator from Delaware and then, when the bill comes from the Committee on Post Office and Civil Service we can add the proposal of the Senator from Illinois to the bill which comes from the committee?

I am absolutely opposed to the amendment offered by the Senator from Delaware. As one Member of this body I did not come here to liquidate what small fortune I may have. The amendment which has been submitted is absolutely nothing but a salary reduction. I agree with the Senator from New Hampshire. It is time that we on the Senate floor have the intensinal fortitude to stand up and speak what we are thinking, and not engage in demagoguery for the people at home to consume, in order that we might receive some favorable consideration at election time.

Mr. WELKER. Mr. President, I am impressed by the remarks made by my distinguished friend the Senator from New Hampshire. I am one of the cosponsors of the amendment offered by my distinguished colleague from Delaware. We have listened to the very learned discourse on the proposition that we cannot afford the salary reduction, which is really what the amendment would bring about.

Mr. President, I desire to call to the attention of each Member the very salient fact that throughout America the people who sent us here know that we cannot live and exist on the salaries we receive. Senators maintain homes in New Hampshire, Idaho, or in whatever State they represent, and also in Washington, D. C., and they have a terrible load of contributions and expenses heaped upon them. So it is said quietly many times: "The Senator from New Hampshire"—or Idaho, or Maine, whatever State he may represent—"is either a millionaire or gets money for his vote." In other words, I have heard it said that a poor man cannot be a Senator. He has to be a millionaire or a crook. It is

true a Senator cannot exist upon the salary he receives, with the terrific expenses he is required to meet.

Mr. President, I join with my friend the Senator from Wyoming [Mr. HUNT] and say it is time for us to quit being demagogues, and to be realistic because when we take the position of Senator the people at home know that we either have to go out and speak to make ends meet, or we have to practice law on the side, or maintain other occupations—or we are even accused of accepting graft and gratuities. Much as we hate to hear such things, they are being said. I say it is time that we get a salary such as the Senator from New Hampshire has suggested, which will induce poor men and men of limited means to serve in the Senate on an equal footing with those fortunate individuals who possess the wealth that is represented here.

Mr. MORSE rose.

Mr. BRIDGES. Does the Senator from Oregon wish me to yield to him?

Mr. MORSE. I want the floor in my own right.

Mr. STENNIS. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. STENNIS. It seems to me that we are losing sight of the real issue which is before the Senate. This is not a question of what our salary should be, or what our deductions should be, or what our expenses are. It seems clear to me that Congress has already put itself in such a position that it cannot pass on the salaries and expenses and deductions and allowances of other groups. For instance, when the question arose about the President's salary and the Vice President's salary, and the tax-free funds which were to be provided, we were not in position to say "No." I did not feel that I was because I was getting the benefit of a special provision. We have set up standards for ourselves which we deny to others. That is the issue and the only issue involved in the Williams amendment, as I see it. I cannot see how we can set up a standard for ourselves more liberal than that of the average school teacher who may have to leave her home and go to a place where she has to pay board and room rent and transportation if she goes back to her regular place of abode at the week-end, the month-end, or at the end of the school session. We deny her any special tax exemption for such expenses. How can we set up a more favorable standard for ourselves?

I think we must face the issue of the salary we should pay ourselves. It is a matter that we should not have to decide for ourselves, but under the present scheme of things we must do so. I respectfully submit that we cannot pass by this opportunity to set ourselves square with the people and put ourselves back in a position to pass upon salaries, expenses, and allowances of others. Until we rid ourselves of this special privilege we are not worthy judges of others.

Mr. HUNT. Mr. President, will the Senator from New Hampshire yield to me so that I may ask a question of the distinguished Senator from Mississippi?

Mr. BRIDGES. I yield.

Mr. HUNT. I should like to ask the distinguished Senator from Mississippi how many pieces of mail he has received complaining about the very small tax exemption to which we are entitled?

Mr. STENNIS. I do not know that I have received any, but I have the feeling that the people of the United States would have more respect for us as a body if we were to change the present law.

Mr. HUNT. I believe that our constituents will think we are timid—I cannot express exactly what I should like to say on the floor of the Senate with regard to what our constituents will think of us. If this afternoon we vote to accept the amendment of the Senator from Delaware and take from $250 to $1,000 out of our salaries, our constituents will have some things to say about us which could not be repeated on the floor of the Senate.

Mr. WILLIAMS. Mr. President, I should like to point out to the Senator from Wyoming that when he votes for a $6,000,000,000 tax bill he is doing exactly that to every American taxpayer. He is voting to reduce the take-home pay of every wage-earner.

Mr. HUNT. Including myself.

Mr. WILLIAMS. Yes, and why should Senators not be included? I did not offer this amendment in any spirit of demagoguery. I stated in the beginning that I felt that Members of Congress should be adequately paid. At the time the amendment was offered to extend the exemption to the President in January 1949, I said, "Let us face the issue and put the salary where it belongs, but make it all taxable." Our country was founded upon the principle that the ruling class would be subject to the same laws as other citizens.

This is not the place to raise salaries. This is a revenue-producing measure. This is a tax bill. If the only reason Members are willing to vote for my amendment is to get a salary increase, then let them vote against it.

The fact that this amendment is raising such a furore is all the more reason why it should be adopted. It proves that if Congress and the President are subject to the same taxation as other people we will be more sensitive as to how these periodic tax increases are affecting them.

The amendment of the Senator from New Hampshire [Mr. BRIDGES] would apply to only one item in my amendment; namely, the item with respect to Members of Congress. Are Senators willing to take the tax exemption away from the President of the United States, the Vice President, and the Speaker of the House, yet unwilling to give up their own? I say let us correct all or none.

Mr. President, I am not trying to cut the salaries of Members of Congress, but, as a matter of principle, there should not be any special tax-exempt group in this country. I have been arguing that ever since I have been in the Senate. I argued that point when the dollar was worth much more than it is now. If we had had the courage to face the problem 4 or 5 years ago, we could have cured the situation long ago.

I am unalterably opposed to any amendment to my amendment which would raise salaries at this time. I shall vote against the amendment of the Senator from New Hampshire, and, if it is adopted, I shall then vote against my own amendment as thus amended.

If the only way for me to take away the tax exemption is to give myself a salary increase, so far as I am concerned, it can remain exactly where it is.

Mr. HUNT. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. HUNT. If the Senator from Delaware has not designed this amendment to cut the salaries of Members of Congress, why does he not replace or restore the amount of the cut we are going to take?

Mr. WILLIAMS. I will answer the Senator from Wyoming by saying that it is for the same reason that we are not restoring the incomes of the millions affected by this same tax bill. We are not restoring the taxable salaries of any other American citizens. We are taking from everyone in the country. What I am doing today is something that should have been done 5 or 6 years ago. As the Senator from Illinois [Mr. DIRKSEN] pointed out, I do not believe that the committee which studied this question in the House ever intended that this measure providing special tax exemption should be enacted. The best argument for the repeal of it is the Senator's own argument, when he says that he does not want to vote for this amendment because it is a salary reduction. That is the best argument for voting for my amendment, because the Senator admits that these tax-exempt allowances were placed in the bill as salary measures.

No Member of Congress nor any other Government official should have a special tax credit. When I fill out my tax return I get the $1,200 allowance which every other American taxpayer gets, plus $2,500 additional. The President gets his $1,200 plus an extra $50,000. Why?

The President tells Congress that he wishes an increase in taxes. The other day the President said that he was calling on every American citizen to come forward in the great emergency, accept the tax increase, and make sacrifices. He said that everyone, from the President of the United States down to the ditch digger, should enthusiastically accept these sacrifices. But unless my amendment is adopted his own salary will be exempted.

Mr. HUNT. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. HUNT. We are voting on a tax increase of five and a half or six billion dollars. I should like to say to the Senator from Delaware that we are increasing our own taxes as well as the taxes of everyone else. This bill is not aimed exclusively at our constituents. We shall participate in it just as they participate in it.

I do not quite understand why the Senator from Delaware selects this time and this particular bill to bring up this question, which is certainly very controversial. It seems to me that it should be dealt with in a measure entirely separate

from the bill we are now discussing, instead of being brought up at this time.

Mr. WILLIAMS. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. WILLIAMS. The reason this amendment is offered at this particular time is because last year when I offered this provision in the form of a bill it went to the Civil Service Committee, and that committee failed to take action, claiming that it was a revenue measure. The committee said that I should wait and offer it in connection with a tax bill. This is the tax bill. We must either vote on the question now or else we must say that we do not want to take action. Failure to adopt this amendment will, in effect, be saying that we are willing to raise everybody's taxes except ours.

Personally I do not think we should vote for any tax increase on the rest of the American people until the President of the United States and the Members of Congress are willing to accept their equal share of the burden.

Mr. MORSE. Mr. President, I think the Senator from Arkansas [Mr. McCLELLAN] placed his finger on the main point when he in effect pointed out the very basic principle involved in this issue, as to whether it was right, when we passed the Reorganization Act, to take the benefit of a $2,500 nonaccountable tax-exempt expense allowance.

Some of us were opposed to it at that time. The Senator from Virginia [Mr. BYRD], as well as the Senator from Delaware [Mr. WILLIAMS], and several other Senators felt that it was wrong, as a matter of principle, for us to give ourselves the benefit of such a discriminatory advantage.

When that bill came back from conference some of us made inquiry as to whether or not that principle had been retained, and we were told that it had been, and that we had no choice, that we either had to vote against the entire bill as it came from conference, or vote for the bill. I voted for the bill. I declared for the record a reservation with regard to this matter.

I think we ought to consider the experience which I am sure has been shared by many of us in the Senate since that action. I am willing to testify this afternoon, in keeping with the principle of the confessional, that many in my constituency have not been able to understand why we did it. I think we did a great injustice to the Congress, so far as its standing among the people of the country is concerned, when we passed the reorganization bill with this provision in it.

In my opinion, it has hurt the reputation of the Congress. There are millions of American people who believe that we acted out of a selfish motivation on that day, and that we protected our own pocketbooks by adopting a principle of tax exemption which we were not willing to give to the rest of the American taxpayers. I believe it has hurt us. The Senator from Arkansas is correct when he puts his finger on this principle, as the Senator from Virginia [Mr. BYRD] has done on many occasions in the past, and as the Senator from Delaware [Mr. WILLIAMS] has done.

The first step we ought to take is to do away with our tax exemption of $2,500 on a non-accountable expense account. Of course it can be argued that individually we do not have to accept that tax exemption, but I think that is a pretty fallacious argument, when we lay down, as a matter of policy of the Congress, that this $2,500 nontaxable, nonaccountable expense allowance should accrue to the Members of the Congress, and then say, "If any one Member does does not like it he does not have to take advantage of it." The fact remains that, in my opinion, it is bad public policy to leave that kind of exemption on the statute books. I believe we should take ourselves out from under it, and that we should make perfectly clear to the taxpayers that we are not asking for any special treatment for ourselves. We would have a hard time convincing them that that is not exactly what we have done.

I disagree with the Senator from Delaware [Mr. WILLIAMS] on a position he has taken in regard to the point which the Senator from New Hampshire has made as to whether or not we ought to go into the question of salaries of the Members of Congress. I believe the American people appreciate our taking a forthright and courageous stand on these issues, and I do not believe that we ought to pass to some agency or commission the obligation of judging what the salaries in Congress should be. I do not know of any people who are better qualified to tell the American people what the problems of the expense of serving in the Senate are than the Members of the Senate themselves. As the representatives of the people we owe it to them to tell them so if we honestly believe that the salaries which we receive are not sufficiently high to give them the type otf representation to which they are entitled, and that there should not be put upon Members of Congress a burden which they should not be expected to bear if they are going to carry out the people's business in a proper way.

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

Mr. MORSE. Not at the moment. I wish to finish the thesis of my argument, and then I shall yield. I am sure that it is nothing new to my colleagues sitting on the floor of the Senate this evening, but I wish to make the record on it, because I believe the taxpayers of the country ought to know the facts.

My colleagues will take judicial notice of the fact that even on a $15,000 salary, including the $2,500 expense allowance, which, as my friend from Delaware said, was really passed by us well knowing at the time that what we were doing was incorporating it into a salary item in the name of a nontaxable, nonaccountable expense allowance, it is impossible to do the job if one has family obligations and if one has the responsibility of sending children to school, which is true of most of us. Certainly it cannot be done on a salary of $15,000 a year.

What is being done, Mr. President? The Members of the Senate who find that the salary check at the end of the month constitutes their primary source of income must find other sources of income. There are quite a number of us who find ourselves in that position. The Senate is not yet a rich man's club. As my friend the Senator from New Hampshire [Mr. BRIDGES] said earlier in the debate, the Senate should be composed of a cross section of the economic groups of America. We should have the rich man here; we should have the man here from the so-called middle economic group; and we should have in this body the man from the low-income group, so far as personal incomes are concerned.

The actual experience of those of us who find it necessary to try to live on the monthly salary check is that we must make use of other sources of income to supplement the income from our salary. Even then most of us find that a serious illness within our family would put us in the red. Therefore, some of us engage in lecturing. Some participate legitimately in law practice on a State basis, not involving Federal questions. Some of us find it necessary to continue legitimately with commercial enterprises. It just happens to be one of the economic realities of serving in the Senate.

I am perfectly willing, in this spirit of the confessional, to say that if during the year I did not average at least two speeches a month with an honorarium, I could not economically serve in the Senate of the United States I must average about $750 over and above the amount of money I get from my senatorial check to meet expenses.

I once made an offer to Miss Strauss, of the League of Women Voters—I believe it was 3 years ago, or perhaps it was 4 years ago—when we were discussing the economic aspects of service in the United States Senate, to make my office and private accounts available to any committee of the League of Women Voters, with the suggestion that they get 3 or 4 other Senators and 3 or 4 Representatives to do likewise. The purpose was to let them make a study for 1 year of what it actually costs a Member of the Senate and a Member of the House to serve in Congress. In other words, I would let them make that study as a basis of educating the American people concerning some of the economic facts connected with serving in Congress. I regret that the League of Women Voters did not see fit to carry out the suggestion. Such a project would be very educational. I repeat the offer, and I make the same offer now to any other responsible group. I do so because I believe the American people should have the facts with regard to the expenses involved.

I do not believe we should in part meet the problem on the basis of the principle, which we adopted when we enacted the Reorganization Act, of giving ourselves a $2,500 tax-exempt, nonaccountable expense account. I do not believe we can square it very well with a sense of fair play, which I believe is typical of the

average American voter. One just cannot reconcile what we did with what the voter believes ought to be the rules of the game, equally and uniformly played by all taxpayers. I believe the voter is right about it. I have never been able to reconcile it.

Let us look at some of the extra expenses—which are not individual to me—which go with service in the Senate. I should like to have the ear of some of my friends and colleagues in the Senate who serve on the Committee on Rules and Administration. I believe they have been following a policy in regard to requirements and procedures with respect to senatorial expenses which has not been very wise. Let us take the matter of telegrams, particularly with respect to the new rule which was adopted this year regarding telegrams, greatly reducing the number of telegrams which a Member of the Senate may send. In carrying out what I consider to be the people's business, particular hardships are placed on the Members of the Senate who live a considerable distance from Washington, D. C., where a letter will not reach a constituent quickly.

If there were abuses in connection with sending of telegrams, and if telegrams were being sent not for carrying on the people's business, that situation could be checked, without laying down the kind of limitation which the Committee on Rules and Administration has laid down with the telegraph restriction this year.

Mr. President, I should like to see a calculation made of the actual net cost of sending a short telegram in handling a problem for a constituent in one's home State and of the net cost of a letter to the same constituent. I would say that the difference in cost would not be nearly so much as many people seem to believe.

The result of the rule with respect to telegrams, which the Committee on Rules and Administration has laid down, will cost some of us living in the West several hundred dollars out of our own pockets, because we cannot possibly carry on the people's business under that regulation.

Let us go into the question of telephone messages. It was pointed out by my good friend, the Senator from New Hampshire [Mr. BRIDGES] that in almost any office downtown the same restrictions are not imposed which we find in the Senate under the rules which have been laid down for the use of the telephone. There again, I believe we ought to be allowed to make our own record in the use of the telephone. If we earnestly believe that in carrying on the people's business a telephone call will expedite the handling of a constituent's business in Washington, we ought to be allowed to use the telephone.

A few days ago I was greatly embarrassed when, in telephoning to the editor of a newspaper in my home State, I had to make the telephone call collect because I no longer had available funds with which to make that call on my own budget. I simply cannot afford to make the long-distance telephone calls which should be made to my State, but which cannot be made within the budget I have available. I do not need to tell my colleagues in the Senate that it does not leave a very good impression with one's constituents to be telephoning to them collect. However, we have to think of our own personal financial obligations and responsibilities in weighing the kind of reaction we may make by making collect telephone calls.

This afternoon something has been said about stamps. Let us consider the case of Members of Congress who live in States remote from Washington. What do we suppose will be the reaction of a constituent when he writes to his Senator—as a constituent usually does only when he wishes to refer to a subject which he regards as important, and which he thinks needs handling—and thereafter receives from his Senator a reply which is sent to him in a franked envelope. That constituent's reaction very naturally is, "My Senator must not think enough of my request to bother to use an air-mail stamp in replying to it."

Of course, Mr. President, there is also the factor that a Member of Congress generally receives mail in proportion to the population of his State. That factor should be considered. At the same time we find that Members of Congress from some States of small population receive rather heavy mail, even as compared with the mail received by Senators coming from States of large population. However, no account is taken of those factors and other items of expense which are not covered by the office budgets we have available.

Furthermore, on many occasions we find that when a certain issue is before the Congress and when we become involved in a controversy in the course of sponsoring a bill, for instance, and when we find that controversy causes a large volume of mail to descend upon our offices, an amount of mail so large that we cannot begin to handle it with our own office force, we have to employ extra office help, and that expense comes out of our own pockets.

Thus, Mr. President, I could enumerate a long list of extra expenses in connection with carrying on the business of our office, expenses which a Senator who is trying to do a conscientious job as a Member of the Senate cannot pay out of his salary, because his office-expense budget cannot begin to meet those expenses.

Then there is the matter of travel. Let us be frank about it, Mr. President. Again I speak in behalf of some Senators who live some distance away from Washington. As realistic politicians, we know that we cannot come to Washington and stay here for 11 months and never return to our home States during that time, and expect to find very many political fences in good repair there at the end of the 11 months. That is only one of the political realities of the job. Therefore, if we wish to report to the people on the facts about our records, we have to return to our home States several times during the year, and we have to pay out of our own pockets the expense of those trips.

For instance, I cannot travel by airplane or by railroad from Washington to my home State and spend a week or 10 days there, on such a so-called fence-mending trip, without being required to spend a minimum of $500 for the trip. That expense is an inseparable part of the cost of service in the Senate.

The American people will understand and appreciate those facts, once they are told about them, Mr. President.

I agree with the Senator from New Hampshire that we should not be so sensitive about facing the salary problem.

One other item of expense which we have not met adequately, either by means of the Reorganization Act or under the policies of the Committee on Rules and Administration, is the expense for research help in our offices. The Reorganization Act does not begin to provide the research assistants we need. In our work on various bills we find ourselves constantly faced with well-financed lobbies, both Government lobbies and private lobbies, with large staffs of research assistants. Sometimes I marvel, Mr. President, that Members of the Senate do the remarkably fine job they do, both in debate and in committee work, when I stop to think of the very limited staff Senators have to help them prepare the technical matter that must be prepared if we are to meet the powerful groups, Government and private, who are lobbying for special interests in connection with various bills.

I think we are overlooking our responsibilities to the people of the United States when we do not provide ourselves with more adequate help, because we are the advocates of the public's interest in these matters, and I do not believe we can justify trying to carry on the public's business when we know we are not adequately financing the staffs we need in order to protect the public's interest.

There, again, I think the voters would agree with us, once they came to understand the facts in regard to the financial costs of serving in this body.

There are many other expenses which I might list; but I believe we cannot justify continuing what I think was a wrong principle which was adopted when the Reorganization Act was passed. I agree with the Senator from Arkansas, the Senator from Virginia, and the Senator from Delaware that in this tax bill we should take ourselves out from under the special benefits which we voted for ourselves when we adopted this expense allowance; and then I think we should join at once with the Senator from New Hampshire in facing the question of how much we should increase congressional salaries, knowing very well the kind and variety of expenses we meet.

I do not know whether $22,500 is the proper figure or whether $20,000 is the proper figure; but I am satisfied that we cannot justify a figure less than $20,000 if we are going to be fair to our constituents and if we are going to relieve ourselves of some of the extra burdens we have to assume in order to meet the expenses of a Senator's job.

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

The PRESIDING OFFICER (Mr. CLEMENTS in the chair). Does the Senator from Oregon yield to the Senator from New York?

Mr. MORSE. I yield.

Mr. IVES. I should like to ask the distinguished Senator from Oregon whether he feels that the expenses which are legitimately attributable to the work we do in Washington, the expenses which are connected with our positions in the Senate, should be allowed as deductions for income-tax purposes.

Mr. MORSE. I think they should be allowed as deductions fully accountable for in our income-tax returns, but not including living expenses.

I do not share the view—and on this point I differ with my good friend, the Senator from New Hampshire—that our living expenses in the District of Columbia should be deductible. I think we must face the fact that inherent in the job, when one runs for election to Congress, is the understanding in the contract he enters into with the voters that in order to perform the duties of his office he will have to move to Washington and will have to live there. I think we incur that obligation ourselves when we run for office.

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

Mr. MORSE. I shall yield in a moment.

Mr. President, I do not believe that obligation goes so far that the people would feel that we should also assume the obligation of paying for the extra office expenses to which I have referred. I would find it difficult to reconcile myself to the view that it would be right and proper to deduct my living expenses in Washington; but I certainly think it would be proper to deduct what we can actually say are the extra office expenses of the job which are not covered by the office budget which is provided for our work.

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

Mr. MORSE. I yield to the Senator from New York.

Mr. IVES. The Senator from New York would again like to inquire of the Senator with reference to the attitude he would take regarding the propriety of Members of Congress being allowed the same privilege with regard to deductions for income-tax purposes as those which are allowed people in private life. That means simply this: It seems to me to be very clear that as Members of the Senate, or as people holding Government positions, we should be given the same privilege to deduct which is given to people in private industry, in private work, and in private effort.

I fully agree with the Senator's observation with respect to the $2,500 expense allowance, which I myself do not approve. I think that ought to be eliminated. But by the same token I do not see why we should not have the same privilege, the same right, which is given to every other American citizen in every other walk of life, namely, to deduct the expenses which are directly attributable to the work in which he is engaged, and that in this particular instance applies also to living expenses insofar as housing is concerned, and insofar as those expenses are above and beyond what one would actually have in his own home, if he had to maintain an establishment himself.

Mr. MORSE. There is a certain amount of merit. In fact, there is a great deal of merit in the observation of the Senator from New York. But I would still draw distinctions, Mr. President, between service in the Congress and the expenses of one engaged in a commercial enterprise who comes to Washington or who goes to New York or to any other place on a business trip.

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

Mr. MORSE. I decline to yield at the moment. I may say to the Senator from New York that I think there is a difference between the case of the man engaged in a business enterprise and the kind of obligation which a man in public life incurs, when he comes to Washington to live to carry on the work of the Senate or the House, knowing full well when he ran for the office that it was obligatory on his part to make that move, and that for the period of time while he was living in Washington, that was in effect his place of residence. I think his case is quite different from that of an industrialist in New York who comes to Washington or who goes to Chicago for a week or 10 days, stopping at a hotel and incurring expenses in connection with a business trip. There is quite a distinction both as to motivation and as to prior notice. We were put on notice when we ran for the office that that kind of expense went inherently with the job. I repeat, however, what I said before, that we are in a position to protect ourselves legitimately from extra expenses over and above living expenses.

Mr. IVES rose.

Mr. MORSE. I yield to the Senator from New York.

Mr. IVES. The question I had desired to ask the distinguished Senator he has already answered. I was going to ask him whether he did not feel, then, that the alternative is to provide ourselves with an increase in compensation or salary, as he has suggested.

Mr. MORSE. Yes; I think we should do so.

Mr. WILLIAMS. Mr. President, the question has been raised as to the matter of extra expenditures in our offices and extra expenses in the performance of our duty. Under section 23 (a) of the existing law, and section 48 (d), there is specifically spelled out the fact that any Member of Congress, or any man holding public office, who spends money out of his own pocket in the performance of his duties, may deduct those as legitimate expenses. This amendment has nothing whatever to do with that provision. We are already entitled to this exemption and will continue exempt so far as this type of expense is concerned.

Mr. MORSE. I want to say to the Senator from Delaware, the fact that he can deduct such items as expenses does not mean that he can include those expenses in his tax return. It is not meant to cover his out-of-pocket money. I am talking about what is happening to the poor man in the Senate, the man of small means who cannot afford to pay the extra expenses unless he finds other sources of income.

Mr. WILLIAMS. I am speaking to the Senator from Oregon, and I think he will agree with me that the place to take care of that question is not when a tax bill is before the Senate. This is not the place to discuss it. I hope no Senator will support this amendment as an excuse to raise his own salary. I am offering the amendment as a matter of principle. Let us vote on it accordingly.

Mr. MORSE. I think there is something in what the Senator says, but the questions are so interrelated that I do not believe any great or heinous crime would be committed if the subject should be dealt with in this bill.

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

Mr. MORSE. I yield to the Senator from Florida.

Mr. HOLLAND. I invite the Senator's attention to one item which I think he has not as yet mentioned, though he may have it in mind. It is that, admitting the truth of the statement of the Senator that anyone running for the office of Senator has complete knowledge of the fact that extra expenses of living are involved, many Senators now serving in the Senate ran for office and were elected after the passage of the legislative reorganization bill, and they have a complete right to rely upon the continuance of the provision made at the time they offered themselves for office, to the effect that $2,500 was allowed over and above the stipend of $12,500, to be a tax-free allowance. In the making of their plans on that assumption they were thoroughly within their rights. As a matter of fact, their engagement was in the nature of a contract, and they have a complete right to expect at least what was provided in the law. Speaking for that group of Senators, whom I think both the Senator from Oregon and the Senator from Florida represent, insofar as their economic status is concerned, it seems to the Senator from Florida that there is a real consideration there which must not be lost sight of, and which is in the nature of an assurance given to a large group of Senators now belonging to this body.

I desire to call that matter to the attention of the distinguished Senator from Oregon, and to invite his comments with reference thereto.

Mr. MORSE. Mr. President, I appreciate the views of the Senator from Florida. I do not go all the way with him. I think that the only right such candidates for the Senate had was the right to hope that there might not be any change in the law, but they certainly knew when they ran for office that it would be almost impossible to predict what the Congress of the United States might do on any piece of legislation, including salary legislation, during their tenure of office.

I also seriously question whether, except in a very loose way, it would be appropriate to say that any contract was entered into. I think that once they were elected, they owed the duty to the

very people who voted for them to examine the salary structure of the Congress to determine for themselves whether a wrong principle was involved in it, and I believe that if they find there is, then they have the duty to vote to eliminate that principle, even though it might cost them $2,500, which they took for granted, when they ran for office, they might receive while they served in the Senate.

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

Mr. MORSE. I was about to yield the floor. I yield to the Senator from South Carolina.

Mr. MAYBANK. The distinguished Presiding Officer (Mr. MONRONEY in the chair) was a member of the conference on the Reorganization Act. I had the pleasure, the night the conference report was brought to the Senate, of talking to the distinguished Senator from Wisconsin, former Senator La Follette, in connection with some things which have been brought up here. I refer particularly to the salaries of administrative officers, and so forth, which I voted against.

On the Rules Committee, of which I was a member before the Reorganization Act became effective, I served long with former Senator Bankhead, as the Senator from Oklahoma knows.

I should like to ask the Senator from Oregon a question. He proposes a solution for all this difficulty, and I join him in his position that the income taxes of Senators should be published and the public should know where the money comes from. It would do me no good, whether there was $2,500 or $25,000 in an expense account. I do not understand why the Senator from Oregon does not propose an amendment to make public the income taxes of Members of Congress. I join the Senator from Oregon and congratulate him. I am willing to make mine public, and I hope that will be some answer to the question brought up. I cannot speak for the Senator from New Hampshire [Mr. BRIDGES], but I believe that he feels the same way.

Mr. MORSE. I thank the Senator. I have a long-pending resolution to publish the incomes of Members of Congress, but I seriously question whether it would be appropriate to add it to the bill which is now under consideration. I seriously question whether it should be attached to a tax bill.

Mr. MAYBANK. I want the Senator from Oregon to know that I am absolutely sincere in what I have stated.

Mr. MORSE. I think my resolution will be on the floor of the Senate within the next 10 days as a part of another proposal which is being made to the Senate in connection with the report of the Subcommittee on Ethics in Government. I do not care to say more at this time for fear someone will say I am jumping the gun on some report. I do wish to say, however, that a principle of the Morse resolution has been approved by a good many members of the committee. I think that such a resolution would be very helpful and would do no harm to anyone whose conduct has been proper.

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

Mr. MORSE. I yield.

Mr. MAYBANK. In the 1920's, when I was in business, names were published in the newspapers in connection with income taxes. I was proud that my name was in the newspaper, showing I had enough sense to make some money. I think it is the duty of Congress to bring to the people of the United States information as to the salaries and other income Members of Congress receive, rather than to take away $2,500 which to many of them does not mean very much but to others might deprive them of the opportunity to be in this august body.

Mr. MORSE. Mr. President, I yield the floor by saying that I think this is the time for us forthrightly to meet both the question of expense and the question of salary.

Mr. BRIDGES. Mr. President, I should like to address a question to the distinguished majority leader and the distinguished chairman of the Committee on Post Office and Civil Service. I understand there is a bill which has been reported having to do with a civic commission to be appointed by the President, the Chief Justice, and the Vice President, to make a study and determination of congressional salaries. Is that correct?

Mr. JOHNSTON of South Carolina. There is a joint resolution providing for the establishment of a commission to study the question and to make recommendations to the Congress within 3 months.

Mr. BRIDGES. Mr. President, I should like to ask a question of the majority leader.

I do not think we should consider salaries in connection with the pending bill, but I thought it was wise that we have a discussion of the subject. If such a bill is reported, will it receive the consideration of the Senate?

Mr. McFARLAND. So far as I am concerned, I should be perfectly willing to have it receive the consideration of the Senate.

Mr. BRIDGES. In that case, Mr. President, I withdraw my amendment to the Williams amendment with reference to the item of $22,500, and move that the so-called Williams amendment be laid upon the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire [Mr. BRIDGES] to lay on the table the Williams amendment. The question is not debatable.

Mr. KNOWLAND and other Senators requested the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Mr. President, may I offer an amendment to the Williams amendment?

The PRESIDING OFFICER. Not at this time. The motion to table the Williams amendment has already been made and the yeas and nays have been ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the precise question now before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire [Mr. BRIDGES] to lay on the table the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hendrickson	McMahon
Bennett	Hennings	Millikin
Benton	Hickenlooper	Monroney
Bricker	Hill	Moody
Bridges	Hoey	Morse
Butler, Md.	Holland	Mundt
Butler, Nebr.	Hunt	Neely
Cain	Ives	Nixon
Capehart	Jenner	Pastore
Carlson	Johnson, Tex.	Robertson
Case	Johnston, S. C.	Russell
Clements	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smathers
Douglas	Kilgore	Smith, Maine
Dworshak	Knowland	Smith, N. J.
Eastland	Langer	Smith, N. C.
Ecton	Lodge	Sparkman
Ellender	Long	Stennis
Ferguson	Magnuson	Underwood
Flanders	Malone	Watkins
Frear	Martin	Welker
Fulbright	Maybank	Wiley
George	McCarthy	Williams
Gillette	McClellan	Young
Green	McFarland	
Hayden	McKellar	

The PRESIDING OFFICER (Mr. MONRONEY in the chair). A quorum is present.

The question is on the motion of the Senator from New Hampshire [Mr. BRIDGES] to table the amendment of the Senator from Delaware. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD] is absent because of illness in his family, and if present would vote "nay."

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Colorado [Mr. JOHNSON], the Senator from New York [Mr. LEHMAN], the Senator from Nevada [Mr. McCARRAN], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

I announce that on this vote the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. O'CONOR]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Maryland would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official business.

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

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

The Senator from Illinois [Mr. DIRKSEN], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Ohio [Mr. TAFT] are detained on official business.

The result was announced—yeas 34, nays 45, as follows:

YEAS—34

Benton	Hoey	McFarland
Bridges	Holland	McKellar
Clements	Hunt	McMahon
Ecton	Johnson, Tex.	Monroney
Ellender	Johnston, S. C.	Pastore
Fulbright	Kefauver	Russell
George	Kerr	Smathers
Green	Kilgore	Smith, N. C.
Hayden	Long	Sparkman
Hennings	Magnuson	Underwood
Hickenlooper	Malone	
Hill	Maybank	

NAYS—45

Aiken	Flanders	Morse
Bennett	Frear	Mundt
Bricker	Gillette	Neely
Butler, Md.	Hendrickson	Nixon
Butler, Nebr.	Ives	Robertson
Cain	Jenner	Saltonstall
Capehart	Kem	Schoeppel
Carlson	Knowland	Smith, Maine
Case	Langer	Smith, N. J.
Connally	Lodge	Stennis
Cordon	Martin	Watkins
Douglas	McCarthy	Welker
Dworshak	McClellan	Wiley
Eastland	Millikin	Williams
Ferguson	Moody	Young

NOT VOTING—17

Anderson	Humphrey	O'Mahoney
Brewster	Johnson, Colo.	Taft
Byrd	Lehman	Thye
Chavez	McCarran	Tobey
Dirksen	Murray	Wherry
Duff	O'Conor	

So, the motion to table was rejected.

Mr. WILLIAMS and Mr. McFARLAND addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. WILLIAMS. Does the Senator from Arizona wish to make a statement?

Mr. McFARLAND. Yes. I wish to make a statement.

Mr. WILLIAMS. I yield to the Senator from Arizona.

Mr. McFARLAND. Mr. President, I certainly hope that amendments to increase the salaries of Members of Congress will not be offered to this amendment. If Senators feel that their expenses are less than $2,500, and that their expense allowance should be taxed, it is their privilege to vote for this amendment. However, I do not think the Senate of the United States should consider a salary increase for its Members while we are working on tax legislation to raise additional revenue.

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

Mr. McFARLAND. In a moment I shall be glad to yield.

Personally I find it necessary to spend more than $2,500 for extra expenses, but it is all right with me if the Senate wants to do away with the tax-exempt $2,500 allowance.

Regardless of the action taken on this amendment, I think it would be a very poor example of sacrifice for us to take action to raise our salaries on a tax bill. I hope the Senate will not even attempt to do so. Let us go ahead and eliminate the tax exemption, but do not raise the salaries. Let any action regarding Senators' salaries be taken by separate legislation in the manner suggested by the distinguished Senator from New Hampshire [Mr. BRIDGES].

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

Mr. McFARLAND. I yield.

Mr. MAYBANK. I thoroughly agree with the distinguished majority leader. I would not be one to vote for salary increases. This is a revenue bill.

One thing which might be of some benefit would be to find out the source of income of all Senators. That subject has been discussed for a long time. I am willing to join the Senator from Oregon [Mr. MORSE] in his effort to require a disclosure of the source of Senators' incomes. Information with respect to my income will be public property for anyone who wants it.

I shall vote against the amendment of the Senator from Delaware to eliminate the tax exemption with respect to the $2,500 allowance. That makes no difference to me. I do not intend to vote to raise my own salary. This is a revenue bill, and not a salary bill. I thoroughly agree with the majority leader. However, it is about time for the people to know where the income of Members of Congress comes from.

This amendment would affect also Members of the House of Representatives. It would deny them the $2,500 expense allowance.

Mr. McFARLAND. Mr. President, it is all right to vote for a proposal to require a disclosure of the source of the income of Members of Congress.

Mr. MAYBANK. That is what I was referring to.

Mr. McFARLAND. Mr. President, I have sufficient confidence in Senators to believe that the income of every Senator is legitimate.

Mr. MAYBANK. I did not intimate otherwise.

Mr. McFARLAND. Some people feel that their private business is their own affair and should not be made public so long as it is completely honest. If men of ability are to be induced to come to the Senate, they should not be humiliated by having someone make unfair use of information with respect to their source of income. If that is permitted it is possible that we shall have a hard time getting able men to come to the Congress.

Mr. MAYBANK. I never suggested such a thing. That is not a fair reply to what I said. I am not charging any Senator with ever having done wrong. I simply made the statement that the Senator from Oregon had had before the committee for a long time a resolution requiring such disclosure.

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

Mr. McFARLAND. I yield to the Senator from Wyoming.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

Mr. McFARLAND. I yielded to the Senator from Wyoming for a question

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Who has the floor?

The PRESIDING OFFICER. The majority leader has the floor, and has yielded to the Senator from Wyoming.

Mr. WILLIAMS. Oh, no, Mr. President. I have the floor.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Chair is in error. The Senator from Delaware has the floor, and has yielded.

Mr. WILLIAMS. I had yielded to the Senator from Arizona [Mr. McFARLAND]. I thought he wanted to make a statement about the program for tonight. I did not know that he wished to make a speech on the amendment. However, I will yield to him for that purpose provided I do not lose the floor.

Mr. HUNT. Mr. President, will the Senator from Delaware yield to me so that I may ask a question of the majority leader?

Mr. WILLIAMS. I yield with the understanding that I do not lose the floor.

Mr. HUNT. The Senator from Arizona stated that he did not believe it was proper to increase our salaries on a tax bill. I ask him how he feels he can justify, or how any other Senator can justify, reducing our salaries on the same bill.

Mr. McFARLAND. In answer to the Senator's question I may say that I am not asking that salaries or compensation be reduced. If the Senate wants to act to take away from Members of Congress the privilege of receiving an exemption on allowances to which they are now entitled, it has a right to do so.

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

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

Mr. WILLIAMS. I yield to the Senator from Vermont with the understanding that I do not lose the floor.

The PRESIDING OFFICER. The Senator from Delaware has the floor. To whom does he yield?

Mr. WILLIAMS. I ask unanimous consent that I may yield to the Senator from Vermont without losing the floor.

The PRESIDING OFFICER. Is there objection to the Senator from Delaware yielding to the Senator from Vermont without losing the floor? The Chair hears none.

Mr. AIKEN. Not having heard all the debate before voting, I thought I was voting for a salary decrease for Members of Congress. I think we will be ridiculed for that. Nevertheless, that is the situation.

What I should like to know now is whether we are voting on a salary decrease or a salary increase of $2,500. In the discussion preceding the vote was it anticipated by any Member of the Senate that the necessary expenses in connection with the senatorial office should be deductible? It makes a difference.

Mr. McFARLAND. I wish merely to appeal to Senators not to adopt the salary-increase amendment. If they wish to attach a salary-decrease amend-

ment to a tax bill, that is up to them. Certainly I do not believe that we ought to increase our salaries in this bill.

Mr. AIKEN. Mr. President, will the Senator from Delaware please explain whether we are voting for an increase in salary or a decrease in net income?

Mr. WILLIAMS. Mr. President, the pending amendment, which has been offered by the Senator from Delaware, merely provides that the $15,000, which we are now getting, will all be classified as salary, and shall be fully taxable. To the extent that the present $2,500 exemption will be made taxable it constitutes a decrease in salary. The salary-increase amendment offered by the Senator from New Hampshire to which the Senator from Arizona [Mr. McFARLAND] has referred, has been withdrawn. As the amendment now at the desk stands, it is the same amendment which is on the desk of every Senator. It would make the full congressional salary of $15,000 taxable. It would make the full $40,000 of the Vice President and the full $40,000 of the Speaker of the House taxable. It would make the full $150,000 of the President of the United States taxable.

As I stated before, I never offered the amendment on the basis of the increased revenue involved. I know that the amount of increased revenue provided by the amendment is insignificant in comparison with the total amount in the bill.

But the American people will accept this tax increase in a better spirit if we will set the example by repealing our special exemption.

No one disputes the fact that this is the place to offer the amendment. This is the only place, according to what we have always been told. Early this year when I introduced a special bill, which was referred to the Committee on Post Office and Civil Service, that committee advised me that they thought the bill should be submitted as an amendment to a revenue-producing measure. This is the first revenue-producing measure which we have had before the Senate since Congress has been in session this year.

I offered a similar amendment last year and the year before. It was defeated. I believe that as a matter of principle we should adopt the measure. If necessary to overcome some of the arguments, and in order to get action and to pass the amendment as it is, namely, as a clean amendment, without any salary increase or anything else attached to it, I would modify my amendment by making the effective date throughout the amendment January 3, 1953. In that way, if any Member of Congress wishes to run for office again he will know exactly what he is doing. This would leave every Representative and Senator, and the President of the United States, the Vice President, and the Speaker of the House to continue as is until January 3, 1953. I would much prefer doing it now. I believe it should be done now. However, I think the important thing is that we should get it done this way if we cannot get it done any other way. I would make such a compromise though only with the understanding that no other amendments will be offered and the Senate will give me a clear cut vote.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Senator from Delaware will suspend until the Chair tries to get order in the Senate. Senators will take their seats. Visitors to the Senate will please sit down in the rear of the Chamber and remain quiet.

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware has the floor. If visitors in the Chamber do not remain quiet, the Chair will ask the Sergeant at Arms to assist the Chair in preserving order.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS. Does it take unanimous consent to modify my amendment, in view of the fact that the yeas and nays have been ordered?

The PRESIDING OFFICER. The Senator is correct.

Mr. WILLIAMS. In order that we may settle the question and get a decision tonight, I ask unanimous consent that my amendment be modified to provide the effective date of January 3, 1951.

SEVERAL SENATORS. I object!

The PRESIDING OFFICER. Objection is heard.

Mr. WILLIAMS. Very well. I shall leave the amendment as it is, and I shall resist any amendment to increase the salaries of the President, the Vice President, and Members of Congress, as well as any special provisions other than those which are extended to businessmen. I shall insist on a vote on the amendment.

Mr. CASE. Mr. President, I offer an amendment to the amendment of the Senator from Delaware.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The CHIEF CLERK. In lieu of the paragraph in the Williams amendment which changes the compensation of Senators and Representatives from $12,500 to $15,000, and in lieu of the paragraph repealing paragraph (b) of section 601 of the Legislative Reorganization Act of 1946 (Public Law 601—79th Cong.), it is proposed to amend said paragraph (b) by striking out thereof the following words: "for which no tax liability shall incur, or accounting be made."

Mr. CASE. Mr. President, the language contained in the amendment offered by the Senator from Delaware [Mr. WILLIAMS] proposes to amend section 601 of the Legislative Reorganization Act of 1946 by changing the figure "$12,500" to the figure "$15,000." Then it would strike out the second paragraph of the act, which is paragraph (b).

If the amendment is adopted in the form in which it now appears, that is, if the Williams amendment is adopted, as offered, the compensation of a Member of Congress will not be $12,500, but it will be $15,000, and there will be stricken the following paragraph:

> (b) Effective on the day on which the Eightieth Congress convenes there shall be paid to each Senator, Representative in Congress, Delegate from the Territories—
>
> And so forth—
>
> an expense allowance of $2,500 per annum to assist in defraying expenses relating to, or resulting from the discharge of his official duties, for which no tax liability shall incur, or accounting be made; such sum to be paid in equal monthly installments.

The whole issue arises because there is included in the Legislative Reorganization Act the words: "for which no tax liability shall occur, or accounting be made." That is the whole issue. That is the whole question involved. It has relation to the principle of morals or ethics, or whatever we wish to call it, as to whether or not we shall have an allowance for which we do not have to make any accounting. It is involved in the words: "for which no tax liability shall incur, or accounting be made."

