in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (50 Stat. 869); with amendment (Rept. No. 2944). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. S. 3920. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, as amended June 20, 1939, and for other purposes; with amendment (Rept. No. 2945). Referred to the Committee of the Whole House on the state of the Union.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. House Resolution 593. Resolution calling on the Secretary of the Navy for information whether exchanged destroyers were manned and sailed into a combat area or port of a belligerent by American citizens, officers, and men of the United States Navy (Rept. No. 2938). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROBINSON of Utah:

H. R. 10506. A bill to provide for the disposition of certain moneys received by the United States in connection with the proceedings against the Standard Oil Co. of California, and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15); to the Committee on the Public Lands.

By Mr. BRADLEY of Michigan:

H. R. 10507. A bill providing for an examination and survey of a ship canal connecting Lakes Michigan and Superior; to the Committee on Rivers and Harbors.

By Mr. CONNERY:

H. R. 10508. A bill changing the classification of chairman in the Postal Service to that of classified laborer; to the Committee on the Post Office and Post Roads.

By Mr. KEFAUVER:

H. R. 10509. A bill to provide that retired personnel of the Regular Army called into active military service under the provisions of the joint resolution approved August 27, 1940, shall be restored to active duty with the rank held by them on the retired list; to the Committee on Military Affairs.

By Mr. TOLAN:

H. R. 10510. A bill providing for an additional naval academy in the San Francisco Bay area in the State of California, and for other purposes; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States to consider their assembly concurrent resolution dated April 8, 1940, with reference to House bill 7813, to safeguard the homing pigeon; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOUSTON:

H. R. 10511. A bill for the relief of Robert T. Mann; to the Committee on Military Affairs.

By Mr. LECOMPTE:

H. R. 10512. A bill granting a pension to Mary Herod; to the Committee on Invalid Pensions.

By Mr. McCORMACK:

H. R. 10513. A bill for the relief of Edward J. McCormick; to the Committee on the District of Columbia.

By Mr. SHANLEY:

H. R. 10514. A bill for the relief of Kurt G. Stern; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9295. By Mr. WHITTINGTON: Petition of the Lions Club, of Greenville, Miss., urging Congress to amend existing statutes to permit the State to establish and maintain Home Guards; to the Committee on Military Affairs.

9296. By The SPEAKER: Petition of the International Union, United Automobile Workers of America, Detroit, Mich., petitioning consideration of their resolution with reference to the United States housing program; to the Committee on Banking and Currency.

9297. Also petition of the Lions International District 2–T, Claude, Tex., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9298. Also petition of the Newspaper Guild of New York Auxiliary, petitioning consideration of their resolution with reference to legislation on conscription; to the Committee on Military Affairs.

9299. Also petition of the Sigma Phi Epsilon Fraternity, Richmond, Va., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

SENATE

SATURDAY, SEPTEMBER 14, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Lord of all being, who holdest the universe, even myriads of worlds, in Thy hand, so that our thoughts can in nowise fathom the immensity of Thy dominion, nevertheless Thou knowest and carest for each human soul, with the secret tragedy of its personal life: Help us, therefore, to realize that each lives in God and God in each, and that, underneath the invisible wings of divine care, we take our way; and do Thou teach us as we go what we should be learning, whether it be on smooth plains or on the troubled steeps of our existence. For the duties of the day we pray for courage, wisdom, clearness of vision, and sincerity of purpose. Bless especially these Thy servants. May the strength of each one of us be as the strength of ten, because our hearts are pure, and may every citizen of our beloved land remember, to the glory of America, that righteousness exalteth a nation, but sin is a reproach to any people. We ask it for Jesus Christ's sake. Amen.

THE JOURNAL

On request of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, September 13, 1940, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

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

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

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

Adams	Byrd	Danaher	Hale
Andrews	Byrnes	Downey	Harrison
Barkley	Capper	Ellender	Hatch
Bilbo	Caraway	Frazier	Hayden
Bridges	Chandler	George	Herring
Brown	Clark, Idaho	Gerry	Hill
Bulow	Clark, Mo.	Gibson	Holt
Burke	Connally	Gurney	Hughes

Johnson, Calif.	Miller	Reed	Townsend
Johnson, Colo.	Minton	Reynolds	Truman
King	Murray	Russell	Tydings
La Follette	Neely	Schwartz	Vandenberg
Lee	Norris	Schwellenbach	Van Nuys
Lodge	O'Mahoney	Sheppard	Wagner
McCarran	Overton	Taft	Walsh
McKellar	Pepper	Thomas, Idaho	Wheeler
McNary	Pittman	Thomas, Okla.	White
Maloney	Radcliffe	Thomas, Utah	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Illinois [Mr. LUCAS], the Senator from New York [Mr. MEAD], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] is absent because of the death of a close personal friend.

My colleague the Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from New Jersey [Mr. BARBOUR], the Senator from North Dakota [Mr. NYE], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Minnesota [Mr. SHIPSTEAD], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present.

SOCIAL GAINS AND INSURANCE PROTECTION (H. DOC. NO. 951)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Finance:

To the Congress of the United States:

The social gains of recent years, including insurance and other benefit rights, must be preserved unimpaired. The National Guard legislation, which I recently approved, contained provisions evidencing this policy in connection with benefit rights of workers who are called into active service, and a similar provision is contained in pending selective-service legislation.

I recommend to the Congress early consideration of the problems thus recognized and enactment of the necessary legislation incident to preserving insurance protection under the Social Security Act, the Railroad Retirement Act, and the Railroad Unemployment Insurance Act, and to facilitate State action under the Federal-State unemployment-insurance program.

The agencies administering the Federal acts have been considering the needed technical changes to meet these problems and are now ready to furnish recommendations to the Congress in this connection.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 14, 1940.*

Mr. VANDENBERG. Mr. President, I should simply like to observe that, anticipating the President's message by 48 hours, I have introduced as an amendment to the pending tax measure the necessary legislation to achieve these purposes.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Agriculture and Forestry:

Whereas a bill has been introduced in the House of Representatives at Washington, D. C., known as H. R. 7813, which provides as follows:

"A bill to safeguard the homing pigeon

"*Be it enacted, etc.*—

"SECTION 1. That in order to safeguard and promote the breeding and training of the Antwerp or homing pigeon for use as a means of communication in time of war or national emergency, it shall be unlawful for any person to hunt, shoot, or to attempt to hunt or shoot or for any reason other than the lawful owner thereof, to pursue, capture, or kill, or attempt to pursue, capture, or kill, any Antwerp or homing pigeon having the name of the owner stamped upon its wings or tail, or wearing a ring or seamless leg band with the registered number of such pigeon stamped thereon.

"SEC. 2. It shall be unlawful for any person other than the lawful owner thereof or his authorized agent to remove or alter any stamp, leg band, ring, or other mark of identification attached to any Antwerp or homing pigeon.

"SEC. 3. Any person violating any of the provisions of this act shall, upon conviction thereof, be subject to a fine of not more than $500;" and

Whereas the passage of this bill is necessary for the preservation of the homing pigeon in the State of New Jersey: Therefore be it

Resolved, That the Assembly and Senate of the State of New Jersey hereby memorializes Congress to pass this bill known as H. R. 7813 as a patriotic measure.

The PRESIDENT pro tempore also laid before the Senate a resolution of the Department of the District of Columbia, American Legion, of Washington, D. C., favoring the enactment of pending legislation relating to the military record of William Lendrum Mitchell, late a colonel, United States Army, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution of the Department of the District of Columbia, American Legion, of Washington, D. C., favoring the prompt enactment of the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, which was ordered to lie on the table.

Mr. HOLT presented a resolution adopted by 1,100 members of Branch No. 569, American Federation of Labor, of Clarksburg, W. Va., protesting against amendment of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also presented the memorial of the Baptist Young Peoples Union, Baptist Temple, of Charleston, W. Va., remonstrating against the enactment of compulsory military training legislation, which was ordered to lie on the table.

He also presented a resolution adopted by the fifteenth annual meeting of the Robert Barkley Historical Association, meeting in North Carolina, protesting against the enactment of compulsory military training legislation and also against a declaration of war by the United States unless America is attacked, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 9851) authorizing special arrangements in the transportation of mail within the Territory of Alaska, reported it with an amendment and submitted a report (No. 2133) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the joint resolution (S. J. Res. 296) to define common carriers by water engaged in certain commerce with the Virgin Islands of the United States, and for other purposes, reported it without amendment and submitted a report (No. 2134) thereon.

Mr. VAN NUYS, from the Committee on Expenditures in the Executive Departments, to which was referred the bill (H. R. 10061) to consolidate certain exceptions to section 3709 of the Revised Statutes and to improve the United States Code, reported it with amendments and submitted a report (No. 2135) thereon.

Mr. BARKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 4340) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, reported it with an amendment and submitted a report (No. 2136) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, reported it with amendments and submitted a report (No. 2137) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 13, 1940, that committee presented to the President of the United States the enrolled bill (S. 4165) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

BILLS INTRODUCED

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

By Mr. MALONEY:

S. 4348. A bill authorizing the naturalization of Nasli M. Heeramaneck; to the Committee on Immigration.

By Mr. THOMAS of Oklahoma:

S. 4349. A bill to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Indian Affairs.

By Mr. WALSH:

S. 4350. A bill to amend section 509, as amended, of the Merchant Marine Act, 1936; to the Committee on Commerce.

By Mr. DANAHER:

S. 4351. A bill extending the time for filing a claim for reimbursement for the funeral expenses of Matthew Turney; to the Committee on Finance.

CORPORATION INCOME AND EXCESS PROFITS TAXATION—AMENDMENTS

Mr. SHEPPARD submitted an amendment, and Mr. PITTMAN submitted two amendments, intended to be proposed by them, respectively, to the bill (H. R. 10413) to provide revenue, and for other purposes, which were severally ordered to lie on the table and to be printed.

ADDRESS BY SENATOR WALSH AT CONVENTION OF JEWISH WAR VETERANS

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address delivered by him at the annual convention of the Jewish War Veterans, in Boston, Mass., on August 31, 1940, which appears in the Appendix.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LEA, Mr. PEARSON, Mr. BOREN, Mr. SOUTH, Mr. WOLVERTON of New Jersey, Mr. WOLFENDEN of Pennsylvania, and Mr. HOLMES were appointed managers on the part of the House at the conference.

LABELING OF WOOL PRODUCTS—TRUTH IN FABRICS

Mr. SCHWARTZ. Mr. President, I move that the Chair appoint two additional conferees of the conference committee on the part of the Senate considering Senate bill 162.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Chair appoints, as additional members of the conference committee on the part of the Senate, the Senator from Montana [Mr. WHEELER] and the Senator from Kansas [Mr. REED].

COMPULSORY SELECTIVE MILITARY SERVICE—CONFERENCE REPORT

Mr. SHEPPARD. Mr. President, I resubmit the conference report on Senate bill 4164. The conferees have obeyed the instructions of the Senate, and have inserted in the report the language of section 12 of the House amendment.

Mr. NEELY. Mr. President, I inquire of the Senator from Texas whether the remainder of the conference report is identical with that which was before the Senate yesterday.

Mr. SHEPPARD. It is.

I ask unanimous consent for the present consideration of the conference report, and that the reading of the report be waived.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none.

SECOND CONFERENCE REPORT ON S. 4164, CONSCRIPTION BILL, SEPTEMBER 14

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided,* That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further,* That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further,* That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further,* That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States, and until he attains the age of forty-five, or until the expiration of a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided,* That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve component of the land or naval forces of the

United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers' Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion, and students who are preparing for the ministry in theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degrees; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. And such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such person claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian

direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"SEC. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"SEC. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"SEC. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses, or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action'.

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"Sec. 9. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for

its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes', approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized—

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntary services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum. Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by an enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service', when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person,

shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

" 'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are 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 Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940.' "

And the House agree to the same.

MORRIS SHEPPARD,
ROBT. R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
STYLES BRIDGES,
Managers on the part of the Senate.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

Mr. VANDENBERG and Mr. SHEPPARD called for the yeas and nays, and they were ordered.

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

The Chief Clerk proceeded to call the roll.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I am advised that, if present, he would vote as I am about to vote. Therefore I am free to vote. I vote "yea."

Mr. TRUMAN (when his name was called). On this vote I have a pair with the Senator from Minnesota [Mr. SHIPSTEAD]. If he were present, he would vote "nay." I transfer that pair to the senior Senator from Virginia [Mr. GLASS], and will vote. I vote "yea."

The roll call was concluded.

Mr. MCNARY. I announce the following pairs on this question:

The Senator from Vermont [Mr. AUSTIN], who would vote "yea," with the Senator from Ohio [Mr. DONAHEY], who would vote "nay";

The Senator from New Jersey [Mr. BARBOUR], who would vote "yea," with the Senator from South Carolina [Mr. SMITH], who would vote "nay"; and

The Senator from New Hampshire [Mr. TOBEY], who would vote "yea," with the Senator from North Dakota [Mr. NYE], who would vote "nay."

My colleague the Senator from Oregon [Mr. HOLMAN] would vote "yea" if present.

All the Senators I have mentioned are unavoidably absent from the city.

Mr. CHANDLER. I have a pair with the Senator from Pennsylvania [Mr. DAVIS], who is unavoidably detained from the Senate. If he were present, he would "nay." I transfer that pair to the Senator from New Jersey [Mr. SMATHERS], and will vote. I vote "yea."

Mr. MCKELLAR. My colleague the junior Senator from Tennessee [Mr. STEWART] is unavoidably detained on official business. If he were present, he would vote "yea."

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably absent. Were he present, he would vote "yea."

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from New York [Mr. MEAD], and the Senator from New Jersey [Mr. SMATHERS] are necessarily absent. I am advised that if present and voting, the Senators I have mentioned would vote "yea."

The Senator from Ohio [Mr. DONAHEY] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained. I am advised that if present and voting, each would vote "nay."

The Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Iowa [Mr. GILLETTE] is detained in a special meeting of the Committee on Campaign Expenditures. He is paired with the Senator from Pennsylvania [Mr. GUFFEY]. I am advised that if present and voting, the Senator from Pennsylvania would vote "yea" and the Senator from Iowa would vote "nay."

The Senator from Arizona [Mr. ASHURST] is detained on business in one of the Government departments.

The result was announced—yeas 47, nays 25, as follows:

YEAS—47

Adams	George	Lee	Radcliffe
Andrews	Gerry	Lodge	Reynolds
Barkley	Gibson	McKellar	Russell
Bilbo	Gurney	McNary	Schwartz
Bridges	Hale	Maloney	Sheppard
Burke	Harrison	Miller	Thomas, Okla.
Byrd	Hatch	Minton	Thomas, Utah
Byrnes	Hayden	Neely	Truman
Caraway	Herring	O'Mahoney	Tydings
Chandler	Hill	Overton	Wagner
Connally	Hughes	Pepper	White
Ellender	King	Pittman	

NAYS—25

Brown	Frazier	Norris	Van Nuys
Bulow	Holt	Reed	Walsh
Capper	Johnson, Calif.	Schwellenbach	Wheeler
Clark, Idaho	Johnson, Colo.	Taft	Wiley
Clark, Mo.	La Follette	Thomas, Idaho	
Danaher	McCarran	Townsend	
Downey	Murray	Vandenberg	

NOT VOTING—23

Ashurst	Chavez	Guffey	Slattery
Austin	Davis	Holman	Smathers
Bailey	Donahey	Lucas	Smith
Bankhead	Gillette	Mead	Stewart
Barbour	Glass	Nye	Tobey
Bone	Green	Shipstead	

So the conference report was agreed to.

Mr. SHEPPARD subsequently said: Mr. President, I ask that my action last night in substituting the Senator from New Hampshire [Mr. BRIDGES] for the Senator from Vermont [Mr. AUSTIN] on the conference committee be ratified by the Senate. The Senate had recessed, and quick action was necessary.

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

Mr. GILLETTE subsequently said: Mr. President, I rise to make a statement for the RECORD. At the time of the vote which was taken on the conference report today I was conducting a hearing of the Special Committee to Investigate Campaign Expenditures. In the committee room where the hearing was being conducted the bells do not ring; and it was not until a few moments ago, when I was on my way to the Chamber, that I learned that the vote had been taken. I wish to state that had I been present I should have voted against the conference report, and that my absence was due to the conduct of essential public business in which I was engaged.

Mr. SHEPPARD subsequently said: Mr. President, I ask unanimous consent that Senate bill 4164 be printed as agreed to by the two Houses.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. TYDINGS. Mr. President, now that the conference report on the military selective service bill has been agreed to, I desire to make a brief statement on one vicissitude of the bill before it closes its history in this body. I refer to the amendment offered in the Senate by the Senator from Arizona [Mr. HAYDEN] and in the House of Representatives by Representative FISH, of New York.

It will be recalled that the operation of the amendment would have paralleled the draft. It provided that the President should make an effort to get a sufficient number of volunteers so that the draft would not be necessary. It never was my idea that a sufficient number of volunteers would come forward, but it was the opinion of certain Senators that the voluntary system might work, and I could see no harm in giving it a trial, when it would work side by side with the Selective Service Act, and in either case the same result would be obtained in the same length of time and without any delay.

I rise now particularly to deal with the grossly misleading and, in fact, false reports which were carried in most of the press all over the country, to the effect that the Hayden-Fish amendment would cause a 60-day delay. Every Senator knows that that statement has not a shred of fact or truth to support it. The operation of the Hayden amendment would be simultaneous with the draft procedure, and the same net number of men would be obtained by the Army at the same time under either one process or the other, or a combination of both. There would not have been any delay.

Then the propagandists, including some news writers, editors, cartoonists, and radio commentators, in order to discredit the Hayden-Fish amendment, instead of attacking it on its merits, saying they did not think it provided the best way to deal with the matter, for which a good argument could have been produced and supported, with which many men would have agreed, attempted to give the impression that it was a political amendment, designed to postpone the draft until after election day.

Every man in his right mind knows there will not be a soldier actually drafted, without the Hayden-Fish amendment under the measure just agreed to, until after election day. It is physically, humanly, administratively, practically, impossible to set up the machinery and draft the men before the election takes place in November.

In support of that statement, I wish to read from an article on the Hayden-Fish amendment and the falsely so-called 60-day delay, in the column of Gen. Hugh Johnson, who was deputy administrator of the Draft Act in the last war. It is just three paragraphs. This is what General Johnson said:

> The Fish amendment—
>
> Which was the equivalent of the Hayden amendment—
>
> to the Selective Service Act, tentatively adopted by the House, has been erroneously reported as a measure to postpone effectiveness of the selective service law by 60 days. It has other gross faults, but it does not do that. As soon as the law passes, the Government can set up the machinery for registration and classification of manpower. It can proceed, when ready to register them and, rapidly as possible, to classify them in the order of their relative availability for military service with the least possible disturbance of domestic, industrial, or social relations.
>
> You can't have any actual taking of men into the Army under our system until the registration is complete to the last man. You can't have it until the classification has proceeded at least to the point of filling the quotas of each locality. "Filling the quotas" means the actual taking of men for whom the great lottery in Washington has determined that their turn has come and of whom committees of their neighbors have decided that there is less reason for them to remain in the civil occupations than exists for other men.
>
> Starting from scratch, this machinery could not possibly be set up, oiled, and put in efficient operation to produce 400,000 or even 100,000 men in less than 60 days. All that the Fish amendment provides is that while the machinery may be created as quickly as possible, it can't actually take a single man for 60 days. Thus, on the cold hard facts, there will be no real delay on this score.

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

Mr. TYDINGS. If the Senator will let me finish my statement I shall be glad to yield to him.

Yet I do not think I have failed in the period of the last 2 weeks to read on the front pages of a large part of the press of the Nation that the Hayden-Fish proposition was a "60-day delay amendment," or some comment about the "60-day delay amendment," when as a matter of fact there would not be a minute's delay if the Hayden-Fish amendment had been adopted.

Then we also read that it was designed to postpone the draft from taking effect until after election day. I should like to ask the chairman of the Military Affairs Committee, who has had the bill in charge, and who has ably presented the case for the bill from beginning to end, what in his opinion would be the shortest possible time, if all worked harmoniously, from the time of the signing of the bill, before the first man would probably be actually taken or drafted in his community.

Mr. SHEPPARD. In the neighborhood of 45 days.

Mr. TYDINGS. I think that is a very—shall I say—constrained prediction, because 45 days will be the quickest possible time; and if it is 45 days, Senators, that will be election day, which proves my point that even without the Hayden amendment, and even without the Fish amendment, no one will be drafted until after election day, and all the editorials, news items, cartoons, and statements by columnists and commentators are just so much piffle.

Fortunately in my own State, with the exception of a small newspaper, the false impression was corrected early, and the truth was there published, but outside of that State I hardly know of another one in the Union where the truth about the Hayden-Fish amendment was presented to the American people.

Mr. BURKE. Mr. President, will the Senator now yield to me?

Mr. TYDINGS. I yield.

Mr. BURKE. Whether or not the Hayden-Fish amendment would result in any delay—60 days or otherwise—in the actual calling of men into camp I think may be open to more question than is in the mind of the Senator from Maryland. But would not the Senator at least admit that the adoption of the Hayden-Fish amendment would have amounted to a delay, a postponement of positive declaration by Congress that in the emergency which confronts the

Nation we had made up our minds to adopt the only sound and feasible method, as everyone recognizes, of building up our manpower to the degree that we must have it built up in the near future? Certainly there would have been a delay in the decision on that point and the application of that principle.

Mr. TYDINGS. Mr. President, I said in the beginning that I voted for the Hayden amendment not because I believed that the voluteer system would produce 400,000 men, but to give those who seemed to believe that it would, an opportunity. It was not a question of preference with me; it was a matter of trying to harmonize and get the same result in the same time.

Now as to the question by my good friend the Senator from Nebraska. If the Hayden-Fish amendment had remained in the bill I do not believe any delay at all would have ensued, for in either case, within 60 days after the Presidential pen made it a law we would have 400,000 men leaving their homes. It would not make any difference if the Hayden-Fish amendment had been in or had been out of the legislation—there would not have been any delay.

I will watch with much curiosity to see if anyone is drafted under this bill before election day, not because of any political reason but because in my judgment, as General Johnson himself said, it is practically impossible to appoint the draft boards in all the communities of the Nation, register the men, call them up and examine them physically and in every other way, and decide on the first 400,000, and then actually take them away from home in a 60-day period.

So that all this "boloney"—and that is all it is—and all the propaganda about the Hayden-Fish amendment was really, insofar as I can compare it with other things, not creditable, with very few exceptions, to the press of the United States. That also applies to those who wrote the editorials misrepresenting the real truth and purpose of the Hayden-Fish amendment.

I am not a candidate for election this year. Neither is the Senator from Arizona [Mr. HAYDEN]. If the proposal had come from a Senator who was up for election, such an innuendo might have some basis. I voted for the bill. I have been for the bill for a long while in some form or other, for some sort of military service. Even 6 months ago I said I thought it was necessary. But the interpretation of the misnamed 60-day-delay clause and the political conception of the Hayden amendment as set forth in the press is not creditable nor is it conducive to honest thinking on the part of the electorate, but it is in line with some of the hysteria which all too frequently now is beclouding the legislative scene.

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

Mr. TYDINGS. I yield.

Mr. WHEELER. The Senator does not think, does he, that even if there were time to draft men before election day there would be any possibility that the Army would start taking boys away from their homes before election day? I disagree with the Senator, in that I think the Army can take them before election day. But I venture the assertion that there will not be any man taken away before election day.

Mr. TYDINGS. Whether the men can be taken away or whether they cannot be taken away, I believe the program will be put into effect at the first possible opportunity. Will those who said that under the amendment no one could be drafted before election day now assert the men will be drafted before election day? No; we will hear no more of that. Those who made the claim will not make the claim now that the boys will be drafted before election day. Yet that artifice, that false premise, that false assumption, that false principle, with respect to an honest amendment, the purpose of which was to try to reconcile differences in this body, was used to propagandize the whole country on an entirely false basis in the consideration of this measure. Now that it is behind us, the hysteria will lie dormant until another measure comes along, when it will break out again, and this all in the name of preserving democracy.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK of Missouri. I agree entirely with what the Senator says about the hysteria and the unfairness of the press about the matter. I call attention to the last sentence in the Hayden-Fish amendment——

Mr. TYDINGS. I wish the Senator would read that sentence very carefully.