My proposal is to strike our the offending words which make the expense allowance not subject to accounting and not subject to taxation. Therefore, instead of increasing the compensation from $12,500 to $15,000, the amendment would leave the compensation at $12,500, and it would leave the expense allowance of $2,500, but it would strike out the words: "for which no tax liability shall incur, or accounting be made." In other words, the $2,500 would be paid to us, but it would be an expense allowance which would be subject to accountability. We would be in the same situation as anyone else in that respect.

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

Mr. CASE. Yes.

Mr. KNOWLAND. What would be the effect of the amendment offered by the Senator from South Dakota relative to the expense account of the Vice President, the Speaker of the House, and the President of the United States?

Mr. CASE. My amendment to the Williams amendment would not touch those items. The Williams amendment takes care of that. My amendment does not go to that point.

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

Mr. CASE. Yes.

Mr. CAPEHART. What expenses would be charged against the $2,500 allowance? Would it be railroad fare, hotel expense, or rent? What would the $2,500 cover?

Mr. CASE. In my own opinion—and that is all I can give—the Bureau of Internal Revenue would have to make a ruling on the point. In the so-called Jarman letter, which was written by Mr. Schoeneman to Mr. Jarman, it is held that "amounts expended in 1947 by a Member of Congress for expenses relating to or resulting from the discharge of his official duties, including his meals and lodging while in Washington, D. C., may be offset against the $2,500 expense allowance for that year."

The letter which the distinguished Senator from Utah presented today indicates that the Internal Revenue Bureau

has changed the ruling on that phase of the subject. On that point I should like to suggest that if we wipe out the $2,500 expense allowance, we wipe out any basis in law for allowing anything particularly as expenses of Members of Congress. If we let stand in the form which I suggest the paragraph of the Legislative Reorganization Act which provides a $2,500 expense allowance, we would merely be saying that the amount shall be accountable for tax purposes. If we strike out the paragraph, we destroy the expense allowance theory, and we merely increase the salary from $12,500 to $15,000. I think the legislative history would be much clearer if we simply were to delete the offending words and were to leave ourselves with a salary of $12,500 and an expense allowance of $2,500, because then there would be a basis for allowing expenses.

Mr. President, I am not anxious to use all the time available to me; I am perfectly willing to have the vote taken now.

Mr. WILLIAMS. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. WILLIAMS. I hope the Senator from South Dakota will not press his amendment to my amendment, because his amendment would spell out a special consideration for the Members of Congress than that provided by the remainder of the amendment for the President, the Vice President, and the Speaker of the House. That is wrong. I do not think we should set up two different groups.

Rather than to do that, I would much prefer to follow my original compromise, namely, to make the effective date of my amendment January 3, 1953. To accept your amendment would mean that we are willing to take away the exemption of the President and Vice President but not our own. I want to remove all or none effective on the same date.

So I think it would be better to vote on my amendment as it is. As before, I repeat my offer to make the effective date January 3, 1953, with the understanding that these other amendments be withdrawn. I want an outright repeal of this special exemption for both the President and the Members of Congress all effective the same day.

Let us correct a mistake which has been made and one which we all recognize as being unfair.

Mr. BRIDGES. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. BRIDGES. I wish to make to the Senator from South Dakota the point that the weakness in his position, as I see it, is that we would establish one formula for an expense account for the President, the Vice President, and the Speaker of the House, and another formula for the expense accounts of Members of the Congress. Certainly the entire approach should be on the basis that if a Member of Congress is required to spell out and justify his expense account, so should the President, the Vice President, and the Speaker of the House. All should be treated on the same basis.

Mr. CASE. Mr. President, as I understood the purpose of the amendment of the Senator from Delaware [Mr. WILLIAMS], it was to make the expenses which should be charged against the remuneration subject to tax accountability. What does the amendment of the Senator from Delaware do with respect to the President and the Vice President?

Mr. WILLIAMS. Mr. President, the normal expense accounts of the President and the Vice President are not in any way affected, in so far as this amendment is concerned. Every Member of Congress knows that the $50,000 exemption of the President and the $10,000 exemption to the Vice President and to the Speaker of the House are in exactly the same category as the $2,500 exemption to the Members of Congress. All of us regard this as added compensation. It is merely called an expense account, to justify the making of the exemption.

In addition to this $50,000 item, the President of the United States has a regular expense account, which Congress approves, to take care of all the normal expenses of running his office. He should have that allowance, and I am not attempting to touch it.

However, none of the money now being considered is used for running the White House. I do not think we should repeal the expense allowance for the President and the Vice President unless we repeal our own expense allowance in the same clean-cut manner, and effective on the same date.

So I hope the Senator from South Dakota will not press for the adoption of his amendment to my amendment. I would much prefer to modify my amendment making the effective date January 3, 1953, which would be the date of the convening of the new Congress; and at that time every person who ran for Congress would know what he would receive, if elected.

All I am asking is a clear cut vote on my amendment based upon its merits.

Mr. GEORGE. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. GEORGE. I have not interfered with or taken part in the debate on this question because, frankly, I have not understood quite what was meant or what was intended to be done, or why. However, I assume that those are perfectly irrelevant considerations, anyway.

I should like to know when the Senator from Delaware proposes to make his amendment effective.

Mr. WILLIAMS. Mr. President, if the Senator from South Dakota will yield to me, let me say that under the amendment as it is printed now, the effective date is November 1, 1951, namely, the same effective date as that of the tax bill which is pending before us. Personally, I feel that should remain the effective date.

However, many Members of the Senate feel that certain Members of Congress might, at the time of their election, have been under the impression that they would receive this $2,500 tax exempt and that otherwise they would not have run for office.

Therefore, in order to meet that objection, I am willing to make the effective date of my amendment January 3, 1953, which will be at the beginning of the next Congress.

Mr. GEORGE. 1953?

Mr. WILLIAMS. Yes, 1953.

Mr. GEORGE. Would that also be applicable to the President, the Vice President, the Speaker of the House and the Delegates from the possessions?

Mr. WILLIAMS. That is correct; it would be applicable to all of them on the same date.

I do not think we should repeal the tax exemption for the President and the Vice President as of one effective date, but make the effective date in our case some projected date in the future. I think all should be the same, Mr. President.

Mr. GEORGE. Mr. President, I agree with the Senator from Delaware as to that; and if he is proposing to make the effective date of his amendment January 3, 1953, I would offer no objection to it, and I see no reason why we should debate the amendment any longer.

Mr. WILLIAMS. Mr. President, if the Senator from South Dakota will withdraw his amendment to my amendment, I will modify my amendment so as to make the effective date of it January 3, 1953, which will be the date of the convening of the new Congress.

Mr. GEORGE. I would not have the slightest objection, for that will provide opportunity to the Congress to consider these questions in the meantime.

Mr. WILLIAMS. That is correct; and it will put the Congress on notice, officially, that effective on that date there will be no more special tax exemptions for anyone—either for the President, the Vice President, or the Members of Congress—and it will be up to us to recognize that situation.

Mr. GEORGE. I would have absolutely not the slightest objection, if that is done.

However, I do not think now is the time for us to stop to fix the salary of the President or the Vice President or the Speaker of the House.

Mr. WILLIAMS. I think the Senator from Georgia is entirely correct, and that is why I have asked that that matter not be brought in at this time.

Mr. CASE. Mr. President, of course, under the Constitution we cannot change the remuneration of the President during the term for which he is elected; under the Constitution we can neither increase nor decrease the remuneration of the President under such conditions. Certainly it would be in harmony with that if we did not attempt to change our own salaries or remuneration during our period of service.

As I recall, a number of years ago the late Senator Borah, of Idaho, took the position that when the salary was increased during the term for which he was elected he should not accept the increase during that term.

Mr. BRIDGES and Mr. WATKINS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Dakota yield; and, if so, to whom?

Mr. CASE. Mr. President, I decline to yield at this time.

Mr. WILLIAMS. Mr. President——

Mr. CASE. Mr. President, I should like to speak for a minute longer in my own time.

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER. The Senator from South Dakota declines to yield at this time, and he has the floor.

Mr. CASE. Mr. President, on many occasions the point has been made that what is at fault is the expense allowance. I think I have pointed out how the expense allowance can be cleared up, namely, by simply deleting the words which relate to the liability or nonliability for taxation.

The President of the United States had an expense allowance of approximately $40,000, if I remember correctly, under the old law, before the Legislative Reorganization Act was passed. If he does not spend that money for expenses, he does not receive it; and it is accountable for tax purposes in that case.

The increase in the salary of the President made by the act passed just prior to the last inauguration of the current President made an increase in that amount. I do not see that that is particularly involved in my amendment to the amendment of the Senator from Delaware.

I am perfectly willing to withdraw my amendment to the amendment of the Senator from Delaware, but I shall do so on the supposition that this entire issue then will come before the Senate for further consideration. By changing the effective date of the amendment, as the Senator from Delaware proposes to do, the issue will not be entirely resolved. We shall have indicated that we wish to get away from the present status of the $2,500. However, I wish to suggest to Senators that instead of simply eliminating the $2,500 and increasing our salaries, so that hereafter a Member of the Senate will receive a salary of $15,000, consideration should be given to handling the situation by doing away with or striking out the offending words in the way I have suggested, by means of the amendment which I have proposed to the amendment of the Senator from Delaware.

So, Mr. President, I will withdraw my amendment to the amendment of the Senator from Delaware, because such action will expedite the consideration of this question, in my opinion; and I do so in order that the entire issue will be before the Congress for consideration.

I now withdraw my amendment to the amendment of the Senator from Delaware.

The PRESIDING OFFICER. The amendment proposed by the Senator from South Dakota to the amendment of the Senator from Delaware is withdrawn.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to modify my amendment as follows:

On page 1, in line 2, strike out "November 1, 1951," and substitute therefor "January 3, 1953."

The PRESIDING OFFICER. The Senator from Delaware asks unanimous consent to modify his amendment in the way he has just stated. Is there objection?

Mr. McFARLAND. Mr. President, reserving the right to object, although I shall not object, I wish to say that I do not think this is the proper time or place to be legislating for January 3, 1953. If it is proper to have this matter handled now, why try to bind a future Congress?

However, in order to settle the question now, I shall not object, although I do not think this Congress should try to establish a standard for a future Congress.

Mr. GEORGE. Mr. President, if the Senator from Arizona will yield, let me say that I think I may reassure the majority leader that probably none of us will be here on January 3, 1953. [Laughter.] So he need not worry.

The PRESIDING OFFICER. Will the Senator from Delaware restate his request, please?

Mr. WILLIAMS. Mr. President, I ask that the following modification be made in the amendment I have submitted: On page 1, in line 2, strike out the date "November 1, 1951" and insert "January 3, 1953."

On page 3, in line 19, strike out the date "November 1, 1951" and insert "January 3, 1953."

The PRESIDING OFFICER. Is there objection to the request of the Senator to modify his own amendment?

Mr. LONG. I object.

Mr. AIKEN. Mr. President, the question I wanted to ask the Senator from Delaware is this: Taking the increase in tax rates provided for in this bill, and adding to it the loss due to the elimination of tax exemption on the $2,500, what would be the total amount of reduction in income of a Member of Congress earning $15,000 a year?

Mr. WILLIAMS. I do not know. I would not want to undertake to say. I am offering my amendment based upon the argument there should be no special tax exemption.

Mr. AIKEN. Would the Senator say that it would be roughly about $1,200?

Mr. WILLIAMS. If the Senator from Vermont knows the answer, he may give it. I offer my amendment on its merits.

Mr. AIKEN. No; I do not know the answer. If I did, I would not have asked the question.

The PRESIDING OFFICER. The Chair advises the Senate that objection has been heard to the request of the Senator from Delaware to modify his amendment; but the Senator may offer an amendment, even though the yeas and nays may have been ordered.

Mr. WILLIAMS. Mr. President, I did not hear the objection. Who objected?

The PRESIDING OFFICER. Objection was heard. The Senator from Louisiana objected.

Mr. WILLIAMS. I move that "January 3, 1953," be substituted for "November 1, 1951."

Mr. MALONE obtained the floor.

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

Mr. MALONE. Mr. President, I ask unanimous consent that I may yield to the Senator from Georgia without losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. GEORGE. Mr. President, I do not know why we cannot vote on the motion of the Senator from Delaware. Whether it is finally disposed of tonight or tomorrow will not make much difference, but it seems to me we ought to have a vote.

Mr. LONG. The Senator from Louisiana has no objection to voting on the motion.

Mr. MALONE. Mr. President, I have not yielded to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Nevada has the floor, and he has yielded to the Senator from Georgia.

Mr. WILLIAMS. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. Mr. President, I ask unanimous consent that I may yield to the Senator from Delaware without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, to facilitate matters, I may say that I understand there is objection on the part of the Senator from Louisiana to my request, but I would certainly rather have the date which is in the bill. If we could have a vote on my amendment immediately, voting it up or down, I would withdraw the motion and call for a vote on the amendment.

Mr. GEORGE. Mr. President, that would not at all be agreeable to anyone. But if the effective date were fixed in January 1953 that would give us time to consider these questions, and to have a proper hearing.

Mr. LONG. Mr. President, I withdraw my objection.

The PRESIDING OFFICER. In order that we may keep the record straight, the Senator from Nevada yielded to the Senator from Georgia.

Mr. WILLIAMS. Mr. President, will the Senator from Nevada yield for a renewal of the unanimous consent request, in view of the fact that the Senator from Louisiana has withdrawn his objection.

Mr. MALONE. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Nevada has the floor.

CONGRESS SHOULD REASSERT ITS CONSTITUTIONAL POWER

Mr. MALONE. Mr. President, the Congress has abrogated its constitutional powers to the executive branch of the Government, and it follows the lines of least resistance when it assumes that the people do not pay all the taxes. The consumer pays the taxes of all corporations, and businessmen are simply indirect taxing agencies, adding any tax levy to normal selling prices and turning the collections over to the United States Treasury.

The principle involved in collecting taxes from corporations is a shameful farce perpetrated upon the citizens of this country, and the Senate should face the situation. It is a complete subterfuge, in extracting the earnings of the citizens of this Nation.

The recent international conference held in Canada created a very disturbing situation. Mr. President, almost every other nation outlined its need for more United States money, and there is but little doubt that our State Department was receptive to the point of pledging such assistance. It is the Democratic party game of committing the Congress of the United States to international expenditures before such plans are submitted to the Congress. The Marshall plan was a shining example of that technique.

THE MARSHALL PLAN

Mr. President, when Mr. Marshall made that little statement of his up at Harvard with a paragraph inserted in the middle of his speech, he tossed a ball which Mr. Bevin in England caught on the first bounce, and within 60 days Mr. Bevin told us exactly how much it was going to cost us. Then the distinguished Senators of the Foreign Relations Committee and other Senators told us, in effect, that it would be a breach of faith if we did not vote this money for these nations. We were told that these nations had been led to believe they were going to get the appropriations, and they got them to the extent of $17,000,000,000 during the first 4 or 5 years, and the end is not yet. The Secretary of State had committed us before the matter was sent to Congress.

Mr. President, Congress has been led into senseless spending over two decades through prearranged agreements, all pointed toward more and more centralization of government and more and higher taxes.

Mr. KILGORE. Mr. President, will the Senator yield for an insertion in the RECORD?

Mr. MALONE. Mr. President, I think it is now time that the junior Senator from Nevada addressed the Senate.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. MALONE. Mr. President, Truman administration programs include foreign aid—billions of dollars to Europe with no conditions attached—and the proposition that taxes must be raised to siphon off any raise in wages and to collect any remaining money from businessmen. How can we stop this senseless dissipation of the wages and property of our people unless we refuse to appropriate the money and fix tax rates that destroy family and business incomes?

CONGRESS SHOULD SCRUTINIZE THE BUDGETS

Mr. President, Congress has become so accustomed to accepting the budgets sent by the President, that it makes no effort to find out whether the budgets make sense, no effort to analyze them, no effort to determine whether the billions upon billions of dollars sent to foreign nations accomplish anything for us.

It is time the budgets were pared down by Congress and we started to discharge our responsibility to the American people, which responsibility was fixed by the Constitution of the United States.

THERE IS A SOCIALISTIC PATTERN

Mr. President, Congress has made what could be a fatal mistake. It has assumed that each move by the administration, each principle established by its seemingly haphazard legislation, each part of its outwardly ragged foreign policy, was to be considered by itself upon its own merits.

The blunt truth, whether we like it or not, is that there is nothing haphazard about the continuity of the legislation establishing domestic and foreign policy. There is a definite pattern which, when viewed in perspective, falls into place forming a frightening mosaic of Fabian-Marxist socialism.

During the past two decades, Congress has given up its power to regulate commerce, its power to regulate the money supply, its power to approve treaties, and many of its other constitutional powers. Congress can regain its constitutional powers, and it should reassert its rightful authority as an independent branch of the Government. Congress has the power, if it has the intestinal fortitude, to take back its constitutional powers and to protect the people of the United States from a power-mad and tax-mad administration.

It may be remembered that Hitler never dissolved the Reichstag. He simply ignored it. Congress is subservient to the executive branch of the Government at this time. It is tied to the President's whims and seemingly does not possess the moral strength to break the spell. The checks and balances set up by the Constitution are gone. The legislative and the judicial branches are dominated by the executive branch of the Government.

The domination by the executive branch has been aided and abetted by what has become known as the bipartisan policy—collusion between representatives of two supposedly independent branches of the Government, established to check each other.

FACTORS DESIGNED TO DESTROY

Mr. President, I ask unanimous consent to have included in the RECORD at this point in my remarks, excerpts from my speech which appeared in the CONGRESSIONAL RECORD of May 22, 1951, page 5559, under the heading, "Six Factors To Destroy Economic System".

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

SIX FACTORS TO DESTROY ECONOMIC SYSTEM

The six factors used in the last 18 years in preparing for the destruction of the economic system of this country include—

First. The removal of the metal base for our money, and the utter debasement of the currency of the United States of America.

There is absolutely no brake on the printing press money now. Congress has proved that it will make the change in the backing of the fictional metal base for the money. When we come to the point where we do not have enough gold in Fort Knox to have 40 percent value behind the currency, Congress changes the figure to 25 percent.

Perhaps it will not be long before they, perhaps, will change it to 15 percent, and then to 10 percent unless a definite move is made to control inflation. Congress is trained to do what the President asks it to do, and it seems that we simply cannot stop the printing of paper money, and inflation is the natural result.

Second. The free-trade program initiated through the 1934 Trade Agreements Act by the President, by his State Department, and the continual lowering of tariffs and import fees without any regard for the fair and reasonable competitive principle, which has laid the foundation for averaging the living standards of this country with those of the other nations of the world. Some say that was done to prevent war. Well, we have followed this path now for 18 years, and this is the second war within 10 years—world war III.

It is wearing us down "keeping us out of war."

Third. Income and other taxes which are levied without restraint. They have in many cases reached the point where the law of diminishing returns takes over, and investment of venture capital is disturbed.

Just the mere fact that there is tampering with the tariffs, that there is continued tinkering with the tariffs, threatening the tariffs and import fees, not only prevents venture capital from going into a new business, but runs private capital out of the business stream of the Nation.

Fourth. Subsidies paid to producers in lieu of the tariff or import fee. As has been said, there has been a gradual substitution of subsidies for tariffs. As a matter of fact, when the tariff and import fees are removed or substantially lowered below the differential, then the subsidies must be substituted to make up the difference, to hold our standard of living.

Fifth. The tactics of the Securities and Exchange Commission, with its engineers and hot-house economists insisting upon their own judgment as to the success of a venture before allowing stock or shares to be sold when, as a matter of fact, the real objective should be to guarantee that the truth and the facts are told to prospective investors. It was never the intent for this Commission to determine the feasibility of a project, because when that is finally determined beyond a doubt, there is no need to sell stock. This action prevents many new business developments.

Sixth. Emergency economic controls which contribute greately to socialization and nationalization of industries and complete economic control by the President of the United States.

Mr. MALONE. Mr. President, I would add a seventh point, as follows:

Seventh. Deficit financing, apparently based on the silly theory that the greater the debt the greater the wealth of the country.

MARX THEORY: INCOME TAX TO DESTROY CAPITALISM

Mr. President, Karl Marx said that levying income taxes was the way to bring about world socialism and the breakdown of any capitalistic system of government. I quote the principle espoused by him:

From each according to his abilities, to each according to his needs.

Karl Marx criticized the Gotha program. That program was followed by those who favored a slow-type revolution, whereas Marx said the socialists should move swiftly against the government.

TRUMAN ADMINISTRATION RESPONSIBLE FOR MINING COLLAPSE

Mr. President, recently Mr. Truman set up a new agency of Government to procure strategic and critical minerals

and materials sorely needed by the Government, the shortage having been brought about by his administration. Through Executive orders and legislation recommended by the Administration, and through lack of other legislation, there has been brought about a condition where only taxpayers' money, appropriated here, may be used for rehabilitating the stockpiles of strategic and critical minerals.

MINING: REVIVE THE URGE

In the Mining Congress Journal of August 1951 there is an article entitled "Revive the Urge." I presume some of the Members of the Senate would not understand that the word "urge" as used here has to do with working for reward. I will read from the article:

President Truman recently set up a new agency to expedite procurement of the strategic and critical minerals so sorely needed to implement our rearmament plans and maintain the supply of necessary civilian goods. One phase of the Federal minerals program has to do with the financing of new ventures and expansion of already existing ones. The Government feels a duty to help in financing projects that honestly merit aid but cannot find capital privately. But why must a worthy project go hat in hand to Government to find the money to get started?

Is it because the American investor hasn't the guts any more to risk his money in a mining venture? Are we, as our Red critics charge, a decadent democracy?

The answer is "No." There are just as many with the desire to invest and the will to invest, but they don't have the funds available.

Ultimately, it is the investments of individuals that finance business ventures, large or small (under a true capitalistic system, that is). But in the name of combating inflation our Government is already taking such a big slice of everyone's income that there just isn't any venture capital left. It isn't hiding, it's being spent by Government, competing with private industry * * * supporting farm prices when they show signs of sinking below a certain floor * * * bidding other prices even higher—as, for instance, when metals are scarce because money has not been available for expansion programs.

In short, paying the price of Government competition through greatly increased taxation has all but dried up venture capital. This is emphasized when we examine the crippling impact of corporate and individual taxes imposed under present and proposed Federal tax laws.

In his statement on the pending tax bill, H. R. 4473, to the Senate Finance Committee AMC Tax Committee Chairman Henry B. Fernald showed how extremely small is the ultimate return to the investor in a risk venture, even one which proves extraordinarily successful. A few figures derived from his carefully prepared tables bring out the point in striking fashion.

For example, in the case of a corporation which earns 30 percent—an extremely high rate of return—on an invested capital of a million dollars, and which distributes to the stockholders the entire earnings remaining after corporate taxes (assuming also, for discussion, an excess profits tax credit based on invested capital, and that all stockholders fall in the twenty to twenty-two thousand dollar tax bracket), the combined corporate and individual taxes under H. R. 4473 would absorb 88.2 percent of the total corporate income. In other words, $26.50 out of every $30 so earned would be taken in Federal taxes, leaving only $3.50 to the investor. In order for him to receive 8 percent on his investment—certainly not a high rate on a speculative venture—the corporation would have to earn at the rate of 68 percent on its invested capital.

This example becomes even more startling if it be assumed that all stockholders are in the eighty-ninety thousand dollar tax bracket. Then the Government would take $29.50 out of each $30, and the corporation would have to earn 457 percent to yield the investor a net return of 8 percent.

These computations are based on the tax bill recently passed by the House and now pending before the Senate Finance Committee. Yet even under existing law the disparity between corporate earnings and net return to the shareholder, after the Government has swallowed its two bites, is enormous.

Small wonder, then, that investment capital is not readily available for the hazards of mining exploration and development. Generally, neither the corporation nor the individual has enough left after taxes to take the long-shot gambles which are inherent in the search for new ore bodies. Not only that, but the incentive to take such risks is virtually destroyed when the profit from the occasional successful venture goes in major part to a Government which does not bear the losses of unsuccessful efforts.

ADMINISTRATION KILLS INCENTIVE TO INVEST AND PRODUCE

Mr. President, if a man should invest his capital in a business and he makes money under the last condition outlined, $29.50 out of $30 is paid to Uncle Sam. If he loses money, the loss belongs to him.

In the face of this, the Secretary of the Interior had the gall to put out a statement that it was a terrible thing, something he could not understand, that there was not a large production of strategic and critical minerals and materials in this country. Such a statement is ridiculous when one considers that every move the Secretary has made and every move the administration has made for 2 decades has been to close down mining here and to prevent investments in any and every business.

I continue to read from the article in the Mining Congress Journal:

To help in solving this problem, and to make it possible for private enterprise to continue the search for and development of new ore reserves, our Federal tax law should be amended to make it clear that expenditures for prospecting, exploration, and development may be deducted from taxable income, either currently or as a deferred expense to be charged against resulting ore, and with full right to write off losses on unsuccessful ventures.

Such a provision is urgently needed today—in the interest not simply of the mining industry, but of the national security which so vitally depends upon continued and increased supplies of metals and minerals.

Mr. President, digressing at this point, it can be said that we are now paying more money for foreign ores than we will pay for domestic ores. Thus, it has not been difficult to get money for investments in foreign fields, but almost impossible to get any money for investment in this country.

I continue to read from the article:

Adoption of this amendment would do more than any other measure that has been proposed to revive activity in the mineral exploration field. It would again make it possible for private capital to engage in the widespread search for and development of new ore bodies. It would afford encouragement and incentive to a host of competent mining companies, large and small, to carry on this work under their own initiative, on a broader scale, with less cost to the Government, and with greater results in less time than in any other way.

The situation today is far different from that in the earlier days of the income tax law—when sufficient income remained to the taxpayer to permit risk expenditures of this sort. The small proportion of current earnings now available after taxes is clearly inadequate for the purpose. It is true that depletion is allowed on the cost or percentage basis, to allow for the disposal of capital assets in mine operations, but the intricacies and technicalities are such that it often fails to make adequate allowance. Moreover, percentage depletion is not passed over as an allowance to the stockholder against distributions received by him.

Our Government recognizes the vital need to encourage mineral exploration and development. Adoption of a suitable provision in the pending tax bill will be one of the most effective means conceivable for achieving this end.

Mr. President, this situation has been outlined to the Senate on numerous occasions during the past 4½ years, but the administration has violently opposed legislation which would provide any money or any incentive for private investments in mining or in any other legitimate business.

As the junior Senator from Nevada has said, money is not so hard to get for investments outside this country. We even have a Point 4 plan under which we guarantee investments in foreign countries. We do not guarantee the integrity of investments in this country, and furthermore we make every effort to keep anyone bold enough to want to start an enterprise from doing so. We endeavor to take away all incentive for such investments.

NATIONAL INCOME INCREASE DOES NOT KEEP UP WITH INFLATION

I wish to point out that the national income has continually increased, but has not kept up with inflation. As a matter of fact, the national income in 1950 was $239,000,000,000. In 1951 it is estimated at $269,400,000,000. I point out, however, that the Associated Press commodity price index shows that in 1950 the cost index price was 167.67, while today, the cost index has risen to 191.21, which is a much greater increase than the increase in the national income.

The New Deal economist, Mr. Leon Keyserling, made an interesting statement as reported in a dispatch to the New York Times from Washington, dated September 23. The headline is, "Keyserling Sees New Output Peak." "United States Will Reach $400,000,000,000 in 4 Years, He Says at Israel Bond Rally in Capital."

I read from the article:

Leon Keyserling, Chairman of President Truman's Council of Economic Advisers, today predicted a continuously rising curve of American production. The total national output, which now is at the record total of $325,000,000,000 will most likely reach $400,000,000,000 within the next 4 years, he added.

I point out that 4 years from now will be 1955. To rise to $400,000,000,000, the cost index would not have to rise as fast as it has risen in the past few months. In other words, a commodity

price index of 284, with no additional value at all in our production, would make an income of $400,000,000,000. This indicates what has been happening during the past 10 years.

COMMODITY PRICES

In 1942 the commodity price index was 99.04. In 9 years it has risen to 191.21, or almost double. In other words, the national income of $269,400,000,000 estimated for this year, computed on the basis of commodity prices in 1942, would be about half that amount. For several years the public has been completely fooled by the propaganda of such so-called economists as Mr. Leon Keyserling.

We are encouraging inflation. In 1934 the administration cut the monetary system loose from the only anchor it had, that is, metal money, or the gold standard, and began printing money. The prediction of Leon Keyserling, the man who is closer to President Truman than any other economist, that $400,000,000,000 will be the income in 1954, is sufficient proof that there is no intention of changing the money printing process.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table showing the Associated Press commodity price index from 1926 to 1951, inclusive.

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

Associated Press commodity price idex

1926	100.00
1938	68.01
1939	68.35
1940	73.27
1941	86.56
1942	99.04
1943	106.01
1944	107.07
1945	109.48
1946	133.68
1947	183.60
1948	187.24
1949	159.93
1950	167.67
1951	[1] 191.21

[1] As of Sept. 26, 1951.

Mr. MALONE. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an excerpt from the Washington Post of this morning concerning the current index.

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

COMMODITY INDEX

NEW YORK, September 25.—The Associated Press weighted wholesale price index of 35 commodities today declined to 191.21.

Previous day, 191.31; week ago, 190.31; month ago, 190.42; year ago, 192.26.

[1926 average equals 100]

	1951	1950	1949	1948
High	215.71	207.64	177.37	208.14
Low	189.34	159.30	150.05	176.70

Mr. MALONE. Mr. President, in 1939 the purchasing value of the dollar, measured by the consumers' price index, was 100.2, and the national debt was $40,440,000,000. The per capita debt at that time was $309. We find as of 1950, the last full year of record, a national debt of $256,731,000,000, a per capita debt of $11,676 and a purchasing index price of the dollar of 56.1.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the table to which I have referred.

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

Purchasing value of the dollar as measured by the Consumers' Price Index, the gross national debt, and per capita national debt

	Index	National debt (millions)	Per capita debt
1939	100.2	$40,440	$309
1940	99.4	42,968	326
1941	94.5	48,961	368
1942	85.4	72,442	538
1943	80.8	136,696	1,001
1944	79.7	201,003	1,456
1945	78.5	258,682	1,853
1946	73.5	269,422	1,908
1947	65.0	258,286	1,793
1948	61.1	252,292	1,721
1949	[1] 59.1	252,770	1,695
1950	56.1	256,731	1,676

[1] Based on 11 months' data.

Mr. MALONE. Mr. President, I now come to a very interesting table. First, I may say that the amount of money, approximately, which was either paid out or pledged to foreign countries since World War II was more than $40,000,000,000. Forty billion dollars is a great deal of money. But we become so used to bandying about the words "billion dollars" that we do not think enough about what they mean.

To give some idea of the amount of money which $40,000,000,000 represents, it is approximately $3,000,000,000 more than the combined taxable wealth of the 11 Western States, including the rich States of California, Oregon, and Washington, and the 14 Southern States, including fabulous Texas. Three billion dollars more than the combined wealth of these 25 States. That will give the Senate some idea of how much $40,000,000,000 amounts to.

The table I have before me is entitled "Statistical Information Regarding Nation's Assets and Debts." It lists the 48 States and contains 5 columns. In the first column is the State's share of the national debt. The second column shows the State's indebtedness. The third column shows the total of the State's indebtedness plus its part of the national debt. In the fourth column is shown the assessed property valuation of the State. The fifth column shows the percentage of property valuation to national and State debt.

The table tells an amazing story. If 38 of the 48 States were suddenly asked to assume their part of the national debt, they would not have enough money to do so, even if they disposed of all their taxable assets. If they could realize the valuation of all their taxable property, they would not be able to liquidate their part of the national debt and their own State debt. My own State of Nevada would be one of the luckier 10 States. It would have 10 percent of its present wealth with which to start off new.

Mr. President, I ask unanimous consent to have the table printed in the RECORD at this point in my remarks.

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

Statistical information regarding Nation's assets and debts

State	State's share of national debt	State's outstanding indebtedness	State's indebtedness plus its part of national debt	Assessed property valuation	Percentage of property valuation to national and State debt	State	State's share of national debt	State's outstanding indebtedness	State's indebtedness plus its part of national debt	Assessed property valuation	Percentage of property valuation to national and State debt
	Thousands	*Thousands*	*Thousands*	*Thousands*			*Thousands*	*Thousands*	*Thousands*	*Thousands*	
Alabama	$5,214,000	$48,618	$5,262,618	[1] $959,000	18	Michigan	$10,849,000	$241,951	$11,090,951	$9,936,000	90
Arizona	1,276,000	3,538	1,279,538	732,000	57	Minnesota	5,079,000	140,375	5,219,375	[1] 2,015,000	38
Arkansas	3,252,000	132,785	3,384,785	689,000	20	Mississippi	3,710,000	79,854	3,789,854	861,000	22
California	18,025,000	218,607	18,243,607	13,618,000	75	Missouri	6,734,000	44,708	6,778,708	4,762,000	70
Colorado	2,257,000	13,510	2,270,510	1,591,000	70	Montana	1,006,000	21,111	1,027,111	455,000	44
Connecticut	3,418,000	70,024	3,488,024	[1] 3,098,000	88	Nebraska	2,257,000	1,023	2,258,023	2,712,000	120
Delaware	542,000	36,838	578,838	[1] 326,000	56	Nevada	273,000	785	273,785	304,000	110
Florida	4,719,000	16,520	4,735,520	4,398,000	92	New Hampshire	908,000	8,969	916,969	728,000	79
Georgia	5,865,000	2,786	5,867,786	1,694,000	34	New Jersey	8,233,000	104,851	8,337,851	4,995,000	60
Idaho	1,002,000	893	1,002,893	486,000	48	New Mexico	1,160,000	29,886	1,189,886	381,000	32
Illinois	14,835,000	428,158	15,263,158	[1] 5,293,000	34	New York	25,252,000	824,327	26,076,327	28,396,000	109
Indiana	6,699,000	14,946	6,713,986	[1] 5,078,000	75	North Carolina	6,916,000	194,823	7,110,823	4,104,000	58
Iowa	4,463,000	35,462	4,498,462	3,934,000	87	North Dakota	1,055,000	43,571	1,098,571	1,119,000	101
Kansas	3,244,000	5,500	3,249,500	3,664,000	112	Ohio	13,531,000	197,588	13,728,588	13,952,000	102
Kentucky	5,014,000	8,279	5,022,279	4,998,000	99	Oklahoma	3,803,000	104,173	3,907,173	1,822,000	47
Louisiana	4,569,000	208,657	4,777,657	[1] 1,369,000	30	Oregon	2,590,000	36,710	2,626,710	1,607,000	61
Maine	1,556,000	8,680	1,564,680	762,000	48	Pennsylvania	17,875,000	539,629	18,414,629	[1] 11,240,000	61
Maryland	3,989,000	57,911	4,046,911	3,883,000	96	Rhode Island	1,348,000	51,095	1,399,095	1,784,000	128
Massachusetts	7,987,000	162,926	8,149,926	[1] 6,436,000	79	South Carolina	3,605,000	70,251	3,675,251	512,000	14

[1] Does not include personal property.

Statistical information regarding Nation's assets and debts—Continued

State	State's share of national debt	State's outstanding indebtedness	State's indebtedness plus its part of national debt	Assessed property valuation	Percentage of property valuation to national and State debt
	Thousands	*Thousands*	*Thousands*	*Thousands*	
South Dakota	$1,111,000	$35,804	$1,146,804	$1,320,000	115
Tennessee	5,605,000	101,971	5,706,971	1,994,000	35
Texas	13,130,000	52,247	13,182,247	5,295,000	40
Utah	1,173,000	993	1,173,993	848,000	72
Vermont	643,000	6,291	649,291	342,000	53
Virginia	5,651,000	19,045	5,670,045	1,872,000	33
Washington	$4,051,000	$76,194	$4,127,194	$1,898,000	46
West Virginia	3,415,000	68,352	3,483,352	2,583,000	74
Wisconsin	5,848,000	4,351	5,852,351	[1] 4,935,000	84
Wyoming	495,000	2,934	497,934	569,000	119
Total	256,598,000	4,578,500	259,810,540	176,349,000	68

[1] Does not include personal property.

WHERE DOES INFLATION COME FROM?

Mr. MALONE. Mr. President, we are living on one emergency after another, in order to justify the levying of new and higher taxes to the extent that we siphon off any raises in the wages and all money which a businessman may be able to salvage out of his business. You see, the theory seems to be that we must levy taxes high enough to siphon off with taxes not only all increases, but additional money, in order to prevent inflation. Yes, Mr. President, I heard no objection raised on the floor of the Senate to the principle that when a businessman or a wage earner spends his increase it causes inflation. According to these economists, if we can siphon off all increases and bring them into the Treasury of the United States through additional taxes, giving it to the President of the United States and his family of Cabinet officers to spend, no inflation is caused. In the minds of some people there must be a difference—although the junior Senator from Nevada has never been able to discover what it is—between the inflationary effect of expenditure by the Government and expenditure by individuals.

I assume the Senate believes there is a difference, because the Members of the Senate have been following the lead of the President of the United States, almost without question. I do notice that every once in a while the Members cut down a few thousand dollars in a budget item, but when we add it all up at the end of the session, it is generally found to be within 4 or 5 percent of what the President recommended.

Mr. President, there is a pattern to these things laid down by the administration.

POINT 4

Let us take Point 4. That must be the n'th degree of something. I have never yet met a banker who would listen to the kind of talk we hear from Administration spokesmen—about one's guaranteeing his own investment. Congress appropriates money from the taxpayers—and it is as much the taxpayers' money as it is the depositor's money in a bank. The only difference is that in the case of the depositor, his leaving it with the bank is voluntary, whereas in the case of the taxpayer it is involuntary. The Government takes it and lends it to foreign nations—money taken from the taxpayers for the RFC, the Marshall Plan, ECA, the Export-Import Bank, or some other trick agency—and then, through the amazing Point 4, we take more money to guarantee the integrity of investments abroad.

Some day the junior Senator from Nevada hopes to find out why most Senators vote for it. This is something that the junior Senator from Nevada, having been in the engineering business for 30 years and always accustomed to making estimates and calculating costs, just does not understand.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks an article the junior Senator from Nevada wrote as guest columnist for Merryle Stanley Rukeyser, the article being syndicated; the article clipped for insertion here is from the Fort Smith (Ark.) Southwest American.

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

MANAGED ECONOMY—NEW DEAL ADMINISTRATION THRIVES ON EMERGENCIES

(By GEORGE W. MALONE, United States Senator of Nevada)

Suppose all threats of war came to an end. Truman administration officials shudder at the thought. They, who have thrived on one "emergency" after another, would not know what to do with peace and normal, healthy American economy. The prospect of bringing the shooting in Korea to an end left the New Dealers badly frightened men. They busied themselves justifying spending as usual.

The Korean war had the ulterior value for its effect in promoting crisis psychology, the stock in trade of the New Dealers.

The Truman administration must have a war economy or an "emergency" economy in order to function.

The American economic system was abandoned by the New Dealers in their whirling dervish maneuvers to appeal to all those who want something for nothing.

The something for nothing philosophy was not panned out. It was politically successful but economically suicidal.

Despite the pump priming, the wild spending, the flow of relief checks, the made-work projects, unemployment continued to increase. At the time World War II broke out in 1941 there was more unemployment in this country than ever before in history. The unemployment problem was finally solved—by World War II.

One "emergency" after another. And things constantly getting worse.

The Socialists have wanted from the start to discredit the American economic system. At the same time, they have tried almost every trick in Adolph Hitler's bag in trying to regiment the American people. Some of this regimentation has slipped through, with the result that the hot breath of the bureaucrats is felt on the necks of Congress, demanding more and more power to tax and spend.

The control fanatics continue to demand more and more rigid controls over industry to curb prices, which really need nothing more than a touch of free American competition to take care of themselves.

The great strength of our country lies in its productivity. We had an untrammeled production machine that being free to grow had grown rich in untrapped resources.

This we would not have had if we had been hamstringing ourselves with Government controls.

What has happened under the "managed economy," instituted under the New Deal, in addition to ever increasing controls over the personal and business life of everyone, is indicated by the increases in the national debt, the decrease in the value of the dollar, and the gargantuan expansion of Government employment.

The shortages of production of strategic and critical minerals and materials have been created through the so-called managed economy and then alleviated through a program of "relief," paid for with taxpayers' money, such expenditure being justified by the current "emergency." All of this has required more and more "experts" and "economists" on the Federal payroll.

Was there a plot to make the people dependent upon a gigantic central government, subsidize all classes, raise wages, and siphon all the raise off in increased taxes, buy off opposition, harass businessmen, curtail domestic production, encourage slave-labor imports, make private investment and all production unprofitable, and discourage the investment of venture capital?

The administration has been able to accomplish much of its socialistic aims by four methods:

(A) Taxation so designed that if an American worker or investor has a profit on invested venture capital the profit belongs to "Uncle" and if he has a loss the loss belongs to him;

(B) A foreign free-trade policy so designed as to curtain domestic production and eventually pauperize American workers and investors;

(C) Government regulations so designed as to eliminate the investment advancement have come from venture capital; and

(D) Reckless spending on the part of the Government so designed as to complete the collapse of our economic structure.

Whether by traitorous design carried out by half-baked experts or by stupidity, our American economic system is definitely threatened.

It is time we got back to fundamental Americanism. Our American economic system is as much a part of America as is our countryside, our traditions, and our Republic, and those who attack this economic system attack America.

When the American economic system is gone the death of the American form of government cannot be far behind.

Mr. MALONE. Mr. President, I have in my hand a publication called Intelligence Digest. In the issue for September 1951, on pages 18 and 19, there is some very pertinent and enlightening information.

Under the heading, "British Politics in The Crucible", I read:

BRITISH POLITICS IN THE CRUCIBLE

All the world, without exception, remains profoundly interested in the political struggle in Britain. The election date, stated by the Tories to be surely around October 18, does not now seem to be by any means certain.

SETTING THE PACE FOR SOCIALISTS

Bevan is now more clearly setting the pace for the Socialists. Mr. Attlee is forced to the left, which, in any event, is the location of his inner conviction, for he is a great leftist by temperament. He will try by every means to destroy the reasons for his colleagues' revolt by going as far leftward as he possibly can on all domestic questions.

Many reports suggest the British public will be proved wrong if it thinks the Labor Party has done its most. They have every intention of going much further—another capital levy, if possible a tax on capital profits, and, one day, nationalization of the land will certainly be adopted.

Just now they want to cut the ground from under Bevan's feet and yet avert stampeding the middle class nonparty voter into the Tory camp. This is difficult, but the utmost device will be used.

DISCREDIT CHURCHILL, SALISBURY

One line will be to discredit Mr. Churchill and Lord Salisbury to the maximum extent over foreign policy. Mr. Churchill is trying to avert this by extreme caution; Lord Salisbury seems to think it better to be proved right in the long run than win popularity in the short. Mr. Churchill, however, has the House of Commons' viewpoint—he thinks more of the hustings—and has fewer years with which to play than Lord Salisbury, if the natural course works out normally. Nevertheless, within the party, Lord Salisbury at present has a more powerful support over foreign policy than Mr. Churchill.

The Tory Party is obliged to face an extremely important issue: Is it to adopt the strong line in foreign policy and the advanced view in domestic affairs? Is it to temporize on both issues? Is it to go with the Socialists over foreign policy but adopt a strong opposition to all radical devices in domestic politics?

UPSETTING THE OLD GUARD

Mr. Butler declines to keep out of the dispute on foreign policy and to advocate a very advanced radical Toryism in domestic politics. This upsets the old guard. Nevertheless, he has powerful support. Mr. Churchill has more in common with the old guard in domestic politics, but has upset his old friends of that school over foreign policy. Many of the younger men want a policy of no compromise abroad and radical Toryism at home.

Intelligence Digest is putting forward no view on conservative policies in this report, but is merely recording the tendencies. Very many of our readers dislike radical Toryism. Few object to the "no compromise" abroad. The fact remains, however, that the Tory Party must make up its mind which policy it is going to adopt.

It cannot face the nation with a quaver in its voice.

It is very important to notice that if the Conservatives waver and fail to show exactly what they mean, the Socialists may remain numerically very strong—even if they fail to get a majority. Communist Union Leader Arthur Horner threatens, moreover, to make Conservative government impossible.

Mr. President, I might liken the difference between the government of Mr. Attlee and the government of Mr. Churchill to the difference between the opposing parties in the United States.

DEMOCRATS TRY TO SELECT REPUBLICAN NOMINEE

For 20 years the Republican Party has tried to nominate for the Presidency someone for whom the Democrats would vote, and each time the Republicans have lost. This time I should like to have the Republicans nominate someone for whom we Republicans could vote. I believe the business people and the workers of the United States who want to conserve the value of their wages instead of submitting to a steal of more and more of their wages each day and a steal of more and more of their savings each day and a steal of more and more of their insurance each day, would vote for someone who would try to maintain the value of the dollar and would try to make the dollar an honest dollar once more.

HALF OUR MONEY STOLEN THROUGH NEW DEAL INFLATION

Mr. President, in the last few years this Administration, aided and abetted by the Congress, has stolen about one-half of the incomes, one-half of the savings and one-half of the insurance of the country, including the pensions, simply through inflation.

I read again from the article:

In foreign policy they may base themselves on Titoism and try to fight Stalinist communism by a neo-Leninism with which they are fast making terms.

Let there be no mistake about this whatever. That is the clear intention.

It is of interest that one of the most important intelligence services on the continent now thinks a study of this trend to be first priority—exceeding in importance the study of Russia. The signs fast multiply that this is the new line. It will have very powerful support. It is the large question of the day. Very important Americans favor it.

Mr. President, I wish to call attention to the statement that "very important Americans favor it." Who are those very important Americans? If they are important Americans, is it not reasonable to say they are probably in the Government at this time.

I read further from the article:

Stalin, they will argue, is a Judas: but the revolution was not wrong. Stalin can be dealt with by the affronted betrayed members of the Fabian-Marxist school.

Mr. President, the Fabian Socialism created 40 or 50 years ago, with the distinguished Mr. Shaw as one of its members, and cultivated and favored over the years, finally took over the English Government.

So they say that:

Stalin can be dealt with by the affronted betrayed members of the Fabian-Marxist school.

Who are they, Mr. President? They are the Socialists.

I read further from the article:

Then we will have the true revolution restored.

Then the true Communism will be established. Stalinism has been a ghastly betrayal, and the decent Fabian-Marxist will show his decency by destroying the betrayer.

The public ought to know what is being planned. It is a matter of fact. The signs are already quite clear. Indeed, Mr. Attlee gave the Communist salute when he was in Spain during the civil war. Before Stalin gave up attempting excuses for his internal and external aggression, almost the entire Labor Party was pro-Russian and pro-Stalin. Even the late Mr. Bevin was strongly pro-Communist at its beginnings. It would be worth every reader's time to look up the facts.

Now the Socialists see that Stalin must be opposed, they sigh with relief that an anti-Stalin Communist has entered upon the scene. Titoism can, they think, save the revolution and yet destroy Stalin. If Mao—

Mao of China, Mr. President.

If Mao should join them it would be the gravest threat the Christian order has ever faced.

Mr. President, if there was any doubt about Mao's joining them, if there was any doubt about where China was going to land, or in what column it was going to end, we settled that.

NATIONALIST CHINA IGNORED AT SAN FRANCISCO

I think our great State Department settled that question by ignoring Nationalist China in the San Francisco conference on the treaty with Japan; and, of course, before that time it ignored all representatives of the Nationalist Chinese Government in the preparation of the treaty. The Government ignored was the recognized Nationalist Government, which had defended China and had fought the Chinese Communists for 10 long years before we got into it. But they were not called in. They were utterly ignored, and that, Mr. President, drives the last nail in the coffin of Nationalist China.

There will be an armistice in Korea. Before the armistice materializes there will be another burst of action in the battle. There will probably be a good many more American boys killed. But there is going to be an armistice there because Mr. Stalin must have an armistice in order to give him the needed time in which to consolidate his gains in China. Also, Mr. Truman must have an armistice for his election in 1952. So, with the two interests parallel, it seems to the junior Senator from Nevada that an armistice will materialize.

Continuing the quotation:

The British Labor Party intends to play this card to the utmost. It is the big development of the hour. It is of first historic importance. The public should know that there is this proposal—to destroy Stalinism with another form of communism.

"AGRARIAN" COMMUNISTS

Mr. President, again digressing, it will be remembered that Mr. Marshall, who was sent out to Asia late in 1945, discovered, with the help of several eminent representatives of the State Department, the "agrarian" communists. According to the State Department they were a different kind of communists, and they should be allowed to grow, and the Na-

tionalist Government should be coaxed—that was their line then—into joining them and forming a coalition government.

The indications are that the Titoism brand of communism and the agrarian form of communism in China are very closely parallel.

Referring to the destroying of Stalinism with another form of communism, let me continue reading from the British publication:

> If public opinion wishes this, then there is no more to be said for our political tradition that democratic opinion should prevail.

In other words, our form of government has gone down the drain along with the rest of them; we are joining them. Continuing:

> But if public opinion wants no such thing, if it believes this struggle should have the object of destroying communism in all its forms, it should be told of the design which now finds favor, and is being slowly developed without any consultation with the people by a minority government in Britain and powerful influences in America.
>
> Mr. Attlee's government refuses to work for European unity, unless it be in purely Socialist Europe. It tried to favor only the Socialists in Germany after the surrender, and failed. It refuses to cooperate with Spain. It is getting ever deeper into terms with Tito. Everywhere it opposes liberalism and conservatism—and everywhere tries to favor non-Stalinist leftism—sometimes by highly improper means.

Mr. President, turning to page 27 of this interesting document, under the subheading, "Biggest Problem of All", I read:

> One must remember that it is much more important to prepare cadres for the task of finding the locally correct solutions, than to prepare a program with the pretense of foreseeing and solving all possible problems in advance.
>
> The question immediately arises: How to organize such a body? There is no lack of men who now waste their time either in the difficult jobs, like mining, or leading sterile campaigns of party politics in the Russian press abroad. The problem is not how to get good men. The difficulty is how to keep undesirable elements away—including double agents. And the biggest problem of all is how to stop neo-Leninism or fourth internationalism being foisted upon the Russians by the western leftists who want Stalin to go—but the revolution to be saved and spread as a result of any new war, whether cold or hot, political or military.
>
> It cannot be urged too often that the leftist solution is strongly sponsored both in London and Washington. Mr. Harriman, for example, is believed to lean toward Titoism as the best weapon. His views are causing much anxiety to those who know the dangers to America of any such policy.

IRAN UNDERPAID FOR OIL

Mr. President, we have the spectacle of Mr. Harriman in Iran, where the problem was really the underpayment of royalties to the Iranian Government. The British pay about 17 cents a barrel as royalties to the Iranian Government, and they have for a long period of years practically controlled the government, whereas across the line in Arabia, the Americans pay 40 to 60 cents a barrel for the same kind of oil. Naturally, the Iranians do not like it.

No suggestion was made by England before the Iranian nationalization of oil that the royalties be raised, but there was a suggestion that we get tough with Iran. We have sent at least $25,000,000 to that country through ECA, and no doubt we are preparing to send more millions to buy off the Iranians.

ENGLAND'S HAND IS OUT—ALWAYS

Mr. President, in line with Truman administration policies, we have recently voted more billions for Europe. We have just had a visit from Mr. Morrison and his cohorts. They are not only unable to pay any recent debts incurred, but they are unable to pay a debt incurred in connection with the $3,750,000,000 we loaned them following World War II, and they are not even able to pay the interest on it. There is little doubt but that the debt and the interest will be written off. This, despite the fact they have defied this country in the matter of trading with Russia and the satellite countries. They say that they must trade with those countries because they must have grain and lumber. But there is no difficulty in securing grain and lumber from Canada and the United States. They say they are short of dollars, and therefore they must trade with the eastern European countries. If they would let their currency reach its level on the New York and London Stock Exchanges, there would be no doubt about their being able to use pounds to buy wheat and lumber in the United States and in Canada.

Our people would be glad to make the sales. They could buy other products in the sterling-bloc area by simply allowing their money to become freely interchangeable with the dollar and without any manipulation of its value for trade advantage. The reason they are short of dollars is because they set a price on the pound that no one will pay. We would be short of pounds if we declared suddenly that a dollar is equal to a pound. No one would sell a pound to us for a dollar, and so we would be short on pounds.

ENGLAND ARMS RUSSIA WITH OUR MARSHALL PLAN MONEY

In the British Record, a pamphlet of political and economic notes issued by British Information Services, dated August 15, 1951, it says:

> Unlike the United States, said Sir Hartley, Britain, with its dense population and almost complete dependence on imports of raw materials, has to have a vigorous trade with all parts of the world in order to exist. Britain received in 1950 more than a third of her coarse grain imports, nearly a quarter of her softwood imports, a tenth of bacon supplies, and many other important items from east European countries.

This is no news to us. We knew all the time they were sending to Russia ball bearings, machine tools, electrical supplies, locomotives and every other kind of product needed by Russia to consolidate her gains in Eastern Europe and to prepare for world war III. The trade treaties were listed in the RECORD. Not only England but other European nations have made trade treaties with Russia and the iron-curtain countries.

I read further:

> Our position is wholly different in the East-West trade from that of the United States because of the importance of this trade to us. America had not and did not need to have any significant trade with the Soviet. With us things are quite different. We obtain from the Soviet bloc essential foods and raw materials and we believe that in these trade exchanges we get as good as we give economically and strategically.

Mr. President, it is not a question of whether they get as good as they give. The question is, Do they help to arm Russia, and do they give her the materials she needs to consolidate her gains in Europe and in China? Of course they do.

When the junior Senator from Nevada was in the Orient in 1948, England was sending shiploads of tin, rubber, and other materials to China and other Asiatic nations. She simply ignored us.

ITALIAN PEACE TREATY

Mr. President, I want to touch briefly on a matter which has been discussed here recently, namely, the Italian treaty and its effect on our budget and on the tax rate.

In 1948, when the Italian treaty came before the Senate, there was included in the treaty a provision that the Italians must process a certain amount of raw materials which would be furnished by Russia and Czechoslovakia to the point that a certain increment of value would be added to the raw materials and they would be returned to Czechoslovakia and to Russia, all this work being done without pay.

The junior Senator from Nevada figured at the time and so informed the Senate that it would require 200,000 Italians working for the 7 years in which they were allowed to do the work to process the goods at the rates which were enumerated in the treaty; also that it would require approximately 14,000 foremen to oversee the work, and that those men would be largely Communists; at least, they would not be loyal Americans. So it would cost about a billion dollars over a 7-year period.

Mr. President, suddenly everyone awoke to the fact that the restrictions in the Italian treaty, that they could not arm and that they must work for nothing for 7 years, were being applied, and now everyone is against the treaty. However, as I recall, there were only two or three votes against it at the time. It was sent up by the President of the United States, and, like trained seals, the Senate approved the treaty without studying it.

In the New York Daily News of today there is the following headline: "H. S. T. To Speed O. K. For Italy To Arm."

That must mean Harry S. Truman. In the body of the dispatch it says:

> United States will work for quick revision of the Allies' peace treaty with Italy to let his country rearm and become a full partner against Russia.

Speaking, of course, of Premier Gasperi of Italy, who is a very fine man and who made a very fine address before the joint meeting of Congress. In 1947 the

junior Senator from Nevada visited the Premier in Rome and had a very fine meeting and was much impressed with his ability. But ability amounts to little when there are countries which will treat a sovereign nation as this treaty treated Italy. Of course, Russia was a party to the treaty and must be a party in order to change it, but we are now looking for loopholes to change it without her consent, proving beyond a doubt that a treaty lasts only so long as the participating countries feel that it fits the situation. Therein lies the confession that all other pacts we are making are considered binding so long as nations think the situation merits such a treaty or a pact.

Then there will be found a way to break it just as there will be a way found to break the Italian Treaty, which was supposed to be good for a number of years and could not be broken.

Mr. President, I refer briefly to the September 25 column written by Evelyn Peyton Gordon, entitled "Aren't We the Ones!"

SOME RECENT MANIFESTATION OF THE GENUS AMERICANA

Miss Gordon is intelligent, a good observer, and writes a good column. I should like to read an excerpt from the column as it appeared in the Washington News:

Aren't we the ones! Hungary tortured Robert Vogeler; Red China held our consul, Angus Ward, captive for 13 months and has killed thousands of our lads in Korea; Czechoslovakia has imprisoned newspaperman William Oatis. Despite these outrages to our national "face," Washington shops are still permitted to sell in competition with American-made goods, hand-made blouses from Hungary, lace and embroidered table linen from Red China, shoes from Czechoslovakia, and hams from Poland.

Mr. President, I had not previously known that Miss Gordon was a student of these matters; I am very happy to see that in her influential column she mentions some of the things that are so absurd.

I also call attention to an article written by Peter Edson, published in yesterday's Washington Daily News. His column is entitled "Hunting A Loophole." He writes:

How to revise the Italian Peace Treaty is the number one international issue in Washington this week. Main reason for wanting revision is to permit greater Italian rearmament and more Italian troops for General Eisenhower's European Army.

EISENHOWER'S FAILURE IN EUROPE

Mr. President, of course, Mr. Eisenhower will resign and come home some time this winter because his mission has been an utter failure. How long the propaganda division of the State Department and the Administration can cover up is something that the junior Senator from Nevada cannot estimate; it is a very powerful propaganda machine.

Eisenhower will get very few soldiers in the army except American soldiers. It will be remembered that we started out with the six divisions. Later, while Mr. Marshall was still head of the national defense, he said that it would require 400,000 instead of 90,000 soldiers as first mentioned.

Mr. Edson continues to say:

At the start of Premier de Gasperi's talks with United States officials here, international lawyers were arguing among themselves over how the Italian Peace Treaty of 1947 can be revised. That is, legally.

It could of course be renounced and a new treaty drawn up, without the arms restrictions. That's probably the way the Russians would do it. But that's dirty diplomacy. Treaties are made to be kept, not broken.

The Italian Treaty was signed by 20 Allied Powers. Three of them are Communist countries—Soviet Russia, White Russia, and the Ukraine. Yugoslavia has broken with Soviet Russia and they aren't speaking to Nationalist China. Trying to get these five and the 15 other powers to sit down in a new peace conference is out of the question.

The treaty itself makes little provision for revision. For the first 18 months after the treaty was signed the Ambassadors of the Big Four in Rome represented the Allied Powers in interpreting the treaty for the new Italian Government. That period has now long since passed.

Article 87 of the treaty provides that any dispute concerning interpretation or execution of the treaty shall be referred to the Big Four Ambassadors. If they cannot settle the dispute within 2 months it is then referred to a two-member commission. If this commission does not settle the dispute within 1 month, a third member may be named by the U. N. Secretary General.

But the rearmament question does not constitute a dispute over interpretation or execution of the Italian Treaty. So this machinery can't be used.

What it boils down to is that this treaty, negotiated during the term of James F. Byrnes as Secretary of State, made no provision at all for revision. The Allied Powers would appear to be stuck with it, until some bright boy finds a way out.

CONGRESS ABROGATED ITS AUTHORITY

Mr. President, that is just another indication of how we do business. The bipartisan steamroller up here jams through anything the President wants, whether it be a treaty or an appropriation or something else. The Senate of the United States has forgotten, apparently, that the Congress of the United States is an independent branch of the Government, and it has abrogated most of its authority. About all it has left is to make appropriations and pass tax bills. It is just as well that it takes quite a while considering the tax bill, because it is virtually all it has to do. The other work is routine.

It will be found that the tax bill will put a large number of businesses out of circulation as well as pauperize a great many individuals.

WASTE OF THE TAXPAYERS' MONEY

The waste of taxpayers' money seems to make no difference to Members of this great body.

Mr. President, as an example of some of the money that is being spent, I read from a dispatch dated September 20 by Robert Crater, a Washington news writer:

The Army and Air Force have added four new shows in their million-dollar-a-year splurge into radio-TV advertising.

In radio they will pay $434,000 for 37 weeks of Frankie Laine, $50,000 for 48 5-minute broadcasts of the sports feature Big Inning, $81,000 for seven football broadcasts in Game of the Week—and $254,000 for 26 weekly sessions of Bill Stern's sportcast.

An Army spokesman said no TV shows had been signed "as yet."

Last fiscal year the Army-Air Force recruiting service spent nearly $1,000,000 for six radio and TV shows designed to encourage enlistments. This year's total already is $819,000, with indications that more will be spent.

The money already lined up to be spent will surprise members of a Senate Subcommittee on Appropriations. They recently heard Col. W. G. Crawford say the Army planned to spend only $735,000 on radio-TV recruiting shows the entire year.

Crawford explained that a man who enlists is a better bargain and likely to be a better soldier than a draftee.

Mr. President, we have a draft law, a very stringent draft law, as a matter of fact. There is not very much likelihood, under the Marshall-Rosenberg draft law to provide for a professional army of three and one-third or four million men, for any eligible man to escape.

RUSSELL-MALONE U. M. T. BILL COMPLETELY CHANGED

It may be remembered that the junior Senator from Georgia [Mr. RUSSELL] and the junior Senator from Nevada introduced a universal military service bill which would have provided for a trained civilian army, but no hearings were ever held on that bill. The bill was sponsored by the American Legion, the Veterans of Foreign Wars, and other veterans' organizations. It was almost immediately sidetracked, and the Marshall-Rosenberg bill, providing for a professional army which could be trained anywhere in the world and used anywhere in the world at any time, was substituted.

It seems to the junior Senator from Nevada that the expenditure of a million and a half dollars a year, or whatever is being spent to secure enlistments, is indefensible.

The Congress thought it had passed a bill consolidating the services and making them into one national defense department, but we missed the boat. They are now competing with each other almost as much as they ever were, even to the point of competing on the television and the radio. Such expenditure is indefensible, of course.

The Army, the Navy, and the Air Corps flout any provision of national legislation after they get the money. Certainly it is high time that the wasteful and unnecessary items were cut out of the appropriations bill.

WE AID IN MAINTAINING COLONIAL SLAVERY

According to a dispatch to the New York Times on the 24th of September of this year, the United States says it agrees with Gen. Jean de Lattre de Tassigny. He is a French representative who came here to tell us that we must send our boys and money into Indochina, that the French must have more help.

The junior Senator from Nevada called attention to this very possibility at the time the resolutions were introduced which invited the President of the United States and the Secretary of State to make the Atlantic Pact. He said at that time that if we did pass the resolutions, which were unprecedented in the Senate, without directing exactly what the pact should contain, we would be morally bound to accept any pact, regardless of flaws. He said also that arms

from the United States would be sent to the Atlantic nations, and then soldiers.

That was hotly denied by members of the Foreign Relations Committee and the majority on the floor, and also by certain Senators on the minority side who follow the Truman line.

But here we are. The junior Senator from Nevada called the attention of the Senate to the fact that in passing the resolution we virtually agreed that when a member of the pact was in trouble, we were in trouble. How were they going to get in trouble? By defending their colonial possessions, their colonial slavery system, their empires.

Of course, that was hotly denied, but here we are. We are getting ready to defend France because she is in trouble defending her colonial slavery system in Indochina.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the dispatch to which I have referred.

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

WASHINGTON, September 23.—The United States announced here today that it was in complete agreement with Gen. Jean de Lattre de Tassigny on the importance of Indochina in the defense of southeast Asia. At the same time it was announced that considerable improvement would be made in deliveries of military-aid matériel to General de Lattre's command.

The announcement came in a communiqué issued here jointly by the Departments of State and Defense. "Discussions which have been going on in the past week between General of the Army Jean de Lattre de Tassigny, French high commissioner in Indochina and commander in chief of the French union forces in Indochina, and officials of the departments of Defense and State, were concluded at the Pentagon Saturday in an atmosphere of cordiality and unity of purpose."

"The participants were in complete agreement that the successful defense of Indochina is of great importance to the defense of southeast Asia." General de Lattre's attitude, apparently agreed to by United States officials, is that the fall of Indochina would mean the loss of at least Thailand, Burma, and Malaya.

PROGRAM REEXAMINED

The communiqué added that "in the course of discussions with the Department of Defense the military air program for Indochina was reexamined with the result that considerable improvement will be made in the rate of delivery of many items of equipment."

Recently the State Department announced that in the past shipments to Indochina had been made under a priority that was a close second to that granted Korea. No mention was made today of a change of priorities, but it was learned that a new routing system has been set up for arms to be sent General de Lattre.

The assurance has been made that the most critically needed equipment will arrive before winter. No breakdown on what equipment is to be sent was available, but it was also learned that it will include a greater number of planes and landing craft than previously promised.

The joint communiqué asserted that "General de Lattre has been advised that the question of additional aid for the French and Vietnamese forces in Indochina in the fiscal 1952 program is under study by the United States Government." French sources here, who point out that they understand such aid is dependent on future appropriations, feel confident that "study" will result in the additional matériel they have requested.

NOT FOR MILITARY PURPOSES

It was reported that during the talks General de Lattre did not ask for financial aid for military purposes. It was understood, however, that economies to be made through additional United States shipments of fuel, for instance, would free funds for other purposes.

From both the military and diplomatic point of view General de Lattre's staff feels that the talks have been an enormous success. On the diplomatic side today's communiqué pointed out that "United States officials stated that de Lattre's presentation of the situation in that area had been invaluable to them and had demonstrated that United States and French policies in the associated states (Vietnam, Cambodia, and Laos) were not at variance.

General de Lattre's staff feels that the general succeeded in showing the State Department that the present French program of granting gradual independence to the associated states while protecting them was essential in view of Communist activity in the area.

ENGLAND COLLECTS A COVER CHARGE FOR OUR SOLDIERS THERE TO DEFEND ENGLAND

Mr. MALONE. Mr. President, I would remind the Senate of how we are being treated in some of these countries. The junior Senator from Nevada recently read in the Senate a dispatch from England saying that we were being charged $93 per capita annually for our soldiers in England, in addition to equipping them and paying their expenses and salaries which were expended in that area. The junior Senator from Nevada remarked at the time that it was a little difficult to understand what the $93 was for. It is probably like a cover charge in a night club.

Whether there will be a war or not, and whether England, France and the other countries contribute troops or money to amount to anything, apparently we will continue to send our soldiers to Europe. They take the place of tourists in the spending of money. The cover charge is like the cover charge in a club. Our boys are there and the United States pays the freight.

THEY TAKE OUR MONEY AND INSULT US

Here is a United Press dispatch of September 25, entitled, "France Taxes Us on Defense Network There." It reads in part as follows:

The United States Army is paying taxes to France on the supply and communications network it is building for the defense of the west, an American spokesman admitted today.

The spokesman said the United States has been paying these assessments since the war. He said the same situation applies in most Allied countries in Europe.

Mr. President, the junior Senator from Nevada made a report on the South Seas for the Senate Military Affairs Committee in 1943. He was sent out there by the committee and was with MacArthur for a while. He went to Port Moresby, to Buna, and then throughout the rim of the South Seas, which was then not being actively bombed every day by the Japanese.

We found that we were being charged so much for each coconut tree which the field artillery mowed down when enemy emplacements were being captured. One could see large areas that looked as though the trees had been cut off with a long knife. Those trees belonging to the French and the English were charged to the American people; and I am told that the price per tree was high.

Continuing with the United Press dispatch:

French quarters confirmed that certain defense construction will cost the United States a 20 percent tax. Atlantic Pact authorities feared the levy might seriously handicap the American construction program of air fields, road networks, and communications planned by General Eisenhower.

Twenty percent is the night club entertainment charge. The racket continues, and we are the suckers.

The American taxpayers are charged for everything, regardless. We are there to defend the European nations. We have sent them billions upon billions of dollars. We have just voted over 7 billion dollars more. Another billion dollars is being sent over by the Export-Import Bank, probably to make up for the billion dollars that was cut off of foreign aid. We still pay in every way.

Quoting further from the dispatch:

Only last week Representative B. CARROLL REECE (Republican, Tennessee) asked Secretary of Defense Robert A. Lovett whether the United States is to pay France the 20 percent tax on the $5,000,000,000 in military roads being built there.

France allows no tax exemption, even to its own army, a point emphasized by the French as an argument in support of taxing American construction.

It is a great argument, and they are getting away with it.

FIGHT BEING MADE AGAINST UN-AMERICAN TAXES

Mr. President, there are some activities in the Nation, which are designed to remind Congress that they can make sense out of a tax bill and out of appropriations, if they want to do so, I should like to read from another article, written by Ruth Montgomery. It carries an idea which I hope will grow. The only way to bring Congress to its senses is to have the voters put their foot down and say, "This is the end; we are not going to pay these taxes, and we are not going to vote for anybody who votes for the taxes."

Ruth Montgomery is an able columnist and a very observing young woman. In her column in the Times-Herald of September 23 she says in part:

The wife of Washington Redskins owner George Marshall, with the blessing of a national women's organization called "Pro America", is launching an all-out drive next month against—of all things—Federal income taxes.

The sixteenth amendment to the Constitution of the United States puts in the hands of the Congress of the United States a weapon with which they could destroy the wealth of this country and the economy of this country. Adopting the sixteenth amendment to the Constitution of the United States was like putting a deer rifle in the hands of a young boy. He is likely to do a little shooting before he finds out how powerful the rifle is.

I continue to read from the article:

So is Vivian Kellems, the bombshell lady industrialist who has been waging a one-woman war with Uncle Sam over his pay-as-you-go income-tax deductions.

Federal income taxes, according to Corinne—

That is Corinne Marshall—

and Vivian, are pure Marxism—a Communist scheme to wipe out the capitalist. When the aroused ladies address the Ebell Club in Los Angeles, October 4, they will read the riot act, along with a passage from Karl Marx's 1848 manifesto which recommended that any government, in order to become a dictatorship and destroy all personal-property ownership, should employ income- and inheritance-tax laws.

I have not read all of the debates which ensued at the time of the passage of the sixteenth amendment, but it is my information that the debate indicated that there never would be more than 4 or 5 percent of the income required. Now the President of the United States sends a $70,000,000,000 budget to Congress. Do we hear any talk on the floor of the Senate that amounts to anything? No questions are asked; no effort made to save anything for the taxpayers. We just start looking in corners and catching up with individuals to see if there is not something remaining that we can pry out of them. We disregard the fact that the rates have reached the point where the law of diminishing returns takes over. We disregard the fact that all incentive has gone for a man to work hard and invest his money and make more money, and to hire more employees to produce more goods.

I read further:

The income tax, according to Corinne, should be left to the States. So should social security and a multiplicity of other new-fangled Marxist laws.

Today I received the following telegram from the above referred to Corinne Griffith Marshall:

Senator GEORGE W. MALONE,
United States Senate Office Building,
Washington, D. C.:

I make my living out of rentals from small-business men and women who are up in arms over additional contemplated taxes. They feel so strongly upon the subject because you of the Senate are gradually putting them out of business. Roosevelt, Truman, and the House of Representatives have been blamed in the past for the unwarranted taxes loaded on them but now they are fully aware of the fact that the Senate alone is taking these billions upon billions of dollars out of the earnings and savings of the hard-working Americans. I doubt that any Senator coming up for reelection next year will be returned to office unless he or she makes a drastic stand against this death blow to America. On October 1, I am addressing the Los Angeles chapter of a national organization of women called Pro America. My subject is a complete repeal of the Federal income tax—the sixteenth amendment. Our project will be to organize every one of the 47,000,000 eligible women voters to demand this repeal or elect new Members of Congress. I am sending a copy of this telegram to Senators NIXON and KNOWLAND.

CORINNE GRIFFITH MARSHALL.

In closing, Mr. President, I wish to say that what I have given you are examples of the follow-the-leader attitude of the Senate in following the President without asking questions or considering the effect.

Mr. President, in my opinion it is time for the Senate of the United States to start reading the bills it passes and to determine in some measure where the money is going and the ability of the people to pay the bill.

Mr. President, this tax bill is not a realistic one. It could be the straw to break the back of many individuals and business organizations. Much of the money to be collected through the enactment of this bill would not be necessary were it not for the over-generous hand-outs to be made to foreign nations, many of which are in relatively better financial condition than is our own country.

Mr. President, the pending tax bill should not be passed, and the appropriations should be made to fit the available income.

EXECUTIVE SESSION

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive buiness.

The PRESIDING OFFICER (Mr. CASE in the chair). Reports of committees are in order.

If there are no reports of committees, the clerk will proceed to state the nominations on the executive calendar.

NOMINATIONS PASSED OVER

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the nominations to the Renegotiation Board be passed over at this time.

The PRESIDING OFFICER. Without objection, the nominations to the Renegotiation Board will be passed over.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Herbert R. Askins, of Arizona, to be Assistant Secretary of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the postmaster nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

Without objection, the President will be notified forthwith of the confirmations of nominations.

RECESS

Mr. JOHNSTON of South Carolina. I now move that the Senate take a recess until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 10 o'clock and 35 minutes p. m.) the Senate took a recess until tomorrow, Thursday, September 27, 1951, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 26 (legislative day of September 19), 1951:

UNITED STATES MARSHAL

Lucius Marshall Walker, Jr., of Virginia, to be United States marshal for the eastern district of Virginia, vice Robert L. Ailworth, retired.

RECORDER OF DEEDS, DISTRICT OF COLUMBIA

Earl Wayne Beck, of Missouri, to be Recorder of Deeds, District of Columbia, vice Marshall L. Shepard, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 26 (legislative day of September 19), 1951:

DEPARTMENT OF THE NAVY

To be Assistant Secretary of the Navy

Herbert R. Askins, of Arizona.

POSTMASTERS

ALASKA

Margaret Webb, Bartlett.
Ethel R. Schmidt, Bethel.
Paul N. Ripley, Ketchikan.

ARKANSAS

Laura E. Ederington, Banks.
Floyd McAlister, College Heights.
Luther D. Spurlock, Gould.
Grover C. Lewers, Heth.
William H. Hembree, Judsonia.
Paul J. Perrier, Jr., Mulberry.

CALIFORNIA

Mary M. Tibbitts, Alderpoint.
Carroll W. Marsh, Glen Ellen.
Marguerite F. Gilbert, Leevining.
Neva M. Glaze, Oceano.
Raymond R. Holmquist, Pasadena.
Donald V. Wheeler, Temple City.
William H. Mitchener, Whittier.

COLORADO

Irma C. McAdoo, Breckenridge.
Glen V. Norton, Carbondale.
Lois M. Heyer, Gilman.
Carl Eric Samuelson, Las Animas.
Leland Y. Cook, Springfield.

CONNECTICUT

Emily A. Goan, Cornwall.
Charles J. Calder, New Hartford.

FLORIDA

Manila J. McLenon, Lake Wales.
Frank M. Greene, Jr., Live Oak.
Robert Maurice O'Brien, Jr., Nichols.
Rudolph E. Shallberg, Venice.

GEORGIA

Gretchen E. Chandler, Bowman.
Montine M. Lowrey, Dacula.
Walter C. Marchant, Milan.
Cloyd G. Bloser, Sparks.

ILLINOIS

Henrietta Hinds, Benson.
Mildred R. Leary, Byron.
Raymond T. Murphy, Chicago Heights.
Elizabeth A. Mosby, Grafton.
George E. Leibengood, Keithsburg.
Kenneth W. Atkins, Lebanon.
George C. Annasenz, Morton.
George C. Bartholomew, Oswego.
Ervin I. Williams, Pittsburg.
Louis V. Keeley, Plainfield.
Paul H. Eberle, Ringwood.
Harry J. Dean, Tinley Park.

INDIANA

Raymond Wittenmyer, Bloomingdale.
Leslie A. Doster, Fremont.
Charles E. Kownover, Granger.
Joe Crabill, Kewanna.
John W. Clerkin, North Vernon.

Norbert P. Lecher, Oxford.
Donald B. Whitelock, Petersburg.
Ira E. Stabler, Portland.
Hugh E. McMahan, Rensselaer.
Frank W. Conn, Ridgeville.
Solomon S. Fulford, Wawaka.
Floyd J. Moffatt, West Baden Springs.

IOWA

Ralph E. Durfey, Aurora.
Robert S. Hill, Ayrshire.
Robert W. Lents, Bridgewater.
Lyle Barthel, Elkader.
John F. Rechkemmer, Fairbank.
Emmet P. Kelly, Farley.
Edwin C. Seitz, Garden Grove.
Edward O. Koester, Hancock.
Forrest L. Iverson, Lake Mills.
Philip J. Durnan, Ossian.
Carrie R. Newton, Stanzel.
Edwin A. Hoch, Storm Lake.

KANSAS

Donald E. Ford, Leonardville.
Verna B. Carter, Sawyer.
Gilbert E. Drake, Sedgwick.
Harold L. Beck, Whitewater.

KENTUCKY

Mary A. Copeland, Fern Creek.
Eugenia C. Lyttle, Manchester.
Thomas C. Powell, Monticello.

LOUISIANA

Minnie B. Blount, Doyline.

MARYLAND

James A. Grove, Frederick.
William B. Gibson, Owings.

MISSOURI

Burl B. Nickell, Atlanta.
Henry C. Gunn, Barnett.
Clarence M. Shearer, Jr., Esther.
Leo G. Kidd, Hillsboro.
Paul E. Fields, Maryville.

NEW JERSEY

Thomas G. Radics, New Brunswick.

NEW YORK

James H. Klingelhoefer, Bethpage.
Frederick B. Bertrand, Hempstead.

NORTH CAROLINA

Bryon E. Brenton, Candler.
Alfred W. Huff, Mars Hill.
Daisy Holthouser, Mocksville.

OREGON

James E. Schuetze, Lafayette.

PENNSYLVANIA

Charles Ocepek, Claridge.
Carroll J. Daly, Greentown.
Walter W. Gress, Meyersdale.
Frank P. Hill, Sharon Hill.

RHODE ISLAND

Joseph S. Lahane, Newport.

SOUTH CAROLINA

William D. Hodge, Alcolu.
William H. Woods, White Hall.
Beaty Eldridge Reynolds, Sr., Windy Hill Beach.

TENNESSEE

Calvin L. Draffin, Atoka.
William T. Vaughn, Paris.

TEXAS

Clyde E. Grant, Abilene.
Travis G. Keeling, Avery.
Walter R. Fitch, Bedford.
Willie R. Peacock, Bivins.
Clifford C. Gilbert, Carbon.
Ur D. Kindrick, Junction.
Adolph C. Mestayer, Lone Star.
James J. Greer, Los Fresnos.
Rex L. Harris, Marietta.
Grady W. Henly, New Deal.
Walter E. Carlson, Phillips.
Agnes D. Sanford, Pineland.
Roger W. Williams, Poteet.
Arthur H. Reinhard, Poth.
Byron Williams, Sulphur Springs.

UTAH

Joseph P. Dillier, Kearns.

WEST VIRGINIA

Edith M. Holmes, Masontown.
Clyde J. Cornett, Northfork.
Nell W. Marshall, Pageton.
Theodore P. Latos, Windsor Heights.

WISCONSIN

Leo F. Mashak, Bangor.
Arthur L. Peters, Frederic.
Donald L. Bennett, Glen Haven.
Emma V. Parish, Linden.
Howard E. Gaffney, Oxford.
Milton J. Potratz, Pardeeville.
Harold G. Hoffman, Sparta.
Herman J. Glinski, Stevens Point.
Michael J. Gonring, West Bend.
Stephen V. Johnson, Williams Bay.

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 26, 1951

The House met at 12 o'clock noon.

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

Almighty God, who art willing and able to satisfy our temporal needs and our eternal longings, help us to appreciate more fully how sacred and wonderful it is that daily we may hold communion with a mind of supreme intelligence and a heart whose infinite love will never let us go.

We pray that we may yield ourselves unreservedly to the guidance of Thy spirit, and when the ways are dark and beset with difficulties may we go forth unafraid, placing our hands in Thine and heeding Thy voice when Thou dost say, "This is the way; walk ye therein."

God grant that our faith day by day may be deepened. May we feel that Thou wilt lead us out of darkness into the clear light of day.

May we be supremely confident that all things are working together for our good if we love Thee. Hear us in the name of the Captain of our salvation, Jesus Christ our Lord. Amen.

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

CHICAGO INTERNATIONAL TRADE FAIR

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 330) to permit articles imported from foreign countries for the purpose of exhibition at the Chicago International Trade Fair, Inc., Chicago, Ill., to be admitted without payment of tariff, and for other purposes.

The Clerk read the title of the joint resolution.

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

There was no objection.

The Clerk read as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the Chicago International Trade Fair, to be held at Chicago, Ill., from March 22 to April 6, 1952, inclusive, by the Chicago International Trade Fair, Inc., a corporation, or for use in constructing, installing, or maintaining foreign exhibits at the said trade fair, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said trade fair to sell within the area of the trade fair any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within 3 months after the close of the trade fair, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said trade fair under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the Chicago International Trade Fair, Inc., a corporation, shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under the provision of this act, shall be reimbursed to the extent not covered by customs duties paid on articles imported for exhibition at the Chicago International Trade Fair, by the Chicago International Trade Fair, Inc., a corporation, to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930, as amended (U. S. C., 1940 ed., title 19, sec. 1524).

With the following committee amendments:

Page 3, line 21, strike out "provision" and insert "provisions."

Page 3, line 22, strike out all after "reimbursed" down to and including the word "Fair" in line 24.

The committee amendments were agreed to.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ADELAIDE JOHNSON

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, 105 years ago today Mrs. Adelaide Johnson was born. She was one of the outstanding sculptors of our country. I am introducing a bill to provide for the national recognition of Adelaide Johnson, the sculptor of the Woman's Monument. I wish to read the bill:

A bill to provide for national recognition of Adelaide Johnson, the sculptor of the Woman's Monument, and for other purposes.

Be it enacted, etc., That (a) the statuary work located in the United States Capitol, known as the Woman's Monument, shall be maintained perpetually in the Capitol in honor of America's womanhood, and the Architect of the Capitol is authorized and directed to cause an appropriate inscription to be placed on the back of the monument.

(b) The Architect of the Capitol is further authorized and directed to cause a marble bust to be made of Adelaide Johnson, who is 105 years of age today, the creator of the monument, who bears the title of "The Sculptor of the Woman's Monument," to be placed on the fourth of background position on the monument. Such bust shall be made in accordance with plans and specification submitted to the Architect of the Capitol and shall be maintained perpetually in the Capitol. All necessary arrangements for the dedication of such statue, and ceremonies connected therewith, shall be made by the Architect of the Capitol in cooperation with interested groups, public or private.

(c) The sum of $25,000 is hereby authorized to be appropriated for payment to the said Adelaide Johnson as partial compensation to her for her many years of labor in creating the monument.

The Woman's Monument was originally presented to the Nation in the days of Mrs. Johnson's great affluence but because of Mrs. Johnson's present dire needs and great age it is urgent that Congress grant this special emergency request. It should be further known that Mrs. Johnson spent more than 20 years in creating this monument and it is the only monument in the world made by a woman in behalf of women, dedicated to their emancipation and standing in a Nation's Capitol.

SPECIAL ORDER GRANTED

Mr. BURDICK asked and was given permission to address the House for 25 minutes tomorrow, following the legislative program and any special orders heretofore entered.

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

[Mr. JOHNSON addressed the House. His remarks appear in the Appendix.]

SHIPMENT OF AMERICAN GOODS ABROAD

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, some time ago we were advised in the press, this was about 2 or 3 years ago, that the automobile industry had reached the point where the population would not be able longer to buy the new cars the industry was putting out, and it was feared overproduction might injuriously affect our motor industry in Michigan. Some of my colleagues were telling me this morning that the French were insisting if we continued to send relief over there to them we would have to pay them to take it, pay some kind of a tax to them before they would accept it. I was wondering whether or not these other countries that we have been aiding to the extent of billions-and billions of dollars over the years have now found it impossible longer to use or to store the resources or whatever you care to call it—the good things that we were sending, including our dollars, and if they would have to establish a Fort Knox where they could bury the gold and store the food that we are sending them. If that is the situation, I think we ought to devote a little attention to the percentage we are to pay them to induce them to accept the munitions of war—the other property we furnish. Twenty percent seems altogether too much. Two and one-half percent ought to be enough, or it may be if we get a Republican administration they will pay us for it.

The SPEAKER. The time of the gentleman from Michigan has expired.

MARKETING FACILITIES IMPROVEMENT ACT

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 39) to encourage the improvement and development of marketing facilities for handling perishable argicultural commodities.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 39, with Mr. BECKWORTH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday, the Clerk had read section 1 of the bill. If there are no amendments to that section, the Clerk will read.

The Clerk read as follows:

DECLARATION OF POLICY

SEC. 2. It is found and declared that the marketing of perishable agricultural commodities affects the public welfare and is a matter of grave national concern; that vast quantities of fruits, vegetables, and other perishable agricultural commodities shipped from various producing areas located throughout the United States and foreign countries pass through and are handled in public marketing facilities located in large consuming areas which are in most instances inadequate and obsolete; that the handling of perishable agricultural commodities in such facilities is attendant with many uneconomic practices, greatly increasing costs and causing undue losses, excessive waste, spoilage, and deterioration, which result in producers receiving prices far below the reasonable value of their products, in unduly and arbitrarily enhancing costs of operations in such markets, and increasing the price of food to consumers; that the prices of all perishable farm commodities are directly affected by the prices made on these public markets and are adversely affected by the unduly burdensome costs resulting from obsolescent and inadequate facilities; that obsolete and antiquated facilities create such an undue restraint and unjust burden on interstate commerce as to make it imperative that appropriate measures be taken to free such commerce from such burdens and restraints and to protect producers and consumers against oppressive costs resulting from the use of such facilities; that modern facilities would make possible the saving of millions of dollars annually by removing the cause of many of the unnecessary costs and burdens; that in spite of the great need for improved facilities, efforts in the past have failed to bring about a satisfactory solution to the problem; that this failure has been due largely to the inability of farmers, dealers, brokers, commission merchants, and others, individually or collectively, to obtain through regular financial channels the relatively large amounts of capital necessary for the construction of modern facilities. In consequence of the conditions referred to above, it is hereby declared to be the policy of Congress through the powers herein conferred upon the Secretary of Agriculture, to aid in the establishing of such public marketing facilities for the wholesale handling of fresh fruits and vegetables, poultry, eggs, dairy products, other perishable agricultural commodities and sea food as will be conducive to orderly and efficient distribution, increased consumption, and a reduction in the spread between prices paid by consumers and those received by farmers.

Mr. MILLER of Nebraska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Nebraska: On page 3, line 14, after the period insert "It shall be a part of the policy and general purpose that no law or regulation shall be issued to prevent dairy products, which meet the requirements of the United States Public Health Service Code from sale in these marketing facilities or between the States, the District of Columbia, or the Territories."