Mr. CLARK of Missouri. It is as follows:

> Nothing in this subsection——

Mr. TYDINGS. Begin reading again. I was still speaking when the Senator began reading.

Mr. CLARK of Missouri. "Nothing"—and that is a specfic provision—

> Nothing in this subsection shall be construed to require or postpone during either of such 60-day periods the registration, classification, or selection of persons to be inducted for training and service under this act.

Mr. TYDINGS. Yes.

Mr. CLARK of Missouri. All delay was specifically excluded from the Hayden-Fish amendment. There is no question on earth about that.

Mr. TYDINGS. Not a particle.

Mr. CLARK of Missouri. I disagree with the Senator as to any possibility of there being a draft before the election. I know very well that when General Shedd, after only 4 days' debate in the Senate, said that unreasonable delay by the Senate in the enactment of this measure would postpone the operation of the draft until January, he had a tip from somebody. I know well that the managers of this political campaign are too smart to have 400,000 mothers coming down to the station platform to kiss the boys good-bye, and have the boys go away to compulsory military servitude in time of peace.

Mr. TYDINGS. I will make a request of all those who in the press of the country dwelt vociferously upon the need of speed, speed, speed in their opposition to the Hayden-Fish amendment. If, as the Senator from Montana [Mr. WHEELER] and the Senator from Missouri [Mr. CLARK] say—I do not say so—if, as they say, no one is drafted within 60 days, I hope the editors will write editorials about themselves, or at least be fair enough to recant and correct the erroneous impression which they presented to the country by misrepresenting the operations of the Hayden-Fish amendment. I think the Senator from Arizona [Mr. HAYDEN] as well as myself are indebted to General Johnson. Certainly, if there is an authority on the draft in the world, there is no greater authority than the Deputy Administrator of the last draft. He says it will take at least 60 days after the bill is signed for the first man to be drafted.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. THOMAS of Utah. The Senator has just said that the people of the United States are indebted to General Johnson for this information. I thank General Johnson for supplying the information. However, the Senator from Maryland certainly knows that every fact which General Johnson mentions in that article was brought out on the floor of the Senate days and days before General Johnson wrote the article.

Mr. TYDINGS. Of course.

Mr. THOMAS of Utah. So far as the information is concerned, it was presented by the Senator from Arizona [Mr. HAYDEN] and other Senators. We went through the history of the last draft, giving the dates, and pointing out exactly what would happen. Incidentally, this draft is a little more complicated than was the last one. Incidentally, we are not at war, so there is no need of the haste with which we acted before.

The point I wish to make is the point which the Senator has already made. So far as the information is concerned, it was brought out on the floor of the Senate. It was in the RECORD; and if Senators had read the RECORD instead of the newspaper columns probably they would have been better informed.

Mr. TYDINGS. Mr. President, I wish to conclude by presenting the picture of the effect of the Hayden-Fish amendment, according to the news which was carried in the press of the country. It was as follows: There would be a 60-day call for volunteers, during which nothing would be done about the draft. There would be no registration; there would be no classification; there would be no examination. None of the machinery would be put in motion to start the draft until after the 60-day period. Then, after the 60-day period, for the first time, the whole machinery of the draft would begin to operate, so that within 60 or 90 days thereafter the draft would be effective.

That was the untrue picture presented to the country about the workings of the Hayden-Fish amendment. The true picture, as buttressed by the amendment which the Senator from Missouri [Mr. CLARK] read, and which was adopted as a part of the Hayden amendment, was that there would be no delay; men would be drafted with the Hayden amendment in the bill just as quickly as they would be drafted without it.

I have never believed that the voluntary system would suffice. Indeed, I listened with much sympathy to the arguments of those who held that the volunteer system was not as equitable as the selective system. But because there were those who felt that the volunteer system should have a further trial, and who said it would work, I was anxious to show that it would not work in this emergency. Now, unfortunately, we shall not have a trial of the volunteer system, so the question will always be moot.

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

Mr. TYDINGS. I yield.

Mr. CONNALLY. As one who voted against the amendment, let me say to the Senator that I do not wish to be maneuvered into the position taken by certain newspapers.

Mr. TYDINGS. Of course not.

Mr. CONNALLY. I do not recall the Senator from Texas made any particular charge against the amendment of the Senator from Arizona as delaying the program; but my position—and I am sure I speak for many others—was that I did not believe the volunteer system to be a fair system.

Mr. TYDINGS. That is correct.

Mr. CONNALLY. I prefer to start with the draft system, irrespective of the question of delay.

Mr. TYDINGS. Let me say to the Senator from Texas that the question we are discussing does not turn on whether the selective or the volunteer system is the better. The point I am attempting to make is that under the Hayden-Fish amendment there would be no delay in either system, or in both combined. I wish to show up the hypocrisy of the statement in the press to the effect that if the Hayden amendment were to remain in the bill no men would be drafted until after election, when, as a matter of fact, with the Hayden-Fish amendment out of the bill they will not be drafted until after election. In my opinion, very little will be written to correct that false impression.

Mr. CONNALLY. I wish to say that, so far as the election is concerned, I do not believe any Senator was actuated by such a motive.

Mr. TYDINGS. Of course not.

The PRESIDENT pro tempore. The time of the Senator from Maryland has expired.

Mr. CONNALLY. Mr. President, I claim the floor in my own right for just a word.

I do not think Senators were actuated in their vote on the Hayden amendment, or any other amendment, by the pendency of an election, or that they had it in mind at all. Those of us who voted to put the draft in effect at the earliest possible moment certainly could not be charged with any effort to avoid its consequences in respect to the election; and I feel sure that those who advocated the Hayden amendment were not actuated by any motive of a political character. I make that statement as one who has consistently voted for the conscription idea as contrasted with the volunteer idea. I voted that way because I thought the conscription system was a more equitable, democratic, and fair system of calling men into the armed services than was the volunteer system.

I cannot repeat the arguments which were made from time to time. I am sure Senators are quite familiar with them. However, I wish to vindicate the Senate of the charge of approaching the serious, solemn, and heavy responsibility of raising an army in the light of an election in November.

Mr. CLARK of Missouri. Mr. President, we have just listened to an extremely logical and well-grounded criticism of the press of the United States in connection with the conference report. I agree with everything the Senator from Maryland has said about that matter; but I do not think the adoption of the conference report ought to pass without a brief recognition of and compliment to the remarkable clairvoyant power of the radio commentator or newspaper reporter, as the case may be, who first "misquoted" the chairman of the House Committee on Military Affairs as to what would be in the conference report. It has been repeatedly stated that he was infamously misquoted. I do not know whether the misquotation originated in a newspaper column or on the radio. I first heard it on the radio, and the next morning I read it in the newspapers. I do not know which was first; but whoever "misquoted" the chairman of the House Committee on Military Affairs is entitled to compliments for his remarkable clairvoyant powers, because what he "misquoted" the chairman of the House Committee on Military Affairs as predicting would be in the conference report was in the conference report, almost word for word and line for line.

The radio commentator or newspaper reporter, as the case may be, ought to rejoice in the fact that if he is ever fired from his present job he can make an independent fortune by setting himself up as a fortuneteller in Washington, because no more accurate misquotation ever appeared in the public press or on the radio of the country.

LOVETTSVILLE AIRPLANE DISASTER

Mr. McCARRAN. Mr. President, a week ago last Thursday, following the unfortunate airplane crash which took place at Lovettsville, Va., on the 31st of August, I submitted a resolution and had it lie on the desk without reference. I did so purposely. I took that course, not to have it referred to any committee at that time, because I had been advised, and the press had carried the notice, that under the auspices of the Commerce Department the committee on air supervision, or whatever it may be called, was to hold hearings. I thought it best that the matter rest in abeyance until after those hearings had been concluded. I received a very cordial invitation from the Chairman of the Civil Aeronautics Board, Mr. Harllee Branch, to attend the hearings.

I did not attend because I was unable to attend. I did, however, make a request that I be furnished with a daily transcript of the testimony, and, through the graciousness of the Civil Aeronautics Board, I was afforded a copy of the daily transcript, which I tried, as diligently as I could, to follow from day to day, and to study from time to time. It is probably a good thing that I did not attend the hearings before the Civil Aeronautics Board, because, according to the transcript, one of the very first things done was to announce that any questions to be asked would have to be asked in writing and submitted to the Chairman of the Board. I am familiar with that old game, if I may so call it, and had I been there, of course, I would have been very much handicapped in asking questions; in fact, probably I would have been precluded from asking questions.

I make some reference to the matter here today because, at the close of my brief remarks, I shall move that my resolution be referred to the Committee on Commerce, for which it was drafted in the first instance.

Mr. President, there appeared in the columns of the press today a statement, as follows:

As hearings ended, several Government experts testified to refute charges by Senator PAT MCCARRAN, Democrat, that wreckage of the plane was negligently guarded or the probes following the crash inefficiently conducted.

Then there is the further statement:

Frank Caldwell, chief of the inspection division of the C. A. B.'s Safety Bureau, declared there was "nothing extraordinary" in handling of the wreckage, adding the same proceedings were followed as formerly used by the old Air Safety Board.

Then, in quotation marks—

"Pet agency" of McCARRAN which was abolished when the C. A. B. was reorganized back into the Commerce Department.

Mr. President, I made no accusation whatsoever. The only thing I did was to send down a little leaflet with a few questions on it that they might be answered by someone before the Board. This in my hand [exhibiting] is a copy of "questions to be answered." I will read them.

Where are the two engines removed from the plane?

There is no charge in that question.

The second question is:

Who removed them?

There is certainly no charge in that question.

By what authority were they removed?

There is no charge in that question.

Where were they taken and where are they now?

There is no charge in that question.

Where, specifically, are the main bearings, the connecting rods, and the crankshafts of each engine?

There is certainly no charge in that question.

Are all of these things in the custody of C. A. A.?
If so, where and under whose supervision?
If not, why not, and under whose supervision are they at present?
Thank you.

PAT McCARRAN.

The only contact I had with the Board was to submit those questions.

It appears, from whatever source it emanates, that I had made charges. I made no charges whatever, but I had a reason for asking those specific questions, because the parts mentioned in the questions had been removed from the ground and had been taken to the headquarters of the Pennsylvania Air Lines. I knew that. I went out on the ground and made as careful an inspection as a layman could make. I am not an expert in any sense of the word. I saw that those parts had been removed. I knew, from specific information given to me by an authority who will not be questioned, that certain parts, namely, the main bearings and the drive shaft, had certain specific markings on them which indicated a certain condition, namely, that the bearings were not receiving sufficient lubrication during the time of the flight. I knew that was true, and I wanted to know where those parts were so that the Senate committee might, when it undertook to investigate, find the parts, inspect them, and determine the accuracy of the information which had come to me.

Mr. President, a day or so before the hearings commenced there was a whispering going around here and in the neighborhood of the accident, and that whispering was building up a fallacy, if you please, or a false idea. One heard from mouths that seldom utter the expression and scarcely knew what it was the homely expression that is used in certain cases, "an act of God; it was an act of God." When I went on the ground I heard that the accident was caused by a stroke of lightning, but when the experts looked for evidence of lightning contact, there was not a single scintilla of such evidence. Whenever a bolt of lightning strikes a plane there is a fusing of the metal parts and a burning out of the fuses in the radio equipment. That condition was not present and there was no evidence that a bolt of lightning had struck the plane. No lightning ever struck that plane; the experts have so testified, and I have before me volume after volume of testimony adduced before the Board that the plane was not struck by a bolt of lightning.

When that "build up" was negatived and lightning could not be ascribed as the cause of the accident there was another fallacy built up; whispering went the rounds that the two pilots were hit by a bolt of lightning that came near to the plane. That fallacy was exploded completely by the hearings before the C. A. B.

What I am leading up to, aside from the fact that I propose to move to have my resolution referred to the Commerce Committee, is that there were not the proper safeguards thrown about that plane nor its flight. That plane should not have left the Washington airport, especially at the time it did leave the airport. Let me give a few homely things that are in the record made by the Civil Aeronautics Authority.

The pilot of that plane taxied out to the end of the runway to take his flight; then he taxied back because he found defective conditions in the oil feed. There was something done at the airport to repair that condition temporarily, at least. Then he taxied back again to take his flight.

Before a pilot takes his flight he is advised of weather conditions, and from the weather conditions he charts his altitude. The pilot of this flight having been advised of weather conditions, charted his altitude at 6,000 feet. That was the altitude he was going to reach as soon as he could, because there was coming over the Blue Ridge Mountains at that time a storm the like of which was never known in that section; old pioneers who live in that country will tell you so; and the evidence of the storm and the flood is there now.

So the pilot was going to 6,000 feet to get above the storm. At Herndon, about 20 minutes out, he reported back to the Washington station that he was cruising at 4,000 feet and going up. He had not reached his altitude then. About 8 minutes from that time, the plane went down. That is the time as nearly as can be determined, and it is determined by the watches which were taken from the bodies of those on the plane and from the clocks of the plane which were stopped. He was up 4,000 feet at Herndon. He had not been able to gain his altitude up to that time. There was some reason for that. Such a condition is not at all unusual. There might have been a perfectly good reason for it; but there were brought in to testify those who observed the transit of that plane going across that country, people who have been accustomed to seeing planes going over their heads, farmers who live at Lovettsville and surrounding Lovettsville. They testified variously, but nearly every one of them testified that the plane was flying lower than the average flight of planes going over there. Let me give an illustration so homely that it brings out something that impresses one with the truth of it all.

A farmer named Vancell was sitting on his porch. He saw the plane coming over, and it was lower than planes had generally come over. He was right in the route of the plane. He saw the plane coming over, and this is the way he testified. He said:

Thinks I, "my, you're low." I said to myself, "Old Boy, you had better raise a little. You had better raise a little, or you won't get over that mountain. If you don't raise, old boy, you are not going over that mountain."

He said—

Of course, I said it to myself. I didn't tell him.

It was a homely way of expressing a condition that prevailed then, that after the pilot reported in from Herndon he was starting to go down. He had not been able to gain his altitude. There was a defective mechanism there just as surely as I stand here. The pilot was flying directly in the face of an electric storm that he wanted to get above, and he would have gone over it had he been able to do it.

The PRESIDENT pro tempore. The Senator's time under the unanimous-consent agreement has expired.

Mr. McCARRAN. Have I any more time left, Mr. President?

The PRESIDENT pro tempore. The unanimous-consent agreement provides that only one speech shall be made by each Senator during the pendency of a particular amendment.

Mr. HOLT. Mr. President, I ask unanimous consent that the Senator from Nevada be permitted to conclude his statement.

Mr. McCARRAN. It will take only a minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

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

Mr. McCARRAN. I yield.

Mr. BARKLEY. The Senator said he was about to move to have the resolution referred to the committee. I am sure there will be no objection if he asks unanimous consent, when he finishes his remarks, that the resolution be referred to the committee.

Mr. McCARRAN. I thank the Senator.

I shall not go further into the matter. I only want the Senate to know that in my homely way, in going through the record as I have from day to day, I find things which the Senate of the United States should investigate. I am making no charges. I may have views in my mind, and I have views, and at a later date I may say more than I am now saying; but I am not now making charges. I am now asking that my resolution, submitted a week ago last Thursday, be referred to the Committee on Commerce.

Let me say that I am not a member of the Committee on Commerce, so I shall have no part to play in the investigation; but a very comprehensive investigation was conducted by the Committee on Commerce following the sad death of our colleague, the late Bronson Cutting. I believe the Committee on Commerce will take hold of the matter energetically and fearlessly and go to the bottom of it.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. CLARK of Missouri. I should like to say to the Senator from Nevada and to the Senate that as a member of the Committee on Commerce, and as chairman of the special subcommittee formerly known as the Copeland committee, if the committee sees fit to report this resolution for an investigation—which I am convinced from the statement of the Senator from Nevada ought to be done—I shall insist in the committee that the Senator from Nevada be added to the committee for the purpose of the investigation.

Mr. McCARRAN. I am very grateful to my colleague from Missouri. I think the Committee on Commerce can do a good job without my presence. They did a splendid job under the guidance of our beloved former colleague from New York, the late Senator Copeland.

Mr. President, I move——

Mr. HARRISON. I hope the Senator will ask unanimous consent, so as not to disturb the bill which is now pending.

Mr. McCARRAN. I ask unanimous consent that the resolution which I submitted a week ago last Thursday be referred to the Committee on Commerce.

The PRESIDENT pro tempore. Is there objection?

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

Mr. McCARRAN. Yes.

Mr. VANDENBERG. First, I should like to ask the Senator a question. I have seen a rather amazing, not to say shocking, statement in a newspaper column to the effect that a Member of the United States Senate involved in this catastrophe was being shadowed by the F. B. I. at the time of his death. Has the Senator any information on that subject?

Mr. McCARRAN. I doubt if there is any truth in that statement.

Mr. VANDENBERG. It would be shocking if there were any truth in it—shocking not only because it reflects upon that very able, patriotic Senator, but shocking also in its suggestion that one branch of the Government may deal with the legislative branch in any such fashion. I am simply inquiring whether the Senator's resolution is broad enough so that that story may be either confirmed or conclusively condemned.

Mr. McCARRAN. I believe the investigating committee will find, however, that the first persons on the ground were members of the F. B. I. I do not know why; I do not know by what authority; but the first persons that I heard of being on the scene of the accident were members of the F. B. I. I saw an article, quite extensively publicized, giving great credit to the F. B. I. for having assisted in identifying the bodies, and I have no doubt that the F. B. I. did render assistance; but I sometimes wonder where certain phantoms, as I call them, started. In other words, I wonder who started the act-of-God idea, and who started the idea, after no act of God was proven and it was shown that there was no lightning stroke, that the two pilots dropped dead. I wonder who started that idea. I do not lay it to anybody, but I wonder.

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

Mr. McCARRAN. I yield.

Mr. LODGE. I have been much interested in and impressed by the Senator's statement. I should like to ask whether the questions which he asked regarding the improper lubrication of the motors were ever asked by the officials conducting the investigation.

Mr. McCARRAN. Yes. I will say that the matter was gone into, and I think the matter which I sought to elicit by these questions was brought out.

Mr. LODGE. I desire to repeat to the Senator what I have said here once before: That in my opinion this accident is sufficiently serious, and this breach of a 17-month record of air safety is sufficiently sensational, to justify an investigation by Congress, and that I pledge him my support in that effort.

Mr. McCARRAN. I am very grateful. I would say more, but I do not want to transgress on the rule more than I have done.

Mr. CLARK of Idaho. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. McCARRAN. Yes.

Mr. CLARK of Idaho. The newspapers published some very lengthy articles about a passenger who was delayed, and the statement was made that the plane was held for twenty-some minutes for the purpose of picking up this passenger; and yet I notice that the passenger has never been identified. Has the Senator any information at all as to who the passenger was who could hold a loaded plane for twenty-odd minutes?

Mr. McCARRAN. I have heard several rumors on the subject, but I have never followed it up. I doubt that there was a delay by reason of a passenger, but I do not know.

Mr. MINTON. Mr. President, may I ask the Senator a question.

Mr. McCARRAN. Yes.

Mr. MINTON. The Senator has raised a question as to whether this catastrophe was an act of God, and has asked who raised the question as to its being an act of God. I suggest to the Senator that in an accident of that kind there is great liability to the passengers; and if the airplane company could establish the fact that the accident was due to an act of God, of course it would escape any liability to its passengers for damages by reason of wrongful death. As I read the newspaper reports and as I got the story, it seemed to me that the attorneys for the airplane company were trying to build up the act-of-God idea with a view to escaping liability for wrongful deaths.

Mr. McCARRAN. One could dwell on that subject for a long time. I am grateful to the Senate and I am grateful to the leader for the extra time.

The PRESIDENT pro tempore. Without objection, Senate Resolution 307 will be taken from the table and referred to the Committee on Commerce.

COMPULSORY SELECTIVE MILITARY SERVICE

Mr. WHEELER. Mr. President, I do not want to delay my friend from Mississippi [Mr. HARRISON], but I do wish to call attention to an editorial which appeared in the Washington Times-Herald, and originated in the New York Daily News.

The publisher of the New York Daily News has been one of the most ardent advocates of peacetime conscription. That newspaper is one of those that have repeatedly criticized the Congress of the United States for delay in bringing about conscription. It has constantly criticized those who were in favor of voluntary enlistment.

The editorial is headed:

Total war is here to stay.

It shows, to me, the kind of hysteria which is emanating from the city of New York.

A year after its beginning, the European war has come to the "total war" phase; and "total war" is called the worst kind of war there is.

The Germans are dropping bombs all over the London metropolitan area, and too bad about any women and children who may be in the way, since London itself is regarded as a strategic point.

A time bomb even went off Tuesday morning close enough to Buckingham Palace to damage one wing.

The British admit, without a blush or an apology, that their Navy is trying by blockade to starve the Germans into surrender, even though the rest of Europe may have to starve first. The British, too, are doing some all-out raiding of Berlin, having bombed the famous Brandenburger Gate and badly messed up the big Potsdamer Railway station in the heart of Berlin early yesterday morning.

Both sides can be counted on from here on to use every weapon they can come by and every tactic they can think of, regardless of how many women are killed or driven mad, how many children eviscerated, how many beautiful or historic buildings blasted to rubble heaps.

The part to which I particularly desire to call attention is the following:

And each side can be trusted from here on to blame the other for what happens. All the brutalities, all the savageries, will be called merely reprisals for something the other guy did.

Whichever side wins, it is safe to predict that it will build up its facilities for waging total war any time it gets into a fight in future. Total war, in short, is here to stay, and Americans had better reconcile themselves to that fact.

All of which indicates the kind of men we need for our to-be-enlarged Army, Navy, and air force.

We've got to prepare to fight total war, too. If we don't, we'll be conquered by some nation or alliance that has perfected the grisly art.

So, for our total-war forces, we've got to have men who are strong, smart, young, and brutal. We need to round up the cream of our strong, smart, young, and brutal male population, and put it as fast as we can through a course of training in the methods of total war.

Those are the kind of men that Hitler and Mussolini are using—men who have been trained from childhood up to believe that victorious war is man's crowning glory.

We've trained our young men differently—made them Boy Scouts, C. C. C.'ers, etc., to whom the thought of firing a gun at another human being was abhorrent, or supposed to be. We may pay for that some time. But there may yet be time to collect and train an army of men whose brutal instincts will be attuned to the even more brutal machines of twentieth-century war.

CONGRESS IN A FOG

A draft run on lottery principles will not deliver this result. A selective draft will—if the local draft boards are instructed to select strong, smart, young, brutal men exclusively.

The snarl into which the joint congressional conference worked itself on the draft bill coming to an agreement last night indicated that many Congressmen do not yet grasp this necessity for us to learn the art of total war. The age-limit dispute was especially revealing.

The draft ought to be made as popular as possible; and it ought to be aimed at raising contingents of born brutes and young brutes.

Instead, there was a lot of talk about age limits as high as 44 before the top of 35 years was decided upon. The conferees would have done better had they decided on a 21–25-year group—where the bulk of real fighters will come from—or a 21–30 group at the outside.

So the real reason why some of these men wanted a selective service was to take your sons, you mothers of America, to take your sons and to train them to become brutes.

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

Mr. WHEELER. I yield.

Mr. HOLT. The Senator recalls the quotation from General O'Ryan.

Mr. WHEELER. Yes. Train them to be young brutes. That is why this newspaper wants the selective service, so that smart, young, and strong men, men who are by natural instinct brutes, may be put in the Army. It wants to take my son and your son and make them into brutes.

Is that what we are coming to in the United States of America? Is that what we mean when we talk about democracy, and that this is the democratic way? Of course, as the Senator from West Virginia has said, that is the idea that was in the mind of General O'Ryan, one of the fathers of the selective-service draft. Make them into brutes! Take them into the Army for a year, and then turn them out as brutes, and what do you expect to have? Talk about gangdom and gangsterism in this country. Take 400,000 men each year and train them to be brutes; train them that the proper thing is war; that it is a fine thing to kill a man; take them and teach them against every principle which they have been taught at their mother's knee; and teach them that the Sermon on the Mount was wrong; teach them that the Ten Commandments mean nothing; and what kind of a country will we have?

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

Mr. WHEELER. I yield.

Mr. HOLT. One military authority, protesting against a 30-day training provision in the draft, said it takes 3 months' time to break down a boy to have the right military point of view.

Mr. WHEELER. Certainly. This writer said that by voluntary enlistments you could not get the kind of brutes you want. You had to go out and pick them out, pick the smart, the strong, the young, and teach them to be brutes. It makes one's blood curdle to think that what those who are really back of the selective draft want to make out of young Americans. Yet we hear talk about it being the democratic way. Is there anything democratic about what he says?

The draft ought to be made as popular as possible, and it ought to be aimed at raising contingents of born brutes and young brutes. * * * if the local draft boards are instructed to select strong, smart, young, brutal men exclusively.

Is there anything democratic about picking out the strong, the smart, and the brutal man, or making brutes out of those who are selected? Certainly some of us realized that that was what was going to be attempted. Is there any wonder that the mothers of America have gathered around this Capitol at times, and that they have prayed, or wanted to pray on the Capitol steps, only to be driven off the Capitol steps when they wanted to pray? Is that democracy? Is that Christianity? How are we to preserve democracy in the United States if the women of the country, the mothers of the country, cannot come here and pray on the Capitol steps?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. I saw a statement in the press a few days ago—and I should like to have the attention of the Senator from West Virginia—that the Capitol police were so very anxious to keep any women whose boys might be drafted from coming here and praying on the steps of the Capitol that they refused to allow a United States Senator to drive or walk through the Capitol Grounds. I should like to know whether that statement in the newspaper was correct or not.

Mr. HOLT. Mr. President, if the Senator will yield, I shall be glad to answer.

Mr. WHEELER. I yield.

Mr. HOLT. I came to my office and noticed a crowd around the Capitol Grounds, and I asked what was wrong. I was told they were going to have a demonstration that night. I usually like to look into things, and I drove up in my car to go into the Capitol Grounds, but they said, "Wait a minute." I said "I would like to come in and see." He said, "We are not permitted to allow anybody here." I said, "A Member of Congress is not allowed in?" They said, "Nobody is allowed in the Capitol Grounds tonight, and that is final." That is an actual instance of what happened that night.

Mr. WHEELER. If this hysteria and if these columnists are going to run the country and if they are going to have more influence with this administration and the next administration than the Congress of the United States has, it will not be long before a Senator will not even be permitted to speak, to say nothing of entering the Capitol Grounds.

The columnists are boasting of the fact that they were the ones who put over the 50-destroyer deal. I congratulate them. They were the ones who sold it and they were the ones who put it over. But what a travesty it is upon the administration of our national affairs to think that a lot of young boy columnists, just out of college in some instances, are able to put

over and to formulate the policies of the United States of America. But they are formulating them. Some of them are columnists who are paid to work up sentiment in the United States as to what the administration and the bureaus of the Government should do.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. Has the Senator seen the pictures of the recent maneuvers of the National Guard and Regular Army in northern New York, which were very widely publicized, with the picture of a truck labeled "This is a tank" participating in the maneuvers? That was in a great many newspapers. Yet at this very time, in addition to transferring, without any authority of law, in fact, in absolute contravention of law, to a foreign power, one-seventh of the Navy of the United States, vessels which, as was ably pointed out by the chairman of the Committee on Naval Affairs of the Senate, are needed by the seamen of the United States—in addition to that, it is now proposed to transfer some 400 tanks to Canada. It is said they are old tanks. Perhaps they are, but if Canada can use them, we could use them. If there is such a desperate emergency as we have been led to believe, we certainly need all the tanks we have. An old tank is better than no tank at all. An old destroyer was better than no destroyer at all. Yet we are now confronting the fact that the President of the United States, by an absolute usurpation of power, almost as dictatorial an exercise of power as Hitler or Mussolini ever undertook, has transferred one-seventh of the Navy of the United States to a foreign power, and now we are told that——

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. CLARK of Missouri. Mr. President, I will take the floor in my own right.

Now we are told, Mr. President, that we are to transfer our tanks, our field guns, and other elements of war, which we have recently been told are so vitally needed.

Mr. HOLT. The Senator from Missouri also knows that the next move by this same committee, which was successful in getting the destroyer fleet sent across the ocean——

Mr. CLARK of Missouri. The Senator means the committee to get us into war—the William Allen White committee to get us into war?

Mr. HOLT. Yes; that is right. Now a campaign has been begun to send abroad 25 of our 53 flying fortresses.

Mr. CLARK of Missouri. Yes; and I understand it is now the purpose to turn over to a foreign power all of our flying fortresses, which are the principal air defense of the United States at the present time, and the force most vitally suitable for hemisphere defense. That committee to get us into war is urging that we turn those flying fortresses over to Great Britain. They will also perhaps urge that we turn over all the torpedo boats we have to Great Britain.

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

Mr. CLARK of Missouri. I yield.

Mr. HOLT. I want the Senator also to know that the author of this conscription bill advocates openly, and does what he can secretly, to get us to give the bomb sight to England. If he is as successful in doing that as he was in getting the conscription measure across, we will not have any secrets. He said, "Let no secrets be withheld."

Mr. CLARK of Missouri. I will say that I heard General Craig, the former Chief of Staff, and General Marshall, the present Chief of Staff, both testify that that bomb sight was the most vitally important military secret that the United States had ever had, and that even to consider its transfer to a foreign power was very closely akin to treason, for the reason that if we were to transfer that bomb sight to any power and some of its airplanes were shot down, as they necessarily will be in a certain number, any foreign power which was a prospective enemy of the United States would immediately acquire the secrets of our bomb sight.

Mr. President, let me say, in connection with what the Senator from West Virginia [Mr. HOLT] said, that when that advertisement of William Allen White's committee to get us into war first appeared it contained the statement that the names of the persons who paid for the insertion of the advertisement were on file in the State Department and that anyone could obtain them who wanted to.

I wrote to the State Department and asked who they were. I received a mimeographed form from the State Department in which they explained the reason why they would not make the names public. I wrote the State Department when the remarkable advertisement appeared the other day in the New York Times advocating a coalition government now between the United States and Great Britain—advocating the abrogation of the independence of the United States to form a joint government with Great Britain, and I received back the same type of mimeographed form.

I will say to the Senator from West Virginia that I shall introduce a resolution as soon as I can get it drawn up to call on the State Department for that information, and I would like to see whether the State Department has the nerve to turn down a request made by the United States Senate itself.

Mr. HOLT. Mr. President, I wanted the Senator to know that I myself have a list of persons who made donations to that committee. Every single international bank in New York, with the exception of one, has a director or someone who has contributed to it. The directors of the companies making munitions and selling them to England and to the United States also donated to that committee. I will say to the Senator that I can produce the names.

Mr. CLARK of Missouri. They could not have made a better investment. That is prudent management on the part of those who own those companies.

Mr. President, I have concluded what I wished to say, except that I shall point out that in the action which we have taken today in adopting the conference report we have, to all intents and purposes, said our last word on the subject of sending conscripted boys abroad to fight in foreign quarrels. We have no control now when we put this weapon in the hands of the President of the United States—a man who has already shown his disregard for Congress by turning over one-seventh of our Navy to a foreign power. We have no control now to prevent him, if he so desires, from ordering these draftees overseas to fight on the old, sodden, blood-soaked fields of Europe, the ancient battlefields of Europe, without any declaration of war by Congress. If the President of the United States could fly directly in the face of a specific statute prohibiting the transfer of naval vessels to a belligerent he certainly would not hesitate, if the occasion demanded, to order these draftees abroad.

We have seen American troops ordered abroad without any authority of Congress, by some former Presidents of the United States. The Marines occupied Nicaragua for 3 or 4 years. They occupied Haiti. They were even so arbitrary that the Marine Commandant refused to allow one of the most distinguished Members of this body to land in Haiti—the distinguished and beloved senior Senator from Utah [Mr. KING].

So when we have constituted this weapon, and turned it over to the President—and it does not make any difference who wins in the Presidential election either, because President Roosevelt and Mr. Willkie are apparently in entire accord as to this assumption of dictatorship, they are in entire accord—when we have forged this weapon and turned it over to the Executive without restriction, we have no right to complain when we see the boys ordered abroad. If anyone doubts that following the demand for 50 destroyers, which has already been fulfilled, now being followed by a demand for tanks, for our flying fortresses, for the other weapon which we have on hand—if anyone doubts, that, if necessary, that will be followed by a demand for our battleships and for the sending of troops abroad, he has certainly reckoned without his host.

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

Mr. CLARK of Missouri. I yield.

Mr. HOLT. I should like the Senator to know that the present President of the United States said in Brooklyn, in 1920, after having been Assistant Secretary of the Navy, that he had violated enough laws to be sent to the penitentiary for 999 years. He said that boastingly in 1920, when he did not have much power. What would he do in 1940?

Mr. CLARK of Missouri. Mr. President, I will say very frankly that I do not think that on the question of arrogation of power by the Executive there is very much difference between the present Democratic nominee for the Presidency and the present Republican nominee for the Presidency.

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

Mr. CLARK of Missouri. I yield.

Mr. TAFT. I noticed a statement in this morning's newspaper that President Roosevelt had announced that the Navy Department revealed that United States Navy personnel have sailed or will sail the destroyers into a Canadian port. Does that not constitute a violation of the Neutrality Act as well as of the other acts which have been violated in the transfer of the destroyers?

Mr. CLARK of Missouri. There is no question that that is a violation of the Neutrality Act, and there is no question that the transfer of the destroyers was a violation of statutory legislation. There is no question on earth that the instance which the Senator has cited is, of course, a specific violation of the Neutrality Act which was adopted by strong administration support at the special session of Congress last fall.

Mr. TAFT. Also I wish to call the Senator's attention to another statement made by the President at the press conference yesterday. The article in the newspaper says—

> That no appropriation will be necessary for the establishment of new naval and air bases on sites recently acquired from Great Britain.

Is the Senator from Missouri advised whether we are going to neglect that end of the deal entirely?

Mr. CLARK of Missouri. We have already signed several blank checks, I will say to the Senator from Ohio, which I understand are now about to be filled in.

Let me say in that connection, and in connection with the destroyer deal, that the President has flattered himself by likening himself to Thomas Jefferson in the purchase of Louisiana. There probably was never a more faulty analogy in the history of the world than that. Thomas Jefferson did negotiate for the purchase of Louisiana, but he negotiated for payment in cash, and that could not be carried into effect until Congress had seen fit to appropriate the money. In the first place, France did not owe us any money at that time. France did not owe us four or five billion dollars. France did not owe us anything. But Thomas Jefferson had sense enough to negotiate for a purchase in fee. If he had taken a 99-year lease on Louisiana, the imperial commonwealth in which I live, and many other very important States, would have been turned back to France 37 years ago, provided we had complied with the treaty, which we pride ourselves on doing. I call attention to the fact that if we comply with the agreement which the President, without submission to the Senate, has made with Great Britain in this case, and turn back these bases at the end of 99 years, we will have ringed our most vital chain of defense—the Panama Canal—with a whole series, a whole chain of alien air bases and naval bases, which, according to the President's own statement, would make the Panama Canal untenable. By taking a 99-year lease we have agreed to spend millions upon millions of dollars, and possibly billions of dollars, fortifying those air bases and naval bases, with the prospect of turning them back at the end of 99 years to an alien power, which would make the defense of the Panama Canal untenable.

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

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Missouri yield to the Senator from Texas?

Mr. CLARK of Missouri. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator says we have promised or contracted to spend billions. With whom?

Mr. CLARK of Missouri. The whole theory of the destroyer deal is that we shall spend whatever money is necessary.

Mr. CONNALLY. Certainly we shall spend it, when we get good and ready, but according to our desires, and not in response to the dictates of any foreign nation.

Mr. CLARK of Missouri. That is perfectly true; but whatever we spend will go into the hands of a foreign power at the end of 99 years. The more we spend, and the better we fortify the bases, the stronger we make the threat against the Panama Canal by a foreign power.

Mr. CONNALLY. Neither the Senator from Missouri nor the Senator from Texas can look into the future. We do not know what changes will occur in the next 99 years. At the end of 99 years we may own not only the bases but the islands themselves.

Mr. CLARK of Missouri. That is true. Before the Senator entered the Chamber I had pointed out that if Mr. Jefferson, to whom the President likens himself in flattering fashion, had made a contract for 99 years in connection with the Louisiana Purchase, the imperial domain of Louisiana would have been turned back to France 37 years ago.

Mr. CONNALLY. I am more concerned with the safety of this country right now, and in the next few years, than I am with what may happen 99 years from now. I am assuming that the men who live 99 years from now will be able to meet their responsibilities and will undertake to meet their responsibilities just as we are now undertaking to meet our responsibilities.

If the Senator will answer one more question, I shall resume my seat.

Mr. CLARK of Missouri. I am glad to yield to the Senator.

Mr. CONNALLY. The Senator refers to alien bases. Is not an alien base better than no base at all?

Mr. CLARK of Missouri. Not if it is in the hands of a foreign power.

Mr. CONNALLY. It is not in the hands of a foreign power.

Mr. CLARK of Missouri. At the end of 99 years it will be in the hands of a foreign power.

Mr. CONNALLY. At the end of 99 years we shall all be in New Jerusalem. [Laughter.]

Mr. CLARK of Missouri. Mr. President, I have the faith to believe that this Republic will endure longer than 99 years. I admit that some events of the past year or two have cast some doubt upon that hope. I am as much interested in what happens to my children and my children's children and their children as I am in what happens to the Senator from Texas and myself at the present moment.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

Mr. HOLT. Mr. President, I wish to make a brief statement about the conference report which has been agreed to.

It seems bitter irony that on the very day we agree to a conference report on a bill conscripting all boys between the ages of 21 and 35 while we are at peace, Canada puts in effect a conscription law which conscripts only single boys between the ages of 21 and 24. Canada is at war and has been for a year. The boys in Canada are required to give only 30 days' service in the Army, as compared with the boys in the United States, who are required to give 1 year's service, and 10 years reserve duty. Canada is to call 30,000 conscripts. We are to call 900,000. Canada is at war. We are supposedly at peace; and on the very same day we pass a conscription law to go into the homes of America and take the boys and send them anywhere in the Western Hemisphere, Canada takes her boys for only 30 days——

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HOLT. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. The Senator will recall that in addition to the provisions of the Canadian draft law which he has mentioned, the Canadian draft law also provides that the men drafted shall not be sent overseas without their own individual consent.

Mr. HOLT. That is correct. I was going to state that no Canadian conscript was required to serve outside Canada or her territory. If a stranger were to look at the two draft

laws, he would conclude that the United States is at war and that Canada is at peace.

In my opinion, the United States is at war. I do not mean directly in war; but we all know that certain acts, such as the transfer of destroyers, are acts of war committed by the President of the United States, knowing that he can be stopped by only one method. We have taken a direct step toward war at the direction of the President. According to one man who is close to the President, one of the purposes of conscription is to show Hitler that the President has the American people behind him, and to break the morale of Hitler. Break the morale of Hitler! The only way to break the morale of Hitler is to meet him in the way we all realize he may be met; but for us to pass a conscription law and take action which completely destroys the fundamental rights of Americans in order to break the morale of Hitler is so ridiculous that it does not deserve the attention of anyone who has been a student of international affairs.

It is quite interesting to compare Canada with the United States today. The acts of the United States point to a nation at war. The acts of Canada do not. However, we live in a peculiar time, with a peculiar Executive.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Is it the Chair's interpretation of the limitation of debate that any Senator who engages in the post mortem on the draft, the sale of destroyers, and the establishment of bases is thereafter barred from speaking on the La Follette amendment, if we shall ever get back to it?

The PRESIDING OFFICER. The interpretation of the Chair is that during the further consideration of the pending amendment no Senator shall speak more than once or longer than 15 minutes.

Mr. BARKLEY. No matter what he speaks on?

The PRESIDING OFFICER. The Chair is of the opinion that the present debate is during the consideration of the amendment, and any Senator who speaks will be held to the rule.

Mr. WILEY obtained the floor.

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

Mr. WILEY. I yield.

Mr. HARRISON. I merely wish to suggest that if we can get back to the bill and proceed we may get through at some time.

Mr. WILEY. Mr. President, I think the country should give the Senator from Maryland [Mr. TYDINGS] a vote of thanks for his very clear statement today before the Senate. As he said, there has been much "baloney" or "bunk," or buncombe in this debate, with the result that the minds of our people have become confused.

Today the Senate has agreed to the conference report on the conscription bill. I am satisfied that in a few days or a few weeks, unless there are some incidents, or unless there is something more to stir the mental equilibrium of this country, we shall settle down to consider the meaning of the conscription bill. I believe America will be sportsmanlike enough to accept it in all its meaning.

Mr. President, I voted against the conscription bill. One of the reasons why I voted against it was very clearly set forth today in a reply to an inquiry by the Senator from Maryland of the chairman of the Military Affairs Committee the Senator from Texas [Mr. SHEPPARD]. The chairman of the committee estimated that it will be 45 days before conscription can get under way and any of the conscripts can be sent out for training. That is one reason.

Mr. President, in my opinion much of what has been said in the Senate and in the newspapers has been in the nature of a political smoke screen to prevent the American electorate from seeing that we are unprepared in the most vital particulars. That fact has been obscured, with the idea in mind that the American people will not place the blame for our unpreparedness where it belongs, upon the party and leadership in power.

It has been conceded, and conclusively shown throughout the debate, that the first line of defense in any conflict which might approach our shores is the Navy. It is conceded that apparently our Navy has not learned any lessons since 1918. It is conceded that our ships are just as vulnerable to attack from bombs and torpedoes as are the ships of the British.

What is the first line of defense, and what is the first step we must take to obtain preparedness? Is it to make our ships more nearly immune from attack from torpedoes and bombs. The war in Europe has demonstrated a new technique of land warfare, known as the German "blitzkrieg." It is conceded as a conclusive fact that 150,000 Germans, equipped in "blitzkrieg" methods, not only penetrated but paralyzed 3,000,000 Frenchmen. What lesson do we draw from that fact? Does that mean now more semitrained men or better training for the Regular Army and National Guard?

That brings up the second line of defense, which is the air fleet. We have found that the Navy must have a supplemental arm in the air. However, we are inadequately prepared in that respect. Why? Who has been Commander in Chief of the Army and Navy and air fleet the last 7 years? We just have not any air fleet to supplement the Navy or to act as an independent arm, for defense or offense. I was referring to the "blitzkrieg" methods of Hitler as related to the Army of the United States. It is expected that under voluntary enlistments shortly we will have 375,000 men in the Regular Army. I ask this question: Are they trained in the "blitzkrieg" technique of offense and of defense? Have they modern equipment, tanks, antiaircraft guns, and so forth? The unanimous answer is "No." Has the Army a supplemental air arm, such as the spearhead Hitler had? It will be remembered that he had 150,000 men equipped with super land dreadnoughts, followed by tanks and mechanized units of men with machine guns, and over and above this land organization he had a synchronized air force of Stukas and bombers. Is our Army prepared in that way? The answer is "No." Where is the equipment? Whose business was it to have it for the Army? Whose business was it to tell this country what we should have?

The President and Hitler came into power at the same time. Hitler prepared, the President slept.

Now we are calling out the National Guard, and that will add another 375,000 men, which will give us an Army of 750,000. Is there in the Army or the guard any group trained and equipped to meet an offensive attack by anyone using the "blitzkrieg" method, as employed by Hitler, or is the guard of the Army trained and equipped in "blitzkrieg" methods to take the offensive? The answer is, "No." Why? Someone slept.

What has all this to do with conscription? Well, if we have not trained and equipped the Regular Army to know how to fight in modern warfare, if we have not equipped and trained our troops in the National Guard to fight under the new methods and with the new methods and new technique and equipment, why call out other men who cannot be properly trained and equipped? Why further unbalance our economy and interfere with the regular course of affairs, upset homes, business relations, and so forth, when the Regular Army and guard need training and equipment? I agree with those who say that there will not be 75,000 conscripts called out before Christmas, and if they are called out they will be called out as fillers for the guard and Army. These men, and more, could have been gotten by voluntary enlistment.

Mr. President, what I have stated substantially sets forth the reasons why I voted against the conscription bill. Calling men out and putting them in quarters does not make soldiers. And peacetime conscription is not an American way.

Mr. President, first let us take our Regular Army and make it "blitzkrieg" conscious. Let it be equipped and trained accordingly; then take the National Guard and do likewise. We will then have 750,000 men in the third line of defense, and if we get the first line—a navy invincible, with a coordinated air arm—and a second line of defense, another air fleet such as is being used now in Europe; and our third arm of

defense, an Army of men properly trained, equipped, and mechanized, then nothing in the world will touch these shores.

CHEESE DAY—WISCONSIN

But, Mr. President, I did not rise primarily to make these comments. I rose to say that today in Wisconsin is Cheese Day. What a wonderful subject that is; what it would mean for the heated temperaments we see manifested every day to have a nice piece of cool Wisconsin cheese for them to sink their teeth in. Today at the little town of Monroe, Wis., there are assembled about 75,000 people to celebrate the advent of Cheese Day. At noon, about this time, they are dealing out 50,000 cheese sandwiches to the folks who have come. Perhaps to many that may seem to be rather an irrelevant subject, but is it? If we thought a little more about our home economy, if we thought a little more about attending to the problems of this country instead of meddling in foreign affairs, instead of sticking our noses into other people's business, we would be better off. When one sticks his nose into Wisconsin cheese it smells good, and he knows if he puts his teeth in it it tastes good.

Mr. President, I repeat what I said on another occasion to my Democratic colleagues who were going to the Democratic Convention in Chicago. I said, "When you are tired and disgruntled"—and were not many of them tired and disgruntled after that convention—"come up into the State of Wisconsin to refresh yourselves, meet our people, get acquainted with nature and with nature's marvelous food—cheese." On that occasion I said in the Senate—and it was almost a prophecy—"Gentlemen, of course, you Democrats will listen to your master's voice and the voice will determine the nominations." We have heard of a man who once was "drafted" for a third term, but we saw in Chicago a man drafting himself; and, in addition to that, we have seen something phenomenal, for against the conviction of the whole Democratic Convention, we have seen him draft the Vice Presidential candidate for his party.

Mr. President, if you have any doubt about that, just talk to the Democrats. They did not like it; but the whip went into action and the action resulted not in a people's choice but in a master dictating the choice.

Someone may say that it is a long way from cheese and conscription. No. If the people eat cheese they do not want to become masters; if people eat good, wholesome, clean food, nature's food, coming from the cow who drinks the fine spring waters of Wisconsin, eats the luscious grasses, and from this source produces the constituents of cheese, they do not want to reach out and use the strong arm of force and conscript when there is no need for conscription, especially when voluntary enlistments will solve the problem.

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

Mr. WILEY. I yield.

Mr. HOLT. Since the Senator is talking about cheese, I suggest that the proper type of cheese to be used today, the day on which we pass a conscription law, is limburger cheese. [Laughter.]

Mr. WILEY. I would say to the Senator that probably a better thing for him to use if he wants something smelly would be to use some of the mash that comes from the hills of West Virginia.

But, Mr. President, seriously, I want to say that the Governor of the State of Wisconsin has set this day aside as Cheese Day, and I desire to call the attention of those who pay me the honor to listen that one of our problems in the Middle West would be solved if the people of this country ate as much cheese per capita as they eat per capita in Canada, or if the people here ate as much cheese per capita as is eaten in Holland. Yes; just doing that, then one of the economic problems of the Middle West would be solved. So, instead of following the economic mirages of the new dealers, why not use the simple economic route of doing unto your neighbor as you would be done by, buy the products that make sunshine in your souls and keep your head clear so that you can see and act straight? The backbone of the country, the farmers of the Middle West, are entiled to this consideration.

TAXATION

Mr. President, for over 30 years now I have been interested in taxation, because I have been privileged to pay taxes. I use that word "privileged" advisedly.

We the people, through our legislative agents, impose these taxes.

In recent years I have become interested in taxation, not simply from the standpoint of one who pays taxes, but from the scientific angle. I have seen many crackpot notions put into being.

Like all things human, our methods of taxation in many instances are inequitable, unfair, and unwise. This is particularly true when hasty action presses legislation into being.