Mr. COOLEY. Mr. Chairman, I make a point of order against the amendment for it is not germane. The amendment deals with other acts of Congress, and other programs which are quite alien to the bill now before us. The amendment attempts to circumvent existing law, and to make lawful that which is now unlawful in that such rules and regulations are now in existence and which prevent the sale of milk from outside areas in the District of Columbia were issued pursuant to acts of Congress, heretofore passed. The bill before us does not attempt to amend existing law, and I sub-

mit that the amendment therefore is not germane, and therefore make the point of order against it, and insist upon the point of order for the reasons I have stated.

The CHAIRMAN. Does the gentleman from Nebraska desire to be heard on the point of order?

Mr. MILLER of Nebraska. I do, Mr. Chairman.

Mr. Chairman, I maintain that the amendment is in order because on the first page of the bill reference is made to the marketing of perishable agricultural products affecting the public welfare, and being of grave national concern. Then, on page 2, the bill refers to the handling of perishable agricultural products and says it is attendant with many uneconomic practices, greatly increasing costs, and causing undue losses, excessive waste, spoilage, and deterioration, and that the value of the products is enhanced because of the perishable part of the program.

It also refers to the Interstate Commerce Act in lines 15 and 16 where it states "create such an undue restraint and unjust burden on interstate commerce as to make it imperative that appropriate measures be taken to free such commerce from such burdens and restraints and to protect producers and consumers against oppressive costs resulting from the use of such facilities."

It does not refer to milk, as the chairman said; it refers to dairy products. Certainly dairy products are perishable commodities that are carried in interstate commerce. There has been no law as far as the District of Columbia or Territories are concerned regulating the sale of milk; the sale of milk in the District of Columbia is governed by a regulation issued by the Commissioners which prohibits the sale of milk which complies with the United States Public Health Service grade A requirements, milk which is accepted in 32 States and all of the cities of the country except one area, the District of Columbia; that is the only area where the sale is prohibited. Set up one of these marketing facilities in the District of Columbia and you would not be able to bring in milk that passes in every State in the Union, because of the restrictions set up in the Commissioners' regulation.

I maintain that the amendment is germane to this bill.

Mr. COOLEY. Mr. Chairman, may I be heard a moment further on the point of order?

The CHAIRMAN. The Chair will hear the gentleman briefly.

Mr. COOLEY. In reply to the gentleman's statement and his reference to the language in lines 15 and 16 on page 2 of the bill, that language does make reference to interstate commerce. There is no attempt in this bill, however, to regulate interstate commerce in any manner, and the gentleman's amendment is a definite direct regulation of interstate commerce, and he seeks by his amendment to make the sale of milk legal in specific facilities here in the District of Columbia. Should the amendment be adopted, this situation would exist: Milk could come in from some distant State and be sold in this particular facility in the District of Columbia, whereas it would not be acceptable for sale in any other facility in the same District of Columbia.

We say it is an effort to regulate interstate commerce and circumvent existing laws.

Mr. MILLER of Nebraska. Mr. Chairman, if I may ask the gentleman from North Carolina a question, does the gentleman think that under the bill as it now stands should one of these marketing facilities be established in the District of Columbia, and I hope one will be, that dairy products from other States could be brought in and sold within the District of Columbia?

Mr. COOLEY. If you were drawing a law applicable to all such facilities.

Mr. MILLER of Nebraska. There is no law; it is a regulation.

Mr. COOLEY. But the regulations which the gentleman mentioned are issued by virtue of authority vested in the governing body of the District of Columbia. The gentleman now is asking us here in Congress to invalidate the rules and regulations that are now in existence. I think the purpose of the gentleman's amendment is quite obvious for the reason I have just given, that the gentleman is trying to vitiate a District of Columbia regulation with reference to one particular market, to wit, the marketing facilities which may be established pursuant to the provisions of this act.

Mr. MILLER of Nebraska. If I may, Mr. Chairman, I will withdraw the amendment and then I ask to be recognized for 5 minutes under a pro forma amendment to strike out the last word.

Mr. AUGUST H. ANDRESEN. I should like to be heard on the point of order, Mr. Chairman.

Mr. COOLEY. Mr. Chairman, I understood the gentleman had withdrawn the amendment.

The CHAIRMAN. The gentleman has asked consent to withdraw the amendment. Without objection, the amendment is withdrawn.

There was no objection.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I understand the Chairman's point of order will be sustained. I do not like to offer amendments unless I think they are germane. I tried to draw the amendment so it would be germane. I think it is only fair that these marketing facilities provided by the Federal Government should accept milk approved by the Public Health Service. The present regulations in the District of Columbia protect the Virginia-Maryland Milk Producers Association. Only their milk can be sold in the District.

Children must have milk. The gentleman referred to milk that comes into the District. It is sterilized by steam. It is just ridiculous that Congress has allowed a monopoly to get a strangle hold on every quart of milk the people of the District of Columbia buy, when in 32 States of the Union and all the large cities of the country except this city, chemical sterilization is acceptable. Chemical sterilization is an accepted process of handling milk. But such milk products are not allowed to come into the District of Columbia. You ask why; I answer, because they have set up a monopoly, if you please, a tight monopoly that prevents any milk coming into this milkshed unless it has been treated by the steam sterilization process. Yet chemical sterilization is accepted by all the other States.

This requirement of steam sterilization makes milk higher in the District of Columbia than any other place in the United States or at least in the upper one-third level. Why, they drink more beer and liquor in the District of Columbia than milk. The children of the District of Columbia are penalized because of the high cost; many times it is uneconomical to feed milk to them. At Walter Reed Hospital, at St. Elizabeths Hospital, you feed the patients milk that comes in under chemical sterilization, but you cannot do that at the District jail, and you cannot do that at Gallinger Hospital.

I submit to you, and I submit to this committee, that there should be written into this bill some kind of regulation, and it would really apply only to the District of Columbia, that would permit milk which has the stamp of approval of the United States Public Health Service and is labeled "Grade A milk" to have access to the District of Columbia. I think the present situation is most unjust, and I shall certainly search diligently in the future for some bill to which such an amendment can be attached.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield.

Mr. COOLEY. I should like to say to the gentleman that I have no desire to encourage or foster monopolies in the District of Columbia or anywhere else; and I do not question the gentleman's sincerity or the object which he seeks to accomplish, but I am wondering if it would not be better to meet the issue head-on and forthrightly by bringing in a bill containing the substance of the gentleman's amendment and let the House decide the very important question which the gentleman is discussing. I am frank to say I would be very much impressed with the gentleman's views on it; however, I do not think we ought to have it in this bill because I do not think the application would be general enough.

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

Mr. MILLER of Nebraska. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman knows that I appeared before the District committee on the subject of bringing in milk from outside areas under public health requirements. I feel that the gentleman's amendment is germane to this bill but as long as he has withdrawn it, of course, it is not subject to further discussion. I hope that the gentleman will press for action to permit good sanitary milk to come into the District in order to break this monopoly.

It would be a good thing for the consumers of the District and it will be a good thing for the country as a whole.

Mr. MILLER of Nebraska. I thank the gentleman. It does seem that the Congress should be interested in breaking this unholy alliance that now penalizes every child who drinks milk in the District of Columbia. The standards for milk sold in Maryland-Virginia and 32 States should be accepted in the District. The citizens are entitled to this good milk.

Mr. KEATING. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it seems to me that the bill before us today presents a fundamental question which goes far beyond the narrow issue whether we should authorize Government loans to aid in the construction of warehousing facilities. The more basic question is, How far are we going in these critical times when our defense expenditures are necessarily so staggering and our demands on the taxpayers so heavy, in authorizing the Government to embark upon entirely new ventures, or to go into completely new fields of activity, unrelated to any needs of national defense or security?

We on both sides of the aisle are paying a lot of lip service these days to the principle that in these times when we are compelled to spend so much money to insure our survival as a free nation, we should curtail our nondefense spending at every possible point. But here we are being asked in this bill to authorize an embarkation upon a completely new program, namely, the Federal guaranteeing of loans for the construction of marketing facilities. We should be devoted to the task of devising ways and means of reducing presently authorized spending instead of combing the highways and byways of our national economy to search out new and novel methods, as yet undiscovered, of obligating the taxpayer's dollars.

The amount involved is not tremendous by Washington standards. The authorized appropriation is $25,000,000. The limit of the authorized Government guaranty is $100,000,000. In other words, that is as far as the Government could go. But, following the pattern that has become so tragically familiar, a bill will come before us next year or the year after to raise the authorized limitation on borrowing. One hundred million is just a starter. Those dedicated to the philosophy that the Government can do everything better than anyone else will not rest until this fund has been increased to a point where it represents virtual Federal control of this industry.

I also call attention to the provisions on pages 12 and 13 of the bill which I look upon as a joker or a sleeper where it is stated that if there is not sufficient money in the insurance fund to enable the Secretary of Agriculture to make payments to mortgagees as provided, he is not precluded from acting. Oh, no. He may then issue notes to the Secretary of the Treasury to obtain funds to make additional payments. In other words, the possibilities inherent in this bill are far beyond the $100,000,000 authorization. Indeed they are virtually limitless.

It is true probably that if the Secretary exceeded the limit, a bill would then be brought before us to authorize the lifting of the $100,000,000 limit, but the damage would already have been done and we would be faced with an accomplished fact.

Mr. Chairman, precedents can be cited for this type of Government operation. Some were mentioned by the chairman of the Committee on Agriculture. It is probably fair to say that it is preferable for the Federal Government to guarantee loans by private institutions than it is to make such loans directly. It is a matter of judgment where we are going to draw the line. Sincere, well-meaning men and women will differ. But somewhere, sometime, we must decide where we shall stop.

If loans for the construction of warehousing facilities are to be guaranteed by the Government, then why not loans to build food-processing plants? Why not loans to build textile and other plants to make the clothing for our people? Then why not any manufacturing or marketing activity concerned with the production or distribution of essential commodities? You may say such Government guaranties can be restricted solely to essentials. All right. Then we come to the question, What are luxuries and what are essentials? The luxury of today becomes the essential of tomorrow. Witness, the automobile, the radio, the washing machine, the telephone.

The road down which this bill points the way is to the complete guaranty by Uncle Sam of all banking and other loaning activities. When that road is followed to its logical conclusion it leads inevitably to the nationalization of banking. There are some sincere people who believe it is desirable in the public interest to nationalize our banks. I do not adhere to that philosophy. I never could. I believe it is the first step in a dangerous trend. I believe it spells the doom of the greatness of our Nation and the happiness and prosperity of our people.

I am not one who has opposed all of these lending and guaranteeing activities of the Federal Government. As I look back, I sometimes think, however, that my error has been in going too far rather than in not going far enough. I see a dangerous and growing tendency on the part of people everywhere throughout the land, in the cities and in the rural areas, to ask the Federal Government to solve their problems for them instead of trying by their own energy and initiative and on the local level in their own communities to meet the economic questions which present themselves from time to time in the old-fashioned way that my mother and father taught me.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEATING. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEATING. Mr. Chairman, I recognize that there are activities which are so vast in their scope and character and which involve such large expenditures or commitments that they cannot be adequately handled through private channels. Some of those I have supported. It strikes me that is the yardstick we should employ in reaching a decision whether or not we should go along with a particular bill involving the injection of Government into the field traditionally reserved for private enterprise. There has been no proof offered here satisfactory to satisfy the test that in this instance there is a need for the Government to step in and to guarantee these loans, no proof that unless that is done, it will be impossible for public markets to continue in these municipalities.

True, at the top of page 3 of the bill in the statement of declaration of policy it is asserted that the failure to construct these facilities has been due largely to the inability of farmers, dealers, brokers, commission merchants and others, individually or collectively, to obtain through regular financial channels the relatively large amounts of capital necessary for the construction of modern facilities.

I have not been shown the evidence, however, to support that finding. Conviction on that point is essential to the passage of this bill in my judgment of holding the philosophy of government and its proper function which I do. It seems to me that unless we are to change our entire concepts regarding the proper and legitimate scope of governmental activity, it is necessary that we be shown that those interested in constructing markets cannot obtain the funds to build these facilities through private channels. They have been built, they are being administered all over the country, and this has been going on for many years, without this governmental assistance. The burden of showing the need for change rests squarely on the shoulders of the proponents of this measure. They have not met that burden.

An impressive list of those who support this measure was given to us by the distinguished chairman of this committee. They know of the particular little problem before them. It is the same principle we have encountered time and time again. There was no one speaking before this committee for the vast body of people, the taxpayers and the wage earners of this country, and all the folks that must foot the bill for these additional governmental activities. I want to hear from them before I lend my support to this bill. I do not want to hear from just the little group that might be benefited, whether they be business or labor or agriculture or any other group. I want to hear from the vast segment of the people and find out whether they want us to authorize the Government in these times to embark upon new and

potentially costly ventures. I do not believe they do.

There is another dangerous element in this legislation which time does not permit me adequately to discuss. I see in this measure one more effort to bring another activity, this time the marketing of farm commodities, eventually under the complete control of a central government. I have analyzed this measure and find repeatedly provisions conferring powers upon the Secretary of Agriculture to lay down standards and control the determination as to who shall loan the money, who shall borrow the money, what the terms of the loan shall be, where these markets shall be placed, and so forth. There are no less than 30 places in this bill where specific power or authority is delegated to the Secretary of Agriculture, designed to fasten his hold firmly on this segment of our economy. That should be a warning to us. We are the guardians of the liberties of our people. Let us not fail to fulfill the sacred trust which they have committed to us.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time for the purpose of clarifying from the members of the committee who are handling this legislation the intent of the legislation and the scope of the authority for handling these facilities after they have once been erected.

I would like to preface what I have to say on this legislation with the statement that I have supported, with the exception of the Mexican wetback bill passed recently by the House, every piece of legislation favorable to the farm interests of this country since I became a Member of Congress in 1945, without question. But there are some questions that I want answered, and I think the committee is entitled to some clarification.

For instance, it was my pleasure as chairman of the subcommittee of the Committee on Education and Labor to conduct the hearings on November 12, 1949, into the famous Di Giorgio farms in California. There is some interesting information that I am sure has a direct bearing on this legislation. Let me remind you that this firm at the present time is well on its way to cornering the fruit and vegetable markets of the United States. This firm owns outright the facilities in the city of Baltimore. They control 50.59 percent of the facilities in the city of New York. At times as much as 80 percent of the fruits and vegetables reaching the New York market come from the Di Giorgio farms in California.

Let me read to you the extent of their operations. This is the testimony:

> The Di Giorgio Corp. has controlling or minority interests in the following enterprises in addition to this: The Baltimore Fruit Exchange; the New York Fruit Auction; United Fruit Auction, of Pittsburgh; United Fruit Auction, of Cincinnati; Fruit Auction Sales, of Chicago; Klamath Lumber & Box Co.—
>
> And many other affiliates.

What I want the committee to explain to the Members of this House is, Will this octopus that is bordering on the edge of becoming a monopoly be eligible for loans under this act to build these facilities and tighten its hold on the fruit markets in the major cities of this country? If they are, I do not want any part of it.

Here is a farm that is doing business in excess of $18,000,000 annually. They handled over 12,000,000 packages of fruit in 1949 and over 600,000 packages of vegetables of various kinds, cartons and crates of vegetables. I just want to know whether we are giving Government assistance here by underwriting a loan to an outstanding corporation that is now fastening its tentacles upon the fruit markets and the vegetable markets of the United States.

I see a gentleman from the State of California is here. I am sure he is going to have something to say about it. Along with the other members of the committee, I think the House needs an explanation.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I call attention to the fact that if the gentleman will refer to page 14, line 18, he will find this language:

> That the market facility will not be operated in a manner which would discriminate against any perishable agricultural commodity on account of geographical origin of such commodity or prevent any producer, seller, or buyer from utilizing the market facility because of his organization, business methods (if not unfair or unlawful), membership or nonmembership in any organization, or on account of the method of transportation of the products.

It certainly is not contemplated that any loan would be made under this act to accomplish anything such as was described by the gentleman.

Yesterday the gentleman will recall that there was great excitement over the fact that I had referred to a warehouse that had been built between Richmond and Petersburg by the A. & P.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BAILEY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia.

There was no objection.

Mr. COOLEY. It was suggested then that I was complaining because of the efficient method in which this corporation was operating its business. That was far from my mind. I was commending the effort of the A. & P., and showing how private corporations and associations had demonstrated more foresight and vision than many of the municipalities in which farm produce is sold. The gentleman, I think, knows it is not our purpose to encourage any monopolistic operation. We are trying here now to let the public markets be in a better position to compete with these efficiently operated markets.

Mr. BAILEY. May I ask the gentleman this direct question? Will they be eligible for a loan—yes or no?

Mr. COOLEY. No; not if they operate the market as a monopoly, as the gentleman described.

Mr. BAILEY. Will there be any regulations by the regulatory authority, which will limit the amount of space they can acquire in one of these facilities?

Mr. COOLEY. That will be entirely in the hands of the operating authority, whether it is a municipality or whether it is a privately organized corporation. All of the plans for the operation of the market first must be submitted and approved by the marketing experts in the Department of Agriculture.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

What would prevent any organization from coming under the loan provisions of this bill?

Mr. COOLEY. The language of the bill prevents it. If the gentleman will read the bill, I am sure he would have a better understanding of it.

Mr. BAILEY. I cannot find anything in the bill to convince me that they would not be eligible for a loan.

Mr. COOLEY. If the gentleman will look at the language I just referred to on page 14, you will see that the loan will not be insured to any private corporation to operate a closed market. The market must be open to all producers and to all buyers.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

The provision that the gentleman refers to certainly would not permit the renting of space to people to come in on a monopolistic basis to sell their eggs, meat, and other poultry products, and so on, but the monopolies would run, although the loan, of course, would not be made on a monopolistic basis.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. DONDERO. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do not believe the people I represent in the Seventeenth Congressional District of Michigan want me to support this legislation. The people of my district have provided their own marketing facilities, and I am sure they would not want me to support legislation which would make them potentially liable some day to pay for market facilities in cities perhaps a thousand miles away from them. This bill provides exactly that. That is one of the objections I have to this bill. The other objection, which is more serious in my opinion and which has been very ably discussed by the gentleman from New York [Mr. KEATING], is the principle of looking to Washington for every conceivable thing in their normal life. Lincoln once said:

> The Government should never do for the people what the people can do for themselves.

It seems to me that when the history of this country is examined, that in this particular field we will find that the people through the years have done for

themselves what the Government might have done for them. The people have never asked that it be done for them. We might as well say to the country, "Why not let the Federal Government guarantee the money or the loan required for the building of police stations, fire-engine houses, textile mills, and merchandising plants?" This bill violates the American principle of local self-government. This is a foot in the door. I do not say the Federal Government may positively be called upon to pay the bill, but suppose it is called upon to pay for a venture which has not proven successful. Then the Government of the United States is in the marketing business. If these risks are not good enough to be taken by local investors, they should not be built. The best judges of that are the people in the local area, whether it is New York, Boston, Philadelphia, or any other city. For that reason, I do not think this is a field into which the Federal Government should inject itself.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. COOLEY. I would just like to say to the gentleman that the Marketing Division of the Department of Agriculture does not make studies in any community except upon the request of the people in a particular community. I have information here to the effect that in Detroit now there is a study of the marketing facilities under way. So, there must be some question as to the adequacy of these facilities in the city of Detroit. I concede that the gentleman has a question in his mind as to the adequacy of available facilities in certain cities now. But the gentleman should know that in forty-odd cities the people are calling upon the Department of Agriculture to make studies of their marketing facilities, and they are making those studies pursuant to legislation which we have already passed and which we are financing.

Mr. DONDERO. May I say to my distinguished friend, the gentleman from North Carolina, that undoubtedly those studies have been influenced and perhaps instigated by a trend in this land to look to the Federal Government for everything.

Mr. COOLEY. Oh, no.

Mr. DONDERO. Why should these cities expect the Federal Government to provide marketing facilities for them anyway? Why should they not do it themselves?

Mr. COOLEY. I can answer that. The Boston market is perhaps 200 years old, and the New York market is over 100 years old.

Mr. DONDERO. I still have faith in the city of Boston.

Mr. COOLEY. I have lost faith in the people of the city of New York regarding marketing facilities because my committee has studied that problem quite thoroughly and we know they are not going to improve that facility unless they can be induced to build a marketing facility which is easily accessible to trucks and trains.

Mr. DONDERO. If they do not build their own marketing facility, there must be something wrong as far as their ability to manage and make self sustaining that kind of a facility.

Mr. COOLEY. Does the gentleman know, and can he tell the House what it costs to unload a carload of produce in his city?

Mr. DONDERO. I am not aware of or familiar with all of the details. I am aware of this, however, that this bill we would be nationalizing and placing in the central government authority and even financial responsibility in an entirely new field. How long will it be before the Federal Government controls everything?

Mr. COOLEY. The gentleman apparently does not understand the bill.

Mr. DONDERO. I think I understand it.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. DONDERO] may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. There is one more point I wish to stress. I have before me two pages of requests from industrial plants in the Detroit metropolitan area and from other sources, and particularly the mayor and the superintendent of schools of the city of Detroit, and a number of other citizens in my congressional district, all appealing for the allocation of steel to construct schoolhouses, and to continue the operation of industrial plants. If this bill passes and these marketing facilities are to be built, they are going to compete for the very strategic material, steel, needed for these purposes.

I think this bill should be defeated. Marketing facilities should be provided at the local level and not the Federal Government.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. PHILLIPS. I have a very high regard for the gentleman, and I think he has some respect for my opinion. I want him to know that I have studied this subject for more than 15 years and that I am very much for this bill. The answer to the gentleman's question as to why the Federal Government does not go into the building of police stations is that that is a community matter which can be settled by the community. But there are factors in this program which go beyond the local community; they involve the railroads and many other elements that are not controllable by a city, and as in the case of New York and Philadelphia the markets are so old that the consumers are the ones who are suffering.

Mr. DONDERO. Let me interrupt the gentleman at that point. Who will be benefited more than the consumers of the particular areas where these marketing facilities are built? Has all local pride died in this land?

Mr. PHILLIPS. No, but the gentleman is denying the consumers the help which this bill would give them; there is no money loaned in this bill.

Mr. DONDERO. That is true.

Mr. PHILLIPS. There is an insurance provision.

To answer the gentleman's other question—and it is a fair expression by him and others as to scarce material—there is nothing in the bill that takes scarce material; the material would not be available. I believe the gentleman from North Carolina will concur in an amendment that will be offered to satisfy the qualms of those people who think scarce materials might be involved.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. COOLEY. I would like to say, since some objection to the bill has been prompted by fears that scarce and critical materials might be utilized in the construction of marketing facilities, I understand the gentleman from Pennsylvania [Mr. MUMMA] will offer this amendment:

> That construction of the marketing facilities will not entail the use of controlled materials in quantities requiring allocation by a Federal agency.

If that were inserted in the bill it would seem to me it should do away with the fears which have been expressed by several Members. As chairman of the committee I would have no objection to the amendment and will so say at the time it is offered, but I cannot accept it on behalf of the committee.

Mr. DONDERO. That is a partial answer to my objection.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. KEATING. In connection with the gentleman's very apt and well-phrased comments about this bill, centralizing further powers and responsibilities in Washington, I have gone through the bill and find that there are 30 instances in it—and they are marked in my copy of this bill—where additional authority or power is vested in the Secretary of Agriculture.

In my judgment there are those—I exonerate many of our Members, most of our Members, but there are those who are using this measure to do what we have seen done time and time again here, and that is to place the marketing facilities eventually completely under a centralized Federal control in Washington.

Mr. DONDERO. I think that is wrong for this country has operated on a different principle and it has been successful. Why change the system?

Mr. KEATING. That is right.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. CANFIELD. There is evidence in the testimony that the Market Street job in New York City alone will cost $200,000,000.

Mr. DONDERO. There is but $100,000,000 of guarantees provided in this bill. I shall vote against this bill and hope it will be defeated.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HOFFMAN of Michigan. Mr. Chairman, I make this motion at this time not only because I think it is a good time to make it, but because I think the bill should be defeated and I desire to answer the gentleman from North Carolina [Mr. COOLEY], my very good friend, and the gentleman from California [Mr. PHILLIPS].

The gentleman from North Carolina said—at least I understood him to say—that the Department of Agriculture never made any survey or investigations unless the people of the community wanted it. Then he referred to the city of New York. I would just like to call his attention to this 120-page release that they put out to the different agricultural agencies of the country calling upon the people to get together and give the Department some idea about a family-farm program—so-called.

Three Federal agents in different counties have called my attention to that pamphlet and in substance stated: "We do not want any of it." I think there are other Members on the floor right now who have had the same experience. That was an attempt, all too familiar to us, to give the Department of Agriculture an opportunity to come to Congress and say that the people want that particular program. The people do not want any of it. Yet the Department of Agriculture spent a lot of money trying to induce the people to get together right quick and tell Congress that they wanted something new with reference to this family farm program. In part it was just another somewhat disguised effort to give the country a little of the Brannan plan.

The gentleman from California [Mr. PHILLIPS]—and I admire him and have confidence in him—just goes contrary to the views expressed by my colleague so well and so completely, and I refer to the gentleman from Michigan [Mr. DONDERO], when he said that this is just another attempt to go along with the New Deal program, socialistic as it is, and get the Federal Government interested in some activity which we can carry on in the various States for ourselves. If we are Republicans, if we have any principles at all and intend to go along with them, why do we not do so when bills like this come up? Why do "me too-ers," when they know the fallacy of the program, with one breath condemn socialism, then swallow a big dose of it just because some group thinks it will be of advantage to its members if they can get Federal officials to help them run their own affairs which, in truth and effect, they can do better than can those who are directed from Washington?

The gentlemen talk about the interest of the consumer. May I say to the gentleman from California, if there is any State in the Union where the growers of fruit and vegetables and other agricultural produce are organized it is in the State of California. Look back over the papers for a year, for the last 10 years, and I do not believe you will find 2 years in succession where the growers and the dealers in California have not destroyed hundreds of thousands of dollars' worth of crops. Why? Because they did not get the price they wanted. Within the last month I saw pictures of apples. I do not know whether the apples were grown in California, Washington, or Oregon, but somewhere in the Northwest. I saw pictures of bulldozers covering up apples which had already been bought and were ready for shipment. Why? It has long been the practice when the price did not suit them to let the crop hang on the trees until it dropped to the ground, or, after it was packed, in order to maintain the price here in the East, to destroy the crop—sometimes oranges, sometimes something else. That was not because somebody in the East had a monopoly. It was not because there was no warehouse. It was not for that reason that we did not get it. Oh, no. It was because the growers thought they could not ship it at a profit, and I do not criticize them if they cannot ship and sell at a profit for not marketing it. But do not lay the blame for lack of consumers willing to purchase at your price on anyone here in the East or in the Middle West. Do not come in and tell us because you do not wish to build your own warehouses that the rest of us must build a warehouse or a selling facility in every city so that you can get what you want or need for your produce.

On yesterday they were arguing over here—I think the gentleman from North Carolina [Mr. COOLEY] was arguing, I am sure others were arguing, that these chain stores were building big warehouses to market fruit. Well, they pay for them. They are in the open market, and because of their efforts they bring to the consumer a better article at a less price. I hold no brief for them. My interest is in the little fellow on the street corner, the corner grocery store. But the supermarkets render a service which the people want and are willing to pay for, so why criticize them?

Let me read an editorial from the morning's issue of the Washington Post. I read:

THE FOOD CHAINS

With the National Association of Food Chains holding its eighteenth annual meeting here, it is a good time to reflect on what modern food distribution has done for consumers in this country. Throughout the land, the old-fashioned grocery store has given way to well-lighted, clean, attractive, and systematized food department stores that operate on a surprisingly small mark-up and profit. By means of self service, modern packaging, and easily accessible parking, the business of getting the produce of farm, pasture, and orchard into the homes of millions of consumers has been amazingly simplified. Not the least of the advantages of this modern way is the development of huge supermarkets where the housewife can find almost any food that hungry stomachs may crave.

This modern development is not, however, simply a matter of easing the housewife's shopping task and trimming food-distribution costs. Through its national association the vast system of food-distributing chains is able to dispose of surplus products that formerly were unmanageable. If there is a surplus of sweetpotatoes in Alabama or of tomatoes in Texas, the association alerts the chains and the chains make a special effort to mo e the surplus food into consumption. In this process the association works with agricultural producers and cooperatives as well as with the chains to the advantage of both.

It cannot be doubted that this highly organized and smoothly functioning system of food distribution has contributed to the high standard of living in the United States. While the chains have found it possible to cooperate in the exchange of information, competition among them remains keen. And they have substantial competition from cooperative groups of independent merchants. Their strength and their appeal to the public come from mass distribution of food with ever-increasing convenience to the public. The genius that has gone into building this system is in many ways comparable to that responsible for present-day mass production, which has given America its industrial strength.

There are many reasons, any one of which should be sufficient to defeat this bill, which have been put forth on the floor. My colleague from Michigan, [Mr. DONDERO], pointed out very clearly that the passage of this bill was but the wedge which would open the crack through which would follow an innumerable number of similar plans putting the Federal Government into all sorts of business.

That subject might be enlarged on indefinitely.

Several have also argued, and the argument is sound, that it is unfair, when there is so great a shortage of steel, when school districts and hospitals are seeking steel—sometimes to complete construction of public buildings which are under way, sometimes to erect new buildings which are needed—to use tons of steel in the construction of facilities which are not at this time needed.

The bill, if enacted, will be destructive of the rights of the States, it will bring the Federal Government—using the taxpayers' money—into direct competition with taxpayers upon whose payments this Government depends for its very existence. Time does not permit further argument, but many of my colleagues have clearly pointed out the unsoundness of this type of legislation, and, unless we are to embrace socialistic principles, we should either recommit or kill the bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the motion offered by the gentleman from Michigan.

Mr. Chairman, the gentleman from Michigan referred to my remarks of yesterday and again today. I had reference, I think most of you know, to the investigation of marketing facilities in different cities in which investigations were made at the request of interested

citizens in those communities where the investigations were conducted. I did not say anything about the PMA family farm program. That is absolutely alien to the bill we have before us. And it is a rather strange sort of scene when a Member of Congress takes the position that has been taken here; that the entire work of a hard-working legislative committee, extending over many years and during both administrations, should be sabotaged on the floor of the House by a man who knows nothing about what he is talking.

This committee operated under the leadership of the gentleman from Kansas [Mr. HOPE] during the time that the Republican Party was in power and the gentleman from Kansas [Mr. HOPE] received the cooperation of the Democrats on this committee. When I took over the chairmanship I had the cooperation of the gentleman from Kansas [Mr. HOPE] and other diligent and faithful Republicans of this committee.

This House by unanimous vote authorized my committee to do something about this deplorable situation. We have sent subcommittees to Chicago, New York, New Orleans, and all over the country to study the problem. The gentleman who speaks about it talks as if something new is being started. Why, this started with the Federal Trade Commission in 1917. Investigation after investigation has been made and thousands of dollars have been spent. Certainly we are not trying to embark upon some new and novel program to waste the Federal taxpayers' money. To hear the author of this motion, you would think there is something partisan about this, that the Democratic Party is trying to do something new. I have stated on this floor time and again that my interest in this problem started in 1945 when I spent long hours of the night on the Washington Street Market in New York City. There are Members of this House who had an opportunity to make the same observations that we made but who refused to learn anything about this problem.

Now, they simply say that we are going into something new, that we are going to guarantee some more loans. I wonder if these gentlemen who are opposing the building of these markets by the use of guaranteed loans voted against the Federal housing bill in which we authorized the slum clearance of the cities? We have authorized slum clearance on the farms. Now we are trying to authorize a little slum clearance in the market place. When you realize that it costs $9 to efficiently unload a carload of produce and when you realize that it costs $115 to unload it in an inefficiently operated market, such as the Washington Street Market in New York or Dock Street in Philadelphia, that is a penalty or tax that the consumers of this Nation are paying on every carload of farm produce. It is just a question of whether you want to take this chance of authorizing these loans. You say that the money should be available from local sources. Do you think the city of Richmond would not go on and build the market if it was able to do so? Do you think the city of Boston would not do something about it?

I tell you that the opposition is coming from the vested interests who own and control these deplorable ratholes in which the consumers and the producers of this Nation are forced to transact their business.

I submit that this is a good bill. It ought not to be sabotaged. Imagine what a ridiculous position this House is in when it on one occasion, about 12 months ago, voted unanimously for this bill and now it turns out that it is something horrible, something obnoxious. Why did it become so obnoxious just yesterday? You gentlemen have had an opportunity to come before our committee and express your views. Why have you not done so? We had open and extended hearings. Forty-three witnesses came from all parts of this country clamoring for this legislation. Eighty-seven statements were submitted in support of this legislation. I challenge you to find over a dozen men in this whole record who have opposed the building of these markets. Certainly, most of them who have opposed this legislation have an interest in property now being used in some of the markets which should be improved.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. NICHOLSON), there were—ayes 39, noes 40.

Mr. HOFFMAN of Michigan. Mr. Chairman, I object to the vote on the ground that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and four Members are present, a quorum.

So the motion was rejected.

Mr. CURTIS of Missouri. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Chairman, I rise in opposition to this bill, H. R. 39.

First let me state that I am always suspicious of a bill when its proponents spend a great deal of their time attacking the motives of those who are opposing them. Certainly one can be opposed to this bill on the very simple grounds that he is against the idea of seeking solution to all the inadequacies existing in the country by running to the Federal Treasury. He can oppose the bill because he believes in local self-government and private initiative.

Personally, I have not the slightest idea of what pressure groups are for and against the bill. Frankly, I do not care. I am satisfied that certain of our citizens are directly concerned with the passage or defeat of this bill. If they know their business, they have probably made their views known to the more powerful Members of this body. I hope they have and I praise rather than condemn them if they have. As a freshman Congressman and a member of the minority party to boot, no one has troubled to solicit my support or even my vote for or against the bill.

I am getting pretty sick and tired of the debates in the House which impugn the motives of either the Members who argue for or against a bill or the group of citizens who either support or oppose a bill. Let us stick to the bill itself. Let us, for heaven's sake, take as admitted the integrity of our colleagues and their deep loyalty to their country. Let us extend this same presumption to our fellow citizens.

Now this does not mean that the heat of debate about what a bill accomplishes should be diminished. But the arguments should revolve about the bill, not the people proposing or opposing it.

The committee chairman has stated that this bill has received extensive study. This may be so but there is little evidence of such a study up to the present. A Member of the House not on the committee can only judge the committee's work on three bases:

First. The committee's report and the committee's hearings.

Second. The adequacy and competency of the staff available to the committee.

Third. The knowledge exhibited by the committee members upon debate of the bill on the floor of the House.

In the particular instance of this bill it must be stated, first, the committee of the Eighty-second Congress has held no hearings whatsoever and this is the Eighty-second Congress, gentlemen, not the Eighty-first. The committee of the Eighty-first Congress held hearings which covered a total of 16 hours. Having read the hearings, I cannot conclude that they were comprehensive. One member of the committee stated that field trips were made, at an unidentified time, to various cities. There seems to be no written report of these trips available to the Members of the House so we gain little benefit here.

Second. Nothing has been said about the staff work on this bill and there seems to be little evidence of staff work having been done.

Third. As stated before, the chairman devoted most of this time not discussing the bill but castigating its opponents. This leaves me, as I have said, unimpressed with the amount of study devoted to the bill.

The bill is a typical example of encouraging the Federal Government to go into the field of private enterprise. The argument is the usual one:

First. Private enterprise has fallen down on the job.

Second. The job must be done.

Third. Government should do it.

The argument is just as fallacious as it has been on Federal housing, Federal power, Federal education, or Federal anything else.

First. Although private enterprise may have fallen down on its job, it does not necessarily follow that private enterprise cannot do the job with a little prodding.

Second. Although the job must be done is not proof that the Federal Government can do the job.

Third. Nor does it follow that even granting the corrollaries which we have just denied, that the Federal Government should do it.

I suggest that those of us who believe in the private-enterprise system, and I believe in it as the only safe and sure way to accomplish results, that when we find a situation where there is a need, and private enterprise is not adequately filling that need, we sit down and figure out how we can accomplish the end through private enterprise.

Granted we need better marketing facilities. We need better things in every phase of human endeavor, let us never get so complacent that we do not recognize this. The first question I want to know, are the inadequate facilities which the chairman has suggested are a health hazard, the result of inadequate or unenforced State and municipal laws? Does he know or does the committee know? If the committee has studied this, where are the results of this study?

I suggest that probably a stricter enforcement of local municipal laws is the proper way to force private enterprise to build adequate marketing facilities. Certainly if you permit private enterprise to get by with inadequate facilities from a health and building standard standpoint they will try to get by with them. If the situation is this way, let a congressional committee investigate and report. The publicity resulting from a report of such a shocking condition, if in truth such a condition does exist, will go a long way to solve the problem. But this committee apparently has not even thought of such a study, let alone made it.

Or is the problem that under the banking laws banks cannot make such long-term loans? I do not believe this is the trouble because other communities than those mentioned in the report seem to be able to solve their problems without help from the Federal Government. But if it is, then let us take a look at our banking laws. These are safe loans, the committee chairman tells us, and the Federal Government is running no risk, then let us stop keeping our banks out of good banking business through poor banking laws. But the committee has made no study of this question.

At this point, I wish to interpolate the thinking of some fine Fabian socialists. They state that the first attack on private enterprise should be through an attack on private capital. Keep it away from the field of private enterprise under attack, then private enterprise will default on the job, then we can call attention to this, then we can say, well, it must be done, so alas, government will have to move in. Then when government moves in and messes up the job you call attention to the private enterprise still in the picture and suggest that private enterprise even with government help is not doing the job and that, alas, Government will have to take over more and more. Finally, of course, government completely takes over. This is not just a dreamy blueprint, unfortunately.

But to get on. Perhaps it is incentive that prevents private enterprise from moving in to build and set up more marketing facilities. If the committee's study had revealed this to be a fact, then I would suggest that a favorable tax provision be written which would add to the incentive of private enterprise to do the job. This has proved most successful in the gas and oil field and conversely the failure to do it in the mining field has had noticeable results the other way.

There are many ways of encouraging private enterprise but you only look for these ways if you are truly interested in preserving a free-enterprise system. And it requires more work, more time and effort, more study, more patience and more faith in the integrity of your fellow citizens. It is so much easier to to avoid this work, so much easier to believe your fellow citizen is motivated solely by the desire to make money—that he is special or vested interest. Yes, it is so much easier to prepare a bill and let the Federal Government do it. Let the cost come out of the Federal Treasury.

My own opinion is that it is time for this Congress to go to work. And if this committee believes a problem exists in the marketing facilities around the country, let them go back and really study this problem and see if they cannot solve it through the system of private enterprise. I am certain the people of St. Louis for whom the committee seems so solicitous in this matter, will be happy if they do this.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is perfectly obvious that the gentleman who has just addressed the House does not approve of many things that Congress has done. I assume that he does not approve of the rural-electrification program; that he does not approve of the slum-clearance program which has been provided for our cities and the slum-clearance program for the country either and many other programs.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I decline to yield.

Mr. CURTIS of Missouri. The gentleman has used my name.

Mr. COOLEY. I have not used the gentleman's name, and I do not yield.

By the same argument all of us should be opposed to the insurance of individual bank deposits. There are many things that Congress has done which are apparently objectionable to the gentleman who has just addressed the House.

I am not conscious of having castigated anybody; I have tried to present the facts. I believe every Member of this House who has listened to the debate certainly knows something about the bill that is now being considered. It is suggested that our committee has given only superficial consideration to the question with which we are dealing. I think any fair appraisal of the record and the transcript of the evidence will show clearly that the committee has worked long and intelligently and diligently on the matter before us.

This is not a new theory; it is not a new idea; it is something that we have tried for several years to accomplish in the interest of both consumers and the producers. If you will read the hearings you will observe that the bill is supported by the farm organizations, that it is supported by consumer groups, and by others affected by the marketing of agricultural commodities. I think that when the amendment to be offered by the gentleman from Pennsylvania is offered and accepted, we will know that the bill certainly does not contemplate the use of critical materials in short supply to the injury of the defense effort.

I hope that we will move forward with the debate, Mr. Chairman.

Mr. BUTLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

I am opposed to the passage of H. R. 39, the farm marketing facilities finance bill. This is socialistic legislation providing further Government encroachment on private enterprise. It will take away from the defense program materials, manpower, and financing. We do not want our boys in Korea praying over there while we are not passing the ammunition.

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as far as I know there is not a single individual in my district who is interested in this bill directly or indirectly, or who will benefit from it in any way. We do not produce fresh fruits or vegetables commercially, and there are no large cities, and no large markets in my district. But I believe anyone who has given consideration to the question of agricultural marketing in this country must reach the same conclusion I have, and that is that the weakest spot in the marketing of agricultural commodities in this country is our method of marketing fresh fruits and vegetables. I think we have a pretty good system for marketing grain, one that has been worked out through years of experience and one that operates effectively. I think our system of marketing livestock operates reasonably well for both producer and consumer. But in the marketing of perishable commodities like fruits and vegetables, I think everyone must admit that the markets do not function effectively, especially in our large cities. This fact is so obvious that as far back as the Seventy-ninth Congress the Committee on Agriculture secured permission to sit as an investigating committee for the purpose of making a study of the marketing of fresh fruits and vegetables in this country. The committee has made a continuous study of the subject since that time. Those who charge that this subject has not had the attention of the Committee on Agriculture must be unaware of the work that has been done in the Seventy-ninth Congress, in the Eightieth Congress, in the Eighty-first Congress, and now in the Eighty-second Congress. During this period the committee has given rather exhaustive study to this question not only by holding hearings in Washington but by studies in the field. The committee has gone over the country investigating markets in many cities; we have gotten up at 2 and 3 o'clock in the morning, gone out, and seen the produce come in; we have seen buyers

operate, and we know what the situation is.

Perhaps we have not found the right remedy, but it has been the opinion not only of the members of the committee who have studied the matter, but also of all with whom we have conferred, including many marketing experts, that the archaic facilities that exist in many of the large cities of this country have prevented the effective marketing of perishable commodities, and it is only through the construction of central markets accessible to railroads and loading facilities and with ample space that we can meet this situation.

This measure is today being opposed by many whom I would expect to support it. I speak particularly of members from large cities whose constituents are today complaining about the high prices they are paying for agricultural commodities, particularly the perishable commodities, and who are paying those prices unnecesarily because of the high cost of carrying on the markets of those cities.

You will not find any great popular demand for this legislation because the people who will benefit by it are not aware of the situation. They are living under a system that has been in existence for years and they do not realize just what the trouble is. Also many of the cities affected most adversely by this situation there, are vested interests that are opposed to the legislation and are fighting it.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. That is opposition that is difficult to meet. There are labor organizations opposed to these changes because it will mean less unnecessary hauling by the teamsters union, for instance. There are landlords who are opposed to the legislation because they will lose the opportunity to rent the miserable quarters which are being used for market purposes. There are railroads affected by the construction of new facilities that are opposed to it. There are existing warehouses that are opposed to this legislation. This opposition is inevitable as I see it.

The big question that confronted the committee in dealing with this situation was how can a matter of this kind be financed? We did not want Government loans or financing in a situation of this kind. So we adopted a method that has been approved by this Congress on many occasions in connection with the housing problem. We have voted to insure billions in housing loans and I dare say that everyone who has spoken against this form of financing today, has supported the guarantee of housing loans. It is not a new principle that we are invoking. It is an old principle that has been tested and tried and one I believe will work in solving this problem. If there are those who think there is a better way to do it, I welcome their suggestions, but until we have something better I think we should proceed with this legislation.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I concur in everything that has been said by my colleague from Kansas. The Committee on Agriculture has devoted weeks, months, and years of time in an effort to solve this problem. The weak spot is in the merchandising of perishable commodities from producer to consumer. In fact, our committee has devoted more time to this important subject than the Department of Agriculture itself has with the fifty or sixty million dollars a year we have appropriated for research. I inquired of the Research Section of the Department of Agriculture, which receives these large appropriations, as to what they had done about the merchandising of farm products and you will find without exception that they have not gone into the merchandising of agricultural products in any detail.