There is an old saying which goes something like this: "Act in haste and repent at leisure." Taxation cannot be considered as a separate matter.

So, Mr. President, can anyone tell me why there is so much haste about a piece of legislation which may give a wrong direction to future legislation, injure our economy, and so forth. I have not been able to find out the reason, unless it is politics.

There is every reason why this bill should not be passed at this time.

We are right in the midst of a political campaign. It is conceded that the four "p's"—passion, prejudice, the purse, and patronage—will be important factors in the decision arrived at in the campaign. Perhaps there is another "p" which will be important. I classify it as the "pass-the-buck-excess-profits bill."

May I be privileged to interject a few ideas into this discussion which I think have a decided bearing on whether or not we should pass this bill.

First. In applying this tax we should make it, as far as possible, an equitable tax. By equitable tax I do not mean simply a tax that is equitable to the taxpayer, but one that is equitable to the country at large, having in mind future possible contingencies or emergencies.

We know that industry as a whole, with few exceptions, has for about 11 years had a hard time of it with the result that industry's reserves have been depleted. Aye, more; industry's capital in many instances has been depleted. In my State of Wisconsin we are about 50 percent industrial. I know whereof I speak.

It is only in the last 3 or 4 years that industry, generally speaking, has been operating in the black. During the previous 6 or 7 years it has been operating in the red.

As a whole, industry has stood the gaff well because patriotic men have hoped and prayed and striven to keep jobs open and men employed, and the life of the various communities going. Industry after industry reduced in capital structure because of losses.

We must not now decapitate industry by taxation. If we do so, we decapitate jobs; we decapitate the economic life of communities; and if we do that we destroy values, not only material and economic, but we destroy the morale of our people. It is all important in this period that we do not destroy material values. It is, of course, more important that we do not destroy spiritual values.

Therefore, it appears to me that in order to make it, so that when we have to face the emergencies after this period is over—post-war period—the emergencies of depression and distress, and lack of business, we do not at this time make it so, there are no reserves built up in industry to help take up the jars that are going to follow.

I know the Government needs taxes, but it must not destroy our economic system which produces taxes. I am thinking of men who will need jobs, of communities which will need smoking chimneys, of businessmen who need pay rolls, of homes that need sustenance.

Therefore, Mr. President, it appears to me that to tack on another 3.1 percent corporate normal tax is not a fair nor an equitable way to get at this problem. Why? Because it almost bleeds the patient dry. No man can live without blood in his veins and the industry of America cannot live long when you take the economic lifeblood out of its system.

What is more, if industry cannot build buffers against the shocks that must inevitably come, industry will be run over and destroyed like all the nations were in Europe before the "blitzkrieg" methods of Hitler. But if industry is equipped with reserves it will continue as it has in the past to meet the assaults that must come.

I am speaking for men who want work and who want to continue at their jobs. I am speaking for those who have saved and created buildings and machinery that constitute the working tools of the workingman. I want them to have something for their efforts and industry.

If we destroy, as we have been destroying, values in this country of ours, you will have the soil properly inoculated for either communism or fascism. I do not want that to happen.

It has been popular certain times in years past for leaders in the Nation to create "isms" and division between management and labor. Many people have profited politically and economically by that very method—many people in this country and many abroad. Hitler is one of them abroad.

We must give the men of enterprise, the builders, an incentive to start the wheel of progress; it will energize them for greater effort; it will result in more taxable income—better for Government, labor, capital, and the public generally.

EXCESS PROFITS

Mr. President, I believe in—

First. A plan of excess-profits taxation, but one which would encourage rather than discourage production. I believe in regulation and taxation of income as a means of financing defense and war costs.

Second. As a necessary curtailment on defense and war profiteering, I believe in some kind of excess-profits tax, though I recognize that no economist has yet devised an absolutely just excess-profits tax.

Third. As a necessary curb on inflation it may be necessary to establish some kind of price limitation. Again, I am fully aware of the undesirable economic implications of such a proposal, but those implications are far less serious than an uncontrolled orgy of inflation precipitated by an abnormal demand which skyrockets prices.

Let us briefly consider the problem of excess profits. I make no claims to being an economist but there are certain economic factors involved in any excess-profits tax which are at once apparent to any observer.

In considering the plan, let us disregard the customary emotional appeals. A great deal of time and no little oratory can be saved if we concede at the cutset that every one here is opposed to profiteering as distinguished from a fair and reasonable return on capital.

Now, what are these self-evident economic factors?

First of all, we have to determine what constitutes excess profits. In a system of free enterprise based on individual initiative, our economic activity requires a certain operating level of profits. We know that when we slash profits below that level we cripple production and destroy the incentive for management, which results in destruction of jobs. We also know that when we cut profits over that level we are eliminating what we call excess profits.

No one has any quarrel with the Government's demand for these excess profits. Our only problem is to determine the operating level above which profits are excess.

There are many factors which make this level difficult to determine in any one yardstick. A hazardous industry with alternate periods of profit and loss demands a higher profit. Profits for a short period of several years may appear excessive in relation to invested capital, although they may be only a small offset to years of operating losses during an experimental and developmental period.

We are all conversant with the factors which may cause excess profits. We know that inflation brings excess profits. We know that monopolies can create excess profits. We know that a distortion in normal demand can create excess profits.

We know further that all of these factors can play a part during our present period of defense financing and during any war period in which the United States might become involved.

We know also that we can control inflation to some degree at least by price controls and by a combination of taxation and borrowing in our defense financing. We know also that we can tighten our controls on monopolies, and in fact that we are already doing so. Our problem then is to cope with the excess profits resulting from a distorted demand factor.

We know that the supply factors of those goods for which there will be an abnormal demand cannot readily be increased overnight. On the other hand, the demand factor cannot be greatly altered though we can attempt substitutions, synthetics, conservation, and economy in the use of goods whose supply will be inadequate to the demand.

Because we cannot exercise more control on the demand factor it is reasonable to expect possibilities for excess profits. It is likewise perfectly reasonable for the Government to attempt to recover a substantial share of these excess profits which have been in part created by the activities of government.

The Revenue Act of 1940 has already subjected the earnings of corporations to increased rates on their Federal income tax, their capital-stock tax, and on the somewhat limited excess-profits tax already in force. These taxes are not negligible but they are not directed at defense excess profits. Our problem now is to tax these excess profits without destroying wealth and working hours for labor.

This bill, I believe, is not in the public interest. It was hurried into being. I refuse to accept it as my child.

In conclusion, let me say, Mr. President, I think we should refuse to pass the portion of the bill which refers to the so-called excess-profits tax, but should divide the bill and pass the feature which relates to amortization and depreciation.

Secondly, we should strike from the bill the additions to the normal tax.

Thirdly, as the bill does not do the job, it is just another Democratic palliative measure. It pretends to raise $115,000,000 in excess profits.

With such a measure passed, the country can be told that an excess-profits tax has been passed. Shame on such chicanery.

Fourth, it's main purpose seems to be to harass business, make more jobs for accountants and tax lawyers.

Fifth, it does not apply the basic principle of all taxation—the ability to pay.

Sixth, it does not do the job it is supposed to do.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2991) to authorize the Secretary of the Navy to accept on behalf of the United States certain lands in the city of National City, Calif.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 7357. An act to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465), to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention

for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods, and for other purposes; and

H. R. 9982. An act to amend section 4551 of the Revised Statutes, as amended, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Commerce:

H. R. 7357. An act to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465), to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods, and for other purposes; and

H. R. 9982. An act to amend section 4551 of the Revised Statutes, as amended, and for other purposes.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. HARRISON. 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:

Adams	George	Lee	Schwellenbach
Andrews	Gerry	Lodge	Sheppard
Barkley	Gibson	McCarran	Stewart
Bilbo	Gillette	McKellar	Taft
Brown	Gurney	Maloney	Thomas, Idaho
Bulow	Hale	Minton	Thomas, Okla.
Byrd	Harrison	Murray	Thomas, Utah
Byrnes	Hatch	Norris	Townsend
Capper	Hayden	O'Mahoney	Truman
Caraway	Herring	Overton	Tydings
Chandler	Hill	Pepper	Vandenberg
Clark, Idaho	Holt	Pittman	Wagner
Clark, Mo.	Hughes	Radcliffe	Walsh
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley
Ellender	King	Russell	
Frazier	La Follette	Schwartz	

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question, I have a pair with the junior Senator from New Jersey [Mr. BARBOUR], and therefore withhold my vote.

The PRESIDING OFFICER (when Mr. CHANDLER'S name was called). On this question the present occupant of the chair has a pair with the Senator from Pennsylvania [Mr. DAVIS], who is unavoidably detained from the Senate. Understanding that if the Senator from Pennsylvania were present he would vote "nay," the present occupant of the chair votes "nay."

Mr. HATCH (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. GUFFEY]. If the Senator from Pennsylvania were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. MURRAY (when his name was called). On this vote I have a pair with the junior Senator from Arkansas [Mr. MILLER]. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the Senator from Illinois [Mr. LUCAS], and will vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. In his absence I withhold my vote.

Mr. TRUMAN (when his name was called). I have a general pair with the Senator from Minnesota [Mr. SHIPSTEAD]. I am informed that if he were present he would vote "yea." Therefore I am at liberty to vote, and I vote "yea."

Mr. McCARRAN (after having voted in the affirmative). I inquire if the junior Senator from North Dakota [Mr. NYE] has voted.

The PRESIDING OFFICER. The Chair is informed that the Senator has not voted.

Mr. McCARRAN. I have a pair with the junior Senator from North Dakota. In his absence I withhold my vote. I understand that if he were present he would vote "nay."

The roll call was concluded.

Mr. TOWNSEND. The Senator from Oregon [Mr. MCNARY] has a general pair with the Senator from Alabama [Mr. BANKHEAD]. The Senator from Oregon is unavoidably detained from the Senate on important business.

The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from New Jersey [Mr. SMATHERS].

I announce the following special pairs on this question:

The Senator from Pennsylvania [Mr. DAVIS], who would vote "nay," with the Senator from Rhode Island [Mr. GREEN], who would vote "yea";

The Senator from Vermont [Mr. AUSTIN], who would vote "nay," with the Senator from West Virginia [Mr. NEELY], who would vote "yea";

The Senator from Virginia [Mr. GLASS], who would vote "nay," with the Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea"; and

The Senator from New Jersey [Mr. BARBOUR], who would vote "nay," is paired as heretofore announced.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Nebraska [Mr. BURKE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Arkansas [Mr. MILLER], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], and the Senator from New Jersey [Mr. SMATHERS] are necessarily absent. I am advised that if present and voting, these Senators would vote "nay."

The Senator from Washington [Mr. BONE] is detained from the Senate because of illness.

The Senator from Rhode Island [Mr. GREEN] and the Senator from West Virginia [Mr. NEELY] are unavoidably detained. I am advised that if present and voting, these Senators would vote "yea."

The Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from New York [Mr. MEAD], the Senator from South Carolina [Mr. SMITH], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

The result was announced—yeas 20, nays 41, as follows:

YEAS—20

Adams	Gibson	Lodge	Schwartz
Capper	Holt	Norris	Truman
Clark, Mo.	Johnson, Calif.	O'Mahoney	Wagner
Danaher	La Follette	Reed	Walsh
Frazier	Lee	Russell	Wiley

NAYS—41

Andrews	George	King	Stewart
Barkley	Gerry	McKellar	Taft
Bilbo	Gillette	Maloney	Thomas, Idaho
Brown	Gurney	Minton	Thomas, Okla.
Byrd	Hale	Overton	Townsend
Byrnes	Harrison	Pepper	Tydings
Caraway	Hayden	Pittman	Vandenberg
Chandler	Herring	Radcliffe	White
Clark, Idaho	Hill	Reynolds	
Connally	Hughes	Schwellenbach	
Ellender	Johnson, Colo.	Sheppard	

NOT VOTING—34

Ashurst	Chavez	Lucas	Slattery
Austin	Davis	McCarran	Smathers
Bailey	Donahey	McNary	Smith
Bankhead	Downey	Mead	Thomas, Utah
Barbour	Glass	Miller	Tobey
Bone	Green	Murray	Van Nuys
Bridges	Guffey	Neely	Wheeler
Bulow	Hatch	Nye	
Burke	Holman	Shipstead	

So, Mr. LA FOLLETTE's amendment to the amendment of the committee was rejected.

Mr. HARRISON. Mr. President, I have three amendments which I should like to offer at this time. They are merely technical.

The PRESIDING OFFICER. The clerk will state the first amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the amendment of the committee on page 86, line 20, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The amendment to the amendment was agreed to.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. A little later I shall offer an entirely new title, known as the war-profits-tax bill, which we have had before us previously. Will it be in order to offer that at this time?

The PRESIDING OFFICER. It will be in order to offer it as soon as the committee amendments are acted on.

Mr. CONNALLY. I merely wanted to preserve my rights.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Mississippi if he will restate the reference to be inserted after the word "tax", in line 20, page 86. Did the Senator say section 102?

Mr. HARRISON. These three amendments I have to present were prepared by the legislative draftsmen. They are merely technical in character. They carry no substance. Did the Senator ask me why I was asking that the amendment be inserted?

Mr. DANAHER. Where section 102 appears.

The PRESIDING OFFICER. The clerk will restate the amendment.

The CHIEF CLERK. On page 86, line 20, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

Mr. DANAHER. What would the amendment do, I ask the Senator from Mississippi?

Mr. HARRISON. Under these amendments in computing the tax both under the income and invested-capital methods, and for the purposes of the base period, the surtax on corporations improperly accumulating a surplus does not increase the deduction for taxes.

Mr. DANAHER. I thank the Senator.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 89, line 2, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to. The clerk will state the next amendment.

The CHIEF CLERK. On page 92, line 4, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 89, line 5, it is proposed to strike out the words "gains or" and to insert "capital gains and."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 97, lines 4 and 5, it is proposed to strike out "(d)" and to insert in lieu thereof "(c)."

The amendment to the amendment was agreed to.

Mr. VANDENBERG. Mr. President, does that conclude the committee amendments?

Mr. HARRISON. No.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment as amended.

Mr. VANDENBERG. The whole thing is a committee amendment.

Mr. HARRISON. I may say to the Senator from Michigan that that is all I have to offer at this time.

Mr. VANDENBERG. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. VANDENBERG. I desire to move at the proper time that the bill be recommitted with instructions to the committee to report back forthwith with the entire excess-profits section eliminated. When will be the appropriate time for me to submit that motion?

The PRESIDING OFFICER. At any time between now and the time the bill shall be passed.

Mr. VANDENBERG. The motion is in order at any time?

The PRESIDING OFFICER. The Senator may make the motion now if he desires to.

Mr. VANDENBERG. I should like to get that subject out of the way.

Mr. HARRISON. Very well. The Senator can make the motion now if he wishes to do so.

Mr. VANDENBERG. I do not care to debate the matter further. I have presented my full reasons, and I think the Senate is familiar with them.

I move that the bill be recommitted with instructions to report it back forthwith with the excess-profits tax section eliminated.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Michigan.

The motion was rejected.

Mr. VANDENBERG. I wish to call the attention of the Senator from Mississippi now to the amendment I have offered providing for preserving the social-security rights of men who are either drafted into the conscript army or into the National Guard service. I fully understand that the text of the amendment may not be in adequate or satisfactory form. In fact my conference with Mr. Altmeyer this morning would indicate that it probably is not. Nevertheless, the subject cannot go to conference except as it is opened by some sort of an amendment. My amendment is in line with the President's message submitted today, and I ask the Senator from Mississippi if he will permit the amendment to enter the bill so the subject may be canvassed in conference.

Mr. HARRISON. The Senator is on the subcommittee of the Finance Committee which was appointed to go into the various matters with respect to social-security amendments or legislation. The President in his message suggested that a study be made of the subject and that these matters, after study, then be put into the law. It seems to me that would be the better order in which to handle the matter.

Mr. VANDENBERG. I think the Senator is under a misapprehension regarding the character of this particular suggestion. It refers exclusively to preserving the rights of draftees and trainees and National Guard men, and it is admitted that if their rights are to be protected at all it must be undertaken long before the committee to which the Senator from Mississippi refers can possibly hope to explore the subject. All I suggest to the Senator is that in the light of the President's message of today on the subject, he permit my amendment to go to conference. I will not hold him to account for what happens there. If in conference it develops, through the source of the Security Board, that something of this character ought to be written into the bill, which I think it must be if the rights of these particular draftees are to be protected, I think he will be pursuing a proper course.

Mr. HARRISON. I think the Security Board is in complete accord with the President. I believe the suggestions were made after conference between the Security Board and the President. I am told it will take some time to draft these amendments so they will be correct and perfect. I have been in conference this morning to some extent with the representatives of the Social Security Board and I think the amendment suggested by the Senator ought not to go into the pending bill. I think the committee of which the Senator from Georgia is chairman would certainly cooperate with the subcommittee of which the Senator from Michigan is a

member, in making a study and getting these matters in proper form, and bringing them in at the next session.

Mr. VANDENBERG. Mr. President, this subject cannot await the next session, unless the Senator is willing to jeopardize the social-security rights of the groups which he has just voted into the Army of the United States. The President does not want to jeopardize those rights, and he said so in his message of today. I did not happen to sustain conscription, and I did not vote for it, but I certainly want to protect the rights of those who are to be conscripted. Action cannot wait until January; it cannot wait until some special committee—and I am a member of the committee, also—explores the subject.

What I am asking the Senator to do is to accept my amendment to the only available vehicle in which this action can be taken, namely, the pending bill. All I ask is that the Senator take the subject to conference, and if, when he gets into conference, the conferees decide this is not the proper bill in which to place it, I shall not object to having the amendment thrown out.

If the conferees decide, on the advice of the Social Security Board, that different language is advisable, I shall be most happy to accept it. I do not want this opportunity to pass without opening the door to an opportunity to defend and preserve the rights, under the Social Security Act, of the men who are to be conscripted. What is wrong with that?

Mr. HARRISON. The Senator is no more ardently enthusiastic in trying to accomplish what the President recommended be done than I am, but I see no reason why we cannot take care of the matter in another bill.

Mr. VANDENBERG. I offer the amendment. If it is to be resisted we ought to have a discussion of the subject.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LA FOLLETTE. I suggest to the Senator from Mississippi that no harm could result from taking this matter to conference, and there we can ascertain, upon consultation with the representatives of the Social Security Board, and the Treasury, and the legislative draftsmen, whether such language can be worked out, but if we do not do that, the conferees would be precluded from considering it, and we would have to await the origination of a bill in the House, and its coming over here, because we cannot originate legislation on a subject which affects the tax base on which the social security legislation rests.

So I wish to ask the Senator if he will not take the amendment of the Senator from Michigan to conference, especially in the light of the statement made by the Senator from Michigan that he will not object if it is found that the technical difficulties of drafting are insurmountable in the time permitted.

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

Mr. VANDENBERG. I yield.

Mr. KING. As I understand the draft which has been proposed, it does not include railroad employees, and a number of other classes of employees. I was wondering if the Senator from Michigan might not explore the matter a little further so as to include all classes of employees that ought to be included.

Mr. VANDENBERG. It should include all, and my theory is that if we can open the subject by this amendment it can be made to cover whatever is necessary to be covered.

Mr. KING. I was wondering if we could include in the draft, when it goes to conference, legislation not contemplated in the bill itself, and include a number of classes of employees not covered?

Mr. VANDENBERG. I quite agree that the railroad employees should also be covered, and the matter can be made to touch everything covered in the President's message of today.

Mr. HARRISON. To include those covered by the Railroad Retirement Act, which the President suggested and advised. So far as I am concerned the amendment can go to conference.

Mr. VANDENBERG. I offer the amendment in its perfected form, as follows: At the proper place in the bill insert the following:

Amendment intended to be proposed by Mr. VANDENBERG to the bill (H. R. 10413) to provide revenue, and for other purposes, viz:

Title II, section 209, of the Social Security Act of 1935, as amended, is hereby amended by adding at the end thereof a new subsection (o), as follows:

"(o) In determining eligibility and in computing benefits under section 209, and for no other purpose, the term 'total wages', as used in subsection (f) of this section, shall, in the case of any covered individual who, after July 1, 1940, has served in the land or naval forces of the United States, be deemed to include for each month of such service an amount equal to the average monthly wage received by such covered individual during the quarter immediately preceding such period of service, but in no event shall such 'total wages' exceed $3,000 for any single year."

SEC. 2. Section 1603 of the Federal Unemployment Tax Act of 1939 is hereby amended by adding at the end of subsection (a) a new paragraph (7), as follows:

"(7) For the purpose of computing eligibility and benefits of any covered employee who, since July 1, 1940, has served in the land or naval forces of the United States, such period of service shall be included in the same manner as though said individual had continued in a covered employment during such period of service, and for the purpose of computing benefits only, such individual shall be credited for each week of such service with wages equal to the average weekly taxable wage earned in the quarter immediately preceding induction into such land or naval forces."

The necessary corrections also are herewith made to protect the rights of men in the armed forces whose rights are affected under the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

The PRESIDING OFFICER. Does the Senator from Michigan have any choice with respect to what part of the bill the amendment should be incorporated in?

Mr. VANDENBERG. The amendment states that it should be inserted in the proper place in the bill.

The PRESIDING OFFICER. That would probably be, as the Chair understands, at the end of the bill. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. GEORGE. Mr. President, does the question comprehend the whole of titles I and II.

The PRESIDING OFFICER (Mr. HATCH in the chair). Yes; the whole of titles I and II.

Mr. HARRISON. What is pending now, Mr. President?

The PRESIDING OFFICER. The question is on the committee amendment as amended, beginning on page 1, and extending to line 10 on page 141.

Mr. HARRISON. The Senator from Georgia [Mr. GEORGE] has one or two suggestions he wishes to make before action is taken on the pending matter. I do not wish him to be precluded. Therefore, I ask that the committee amendment, as amended, be passed over temporarily, and that we recur to it later, after the Senator from Georgia shall have looked into the matter a little further.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROWN. Mr. President, I should like to make an inquiry of the chairman of the Committee on Finance as to the matters contained on page 109, which is the so-called hardship section. The Senator will recall that we had considerable discussion in the Finance Committee regarding subsection (3) of section 721, on page 109. The Senator will recall also that that is the so-called hardship section by which it is provided that in the calculation of the excess-profits tax attention may be given to prior experience of the corporation or a taxpayer who has been engaged in mining, or research, or development. I raised the question in the committee whether or not in the type of case where an individual or partnership have formed a corporation the taxpayer would be entitled to the relief provided in section 3. That is highly important to many mining corporations. It is highly impor-

tant to some development corporations in my State of Michigan. The Senator from Mississippi will recall that the committee voted to instruct the experts to draft a provision which would cover the situation. I understand it has not been done. The problem presents considerable difficulty.

In view of the parliamentary situation, may that matter be taken to conference, and may subsection 3 be rewritten in conference under the present parliamentary status?

Mr. HARRISON. I recall the discussion we had in the committee. The committee was in sympathy with the view of the Senator from Michigan [Mr. BROWN], the Senator from Utah [Mr. KING], the Senator from Colorado [Mr. JOHNSON], and others who presented the idea. As I recall, the committee was asked to draft an amendment to the relief provision carrying out this general idea. I understand from the draftsmen that they have tried to do so, but some time will be required to write the provision. That is the information which comes to me.

Mr. BROWN. My question is, can appropriate language to carry out that idea, if it can be drafted—and I see no reason why it cannot be—be added in conference?

Mr. HARRISON. In my opinion it could not be added in conference, but if the Senator will draft something which points in that direction I shall have no objection to taking it to conference to see if we can work it out in a manner satisfactory to the Senator.

Is that arrangement satisfactory to the Senator?

Mr. BROWN. Yes.

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

Mr. HARRISON. I yield.

Mr. KING. I have examined the provision and it seems to me it is not sufficiently comprehensive. I sincerely hope that the Senator from Michigan, with such aid as he can obtain, will draft a provision which will afford ample relief.

Mr. BROWN. I will say to the Senator from Utah that this afternoon I shall be concerned with an amendment which I think will require some little discussion, but if he and the Senator from Colorado could undertake the task, with the assistance of some of the experts, I should very much appreciate it. I think we shall make a mistake if we do not cover that kind of a situation before the bill is finally passed.

Mr. KING. Let me say to the Senator that the understanding in the committee was that a comprehensive relief provision should be adopted. In my opinion we have not carried out our intentions.

Mr. BROWN. According to my understanding, the Finance Committee voted on precisely that question, and asked that such a provision be drafted.

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

Mr. HARRISON. I yield.

Mr. ADAMS. I wonder if the Senator from Utah and the Senator from Mississippi can enlighten me in my ignorance as to how far this section goes in protecting those in the mining industry, who, as Senators know, engage in a development process for years and invest their money without any return. Then in 1 year they happen to derive some profit, the accumulated profit resulting from their efforts for 4 or 5 years past. How far is such a development protected by positive provisions; how far is opportunity afforded for protection merely under rules and regulations; and how far is it left unprotected?

Mr. HARRISON. Protection is afforded under the relief provisions of the bill, which permit promoters, developers, or inventors to go back and apportion over several years what they have accumulated in earnings.

Mr. ADAMS. Is that a positive right, or is it merely a privilege which may be given by the Commissioner?

Mr. HARRISON. That is a specified, particular opportunity permitted them, and does not come under the general provisions, which would buttress that special right.

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

Mr. HARRISON. I yield.

Mr. BROWN. The right of appeal to the Board of Tax Appeals is also granted.

Mr. ADAMS. That would also follow. My inquiry is whether or not there is protection by positive declaration, or whether leeway is simply left to the Commissioner, with the approval of the Secretary, to make rules and regulations which might protect or which might not protect.

Mr. BROWN. I think the Commissioner is required to grant the opportunity.

Mr. HARRISON. Oh, yes; it is specified, and if there is complaint there may be appeal to the courts. This provision was adopted as a relief provision in special cases. It seems to me it cannot be ignored by the Commissioner under any circumstances. The Senator from Colorado [Mr. JOHNSON] was on the committee, and I think he will bear me out in the statement that that was the interpretation placed upon it. We all seemed pretty well satisfied with it.

Mr. JOHNSON of Colorado. That was the understanding we had in the committee, and we instructed the drafting division to draft an amendment to bring about the result. This is the language which was brought to us. From the interpretation given by the draftsmen to their own language I am quite satisfied that it does the very thing we want to accomplish.

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

Mr. HARRISON. I yield.

Mr. CONNALLY. As I understand the effect of this provision, in cases of exploration in the mining, oil, coal, or gas industries, if a concern makes an inordinate profit in 1 year as compared with what it usually makes in a year, it is then allowed to prorate that large amount back over a period of years and divide it up.

Let us assume that a concern makes $1,000,000 in some particular year, and that for the 4 preceding years it has not made anything. It allocates $200,000 of the $1,000,000 to each of the 5 years, and estimates what it would have paid on a normal tax basis for each of the 5 years, and pays the tax on that basis. However, for the purposes of the excess-profits tax it pays only on $200,000 in the taxable year, which would be 1940.

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

Mr. HARRISON. I yield.

Mr. BROWN. I think the statement of the Senator is accurate, except with regard to the remarks he made about paying the normal tax. The normal tax is paid on the entire amount earned in the calendar year, or $1,000,000.

Mr. CONNALLY. That is true; but let me say to the Senator from Michigan that under the practice of the Treasury, in prior years the concern would have been permitted to deduct from its net income the expenses of operation, and all that sort of thing, upon which it had not realized. When it finally obtains a return on the money invested, if it is allowed to capitalize it and use it without paying a tax, it escapes paying any normal tax upon that part of its income.

Take the case of a concern which makes nothing for 4 years: Of course, it pays no tax. Then, in the fifth year, it makes $1,000,000. It is proposed that the concern shall have the privilege of prorating the $1,000,000 back over a period of 5 years; and upon the constructive theory that $200,000 of that amount was earned in 1936, we will say, the concern pays the normal tax for that year on $200,000, and so on.

Mr. BROWN. I must differ with the Senator. I think he is in error with regard to the normal tax. I asked this precise question of the experts. The normal tax is assessed entirely in the year in which the income is earned, which would be 1940.

Mr. CONNALLY. That is correct.

Mr. BROWN. There is no levying of a tax back over the previous period. The only purpose of using the previous period is as a basis for calculation of the excess-profits tax, which does not relate to the normal tax at all.

Mr. CONNALLY. In any event, the concern is not penalized, except on a pro rata basis, with the excess-profits tax in the year in which the income was earned.

Mr. BROWN. The Senator is correct.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. JOHNSON of Colorado. I do not happen to be an attorney. My colleague asked a technical legal question, and I have been informed by the experts that this provision does not give the Commissioner discretionary power. It lays down a legal rule, and the Commissioner does not have power to reject it or otherwise. He must be guided by it.

Mr. HARRISON. The Senator is correct.

Mr. ADAMS. Mr. President, I am not in touch with these things, and I know little about taxation. However, I am hopeful that that is an entirely correct answer. The language of the general provision is:

If there is includible in the gross income of the taxpayer for any taxable year an item of income of any one or more of the following classes—

And the classes are set out—

and, in the light of the taxpayer's business, it is abnormal for the taxpayer to derive income of such class, or, if the taxpayer normally derives income of such class, the item includible in the gross income of the taxable year is grossly disproportionate to the gross income of the same class in the 4 previous taxable years—

If we are dealing with mines, I suppose that means the average of a group of mines, or mines generally, rather than a particular mine.

Mr. HARRISON. That is correct.

Mr. ADAMS. The provision continues:

Then: (A) The amount of such item attributable to any previous taxable year or years shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

Mr. HARRISON. The amount attributable to the previous years is to be fixed by the Commissioner and the Secretary of the Treasury.

Mr. ADAMS. But it is left entirely to their judgment and discretion. The Senator from Texas [Mr. CONNALLY] gave an illustration, saying that if there were an income of $1,000,000, the only income over a period of 5 years' development, it would be divided and allocated over a period of 5 years. He used the illustration of $200,000 a year. That is not the requirement. It would be left to the Commissioner, with the approval of the Secretary, to decide how much should be allocated to prior years. The Commissioner might set back one amount for one year, another amount for another year, and a different amount for a third year. Is not that correct?

Mr. HARRISON. The Senator is correct, except that there may be an appeal to the courts or to the Board of Tax Appeals from the Commissioner's decision on the question.

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

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Mississippi yield to the Senator from Colorado?

Mr. HARRISON. I yield.

Mr. ADAMS. There can be no effective appeal from a discretionary action. If it is discretionary with the Commissioner to determine how much shall be attributed to previous years, an appeal may not be taken to the Board of Appeals on a question of discretion.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. JOHNSON of Colorado. The discretionary features do not pertain to the rule at all; but they do pertain, of course, to calculations involved in the whole matter. Somebody has to attribute the amount to certain years. The rule itself, however, is a matter of definition.

Mr. ADAMS. May I ask the Senator, then, what is the rule?

Mr. JOHNSON of Colorado. The rule is that a taxpayer having had development work over a period of time, more than 12 months, can go back and take that period of time into consideration.

Mr. ADAMS. But it is the Commissioner, not the taxpayer, who decides the question and who attributes the income. Take a man owning a patent on which he has been working for 5 years, he has been putting in his money and his time and all he could borrow from his friends, and suddenly, at the end of 5 years, is able to sell his patent for, say, a million dolars. The bill does not say that the million dollars shall be prorated back evenly over the period of 5 years; it does not lay down any rule; but merely says that if the amount which he received is abnormal and excessive or disproportionate to the gross income of the same class in the 4 preceding taxable years, then "the amount of such item attributable to any previous taxable year or years shall be determined under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary."

If the Commissioner were to decide that nothing should be prorated the first 3 years, and should divide the million dollars into the last 2 years, as a matter of discretion, the owner of the patent would be bound by it, as I read the provision. I am trying to get the information because of its vast importance to the section of the country in which I live.

Mr. JOHNSON of Colorado. As I understand the proposal, that only pertains to the arithmetic of the matter, and not to the right of the taxpayer at all.

Mr. ADAMS. I wish I could concur with the Senator. The Senator is on the committee, and I will accept his judgment, but he will have to pardon my ignorance.

Mr. JOHNSON of Colorado. The junior Senator from Colorado knows that the senior Senator from Colorado is a very distinguished and able lawyer.

Mr. ADAMS. There is no one who knows less about income tax matters than does the senior Senator from Colorado.

Mr. HARRISON. I may say to the senior Senator from Colorado that Mr. Stam, who is chief of our staff, and who has had long experience and help in writing this, thinks and so states in a report which I have in my hand that the colleague of the Senator from Colorado is exactly right in his construction of the provision.

Mr. ADAMS. Will the Senator, then, translate to me from the expert what is the rule? It is, I am told, a matter of arithmetic.

Mr. HARRISON. Very well. I will read:

This section grants certain relief to taxpayers in the following cases:

Where the gross income of the taxpayer for the taxable year includes income of the following classes:

(1) Income from claims, judgments, or interest thereon;

(2) Amounts payable in 1 year from long-term contracts;

(3) Income resulting from exploration, discovery, prospecting, research, or development of tangible property extending over a period of more than 12 months;

(4) Income which is abnormal due to a change in the taxpayer's accounting method or accounting period; and

(5) Buildings taken over by a lessor upon termination of the lease.

In this class of cases, if it is abnormal for the taxpayer to derive income of such class, relief is granted. Relief is also granted where even though the taxpayer normally derives income from such class, the income is grossly disproportionate to the gross income in the same class in the 4 previous taxable years.

In such cases, the excess-profits tax cannot exceed the aggregate taxes if it had been received in the taxable years to which it had been attributable if received ratably over the period.

For example, if a taxpayer receives income from a judgment in 1940, for which claim was pending for a period of 5 years of $1,000, only $200 is reportable as income for 1940 subject to excess-profits tax. The balance is attributable to the base period years, and since no excess-profits tax is imposed for such years, the remaining $800 is not subject to excess-profits tax.

An oil company might derive income from an oil well in 1940, which is much greater than it received in the 4 preceding taxable years for oil wells. If such income is attributable to a 5-year period, only one-fifth would be reportable as income subject to the excess-profits tax for 1940.

I hope that explanation will help somewhat to explain this particular question.

Mr. ADAMS. I wish the explanation were in the bill.

Mr. HARRISON. It is in the report, I may say to the Senator.

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

Mr. HARRISON. I yield.

Mr. CONNALLY. I wish to correct one thing I said a moment ago. I said that in making out the income for tax

purposes and spreading it over a 5-year period the normal tax was estimated as of the year when it was constructively earned; but that was inaccurate. The normal tax is payable in the taxable year 1940, but, for the purpose of the excess-profits tax, it is prorated back over a 5-year period, and only one-fifth of it in the taxable year is assessable under the excess-profits tax. It would have been better for the miners and oil producers had the suggestion I first made been correct.

I made the suggestion in the Finance Committee, and was under the impression that the amendment had been drawn in such fashion as to carry out my original thought, but I see I am in error in that respect. Otherwise I think my statement was accurate. I thank the Senator.

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

Mr. HARRISON. I yield.

Mr. KING. As I understood the Senator from Texas, I interpreted his observation to mean, if a mining corporation has been working for a number of years—say, 10 years—and a windfall comes on the tenth year, there would be no exception with respect to the normal income tax, but, for the purposes of the excess-profits tax, the amount would be considered to cover 5 years, and the windfall would be allocated to a number of years rather than to the year in which it was paid.

Mr. CONNALLY. I will say to the Senator that, if this bill were not passed at all, that is exactly what would happen, but, under existing law, if they get the money in 1940, they would pay the normal tax on all of it.

Mr. KING. That is true.

Mr. CONNALLY. This does not change that.

Mr. KING. It does not change it with respect to the normal tax.

Mr. BROWN. Mr. President, I understand the Senator from Delaware has an amendment to offer. I assure him that it will take me only a moment to clear up the matter I have in mind. Referring to subsection 3 on page 109, the experts from the Treasury and the Finance Committee tell me that this matter could be perfected in conference if we added the language which I am about to read:

In line 15, after the word "foregoing", to insert the words "by the taxpayer or any of its predecessors."

I therefore ask that the committee amendment be amended as I have suggested.

Mr. HARRISON. I have no objection to that amendment going to conference, so that we may perfect it in conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN] to the committee amendment.

The amendment was agreed to.

Mr. TOWNSEND. Mr. President, on page 127 I offer an amendment to strike out lines 1 to 14, both inclusive, and insert:

After December 31, 1939, if, on September 11, 1940, and at all times until the taxpayer became an acquiring corporation:

(1) the taxpayer owned not less than 75 percent of each class of stock of each of the qualified component corporations involved in the transaction in which the taxpayer became an acquiring corporation; or

(2) one of the qualified component corporations involved in the transaction owned not less than 75 percent of each class of stock of the taxpayer, and of each of the other qualified component corporations involved in the transaction,

the average base period net income of the taxpayer shall not be less than (A) the average base period net income of that one of its qualified component corporations involved in the transaction the average base period net income of which is greatest, or (B) the average base period net income of the taxpayer computed without regard to the base period net income of any of its qualified component corporations involved in the transaction.

That amendment would take the place of the language which I propose to strike out.

Mr. HARRISON. I may say that I have no objection to the amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. TOWNSEND] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 146, after line 15, to strike out:

(5) Recomputation of tax in case of election under this subsection: If the adjustment of the income or excess-profits tax liability for any taxable year necessary to give effect to paragraph (4) of this subsection is prevented (A) on the date of the certificate of the Secretary of War or the Secretary of the Navy or on the date of the President's proclamation, whichever is the basis of the taxpayer's election under this subsection, or (B) within 1 year from such date, by any provision of law (other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection. If at the time of the mailing of such notice of deficiency or the filing of such claim for refund, the adjustment is so prevented, then the amount of the adjustment authorized in this paragraph shall be limited to the increase or decrease in the tax previously determined for such taxable year which results solely from the effect of paragraph (4) of this subsection, and such amount shall be assessed and collected, or credited or refunded, in the same manner as if it were a deficiency or an overpayment, as the case may be, for such taxable year and as if on the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection, 1 year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for the taxable year. The tax previously determined shall be ascertained in accordance with section 3801 (d). The amount to be assessed and collected under this paragraph in the same manner as if it were a deficiency, or to be refunded or credited in the same manner as if it were an overpayment, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection. Such amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection.

And in lieu thereof to insert:

(5) Recomputation of tax:

(A) If the adjustment of the income or excess-profits tax liability for any taxable year necessary to give effect to paragraph (4) of this subsection is prevented (i) on the date of the certificate of the Secretary of War or the Secretary of the Navy or on the date of the President's proclamation, whichever is the basis of the taxpayer's election under this subsection, or (ii) within 1 year from such date, by any provision of law (other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection.

(B) If the adjustment of the income or excess profits tax liability for any taxable year necessary to give effect to subsection (i) of this section is prevented (i) on the expiration of 30 days after the making of the contract described in such subsection or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, or (ii) within 1 year from such expiration, by any provision of law other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such expiration.

(C) If at the time of the mailing of such notice of deficiency or the filing of such claim for refund, referred to in subparagraph (A) or (B), as the case may be, the adjustment is so prevented, then the amount of the adjustment authorized in this paragraph shall be limited to the increase or decrease in the tax previously determined for such taxable year which results solely from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be, and such amount shall be assessed and collected, or credited or refunded, in the same manner as if it were a deficiency or an overpayment, as the case may be, for such taxable year and as if on the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection, or on the date of such expiration, as the case may be, 1 year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for the taxable year. The tax previously determined shall be ascertained in accordance with section 3801 (d). The amount to be assessed and collected under this paragraph in the same manner as if it were a deficiency, or to be refunded or credited in the same manner as if it were an overpayment, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be. Such

amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be.

The amendment was agreed to.

The next amendment was, on page 151, line 12, after the word "after", to strike out "July 10" and insert "January 1"; in line 18, before the numerals "1940", to strike out "July 10" and insert "January 1"; on page 152, line 6, after the word "after", to strike out "July 10" and insert "January 1"; on page 155, after line 5, to strike out:

(i) Destruction, etc., of facility: Any taxpayer taking deductions for amortization of emergency facilities pursuant to the provisions of this section may not thereafter destroy, demolish, impair, or substantially alter such emergency facilities without the consent in writing of the Secretary of War or of the Secretary of the Navy. In the event such consent is not given within a period of 90 days from the date of receipt of written request therefor, the Secretary of War or the Secretary of the Navy, as the case may be, shall and he is hereby directed to purchase such facilities at a price which he shall fix not to exceed the adjusted basis but not to be less than $1. In case such facilities consist of buildings, or fixtures not removable without substantially affecting the structure to which the same are affixed, the taxpayer shall have an option to repurchase such facilities at the price which he was paid before such facilities are resold to any other person.

(j) Consent to provisions of subsection (i): No deduction for amortization under the provisions of this section shall be allowed in any case unless the taxpayer files with the Commissioner a signed statement acknowledging, and consenting to the application of, the provisions of subsection (i). Such statement shall be signed and acknowledged under oath by the person or persons required to swear to returns made by the corporation under this chapter.

(k) Penalty for destruction, etc., of facility: If the Secretary of War or the Secretary of the Navy certifies to the Secretary of the Treasury that a taxpayer subject to the provisions of subsection (i) has willfully destroyed, demolished, impaired, or altered substantially any emergency facility without having first obtained the written consent of the Secretary of War or the Secretary of the Navy to such destruction, demolition, impairment, or alteration, then such taxpayer shall be liable to a penalty in an amount equal to the unadjusted basis of such facility in the hands of the taxpayer for the purpose of computing gain, to be assessed, collected, and paid in the same manner as if it were a tax imposed by this chapter. Such penalty may be assessed or a proceeding in court for the collection of such penalty may be begun without assessment at any time with 1 year after the date of such certification.

And insert:

(i) Protection of the Government's interest in emergency facility: If, directly or indirectly, the taxpayer has been or will be paid or substantially reimbursed by the Government for all or a part of the cost of any emergency facility pursuant to any contract with the Government for the construction or acquisition of such facility, for the purchase of supplies, or otherwise, no amortization shall be allowed with respect to such facility under this section unless, before the expiration of 30 days after the making of such contract or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, the Advisory Commission to the Council on National Defense, and either the Secretary of War or the Secretary of the Navy certify to the Commissioner that the contract contains provisions, adequately protecting the public interest, with reference to the future use and disposition of the facility. If such contract is made after the amortization period has begun, and such certificate is not made, the income and excess-profits tax liability for all taxable years, beginning with the taxable year in which the amortization period began, shall be computed without the amortization deduction allowed by this section with respect to such facility.

The terms and conditions of such contracts with reference to payment or reimbursement of the cost of such facilities and the protecting of the Government's interest therein shall be made available to the public.

So as to read:

(e) Definitions:

(1) Emergency facility: As used in this section, the term "emergency facility" means any land, building, machinery, or equipment, or part thereof, the construction, reconstruction, erection, or installation of which was completed after January 1, 1940, or which was acquired after such date, and with respect to which a certificate under subsection (f) has been made.

(2) Emergency period: As used in this section, the term "emergency period" means the period beginning January 1, 1940, and ending on the date on which the President proclaims that the utilization of a substantial portion of the emergency facilities with respect to which certifications under subsection (f) have been made, is no longer required in the interest of national defense.

(f) Determination of adjusted basis of emergency facility: In determining, for the purposes of subsection (a) or subsection (h), the adjusted basis of an emergency facility:

(1) There shall be included only so much of the amount otherwise constituting such adjusted basis as is properly attributable to such construction, reconstruction, erection, installation, or acquisition after January 1, 1940, as the Advisory Commission to the Council of National Defense and either the Secretary of War or the Secretary of the Navy have certified, within the time specified in paragraph (3) of this subsection, and under such regulations as the President may prescribe, as necessary in the interest of national defense during the emergency period;

(2) After the completion or acquisition of any emergency facility with respect to which a certificate under paragraph (1) has been made, any expenditure (attributable to such facility and to the period after such completion or acquisition) which does not represent construction, reconstruction, erection, installation, or acquisition included in such certificate, but with respect to which a separate certificate is made under paragraph (1), shall not be applied in adjustment of the basis of such facility and shall be considered as an expenditure with respect to a new emergency facility; and

(3) The certificate provided for in paragraph (1) shall have no effect unless made before whichever of the following dates is the later: (A) The beginning of such construction, reconstruction, erection, or installation, or the date of such acquisition, or (B) the sixtieth day after the date of the enactment of the Second Revenue Act of 1940.

(g) Depreciation deduction: If the adjusted basis of the emergency facility computed without regard to subsection (f) of this section is in excess of the adjusted basis computed under such subsection, the deduction provided by section 23 (l) shall, despite the provisions of subsection (a) of this section, be allowed with respect to such emergency facility as if its adjusted basis were an amount equal to the amount of such excess.

(h) Payment by United States of unamortized cost of facility: If an amount is properly includible in the gross income of the taxpayer on account of a payment with respect to an emergency facility and such payment is certified as provided in this paragraph, then, at the election of the taxpayer in its return for the taxable year in which such amount is so includible—

(1) The amortization deduction for the month in which such amount is so includible shall (in lieu of the amount of the deduction for such month computed under subsection (a)) be the amount so includible, but such deduction shall not be in excess of the adjusted basis of the emergency facility as of the end of such month (computed without regard to any amortization deduction for such month). Payments referred to in this paragraph shall be payments, the amounts of which are certified, under such regulations as the President may prescribe, by either the Secretary of War or the Secretary of the Navy as compensation to the taxpayer for the unamortized cost of the emergency facility made because—

(A) A contract with the United States involving the use of the facility has been terminated by its terms or by cancelation, or

(B) the taxpayer had reasonable grounds (either from provisions of a contract with the United States involving the use of the facility, or from written or oral representations made under authority of the United States) for anticipating future contracts involving the use of the facility, which future contracts have not been made.

(2) In case the taxpayer is not entitled to any amortization deduction with respect to the emergency facility the deduction allowable under section 23 (l) on account of the month in which such amount is so includible shall be increased by such amount, but such deduction on account of such month shall not be in excess of the adjusted basis of the emergency facility as of the end of such month (computed without regard to any amount allowable, on account of such month, under section 23 (l) or this paragraph).

(i) Protection of the Government's interest in emergency facility: If, directly or indirectly, the taxpayer has been or will be paid or substantially reimbursed by the Government for all or a part of the cost of any emergency facility pursuant to any contract with the Government for the construction or acquisition of such facility, for the purchase of supplies, or otherwise, no amortization shall be allowed with respect to such facility under this section unless, before the expiration of 30 days after the making of such contract or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, the Advisory Commission to the Council on National Defense, and either the Secretary of War or the Secretary of the Navy certify to the Commissioner that the contract contains provisions, adequately protecting the public interest, with reference to the future use and disposition of the facility. If such contract is made after the amortization period has begun, and such certificate is not made, the income and excess-profits tax liability for all taxable years, beginning with the taxable year in which the amortization period began, shall be computed without the amortization deduction allowed by this section with respect to such facility.

The terms and conditions of such contracts with reference to payment or reimbursement of the cost of such facilities and the protecting of the Government's interest therein shall be made available to the public.

The amendment was agreed to.

PROPOSED ADJOURNMENT OF CONGRESS

Mr. THOMAS of Idaho. Mr. President, it must be apparent to every Senator that the situation confronting us is a very serious one; and I am very much disturbed by the rumor that

a move is on foot to adjourn the present Congress next week, or the week after that. I hope the rumor is not well founded.

On June 11 I spoke in the Senate in opposition to the adjournment plans which I understood then called for Congress to leave Washington on June 22. At that time I said:

> If adjournment should take place on the 22d of June, no power on earth but the President could call us back. Until we were called back, the sole control over our foreign policy would remain in the hands of the President. The issue is not whether we do or do not trust the President, or whether we agree with his foreign policy. It is simply that the responsibility for the sole direction of the foreign policy of the United States in days like these is too much, under a democracy, for one man to have. That would be true regardless of the party or the political belief of the man who might be President.