I am opposing this measure principally on account of the timing of it. We are told that we must make sacrifices in this country, and the people generally, because we are in a desperate situation, we are in a war that we must win. So I figure that we here in the Congress should set the leadership in cutting down appropriations and obligations on the part of the Federal Government rather than to encourage greater commitments on the part for the Federal Government to assume when we are going through this tremendous war expenditure. I am not opposed to this legislation in principle, but I think it is wrong to come here and ask the Congress to pass a measure of this kind, to have additional commitments that our Government will assume as the result of the passage of this bill.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Does not the gentleman think the amendment that will be offered in the matter of allocating steel and other critical materials will have the effect in reality of postponing the operation of this bill, which takes away the objections the gentleman is making?

Mr. AUGUST H. ANDRESEN. If the purpose of the amendment is to postpone operation of the bill, then we had better leave consideration of the bill to the time when the emergency is over, because we are told this emergency may last for 10 years; some predict it will last for 30 years. At the present time we are called upon to provide steel and other critical materials to England and other countries so that they may carry on their domestic production.

Let me say that not a single proponent of this legislation up to the present time has mentioned the timing in bringing this legislation up for consideration in the House—not one single Member. That is my objection to the bill. I fully recognize that we must improve the marketing facilities for the perishable items, but legislative action should not be taken until the emergency is past. Incidentally my district produces mostly perishable items, including dairy products, fruits and particularly vegetables, and we want markets in these larger cities to take care of the handling of our particular kind of products. So that I favor the bill in principle, but I want it to work.

The argument is used that if we enact this legislation, if we guarantee these loans to build up these big markets in New York, in Philadelphia, in Richmond, in West Virginia, and in about 40 other places, we are going to reduce the cost of living to the people, that they will be able to buy cheaper food. These buildings they are going to build need steel. They could not put them up otherwise, because they are buildings with terminal facilities that run from 1,000 to 3,000 feet long. They must have the steel. But the building costs are so terrific now that the tenants of these stalls and these spaces in the buildings will have to pay two or three times as much rent if they are going to break even and meet the guaranteed commitments on the loan, so they will have to raise the prices of their fruits and vegetables to the consumer. The consumer will pay more in the long run.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from California.

Mr. PHILLIPS. I think the gentleman from Minnesota knows as well as I do that the large cost on which there might be a saving to the consumer is not the rent to the wholesaler but loss due to the handling of the goods, which is very bad is an old market and very good in a new market.

May I ask the gentleman this question: There is the element of investigation, the element of getting together all the elements that are involved in the market, the location of it, the securing of the ground, so they could go on even though scarce materials may not be available.

Mr. AUGUST H. ANDRESEN. That is true, but they have to buy the ground in these suitable areas where there are railroad and other terminal facilities and the cost of that is terrifically high at the present time. So that added to the cost of the buildings, the cost of which will be guaranteed by the Federal Government, means that the rents will be terrific. I predict utter failure of the entire project if it is enacted and goes into operation at this time. The Government will be owning the buildings and the Secretary of Agriculture will be operating the markets unless he is willing to have the Government stand the loss, so somebody else will take them over and they will be sold at a much cheaper price. Maybe somebody contemplates that.

As far as the people on Washington Street and other streets having objected to moving into new buildings is concerned, I agree with you that they do have objection. They do not want to move out of their present quarters. I am not so sure you are going to get these wholesalers who occupy these areas in New York, Chicago, Philadelphia, and other places, to move into

the new terminal facilities. The State or city authorities would have to condemn the property in New York and drive them out. They seem to want to do business in the congested area. Then they would have to go out and get new tenants. Maybe that is what the gentleman from Massachusetts would like to do in the liquidation, as he termed it, the putting out of business of the middleman. This is certainly not a bill to knock out the middleman. But there are those local problems that we must consider in passing on legislation of this kind.

Let me urge you to listen from here on to see whether the proponents of the bill speak about the timing in bringing this legislation up for consideration in the House. This is no time to do it. If we have a war to win, if we have a defense program to protect our country, that should come first, and this and other new war measures should be delayed until after the emergency. This is no time for Congress to commit the Federal Government to an additional $100,000,000 in liabilities. H. R. 39 should be returned to the Committee on Agriculture for consideration at a later date.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and that the bill be open to amendment at any point.

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

There was no objection.

The remainder of the bill is as follows:

GENERAL PURPOSE

SEC. 3. It is the purpose of this act to facilitate, encourage, and assist municipalities and political subdivisions of States, public agencies, and instrumentalities of one or more States or municipalities, public corporations and boards, and private enterprise in the creation and development of modern and efficient public wholesale markets for the handling of perishable agricultural commodities in areas where such markets are found to be needed and where Federal assistance is requested and authorized as prescribed in this act, to the end that unnecessary costs and burdens attendant with the marketing of perishable agricultural commodities caused by inadequate or obsolete facilities may be eliminated and that the spread between the amount received by producers and the amount paid by consumers may be reduced.

DEFINITIONS

SEC. 4. For the purposes of this act—

(a) "Market facility" means all the facilities used in connection with the operation of a public wholesale market, including the land, buildings, fixtures, equipment, and other appurtenances necessary or incidental to the operation of a public wholesale market for perishable agricultural commodities constituting a single integrated market located in a substantially contiguous area, not including public cold-storage warehouses of more than 10,000 cubic feet capacity, or facilities for handling livestock.

(b) "Public wholesale market" means a place which serves as the major source of supply of perishable agricultural commodities consumed in a large consuming area and which is operated primarily for the purpose of selling or otherwise disposing of perishable agricultural commodities at wholesale for resale to others.

(c) "Perishable agricultural commodities" means agricultural commodities and products thereof, consisting principally of fresh fruits and vegetables, handled alone or in combination with poultry, eggs, meats, seafood, and dairy products.

(d) "Mortgage" means a first mortgage on real estate, in fee simple or on a leasehold under a lease for not less than 99 years; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(e) "Mortgagee" means the original lender under a mortgage, and his successors and assigns approved by the Secretary.

(f) "Mortgagor" means the original borrower under a mortgage and his successors and assigns approved by the Secretary.

(g) "Maturity date" means the date on which the mortgage or loan indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage or credit instrument.

(h) "United States" includes the several States of the United States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

(i) "Secretary" means the Secretary of Agriculture.

(j) "Eligible borrower" means any municipality or political subdivision of a State, public agency, or instrumentality of one or more States or municipalities, public corporation or board, or private corporation engaging in, or which will engage in, the operation of a public wholesale market facility which meets the eligibility requirements of this act.

MARKET RESEARCH AND ANALYSIS

SEC. 5. In order to effectuate the objectives of this act and assist in the development of proper, adequate, and efficient marketing facilities in the United States, the Secretary under the authority of, and with funds made available pursuant to the Agricultural Marketing Act of 1946, shall undertake, and disseminate the results of, research relating to design, plans, location, methods of operation, materials, use, equipment, and other similar research and analysis, consistent with the needs for the improvement and development of proper, adequate, and efficient marketing facilities for handling perishable agricultural commodities.

REVOLVING FUND

SEC. 6. (a) There is hereby created a fund to be known as "the marketing facility mortgage insurance fund" (referred to in this act as the "insurance fund"), which shall be used by the Secretary to make insurance payments under section 9 of this act and to meet the expenses incurred in connection with the acquisition, operation, and disposal of market facilities acquired pursuant to the provisions of the insurance contracts in the event of default by the borrower, except that no part of such fund shall be used for administrative expenses incurred in carrying out this act. There is authorized to be appropriated the sum of $25,000,000 to constitute such fund which sum shall remain available until expended.

(b) The money in the fund created under this section not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed as to principal and interest by the United States.

(c) The Secretary shall make an annual report which shall include a complete statement with respect to the status of the insurance fund.

INSURANCE LIMIT

SEC. 7. The amount of any insurance contract which may be made under this act shall not exceed an amount equivalent to 85 percent of the total cost of the market facility as determined by the Secretary: *Provided*, That in no case shall the borrower invest less than $45,000 of the total cost: *And provided further*, That the investment by the borrower shall always be a claim subordinate to the claim of the United States arising out of an insurance contract under the authority of this act.

INSURANCE OF MORTGAGES

SEC. 8. (a) The Secretary is authorized, upon application of a prospective mortgagor or mortgagee under a first mortgage eligible for insurance under this act on a market facility, to insure such mortgage and to make commitments for the insurance of any such mortgage prior to the date of its execution.

(b) The aggregate amount of principal obligations outstanding at any one time on all mortgages insured under this act, and on all mortgages with respect to which commitments to insure have been made, shall not exceed $100,000,000.

(c) In order for mortgage on a market facility to be eligible under this act—

(1) the person obligated to pay thereunder shall be an eligible borrower;

(2) the market facility mortgage shall be one which is determined by the Secretary to be eligible for mortgage insurance;

(3) the mortgage shall be made to and be held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly;

(4) the principal obligation (and fees and other charges chargeable under subsection (d) of this section) shall be in such amounts not in excess of the amounts specified in section 7 of this act as may be necessary to enable the borrower to establish the market facility;

(5) the mortgage shall have a maturity satisfactory to the Secretary but not to exceed 40 years from the date the mortgage is insured;

(6) the mortgage shall bear interest at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any one time; and

(7) the mortgage instruments shall—

(A) provide for the repayment of the principal obligation, together with interest thereon, in installments in accordance with amortization schedules prescribed by the Secretary; and

(B) contain such provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Secretary may prescribe.

(d) The Secretary shall require the payment by the mortgagor or mortgagee of such initial fees for inspection, appraisal, and other similar charges as he finds necessary and such amounts may be included in the principal obligation of the mortgage. The proceeds of such fees and charges shall be deposited in the insurance fund (created by section 6 (a)).

(e) For insurance granted pursuant to this act the Secretary shall collect from the mortgagee, upon insurance of the mortgage, an initial charge of one-half of 1 percent of the principal obligation of the mortgage and annually thereafter a charge of one-half of 1 percent of the principal obligation remaining unpaid at the time the charge becomes due, without taking into account delinquent payments or prepayments. The proceeds of such charges shall be deposited in the insurance fund.

(f) Any contract of insurance executed by the Secretary under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation of which such mortgagee has actual knowledge.

(g) The mortgagee may, with the approval of the Secretary, assign any mortgage insured under this act, together with the accompanying note and contract of insurance, and the assignee thereof shall thereupon become entitled to all the benefits of such contract of insurance.

PAYMENT OF INSURANCE

SEC. 9. (a) If the mortgagor under a mortgage insured under section 8 is in default for more than 12 months and the mortgagee, in accordance with regulations prescribed by the Secretary, (1) forecloses, or with the Secretary's consent otherwise acquired the property from the mortgagor after default, (2) conveys title and gives possession of the property to the Secretary, and (3) assigns all his claims against the mortgagor or others arising out of the mortgage transaction or foreclosure proceedings (except claims released with the Secretary's consent) to the Secretary, the Secretary shall pay to the mortgagee, in cash, the value of the mortgage. The Secretary shall make such payments within 1 year after the date the mortgagee makes the conveyance required in the first sentence or the date he makes the assignments required in the first sentence, whichever is the later date.

(b) For the purposes of this section, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Secretary by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the default, the amount of all unpaid interest; the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, and other payments in discharge of liens which are prior to the mortgage, and insurance on the property mortgaged; and a reasonable amount for necessary expenses incurred by the mortgagee in acquiring title to the property and conveying it to the Secretary; and by deducting from such total amount any amount received on account of the mortgage indebtedness after such default.

(c) If there should not be sufficient money in the insurance fund to enable the Secretary to make payments to mortgagees as provided in subsection (a) of this section, the Secretary may make and issue notes to the Secretary of the Treasury to obtain funds to make such payments. Such notes shall be signed by the Secretary or by his duly authorized representatives and shall be negotiable. Such notes shall bear interest, payable semiannually, at a rate equal to the average rate of interest, computed to the end of the calendar month next preceding the date of issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, and shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury.

(d) The Secretary of the Treasury is authorized and directed to purchase any notes issued by the Secretary pursuant to this section and any renewals thereof and for such purchases may use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such act, as amended, are hereby extended to include any such purchases. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public-debt transactions of the United States.

(e) In any case in which the mortgagor violates any covenant or condition of his mortgage, the Secretary may require the mortgagee to assign such mortgage, together with the incidents thereto, upon payment of the value of the mortgage determined in accordance with this section.

ELIGIBILITY REQUIREMENTS

SEC. 10. To be eligible for the benefits of this act, a borrower must show to the satisfaction of the Secretary that the facility is needed and that the location, design, method of financing, method of operation, and such other requirements as the Secretary may determine necessary to effectuate the purposes of this act, will be met, including the following:

(a) That the market facility will reduce the cost of distribution of perishable agricultural commodities and handle a sufficient volume of business to enable the loan to be amortized within the period specified at the time the loan is made.

(b) That the market will be so located and designed as to make possible the direct loading and unloading of rail and truck receipts into or from the buildings of handlers receiving substantial quantities of perishable agricultural commodities by such methods of transportation, and that no restrictions will be imposed which will prevent access to the facility of supplies handled by any rail or truck transportation company.

(c) That sufficient land is included as a part of the facility to meet the needs of the initial construction, plus a reasonable amount of land for expansion of the market facility, and in no case shall the land available for future expansion be less than one-fourth of the acreage utilized in the initial construction.

(d) That not more than one-third of the total cost of the market facility, including the land set aside for future expansion, is to be expended for the acquisition of land, graded and placed in condition for construction.

(e) That the market facility will not be operated in a manner which would discriminate against any perishable agricultural commodity on account of geographical origin of such commodity or prevent any producer, seller, or buyer from utilizing the market facility because of his organization, business methods (if not unfair or unlawful), membership or nonmembership in any organization, or on account of the method of transportation of the products.

(f) That the rentals and other charges for the use of the market facility will be established at reasonable levels approved by the Secretary and designed to meet the obligations, defray the costs of maintaining and operating the market facility, and provide reasonable reserves.

(g) That any substantial alterations of the market facility will be made only with the approval of the Secretary.

(h) That reports will be made to the Secretary at such intervals and giving such information concerning the market facility as the Secretary may require, and that the books and records of the market facility will be available for examination by the Secretary at its offices at any time during business hours.

(i) That the title to the market facility, or any part thereof, will not be transferred or encumbered, or leased for any purpose not related to the operation of the market, and that any of the vacant land of the market facility will not be leased for a period longer than 1 year (including the period of any renewals or extensions of such lease), except with the approval of the Secretary.

MAXIMUM CHARGES

SEC. 11. If mortgage insurance is extended by the Secretary under this act, to aid in financing the construction of a market facility, the maximum charges which may be received for the use of the market facility shall be subject to the approval of the Secretary during the period between the date the assistance is extended and the maturity date originally specified in the mortgage instruments. The Secretary shall approve such maximum charges if he determines they are reasonable and nondiscriminatory.

DEFAULT

SEC. 12. Whoever knowingly demands or receives a charge in excess of the applicable maximum charges approved under section 11 or violates any covenant or condition arising out of a mortgage insurance contract, other than a default in payment, shall be liable to a penalty of not more than $2,000 for each such offense. Each distinct violation shall be a separate offense, and in the case of a continuing violation each day shall be deemed a separate offense. Such penalty shall accrue to the United States and may be recovered in a civil action brought by the United States.

ACQUISITION, OPERATION, AND DISPOSAL

SEC. 13. In the event of default, and conveyance of the property to the Secretary under the applicable provisions of this act, the Secretary is authorized to accept title to such property; to maintain and operate (but not including engaging in the business of buying or selling perishable agricultural commodities) or lease such property for such period as may be necessary to protect the interest of the United States therein and to sell or otherwise dispose of such property at public or private sale to the highest responsible bidder on such terms and on such conditions as the Secretary deems feasible. All net amounts realized from the operation or disposal of any property acquired under this section shall be deposited in the insurance fund. The insurance fund shall be available to defray expenditures in connection with the acquisition, maintenance, operation, and disposal of any such properties without regard to the provisions of section 3709 of the Revised Statutes.

FEES AND COMMISSIONS

SEC. 14. No officer or employee of the Department of Agriculture shall directly or indirectly be the beneficiary of or receive any fee, commission, gift, or other consideration for, or in connection with, any transaction or business under this act other than such salary, fee, or other compensation as he may receive as such officer or employee. Any person violating any provision of this section shall upon conviction thereof be punished by a fine of not more than $2,000 or imprisonment for not more than 2 years, or both.

ADMINISTRATIVE PROVISIONS

SEC. 15. (a) The Secretary is authorized to promulgate such rules and regulations as may be necessary for the administration of this act.

(b) The Secretary shall administer this act by agencies within the Department of Agriculture presently engaged in investigating and developing plans for improved market facilities.

ADMINISTRATIVE EXPENSES

SEC. 16. There is authorized to be appropriated such sums as Congress may from time to time determine to be necessary to enable the Secretary to carry out the provisions of this act, except that any expenses in connection with marketing facility research, development of plans for market facilities, determination of the need for market facilities, and methods of operation of market facilities shall be financed from funds

made available pursuant to the Agricultural Marketing Act of 1946 and the marketing farm products item in the Department of Agriculture Appropriation Act.

Mr. CANFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, many hearts are bleeding here today for the consumers of the United States. Some of those same hearts did not bleed so much when we had price-control legislation before this body.

I note that the report of the committee on the bill states that consumer representatives in all parts of the United States are practically unanimous for the bill. That was stressed by the chairman and other members of the committee in their presentation. I have been reading the hearings on this bill, and I do not find this abundance of testimony on the part of the consumer representatives. I rise to ask if the chairman of the committee or some member of the committee will pinpoint for me the pages on which I can read the testimony given by consumer representatives in behalf of this measure. Can anybody tell me where I can find this testimony? I am interested in behalf of the consumers of the United States, and I would like to read what their representatives say in behalf of this bill.

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

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

Mr. AUGUST H. ANDRESEN. I regret that I cannot give the gentleman the information he seeks, but I might say this, and I am speaking in opposition to the bill at the present time: The long-range objective is that if these terminal facilities are established the consumers will eventually get cheaper perishable items.

Mr. CANFIELD. I understand that, and there is testimony in the hearings to that effect, but I find this testimony on the part of the secretary of agriculture of the State of New Jersey, that the bill insofar as the amount involved is concerned, is unrealistic, that is, the guarantee of mortgages at $100,000,000, because, he says, the Washington Street Market in New York City alone will cost a couple of hundred million dollars.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I direct the gentleman's attention to page 240 of the hearings before the committee in the Eighty-first Congress. There are several pages of statements of testimony concerning the matter the gentleman has in mind.

Mr. CANFIELD. Will the gentleman just tell me how many consumer representatives were heard by the committee? Four? Five? Six?

Mr. COOLEY. I have not counted the consumers representatives. There must be dozens of them. Commissioners of agriculture from the different sections of the country came in behalf of the bill, and representatives of chambers of commerce. You have the commissioners of markets of many of the States and cities testifying. If the gentleman will just look from page 240 through to the end of the hearings, he will find the evidence that should be considered by him.

Mr. MUMMA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MUMMA: Page 15, after line 21, add the following new paragraph:

"(J) That construction of the marketing facility will not entail the use of controlled materials in quantities requiring allocation by an authorized Federal agency."

Mr. MUMMA. Mr. Chairman, statements have been made that these buildings will not require critical materials. I thoroughly disagree with those statements because it will require a lot of steel. A great deal of cement is going to be used in them. But cement and steel sort of compliment each other. Steel takes a pull and cement takes a push. It cannot be done structurally without using critical material. I believe all my colleagues are receiving letters every day talking about the impossibility of procuring steel for schools and other similar emergency purposes. I think this amendment will straighten out that problem because it will be impossible to do this work until the required materials come in fuller supply. I saw a statement put out by the Committee on Education last week showing that for the fourth quarter of 1950 there have been some 2,200 applications for school buildings denied. This situation is cumulative, and I, for one, do think that the schools should have preference.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MUMMA. I yield.

Mr. COOLEY. I have no objection to the amendment offered by the gentleman. I hope it will be adopted, because it is not contemplated by the sponsors of this legislation that steel should be taken from more critical uses and put into the building of these markets.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. MUMMA. I yield.

Mr. HOPE. I think the gentleman has offered a very constructive amendment, and an amendment which is very apropos in the situation which exists at the present time. I hope the gentleman's amendment will be adopted.

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

Mr. MUMMA. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman's amendment proposes that as long as the present emergency exists, this bill will not go into operation.

Mr. MUMMA. That is so long as allocations are required. It is reasonable to suppose that allocations will continue as long as there is a scarcity of materials.

Mr. AUGUST H. ANDRESEN. Then this just delays the operation of the bill.

Mr. MUMMA. It will delay it until the materials come in fuller supply.

Mr. AUGUST H. ANDRESEN. It delays the operation of the bill, so why would it not be better to wait until the emergency is over?

Mr. COOLEY. Mr. Chairman, will the gentleman yield for a question?

Mr. MUMMA. I yield.

Mr. COOLEY. Is the gentleman from Minnesota opposed to the amendment offered by the gentleman from Pennsylvania?

Mr. AUGUST H. ANDRESEN. No; I am just saying——

Mr. COOLEY. Then, if I may interrupt the gentleman, agreement on the amendment should now be unanimous.

Mr. AUGUST H. ANDRESEN. I was just saying that I would rather have the bill considered on its merits at that time when the emergency is over, because none of us may be here 10 or 30 years from now when the war emergency is over. I expect the gentleman from North Carolina to be here, but perhaps the rest of us will not be here.

Mr. MUMMA. Mr. Chairman, I do think we should constantly keep in mind the question of postwar work. I happened to be in the building business, and I do know that before the Korean affair, there was a large number of people looking for work. I do think we should keep that in mind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MUMMA].

The amendment was agreed to.

Mr. HARVEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: On page 7, line 5, after "of", strike out "$25,000,000" and insert "$15,000,000."

Mr. HARVEY. Mr. Chairman, in my opinion, it is not necessary to have the guaranty kitty as large as the bill provides. I think $15,000,000 will be adequate. In fact, I doubt very much if any money will ever be needed. Therefore, I think the $15,000,000 is adequate, and I hope the Committee will accept my amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. COOLEY. The figure of $25,000,000, I think, was rather arbitrarily fixed in the bill, and the purpose of the revolving fund is that it may be used only when there is a default. I see no real objection to a reduction in the amount. It is not contemplated that we will sustain any substantial loss. Of course, in fixing the amount of this revolving fund, the administration will have to justify the amount before the Committee on Appropriations anyway. So I really do not see any reason for us to fight over the amount or the difference between $25,000,000 and $15,000,000.

Mr. HARVEY. I thank the gentleman, and I hope the amendment will be adopted.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is just another amendment to soften up an unpalatable bill. As the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] well stated a few moments ago, this bill has no place in the House at this time. If it is not intended to proceed with

construction now, then why not withdraw the bill and bring it back here at a time when construction can proceed? These two amendments are designed simply and solely to soften up the bill and try to make it more palatable. The gentleman from Kansas a few moments ago, as well as others speaking on this bill, have talked in terms of perishable products. What about nonperishable products? The gentleman from Kansas comes from a large wheat-growing State, yet we hear nothing coming from the committee today explaining to us the wide spread in prices between the producer of wheat and the consumer of bread. I would like to know what the Committee on Agriculture is doing about that as well as about some other commodities produced by farmers, in which an extortionate profit is being taken as between the farmers and the ultimate consumer. So far all we have heard about is perishable products. I assume that this bill, if enacted and if a market is constructed in Chicago, would provide facilities for the city clerk in Chicago who last year bought not less than 1,000 carloads of eggs.

I suggest that the Committee on Agriculture could, on the next trip to Chicago, while presumably investigating the high cost of living and means by which it can be solved, ascertain how it is that the city clerk can buy no less than 1,000 carloads of eggs. For what purpose and for what profit? We have heard a great deal about this Washington market, this rat-hole market in the city of New York, as it has been described by the chairman of the committee [Mr. COOLEY]. I want to ask the chairman of the committee the same question I asked on yesterday, why that rat hole, that unsanitary food market is not cleaned up by the city of New York?

Mr. COOLEY. Is the gentleman asking me that question?

Mr. GROSS. Yes; I am asking the gentleman the reason why it is not cleaned up or closed.

Mr. COOLEY. The reason why it is not cleaned up is because the people owning and operating the property in the Washington Street market are opposed to doing anything about it.

Mr. GROSS. I ask the gentleman from North Carolina another question. You investigated this market in the city of New York; has wide publicity been given to your report branding this market as unsanitary?

Mr. COOLEY. It was all over the front page of the New York papers; but at the same time it is difficult to arouse the public of New York to the necessity of improving a market place that is used by the farmers of 40 States.

Mr. GROSS. Could you not interest the mayor of New York City?

Mr. COOLEY. Yes; the mayor of New York City was interested; the commissioner of markets was interested, and they have an elaborate modern plan all worked out.

Mr. GROSS. This market has been branded as a rat hole yet not enough interest can be worked up in the city of New York to clean up or close up the rat hole. If the people of New York City have no more interest than that in the handling of their foodstuffs, then you have no business asking the taxpayers of the State of Iowa to guarantee 85 percent of the money needed to build a sanitary place to distribute food in New York City. I am not for this bill.

Mr. WERDEL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, listening to the debate recalled to my mind the very wise words of a very eminent gentleman from the State of New York. They were delivered about 1908 when New York was considering a proposed income-tax law. I believe his words showed that he anticipated statements to be made such as those just made by the gentleman from Kansas who has told the committee that there is no other way to provide relief other than that suggested in the pending legislation. The eminent gentleman from New York was our late Chief Justice Hughes, of the United States Supreme Court. When he spoke in 1908, I believe he spoke as chief executive of New York, opposing the proposed income tax. He told the people of New York then that while they were only proposing 1½-percent income tax on the corporations that provided employment for the people of New York, and provided employees with decent places to work, the time would come when legislatures would levy as much as 8 percent in income taxes on such corporations. He said that such taxes would eventually destroy the power of those corporations to provide adequate employment because the legislatures would levy these secret taxes in increasing amounts and spend them for political purposes.

Mr. Chairman, the prophecy of the eminent gentleman from New York might have come through in toto if New York had levied such taxes and the adjoining States had not.

Less than 10 years after his statement, our National Government provided for the use of income taxes in raising revenue. The uniformity of their levy has overcome the power of the State legislatures to destroy the industry of that respective State.

Mr. Chairman, today the men who want to compete in free enterprise against these agricultural outlets in New York, heretofore described as rat holes, must pay 90 percent of their income each year if they compete successfully. If they built a sanitary and permanent structure they cannot depreciate that structure from their income in less than 20 years. They therefore will have to anticipate competing successfully for 20 years or more in order to provide this facility with the money of private industry. That, sir, is the subject we are facing. That subject is not confined to only the business of food distribution.

In the debate now pending, this House is really admitting that we in the United States have arrived at the position in the food industry or any other line of business where there is competition, where there is no longer money in private enterprise that will go into competition and run the risk of competing successfully for 20 years. I say to you, sir, that until Government expenditures are cut and taxes are cut, and until Government removes some of the restrictions against recovery of risk money, we will continue to have situations such as that now existing at the Washington Street Market in New York.

Mr. Chairman, those people now control the market business. They know there will be no private enterprise competition. They are advised of all of the facts that the committee has heard in its hearings. It seems utterly ridiculous for us to contend that we have free enterprise in this country when the committee members supporting this bill admit that railroad cars can be unloaded for one-twelfth of their present cost at the Washington Street Market. This, Mr. Chairman, is an admission that there is no risk money in the United States to compete against existing rat holes, knowing that their cost would be one-twelfth of that paid in business competition by those operating the rat holes.

I think it is rather obvious that those involved in the Washington Street Market are willing to continue their operation with the acquiescence of police and government authorities of New York, at the expense of the consumers of New York. They have said to officials of New York that "until you work out an arrangement so that we can move from Washington Street or make improvements in Washington Street, and retain the same business that we now have, and which the present tax laws protect from competition, and guarantee our present monopoly in business, and obtain a guaranty from the National Government on moneys expended for improvement, we are not going to move and we are not going to clean up the rat holes."

Mr. Chairman, there are other rat holes in New York City. One of them is on the water front. It exists because the executives of the State and the city will not enforce law and order. At the water-front rat hole, a tribute in excess of $20,000,000 a year is levied on people using that facility from outlying areas for work unperformed and for services not rendered. The operators of the water-front rat hole have made public statements that they use prison graduates because of the fear they instill on the water front. The hierarchy of criminals is maintained by the use of stilettos, evidenced by bodies that have been found floating in the bay, which themselves are evidence of unsolved murders.

I submit to you, Mr. Chairman, that this is possible only through collusion and corruption of public officials and because the facilities involved are localized.

I want to call to your attention that the pending legislation proposes that Federal money be used to localize all outlets of agricultural commodities in the city of New York, operating through these same public officials who tolerate other rat holes and levy tribute in those rat holes on outlying areas to the full extent that the traffic will bear. It is my belief that the people of California do not want to be exposed to further taxes in order to obtain the right to pay

such tribute until the city of New York, through its officials, will enforce its laws so that the citizens of the United States can expect proper treatment under the law. The present condition constitutes a new "robber baron" in the form of a municipality, levying tribute on the modern rivers of commerce. There is nothing that this legislature can do to protect the American people from that tribute. The expenditure of Federal money or the assurance of Federal guaranty against loss will not lower the price to consumers in New York City nor will it assist the farmers of California or any other part of the United States. It is the people of New York who must clean up their rat holes and throw out their deceivers in public office who tolerate, protect, and use such rat holes. It is my sincere belief that at the next election the American people will insist that all rackets maintained through political activity be cleaned up. They will say, in effect, that freedom for the individual and freedom of business enterprise go hand in hand. The existence of one requires the other. The destruction of one will destroy the other. Free enterprise, if it existed in New York, would clean up the rat holes if they, in turn, were not protected by the law-enforcement officers of that city.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WERDEL. I yield.

Mr. COOLEY. The gentleman realizes, I suppose, that 20 percent of the produce sold in the Washington Street Market in New York City comes from the State of California. The food consumed in New York City is produced in 40 States of this Union, including the State of California.

Mr. WERDEL. I will say to the gentleman that I thought the percentage of California merchandise was larger and that I believe that when the quality of California products is better known in New York, the percentage will be higher. The gentleman's question implies that I should vote with him and the administration because California is forced to pay tribute due to the breakdown of law and order in the city of New York. I want to point out to the gentleman that so long as the people of New York tolerate persons in public office who maintain rat holes for political purposes, California and all other States will continue to pay tribute if they use the rat-hole facilities. If we assume that type of law enforcement is to continue, the proposed legislation can only provide marble halls for the rats at the expense of the taxpayers of California, many of whom are those who are and will continue to be the payers of tribute.

In conclusion, this greatest legislative body in the world is now faced with a reality which has not been discussed in debate. The taxing policies of this Congress have destroyed free enterprise to the extent that it will not compete against business rat holes protected by local government even though the evidence demonstrates that their cost of operation would be one-twelfth of the cost paid by the operators of the rat holes.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BECKWORTH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 39) to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities, pursuant to House Resolution 429 he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. AUGUST H. ANDRESEN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. AUGUST H. ANDRESEN moves to recommit the bill, H. R. 39, to the Committee on Agriculture.

The SPEAKER. The question is on the motion to recommit.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 180, nays 162, not voting 88, as follows:

[Roll No. 184]

YEAS—180

Aandahl	Chenoweth	Graham
Adair	Chiperfield	Gross
Allen, Ill.	Church	Hale
Andersen, H. Carl	Clevenger	Hall, Edwin Arthur
Andresen, August H.	Cole, Kans.	Halleck
Angell	Cole, N. Y.	Hand
Arends	Colmer	Harden
Armstrong	Corbett	Harrison, Va.
Auchincloss	Cotton	Harrison, Wyo.
Ayres	Coudert	Herter
Bakewell	Crawford	Heselton
Baring	Crumpacker	Hess
Bates, Mass.	Curtis, Mo.	Hoffman, Ill.
Beall	Curtis, Nebr.	Hoffman, Mich.
Belcher	Dague	Jenison
Bennett, Fla.	Davis, Wis.	Jenkins
Bennett, Mich.	Denny	Jensen
Berry	Devereux	Jonas
Betts	D'Ewart	Jones, Hamilton C.
Bishop	Dolliver	Jones, Woodrow W.
Blackney	Dondero	Judd
Boggs, Del.	Donovan	Kean
Bolton	Eaton	Kearney
Bow	Ellsworth	Keating
Bray	Elston	Kilburn
Brehm	Fallon	Kilday
Brownson	Fenton	Lantaff
Bryson	Fernandez	LeCompte
Budge	Fisher	Lovre
Buffett	Ford	McDonough
Burleson	Forrester	McGregor
Bush	Frazier	McMullen
Butler	Garmatz	McVey
Byrnes, Wis.	Gavin	Mack, Wash.
Canfield	George	Mahon
	Golden	Martin, Iowa
	Goodwin	Mason
		Meader
		Miller, Nebr.
		Miller, N. Y.
		Morano
		Mumma
		Murray, Tenn.
		Nelson
		Nicholson
		Norblad
		O'Hara
		Ostertag
		Poulson
		Prouty
		Radwan
		Rankin
		Reams
		Reece, Tenn.
		Reed, Ill.
		Reed, N. Y.
		Rees, Kans.
		Ribicoff
		Richlman
		Robeson
		Rogers, Colo.
		Rogers, Fla.
		Rogers, Mass.
		Rogers, Tex.
		St. George
		Saylor
		Schwabe
		Scrivner
		Secrest
		Seely-Brown
		Shafer
		Sheehan
		Short
		Sikes
		Simpson, Ill.
		Simpson, Pa.
		Sittler
		Smith, Kans.
		Smith, Va.
		Smith, Wis.
		Springer
		Stefan
		Taber
		Talle
		Teague
		Thomas
		Thompson, Mich.
		Vail
		Van Pelt
		Van Zandt
		Velde
		Vorys
		Vursell
		Weichel
		Werdel
		Wheeler
		Whitten
		Widnall
		Wigglesworth
		Williams, Miss.
		Williams, N. Y.
		Wilson, Ind.
		Wilson, Tex.
		Winstead
		Wolcott
		Wolverton
		Woodruff
		Yates

NAYS—162

Abernethy	Gordon	Morton
Addonizio	Gore	Moulder
Albert	Granahan	Multer
Allen, Calif.	Granger	Murdock
Anderson, Calif.	Grant	Norrell
Andrews	Green	O'Brien, Ill.
Anfuso	Greenwood	O'Brien, Mich.
Aspinall	Gregory	O'Konski
Bailey	Hagen	O'Neill
Barden	Hardy	O'Toole
Bates, Ky.	Harris	Passman
Battle	Hart	Patman
Beckworth	Harvey	Perkins
Blatnik	Havenner	Phillips
Bolling	Hays, Ark.	Poage
Bonner	Hedrick	Polk
Bosone	Heller	Preston
Bramblett	Hill	Price
Brooks	Hillings	Priest
Brown, Ga.	Hoeven	Rains
Buchanan	Holmes	Regan
Burdick	Hope	Rhodes
Burnside	Horan	Richards
Byrne, N. Y.	Hull	Riley
Camp	Ikard	Roberts
Cannon	Jackson, Wash.	Rodino
Carlyle	Jarman	Rooney
Carnahan	Johnson	Roosevelt
Chelf	Jones, Ala.	Sabath
Clemente	Jones, Mo.	Scott, Hardie
Combs	Karsten, Mo.	Scott, Hugh D., Jr.
Cooley	Kearns	Scudder
Cooper	Kee	Sheppard
Cox	Kerr	Sieminski
Crosser	Kirwan	Smith, Miss.
Cunningham	Lane	Spence
Davis, Ga.	Lanham	Staggers
Deane	Larcade	Steed
DeGraffenried	Lesinski	Stigler
Dempsey	Lind	Sutton
Denton	Lyle	Tackett
Dorn	McCormack	Thompson, Tex.
Doughton	McCulloch	Tollefson
Durham	McGuire	Trimble
Eberharter	McKinnon	Watts
Elliott	McMillan	Welch
Engle	Mack, Ill.	Whitaker
Evins	Madden	Wickersham
Feighan	Mansfield	Wier
Flood	Marshall	Withrow
Forand	Merrow	Yorty
Fugate	Mills	Zablocki
Furcolo	Mitchell	
Gary	Morgan	
Gathings	Morris	

NOT VOTING—88

Abbitt	Delaney	Irving
Allen, La.	Dingell	Jackson, Calif.
Baker	Dollinger	James
Barrett	Donohue	Javits
Beamer	Doyle	Kelley, Pa.
Bender	Fine	Kelly, N. Y.
Bentsen	Fogarty	Kennedy
Boggs, La.	Fulton	Keogh
Boykin	Gamble	Kersten, Wis.
Breen	Gwinn	King
Brown, Ohio	Hall, Leonard W.	Klein
Buckley	Hays, Ohio	Kluczynski
Burton	Hébert	Latham
Busbey	Heffernan	Lucas
Case	Herlong	McCarthy
Celler	Hinshaw	McConnell
Chatham	Holifield	McGrath
Chudoff	Howell	Machrowicz
Davis, Tenn.	Hunter	Magee
Dawson		Martin, Mass.

Miller, Calif.	Powell	Stockman
Miller, Md.	Quinn	Taylor
Morrison	Rabaut	Thornberry
Murphy	Ramsay	Vinson
Murray, Wis.	Redden	Walter
Patten	Rivers	Wharton
Patterson	Sadlak	Willis
Philbin	Sasscer	Wood, Ga.
Pickett	Shelley	Wood, Idaho
Potter	Stanley	

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Beamer for, with Mr. Vinson against.
Mr. Herlong for, with Mr. Hébert against.
Mr. McConnell for, with Mr. Morrison against.
Mr. James for, with Mr. Chatham against.
Mr. Taylor for, with Mr. Boggs of Louisiana against.
Mr. Gwinn for, with Mr. Doyle against.
Mr. Latham for, with Mr. King against.
Mr. Leonard W. Hall for, with Mr. Redden against.
Mr. Busbey for, with Mr. Wood of Georgia against.
Mr. Rivers for, with Mr. Miller of California against.
Mr. Patten for, with Mr. Shelley against.
Mr. Gamble for, with Mr. Walter against.

Until further notice:

Mr. Keogh with Mr. Baker.
Mr. Quinn with Mr. Wharton.
Mr. Delaney with Mr. Jackson of California.
Mr. McGrath with Mr. Brown of Ohio.
Mr. Klein with Mr. Miller of Maryland.
Mr. Heffernan with Mr. Murray of Wisconsin.
Mrs. Kelly of New York with Mr. Sadlak.
Mr. Murphy with Mr. Stockman.
Mr. Fine with Mr. Kersten of Wisconsin.
Mr. Dollinger with Mr. Fulton.
Mr. Hays of Ohio with Mr. Case.
Mr. Holifield with Mr. Patterson.
Mr. Magee with Mr. Potter.
Mr. Rabaut with Mr. Hinshaw.
Mr. Philbin with Mr. Hunter.
Mr. Donohue with Mr. Wood of Idaho.
Mr. Buckley with Mr. Javits.

Mr. FERNANDEZ changed his vote from "yea" to "nay."

Mr. COLE of New York changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

EXTENDING TIME FOR USE OF MERCHANT MARINE CONSTRUCTION RESERVE FUNDS

Mr. HART. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. J. Res. 333) to extend the time for use of construction reserve funds established under section 511 of the Merchant Marine Act 1935, as amended.

The Clerk read the title of the resolution.

The Clerk read the resolution, as follows:

Resolved, etc., That section 5 of an act approved August 8, 1947 (Public Law 384, 80th Cong.), relating to merchant-marine construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended, is hereby amended by striking out "March 31, 1951" and inserting in lieu thereof "March 31, 1952."

Mr. HALLECK. Mr. Speaker, reserving the right to object, is the matter about which the gentleman in conjunction with the gentleman from Ohio [Mr. WEICHEL] has been working?

Mr. HART. It is the matter about which the gentleman from Ohio [Mr. WEICHEL] spoke to the gentleman a short while ago.

Mr. HALLECK. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The House joint resolution was ordered to be engrossed and read a third time, was read a third time and passed.

A motion to reconsider was laid on the table.

FOREST FIRE CONTROL HEADQUARTERS

Mr. MITCHELL. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 431 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1628) to provide for the acquisition of land and the construction thereon of buildings and appurtenances essential for forest fire control operations of the Forest Service, United States Department of Agriculture, at or near Missoula, Mont., and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MITCHELL. Mr. Speaker, this resolution provides for consideration of H. R. 1628, a measure to provide headquarters for forest fire control smoke jumpers.

Smoke jumpers are those men trained in the art, and truly it is an art, of parachuting to fires in the great roadless forest areas principally in Montana and Idaho but also located in parts of Washington, Oregon, New Mexico, and California.

Because of the millions of acres of inaccessible land protected by the smoke jumpers, the Rules Committee recommends this resolution and asks favorable consideration.

In making this recommendation, the Rules Committee considered the national defense aspects of fire danger on the millions of acres of valuable forest land in the Western States on which two-thirds of the Nation's remaining virgin timber grows.

Only by great good fortune and wet weather was forest loss from Japanese wind-current fire balloons held to a minimum during World War II.

The potential danger from the haphazard landing of these balloons floated over from Japan on wind currents was one of the best-kept secrets of World War II. One landed on, and put out of commission, a power line serving the atomic plant at Hanford. Many others landed in forest areas.

Had we had dry weather in the Pacific Northwest, such as we have had this year, the destruction from forest fire might have been a major calamity.

The national defense aspects of the smoke jumper cannot be overlooked. Fires started by an enemy either through sabotage or by dropping incendiary material from the air, or by Japanese balloons as was the case in the last war, would pose a real problem in the protection of our natural resources from fire. Hundreds of such fires could be started simultaneously all over the West. Such fires, if not quickly controlled, could cause havoc with our timber supply, burn out many of our smaller towns, disrupt transportation and communication, destroy industrial potential, and, last but not least, could disrupt military offense and defense measures.

The smoke-jumping operations operating out of Missoula would form an organization that could be expanded quickly and one which would do much to control any fires started by enemy action.

H. R. 1628 authorizes the Secretary of Agriculture to acquire land at or near Missoula, Mont., and to construct thereon certain buildings and appurtenances essential to forest fire control operations of the United States Forest Service, Department of Agriculture.

Specifically, this bill would authorize the appropriation of $970,000 for this purpose.

The lumbering and forest products industry is the most important industrial activity in the State of Washington which I have the honor to represent. The large stand of virgin timber and the millions of acres of second growth is the raw product on which this important industry depends. Fires can destroy this vital resource.

During the past abnormally dry summer, thousands of acres of fine virgin timber and excellent second growth have been destroyed by fire. Only recently fire burned 30,000 acres of excellent timberland in the Olympic National Forest. The town of Forks, Wash., was seriously threatened and if it had not been for the rapid action of the protection forces, this town would have been destroyed. From last reports only 25 small buildings were burned in Forks.

This is only one example of the many that may be cited concerning the disastrous effects of fire on the resources of my State.