Fortunately, Congress remained in session. Since I made that statement on June 11, much has happened. France has fallen; the battle of Britain has begun, and no one can foresee the results of that battle. We know that we are closer to war today than we were on June 11. Moreover, the lives of millions of our boys may be jeopardized by a single mistake in our foreign policy. The entire future of our country is at stake. In a situation like this Congress has a definite responsibility, and that responsibility is to remain in session.

In his press conference on June 4, and again on June 11, the President pointedly said he could see no reason for Congress remaining in session except for the laudable purpose of making speeches. The legislation passed since that date indicates rather clearly that Congress, in June, had scarcely touched the defense program.

We have authorized a two-ocean Navy. We have authorized in two different bills the appropriation of nearly $7,000,000,000 to be spent for defense purposes. We have passed one tax bill and are about to complete action on another for taxing excess profits. We have passed legislation increasing by $500,000,000 the capacity of the Export-Import Bank to lend money to countries in the Western Hemisphere. We have passed the alien-registration bill, and the Burke-Wadsworth conscription bill. I may say that with the exception of the Burke-Wadsworth bill I have voted for all the defense measures, and I think the Congress has done a good job. We have passed the Hatch Act outlawing certain corrupt political practices. We have completed action on the transportation bill. We have amended the patent laws to protect secret inventions useful for defense. This is only part of the important legislation that has been acted upon, and all this has been done since I opposed adjournment on the floor of the Senate on June 11.

In his acceptance speech to the Democratic convention, President Roosevelt made the following statement:

> Events move so fast in other parts of the world that it has become my duty to remain either in the White House or at some near-by point where I can reach Washington and even Europe and Asia by direct telephone—where, if need be, I can be back at my desk in the space of a very few hours.

With the President taking this position, it is difficult to understand how Congress can even consider adjourning. Events happening from day to day may vitally affect the welfare and the lives of the American people. The duty of Congress is clear. It should remain in session and be available coming campaign. Our duty, however, is here. The action of Congress in remaining in session may easily be the means of keeping the United States out of war. As long as the emergency lasts, regardless of how my political future may be affected, I shall oppose any attempt at adjournment.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. BROWN. Mr. President, I did not know that we had passed page 113, relating to personal-service corporations. I ask unanimous consent to return to page 113, section 724, to permit me to discuss for a moment the subject of personal-service corporations.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent to return to page 113 of the bill. Is there objection? The Chair hears none.

Mr. BROWN. Mr. President, as the Senator from Mississippi [Mr. HARRISON] recalls, we had considerable difficulty over the definition of personal-service corporations; and a great deal of complaint has come from that particular class of corporations about the way in which we finally drafted the amendment appearing in the bill. The principal complaint is that no corporation may be considered a personal-service corporation unless 80 percent of its stock is owned by the individuals who actually operate the corporation.

My attention has been called to the fact that there are a great many personal-service corporations, such as—if I may give an example—incorporated advertising agencies. Of course, a firm of lawyers may not incorporate, but it will serve as a good example of the situation. Attention has been called to the fact that many times a so-called silent partner puts up the money and demands more than 20 percent of the stock. That particular kind of personal-service corporation could not possibly qualify and get the benefits which we intend to give to personal-service corporations.

I may say that those benefits are these: Such corporations are not within the provisions of this proposed statute, but their income is taxed just the same, because, of course, the income of that class of corporations is largely distributed, and becomes taxable under personal income-tax statements.

The amendment which has been suggested to me is as follows, having identically the same definition as the bill in section 724, but adding this language:

> Whose income is to be ascribed primarily to the activities of shareholders who are regularly engaged in the active conduct of the affairs of the corporation, all of whose stock is owned at all times during the taxable year by or for not more than 20 individuals, and whose invested capital for the taxable year is not in excess of $500,000.

If the amendment in that form had been presented to us before the Finance Committee reported the bill, I think it would have been accepted. Since that time I have discussed it with representatives of this class of corporations, and I feel that it is fair. I realize that if those who are in charge of the business of the Senate find, upon a thorough examination of the amendment, that it goes too far or does not go far enough, it may be rejected.

I will say to the Senator from Mississippi that the amendment I suggest does not change the present law at all. It uses the same language, except that it includes within personal-service corporations a corporation whose total number of members or stockholders is not more than 20, and whose capital is not in excess of $500,000; but those actively engaged need not be the owners of 80 percent of the stock.

Mr. HARRISON. Mr. President, so far as I am concerned I am willing to let the amendment proposed by the Senator from Michigan go to conference. Different views have been expressed about these personal-service corporations.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. BROWN. I yield to the Senator.

Mr. NORRIS. I wonder why the Senator limits his amendment to corporations having $500,000 of capital stock or less?

Mr. BROWN. Because when the capital of the corporation is larger than $500,000 regardless of the statement in the statute that the capital must not be a material income-producing factor, it seemed to me—and I was the one who placed that limitation on it—that the capital is a material factor.

Mr. NORRIS. I wonder why the Senator reached that conclusion. To me it would seem that the amendment is intended to apply to cases in which the capital stock, as the amendment says, is not a material factor. If a corporation has a capital stock, let us say, of $490,000, does not the Senator think that is a case, on its face at least, in which the capital stock plays a very important part, and the amendment ought not to apply to it?

Mr. BROWN. Of course, it is necessary to draw the line somewhere. If the maximum were $100,000, I am fearful that it would be a little bit too small, and this particular sum was selected for that reason.

Mr. NORRIS. The Senator's amendment is intended to apply to cases in which the capital stock is practically an immaterial factor.

Mr. BROWN. That is true.

Mr. NORRIS. I can see some reason for that. It is a personal corporation, but when that kind of a corporation has a capital stock of even $100,000 it shows on its face, it seems to me, that the capital stock is important, if not the most important thing.

Mr. BROWN. The Senator did not hear the entire definition read.

Mr. NORRIS. I heard the entire amendment read.

Mr. BROWN. The first paragraph I did not read. It says:

As used in this subchapter the term "personal-service corporation" means a corporation in which the capital stock is not a material income-producing factor.

Mr. NORRIS. I heard that read.

Mr. BROWN. Therefore, a corporation could have a capital of $10,000 and still not qualify under this definition. Not only must it be a corporation having not in excess of 20 stockholders, and not only must it be a corporation having a capital stock of less than $500,000, but it must also be a corporation in which the capital is not a material income-producing factor.

Mr. NORRIS. That is where I think the contradiction comes in. It seems to me that where a corporation has a capital stock let us say of $495,000, under a provision under which capital stock is supposed not to be a material factor, there is a contradiction in the face of things. That amount of capital stock, it seems to me, would be considered very large for a corporation. Here we are dealing with a corporation where we say, to begin with, that capital stock is not a material thing; it is a personal corporation. It seems to me the amendment contradicts itself.

Mr. BARKLEY. Mr. President, these personal corporations are corporations where the personal services, the activities of the members, are the chief factor in the income. What really is the need for such a corporation having $500,000 capital stock? What do they do with the capital stock if it does not have any part to play in their business or profits?

Mr. BROWN. I presume that in large personal corporations such as an advertising agency—and it was the advertising people who discussed the matter with me, among others—there might be considerable capital.

Mr. BARKLEY. What do they do with it if it is not used in the business, and does not play some part in the activity? At the end of the year, when they distribute their earnings, do they declare a dividend on the capital, or is it all taken up in salaries; or how does it operate?

Mr. BROWN. I understand that the first paragraph of the amendment, as well as the committee amendment, takes care of that by insisting that capital must not be a material factor in the production of the income. I do not mind if it is a smaller sum than that. I have no particular interest in the matter other than that it was brought before the Finance Committee, and this seemed to me, after a careful examination of the entire situation, to be about as fair an amendment as could be devised.

Mr. NORRIS. Of course, I have no interest in it, either. But in dealing with corporations as to which capital stock is not a material factor, because we are dealing with personal corporations, the corporation being controlled entirely by stockholders themselves, if that kind of a corporation deserves different treatment from another, it seems to me that the capital stock is only a nominal consideration. Indeed, there should be no capital stock.

Mr. BROWN. Would the Senator say we should strike out the $500,000 limitation?

Mr. NORRIS. I think so.

Mr. BROWN. That would suit me entirely.

Mr. HARRISON. Would $100,000 be all right?

Mr. NORRIS. Why have any capital stock limitation? I do not see any use of it where the personal services of the stockholders are united, where they are together, and act as one, instead of acting separately. They are not going to use their capital stock if they have any, and if they do, then the corporation loses the attribute of being a personal corporation.

Mr. BROWN. I am satisfied and will modify my amendment.

Mr. McKELLAR. Is it not a case where personal services are used instead of money, instead of capital?

Mr. BROWN. Where it is the material income-producing factor.

Mr. McKELLAR. Where personal services are the material income-providing factor.

Mr. BROWN. I thought there should be some limitation. I modify my amendment in accordance with the suggestion of the Senator from Nebraska.

Mr. HARRISON. Mr. President, I would suggest $100,000.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The CHIEF CLERK. On page 113, line 20, in the committee amendment, it is proposed to strike out section 724 and to insert:

SEC. 724. Personal service corporations. As used in this subchapter the term "personal-service corporation" means a corporation in which the capital is not a material income-producing factor and whose income is to be ascribed primarily to the activities of stockholders who are regularly engaged in the active conduct of the affairs of the corporation, all of whose stock is owned at all times by not more than 20 individuals.

At this point it is proposed to strike out the words "and whose invested capital for the taxable year is not in excess of $500,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, in the heading, on page 158, line 1, after the word "Title," to strike out "III" and insert "IV", and in line 3, after the word "Act", to insert "and certain provisions of the Merchant Marine Act, 1936"; so as to make the heading read:

Title IV—Suspension of profit-limiting provisions of the Vinson Act and certain provisions of the Merchant Marine Act, 1936.

The amendment was agreed to.

The next amendment was, on page 158, after line 4, to insert:

SEC. 401. Suspension of profit-limiting provisions of the Vinson Act.

The amendment was agreed to.

The next amendment was, on page 158, line 7, before the word "The", to strike out "Sec. 301."; in line 15, after the word "into", to strike out "or completed", and in line 22, after the word "effect" and the period, to insert "This section shall also apply to such contracts or subcontracts entered into before the date of the beginning of the contractor's or subcontractor's first taxable year which begins in 1940 and which are not completed before such day"; so as to make the section read:

The provisions of section 3 of the act of March 27, 1934 (48 Stat. 505; 34 U. S. C., sec. 496), as amended, beginning with the first proviso thereof, and section 2 (b) of the act of June 28, 1940 (Public, No. 671, 76th Cong., 3d sess.), shall not apply to contracts or subcontracts for the construction or manufacture of any complete naval vessel or any Army or Navy aircraft, or any portion thereof, which are entered into in any taxable year to which the excess-profits tax provided in subchapter E of chapter 2 of the Internal Revenue Code is applicable or would be applicable if the contractor or subcontractor, as the case may be, were a corporation, and any agreement to pay into the Treasury profits in excess of 10 percent, 12 percent, or 8 percent, as the case may be, of the contract prices of any such contracts or subcontracts shall be without effect. This section shall also apply to such contracts or subcontracts entered into before the date of the beginning of the contractor's or subcontractor's first taxable year which begins in 1940 and which are not completed before such day.

Mr. HARRISON. Mr. President, in that connection I ask that an amendment I send to the desk be agreed to. It is merely a clarifying amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 158, line 23, after the word "subcontracts", it is proposed to insert the words "which were", and on line 26, to strike out the word "day" and insert "date."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to revert to page 110. I understand the Senator from Georgia asked that the section on that page go over.

The PRESIDING OFFICER. The committee amendment at that point has not been agreed to.

Mr. JOHNSON of Colorado. I have an amendment on the desk which I should like to have acted on.

The PRESIDING OFFICER. Does the Senator desire to have the Senate return to page 110 and to offer his amendment?

Mr. JOHNSON of Colorado. Yes, Mr. President.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Colorado to the amendment of the committee.

The CHIEF CLERK. On page 110, line 18, in the committee amendment, after the word "derived", it is proposed to insert "from mining or processing minerals or".

Mr. HARRISON. Mr. President, the Senator has conferred with us, and I think the amendment should go to conference.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, I offer an amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to amend section 711, "excess-profits net income", by adding the following paragraph as paragraph (a) (1) (F) on page 88 and also as paragraph (b) (1) (H) on page 94:

Deductions allowed in connection with exploration, discovery, prospecting, research, or development of tangible property, patents, formulae, or processes, or any combination of the foregoing.

Mr. KING. Mr. President, I hope the amendment will be agreed to.

Mr. HARRISON. I have no objection to that amendment going to conference.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, at the top of page 159, to insert:

SEC. 402. SUSPENSION OF PROFIT-LIMITING PROVISIONS OF THE MERCHANT MARINE ACT, 1936, AS TO CERTAIN SUBCONTRACTS

(a) The provisions of section 505 (b) of the Merchant Marine Act of 1936, as amended, shall not apply to any subcontract which would otherwise be within such provisions if such subcontract is entered into in any taxable year of the subcontractor to which subchapter E of chapter 2 of the Internal Revenue Code is applicable and if the principal contractor and the subcontractor between which such subcontract is entered into are not affiliated within the meaning of subsection (b) of this section at the time such subcontract is entered into or at any time thereafter up to and including the date of its completion; and any agreement, pursuant to which the subcontractor is required to pay to the United States Maritime Commission profit in excess of 10 percent of the contract price of any such subcontract or pursuant to which such an agreement is required to be obtained from such subcontractor relative to such subcontract, shall be without effect. This subsection shall apply only if both the principal contractor and the subcontractor are corporations.

(b) For the purposes of this section, two or more corporations shall be deemed to be affiliated (1) if one corporation owns at least 95 percent of the stock of the other or others, or (2) if at least 95 percent of the stock of two or more corporations is owned by the same interests. As used in this subsection, the term "stock" does not include nonvoting stock which is limited and preferred as to dividends.

The next amendment was, in the heading, on page 160, line 4, after the word "Title", to strike out "IV" and insert "V"; so as to read:

Title V—Amendments to Internal Revenue Code.

The amendment was agreed to.

The next amendment was, on page 160, in line 6, to change the section number from 401 to 501; in line 9, after the word "at", to strike out:

the end thereof the following new subsection.

"(l) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: Gain or loss from the sale or other disposition (after February 28, 1913) of property by a corporation shall increase or decrease its earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such gain or loss was (under the law applicable to the year in which such sale or disposition was made) recognized in computing net income or (in the case of loss) would have been so recognized under such law if under such law the basis (including a substituted basis) for determining the loss had been the fair market value on March 1, 1913, if higher than a basis otherwise determined. Where in determining the adjusted basis used in computing such recognized gain or loss, the adjustment to the basis (or, in the case of loss, the fair market value on March 1, 1913, if such value is higher than the basis) is different from the adjustment to such basis proper for the purpose of determining earnings and profits, then the latter adjustment shall be used in determining the increase or decrease above provided."

And insert the following:

the end thereof the following new subsections:

"(l) Definition of earnings and profits: The earnings and profits of a corporation consist of the sum of the following:

"(1) Its earnings and profits accumulated after February 28, 1913;

"(2) Its earnings and profits accumulated after March 1, 1913; plus

"(3) Increase in value of its property accrued before March 1, 1913, to the extent provided in subsection (n).

"(m) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: The gain or loss realized from the sale or other disposition (after February 28, 1913) of property by a corporation shall, for the purpose of the computation of earnings and profits (for any period beginning after February 28, 1913), of the corporation, be determined by using as the adjusted basis the adjusted basis (under the law applicable to the year in which the sale or other disposition was made) for determining gain. Gain or loss so realized shall increase or decrease the earnings and profits (for any period beginning after February 28, 1913), to, but not beyond, the extent to which such a realized gain or loss was recognized in computing net income under the law applicable to the year in which such sale or disposition was made. Where in determining the adjusted basis used in computing such realized gain or loss the adjustment to the basis differs from the adjustment proper for the purpose of determining earnings or profits, then the latter adjustment shall be used in determining the increase or decrease above provided."

On page 163, after line 2, to insert:

(n) Earnings and profits: Increase in value accrued before March 1, 1913.—If any increase or decrease in the earnings or profits (for any period beginning after February 28, 1913), with respect to any matter would be different had the adjusted basis of the property involved been determined without regard to its March 1, 1913, value, then an increase (properly reflecting such difference) shall be made in that part of the earnings and profits consisting of increase in value of property accrued before March 1, 1913.

On the same page, after line 12, to strike out:

Nothing in this subsection shall affect the extent to which accumulated earnings and profits are increased by reason of increase in value of property accrued before March 1, 1913.

On the same page, after line 18, to strike out:

(c) Under prior acts: The following rules shall be applied, for the purposes of the Revenue Act of 1938 or any prior revenue act as if such rules were a part of each such act when it was enacted, in determining the earnings and profits of a corporation for any period after February 28, 1913: Gain or loss from the sale or other disposition (after February 28, 1913) of property by a corporation shall increase or decrease its earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such gain or loss was (under the law applicable to the year in which such sale or disposition was made) recognized in computing net income, or (in the case of loss) would have been so recognized under such law if under such law the basis (including a substituted basis) for determining the loss had been the fair market value on March 1, 1913, if higher than a basis otherwise determined. Where in determining the adjusted basis used in computing such recognized gain or loss, the adjustment to the basis (or, in the case of loss, the fair market value on March 1, 1913, if such value is higher than the basis) is different from the adjustment to such basis proper for the purpose of determining earnings and profits, then the latter adjustment shall be used in determining the increase or decrease above provided. Where a corporation receives (after February 28, 1913) a distribution from a second corporation which (under the law applicable to

the year in which the distribution was made) was not a taxable dividend to the shareholders of the second corporation, the amount of such distribution shall not increase the earnings and profits (for any period beginning after February 28, 1913) of the first corporation in the following cases:

(1) No such increase shall be made in respect of the part of such distribution which (under such law) is directly applied in reduction of the basis of the stock in respect of which the distribution was made.

(2) No such increase shall be made if (under such law) the distribution causes the basis of the stock in respect of which the distribution was made to be allocated between such stock and the property received.

Nothing in this subsection shall affect the extent to which accumulated earnings and profits are increased by reason of increase in value of property accrued before March 1, 1913.

And on page 165, after line 12, to insert:

(c) Under prior acts: For the purposes of the Revenue Act of 1938 or any prior revenue act the amendments made to the Internal Revenue Code by subsection (a) of this section shall be effective as if they were a part of each such revenue act on the date of its enactment. Nothing in this subsection shall affect the tax liability of any taxpayer for any year now pending before, or heretofore determined by, the Board of Tax Appeals, or any court of the United States.

So as to make the section read:

SEC. 501. EARNINGS AND PROFITS OF CORPORATIONS

(a) Under Internal Revenue Code: Section 115 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsections:

(l) Definition of earnings and profits: The earnings and profits of a corporation consist of the sum of the following:

(1) Its earnings and profits accumulated after February 28, 1913;

(2) Its earnings and profits accumulated before March 1, 1913; plus

(3) Increase in value of its property accrued before March 1, 1913, to the extent provided in subsection (n).

(m) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: The gain or loss realized from the sale or other disposition (after February 28, 1913) of property by a corporation shall, for the purpose of the computation of earnings and profits (for any period beginning after February 28, 1913) of the corporation, be determined by using as the adjusted basis the adjusted basis (under the law applicable to the year in which the sale or other disposition was made) for determining gain. Gain or loss so realized shall increase or decrease the earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such a realized gain or loss was recognized in computing net income under the law applicable to the year in which such sale or disposition was made. Where in determining the adjusted basis used in computing such realized gain or loss the adjustment to the basis differs from the adjustment proper for the purpose of determining earnings or profits, then the latter adjustment shall be used in determining the increase or decrease above provided. Where a corporation receives (after February 28, 1913) a distribution from a second corporation which (under the law applicable to the year in which the distribution was made) was not a taxable dividend to the shareholders of the second corporation, the amount of such distribution shall not increase the earnings and profits (for any period beginning after February 28, 1913) of the first corporation in the following cases:

(1) No such increase shall be made in respect of the part of such distribution which (under such law) is directly applied in reduction of the basis of the stock in respect of which the distribution was made.

(2) No such increase shall be made if (under such law) the distribution causes the basis of the stock in respect of which the distribution was made to be allocated between such stock and the property received.

(n) Earnings and profits—increase in value accrued, before March 1, 1913: If any increase or decrease in the earnings or profits (for any period beginning after February 28, 1913), with respect to any matter would be different had the adjusted basis of the property involved been determined without regard to its March 1, 1913, value, then an increase (properly reflecting such difference) shall be made in that part of the earnings and profits consisting of increase in value of property accrued before March 1, 1913.

(b) Effective date of amendment: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

(c) Under prior acts: For the purposes of the Revenue Act of 1938 or any prior revenue act the amendments made to the Internal Revenue Code by subsection (a) of this section shall be effective as if they were a part of each such revenue act on the date of its enactment. Nothing in this subsection shall affect the tax liability of any taxpayer for any year now pending before, or heretofore determined by, the Board of Tax Appeals, or any court of the United States.

The amendment was agreed to.

The next amendment was, on page 165, line 21, to change the section number from 402 to 502; and on page 166, line 5, after the word "section", to strike out "723" and insert "724", so as to read:

SEC. 502. Tax of shareholders of personal-service corporations.

The Internal Revenue Code is amended by inserting after section 373 the following new supplement:

SUPPLEMENT S—TAX OF SHAREHOLDERS OF PERSONAL-SERVICE CORPORATIONS

SEC. 391. Applicability of supplement.

If a personal-service corporation (as defined in section 724) is exempt under such section for any taxable year from the excess-profits tax imposed by such subchapter, the provisions of this supplement shall be applicable with respect to each shareholder of such corporation who was a shareholder in such corporation on the last day of such taxable year of the corporation.

The amendment was agreed to.

The next amendment was, on page 169, line 18, after the word "section", to strike out "723" and insert "724", so as to read:

SEC. 396. Shareholders' tax paid by corporation.

If a personal service corporation is exempt for any taxable year under section 724 from excess-profits tax, it shall, at the time of filing its return, pay to the collector an amount equal to the amount that would be required by section 143 (b) or section 144 to be deducted and withheld by the corporation if any amount required by this supplement to be included in the gross income of the shareholder had been, on the last day of the taxable year of the corporation, paid to the shareholder in cash as a dividend. Such amount shall be collected and paid in the same manner as the amount of tax due in excess of that shown by the taxpayer upon a return in the case of a mathematical error appearing on the face of the return.

The amendment was agreed to.

The PRESIDING OFFICER. If there is no objection, the clerk will renumber the sections where required. The Chair hears no objection, and it is so ordered.

Mr. CONNALLY obtained the floor.

The PRESIDING OFFICER. The first amendment of the committee has not been disposed of. That committee amendment as amended was passed over because the Senator from Georgia desired to offer an amendment. Does the Senator from Texas yield to the Senator from Georgia to offer his amendment?

Mr. CONNALLY. I yield.

Mr. GEORGE. I desire to offer an amendment for the purpose of keeping open for conference the rather restricted terms and provisions of section 721 on page 109. I offer the amendment for that purpose. I had prepared an amendment which I started to offer as a substitute for this section and the succeeding section, but thinking that perhaps this matter would be effected by the parliamentary situation in conference, I propose an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. After line 24, page 109, it is proposed to add the following:

or (6) any other abnormality of income or capital.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Georgia to the committee amendment is agreed to. The committee amendment is open to further amendment.

Mr. CONNALLY. Mr. President, do I understand that the committee amendments have now been agreed to?

Mr. ADAMS. No, Mr. President; I have an amendment I wish to offer.

The PRESIDING OFFICER. The committee amendment is still open to amendment.

Mr. ADAMS. I wish to offer an amendment on page 110. I understood that the committee amendment as a whole was open to amendment. I understood the Chair to say that the language on page 110 was held open so that amendments could be offered to it.

The PRESIDING OFFICER. The Senator is correct, that the committee amendment was held open. The Senator from Colorado desires to offer an amendment to the committee amendment. That is in order.

Mr. ADAMS. I wish to call the attention of the Senator from Mississippi to a suggested amendment which would put in the bill provisions which I am told are in the present statute. I was going to ask that there be added, after the word "Secretary" in line 8, on page 110, the following:

Provided, That the amount of such abnormal income under subsection (3) of this section shall be attributed equally among the preceding years (not exceeding 5 years) during which such research, development, prospecting, or exploration was being conducted.

In other words, instead of leaving it solely to the discretion of the Secretary, that is a specific provision that the abnormal income shall be divided over the preceding years.

Mr. HARRISON. I have no objection to the amendment going to conference, but I wish to say——

Mr. ADAMS. I accept the warning in advance.

Mr. HARRISON. The Senator restricts his amendment to 5 years when he could have provided a period of 10 years.

Mr. ADAMS. I shall be glad to change my amendment from 5 years to 10 years.

Mr. HARRISON. Or 20 years.

Mr. ADAMS. We will say 10 years.

The PRESIDING OFFICER. The modified amendment of the Senator from Colorado will be stated.

Mr. ADAMS. Mr. President, acting for the clerk, I shall read it myself. After the word "Secretary", in line 8, page 110, I propose to insert the following:

Provided, That the amount of such abnormal income under subsection (3) of this section shall be attributed equally among the preceding years (not exceeding 10 years) during which such research, development, prospecting, or exploration was being conducted.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Colorado [Mr. ADAMS] to the committee amendment is agreed to, and the Chair will again announce that the committee amendment, which embraces titles I and II, is open for further amendment. (After a pause.) Without objection, the committee amendment, as amended, is agreed to.

Mr. CONNALLY obtained the floor.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Do I understand the Chair to rule that amendments to the committee amendment are not now in order.

The PRESIDING OFFICER. That is correct. The Chair has so ruled, and it has been announced for the last half hour.

Mr. O'MAHONEY. I know the Chair has been announcing that, but some of us have been claiming the attention of the Chair and have been proposing amendments. I think the opportunity really has not been presented for the Senate to determine——

Mr. HARRISON. Does the Senator want to offer an amendment?

Mr. O'MAHONEY. I have sought to have an opportunity to make some inquiry of the chairman of the committee with respect to the effect of the carry-over provisions. It is obvious, as we all know, that this is a very complicated bill, a bill which is difficult to understand, a measure which is written in the language of the tax experts, and not in the ordinary language of laymen or Senators or lawyers. It is difficult for us to follow it all. There is page after page of the bill which I doubt if any Member would find it easy to examine. I do not feel that the opportunity of some of us to examine the bill should be foreclosed merely upon the announcement by the Chair, "Without objection, the door is closed."

The PRESIDING OFFICER. Will the Senator from Wyoming permit the Chair to make a statement? The Chair has called the attention of Senators more than once to this very condition, and just now made the announcement, and waited in order that Senators could be heard. The Chair has no desire to be arbitrary.

Mr. O'MAHONEY. Of course, I understand that.

The PRESIDING OFFICER. If any Senator desires to offer an amendment, the Chair is willing to entertain it.

Mr. O'MAHONEY. I know perfectly well that the Chair has no desire to be arbitrary.

The PRESIDING OFFICER. The parliamentary situation is as the Chair stated.

Mr. O'MAHONEY. But my point is that the announcement of the Chair was made while Members of the body were trying to claim the attention of the Chair.

Mr. CONNALLY. A parliamentary inquiry.

Mr. O'MAHONEY. If the Senator from Texas will be good enough to pardon me for a moment, my understanding is that if the Chair wishes to close off debate it becomes necessary to say to the Senate, "Is there any objection?" In this case the statement merely was, "Without objection, the amendment is agreed to."

The PRESIDING OFFICER. Does the Senator object?

Mr. O'MAHONEY. I certainly object at this time to the foreclosure of debate and examination of this amendment, because it may be that I shall desire to offer an amendment to it.

Mr. LA FOLLETTE. In order to save time, I ask unanimous consent that the vote by which the committee amendment, as amended, was agreed to be reconsidered. We will spend an hour here debating the question whether or not it is still open.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. Are there any other amendments to the committee amendment pending or lying on the desk?

Mr. KING. I have an amendment to the committee amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the vote by which the committee amendment, as amended, was agreed to is reconsidered. The committee amendment as amended is open to amendment.

Mr. HARRISON. May I ask the Senator from Wyoming whether there is something he wants to offer in the nature of an amendment, or does he simply wish to ask a question?

Mr. O'MAHONEY. I should like to ask a question.

Mr. HARRISON. I do not know whether I can answer the question or not, but I shall try.

Mr. O'MAHONEY. I desire to ask the chairman of the Finance Committee to what extent the bill, as it has been reported, affects the carry-over provisions of the pending law with respect to corporations which are engaged, let us say, in agricultural pursuits—livestock corporations, for example.

Mr. HARRISON. The only part of the bill where the carryover provision is effective is in the provision which applies to the seasonal canning business, the vegetable, fruit, and fish businesses. Quite a strong argument was made before the committee by a representative of those interests. We sought to take care of it through the general relief provisions which we have written into the law, but the experts said the provision could not be drafted quickly to apply in the general relief provisions. Then they said they thought the provision we made would correct the situation, and we have sought to help them through giving them a 1-year carry-over.

Mr. O'MAHONEY. That deals with what particular industry?

Mr. HARRISON. That deals with the seasonal canning business, and pertains to vegetables, fruits, and fish, and that one exception, a provision covering that industry, was put in the bill. We would much rather have preferred to put it in under the general relief provisions where so many other items are carried.

Mr. O'MAHONEY. May I ask the Senator whether the bill makes any change in the present law with respect to carryovers? Does the bill as it has been reported by the committee make any change in the present law with respect to carryovers upon normal income?

Mr. HARRISON. It does not.

Mr. O'MAHONEY. So that the carry-over provisions of this measure refer exclusively to excess profits?

Mr. HARRISON. Absolutely, and only for 2 years. That pertains only to this one industry.

Mr. O'MAHONEY. Of course, it is obvious that if we are bringing to pass an excess-profits tax we are dealing with abnormal profits under abnormal provisions, but I wanted to be sure that there was nothing in the bill which would adversely affect the normal activities of normal businesses which are not likely to gain any excess profits because of the condition in which the country finds itself.

Mr. HARRISON. The Senator has that assurance.

Mr. O'MAHONEY. I thank the Senator.

Mr. KING. Mr. President, before offering the amendments which I propose to offer, I wish to invite the attention of the Senate to the effect of the amendments, and to the imperative necessity for such amendments.

The House bill and the committee amendment permit the taxpayer to elect either the average-earnings method or the invested-capital method of computing its taxes for any taxable year. This is not satisfactory, because the election must be exercised on the taxpayer's return, at a time when the taxpayer is not in a position to estimate with reasonable accuracy the consequences of the election.

While taxpayers will undoubtedly elect the method which at the time of the return appears to produce the lesser tax on the basis of the computations which can then be made, future developments may drastically change the result. For example, after the return has been filed changes may be made by the Commissioner, the Board of Tax Appeals, or the courts, in base-period income, taxable-year income, or invested capital, which will make the basis elected by the taxpayer less favorable than the alternative method.

Much injustice and hardship will be obviated if the taxpayer is not foreclosed by a previous election, but is allowed to pay the lesser tax. The proposed amendment will accomplish this result.

I will very frankly say that the bill requires some amendment. One of the experts has said that such an amendment would require considerable eliminations and additions to the bill. I do not agree with him in that respect. I think the three or four amendments which I shall offer would accomplish the result.

I shall read the amendments which I offer to the committee amendment.

On page 95, in the committee amendment, I propose to strike out, beginning with the comma at the end of line 17, through the parenthetical expression ending in line 22, and to insert:

Be an amount computed under section 713 or section 714, whichever results in the lesser tax under this subchapter. (For rule in case of certain reorganizations of corporations not qualified under the preceding sentence, see sec. 741.)

That is the first amendment. The same principle is applied in the next two amendments, which I shall read.

On page 96, in the committee amendment, I propose to strike out beginning with the comma in line 12, through the period in line 14, and to insert:

Be an amount computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

The PRESIDING OFFICER. Is the Senator offering all his proposed amendments as one amendment?

Mr. KING. Yes.

The next amendment, which is a companion to the other two, is on page 124, line 22, in the committee amendment, to strike out section 741 and to insert:

SEC. 741. Computation of credit.

In addition to the corporations whose excess-profits credit may, under section 712 (a), be computed under section 713 or section 714, whichever results in the lesser tax under this subchapter, the excess-profits credit of a taxpayer which is an acquiring corporation which was in existence on the date of the beginning of its base period shall similarly be computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

The next companion amendment which I offer is on page 125, in the committee amendment, to strike out all after the comma in line 7, through the comma in line 9, and to insert:

Or which is entitled under section 741 to have its excess-profits credit computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

I have had the proposed amendments examined by an expert, and he states that they all relate to the same subject matter. All they do is to extend the period of election beyond the period of 1 year, so that the taxpayer may choose the lesser tax.

Mr. LA FOLLETTE. Mr. President, before these amendments are voted upon, let me say that it is very difficult to follow them as they are read from the floor; but, if I correctly understand them, this is the picture:

The bill starts by giving every corporation in the United States a "heads they win, tails the Treasury loses" choice between the base-period method and the invested-capital method. If I correctly understand the amendments offered by the Senator from Utah, they mean that a corporation does not have to elect; that it may file a return on the 15th of March under whatever method it believes is favorable to it; and that if for any reason at all—through any change, or anything which happens in the next year—it develops that the 1940 liability for excess-profits tax would have been less under the method which it did not elect, it may then claim the privilege of the choice which it did not take and pay the lesser tax.

It seems to me that the amendment would result in delaying the collection of the tax, because corporations might come along 6 months after the 15th of March and say, "We would pay less tax under the choice we did not take, and therefore we are entitled to pay the lesser tax." If the tax should be paid in advance, the corporation would demand a refund. Such amendments would add confusion worse confounded to a bill which is already in such a state of confusion that it will be the worst headache the administrative branch of the Government ever had.

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

Mr. LA FOLLETTE. I have concluded.

Mr. KING. Mr. President, I do not wish to modify the criticism which the Senator has made against some of the rather inexplicable provisions of the bill. However, the amendments, which I have suggested at the instance of a number of taxpayers, grow out of the fact that when they pay their tax they pay it on the construction or interpretation which has been placed upon the law by the Department. Perhaps a year later, after the tax has been paid, and after the taxpayer has exercised his judgment and followed all the information which he could obtain from the Department, the court will have ruled differently, or the Department will have changed its rulings. The taxpayer pays his tax according to the rulings of the Department today. A year from now the rulings may be different, and he may be entitled to a lesser tax. The only question is whether or not we shall hold open the final settlement beyond the period of a year.

If the taxpayer were at fault, then I should entirely agree with the criticism which the Senator from Wisconsin levels against the amendments. However, if the taxpayer follows the procedure of the Department and pays the tax according to the rule of thumb of that day, and a year or two later the courts reverse the ruling, or the Department changes it, or the Commissioner promulgates a different ruling, and the taxpayer is not at fault, the amendments simply provide that the taxpayer may avail himself of the advantages of the changed rulings, just as he would be subjected to the disadvantages of a new ruling.

I have no interest in the matter, but I can see how many injustices might arise. When we give the taxpayer the election to pay the lesser amount, and he pays it, and then the court overturns the ruling, or the Department changes its ruling, he is faced with the problem of making a different settlement.

Mr. President, I do not care to add anything further. The question is whether or not the taxpayer, after he has done all he can, may avail himself of the provision of the bill which permits him to pay the lesser tax.

Mr. LA FOLLETTE. Mr. President, I merely wish to say that nothing the Senator from Utah has said—with all due deference to him—has changed my view of the effect of the

amendments. The returns would be held open for a year beyond the taxable year, and a tremendous number of claims could be made for assessment of the tax on a different basis than the one which the taxpayer elected. It seems to me that the collection of revenue would be delayed, and that great confusion would be added.

Mr. KING. If the taxpayer is at fault, I am sure the Senator's position is correct; but if the taxpayer is not at fault, it seems to me he ought not to be denied the right which the law gives him.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the committee amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment, as amended.

Mr. GEORGE. Mr. President, at my suggestion a few moments ago an amendment was made after line 24 on page 109. That amendment was agreed to. I desire to substitute for that amendment an amendment to the same general effect and to insert it at another place in the bill, and then to ask unanimous consent to withdraw the amendment which has already been agreed to.

The PRESIDING OFFICER. Without objection, the amendment heretofore agreed to is reconsidered; and without objection, it is withdrawn.

Mr. GEORGE. I ask that the amendment I now send to the desk be inserted at the place indicated.

Mr. LA FOLLETTE. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. After line 20, page 111, it is proposed to add a new section, as follows:

SEC. 721½. The Commissioner shall also have authority to make any adjustments which abnormally affect income or capital, and his decision shall be subject to review by the United States Board of Tax Appeals.

Mr. GEORGE. Mr. President, I will say in connection with this amendment what I said with respect to the other one. It is intended to supplement the relief provisions of section 721, and, inasmuch as there is a question whether any additional relief could be provided in conference, I have offered this amendment so that there may be open to further consideration this relief section in the event the conferees desire to do so and find it to be advisable.

Mr. LA FOLLETTE. Mr. President, I understand the purpose of the Senator's amendment and his desire to have it in conference, but it seems to me that having provided a carry-over provision for the mining companies and canners, taken together with the relief section which is already in the bill this amendment would only have the result of making the excess-profits tax which is proposed to be levied by this bill less likely to yield revenue.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Georgia [Mr. GEORGE] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and it was signed by the President pro tempore.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. BROWN. Mr. President, I offer the amendment which is on the clerk's desk, and I desire to modify the amendment in two particulars before it is read.

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

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Texas?

Mr. BROWN. I yield.

Mr. CONNALLY. I inquire if this is the Senator's bond-tax amendment?

Mr. BROWN. It is.

Mr. CONNALLY. I thought I had the floor to offer my amendment.

The PRESIDING OFFICER. The Senator from Texas did have the floor——

Mr. CONNALLY. I yielded to other Senators.

The PRESIDING OFFICER. The Senator from Texas yielded to several other Senators, and when the last business was finished the Chair did not observe the Senator from Texas requesting recognition, but the Senator from Michigan did so, and the Chair recognized him.

Mr. BROWN. I will endeavor to be as brief as possible, I will say to the Senator from Texas, particularly, if he will vote for my amendment.

Mr. CONNALLY. I will not do that, I will say to the Senator.

Mr. BROWN. I desire to modify the amendment by adding after the name "Mr. CLARK of Missouri" in the caption the name of Mr. BYRD as one of those offering the amendment. I also desire to amend in line 1, after "Title VI," by striking out "tax-exempt securities", and inserting "taxation of public-bond interest".

The PRESIDING OFFICER. The amendment will be modified as suggested by the Senator from Michigan.

Mr. BROWN. Mr. President, may we dispense with the reading of the amendment? It is 13 pages long, and I think I can readily explain what is in it; or is it necessary that the amendment be read?

The PRESIDING OFFICER. Does the Senator from Michigan ask if it is necessary to have the amendment read?

Mr. BROWN. Yes.

The PRESIDING OFFICER. The Senator may ask unanimous consent that the reading be dispensed with and that the amendment be printed in the RECORD.

Mr. BROWN. I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the RECORD.

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Without objection, it is so ordered.

The amendment offered by Mr. BROWN (for himself, Mr. CLARK of Missouri, Mr. BYRD, Mr. LEE, and Mr. MILLER) is as follows:

At the end of the bill insert the following new title:

"TITLE VI—TAXATION OF PUBLIC BOND INTEREST

"SEC. 601. This title may be cited as the 'Public Bond Tax Act of 1940.'

"SEC. 602. Section 22 (b) (4) of the Internal Revenue Code is amended to read as follows:

"'(4) Tax-free interest: To the extent provided in section 116 (b), interest upon obligations issued by (A) a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing; or (B) a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or (C) the United States or any of its possessions. Every person owning any of the obligations enumerated in clause (A), (B), or (C) shall, in the return required by this chapter, submit a statement showing the number and amount of such obligations owned by him and the income received therefrom, in such form and with such information as the Commissioner may require.'

"SEC. 603. Sections 25 (a) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"'(1) Interest on United States obligations: The amount received as interest upon an obligation of the United States if such interest is included in gross income under section 22, and if under the act authorizing the issue of such obligations, as amended and supplemented (including the amendatory and supplementary provisions of sec. 605 of the Public Bond Tax Act of 1940), such interest is exempt from normal tax.

"'(2) Interest on obligations of instrumentalities of the United States: The amount received as interest upon an obligation of a corporation organized under act of Congress, if (A) such corporation is an instrumentality of the United States; and (B) such interest is included in gross income under section 22; and (C) under the act authorizing the issue of such obligation, as amended and supplemented (including the amendatory and supplementary provisions of sec. 605 of the Public Bond Tax Act of 1940), such interest is exempt from normal tax.'

"SEC. 604. Section 116 of the Internal Revenue Code is amended by inserting after subsection (a) a new subsection to read as follows:

"'(b) Tax-free interest: Interest upon obligations issued before February 1, 1941, by a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing; or by a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or by the United States or any of its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal-savings certificates of deposit), and in the case of obligations of a corporation organized under act of Congress the interest shall be exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented (including the amendatory and supplementary provisions of section 605 of the Public Bond Tax Act of 1940), and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this chapter. For the purposes of this subsection:

"'(1) In determining whether an obligation is issued after January 31, 1941, and whether an obligation is issued after the date of enactment of the Public Bond Tax Act of 1940 (hereinafter called "enactment date"), it shall in either case be considered to be issued after such date, if any part of the payment therefor is received by the obligor after such date, or delivery thereof is made by the obligor after such date.

"'(2) Obligations which merely replace lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denominations, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, shall be treated as if they were the obligations replaced.

"'(3) (A) If the terms of an obligation issued before February 1, 1941, the maturity of which on enactment date is later than January 31, 1941, are, after enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall (as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later) be considered as issued after such later date.

"'(B) In the case of an obligation issued after the enactment date and before February 1, 1941, such obligation shall (as to interest accruing for any period after January 31, 1941) be considered as issued after January 31, 1941, if any part of the proceeds of the issue of which the obligation is a part, or if any obligation of the issue, is devoted to the retirement or refunding of an obligation the maturity of which on enactment date was later than July 31, 1941. For the purposes of this subparagraph, July 31, 1941, shall be considered the maturity, on enactment date, of an obligation the interest on which ceases to run before August 1, 1941, by reason of such obligation being called for redemption in accordance with the terms thereof as they existed on enactment date.

"'(4) If an obligation is issued after January 31, 1941 (hereinafter called "refunding obligation"), and if—

"'(A) the issue of which it is a part (hereinafter called "new issue") is issued for the purpose of refunding one or more obligations (hereinafter called "refunded obligations"); and

"'(B) all refunded obligations have the same exemption expiration date, as defined in subparagraph (J); and

"'(C) no obligations, other than those of the new issue, have been issued for the purpose of refunding any of the refunded obligations; and

"'(D) the aggregate principal amount of the new issue is not in excess of the aggregate principal amount of the refunded obligations; and

"'(E) interest on each of the refunded obligations ceases (by reason of such obligation, being called for redemption, in accordance with the terms thereof as they existed on enactment date, or the date of issue, whichever is later) to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run; and

"'(F) interest on each of the refunded obligations, for the period at the end of which it ceases to run by reason of such call for redemption, is considered as interest on an obligation issued before February 1, 1941; and

"'(G) the refunding obligation, in its terms, states the exemption expiration date of, and identifies, the refunded obligations; and

"'(H) the interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had, or would (if such obligation had not been called for redemption) have had for the corresponding period;

then the refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligations, and shall be considered as issued after January 31, 1941, as to the remainder of such interest. For the purposes of this paragraph—

"'(I) several obligations shall be considered as one issue, only if each is identical with all the others in maturity, interest rate, terms and conditions, and recitals, but the fact that the denominations differ, or that some are registered and some in coupon form shall be disregarded.

"'(J) "exemption expiration date" means—

"'(i) with respect to a refunded obligation issued before February 1, 1941, the date of maturity which the obligation had on January 31, 1941;

"'(ii) with respect to a refunded obligation issued after January 31, 1941, the date as of which interest thereon would (if the obligation had not been called for redemption) have ceased to be considered as interest on an obligation issued before February 1, 1941.'"

"SEC. 605. Taxation of obligations of United States and its instrumentalities.

"(a) Consent to State and local taxation: The United States hereby consents to the taxation, under an income tax, of interest upon, and gain from the sale or other disposition of, obligations issued after January 31, 1941, by the United States, any Territory or possession or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, by any duly constituted taxing authority having jurisdiction to tax such interest and gain, if such taxation does not discriminate against such interest or gain because of its source.

"(b) Federal income taxation: Interest upon, and gain from the sale or other disposition of, obligations issued after January 31, 1941, by the United States, any Territory or possession or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under Federal income-tax acts now or hereafter enacted.

(c) For the purposes of this section—

(1) In determining whether an obligation is issued after January 31, 1941, and whether an obligation is issued after the date of the enactment of this act (hereinafter called "enactment date"), it shall in either case be considered to be issued after such date, if any part of the payment therefor is received by the obligor after such date, or delivery thereof is made by the obligor after such date.

(2) Obligations which merely replace lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denominations, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, shall be treated as if they were the obligations replaced.

(3) (A) If the terms of an obligation issued before February 1, 1941, the maturity of which on enactment date is later than January 31, 1941, are, after enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall (as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later) be considered as issued after such later date.

(B) In the case of an obligation issued after enactment date and before February 1, 1941, such obligation shall (as to interest accruing for any period after January 31, 1941) be considered as issued after January 31, 1941, if any part of the proceeds of the issue of which the obligation is a part, or if any obligation of the issue, is devoted to the retirement or refunding of an obligation the maturity of which on enactment date was later than July 31, 1941. For the purposes of this subparagraph, July 31, 1941, shall be considered the maturity, on enactment date, of an obligation the interest on which ceases to run before August 1, 1941, by reason of such obligation being called for redemption in accordance with the terms thereof as they existed on enactment date.

(4) If an obligation is issued after January 31, 1941 (hereinafter called "refunding obligation"), and if—

(A) the issue of which it is a part (hereinafter called "new issue") is issued for the purpose of refunding one or more obligations (hereinafter called "refunded obligations"); and

(B) all refunded obligations have the same exemption expiration date, as defined in subparagraph (J); and

(C) no obligations, other than those of the new issue, have been issued for the purpose of refunding any of the refunded obligations; and

(D) the aggregate principal amount of the new issue is not in excess of the aggregate principal amount of the refunded obligations; and

(E) interest on each of the refunded obligations ceases (by reason of such obligation being called for redemption, in accordance with the terms thereof as they existed on enactment date, or the date of issue, whichever is later), to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run; and

(F) interest on each of the refunded obligations, for the period at the end of which it ceases to run by reason of such call for redemption, is considered as interest on an obligation issued before February 1, 1941; and

(G) the refunding obligation, in its terms, states the exemption expiration date of, and identifies, the refunded obligations; and

(H) the interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had, or would (if such obligation had not been called for redemption) have had, for the corresponding period;

then the refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligations, and shall be considered as issued after January 31, 1941, as to the remainder of such interest. For the purposes of this paragraph—

(I) several obligations shall be considered as one issue, only if each is identical with all the others in maturity, interest rate, terms and conditions, and recitals, but the fact that the denominations differ, or that some are registered and some in coupon form shall be disregarded;

(J) "exemption expiration date" means—

(i) with respect to a refunded obligation issued before February 1, 1941, the date of maturity which the obligation had on January 31, 1941;

(ii) with respect to a refunded obligation issued after January 31, 1941, the date as of which interest thereon would (if the obligation had not been called for redemption) have ceased to be considered as interest on an obligation issued before February 1, 1941.

(d) The provisions of this section shall, with respect to any obligation, be considered as amendatory of, and supplementary to, the respective acts or parts of acts authorizing the issue of such obligation as amended and supplemented.

Mr. LEE. Mr. President, if the Senator will yield, this is a very important matter, and I should like to have a quorum call if the Senator will yield to me to suggest the absence of a quorum.

Mr. BROWN. I should prefer the Senator not do that because I shall make as brief a statement as I can and I am hopeful the amendment may be adopted.

Mr. LEE. Very well.