The smoke-jumping project located at Missoula, Mont., consisting of 150 men, is the largest operation of its kind in the United States. It was organized by the Forest Service primarily to provide rapid initial attack on the numerous fires that start each year on the 11,000,000 acres of roadless areas in Montana and north Idaho.

There are four other areas in the far West where smoke-jumping projects are operated by the Forest Service. These units located in southern Oregon, northern Washington, southern Idaho, and New Mexico are much smaller in size

since during normal years the number of fires occurring in the inaccessible parts of these areas are not so numerous and do not require such a large number of aerial firemen. However, on occasions similar to 1951, the fire situation in these areas becomes so serious that help from the Missoula base is needed.

The great flexibility in mobility from use of aircraft for cross-country delivery of initial attack aerial fire fighters makes the Missoula operation an ideal base not only for fires occurring in Montana and Idaho, but also to back up the other smaller smoke-jumping units located in southern Idaho, Oregon, Washington, and New Mexico.

During the period the project has been operated, smoke jumpers from the Missoula base have succeeded not only in the control of numerous fires in Montana and north Idaho but also have been used with excellent results on fires in New Mexico, California, Oregon, Washington, and south Idaho. Annually, during the past 5 years, smoke jumpers from the Missoula base have jumped to fires burning in the inaccessible areas of the Gila National Forest in New Mexico.

As early as 1941 they jumped to fires on the Chelan National Forest in Washington, several hundred miles from Missoula.

As an indication of the local estimate of the value of the service I quote from a letter written by Spokane Chamber of Commerce president, Franklin Greenough, to Chairman COOLEY, of the Committee on Agriculture:

> Smoke jumpers have performed a great public service in locating and restricting forest fires in this area, saving valuable national wealth and lives. New facilities would increase the efficiency of the unit materially.

On numerous occasions contingents of 15 to 75 men jumped to fires in the steep walled canyons of south Idaho. The National Park Service and the Indian Service has also benefited from the activities of this operation. As late as August of this year a contingent of 60 men from the Missoula base were flown to the Illinois airport in southern Oregon to jump to fires burning in the roadless areas of California and Oregon. At that time, several hundred fires which had started from several lightning storms passing over that region were a real threat to the natural resources of that area.

The Missoula smoke-jumping operation, because of its strength and flexibility of movement and speed of travel, is a real factor in the protection of the vast timbered areas of not only Idaho and Montana but of the entire West from devastation by fires.

The improvements contained in this bill are essential to the efficient operation of the smoke-jumping project. I recommend favorable consideration not only because they will benefit my area, but because they will make it possible for the Forest Service to do a better job of protection over all the area in the West where a majority of the saw timber supply of the United States is located.

Mr. Speaker, the Rules Committee recommends favorable action on this resolution.

Mr. Speaker, I now yield 30 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, this rule makes in order consideration of a bill that will provide for the improvement, rehabilitation, and extension of the fire-control headquarters known as the smoke jumpers in Missoula, Mont.

I want the House to understand a few things about forest fires and fire control. In the first place, no serious forest fire can develop if it can be reached soon after it starts. At the present time there is a fire raging in Oregon over some 20,000 acres of land. Had it been possible to reach that fire when it first occurred, there would be no such serious fire there today. There cannot be a serious fire if the fire fighters can reach it immediately.

There is another misconception I believe regarding the subject of forest fires. This misconception has to do with the general idea that forest fires are caused in some way by the action of machinery or men. The man-made fire is by far the least of the troubles in the western forest area. The fires that are dangerous and costly are generally caused by lightning storms, and such fires are invariably inaccessible by ordinary traffic means, so that the only way they can be reached at their beginning is from an airplane by men jumping out with parachutes carrying some fire fighting equipment with them, reaching the fire soon after it starts. For that reason we in the Far West forest region consider the operations conducted by these smoke jumpers as being vital to the maintenance and protection of our forest areas.

We feel also that the improvement of these headquarters is necessary for the improvement of that service. This is not an expenditure as such, because the cost of just one fire of any consequence at all that might be averted by the operation of the smoke-jumper squadron would cost more than the amount of money authorized in this bill. Therefore, I recommend the adoption of the rule.

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

Mr. ELLSWORTH. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Is this just on Government land?

Mr. ELLSWORTH. No. The smoke jumpers will go to a fire that endangers Government land. They do not go to a fire strictly on private land unless it happens to be in an area that is generally of a public nature.

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

Mr. ELLSWORTH. I yield to the gentleman from Kansas.

Mr. HOPE. I think it was stated in the course of the hearings that there were some instances where they had contracts with the owners of private land to protect them from fire. I do not think they are very extensive or constitute a large number.

Mr. ELLSWORTH. I think the gentleman is correct on that. The forest area of Oregon and Washington is generally intermingled with State, county, Federal, and private ownership so that a fire starting on any acreage is dangerous to all. The smoke-jumper service would probably have contracts with the county fire patrol associations and with the associations of private owners. It is still true that no matter where the fire occurs it is dangerous to the entire area, because sometimes a fire will run over 15 or 20 miles in less than 2 hours.

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

Mr. ELLSWORTH. I yield to the gentleman from Maine.

Mr. HALE. May I ask the gentleman the significance of the location at Missoula, Mont.? I think the gentleman realizes there are forests in the East as well.

Mr. ELLSWORTH. I am not acquainted with the forest-fire problems in New England. I am sure you have them. However, I am intimately acquainted with the forest-fire problems of the Pacific Northwest. I have had to leave my home several times, when I was a youngster, and with others get out with only the clothes we had on our backs when a forest fire was running in our direction. So I know something about that. However, I cannot speak with reference to the problems in New England.

Mr. HALE. I can assure the gentleman we do have very destructive forest fires in Maine. May I ask if it is considered that this will be a sort of experimental station in Montana, and if it is to be contemplated that other stations will be located elsewhere? What will the program be?

Mr. ELLSWORTH. I cannot answer the gentleman's question except to say that this headquarters for the smoke-jumping operation has been located in Missoula for some time. I think if I were picking the location I would place it near Boise, Idaho. However, this is the decision of the Forest Service, not mine, and I want to see this operation kept going.

Mr. HALE. I hope somebody will enlighten us further on that point.

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

Mr. ELLSWORTH. I yield to the gentleman from Washington.

Mr. MITCHELL. May I say in partial response to that question that the report and the hearings point out that there are over 11,000,000 acres of forest land in Idaho and Montana alone which are inaccessible from roads. The inaccessibility of the forests is one of the reasons that this work was started in Missoula and why it has been carried to its present state of perfection.

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

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

Mr. KEATING. Is this station at Missoula the only installation of its kind in the country?

Mr. ELLSWORTH. It is the only one I know about. It has been in operation

for some years. This bill is for the purpose of improving it.

Mr. HORAN. If the gentleman will yield, I am quite sure there is a smoke-jumping unit in New Mexico. There are also units at Cave Junction, Oreg.; Intercity Airport, Wash.; McCall, Idaho; and Idaho City, Idaho.

Mr. MANSFIELD. They are satellite fields. Missoula is the main one.

Mr. ELLSWORTH. In conclusion, Mr. Speaker, I hope the House adopts the rule, and I favor the passage of the bill.

Mr. MITCHELL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1628) to provide for the acquisition of land and the construction thereon of buildings and appurtenances essential for forest-fire control operations of the Forest Service, United States Department of Agriculture, at or near Missoula, Mont., and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 1628, with Mr. ALBERT in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, on pages 4 and 5 will be found the reasons why the present location of the forest-fire-control headquarters for parachuters is so unsatisfactory. Also on the same page, as well as on the page following will be found the purposes to which this new bill will apply.

I wish to speak in favor of my bill, H. R. 1628. This bill authorizes the Secretary of Agriculture to acquire a small area of land at or near Missoula, Mont., and to construct thereon certain buildings essential to the successful and efficient operation of the smoke jumper and air cargo unit used by the Forest Service to control fires burning in the roadless areas of the far West and in particular Montana and north Idaho, where such areas are large and numerous.

This bill, if favorably considered, would authorize an appropriation of $970,000 for this purpose.

H. R. 1628 is identical to H. R. 7257, passed by the House of Representatives on July 17, 1950. A similar Senate bill failed favorable consideration by the Senate Committee on Agriculture and Forestry during the last session due primarily, I understand, because they believed its scope should be widened to include all of the national forest areas for smoke-jumping and air-cargo operations. What they failed to understand was that the Forest Service, after long study, has concluded that Missoula, Mont., is the most centrally located principal base of operations from which fires in the inaccessible areas of the national forests may be handled from the air. Also that it is the best situated to carry on aerial experimental work for the improvement of all phases of aerial fire operations. This does not mean that other areas will be without smoke-jumping bases. This is not the case. Other bases of smaller size operated by the Forest Service are located at McCall, Idaho; Intercity Airport, Wash.; Illinois Valley, Oreg.; and Idaho City, Idaho; with a satellite operation being located at Deming, N. Mex., each year during the months of May and June and early July. The Missoula base, because of its greater strength, is used to bolster the forces at these other bases as occasion requires, thus making it unnecessary to maintain large smoke-jumping forces in all areas strong enough to handle lightning fire situations requiring great numbers of men. In fact the Missoula base is designed not only to help handle the fires in Montana and north Idaho, but also to provide assistance to national-forest men in Oregon, Washington, California, south Idaho, and New Mexico when this is necessary.

In the northern region the United States Forest Service protects 33,000,000 acres of lands supporting many billions of board feet of very fine timber. This area has had a very sad fire history. Since 1905 in excess of 7,000,000 acres of it have been destroyed by fires. Of this amount, more than 6,000,000 acres were destroyed prior to 1933 during the period of few roads and when it was necessary to walk into most fires. With the advent of the CCC forces, numerous roads were constructed which increased the speed of travel and, thereby attack on fires from 2½ miles per hour to 15 miles per hour. During this period, 1933 to 1940, when accessibility through the efforts of the CCC forces made attack on fires more rapid, the annual acreage burned was reduced from the previous high of 230,000 acres to a new low of about 62,000 acres annually.

Of the 33,000,000 acres of land under protection by the Forest Service in Montana and north Idaho, approximately 11,000,000 acres remain roadless and with the possibility of no further extensive road construction programs in sight the Forest Service began considering the use of airplanes to speed up attack on fires.

Early in 1939 experiments were undertaken which proved that men could be transported by aircraft and parachuted to fires in the inaccessible reaches of the far West. Aerial smoke-jumping operations were undertaken in 1940 and as more experience was gained the size and number of the operations increased.

In my State, fires are more commonly caused by lightning than from human carelessness. They generally come in bunches—sometimes more than 100 fires in a single day. Most of these fires occur on the high ridges and on the slopes of mountains where there are no roads and trails are few. If they are not attacked quickly, destruction of the fine timber and other wild land resources will result. Air travel and jumping to fires with a parachute are the only ways known to get men to these fires in time to control them.

For example, let me quote from the records of the Forest Service to demonstrate what did happen during the days of poor accessibility and before the smoke jumpers were part of the over-all protection picture. Large fires were common. During 1910 Idaho, Washington, and Oregon, also Montana, suffered tremendous losses. More than 2,000,000 acres of fine virgin forests went up in smoke; towns were destroyed; 85 lives were lost. Smoke was sighted 300 miles out at sea off the coast of Oregon and Washington. Smoke was reported 500 miles west of San Francisco and a haze interfering with nautical observations was reported to have existed for 10 days following control of this fire. Such fires have been repeated in the far West since 1910. 1919 was a bad year, with in excess of 1,000,000 acres burned. It is interesting to note that fires of these proportions have not occurred during the 10 years smoke jumpers have been used.

Since smoke jumping has been accepted as routine operation in my area, annual losses over the past 10 years have dropped to the low figure of 8,000 acres; a great reduction in burned area compared to the annual average of 230,000 acres previous to 1933 and the average annual loss of 62,000 acres during the period 1933 to 1940. Not all of this reduction can be credited to the smoke jumpers, of course. Weather was more favorable. More equipment and better fire-control practices are being used by the Forest Service today, when compared to 10, 20, or 30 years ago. However, a cold objective analysis by the Forest Service conclusively shows that great savings in the taxpayers' dollar and much less damages can be credited to the use of the smoke jumpers. The Forest Service, whose estimates are always on the conservative side, states that over a period of 20 years it may be expected that the use of smoke jumpers will result in an annual saving in suppression costs and damages of around $450,000. Some years the savings could reach a figure of $1,700,000.

It is common knowledge that fires can destroy the natural resources essential to the prosecution of a war. During World War II more tons of wood than steel were used. Each Liberty ship took 350,000 board feet of lumber. 50,000,000 feet of timber were required to rehabilitate the port of Naples following its capture. During the war period, 1942–45, 101,000,000,000 board feet of lumber were consumed by the military. Destruction of this resource by fire could prove very serious if world war III should come.

Fires disturb war effort in other ways. They disrupt railroad and highway transportation. They destroy communication lines. They smoke up the air so badly that aircraft must be grounded. They result in floods, and in many other ways can hinder military action if they are not controlled.

The Forest Service, at the instance of the Federal Office of Civil Defense, has

completed plans for the protection of our forests in the event of enemy fire attacks. The smoke-jumper organization at Missoula plays a prominent part in the field of planned fire protection to contain enemy fire attacks should they occur.

Smoke-jumping operations alone cannot contain all fires that start but they are an important source of strength to contain those fires that start in the inaccessible reaches of the far West.

I have tried to show wherein smoke jumpers have been helpful in the control of fires, where their use has saved the taxpayers money and resulted in less resource losses and where they would pay real dividends to the military during a war period involving fire attacks by an enemy.

The Missoula smoke-jumping set-up is not beneficial to my State alone. Its great flexibility of movement due to its being able to travel cross-country by air makes it also very valuable to assist in the control of fires in other States hundreds of miles removed from the Missoula base of operations. History of this unit is full of cases where help has been provided in New Mexico, Idaho, Oregon, Washington, and California. During the serious fire emergency in New Mexico last spring and in California and Oregon in August of this year, men from the smoke-jumping base at Missoula were moved in to help out.

The smoke-jumping feature of the program is not the only aerial phase helpful to other areas. Air-cargo transport and delivery via the parachute is necessary for successful operations in all inaccessible fire areas. History is full of cases where equipment and facilitating gear have been moved great distances to help contain a serious fire emergency. In 1947 fire equipment was flown from Missoula to Maine. This year more than 100 tons of much-needed fire-fighting equipment were moved to New Mexico where a serious fire situation was in progress. There are many other similar cases.

The primary reasons for this bill are to provide adequate housing, warehousing, and facilitating services for the aerial operations at Missoula, Mont. This bill, if enacted into law, will also allow the Forest Service to move its base of operations from Hale Field to the new municipal airport owned by the county.

The improvements, if provided at the municipal airport, will bring about more efficient operations. This will result in direct savings to the taxpayers of around $100,000 per year compared to the present base of operations centered around Hale Field. This saving is in addition to the estimated annual saving of $450,000 when comparing smoke-jumping attack with conventional ground methods.

Hale Field, the present base of operations near Missoula, is graveled, is not lighted for night operations, has short runways, is near dangerous mountain obstructions and requires flying low on take off and landings over residential areas and schools. Tenure is insecure due to demands for the use of this land for residential purposes.

The operation is presently housed in old CCC buildings located in several places, some removed as much as 32 miles from Missoula. These buildings are old, have been fully depreciated, with tenure insecure, since they are located on rented ground. Because of the temporary nature of the buildings and the dilapidated facilities being used, they are not only a fire trap but also are considered unsuitable as living quarters—space is too limited, sanitation is poor.

The city of Missoula, the county, and the CAA have cooperated in the construction of a county municipal airport a few miles out of Missoula, spending about $4,000,000 for this purpose. This field has excellent surfaced runways 7,000 feet long, is far removed from dangerous mountainous obstructions, does not require low-level flying over the city of Missoula, is lighted for night operations so important to fire control, and is otherwise ideally suited as a base for aerial fire control operations. The county will sell or allow a friendly condemnation suit involving a plot of land to be used as the aerial base. The county of Missoula will sell the necessary site to the Forest Service for the low sum of $2,000. Also they will enter into a lease with the Forest Service allowing them access to the runways and full and free use of the airport for an undetermined long period of years—probably 99 if it is legal for them to do this.

This bill contemplates the acquisition of a site at the county municipal airport, on which will be constructed the barest essentials for the efficient operation of an aerial unit by the Forest Service for the control of forest fires.

I recommend favorable consideration of H. R. 1628.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I am delighted to yield to the gentleman.

Mr. JOHNSON. Could the gentleman tell us briefly just how this fire-fighting unit would help us with our forest fires in northern California? The gentleman mentioned the State of California. The great forests in our State have suffered a very devastating fire this year in the northeast part of the State. How would this unit help us?

Mr. MANSFIELD. In the past we have sent forest fire parachuters from Missoula to the southern and northern part of California to help put the fires out which have occurred there. Southern California is within a 4- to 5-hour flying range of the Missoula airport. We have sent these parachuters not only to northern and southern California to help put out fires there, but also to New Mexico on several occasions as well.

Mr. JOHNSON. You say it is within a 4-hour flight of southern California? What kind of planes do they use that go that fast?

Mr. MANSFIELD. In emergency they will use C-47's, but usually they will use in the immediate vicinity of Missoula a trimotor Ford which goes slow enough to allow the men to jump. Also at the present time they have three Stimson Travelers, I believe.

Mr. JOHNSON. I think the gentleman must be mistaken about the 4 hours, because I have ridden in these C-47's and they do not travel anywhere near that fast.

Mr. MANSFIELD. We have gotten down into California and New Mexico within a 4- to 5-hour flying period.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. HORAN. Is there not a unit working out of Cave Junction, Oreg.?

Mr. MANSFIELD. There is a unit working out of Cave Junction and there is one at McCall, Idaho, and one at Idaho City, Idaho. Those, of course, are all under the Missoula operations and they are shipped out as fire occurs in different areas.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. HORAN. I serve, as the gentleman probably knows, on the subcommittee that has charge of forest protection appropriations. We do look to the further refinement of this sort of work not only to an increase in efficiency in the matter of protection of the forests but eventually a cutting down of the size of the appropriations needed for that sort of work.

Mr. MANSFIELD. That is correct; and I may say to the gentleman that the State of Washington which he has so ably represented here for the past 9 years has been vigorous in its support of this proposed legislation.

Mr. MUMMA. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. MUMMA. Speaking of planes, I read the hearing on this bill and failed to see a word about helicopters anywhere in the hearings. It strikes me in view of what has been done in Korea with helicopters their ability to come down in an exact spot where needed, there being no element of chance about it, that serious consideration should be given to their use in connection with fire fighting operations.

I happen to have fought a lot of forest fires in my life. I have observed parachute drops and the dropping of men and supplies, and am convinced of their great usefulness. But I think we should begin giving consideration to their use now as we debate this bill. For instance, I think the hangar would have to be designed with helicopters in mind.

I notice there is another item in the bill for parachutes. I have had some experience observing parachute operations in the Middle East, in Pennsylvania. It seems to me that by use of the helicopter you would eliminate a lot of the expense for parachutes. Some $120,000 is contained for that purpose. It seems to me that quite a lot of that money would not be necessary were helicopters put into use, and I think we should bear this in mind as we consider the bill.

Answering the gentleman from Maine as to the use of airplanes in his section, I have never been in Maine, but in the eastern part of the United States generally the forests are much more accessible, at least they are in Pennsylvania and

throughout the East than they are in the West due to the unique system of roads which exists throughout the area, roads and forest trails built by the CCC boys. Almost any spot in this area can be reached within a very short time by automobile. I realize that the question is very much different in the West, but in the eastern part of the United States there is a great system of roads. I think this is a very good bill.

Mr. MANSFIELD. May I say to the gentleman from Pennsylvania that I appreciate his contribution very much. I know something of the fine reputation he has in the field of forestry. Insofar as helicopters are concerned I am quite sure they will be given serious consideration and much weight will be placed on the gentleman's suggestion, especially in view of the great development in helicopters which has occurred in the last 3 or 4 years, especially through their use by the Marine Corps, not only in low-flying operations, low enough to drop the men and the loads, but to make such landings as were made a week ago when they landed some 250 men on a mountain top in Korea. So I have every confidence that the Forest Service will take into consideration what the gentleman has said and do what it can to bring about further efficiency in its fire-fighting operations.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to my distinguished colleague from Utah.

Mr. GRANGER. As I understand, this bill is identical or practically the same bill as the gentleman introduced a year ago which passed the House by unanimous consent.

Mr. MANSFIELD. That is correct.

Mr. GRANGER. I know the gentleman has been very diligent in the preparation of and advocating this legislation. The entire western country is indebted to the gentleman from Montana for the great effort he has made.

I think this is a good bill, and in view of the fact that even now forest fires are raging in the high mountains of the western country I think it would be false economy if this Congress did not at this time take measures to make possible adequate facilities with which to fight these devastating fires.

Mr. MANSFIELD. I thank the gentleman for his contribution. I know that he understands this measure not only because he comes from the Rocky Mountain area, as I do, but because he himself was in charge of the hearings on this bill a year ago.

Mr. THOMPSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to my friend from Texas.

Mr. THOMPSON of Texas. I wish to invite the attention of the gentleman and also others interested in fire fighting that the Forest Service is now using helicopters; they have several under lease and are using them for experimental purposes, administrative purposes, and so on; and, presumably, they will, as soon as the occasion presents itself, make use of them for fire-fighting purposes. So that is already under way and they are making progress.

Mr. MANSFIELD. I thank the gentleman for his contribution. Mr. Chairman, at the present time the smoke-jumping operation in Missoula is being conducted from a field known as Hale Field. It is a gravel field, it has short runways, it is unlighted, it is close to the mountains, and because of these characteristics there can be no night take-offs or night landings. By moving to the other field, the modern Missoula County Airport, built at a cost of $4,000,000, owned by the county of Missoula, having runways 7,000 to 8,000 feet in length, we will be able to be more efficient in operating this very fine service. We will have a lighted field, we will be able to take off at night and we will be able to land at night. We will save under this new setup something like $100,000 a year in addition to the $450,000 a year which this service now saves when you compare it with the older and more inefficient methods of going to a fire on foot or going in by truck or on horseback.

I hope that this committee in its wisdom will give this matter its most serious consideration and will approve this vitally needed facility which will mean so much in the saving of our natural resources and which will be economical as well.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, I am sure I would be moved to vote for this legislation simply by reason of the fine address and the accurate facts brought forth in the speech just made by the distinguished gentleman from Montana [Mr. MANSFIELD]. His remarks were very persuasive. But, in addition to Mr. MANSFIELD's remarks, I have a very personal reason for supporting this legislation, and I beg your pardon for making it personal. When you talk about fire jumpers, may I say that in the Saturday Evening Post of April 23, 1951, there appeared a very interesting article on fire jumpers. This article is very interesting to me because it was written by my nephew, Starr Jenkins. He is the son of my deceased brother, Newton Jenkins. Although he was brought up in the great city of Chicago he had in him the urge that would be satisfied best by the call of the wild.

Starr had been a fire jumper for some little time before he wrote this article. His brother also was a fire jumper. Starr is now a teacher in one of the schools out there in the great West.

Starr, in his story, gives a very graphic account of the work of these fire jumpers. It must have been worth while else it would not have been accepted by the Saturday Evening Post. The title of this article is "We Jump Into Fire." I wish I could give you some of the graphic language that he uses in describing the work of these heroic young men who risk their lives for the benefit of the best interests of the country. I shall later get leave of the House to have his whole article printed in the CONGRESSIONAL RECORD. Since it is a report of the activities of a Government agency it would be appropriate. I want to give you a story of one incident that he describes graphically. He said that on a certain day while attached to the Missoula station, about which we are talking today, he was assigned with another boy to take a jump which he describes completely in his article. He said there were I think, eight boys selected to go immediately to a distant fire. The man who assigned the work called out two to go immediately. They were Jenkins and another man. They went in their plane to do the work, leaving four boys there to go at another time. When he came back those four boys who had gone to another fire never came back. They had given their lives for their country and in line of duty. So these fires that we talk about today on the floor of Congress not only are destructive of fine timber but they are destructive of fine boys. These fire fighters fight heroically and die stoically. God bless them.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

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

Mr. MANSFIELD. I read that article also and it was a very well prepared and a very accurate article. Speaking of some of the boys who did not come back, we had this tragedy at Man Gulch in western Montana a year ago last August, at which time 13 fire fighters did not come back.

Mr. JENKINS. I thank the gentleman.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. HOLMES].

Mr. HOLMES. Mr. Chairman, I am very much in favor of this legislation. From research and from the practical results that have been procured it is shown conclusively that this procedure and this method of fire fighting has become one of the most effective in control of forest fires of any method that has ever been adopted by the Forest Service of the Department of Agriculture.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Maine [Mr. HALE].

Mr. HALE. Mr. Chairman, I had not been familiar with this legislation before it came to us today, and I was not aware of the existence of the situation at Missoula, Mont. Certainly I am enthusiastically in favor of the legislation.

However, since the question has been brought up, I want to say that more than half of my State of Maine is forest area. The same can be said of the States of New Hampshire and Vermont. There are enormous forest areas in New York and Pennsylvania and, of course, in the whole Allegheny region as well, including the Great Smoky region in the South.

It has been suggested by the gentleman from Pennsylvania, and I think by one or two others, that the forest areas in our part of the country are more readily accessible than in the great Northwest. That may be true, but it is only a matter of degree. Certainly there are large forest areas in the State of Maine, completely inaccessible to highways, where the only practicable way of travel, except aerial travel, is either afoot or by canoe. This is not good enough for putting out forest fires.

In 1947 we had the most destructive series of forest fires in the history of the

State of Maine. There were villages in my district which were completely wiped out. There were areas in which the fire fighters maintained camps day and night for a long period of time, under the most rigorous conditions as to getting in supplies, lack of sleep, and so on. Parts of the State were practically on a war footing. The town of Bar Harbor, which is one of the principal beauty spots of Maine, suffered an enormous property loss in buildings destroyed and suffered damage to its surrounding forests and its natural beauty which it will take at least a half century to repair.

Certainly if forest-fire-control stations of this Missoula type are to be established, as they should be, they should be established also in the New England area and in other parts of the East. I do very earnestly solicit attention to this problem. Our eastern forests are as much a great national asset as are those of the Northwest and West. When forest areas anywhere are ravaged or destroyed the entire Nation suffers, and not merely a section.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Chairman, I am glad to rise in support of this bill introduced by my colleague from the western district of Montana.

In my youth I was a forest ranger and had some experience with forest-fire fighting in working with the United States Forest Service in Montana. In those days we used to go to fires on horseback, with pack horses to carry in our equipment, or else we went on foot. That is no way to get to a fire in this day and age, and we generally got there too late and with too little. The fire was at a stage by the time we arrived where it was most difficult to handle.

Since those days a lot has been learned about fighting forest fires. New ways, new equipment, better methods have been experimented with and developed, until now they are used throughout the West when forest fires occur.

In the Missoula area there are some 11,000,000 acres of virgin timber. There is probably more virgin timber in that area than anywhere else in the United States, possibly two-thirds of what is left in the United States. The district office of the United States Forest Service is located at Missoula. The university students in the forestry school that help with forest-fire protection during the summer, are in Missoula. All these factors added together make this an ideal spot to put this enlarged airport and the equipment and facilities, buildings, parachute lofts, and things like that, that are necessary in modern fire fighting.

Largely this fire fighting is done with contract planes. I believe at Missoula the Forest Service owns only three that it uses itself. The rest are contract planes. They also cooperate with the United States Air Force in fighting fires. All these things added together, plus increased knowledge of how to fight fires, up-to-date equipment, facilities for manpower, and an enlarged airfield at Missoula, and added buildings and equipment, make it possible to fight forest fires in this area of virgin timber with modern, up-to-date methods.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. D'EWART. I yield to the gentleman from Montana.

Mr. MANSFIELD. May I say to my colleague from Montana that he has been very vigorous in support of this measure, and we are both very grateful to our colleagues from Washington, Oregon, and Idaho for the fine support they in turn have given us in our efforts to bring this bill to the attention of the House and get it passed.

Mr. D'EWART. I agree with my colleague from Montana.

I hope that later facilities will be available not only to our State but surrounding States where there is such a large amount of timber.

It adds to the flexibility of the crews to have these airfields and the planes necessary for fire fighting. Manpower and equipment can be moved quickly from one fire to another.

Fires in these inaccessible areas generally start from lightning. There are no roads and very few trails. If you can get there quickly after it is spotted by what we call spotters on high peaks, you can put the fire out with few men and with little cost, and with a great saving of timber. Therefore, these new facilities necessary for fighting fires adds greatly to the saving of timber, and adds greatly to the saving in manpower in fire fighting.

The Forest Service expects to increase the number of parachute jumpers at this point, and I think rightly so, because by increasing the number of those jumpers they will decrease the number of men that are actually needed on the fires, because the men get there before the fire spreads and is out of hand. When one of these fires gets out of hand it is almost impossible to stop it before it burns itself out or before it gets to the top of a ridge where you can backfire and stop it in that way, and this ordinarily takes a large and expensive crew.

This is a good bill. I want to compliment my colleague from western Montana on bringing it up, and I am glad to have this opportunity to support it before the House.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Chairman, I am very much in favor of this bill. Recently the House, in my opinion, passed one of the most basic and essential acts for the care of our forests that has ever been passed. As I said at that time, one of the great national resources of this country is our forests. I think as a country we have been very careless and indifferent about the care of our forests. The forests mean more than lumber. The forests mean much to the generations that are to come. We must understand that in the eastern part of our country the United States Government has title to very little forest land, while in the West, where this work is to be done and where the work is being done, all the forest areas in those sections belong to the United States. It belongs to the people and not to the States.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Maine.

Mr. HALE. Does not the gentleman think that a privately owned forest is just as much a national asset as a Government-owned forest?

Mr. HILL. Exactly. The problems you have are no less because the forest lands belong to the State of Maine than they are if they belong to the United States. So I am perfectly in accord with the gentleman when he said on the floor of the House that some fire protection more than we now have should be built up for all of the forests throughout the United States.

I can think of only one great tragedy that is even comparable to a forest fire, and that is a flood.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield.

Mr. BOW. The gentleman from Colorado has suggested that we should at least have an interest in these forests. With that I quite agree. As a member of the Committee on Interior and Insular Affairs, I have a real interest. I should like to ask the gentleman if it is not true that we have forests destroyed by causes other than fire. I have in mind the great Englemann spruce forest of Colorado. I hope the House some day will take up the question of protecting that great forest in Colorado as well as the bill which we are now considering to prevent fires.

Mr. HILL. The gentleman is absolutely correct. I for one believe that we should protect these forests not only from fire but from pests as well, I might say to the gentleman that not long ago as a member of the subcommittee of the Committee on Agriculture, I visited the Superior Forest in Minnesota. There we discovered that it was not the beetle but another type of pest that was destroying this forest. Unless we are on our toes, and unless we set up a program which will protect these forests in the days to come, other forests will be destroyed.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield.

Mr. HORAN. In company with two other members of the Committee on Appropriation, Mr. ANDREWS of Alabama, and Mr. H. CARL ANDERSEN, of Minnesota, about 2 weeks ago I visited the watershed in Colorado. It is an amazing place because there, within a few hundred miles, four great rivers originate way up in the Rockies—the Rio Grande, the Arkansas, the Platte, and the Colorado River. During the course of a 250-mile airplane trip, we flew over half a million acres of dead spruce. Bark beetles had devastated it. I asked the regional forester what he would do in case fire broke out there. He said they would dash in and do the best they could with bulldozers. There are no roads there. Then, they would push those dead trees around, and try to make a fire wall. He said first, however, that they would call on Idaho City; McCall, Idaho; or Missoula; or Deming, N. Mex., for smoke jumpers. I mentioned this because there

watersheds in Colorado are not only important to the people of Denver and its environs as well as the more outlying sections, but the water which supplies Kansas City, Mo., and the water that supplies Los Angeles and Brownsville, Tex., and even Fort Collins, originates in that area. So this smoke jumping and protection of our watersheds, whether the trees are dead or alive, is important to the people of a very wide area.

Mr. HILL. I thank the gentleman for his contribution.

Mr. Chairman, just another word about the forests. Let us keep in mind that the undergrowth and the pine needles and the fine material that develops under these trees becomes a sort of sponge or blotter which holds this water when it falls in these mountain areas.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield.

Mr. MANSFIELD. Along the very line of reasoning that the gentleman has spoken one has only to look at Greece and China today to see what deforestation has done. That ought to bring home to us, as the gentleman has so well put it, the importance of this great natural resource which belongs to all of the people.

Mr. HILL. I hope you understand that when the water falls on this forest area, if there is nothing but naked hillsides to absorb or hold the moisture as it falls, then it all collects in great torrents and down the stream it goes, and with the terrific slope or with the number of feet that the water falls per mile, the water has tremendous power and it tears up the canyons and washes away the soil and it is good-by to the value of that area as a watershed. I think the word "watershed" some times does not mean what it should in the minds of our people. Shed is not a correct expression. It should be called a water-protection area. That is what it becomes, if we take care of it. But do not forget that when you fail to take care of it, it does not become the protection it was meant to be. Whereas when a fire gets started, and it is burned over forest land you have nothing but ashes, no cover no holding of moisture content. It takes 60 to 100 years to build up these areas.

In closing, let me say there is nothing like an airplane to speed the fire fighters to where the fire exists. You have the towers in the forests where the foresters are, with the aid of their glasses, able to locate the blaze and a quick run to the location saves many acres of timber.

The fire fighters can be dropped near the fire by parachute. These men are perfectionists enough not to parachute down into the trees. They are expert parachute jumpers. In the Superior Forest we looked over the gear. These men have the finest of fire-fighting equipment. They have the newest types of fire-fighting equipment. When they land with their supplies they are all ready to knock the fire out over an area of many square feet. We have a fire bomb which actually smothers the fire. In these areas that do not have any roads, men may be parachuted down at the right point at the right time to extinguish the fire. You will notice in the short report that this committee made that they say at least $150,000 a year may be saved. That is a conservative estimate. A forest fire promptly put out may mean thousands of acres of timberland saved and who can value such saving?

I hope the bill passes without a single vote against it, it is constructive legislation.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. COOLEY. Mr. Chairman, I yield 1 minute to myself.

Mr. Chairman, much has been said about the great Northwest, and the timber regions of that part of the country. I regard this matter as a matter of national importance. I think it is a very reasonable insurance premium for us to pay to provide the money to improve and build facilities which will be used in the protection of one of the greatest natural resources of our Nation. The fact is that two-thirds of the virgin timber remaining in America is in this particular area, and that should impress us with the importance of what we are attempting to do here. I do not think this is a matter which will result in benefiting only one or two States, I think it will result in a general benefit, because it is in the interest of the general welfare of all of the people of this great country. I hope the bill will be adopted.

Mr. HOPE. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. SITTLER].

Mr. SITTLER. I speak briefly to say that I favor this bill.

As a boy one of my ambitions was to become a forester and forest fire fighter, and I have had a love of the forest ever since. Moreover, it has been my good fortune to travel in the West and to learn to love our great National Forests and to meet and know some of the members of the Forest Service. I have come to admire them very much. They are a sincere, devoted, and thoroughly reliable group of Government employees. I agree with what the distinguished chairman of the Committee on Agriculture has just said because we in Pennsylvania also have great forests, although admittedly fires in them would be rather more accessible than those in some of the other great States of the West.

I hope our Pennsylvania fire fighters may learn from the procedures that are developed at Missoula, methods that may help them more effectively to serve our State and save Pennsylvania forests as well.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Chairman, I take this time so as to incorporate in the record of the discussion on this bill two or three facts, and I wish to ask the gentleman from Montana one or two questions for the purpose of clarifying the record regarding the bill.

Is it not true that the purpose of the bill is for the expansion and renovation and improvement of a headquarters for the smoke jumpers of the Forest Service?

Mr. MANSFIELD. I would say to the gentleman from Oregon that that is correct; it involves a transfer from the very unsafe Hale Field to the new modern Missoula County Airport, and it will bring about a greater concentration of operations and more efficient use of the facilities.

Mr. ELLSWORTH. And this headquarters is a base of operation for this type of forest-fire fighting for the entire area of the West. Is not that true?

Mr. MANSFIELD. Yes, primarily for the Pacific Northwest, but in its operations extending as far south as California and New Mexico, as has been demonstrated on many occasions.

Mr. ELLSWORTH. If I am wrong in these further assumptions I wish the gentleman from Montana would correct me. As I understand it, the smoke-jumper headquarters we are discussing now is a base of operations for the maintenance, repair, the location of headquarters personnel, and a central communications center to which all of the other regions and individual national forests can appeal when there is fire danger or when lightning has set some fire in their areas. This headquarters, with its personnel and equipment, will be available and smoke jumpers sent out with proper equipment and supplies to the areas that are then threatened. Is that about the way it will work?

Mr. MANSFIELD. The gentleman is absolutely correct; and I want to say in addition, referring to a point raised by the gentleman from Maine, that in 1947 during the fire he described to the House we shipped fire-fighting equipment from Missoula, Mont., to help put down this outbreak in the State of Maine.

Mr. ELLSWORTH. The point that I want to be sure is clear both in the record and to the House is that the institution we are talking about and that is affected by this bill is not a local affair at all. We in the State of Oregon are as much interested in it as the people in the Southwest or in the State of Washington, that there must be a central base of operations for a complicated system of this kind; there must be made permanent a place for the recruitment and housing of smoke-jumper personnel and a central communications center for the dispatch of these operations. That is the point I want to make.

Mr. MANSFIELD. May I thank the gentleman and say that every statement he has made is correct.

Mr. D'EWART. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield.

Mr. D'EWART. I think the gentleman should add another factor and that is the study and development of new and better methods of fighting forest fires. This headquarters is close to a university where there is a very fine forestry school; it is close to the district forestry office; and, therefore, the facilities are there to make these studies for

better and more advanced methods of fighting fire and the kind of operations we have been discussing here.

Mr. ELLSWORTH. I thank the gentleman and merely want to repeat what I said earlier today, that in forest-fire language there is no such thing as a serious forest fire if that fire can be reached as soon as it starts; serious forest fires are only those fires which go out of control before it is possible for men to reach the fire with fighting equipment; and equipment, generally speaking, is a good shovel. Men with good shovels can stop any fire from becoming a serious fire if they get to it in time. That is the purpose of the whole headquarters set-up, to establish a system of organization for reaching fires by air before they become serious.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

Mr. HOPE. Mr. Chairman, I have no further requests for time.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of Agriculture is hereby authorized to acquire by donation, purchase, and/or condemnation such tract or tracts of land, at or near Missoula, Mont., as in his judgment may be suitable for the construction thereon of fire control smoke jumper headquarters, air cargo supply base, and other facilities, and said land upon acceptance of title to be subject to all laws and regulations applicable to lands acquired under the act of March 1, 1911, as amended (16 U. S. C. 515, 516).

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Page 1, line 3, after the word "authorized", add the following: "when suitable arrangements have been made for the use of airport facilities."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 2. The Secretary of Agriculture is hereby authorized, by contract or otherwise, to cause to be planned, designed, and constructed on said land, such buildings as in his judgment may be suitable as fire control smoke jumper headquarters, air cargo supply base, and other facilities, and including the purchase and installation of necessary equipment, the making of sewer, water, gas, electrical and other connections, and the construction of such roadways, sidewalks, landscaping, and approaches as may be required.

SEC. 3. For the purpose of carrying out the provisions of this act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $970,000: *Provided*, That the Secretary may, prior to July 1, 1951, enter into contracts for the acquisition of the land and for the construction of the buildings and other installations herein authorized, to an amount not in excess of $500,000.

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: Page 2, line 18, strike out "1951" and insert "1953."

Mr. COOLEY. Mr. Chairman, I would like to say this amendment was agreed to by the committee but inadvertently it was not changed in the bill. It simply changes the date of 1951 to 1953.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALBERT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 1628) to provide for the acquisition of land and the construction thereon of buildings and appurtenances essential for forest fire control operations of the Forest Service, United States Department of Agriculture, at or near Missoula, Mont., and for other purposes, pursuant to House Resolution 431 he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

COMMITTEE TO INVESTIGATE AND STUDY DUPLICATION AND OVERLAPPING OF TAXES

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 414, Rept. No. 1056), which was referred to the House Calendar and ordered to be printed:

Resolved, That there is hereby created a select committee to be composed of five Members of the House of Representatives to be designated by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made.

The committee is authorized and directed to investigate and study duplication and overlapping of Federal, State, and local government taxes, and the means and method of accomplishing the elimination of such overlapping and duplication.

The committee, or any duly authorized subcommittee thereof is authorized to hold such hearings, to subpena witnesses, to sit and act at such times and places during the life of the committee as it shall designate; to employ an executive secretary; and to employ such experts and clerical, stenographic, and other assistants as it may deem necessary (without regard to the civil service laws, but subject to the Classification Act of 1923, as amended). The committee may utilize the services, information, facilities, and personnel of the various departments and agencies of the Federal Government.

The committee may from time to time submit to the House such preliminary reports as it deems advisable; and prior to the close of the present Congress shall submit to the House its final report on the results of its study and investigation, together with such recommendations as it deems advisable. Any report submitted when the House is not in session may be filed with the Clerk of the House.

There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this resolution.

SIZE AND WEIGHT LIMITATIONS OF FOURTH CLASS PARCEL POST MAIL

Mr. MITCHELL, from the Committee on Rules, reported the following privileged resolution (H. Res. 439, Rept. No. 1057), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1335) to readjust size and weight limitations on fourth-class (parcel post) mail. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bills for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDING PUBLIC LAWS NUMBERED 815 AND 874 OF THE EIGHTY-FIRST CONGRESS

Mr. MITCHELL, from the Committee on Rules, reported the following privileged resolution (H. Res. 440, Rept. No. 1058), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5411) to amend Public Laws Nos. 815 and 874 of the Eighty-first Congress with respect to schools in critical defense housing areas, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calender Wednesday of next week be dispensed with.

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

There was no objection.

CONSENT AND PRIVATE CALENDARS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order for the Consent Calendar and the Private Calendar to be called on Wednesday of next week, instead of being called on Monday and Tuesday of next week.

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

There was no objection.

ADDRESS BY PRESIDENT TRUMAN

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include the address delivered by President Truman at the peace conference in San Francisco.

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

There was no objection.

Mr. McCORMACK. Mr. Speaker, the following address was delivered by President Truman at the peace conference in San Francisco:

I am glad to welcome you to this conference for signing the treaty of peace with Japan. The people of the United States are honored to serve as hosts for this meeting.

Six years ago the nations represented at this conference were engaged in a bitter and costly war. Nevertheless, these nations and others came together here, in this very hall, to set up the United Nations as the first essential step toward a firm and lasting peace.

Today, we meet here again to take another step along the road to peace. On this occasion, it is our purpose to conclude a treaty of peace with a country we were fighting in 1945. We meet to restore our former enemy to the community of peaceful nations.

The treaty we are gathered here to sign has not been drawn in a spirit of revenge. The treaty reflects the spirit in which we carried on the war. The principles for which we fought were clearly set forth by President Franklin D. Roosevelt right after Pearl Harbor. On December 9, 1941, in a broadcast to the American people, he said:

"When we resort to force, as now we must, we are determined that this force shall be directed toward ultimate good as well as against immediate evil. * * * We are now in the midst of a war, not for conquest, not for vengeance, but for a world in which this Nation, and all that this Nation represents, will be safe for our children."

POINTS TO NEW THREATS OF AGGRESSION IN WORLD

That is our purpose here today as we gather to sign the peace treaty. We are trying to build a world in which the children of all nations can live together in peace. We hope we are attaining the ultimate good to which President Roosevelt referred.

Unfortunately, today, the world is faced with new threats of aggression. Many of the countries represented here are now engaged in a hard fight to uphold the United Nations against international law-breaking. But we have not forgotten that our goal is peace. We will not let that happen now, any more than we let the existence of war in 1945 hold up our efforts for the United Nations.

The people of all our countries long for one thing above all else, and they are determined to have it. What they want is a world at peace—a world where there is justice and freedom for all men and all nations. Our peoples demand of us that we take every possible measure to reach that goal.

We who stand ready to sign this treaty with Japan believe in peace. We believe in peace based on freedom and international justice. We know that a free and independent people have more vigor and staying power and can do more to help secure the peace, than a people held under alien control. We believe that the whole great effort for peace will be strengthened if Japan is now restored to independence and linked to other free nations by ties of mutual friendship and responsibility.

LAUDS MAC ARTHUR'S WORK AS OCCUPATION CHIEF

Since the fighting ended in 1945, Japan has been an occupied country. The occupation was designed by the wartime allies to prevent future Japanese aggression, and to establish Japan as a peaceful and democratic country, prepared to return to the family of nations.

The United States, as the principal occupying power, was given a special responsibility to carry out these objectives. It is our judgment that they have been achieved.

I wish on this occasion to express the pride that my countrymen and I feel in the way in which the allied occupation has been carried out. Its success has been due to the devoted efforts of many thousands of people serving under the outstanding leadership of General of the Army Douglas MacArthur and his successor, Gen. Matthew Ridgway.

I would also like to pay tribute to the impressive effort put forward by the people of Japan in this period. They have fully complied with the surrender terms. They have cooperated fully in carrying out the purposes of the occupation.

The result has been a remarkable and unprecedented period of progress in Japanese history. Japan today is a very different country from what it was 6 years ago.

The old militarism has been swept away. This has been done not just by occupation edict, but by the overwhelming will of the Japanese people themselves.

The secret police and the police-state methods used by the former government have been abolished.

The new Japanese constitution provides a bill of rights for all citizens and establishes a government truly representative of the people.

The Japanese people now have universal suffrage, and they are taking a vigorous part in their government. In recent local elections, more than 90 percent of those eligible have voted.

Japanese women now vote and take part in the government and enjoy full democratic rights for the first time.

Free and independent labor unions have been established, and farm cooperatives have been greatly expanded.

The monopolies that used to have such a stranglehold on the Japanese economy have been substantially broken up.

Remarkable progress has been made in land reform. Over 5,000,000 acres of land have been purchased from the old landlords and sold to working farmers. Today about 90 percent of all cultivated land belongs to those who work on it, as compared with less than 50 percent in 1945. This is a great achievement, full of meaning for all Asia.

SAYS UNITED STATES STILL REMEMBERS PEARL HARBOR AND BATAAN

Through these and other reforms, the Japanese people have been developing a stable economy and a democratic society. They still have a long way to go, but they are well on the road to building a new Japan, dedicated to the arts of peace and the well-being of the people.

Because of these accomplishments, it is possible at this time to restore full sovereignty to the Japanese people.

This does not mean that the slate has been wiped clean. The United States has not forgotten Pearl Harbor or Bataan, and many of the other nations represented here have similar memories that will not easily be erased. The new Japan will not find the world entirely friendly and trusting. It will have to keep on working to win the friendship and trust of other peoples over the years to come.

But the foundations for a peaceful future have been laid. It is now time to move ahead with the restoration of normal relations between Japan and the rest of the world.

This conference is the result of a year of cooperative effort toward that end.

A year ago this month, at my request, Mr. John Foster Dulles began to consult other governments about a treaty of peace with Japan. Mr. Dulles has performed this task faithfully and well, guided by the highest traditions of statesmanship.

There were, of course, differences of opinion among the nations concerned as to many of the matters covered by this treaty. The text of the treaty now before us is the product of long and patient negotiations, among many nations, which were undertaken to reconcile these differences.

DESCRIBES THE TREATY AS ONE THAT WILL WORK

I think it is fair to say that it is a good treaty. It takes account of the principal desires and ultimate interests of all the participants. It is fair to both victor and vanquished.

But more than that, it is a treaty that will work. It does not contain the seeds of another war. It is a treaty of reconciliation, which looks to the future, not the past.

The treaty reestablishes Japan as a sovereign, independent nation. It provides for the restoration of Japanese trade with other nations, and it imposes no restrictions upon Japan's access to raw materials.

The treaty recognizes the principle that Japan should make reparations to the countries which suffered from its aggression. But it does not saddle the Japanese people with a hopeless burden of reparations which would crush their economy in the years to come.

In all these respects, the treaty takes account of the peaceful advances the Japanese people have made in recent years, and seeks to establish the conditions for further progress. However, there is one thing we must all recognize. There can be no progress unless the Japanese people and their neighbors in the Pacific are made secure against the threat of aggression.

At the present time, the Pacific area is gravely affected by outright aggression and by the threat of further armed attack. One of our primary concerns in making peace with Japan, therefore, is to make Japan secure against aggression and to provide that Japan, in its turn, will so conduct itself as not to endanger the security of other nations. To accomplish this, it is important to bring Japan under the principles of the United Nations, and within the protection of the mutual obligations of United Nations members.

NOTES JAPAN'S PROMISE NOT TO ENGAGE IN AGGRESSION

The treaty expresses Japan's intention to apply for membership in the United Nations. The other countries who sign the treaty can be counted on to work for the admission of Japan to membership. But even so, there may be delays before Japan can be admitted.

Under the treaty, therefore, the Japanese people bind themselves to accept immediately the basic obligations of a United Nations member—namely, to refrain from aggression, to settle disputes peacefully; and to support the efforts of the United Nations to maintain the peace. At the same time, the other nations who sign the treaty specifically recognize that Japan is entitled to the protection of the United Nations Charter.

In a sense, these provisions are the heart of this treaty. Under them, Japan becomes part of the community of nations pledged to outlaw aggression and to support a world order based on justice.

This tying together of the Japanese peace treaty and the United Nations Charter is a long step toward building security in the Pacific. But more than this is needed.

In the present world situation, it has been necessary to buttress the peaceful principles of the United Nations Charter with regional arrangements for the common defense against aggression. If real security is to be attained in the Pacific, the free nations in that area must find means to work together for the common defense.

The United States recognizes this fact. Our people have suffered from past aggression in the Pacific and are determined that this country shall do its part for peace there. In recent days, we have joined with other Pacific nations in important mutual security agreements.

POINTS TO NEW TREATIES WITH NATIONS OF PACIFIC

Last Thursday, the Philippines and the United States signed a treaty of mutual defense. Under this treaty, each country recognizes that an armed attack on the other in the Pacific area would be dangerous to its own peace and safety, and declares that it would act to meet the common danger.

Last Saturday, a similar security treaty was signed by Australia, New Zealand, and the United States.

These treaties are initial steps toward the consolidation of peace in the Pacific.

It is vital that Japan be included as soon as possible in appropriate security arrangements for keeping peace in the Pacific. This is necessary for her own protection and the protection of other countries.

The peace treaty, therefore, recognizes that Japan, as a sovereign nation, must possess the right of self-defense and the right to join in defense arrangements with other countries under the United Nations Charter.

The development of regional arrangements for defense in the Pacific will mean that such Japanese defense forces as may be created would be associated with the defense forces of other nations in the area. Japan's security would depend exclusively on Japanese forces but on interrelated security arrangements with other countries. The Japanese contribution by itself would not constitute an offensive threat. But Japanese forces, together with forces of other nations, would provide mutual security against threats to the independence of the nations of the Pacific, including Japan.

EXPLAINS PLAN TO KEEP UNITED STATES TROOPS IN JAPAN

At present, of course, Japan is totally unarmed. In view of the open aggression taking place near Japan the Japanese Government has requested the United States to enter into a bilateral treaty for Japan's immediate security. Under such a treaty, the United States would maintain armed forces in Japan for the time being as a contribution to international peace and to Japan's defense against attack.

Security arrangements are essential in a world in danger. In the Pacific as in other parts of the world, social and economic progress is impossible unless there is a shield which protects men from the paralysis of fear.

But our great goal, our major purpose, is not just to build bigger and stronger shields. What we want to do is to advance as rapidly as we can, the great constructive tasks of human progress.

We in the United States respect and support the many new free and independent nations in the Pacific area and Asia.

We want to see them grow and prosper, as equal partners in the community of independent nations of both east and west. We want to cooperate with them, to help them in their agricultural and in industrial development. We wish to see these nations attain in dignity and freedom a better life for their peoples, for that is the road to world peace.

GREAT ECONOMIC CHANGES IN ASIA RECOGNIZED

These countries have a rich historical and cultural heritage. Today, their people are experiencing great economic and social change. They are stirred by a new zeal for progress and independence. Already, we have seen some of the progress that can be made—progress in stamping out malaria, in building schools and training teachers, in growing more food and creating new industries. Immense opportunities lie ahead if these countries can pursue their national destinies in a partnership of peace, free from the fear of aggression.

Under this peace treaty, we believe Japan can and will join in this partnership of peace.

We look forward to the contribution which the New Japan, with its rich culture and its dedication to peace, can bring to the community of nations. We expect this contribution to grow over the years, for the signing of a peace treaty is but one part of the process of making peace. When aggression and war have severed relations between nations, many ties which bind one nation to the others are cut. Making peace is like repairing the many strands of an intercontinental cable; each strand must be spliced separately and patiently, until the full flow of communication has been restored.

There is no other way to bring lasting peace than this slow and patient process, step by step, of mending and strengthening the cables of communication, of understanding between nations.

In this San Francisco conference, we have the opportunity to take one vital step toward lasting peace. Our specific task here is to conclude the treaty of peace with Japan. That will be a great step toward general peace in the Pacific.

SAYS PEACE IN KOREA IS MOST PRESSING ISSUE

There are other steps which need to be taken. The most important of these is the restoration of peace and security in Korea. With Japan returned to its place in the family of nations, and with the people of Korea secure, free, and united, it should be possible to find ways to settle other problems in the Pacific which now threaten the peace.

The United States has made clear on many occasions its desire to explore with other governments at the proper time and in the proper forum how this might be accomplished.

There are many well established ways in which next steps can be explored, if there is a genuine desire for peace in all quarters.

But these are not matters which can be dealt with in our present conference. We have come here to take a single step—but a step of the utmost importance.

The treaty now before us offers more than talk of peace; it offers action for peace. This conference will show, therefore, who seeks to make peace, and who seeks to prevent it; who wishes to put an end to war, and who wishes to continue it.

We believe this treaty will have the support of all those nations that honestly desire to reduce the tensions which now grip the world.

I pray that we shall all be united in taking this step to advance us toward greater harmony and understanding.

As we approach the peace table, let us be free of malice and hate, to the end that from here on there shall be neither victors nor vanquished among us, but only equals in the partnership of peace.

OUR NEW FRONTIER IS DIXIE

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a clipping.

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

There was no objection.

Mr. BRYSON. Mr. Speaker, years ago, Henry W. Grady, a great statesman from the State of Georgia, speaking in Massachusetts, uttered a prophetic statement when he said:

Far to the south, Mr. President, lies the richest and fairest domain of this earth. It is the home of a brave and hospitable people, a fine climate, and fertile soil that yields to the husbandman every product of the temperate zone.

Appearing in the current issue of the American Legion magazine is a splendid article entitled "Our New Frontier Is Dixie." It is as follows:

OUR NEW FRONTIER IS DIXIE

(By Howard Stephenson)

(If it's opportunities you're looking for, go South, young man. There's a new spirit south of the Mason and Dixon's line, hard to explain but creating vast changes.)

Tobacco Road has been closed for repairs. The sharecropper and his family, who lived on black-eyed beans and sow-belly, and sat in rocking chairs in front of a rickety shanty, singing mournful hillbilly songs all the livelong day, would be hard to find in Dixie today.

On industrial missions, traveling from Miami to New Oreleans, from Houston to Richmond, from Memphis to Atlanta and Asheville, this reporter has eye-witnessed a small part of a significant economic revolution.

You could call it evolution instead, but it has happened with such dramatic swiftness and on such a tremendous scale as to take your breath away.

Natchez, Miss., for example, a symbol of the Old South asleep in its memories, still is fragrant with magnolia blossoms. But it also has a $20,000,000 rayon mill project, and two other $3,000,000 factories, all postwar. You'll find similar fabulous developments right through the South. You'll also find it the land of opportunity for small-business ventures.

Birmingham is throwing down its iron glove to challenge Pittsburgh as the Nation's steel center. Long a big producer, it is not only building tremendous new capacity, but developing important research and technological projects. At Knoxville, Tenn., and Woodward, Ala., low-grade hematite ore is being put through new beneficiation processes to produce impressive output of pig-iron, and Alabama coal feeds the big steel hearths. Atlanta's steel industry also is up and coming with a big 3-year program of expansion and modernization. Southern steel capacity increase of 2,000,000 tons a year is under way.

This is attracting auto, electrical, and other fabricating plants on a huge scale. Last year the South set postwar records with $841,000,000 worth of auto parts, $447,000,000 airplanes, and 254,000,000 in ships, all big users of steel.

Impetus to this growth is promised by a revolutionary underground experiment being carried on at Gorgas, Ala., whereby coal is turned into fuel gas without being mined. The pattern of basic world industry could be changed by this research, originated by the Alabama Power Co. and the United States Bureau of Mines.

What has brought about the South's new industrial and agricultural revolution? It is rather obvious to point to the hard money pouring in at the rate of up to a billion a year, but that does show that American industry has at last moved to develop this long-neglected section.

The plants they're building are supermodern as a rule, comfortable to work in, air-conditioned, light-controlled, with the finest and most efficient machinery. The managements are instituting worker-training programs, recreational, hospitalization, and pension plans, and all the other social benefits of progressive industry elsewhere.

Down South when they say that money grows on trees, they mean it. Ten years ago southern newspapers were printed on Canadian newsprint paper. Now the South produces enough for its own needs and far beyond. The man primarily responsible was

the late Dr. Charles H. Herty. Working in a makeshift laboratory in Savannah, he discovered that harmful chemicals in southern pine were not present in freshly felled trees. This gave the clue to a giant new industry in the forests.

A committee of citizens of Talladega County, Ala., faced with the problems of converting excess war plants, studied the possibilities in pulp and paper production. A new $32,000,000 mill at Coosa Pines, put into production in 1949, now turns out 300 tons of newsprint daily and provides 2,000 steady jobs. Other big paper plants are scheduled for Rome and Valdosta in Georgia, Yule, Perry, and Jacksonville, Fla.

Sawdust chemically treated to make animal food, perfume and synthetics from old stumps, wood waste turned into wall-board, a sawdust-mulched soil for gardening—these are some of the new wonders being developed from southern forests. Scientists have even discovered a way to make nature work faster in producing turpentine.

The industry, looking to its future, is planting 60,000,000 new trees a year.

While to southern industry the climate means little snow, low heating costs, and fewer absentee workers, to the farmer it means year-round crops, such as the Johnson grass that has supplanted cotton, and provides hay and grazing for sleek herds of fine cattle, with no drought seasons.

Southern cattle used to be scoffed at as bundles of hair, hide, hoofs, and horns, but not so today. There are 30,000,000 of them, as compared to 18,000,000 20 years ago, and while they've flourished, mechanized farming has pushed half the southern mules off the map.

Bovine population figures don't begin to tell the story of the improvement in southern beef cattle. This has been due to three major factors: Eradication of the cattle tick, fencing of the land, and better quality of herds. Florida, for example, is importing some 2,500 good bulls a year and now has over 1,000,000 beef cattle, with almost 600 registered herds, making that State the leader in the industry in the Southeast, and twelfth in the Nation. It brings in more than $30,000,000 a year.

A cow that can sweat like a horse is the heroine of Dixie's new dairy industry, which bids fair to swing America's milk pail from the northern rim of States to the deep South. Crossbreeding of Brahma bulls from India with Guernseys and other standard strains results in a new kind of bossy, who moos like any other cow, gives generously of a rich butterfat-content milk, and doesn't droop in hot weather because she daintily perspires, which ordinary cows can't do.

Last year one dairy outfit alone bought 1,000,000 gallons of milk a week from southern farmers, from Florida to Louisiana, with no let-up in July and August, when most cows go on vacation. Demand for the air-conditioned milk cows is so strong that papa Brahma can't travel fast enough to accept all the invitations tendered to him. So artificial insemination is prevalent through the South; and the calf birth rate is beating all records.

Now southern scientists are developing a frozen milk concentrate that you can keep in the refrigerator like cans of frozen orange juice. If it works out, southern dairymen whoop, they'll take the national market like Lee took John Brown.

Meanwhile, milk consumption has soared throughout the South, which means healthier babies, and there's a rump roast on the table for Sunday dinner in homes where beef had never even been tasted.

Speaking of orange juice, the way Florida's citrus-fruit industry hit the jackpot is a classic of American enterprise in scientific research. Only a few years ago normal annual production of oranges exceeded demand. Prices were low and you could buy a citrus grove for about the price of vacant land.

Then, according to H. M. Conway, Jr., director of the Southern Association of Science and Industry, "as a result of experiments conducted in the early 1940's, there was developed the method for canning and marketing the frozen concentrate which tastes just as good as the juice from fresh fruit. The method was first used in 1946. Public acceptance was instantaneous and production skyrocketed to over 25,000,000 gallons annually—the equivalent of more oranges than all Florida grew in 1929."

But neither climate nor money from outside can explain the South's new spirit. World War II marked the turning-point. Southern GI's had seen not only most parts of the world, but in particular most other parts of the United States of America. They were changed men, no longer to be satisfied with second best. When they came home, two ways were open to them—either to move elsewhere, or to make over their homeland.

Take one example of a southerner who decided to change his world. George McLean of Tupelo, Miss., discharged from the Navy in 1945, resumed his job as editor of the Daily Journal in his home town. He organized the Rural Community Development Council, operating in three counties. So far about 10,000 persons, in 16 white and 6 colored communities, have taken part in an extensive local development that has raised, and some say doubled, living standards.

No help was asked from Washington, thank you just the same. Local businessmen contribute $30,000 a year. A wholesale grocer gives $500, a furniture dealer the same, and so on. In 1 year 2,139 white families reported they had made improvements, such as terracing fields, painting houses, buying breeded cattle, using artificial insemination for better livestock, etc.

Pastures are seeded in dallas grass, crimson clover, and lespedeza. These are cover crops, in contrast with the furrow crops which for over a century denuded southern soil and permitted erosion to rob it permanently of the food which plants need to live. Timber is cut selectively, to preserve woodlands. Farm homes are equipped with such things as water heaters and home freezer units. Now delegations are being sent from all over the map, as far away as Michigan and Cuba, to study the plan.

In North Carolina young blood in the postwar legislature brought about what is now called the schoolhouse revolution, a building program to the tune of $50,000,000 in State funds, to which local communities have added $75,000,000 of their own, in 1 year. Much obliged, Uncle, but these folks provide their own welfare state, and pay direct taxes, so they won't need Federal funds to educate the 300,000 children who'll have 10,000 new classrooms. Colored children, though segregated, get the same kind of buildings as white, and colored teachers average even higher pay.

Southern cities are impressive to the visitor familiar with their appearance 10 years or so ago. Main Street has had its face lifted, with new modern store fronts of porcelain enamel, glass, and plastics. Substantial steel, timber, and concrete frame buildings have replaced picturesque but tumbledown old structures. But it's in the countryside and in the small towns that the contrast shows most vividly.

There you see crews at work tearing down fences that used to hem in the tiny one-family patches of land where impoverished sharecroppers lived in huts and hovels, barely raising enough to feed their children. The shacks, many not fit for humans are likewise being demolished. This land is needed for cattle raising and diversified scientific farming.

Some of the men who used to live here work with the reconstruction crews. Others stay on the land, no longer on a starving "share" basis, but at respectable wages. Thousands of tenant farmers have moved into modern, prefabricated homes built mostly in small towns which have one or two industries.

This is the real, down-deep evidence of what is happening in Dixie. It's easier to understand than tables of statistics, though every village has its chamber of commerce or similar business-promotion agency, and the men who run those organizations will rattle off figures till you're dizzy.

The thing that hits you hardest, walking around the courthouse square of a typical southern town, is that the town itself seems to have come alive. Drop into the hardware store, for instance, on a Saturday morning. It's as brisk as a New York City bargain basement. Clerks don't slouch. Merchandise is arranged in open-display counters. One section of floor space is devoted to refrigerators, milk separators, kitchen ranges, and other gas and electric appliances. A home economist is demonstrating to a group of housewives an improved method of canning.

Out back, the old jumble of discarded junk and trash has been cleaned out. A factory representative is showing a dozen men and big boys in overalls how to use a small welding unit for machinery repairs.

This hardware store is a school, though neither teachers nor pupils think of it that way. The ex-share cropper and his wife are learning how to do things in a new way. Incidentally, the store has a dozen clerks instead of two or three. The new ones are recruited from farm families, trained on the job, and paid livable wages.

While you hear much about jobs in industry, of which there are hundreds available, it takes a personal visit to realize that some of the biggest opportunities in southern towns and cities are in retail and service businesses.

The three spick-and-span barber shops on the Court House Square are busy, just from the plain fact that menfolks don't cut their own hair any more. Sounds trivial, perhaps, but it means jobs. Just as important, it indicates a new self-respect, a new feeling of human dignity.

Women who had never entered a beauty shop in their lives become regular patrons, especially younger women. Many hold factory jobs, mingle with well-dressed folk at work, church, Legion dances, and social affairs. They want to belong.

They're not rich by any means, in fact the average worker and his wife have to watch the pennies pretty closely. Inflation is no more a stranger in the South than anywhere else in the United States. But just a decent, respectable mode of life is now possible to countless families who used to be referred to as "marginal."

What about those who stayed on the land? The South's farm income, for one thing, increased 26 percent in the past year alone. Farm workers got a share of that. A practical test of the prosperity of an agricultural area is the use of electricity. In North Carolina today only 2 farms in 10 are without electric power and in Georgia only 1 in 20. These electrified farms are what keeps the small towns so busy.

The typical southern town needs carpenters, brick masons, plumbers, plasterers, and other building tradesmen, too. Young professional men, such as lawyers, accountants, pharmacists, hotel managers, and engineers aren't finding it necessary to move to some big city for a profitable career. For example, 70 percent of recent Georgia Tech graduates are remaining in the South, and over half in the State.

And doctors, dentists, and nurses? There the picture isn't so bright, except from the standpoint of employment opportunities. The South has been depleted of much needed

medical care by the demands of military service. In some rural communities in Georgia, Alabama, and Mississippi there is not one single medical man available near enough for emergency calls. Civic leaders of the South are hopeful of getting medical care on a par with the rest of America, but they're still far from the goal. One good sign is the 43 new hospitals included in North Carolina's building program, but other States desperately need similar projects.

The South has four main natural divisions, the coastal lands, the Piedmont plateau, the mountains and the Black Belt where cotton formerly was king. They call the Black Belt the middle South nowadays, and a combined promotional campaign carried on by Louisiana, Mississippi, and Arkansas interests has had tremendous national impact. Oil and natural gas, together with rich timberlands and the fast-moving, meat-packing industry, are being developed.

It is in this region that the process for squeezing natural gas to yield gasoline and other liquids valuable in industry has made great strides in the past 5 years. There's lots of gas available, about 30,000,000,000,000 cubic feet of it. Over 350 communities in the 3 States are connected by a network of pipelines for home and industrial gas uses. Oil and chemical industries are building huge plants, tapping and transforming part of the 2,500,000,000 barrels of "black gold" reserves into useful products.

Alabama, with its important steel industry centering in Birmingham, is expanding into chemical and pulpwood industries. Stretching eastward from Birmingham to Virginia and the Carolinas, the rich Piedmont section is dotted with towns and villages where small factories, employing from 50 to a few hundred persons, are proving that there is room in the South for resourceful enterprise.

Gainesville, Ga., is the home of an industry of this type. It's the poultry center of the South, with an output of around $60,000,000 a year. A prime mover in Gainesville's prosperity is Jesse D. Jewel, who turned a failing chickenfeed business into a "chicken dinner" factory and made a fortune. Chickens leave the Jewel plant in attractive boxes, ready to cook.

Another resourceful Georgian is Ed Stevens, who put his town of 3,800, Dawson, on the map. Stevens' claim to fame is the development of a better way to make peanut butter stick together. He went about it scientifically, by hiring the Southern Research Institute of Birmingham to experiment on the problem. Two years later they had the answer, and today Stevens' assembly line delivers two jars of homogenized peanut butter per second. He's the world's largest producer of the "goober goo"—and considers Dawson, Ga., the finest spot on earth. As it happens, Dawson is the home town of American Legion National Commander Erle Cocke, Jr., himself an important figure in the Georgia industrial upsurge.

With $1,000 cash and faith in an idea, William Wilkerson, of Atlanta, gave still another demonstration of Dixie ingenuity. He was told by a cobbler that the shoe business needed a machine that would drive nails automatically. Not being an inventor himself, Wilkerson hunted up a machinist friend, J. L. Moore, and worked with him through one failure after another. What they didn't know was that the shoe industry's best researchers had been beating their brains on the same problem for years. Not being aware of the impossibility of the idea, the two men toiled for nearly 2 years—then they had it. They later applied the same principle to a furniture and toy nailer, thus opening a much enlarged national market.

All over the Southland, men like Wilkerson, Stevens and Jewel are applying the principles of courage and resourcefulness to small business enterprises. Their total volume may not stack up with the billion-dollar concerns, but there are a lot of them and they have found in the South financial independence, a new spirit of encouragement—and oh, yes, that climate!

ORDER OF BUSINESS FOR TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. PRIEST. Mr. Speaker, at the request of the majority leader may I say that the first order of business on the program for tomorrow will be consideration of House Resolution 414. That is the Latham resolution as amended and relates to a further study of tax overlapping by the House Committee on Ways and Means.

SPECIAL ORDER GRANTED

Mr. LANHAM (at the request of Mr. PRIEST) was given permission to address the House for 20 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Virginia [Mr. HARRISON] is recognized for 45 minutes.

(Mr. HARRISON of Virginia asked and was given permission to revise and extend his remarks and include extraneous matter.)

FRAUD AND WASTE IN PUBLIC WELFARE PROGRAMS

Mr. HARRISON of Virginia. Mr. Speaker, if the taxpayers want to know one of the reasons it is necessary to increase their income and withholding taxes they should take a look at the inefficiency, the waste, and the fraud in the public-welfare program.

In speaking of public welfare and relief, I do not refer to payments made under the old-age or unemployment insurance. I have reference only to direct payments for which the recipient has made no contributions whatever; direct payments under the aid for dependent children program, aid to the blind, the old-age assistance program and general relief.

Every good citizen wants to pay his share for aid to the destitute who are unable to work for their own support. But today large sums are being paid to shameless cheats and for extravagant, inefficient, and socialistic administration.

Money deducted from your pay checks—

Says the Saturday Evening Post—

goes to cheats, encourages them to avoid work and you're not even allowed to know who they are.

Let no one say that criticism of these conditions is an attack upon the unfortunate destitute. Money paid to chislers not only is money stolen from the man who by honest toil pays the taxes, it is also money stolen from those actually in need.

The taxpayer pays about half this bill through the Federal Government and the other half through his local and State government.

During the fiscal year 1939–40, before the wartime boom, relief for those items which I have mentioned under the heading of relief and public welfare cost about $1,000,000,000. In the current fiscal year, relief will cost about $3,000,000,000.

In 1939–40 the Federal Government contributed to the support of 2,036,000 persons, but in these times of labor shortages and high demand for work, the number of alleged destitute receiving Government checks in 1950 was 2,809,000, an increase of over 40 percent.

In 1939–40, the old-age insurance program was in its infancy and as a result not many old people were entitled to the benefits of that law.

Hence, it would be reasonable to assume that after 10 additional years under old-age insurance the cost of direct aid to the destitute aged would be decreased. On the contrary, the cost of old-age assistance increased from $475,000,000 in 1939–40 to $1,485,000,000 in 1949–50. During the same period the cost of aid to dependent children went up from $130,000,000 to $556,000,000.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Georgia.

Mr. CAMP. Is it not a fact that the amount of contributions by the Federal Government both to the recipients of old-age assistance benefits and the aid to dependent children has been raised by this Congress almost twofold?

Mr. HARRISON of Virginia. It has been raised, but just exactly how much I do not know.

Mr. CAMP. Would not that account for the increase in the amounts paid to the recipients?

Mr. HARRISON of Virginia. No. It has been raised from $130,000,000 to $556,000,000.

Mr. CAMP. I contend that we have just been reaching the dependents, the children, in the last 6 years.

The amount the country is paying has increased and those increases are largely due to the fact that the Congress has raised the amounts. There are now several States paying the maximum of $75 per month for old-age assistance.

Mr. HARRISON of Virginia. The gentleman will recall that I just stated that the number on relief has gone up in that period from 2,066,000 to 2,809,000, after 15 years operation of the old-age insurance program, under which many millions of persons have been able to come under that insurance program who were not there in the period 1939–40. It seems to me those figures answer the gentleman's contention that the increased cost comes as a result of increased appropriations.

Mr. CAMP. I think upon examination the gentleman will find that in the beginning of the program many of the States had not entered the public-assistance program and were then paying small amounts, and to a very small percentage of those who normally might be entitled to receive it.

Mr. HARRISON of Virginia. For that reason I did not select figures at the beginning of the program, I selected figures in 1940, after the program had been in operation some years. I readily agree with the gentleman that it is costing more today.

Mr. CAMP. The increase is not because people are on the rolls who are not entitled to be there, it is because the program is based on need. If there are people on the rolls who are not entitled to be there, the cheats and chiselers of whom the gentleman spoke, it is the fault of the local authorities who placed them there.

Mr. HARRISON of Virginia. It is the fault of the laws of this Congress that leave the names of the chiselers and cheats under secrecy and concealment.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to commend the gentleman on bringing this matter to the attention of the House of Representatives. I do not know whether or not it is generally known, but my State of Indiana in the last session of the legislature undertook to deal with this problem, and particularly with that phase of it which has to do with the secrecy involved in the disclosure, or rather, regulations against the disclosure of the names of recipients. I will comment on that a little later if the gentleman will permit me, further on in his speech. However, at this point, and apropos of what he has said and apropos of the apparent challenge issued by the gentleman from Georgia that all of the increases in the rolls in the amount over all expended, referred to by the gentleman from Virginia, can be found in the action of the Congress increasing the amounts, let me say that the action of the Legislature of the State of Indiana in the direction of making a very limited and restricted disclosure has in many counties in our State already resulted in substantial reductions in the amounts paid under the operations of the act. I mention that fact because it would seem to bear out what the gentleman from Virginia is talking about.

Mr. HARRISON of Virginia. I thank the gentleman.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Oklahoma.

Mr. STEED. May I call the gentleman's attention to the fact that testimony before the Committee on Appropriations by people in the Federal Security Agency shows that, in 1941, 600,000 children were subject to ADC help, and this year they have testified that the list has grown to 1,600,000 children, which, of course, is an increase of more than three times in 10 years. That accounts for most of the increase in the amount of money appropriated.

Mr. HARRISON of Virginia. I think that is correct. I thank the gentleman.

The gentleman from Georgia has said that if there was fraud and corruption, it ought to be exposed. Let us take a look at official investigations made in some of the States.

In the State of Michigan, there were 19 official investigations of relief scandals within a 2-year period. Officials who headed these inquires said that 35 percent of relief recipients were cheaters and that there were administrative failures in 87 percent of the cases. In March 1949, 245,000 persons, approximately 4 percent of the entire population of the State, were drawing relief money. One welfare worker resigned in disgust because he said 50 percent of the recipients were cheating.

Seven "career" welfare cases in Detroit have cost taxpayers $230,000.

During a period when he was arrested 17 times and convicted 8 times, one man received $70,000 for relief for himself and family. That is right, $70,000.

I became much interested in following the career of a woman who, without physical disability or dependent children, at the age of 42, had drawn $50,000 in relief money. As a side line, she was engaged in the policy numbers racket. The official records show that welfare case workers knew of this activity and protected her from police detection.

Public welfare officials bought shoes for her with public money at $16 a pair. Her relief checks were delivered to her in publicly owned cars at her hotel where she was maintained by the taxpayers. She bought and sold real estate, and at one time the taxpayers paid her rent, for permitting her to live in her own quarters. She took expensive vacations, and, on one occasion, the welfare department paid her way home to Detroit from Los Angeles, Calif.

The lady owned four evening gowns and two fur coats. About fur coats the Detroit public welfare commissioner said:

> Sure we know women wearing mink coats are getting free medical attention * * *. So what? Maybe somebody gave them these coats. Besides they've got to wear some kind of coats and what difference does it make what kind they wear.

Under the Federal statute requiring secrecy the lady's name has never been published.

About her case, the commissioner of public welfare of Detroit explains:

> She created so much disturbance that she got what she wanted anyway.

A snake-loving fortune teller in a Detroit saloon drew relief for 3 years as a supplement to the $9 a day paid her for 4 hours appearance in the saloon.

A number of persons drawing relief had outside incomes in excess of $400 a month. Some had high-paying jobs including positions as dance promoters, bartenders, and interior decorators. Free hospital bills were paid for one who had $28,000 in the bank. Another with an income of $508 a month drew $140 a month from the taxpayers. A 33-year-old divorcee, who earned $45 a week as a beautician, in addition to receiving $50 a month alimony, was kept on the public dole for 7 years. At the end of that time she said she had made so much money she was going into business for herself.

Mr. DAVIS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. HARRISON of Virginia. I yield.

Mr. DAVIS of Georgia. I understand that some of the facts that the gentleman is relating as to what occurred in the State of Michigan have been published twice in the Saturday Evening Post; is that correct?

Mr. HARRISON of Virginia. There has been an article in the Saturday Evening Post about conditions in Michigan; yes, but I have not read it.

Mr. DAVIS of Georgia. I understand also that the State of Michigan, part of the time these events were occurring, had a Democratic governor, and part of the time it had a Republican governor, but that during all of the period of time that this was happening, both branches of the State government were Republican. Does the gentleman know about that?

Mr. HARRISON of Virginia. I am not informed on that.

Mr. DAVIS of Georgia. I want to compliment the gentleman for rendering a great public service in bringing this matter to the attention of the House of Representatives. If the gentleman will permit me, I would like to say further that this is a matter which has given great concern to the people of my home State of Georgia. I call attention to the fact that the General Assembly of the State of Georgia in session this year on the 7th day of February, adopted a resolution calling attention to the fact that this inordinate secrecy has proved to be a hindrance to the proper and just administration of the social security laws, and it adopted a resolution calling for the repeal of this secrecy provision.

Also, the Fulton County Grand Jurors Association in Atlanta in Fulton County, Ga., which is a continuing body of members who formerly served on the grand jury of that county adopted a resolution calling for modification of this secrecy provision. The Atlanta Constitution on June 14 of this year had an editorial strongly calling for the opening up of welfare rolls for inspection to prevent just the thing that the gentleman has been calling to our attention. Also, the Fulton County grand jurors, separate and apart from the Fulton County Grand Jurors Association, at the May-June term this year, 1951, adopted a resolution in which they say among other things:

> We notice with pleasure that there is legislation pending in the National Congress which, if enacted into law, would permit States to pass legislation defining conditions under which relief rolls might be made public to grand juries, agencies of the Government and other properly interested parties without penalty from the national Government.

And they adopted a resolution calling for modification of the law.

I should like also to call attention to the fact that the De Kalb County grand jury—which is my home county—last year, 1950, adopted resolutions bearing upon this subject; and again in January

1951, they adopted resolutions bearing on this subject and calling attention to the very things which the gentleman is talking about here today.

With the gentleman's permission, I shall later ask unanimous consent to insert these documents in the RECORD at the conclusion of his speech.

Mr. HARRISON of Virginia. I should be glad to have the gentleman do so.

Mr. HALLECK. Mr. Speaker, will the gentleman yield briefly at that point?

Mr. HARRISON of Virginia. I yield.

Mr. HALLECK. I am glad the gentleman from Georgia [Mr. DAVIS] has pointed out the fact that many of these things have gone on under Democratic and Republican administrations. I commend him for that observation, because it evidences a fact which should be obvious to all of us, which is that this problem is not a political one but rather one of over-all protection of the national interest.

Mr. HARRISON of Virginia. I thoroughly agree with the gentleman.

Mr. CAMP. Mr. Speaker, will the gentleman yield for a question?

Mr. HARRISON of Virginia. I yield briefly.

Mr. CAMP. I am afraid that possibly the gentleman may feel that I challenged him on this proposition perhaps from the tone of my question, but I believe that it is absolutely necessary that these rolls be inspected, and I favor the grand jury's doing it and the prosecuting attorney's doing it. I think the law should be amended to permit that. That was what I was leading up to a moment ago.

Mr. HARRISON of Virginia. I must confess that in my judgment I am afraid that is not adequate to meet the problem.

One man on relief had a $4,000 boat. When a case worker suggested that this particular individual be dropped from public assistance, he said his supervisor told him:

> The trouble with you is that you are frustrated. You don't own a speedboat, and your frustration proves itself by your jealousy of this man who does. He has been accustomed to operating his boat and should be allowed to continue.

Many recipients of relief drove big, late-modeled automobiles. One of them was a woman with a $3,000 Lincoln, and a televison set given her by her paramour. The public-welfare worker who investigated the Lincoln made an official notation about it as follows:

> She said it was very difficult for her to get around the city on streetcars with small children. We shared these feelings with her.

To another lady, the taxpayers gave $25 a week for 3 years for the employment of a maid. This item was carried on the books of the welfare department as an allowance for "business expense."

The assistant manager of the welfare office explained it this way:

> That really shouldn't be called business expense. The $50 every 2 weeks pays for a maid who does all the cooking, washing, ironing, and house cleaning.

After these facts were brought to light the maid lost her job. But the public-welfare department took care of that. They put her on relief.

This same family conducted a radio-repair shop. Unfortunately, the business was unprofitable, so the public-welfare department for 3 years made up the losses with taxpayers' money. The president of the welfare commission said he heartily endorsed the principle of subsidizing businesses with welfare funds.

Another Detroit lady could not work because of high blood pressure. But with what a witness described as "a roll of greenbacks that would choke the proverbial horse," she frequently attended and bet on the horse races. At the races she was joined by a welfare worker. It was reported that when the horses came down the stretch the woman let her blood pressure soar and joined in the clamor.

Giving a fictitious name and address, a newspaper reporter applied for hospital treatment at public expense. No investigation was made as to either his name or his address, nor was he asked even as to his ability to pay. He was treated, along with some 50 others, many of whom drove up in taxicabs or their own automobiles. He claimed his feet were sore and received free X-rays, not only of his feet, but, over his protest, of the rest of his anatomy. The X-rays revealed that there was nothing wrong with him. Nevertheless, he was still given free treatment and free medicine and told to report in the future for more.

The reforms forced after these revelations have saved $5,000,000 in the cost of relief in Michigan but the attitude of the public welfare officials in that State has not changed. At an enthusiastic meeting, public welfare workers were told to ignore the findings of the investigations. "Food," claimed one lady, "is almost as much of a social aid as it is used for survival. Thus, having the means to serve tea or cake is important for the welfare client.

"Clothing must be of a quality and style which will make the client socially acceptable.

"There must be money for recreational needs" and "to save for a rainy day."

In the opinion of those responsible for the investigation in Michigan, the root of these evils is the Federal law requiring secrecy. The public investigations in Michigan came after exposures made by Fred Tew of the Detroit Free Press, who, as a result of years of relentless inquiry and constant prodding is completely familiar with the operation of the public welfare program in Michigan.

With reference to the secrecy provisions of the Federal Law, Mr. Tew has written me as follows:

> A reading of the stories will prove conclusively, I believe, that social workers and welfare administrators have used the confidentiality of the records as a shield for their own malpractice. * * *
>
> Never once in the 3 years of Detroit welfare probes have social workers been able to bring forth a single recipient who has been rehabilitated as a result of social work techniques. Instead, there have been numerous instances in which the Free Press has been able to show how coddling by social workers has ruined the characters of many persons to such an extent that they are content to live off the taxpayers' labors. I submit, very seriously, that this ever-increasing number of dependents is endangering democracy. * * *
>
> The Free Press has maintained that welfare records are public property by virtue of the fact the records are compiled by public servants who spend public funds in giving aid to persons supposedly in need. The Free Press has not been granted permission to study the records directly, but, as you will learn from the clippings, was able to obtain, by various methods, some of these public records.

Repeated editorials in the Free Press have concurred in the conclusion that the repeal of the secrecy provision is essential if we wish to end the stealing of public money in the relief program.

In Illinois an investigation made by a citizens committee on the demand of the Chicago Daily News has revealed similar conditions.

In January 1951 it was shown that 1 out of 15 cases on the Illinois relief roll was a definite fraud. In some areas 60 percent of those receiving aid were ineligible. The cost of the relief program in Illinois is $125,000,000 a year, and the grand total since the program started a number of years ago exceeds $2,000,000,000.

Chiseling and fraud were shown to exist in Illinois though the investigation revealed that the Illinois Public Welfare Commission had endeavored as best it could to curb and expose dishonesty. The investigation established that secrecy required by Federal and State law was responsible for conditions. The State of Illinois has since repealed its secrecy provisions.

In a study of 165 suspect cases where women claimed public support for their children on the ground that the father was missing the investigation revealed that the "missing father" was found in over 90 percent of the cases and that of these 40 percent were fathers of illegitimate children. The taxpayers' bill in Illinois for missing fathers is $1,435,000 a month.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman referred to the action of the State of Illinois in respect to the secrecy provisions. I may point out that the Legislature of Illinois hinged that law upon repeal or change in the secrecy provisions of the Federal law.

If the gentleman will permit at this time, I wonder if it might not be helpful, in connection with the very enlightening statement that he is making, for me to make some comment, in view of his reference to Illinois, to our present situation in Indiana.

First of all, it should be pointed out in connection with the opening of this matter that the amendment referred to as the so-called secrecy clause was adopted in 1939 in these words:

> That the State plans must, effective July 1, 1941, provide safeguards which restrict the use of disclosure of the information concerning applicants and recipients to purposes directly connected with the administration of old-age assistance.

Let me say at this point that I made a speech for the Social Security Act in 1935 and voted for it, so no one can challenge my solicitude for the fine elderly people of this country who are deserving of old-age assistance. As frequently happens, we have reports in connection with legislation that indicate what the Congress intended.

Here is another classic illustration of administrative decision that has nothing to do with legislative intent because, in the report filed, the committee said this:

In respect to provisions for administration (2), provision is made to restrict the use of information concerning recipients of old-age assistance (particularly their names and addresses) to purposes directly connected with the administration of old-age assistance. This is designed to prevent the use of such information for political and commercial purposes.

If the gentleman will permit, notice the study of the debates of 1935, under which this act was created, I may say to the gentleman from North Carolina, who took a leading part in those debates. This study emphasized time and again that the administration of these programs was primarily a State responsibility, that the States had the primary responsibility for determining the program and administering it, and it was said that the principal participation of the Federal Government was to be in the grant-in-aid.

Under that language, the State of Indiana, my State, as have other States, decided that they ought to do something to bring about a more effective and more efficient administration of these various programs, so my State enacted this legislation. I want it to be measured in the light of Mr. Ewing's ruling, which undertakes to take away from my State $22,000,000 to which we are entitled. I am afraid if we are to recover it we are going to have to get our relief here in the Congress of the United States.

This is what our law said, and I challenge anyone, Mr. Ewing notwithstanding, to say that it is in contravention of the Federal law:

The county welfare board of each county shall on or before the 30th day of each January, April, July, and October, file with the county auditor, each member of the county council, prosecuting attorney, and all township trustees of such county a complete report showing the names and addresses of all recipients receiving (welfare) payments together with the amounts paid to each during the preceding quarter.

The reports so filed with the county auditor shall be securely bound by him in a separate record book provided for that purpose * * * and shall be declared to be public records and shall be open to public inspection at all times during the regular office hours.

Then this is added:

It shall be unlawful for any person, body, association, firm, corporation, or other agency to solicit, disclose, receive, make use of, or to acquiesce in the use of, any lists or names for commercial or political purposes of any nature, or for any purpose not directly connected with the administration of public assistance.

Violation of the law carries a penalty of $25 to $1,000, to which may be added jail terms not exceeding 60 days.

Is not that complete protection against misuse of the information for political or commercial purposes? Yet Mr. Ewing argued around it. He said it was no safeguard. Is it not a safeguard that a man may be put in jail for doing something that the Congress says they did not want done by reason of the language they wrote?

I say that wholly apart from the point upon which the gentleman has already touched are two great major problems: First, what is the right of the States of this Union? Have they any rights left? They are putting in a big part of this money.

Mr. HARRISON of Virginia. They are putting in half of it.

Mr. HALLECK. They are putting in half of it, and the part the Federal Government is putting in, in aid, first comes from the gentleman's State and my State, as well as the other States.

Secondly, are we to sit by and let a bureaucratic ruling, which I say is erroneous, deprive your State or my State of the money to which it is justly entitled?

It is my understanding that the Commitee on Ways and Means is going to give consideration to a measure similar to the one introduced by the gentleman from Virginia, either one introduced by Mr. BROWNSON from my State, or one introduced by the gentleman from New York [Mr. REED]. I hope this will be done in the very near future, so that we can go into this matter. Whatever may have been the motives of the Congress in 1938, I think it is high time that we recognize the situation as it exists today and move to make it possible for the States to meet the responsibilities that were originally imposed upon them in the adoption of this legislation.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Illinois.

Mr. SPRINGER. Since my State of Illinois has been discussed, I should like to point out a similar experience I had last December when I went up to the county court of Cook County to sit during a period of 2 weeks.

I do not believe any of us are of a mind to deprive anybody who is legitimately entitled to old-age assistance, or mothers who have dependent children, or people who are entitled to unemployment compensation. However, in just 1 day while I sat in that court there were 31 people brought in for violation of this law, 31 people in one county.

I understand from talking to many of the other down-State judges who sat in Cook County, which is Chicago, that they had had that many on many other days.

At that time I questioned the assistant State's attorney of Cook County and some of these people who have been prosecuting these cases as to why more vigorous action was not taken. In many of them return of the money was sufficient and nothing was done. There were no prosecutions entered.

I found the set-up to be that in many cases of compensation the people came in, 400, 500, or 600 a day, and they had three of four tables. The people lined up and they went down the line. The interrogator asked them if they had been unemployed last week. You pulled a card out and you signed it. There was no interrogation about the facts or what the circumstances were back of whether or not that man had been employed, what he had been doing during the intervening time, or whether he had made any attempt to find employment, nor was there any attempt made to place that man in vacancies that did exist in Cook County that could have been supplied through the Federal employment office. That is in the second largest city in this country. I give you a picture of that because I think it does back up what the gentleman has said in a different field, but I think it is an analogous case.

Mr. HARRISON of Virginia. Those conditions exist in a State where official investigations have shown that the public welfare commission has not done anything to cause the situation. Secrecy is the basis of it, despite whether it is well run or not. Secrecy is the difficulty, the means by which fraud is accomplished.

Mr. SPRINGER. May I say that Illinois has passed such a law as this in the last session of the legislature, and they have put the escape clause in so that if such a law is enacted by the Federal Government immediately there will be a repeal of the secrecy provisions as far as Illinois is concerned. That is the only difference between Illinois and Indiana.

Mr. HARRISON of Virginia. With the birth of every illegitimate child in Illinois, $93.87 is taken from the pockets of the taxpayers.

In some cases, illegitimate children carried on the dole as dependent were also receiving public aid for their own illegitimate children.

The wealthiest suburbs of Chicago are clipping the taxpayers for relief to the tune of $500,000 a year. One suburbanite drove up in a Cadillac for free dental care. But the names of these well-heeled recipients cannot be made known because the Federal law forbids.

In peculiar contrast to this silk-stocking raid on the fund for the destitute, is the revelation that the Communists have been fishing in the same troubled waters. In Cook County, two-thirds of the case workers are members of a union expelled by the CIO because of Communist domination. These members of the United Public Workers vigorously opposed all fraud investigations and fought a case review program set up to keep chiselers off the rolls. One supervisor, a member of the union, was charged with the deliberate use of his public position to retard the investigation.

Two thousand Chicago relief workers are political appointees.

What do the investigators in Illinois assign as the reason for dishonesty in public welfare in that State?

The Chicago Daily News which led the fight for an investigation said:

The glaring weakness of the law is the requirement of secrecy concerning the beneficiary. * * *

Repeal of the Federal law and regulations requiring secrecy on the part of the State is

necessary to prevent relief from overwhelmingly the budget even in times of relative prosperity.

Within 2 years at the present rate of spending, public welfare in Oklahoma is estimated will cost the taxpayers more than $150,000,000.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. HARRISON of Virginia. I yield.

Mr. HOFFMAN of Michigan. That is nothing. We have one little county in the Fourth Congressional District, St. Joseph County, and it amounts to $3,000,000 there.

Mr. HARRISON of Virginia. I would not claim that any part of the country could keep up with the gentleman's district.

Mr. HOFFMAN of Michigan. When we do things, we do them in a big way once we get started.

Mr. HARRISON of Virginia. In an illuminating article in the September 8 issue of the Saturday Evening Post, Paul Molley tells about the corruption of the aid for dependent children in the State of Oklahoma. According to the Post article, which was reprinted in the Appendix of the CONGRESSIONAL RECORD on page A5635, an investigation conducted by the Tulsa Tribune has uncovered that relief money is being paid to 8 percent of all the children in the State, some 55,000 of them. Much of this is handed over to, and used by, lazy and improvident parents, well able to work for the maintenance of themselves and their children.

It was shown that criminals are among the men, and prostitutes among the women, being paid under a program set up for dependent children. At the present time, aid for dependent children in Oklahoma is costing $14,326,000.99, of which, all but $4,968,459 is paid by the Federal Government.

Within 2 years, at the present rate of spending, public welfare in Oklahoma, it is estimated, will have cost the taxpayers more than $150,000,000.

Mr. Molley further reports:

> In case after case the investigation showed that the father is a chiseler and the mother a drone. Caught in between is the citizen paying the bill for the lazy, apathetic, ne'er-do-wells satisfied to eat the bread of idleness. * * *
>
> The cases of rapacity and fraud are endless.

Why do these conditions exist in Oklahoma?

The editor of the newspaper which conducted the investigation gives the answer:

> The reason why the ADC program went sour is the secrecy that surrounds the payments. * * * This * * * encourages leeches to live off the wage earner because their identity is protected. Thus we have made the matter of getting relief so easy that we are creating a large class of professional paupers. As long as the records remain hidden and the citizen tapped for taxes cannot learn whether his neighbor has a hand in his pocket, laziness and promiscuity will continue profitable and attractive.

Investigations in other States, notably Tennessee and Indiana, have uncovered the same shocking conditions as in Oklahoma, Michigan, and Illinois.

In one agricultural county in Tennessee the officials defied the Federal law and published the names of chiselers on their rolls. Many of them were close relatives of prosperous citizens. Some of the wealthiest were shown to be willing to shift to the State the burden of caring for the needy in their family, some of whom got that way by transferring their property.

The most intriguing case in Tennessee was the squirrel hunter who collected $214 a month under the program for the aid to the blind.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

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

There was no objection.

Mr. HARRISON of Virginia. The gentleman from Indiana made reference to the contention that repealing the secrecy provisions of the law would subject the persons on the relief rolls to political coercion. I do not know where Mr. Ewing got that argument. If anybody appeals to them more than he does, I would like to know who it is. I do not think anyone is completely exempt from that. You turn on the radio and listen to Democrats and Republicans running for office. They always say, "Elect me and the relief rolls will be bigger." They do not put it in exactly those words, but that is what they are saying.

What difference does it make if they know the names or not? The man on relief knows whether he is on relief, and he decides between the candidates vying and contesting between themselves as to which one of them is going to give him the most money.

If there is any advantage in knowing the names, I think it would reduce political coercion if they were published because today the politicians and public officials not only have access to the relief rolls, but they are the only people who do have such access. Therefore, this security protects political manipulation, but public access to the names will expose such manipulation where it now exists.

It is also contended that publicity would cause shame and humiliation to those who are receiving aid. The only persons who will be really shamed are those who are receiving public charity without need. Well was it said by the Chicago Daily News that "a return to the days when every man valued his independence, and was reluctant to accept help except in direst need, is not to be feared, but welcomed."

These contentions are answered in a well-reasoned editorial in yesterday's issue of the Washington Sunday Star, wherein it is concluded:

> There is another principle at stake which is more important than any of these suppositions. That is the right of the people to know how relief money is being spent and to whom it is being paid. For it is the people who put up this money. It is their own money. It should be contrary to sound public policy to clothe in secrecy the expenditure of huge sums in public funds, paid out to support citizens.

Secret and concealed expenditure of public money desecrates a basic principle of democratic government. The principle of government by the people is in fundamental conflict with a policy that permits officeholders to levy huge taxes and spend the money in secrecy and concealment.

When the framers of our Constitution met in Philadelphia they made it clear that Congress should have no powers except those delegated in the Constitution itself.

But there were some powers, the exercise of which, the founding fathers thought so dangerous to the liberties of the people that they were not content to simply fail to delegate them and say no more. As to these powers the framers of our Constitution spelt out positive prohibitions against their exercise and section 9 of article 1 enumerates 10 things which Congress expressly may not do.

The seventh of these positive restrictions upon the power of Congress is that—

> No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

How can we defend naked disobedience of this positive constitutional mandate?

Mr. HALLECK. Mr. Speaker, will the gentleman yield at that point?

Mr. HARRISON of Virginia. I yield.

Mr. HALLECK. I wish to say again, if I may, that this matter is a very critical one in my State, Indiana. It is critical today. Measures to deal with this problem are before the Ways and Means Committee. I sincerely hope that action can be had there in the very near future, and by that I mean the immediate future, because, this is not an academic question with us; it is a real one. The House of Representatives should pass upon this very important matter.

Further in that connection, measures dealing with this very problem have twice been submitted to a record vote in the other body and twice by very substantial majorities have been carried. My own view is that if the great Committee on Ways and Means should give us an opportunity to pass upon this matter the House of Representatives would take similar action in the light of the condition that exists today.

Mr. HARRISON of Virginia. I thank the gentleman from Indiana.

Mr. SMITH of Virginia and Mr. GRANGER rose.

Mr. HARRISON of Virginia. I yield to the gentleman from Virginia first because he is older then I will yield to the gentleman from Utah.

Mr. SMITH of Virginia. I deny the allegation and defy the allegator.

I wish to compliment the gentleman from Virginia, my good colleague, on his

courage and on the clearness with which he has presented this matter and the fact that he has brought this scandal to the official attention of the House of Representatives as a whole.

I do want to express myself as very strongly in favor of this bill and express the hope that the Ways and Means Committee will no longer keep it in a pigeon hole but will bring it out and tell this membership to stand up and be counted on whether we are for or against this type of scandalous fraud in the distribution of public funds.

Mr. HARRISON of Virginia. I thank the gentleman from Virginia and now yield to the gentleman from Utah.

Mr. GRANGER. Would the gentleman care to say who made these investigations he has referred to?

Mr. HARRISON of Virginia. Yes; in Oklahoma they were made, as I understand, under the auspices of the private investigation of the Tulsa Tribune. In Michigan they were made by a senate committee of the State legislature and by a committee set up by the city council of the city of Detroit and by the auditor of the city of Detroit who was authorized and directed to do so by the council. In the State of Illinois they were made by a citizens' committee which was appointed officially. They were given access to the records.

Mr. GRANGER. The only thing I have in mind is to keep the record straight. Since the gentleman started speaking I overheard a conversation among the Members here to the effect that this was perhaps a report that was given to the Ways and Means Committee by our staff.

Mr. HARRISON of Virginia. Oh, no.

Mr. GRANGER. The gentleman is a member of the Ways and Means Committee, and it should be made clear that this information has never been determined by the Ways and Means Committee or its staff.

Mr. HARRISON of Virginia. I have had the information that I could have given to the Ways and Means Committee on a number of occasions.

Mr. GRANGER. But they have not taken any of it; that is what I am trying to bring out.

Mr. HARRISON of Virginia. That is correct.

Mr. GRANGER. And so far as the committee is concerned it is not in possession of the information the gentleman has been giving the House here this afternoon.

Mr. HARRISON of Virginia. That is not my fault.

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

Mr. HARRISON of Virginia. I yield.

Mr. BAILEY. Would not the gentleman from Virginia also agree that if we have to publish the list of the so-called paupers we should also publish the list of large corporations who are getting tax refunds?

Mr. HARRISON of Virginia. I would think that we should publish the names of anybody who is stealing money from the Federal Government, whether rich or poor.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. The salaries that are paid us are a matter of record. Why, the pay we give our clerks in our offices is open to public inspection in the office of the Clerk of the House. Not so long ago we passed a law requiring every person undertaking to influence legislation to come in and file a report as to what he gets and what he does with it. That runs through our whole system.

Mr. HARRISON of Virginia. I thank the gentleman.

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

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five additional minutes.

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

There was no objection.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Oklahoma.

Mr. SCHWABE. I want to congratulate the gentleman on this long overdue exposure and statement. I am not bragging of Oklahoma in this instance, for if you will look in the RECORD of yesterday you will see where I am apologizing and insisting upon a change in conditions. May I suggest that prior to the enactment of this legislation by the Congress involving the secrecy clause, we had relief roles in our locality. The recipients and the amounts they received were published in almost every county of this land and by the laws of the State monthly. There is no more harm in publishing what comes from the Government and the States than there is in publishing items from the county treasury.

Mr. HARRISON of Virginia. Does not the gentleman think that failure to publish, failure to give an account is disobedience of the Constitution?

Mr. SCHWABE. There is no question about that.

Mr. HALLECK. Mr. Speaker, will the gentleman yield further?

Mr. HARRISON of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. First, I think it ought to be pointed out that since this so-called secrecy clause was written in the law in 1938 we have come a long way in a realization of the necessity and desirability of old-age assistance. I do not know of anyone who now says that some such program must not be in effect. Since we did write that provision in the law, is this not finally a determination that the Congress ought to make? The States enacted State laws, as did my State, in compliance with this mandate of the Federal Congress. All that we are required to pass upon is this very simple question: Shall we say to the States, which have the primary responsibility for administering these funds: if you want to do it, if you determine that you can better handle the program without offense to anyone who is really entitled to the money, to make some limited disclosure, then you should have the right to do it.

Mr. HARRISON of Virginia. I certainly agree with the gentleman.

Mr. Speaker, a violation of this constitutional principle, the principle of sound government, becomes much more dangerous when the secret and concealed spending of billions of dollars a year is entrusted to a bureaucratic monstrosity headed by Oscar Ewing, who openly espouses total Government control of social welfare and public health. We need not speculate on the future. Behind an iron curtain of secrecy and concealment we have today a miniature welfare state in actual operation, a welfare state that spends public money for luxuries for the undeserving and for the financing and encouragement of improvidence and illegitimacy. The cornerstone of this miniature welfare state is secrecy and concealment.

As the gentleman from Indiana has pointed out, twice the United States Senate has voted to put an end to the secrecy and concealment clause and I am confident that the House will do likewise when given an opportunity to vote thereon.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Kentucky.

Mr. CHELF. Speaking of publicity and secrecy, I want to heartily endorse what the gentleman has said on this important subject. I do not think that there is any bona fide deserving person or any recipient now on the relief rolls that would fear honest publicity. On the other hand, these crooks, these frauds, these cheats that the gentleman has exposed ought not to be given the protection of secrecy. The taxpayer is entitled to know whether the public money is being spent honestly, fairly and wisely. Money bled from this fund in the manner described by the gentleman from Virginia is actually being stolen from our aged, blind and needy. What could be worse?

Mr. HARRISON of Virginia. The chislers are the people who would be shamed by publicity.

Mr. CHELF. I want to also endorse what the gentleman from Indiana has said. Times have changed and in my opinion it is not a disgrace, if one through no fault of their own is receiving legitimate assistance from his fellowman. I do not believe any Member on this floor would deny to any poor old needy person in the sunset trail of life—food, clothing, shelter and medical attention. Fact of the matter, and I now want to go on record, that I am for raising the present allotments to those who actually are in destitute and in indigent circumstances—but in order to be able to do that we must, through necessity stop these leaks in the present system. We must weed out those leeches who are trying to wreck the program. I hope and pray that the gentleman's revelation today will bring action. This really makes sense to me. I did not know that these glaring violations were going on. Oh, I had heard rumors of course, but no concrete facts or evidence such as has been brought out here today. I am proud that the gentleman has made this speech. I hope the great Ways and Means Committee will come in with

something here before we adjourn. We should not go home before this has been gone into fully and completely. Action is needed now. I want to go home as bad as anybody here but I do not want to go until we get this job done. This thing is costing the taxpayers of this country billions of dollars. This wholesale stealing from the taxpayers and the poor deserving people of the Nation must stop and now is the time and this is the place to do it. It is inconceivable that a person could stoop so low as to steal from the funds allocated by the Congress to our deserving needy blind, aged and destitute people.

Mr. HARRISON of Virginia. I thank the gentleman for his personal observation and I point out to the gentleman that the taxpayers' money could be saved, and at the same time those who are actually in need could better be taken care of were it not for money paid to these cheaters because of secrecy and concealment.

The SPEAKER pro tempore. The time of the gentleman from Virginia has again expired.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five additional minutes.

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

There was no objection.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Indiana.

Mr. BROWNSON. I want to commend the gentleman for his presentation. I may say from what we have found in Indiana that the shame will not rest on the brows of the older people. We have found in Indiana that much of the shame will rest on the heads of those in the welfare department who are deliberately collecting their charges in order to build their empire. From an examination of people who have dropped off the rolls since our Antisecrecy Act was passed, we have discovered that these people in a vast majority of the cases did not falsify any information on the application blank at all. They were absolutely guiltless in themselves, but the public-welfare authorities, knowing full well on the face of the matter that they had no right on the relief rolls at all, put them on the rolls deliberately, contrary to law, because they could hide behind the veil of secrecy.

I do not believe you are going to shame any old people at all. The gentleman does not want to and none of the rest of us does. But I think the gentleman is going to surprise some empire-building welfare workers from one end of the country to the other when his bill is passed, as it should be.

Mr. HARRISON of Virginia. I am not going to debate it on that ground. I do not think you will shame them, either. But this bill ought to pass because of the principle of government involved, that is, that the people who pay this money are entitled to know where it is going.

Mr. Speaker, in conclusion, as stated by the gentleman from Kentucky, it is my earnest contention that the secret spending of billions for public welfare should be ended before this Congress adjourns.

At this session the Congress is imposing the most crushing tax burden ever placed on the backs of the American people. In simple justice to those we are compelling to pay this bill, the least we can do is to plug up every means through which the people's money is wasted, or stolen, or frittered away. Such being true, if we are to maintain public confidence in Congress, we should not—we must not—go home and leave an extravagant and radical bureaucracy spending billions in secrecy, especially when we know that such secret spending is accompanied by waste and fraud.

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

Mr. HARRISON of Virginia. I yield to the gentleman from Florida.

Mr. McMULLEN. I wonder if the gentleman can tell us or hazard a guess as to what he thinks the chances are of getting this legislation out of the Committee on Ways and Means and before the House before adjournment?

Mr. HARRISON of Virginia. I think they are pretty good.

Mr. McMULLEN. I want to commend the gentleman on his statement. It has been a burning issue in the State of Florida for some time. One of the great daily newspapers of the South, the Tampa, Fla., Tribune, has been advocating what the gentleman has brought out here today for several months.

Mr. HARRISON of Virginia. I understand there were some exposures in Florida that showed similar conditions.

Mr. McMULLEN. The State Legislature of Florida passed a law doing away with secrecy of the relief rolls. The Governor vetoed it for fear the State of Florida would find itself in the position in which the State of Indiana now finds itself.

Mr. HARRISON of Virginia. The question is whether or not Mr. Ewing or this Congress shall control the expenditure of public money.

FRAUD AND WASTE IN PUBLIC WELFARE PROGRAMS

Mr. DAVIS of Georgia. Mr. Speaker, during the course of the very fine presentation which has just been made by the gentleman from Virginia [Mr. HARRISON] I referred to certain resolutions, editorials, and other matter which I then stated would later ask unanimous consent to include in the RECORD at the conclusion of his speech.

In support of the position taken by the gentleman from Virginia and in support of the appeal which he has made, I ask unanimous consent to include at this point in the RECORD a resolution adopted by the General Assembly of Georgia on February 7 in the Senate and on February 15 in the House; a resolution adopted by the grand jury of Fulton County at the May-June term, 1951; an editorial appearing in the Atlanta Constitution on Thursday, June 14, 1951, entitled "Open the Welfare Rolls"; a resolution adopted by the Fulton County Grand Jury Association, not dated, but signed by Eugene Young, secretary; a copy of a resolution adopted by the De Kalb County, Ga., grand jury on August 21, 1950; and an editorial appearing in the Atlanta Journal on January 29, 1951, entitled "De Kalb Grand Jury's Findings on Relief."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The documents referred to follow:

RESOLUTION

Whereas certain statutory laws of the Federal Government require the various States to hold confidential the names of, and other information concerning, those persons who are the recipients of public-welfare payments participated in by the Federal Government; and

Whereas such inordinate secrecy proves a hindrance to the proper and just administration of the social-security laws; and

Whereas the inability to open such rolls of recipients to the proper law-enforcement authorities is conducive to fraud; and

Whereas the right to make public these names, when necessary, would likely save the State of Georgia many thousands of dollars per year: Be it therefore

Resolved by the senate (the house of representatives concurring), That the Congress of the United States be, and is hereby, requested to repeal those laws which declare public-welfare rolls of a confidential nature; be it further

Resolved, That a copy of this resolution be dispatched to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Members of the Georgia delegation in Congress.

Read and adopted February 7, 1951, in senate.

Read and adopted February 15, 1951, in house of representatives.

S. MARVIN GRIFFEN,
President of the Senate.
GEORGE D. STEWART,
Secretary of the Senate.
FRED HAND,
Speaker of the House of Representatives.
J. W. BOONE,
Clerk of the House of Representatives.

Hon. WALTER HENDRIX,
Judge, Fulton Superior Court,
Atlanta, Ga.:

We, the grand jury for May-June 1951 term of Fulton Superior Court, hand you herewith the following special presentment:

We notice with pleasure that there is legislation pending in the national Congress which, if enacted into law, would permit States to pass legislation defining conditions under which relief rolls might be made public to grand juries, agencies of government and other properly interested parties without penalty from the National Government.

Not being familiar with the details of the pending legislation, we do not endorse this particular legislation but we do emphatically endorse the idea contained in the bill and urge that Georgia's representatives in the National Congress support such legislation.

We further instruct our secretary to send a copy of this special presentment to each of the Members of Congress from Georgia.

Respectfully submitted.

FULTON COUNTY GRAND JURY,
MAY-JUNE, 1951, TERM,
ARCHIBALD GANN, *Foreman.*
JULIAN S. FURSTENBURG,
Secretary.

[From the Atlanta Constitution of June 14, 1951]

OPEN THE WELFARE ROLLS

Senate passage yesterday of a law to allow States to open welfare rolls to public inspection without risking the loss of Federal

matching funds is in line with the growing public sentiment on this question.

Only this year the Georgia General Assembly passed a resolution asking Congress to strike out the law requiring welfare rolls to be kept secret. The reasoning of the legislature, and it undoubtedly is sound, was that chiselers would be kept off relief rolls if they knew they might be detected and brought to account.

As matters now stand, not even a grand jury or a legislative committee can examine relief rolls on the penalty of losing matching funds, which amount to about 70 percent of the total benefits distributed by the State.

The rapid growth of relief rolls in a period of great prosperity is becoming a matter of grave concern throughout the country. Georgia is not the only State which is chafing under the Federal regulation. Indiana was so incensed by the ease with which parasites can draw Government assistance, with no possible chance of detection, that they ignored the Federal regulation and passed a law providing for inspection of welfare rolls. Florida passed a similar law but with the condition that the cabinet would have authority to rescind its effect should Federal funds be withdrawn.

The Social Security Administration already has threatened to cut off Federal funds from Indiana, and it was this which prompted Representative JENNER, Indiana Republican, to offer the bill yesterday as a rider to the Labor-Federal Security appropriations bill. That Senators voted overwhelmingly to allow the rider to remain on the bill is an indication of prevailing sentiment.

Georgia is vitally interested in the final approval of the measure because it would give the State another weapon against overloading of the relief rolls by leeches while many actually needy persons are unable to obtain assistance.

We do not believe it necessary that the relief rolls be opened to inspection by every Tom, Dick, and Harry in order to accomplish the needed objective. But certainly grand juries and legislative committees ought to be allowed to determine whether relief money is being wisely spent and whether relief recipients are in genuine need of help.

The bill the Senate has passed simply provides that States which allow relief rolls to be inspected shall not be penalized. The States would be left free to determine the method and extent of inspection.

We hope the House of Representatives will concur and that the President will sign the measure. It is needed in Georgia and elsewhere.

FULTON COUNTY
GRAND JURORS ASSOCIATION,
Atlanta, Ga.

Whereas we, the Fulton County Grand Jurors Association, believe that the very survival of our democratic system of government depends upon a demonstrated ability to reduce governmental expense; and

Whereas we believe that a proper and safe reduction of governmental spending cannot be made unless the taxpayers know the purposes for, and the amounts in which, their money is being spent, so that the taxpayers can decide what activities should be dispensed with or curtailed; and

Whereas the welfare expenditures by city, county, State and Federal Government agencies represent one of the heaviest drains on the tax funds of this Nation, and should, therefore, be subject to the greatest public scrutiny; and

Whereas the present rules and regulations of the United States Public Welfare Administration make such proper public knowledge of the expenditure of tax funds impossible by prohibiting publication of the names of the recipients thereof, making violation of said rule a basis for the withholding of tax funds from the duly constituted city, county, or State welfare distributing offices; and

Whereas the welfare funds, although distributed by and under the rules of a Federal agency, are nevertheless raised through the taxation of citizens within the sovereign States: Now, therefore, be it

Resolved, That the State of Georgia delegation to the Congress of the United States be petitioned to press for the passage of legislation which will limit the power of the United States Public Welfare Administration to place restrictions on duly constituted welfare bodies within the several sovereign States in regard to the making known to the public the spending of public funds in whatever detail the several sovereign States regard as necessary to assure the absence of abuses and discrimination and to permit the public to decide the extent to which such welfare activities should be expanded or contracted, in the best interests of the Nation as a whole.

Attest:

EUGENE YOUNG,
Secretary.

DECATUR, GA., DE KALB COUNTY,
August 21, 1951.

Hon. FRANK GUESS,
Judge of Superior Court,
De Kalb County, Ga.:

We, the June term of the De Kalb County, Ga., grand jury, have made a study of relief as it is administered in our county and find it is being dispensed in accordance with State and Federal statutes. We are not at all crtical of the De Kalb County Department nor its personnel, but we are concerned with the trend on a State and National level of this program. For instance, the disbursements in De Kalb County and the State of Georgia for the past several years are shown below:

	County	State of Georgia
Fiscal year ending—		
June 30, 1947	$452,860.50	$16,413,752.00
June 30, 1948	575,956.50	20,437,031.50
June 30, 1949	804,576.50	27,212,894.00

We understand that in De Kalb County the disbursements budgeted for 1950 exceed $1,300,000.

The total of such disbursements in our county now exceeds the total taxes collected by the county, and we understand that on a percentage basis of those qualified under the statutes more are receiving relief in the State of Georgia than any other State in the Union except one. The funds come largely from the Federal and State governments, and of course, are obtained from taxes paid by our citizens. The consistent increase in this trend is shown in the above figures and we are concerned that in a period of high business activity and employment these figures are so large for certainly in a time of lower business volume the need would be much greater.

Our investigation leads us to believe that certain basic changes should be made in the Federal and State statutes and specifically we recommend that eligibility requirements for old-age assistance be tightened in order that available funds might provide more adequately for persons in actual need, and those in less need, relatively, be eliminated from the rolls. To this end we suggest that—

1. Investigation be made of the ability of adult sons and daughters to assist their parents, and in cases in which the income of children exceeds a certain amount, the parents be considered ineligible for public assistance.

We realize that in a few cases children would actually permit aged parents to suffer rather than assist them, and we recommend provision be made for these exceptional cases.

2. The total income in the family group in which an old-age applicant or recipient is living be considered in determining his or her eligibility.

3. That recipients of public assistance who own property, give the State a lien on such property, through which the State would be repaid for aid given during the recipient's lifetime.

4. That publicity concerning public assistance, especially old-age assistance, through the press and radio, from State officials and candidates for office, give a clearer interpretation of public assistance as essential aid to the needy aged, rather than "a pension to which all over 65 years old are entitled." We feel that a great proportion of applicants and their children are sincerely convinced that old-age assistance is a pension program based almost entirely on age, rather than economic need.

In regard to the children's program—

1. State legislation which would continue aid to dependent children until a child's eighteenth birthday to children who are regularly enrolled in school. (Although Federal funds are available for this purpose, Georgia law requires that aid to a dependent child be discontinued on the child's sixteenth birthday. This frequently means that a child must drop out of school before completing his high school education.)

2. State and Federal financial assistance to local communities in providing foster home care for children whose own homes provide totally unsuitable environment. (Aid to dependent children is available only to children living in homes with blood relatives of specified degree.) Thus children who must be removed by the courts from their own families could be more adequately provided for than at present.

Our jury seriously doubts the advisability of dispensing relief through political channels.

Therefore, we respectfully request the clerk of the superior court of De Kalb County to furnish a photostat copy of this presentment to all the Members of our congressional delegation from Georgia, our two Senators, and our local De Kalb County delegation in the next session of the general assembly, including our State senator. We urgently request that this entire program be carefully considered by Congress and the next session of the State legislature and that the changes in the basic laws as suggested above, as well as others which no doubt will be developed from a study of the entire relief program be introduced and advocated in the Congress and in the next session of the general assembly of Georgia.

L. L. GREENSTED,
Foreman.
J. D. CHESNUT,
Secretary.

[From the Atlanta Journal of January 29, 1951]

DE KALB GRAND JURY'S FINDINGS ON RELIEF

In its special presentments regarding abuses of the public assistance program, sometimes referred to as "relief," the De Kalb County grand jury brings up a problem that should be of deep concern to Georgia and to the country at large.

"We feel," say the grand jurors, "that the old-age assistance rolls have been made a dumping ground for ungrateful children to get rid of responsibility for needy parents, or for children of means to shift to the public their own responsibility of providing for parents."

In fairness to cases of real need—and there are many such—as well as in justice to a tax-burdened public, this sort of imposture should be exposed and ended. Every payment of relief which is not based upon

honest necessity reduces by so much the aid that ought to go to those who without it would be truly destitute. Perhaps there are individuals and families who sincerely believe that old-age assistance is a pension to which all who are 65 or older are entitled automatically. Nothing could be further from the intent of the law.

Old-age assistance is entirely distinct from that phase of the social-security program known as old-age and survivors' insurance, or Federal old-age benefits. The latter, as we have pointed out in a previous discussion of the question, is financed in large part by a payroll tax to which employee and employer contribute equally; whereas the beneficiaries of old-age assistance have contributed nothing directly to the funds on which they depend. Yet, it is officially reported that at the end of the calendar year 1949 payments under old-age insurance were running at the annual rate of $673,000,000, while public assistance payments had grown to the staggering sum of $2,400,000,000. Furthermore, individuals in the public assistance group received, in many cases, much larger payments than those in the old-age and survivors' insurance group.

In Georgia public assistance payments have increased from $16,413,752 in the fiscal year 1947 to more than $33,000,000 in 1950—this in a period of full employment and abounding prosperity. For a year and a half they have been mounting at the rate of $50,000 a month. The De Kalb grand jury notes that 600 out of every 1,000 persons in Georgia who are 65 or older are on relief, and expresses concern over political efforts to pack the relief rolls still further. Surely, such conditions call for sober thinking and remedial action.

The De Kalb grand jury began a study of this problem in its own county last summer and is continuing the investigation from term to term, not as a witch hunt but as a search for facts. It recommends that eligibility requirements for old-age assistance be tightened in order that available funds may provide more adequately for persons in actual need. It also urges legislative action to amend that part of the public assistance program which in effect puts a premium on illegitimate births. The resolute and constructive spirit in which the De Kalb grand jury is seeking to correct such abuses is a good example for the entire State.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HINSHAW, for today and tomorrow, on account of official business attending a conference of the Radio Technical Commission for Aeronautics.

Mr. COLE of New York, indefinitely, on account of official business.

Mr. HESS, for an indefinite time, on account of official business of the Armed Services Committee.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. WICKERSHAM in six instances.

Mr. LANE in five instances and to include extraneous matter.

Mr. DORN and to include an article.

Mr. CRUMPACKER and to include a magazine article.

Mr. CURTIS of Missouri and to include extraneous matter.

Mr. HARRISON of Wyoming and to include extraneous matter.

Mr. GEORGE and to include an editorial.

Mr. ANGELL and to include a newspaper article.

Mr. SMITH of Mississippi and to include extraneous matter in two instances.

Mrs. ROGERS of Massachusetts in two instances and one to include a release of the War Department regarding the graves of Korean veterans, and in another instance to include an article from the National Tribune of this week's issue.

Mr. REED of New York in three instances, in each to include extraneous matter.

Mr. MORANO and to include a speech by Mr. PATTERSON, of Connecticut.

Mr. LECOMPTE and to include a set of resolutions of the Fraternal Order of Eagles of Oskaloosa, Iowa.

Mr. HAYS of Arkansas (at the request of Mr. THOMPSON of Texas) and to include an article.

Mr. WOODRUFF and to include certain resolutions.

Mr. HOPE and to include extraneous matter.

Mr. HART and to include an address by Hon. John P. Taylor, retiring Under Secretary of the Treasury.

Mr. SMITH of Wisconsin in three instances and to include extraneous matter.

Mr. BOYKIN (at the request of Mr. PRIEST) and to include a newspaper article written by Mr. Gill Robb Wilson.

Mr. RICHARDS and to include a radio address by Hon. Hugh G. Grant, former Ambassador to Albania.

Mr. O'BRIEN of Michigan and to include an editorial.

Mr. GARY and to include an address by the Lord Mayor of London delivered at Williamsburg, Va.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1786. An act for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophies of nature; and

S. 2006. An act to increase the lending authority of Export-Import Bank of Washington and to extend the period within which the bank may make loans.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p. m.) the House adjourned until tomorrow, Thursday, September 27, 1951, at 12 o'clock noon.

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. HART: Committee on Merchant Marine and Fisheries. House Joint Resolution 333. Joint resolution to extend the time for use of construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended; without amendment (Rept. No. 1054). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURDOCK: Committee on Interior and Insular Affairs. H. R. 1638. A bill to facilitate the management of the National Park System and miscellaneous areas administered in connection with that system, and for other purposes; with amendment (Rept. No. 1055). Referred to the Committee of the Whole House on the State of the Union.

Mr. SABATH: Committee on Rules. House Resolution 414. Resolution to establish a committee of the House to investigate and study duplication and overlapping of taxes; with amendment (Rept. No. 1056). Referred to the House Calendar.

Mr. MITCHELL: Committee on Rules. House Resolution 439. Resolution for consideration of S. 1335, an act to readjust size and weight limitations on fourth-class (parcel post) mail; without amendment (Rept. No. 1057). Referred to the House Calendar.

Mr. MITCHELL: Committee on Rules. House Resolution 440. Resolution for consideration of H. R. 5411, a bill to amend Public Laws Nos. 815 and 874 of the Eighty-first Congress with respect to schools in critical defense housing areas, and for other purposes; without amendment (Rept. No. 1058). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE 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. KEATING: Committee on the Judiciary. House Resolution 438. Resolution for the relief of C. E. Heaney; without amendment (Rept. No. 1059). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 3666. A bill for the relief of Dorothy Kilmer Nickerson; with amendment (Rept. No. 1061). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. S. 1713. An act for the relief of Charles Cooper; without amendment (Rept. No. 1062). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 3428. A bill for the relief of Mitsuo Arita; with amendment (Rept. No. 1060). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. D'EWART:

H. R. 5489. A bill to approve repayment contracts negotiated with the Malta irrigation district and the Glasgow irrigation district, to authorize their execution by the Secretary of the Interior, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. O'TOOLE:

H. R. 5490. A bill relating to the compensation of certain employees of the Panama Canal; to the Committee on Merchant Marine and Fisheries.

By Mr. WICKERSHAM:

H. R. 5491. A bill to provide for national recognition of Adelaide Johnson, the sculptor of "The Woman's Monument," and for other purposes; to the Committee on House Administration.

By Mr. LANE:

H. R. 5492. A bill to amend Veterans' Regulation No. 1 (a) to eliminate the income limitations imposed upon the payment of non-service-connected pensions to veterans

of World War I who have reached the age of 70 years; to the Committee on Veterans' Affairs.

By Mr. WHEELER:

H. R. 5493. A bill to provide an additional method for computing certain benefits payable under the Federal Employees' Compensation Act to persons who continue their employment after sustaining injury, and for other purposes; to the Committee on Education and Labor.

H. R. 5494. A bill to authorize the reinstatement or issuance of national service life insurance covering the lives of certain individuals notwithstanding the provisions of the Insurance Act of 1951, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DONDERO:

H. J. Res. 334. Joint resolution proposing an amendment to the Constitution of the United States relative to the making of treaties and executive agreements; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. GOODWIN: Memorial of Massachusetts Legislature memorializing Congress to take the necessary steps to continue the maintenance of a post office in the North End district of the city of Boston; to the Committee on Post Office and Civil Service.

By Mr. HESELTON: Resolution of the General Court of the Commonwealth of Massachusetts memorializing Congress to take the necessary steps to continue the maintenance of a post office in the North End district of the city of Boston; to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts: Memorial of General Court of Massachusetts to take the necessary steps to continue the maintenance of a post office in the North End district of the city of Boston; to the Committee on Post Office and Civil Service.

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and Congress of the United States, relative to taking the necessary steps to continue the maintenance of a post office in the North End district of the city of Boston; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H. R. 5495. A bill for the relief of Fedele Miranda; to the Committee on the Judiciary.

By Mr. BEALL:

H. R. 5496. A bill for the relief of F. Archie Meatyard; to the Committee on the Judiciary.

By Mr. FENTON:

H. R. 5497. A bill for the relief of Helga G. Jordan and her son; to the Committee on the Judiciary.

By Mr. MORANO:

H. R. 5498. A bill for the relief of Eliseu Joaquim Boa; to the Committee on the Judiciary.

By Mr. PATTEN:

H. R. 5499. A bill for the relief of Tamaki Sakasai Cordova; to the Committee on the Judiciary.

By Mr. ROBERTS:

H. R. 5500. A bill for the relief of Herman E. Mosley; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 5501. A bill for the relief of John R. Keane; 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:

439. By Mr. CANFIELD: Resolution of the Grand Lodge of the State of New Jersey, Order of Sons of Italy in America, urging the President and the Senate to bring about a revision of the peace treaty with Italy; to the Committee on Foreign Affairs.

440. Also, resolution adopted at a mass meeting of the Central of Polish Organizations at the Polish Peoples Home, Passaic, N. J., pledging every effort for the liberation of the Polish Nation from the bonds of communistic control and to correct the shameful agreements of Yalta and Tehran; to the Committee on Foreign Affairs.

441. By Mr. HALE: Petition of Aerie No. 1248 of the Fraternal Order of Eagles, Rumford Falls, Maine, urging the Federal Government and its agencies to be unceasing in their efforts to secure the freedom of William N. Oatis, by honorable means, and offering support and vitality of its membership to the executives of the Associated Press in their campaign to secure the release of Mr. Oatis by the communication of the true facts of the case to the free peoples of the world, and urging the Federal Government to bar the correspondents from the Soviet news agency, Tass, as well as all satellite nation correspondents from official Government press conferences where vital information may be revealed, until the release of Mr. Oatis has been secured; to the Committee on Foreign Affairs.

442. By the SPEAKER: Petition of Antonio Fernós-Isern, president, the Constitutional Convention, San Juan, P. R., relative to expressing to the United States its sentiments of respect and its gratitude for the adoption of Public Law 600 of 1950; to the Committee on Interior and Insular Affairs.

SENATE

THURSDAY, SEPTEMBER 27, 1951

(Legislative day of Wednesday, September 19, 1951)

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

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

Eternal God, our need is the altar of our prayer. The panoply of Thy love is the sanctuary of our devotion. Thou hast called us whose lives pass swiftly, as a watch in the night, to labor with Thee in the unfolding purpose of the ages. Since it is of Thy mercy that this another day is added to our mortal lives, sanctify our work; let no unhallowed words pollute the tongues which Thou hast made to praise and bless Thee. May the meditations of our minds and hearts be acceptable in Thy sight. So distill upon us the dews of Thy quietness and Thy calm that in simple trust and deeper reverence we may be found steadfast and abounding in the work of the Lord, knowing that in Him and for Him and with Him our labor is not in vain. Amen.

THE JOURNAL

On request of Mr. MCFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 26, 1951, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

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

On September 25, 1951:

S. 1074. An act to repeal certain obsolete laws relating to the Post Office Department.

On September 26, 1951:

S. 24. An act to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930, as amended;

S. 462. An act for the relief of Rosita Anita Navarro and Ramona Alicia Navarro;

S. 495. An act for the relief of Richard J. Walling; and

S. 665. An act for the relief of D. Lane Powers and Elaine Powers Taylor.

On September 27, 1951:

S. 83. An act for the relief of First Lt. James E. Willcox;

S. 295. An act for the relief of Michail Ioannou Bourbakis;

S. 427. An act for the relief of Nene Baalstad;

S. 626. An act for the relief of Polly Anne Caldwell;

S. 810. An act for the relief of Howard I. Smith;

S. 880. An act for the relief of Ann Lamplugh;

S. 906. An act for the relief of Marie Kristine Hansen; and

S. 1279. An act for the relief of Davis Min Lee.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 1628. An act to provide for the acquisition of land and the construction thereon of buildings and appurtenances essential for forest fire control operations of the Forest Service, United States Department of Agriculture, at or near Missoula, Mont., and for other purposes;

H. J. Res. 330. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Chicago International Trade Fair, Inc., Chicago, Ill., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 333. Joint resolution to extend the time for use of construction reserve funds established under section 511 of the Merchant Marine Act, 1936, as amended.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. STENNIS, and by unanimous consent, the Committee on the Judiciary was authorized to sit during the session of the Senate today.

TRANSACTION OF ROUTINE BUSINESS

Mr. MCFARLAND. Mr. President, I ask unanimous consent that Senators be permitted to transact routine business, without debate.

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