Mr. BROWN. Mr. President, this amendment is based upon the message of the President of the United States which was submitted to Congress on April 25, 1938. Shortly after that message was received a special committee was designated by the Senate to investigate the subject of the exemption of municipal and State bond interest and Federal bond interest from the provisions of the income-tax laws both of the United States and of the several States. The President in his message urged that that exemption be eliminated once and for all.

The committee held hearings the following February and March. The hearings were extensive. We heard from representatives of the Treasury Department; we heard from many distinguished economists, professors of political economy of the large universities and many colleges of the Nation, and other citizens. The hearings cover over 700 pages. After a full hearing of those who advocated the adoption of the policy which I am advocating here today, we heard from the opposition. I think 40 or more State attorneys general or their representatives appeared. Professor Lutz, of Princeton University, was employed by the representatives of the State to appear before the committee and advocate the position taken by the various States and municipalities. Other citizens appeared.

Your committee reported to the Senate on the subject of a public-salary tax, and, as Senators know, there was written into the tax laws of the United States a complete elimination of any form of exemption for public salaries, both those received from the States and municipal governments and those received from the United States itself. Also, as Senators know, we completely eliminated any exemption of the salaries of Federal judges, so that the present occupant of the chair, the Senator from Washington [Mr. SCHWELLENBACH], will have to pay an income tax just as the others of us do when he ascends the bench in the eastern district of Washington.

Your committee, Mr. President, filed a preliminary report on the question now involved 2 days ago. I did not file the final report because the Senator from Vermont [Mr. AUSTIN], who dissents from the views of the majority of the committee, desired to look over the final report before it was filed. However, the substance of the report, without our conclusions, is contained in the CONGRESSIONAL RECORD of day before yesterday. Members of the committee consisting of the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. MILLER], the Senator from Delaware [Mr. TOWNSEND], and myself, forming the majority, believe that there should be no more tax-exempt bonds. The contrary view is held by the junior senator from Nebraska [Mr. BURKE] and the senior Senator from Vermont [Mr. AUSTIN].

Mr. President, I desire briefly, without going into detail, to outline what this amendment proposes to do. I may say that the amendment has the approval of the Treasury Department; I think it is safe to say that it has the approval of the administration. It was drafted by the experts of the Treasury Department, the experts of the Joint Committee on Internal Revenue Taxation, and the experts in the legislative counsel's office.

The amendment would do three things: First, it would prevent any further issue of tax-exempt bonds by the Federal Government. It would prevent any future issue of tax-exempt bonds by any State government or any subdivision of the State governments including municipalities, school districts, and so forth. It would prevent any further issue of tax-exempt bonds on the part of any Federal governmental agency or on the part of any other governmental corporation. There would be no more Federal tax-exempt State or municipal bonds issued if this amendment were written into the law. All would be subject to Federal income taxation.

Second, the amendment would permit full income taxation, on the same basis as other bonds are taxed, by all the States of the Union. In other words, the plan, like the Public Salary Tax Act, is reciprocal in its nature. The Federal Government could tax the income of State bonds and the State governments could tax the income from Federal bonds.

Third, the amendment would permit the refunding of any present outstanding bonds when it is desirable from the standpoint of the municipality, the State, or the bond-issuing authority to do so in order to get a lower rate of interest or better terms, provided the maturity dates of the bonds are not extended by the new issue. That is the only exception made. It was felt that that was in the interest of public economy, and was necessary as a matter of fair treatment of the municipalities and the States involved.

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

Mr. BROWN. I yield to the Senator from Tennessee.

Mr. McKELLAR. How much revenue is estimated to come from an amendment of this sort?

Mr. BROWN. The question is a difficult one to answer. If we had no tax exemptions, and had had none for 25 years last past, let us say, we should now be receiving somewhere between two hundred and four hundred million dollars per year in taxes as a Federal Government. The Treasury finds it almost impossible to estimate what the State governments would have been receiving from that source. The Senator from Tennessee realizes that the full effect of this amendment will not be felt for many, many years, because there is agreement on the part of all my committee and on the part of all the experts that no attempt should be made to tax presently outstanding bond issues except insofar as they are now taxable and no such tax is proposed here. The Treasury estimates that when the full effect is felt, and we have no outstanding tax-exempt bonds, the annual yield to the Treasury will be close to $400,000,000 if there are outstanding the same number of bonds that are now outstanding. To be fair, it should be stated that there should be deducted from that amount the probable additional cost to the Federal Government and to the State governments by way of a probable higher interest rate than would otherwise be charged.

Mr. CONNALLY. Mr. President——

Mr. BROWN. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator says there are already outstanding many billions of dollars of Federal obligations, and he provides for their refunding. The Federal Government will not be able to pay off those bonds in any considerable amount except over a long period of years. Most of them will have to be refunded.

Mr. BROWN. Yes.

Mr. CONNALLY. When we come to refund them, however, does it not inevitably follow that we shall have to refund them at a higher interest rate than we would have to pay but for this amendment?

Mr. BROWN. I think the Senator is correct in his statement; but the net gain in taxes to the Treasury will be very much greater than the loss due to the higher interest rate.

Mr. CONNALLY. That is a matter of speculation, of course; is it not?

Mr. BROWN. I do not think it is a matter of speculation.

Mr. CONNALLY. When Mr. Mellon was Secretary of the Treasury and was urging this very thing in the form of a constitutional amendment to tax State issues of bonds, he testified in the printed hearings in the House many years ago that if we should tax such securities the increased annual interest rate would be anywhere from one-half of 1 percent

per annum to 1 percent per annum. The difficulty about the matter is that the tax being an indeterminate amount—not being certain, but varying according to the wish of the Congress—the bond buyer has to figure not merely what he is paying at the moment but what he may have to pay in time of emergency or war or any other unusual demand upon the Treasury. Consequently, he figures his interest rate to take care not merely of the present tax rate but of any possible increase in the tax rate, and the poor little taxpayers in the States will pay that increased interest rate, and the Federal Government, if it gets any tax, will get the benefit of the tax. The reciprocal advantage of taxing Federal bonds will not help the agricultural and nonindustrial States very much, because nearly all the Federal bonds which will be taxed by the States will be in New York or Philadelphia or Boston or Chicago.

I thank the Senator for permitting me to interrupt him.

Mr. BROWN. I will say to the Senator from Texas that the increase in the interest rate is estimated by the Treasury Department at from one-quarter of 1 percent to one-half of 1 percent.

Mr. CONNALLY. That is the annual increase; and if the bond issue were out for 40 years, and the increase were one-half of 1 percent, a very large amount of principal outlay would be paid in that period.

Mr. BROWN. Of course, the tax which the State gets and the tax which the Federal Government gets are also annual and will come back.

Mr. CONNALLY. That is true.

Mr. LEE. Mr. President, I wonder if the Senator from Michigan will yield to me to answer that point with a case which has been worked out upon the basis of the testimony of Mr. Hanes, who at that time was in the Treasury Department.

The Government is losing millions in revenue because of these tax exemptions. By taxing incomes which are now exempt, the Government will gain much more in revenues than it will lose on account of increased costs, but, of course, those who favor tax exemption argue that if we do not exempt the bonds from taxation, we must pay higher interest rates in order to sell them and that this increased cost offsets the gain in revenue.

But that is not true, because only those with large incomes are able to purchase bonds, and these large incomes are subject to heavy surtaxes which would return much more in revenues that the additional interest would cost. Mr. Hanes, Assistant Secretary of the Treasury, reported that it would not be necessary to increase the interest rate more than one-half of 1 percent at the most and perhaps as little as one-fourth of 1 percent.

Therefore, I repeat, the Government now loses much more in revenue that it gains in lower interest rates.

Of course, the savings in revenue would differ according to the tax laws of the different States, and also according to the amount of the income of the purchaser; but let us take a specific example.

I ask the attention of the Senator from Texas to what I am about to say.

Mr. CONNALLY. I thank the Senator. I am listening, and I also heard him when he testified before the committee.

Mr. ADAMS. While the Senator is stopping for a moment, may I answer his mathematics?

Mr. LEE. The Senator cannot answer a point until it is made.

Mr. ADAMS. I thought the Senator had made it. I beg his pardon.

Mr. LEE. I will give a specific case.

As stated before, the saving in revenue differs according to the taxes of each State. I took the case of Oklahoma, because I was familiar with conditions in that State.

Suppose a school district in Oklahoma issues $1,000,000 worth of bonds bearing 3-percent interest, and suppose the entire issue is purchased by a man having an income of $500,000. If the bonds are tax exempt, the Government loses each year in income taxes $21,197.77; whereas, if the bonds were taxable, the increased cost in interest charges would average only $3,750 a year, according to the estimates of the Treasury Department. The difference between $21,197.77, which would be the loss in revenue if the bonds were tax exempt, and $3,750, which would be the increased cost if the bonds were not tax exempt, is $17,447.77. In other words, the net loss in revenue on that $1,000,000 issue of tax-exempt bonds is $17,447.77 each year. Then suppose these bonds were issued for 20 years. The total amount of net loss in revenue on that $1,000,000 issue of tax-exempt bonds would be $348,955.40.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. BROWN. I do.

Mr. ADAMS. I merely desire to call attention to a part of the statistics mentioned by the Senator from Oklahoma and the Senator from Michigan; that is, that this amendment might increase by one-half of 1 percent the rate which the Government would have to pay.

Mr. BROWN. From one-quarter of 1 percent to one-half of 1 percent.

Mr. ADAMS. From one-quarter to one-half. I think one-half is nearer correct. The Government is now borrowing money on its short-time paper for less than 1 percent; that is, it is putting out a large part of its short-time paper—not its bonds—at less than 1 percent. It is putting out its bonds at, roughly, 2 percent. The result is that an increase of one-half of 1 percent on the short-time paper would be a 50-percent increase in the Government's interest payments. Upon the Government's bonds it would be a 25-percent increase in interest payments. We are now paying interest of over a billion dollars a year, running up toward a billion and a quarter dollars. If 25 percent is added to that amount and 50 percent on some of it, we shall have an increase in the interest payments of the Federal Government running up to anywhere from $250,000,000 to $400,000,000.

Mr. BROWN. The Senator realizes that the present money market is probably not normal; that the present interest rates are much lower than they ordinarily would be. This estimate was given before the committee 2 years ago. If the estimate were given on the basis of the present-day rates it would be much less, in my judgment, than as stated here.

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

Mr. BROWN. I yield.

Mr. LEE. I disagree with the able Senator from Colorado on his figures, because to a man with a large income the tax-exempt privilege is worth very much more than the interest. For example—and these figures were taken from the statement of the former Assistant Secretary of the Treasury, Mr. Hanes—to a man with an income of $500,000 a tax-exempt bond bearing 3-percent interest is worth more than a non-tax-exempt bond bearing 10-percent interest; whereas to a man with an income of $5,000 the tax-exempt privilege is worth only one-tenth of 1 percent.

Mr. ADAMS. Has the Senator made his point, so that I may ask him a question?

Mr. LEE. Yes.

Mr. ADAMS. Are not the taxpayers now compelled to pay surtaxes on their interest on Government bonds?

Mr. BROWN. On some of them.

Mr. LEE. Yes; on some of the bonds.

Mr. ADAMS. In other words, the Senator's argument is based on different rates on different persons, while as to the bonds on which they pay surtaxes it does not matter whether the taxpayer be rich or poor.

Mr. LEE. Of course, the Senator knows that the persons who buy Government bonds in any amount at all are those whose incomes are in the higher brackets, so that the tax-exemption privilege is worth more than the interest.

Mr. BROWN. Mr. President, I desire to get on. Does the Senator from Colorado desire to ask another question?

Mr. ADAMS. Merely to make one statement of fact as to those who own Government bonds. There are $18,000,000,000 of Government bonds outstanding, representing one-third of the Government obligations, which are held by the

banks of the country. They represent the investments of the deposits in the banks, and the deposits in the banks come in the main from people of small incomes. That is demonstrated by the fact that according to the statistics from the Federal Deposit Insurance Corporation 98 percent of the accounts of the banks are for amounts less than $5,000, because they are insured. So that it is through the banks that the small investor buys Government bonds.

Mr. BROWN. The exemption laws are such that very little change will be made in regard to the investments of banks. The big change will come in the class of holders where the great bulk of these bonds are held. The chart before me shows that approximately $20,000,000,000 out of a total of perhaps $65,000,000,000 of all tax-exempt securities are held by individuals and, as the Senator from Oklahoma points out, that is where the great evil in this situation lies.

I will take just a few more minutes to finish this subject, and then I hope we will be able to vote.

The advantage of tax exemption to a person with a large income, compared with one with a small income, may be seen by comparing the position of a married man with an income from other sources of $500,000, and a married man with an income of $5,000. I want the Senator from Colorado to hear this. To the man with a net income of $500,000 a 3 percent fully tax-exempt security affords the same income that a corporation bond bearing 10.7 percent interest would afford, if he could get it, which he cannot. That situation is one which appeals to me as being exceedingly unfair.

I shall not extend this argument, but I do say that the existence of tax-exempt securities, Federal, State, and municipal, enables many wealthy people of the country to escape taxation to a very large extent. Only 13 percent of the tax money raised in the United States for all purposes by the Federal Government, State governments, and all their subdivisions is based upon a progressive principle. Eighty-seven percent of our taxes are in the form of consumption taxes, real-estate taxes, and other taxes of that character, in connection with which the income of the taxpayer's ability to pay is not taken into consideration. The present proposal is the first constructive step to be taken since the adoption of the income-tax law principle which will eliminate or tend to eliminate that unfair situation.

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

Mr. BROWN. I yield.

Mr. ADAMS. I merely wanted, if the Senator will make it a little clearer, to find out how he reaches the conclusion that a tax-exempt income of 3 percent is the equivalent of a 10-percent return on a corporate bond, that is, the reasoning and the mathematics of it, because I was somewhat startled at the statement.

Mr. BROWN. I will read the testimony before our committee.

Mr. ADAMS. I would rather have the opinion of the Senator than any testimony.

Mr. BROWN. It results in this way in the calculation of the net return which the income-tax payer gets for himself: The rich man with an income of $500,000 a year, owning a 3-percent tax-exempt bond, is better off, because of the income-tax exemption, than he would be if he had a corporation bond which bore 10.71 percent interest. That is the advantage which comes from the possession of a tax-exempt security by a man in the high income-tax brackets as against the man with an income of $5,000, who, of course, is not subject to the higher tax brackets.

Mr. President, I ask that at this point in my remarks, to save the time of the Senate, the general statement which I now send to the desk be printed in the same size type as the remarks I have been making. It is an explanation of the bill, sentence by sentence.

The PRESIDING OFFICER. Without objection, it is so ordered.

GENERAL STATEMENT

Mr. BROWN. This amendment adds a new title VI to the bill dealing with tax-exempt securities. In general, it first amends the Internal Revenue Code so that the income derived from future issues of Federal and State obligations will be taxable in the same manner and to the same extent as other income is taxable under Federal income-tax laws; second, permits the States to tax the income derived from future issues of Federal obligations in the same manner and to the same extent as other income is taxable under the State income-tax law; and third, permits future refunding of outstanding obligations by granting a tax-exemption to the refunding obligations which are issued hereafter similar to the tax exemption now enjoyed by such refunded obligations.

DETAILED EXPLANATION

Section 601 of the amendment contains the short title, "Public Bond Tax Act of 1940."

Section 602 of the amendment amends section 22 (b) (4) of the Internal Revenue Code—relating to exclusions from gross income—to provide that the interest upon obligations issued by a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, or a corporation organized under act of Congress if such a corporation is an instrumentality of the United States, or the United States or any of its possessions, shall be excluded from the computation of gross income but only to the extent provided for in section 116 (b) of such code. The practical result of this amendment, when read in conjunction with the amendment made by section 604, is to include in the computation of gross income interest on such obligations which are issued after January 31, 1941, and by such inclusion to make such interest taxable.

Section 603 of the amendment amends section 25 (a) (1) and (2) of the Internal Revenue Code to provide that interest on United States obligations and on obligations of instrumentalities of the United States which are issued after January 31, 1941, shall not be allowed as a credit against net income for purposes of the normal tax.

Section 604 of the amendment amends section 116 of the Internal Revenue Code by inserting a new subsection to provide that tax-free interest upon the above-mentioned obligations shall include only interest upon such obligations that were issued prior to February 1, 1941. Interest upon such obligations which are issued after January 31, 1941, with the exceptions hereafter noted, will be included in gross income and subject to tax. Assuming that this bill becomes law this month, a period of something over 4 months is allowed in which obligations may be issued the interest on which will be tax-free.

Subparagraph (1) of such section provides that an obligation is to be considered as issued after January 31, 1941, and after the date of enactment of this act, if any part of the payment therefor is received by the obligor after such date or delivery thereof is made by the obligor after such date.

In other words, if either payment or delivery is made after such dates issuance of the obligation shall be deemed to have occurred after such date.

Subparagraph (2) provides for the replacing of lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denomination, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, and that such replacing obligations are to be treated as if they were obligations replaced. In other words, continuing the tax exemption that was enjoyed by the lost or mutilated obligations.

Subparagraph (3) (A) of such section provides that if the terms of an obligation issued before February 1, 1941, the maturity of which on the date of enactment of this act is later than January 31, 1941, are, after such enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall—as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later—be considered as issued after such later date. This subparagraph is inserted to prevent the refunding of obligations prior to February 1, 1941, and thereby securing a greater tax exemption than was enjoyed by the refunded obligations.

Subparagraph (3) (B) permits bona fide refunding obligations occurring between the date of enactment of this act and February 1, 1941. It continues the tax exemption of refunded obligations where the refunding obligation is issued between such enactment date and February 1, 1941, and the maturity of the refunded obligation is not later than July 31, 1941. For example, if a municipality has called its bonds on December 1, 1939—such bonds having a maturity date of July 30, 1941—the municipality will be authorized under this subparagraph to issue refunding obligations for such matured obligations and such refunding obligations will be tax exempt as if they were an original issue prior to February 1, 1941. If the maturity date of such refunded obligations is later than July 31, 1941, the refunding obligations (as to interest accruing for any period after January 31, 1941) shall be considered as issued after January 31, 1941, and shall be taxable.

Subparagraph (4) of such section applies to refunding obligations issued after January 31, 1941. The interest on such refunding obligations will be tax exempt if the following conditions are met:

First. All refunded obligations have the same exemption expiration date, as defined in subparagraph (J) of this section.

Second. The refunding obligations are the only ones that have been issued for the purpose of refunding any of the refunded obligations and the aggregate principal amount of the refunding issue is not in excess of the aggregate principal amount of the refunded obligations.

Third. Interest on each of the refunded obligations ceases to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run. This relief provision allowing a 7-month period is an arbitrary figure, but which is believed long enough to permit bona fide refunding operations since under the usual terms of such obligations interest ceases to run at the end of 6 months after they are called for redemption.

Fourth. The refunding obligation, in its terms, states the exemption, expiration date of, and identifies, the refunded obligations. This provision is intended to give the Treasury and the purchaser of such refunding obligation a check on its exemption expiration date.

Fifth. The interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had for the corresponding period.

If all of the above conditions are met by a refunding obligation issued after January 31, 1941, such refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligation, and the interest therefrom shall be tax exempt for such period but such obligation shall be considered as issued after January 31, 1941, as to the remainder of such interest accruing after such exemption expiration date and the interest accruing after such date shall be taxable.

The above provisions of the amendment also permit the issuance of tax-exempt refunding obligations for refunding obligations issued after January 31, 1941. For example, obligations which were issued in 1930 with a maturity date of 1970 could be refunded in 1945 and the interest from such refunding obligations would continue to be tax exempt up to 1970. If, in 1950, to take advantage of lower interest rates it was decided to refund the 1945 refunding obligations, new 1950 refunding obligations could be issued therefor and the interest from such new refunding obligations would continue to be tax exempt until 1970 which was the maturity date of the original obligations. Interest on such refunding obligations which accrued after 1970 would be taxable.

Section 605 of the amendment permits the taxation, under an income tax, of interest upon, and gain from the sale or other disposition of, Federal obligations issued after January 31, 1941, by any duly constituted taxing authority having jurisdiction to tax such interest and gain, if such taxation does not discriminate against such interest or gain because of its source.

Subsection (b) of such section provides that interest upon, and gain from the sale or other disposition of, such obligations shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under Federal income-tax acts now or hereafter enacted.

Subsection (c) of such section provides for the same relief and limitations, with respect to the taxation by the States of interest from such Federal obligations issued after January 31, 1941, as is provided in section 604 of this amendment with respect to Federal taxation on the interest derived from obligations mentioned in such section.

Subsection (d) of such section provides that the provisions of Federal laws authorizing the issuance of such obligations shall be considered as amended and supplemented by the provisions of this section.

Mr. President, I wish to say to the Senate that the constitutional question involved is one which could call for a great deal of discussion. It is my judgment that the recent decisions of the Supreme Court in the Public Salary Tax Act cases indicate clearly that if the amendment shall be adopted and the bill passed, and the matter shall be taken to the courts of the United States, there is little doubt in my opinion that they will uphold the power of Congress to lay a tax upon any form of income from bonds issued by State governments or municipalities. There has never been any doubt about the power of the Government to tax the income from its own bonds.

I have here what I consider to be a fairly thorough analysis of the constitutional side of the question, but I know the chairman of the Committee on Finance is anxious to have the tax bill disposed of, and unless the constitutionality shall be challenged by Senators on the floor I do not intend to go into that question. If the constitutionality is challenged, I will answer. I dislike to take the time of the Senate to discuss the legal questions unless the constitutionality is assaulted.

I may say that it is the view of a majority of our committee that Congress may pass such legislation, and that there will be no successful challenge by any taxpayer in the Supreme Court of the United States on constitutional grounds.

Mr. BYRD. Mr. President, I have no desire or purpose to prolong the discussion, but as a member of the special committee which had under consideration the proposed legislation, I very heartily endorse the admirable presentation made by the Senator from Michigan [Mr. BROWN], and take this occasion to say that I favor most heartily the taxation of securities which are now tax exempt.

I wish to take this occasion to make some comment with respect to the pending tax bill. I desire to call attention to what seems to me to be the utter inadequacy of our financial program to meet the demands of the crisis now confronting the country. The pending bill is the second new tax bill of this year. It will produce for the next year approximately $300,000,000. The first tax bill, known as the national-defense tax, will yield $700,000,000, making the estimated receipts from all new taxes adopted since the beginning of the present crisis, $1,000,000,000. The total tax receipts from all sources, incuding the new taxes, for the coming year are estimated to be $6,600,000,000.

At this session of Congress we have either appropriated or authorized for national defense the sum of approximately $16,000,000,000. In addition, $7,000,000,000 has been appropriated for the regular expenses of government and for Departments not connected with national defense.

Another substantial additional obligation has also been incurred by the Government in giving new authority to various Government corporations to issue new bonds guaranteed in full by the Federal Government. Such expenditures made by various Government corporations are not included either in the Budget or the direct public indebtedness.

An appropriation bill is still pending for $1,700,000,000 for the financing of the law calling for universal military training and for other purposes.

It is possible and probable that other appropriations will be made before the present fiscal year expires on July 1, 1941. I think it is therefore reasonable to assume that this session of Congress will directly obligate the Federal Government, either by appropriations or authorizations, to the amount of at least $25,000,000,000, and this is exclusive of obligations issued by the Government corporations, and guaranteed by the United States Treasury. All of this will not be expended in the current year, but the authorization continues valid. It is impossible to estimate at this time how much of such obligations will be expended in the current fiscal year. This will depend, of course, upon the speed with which the appropriations and authorizations for national defense are actually expended.

If the war crisis increases in intensity, as now appears likely, and our defense program is still further speeded up, it is conservative, I think, to estimate that the cash expenditures during the current fiscal year will exceed $15,000,000,000, and against this, including proceeds of the pending bill, the tax revenue will be approximately $6,600,000,000, leaving a deficit of at least eight billions and perhaps more, by far the largest in peacetime history, and approaching the deficit in the first year of the last World War.

Notwithstanding the imperative need of spending colossal sums for national defense, no effort has been made, either by Congress or the administration, to reduce nondefense spending, to eliminate waste and extravagance now existing in governmental expenditures. In fact, many of the nondefense departments have actually increased their expenditures for the current year above last year. The Senate rendered inoperative and defeated an amendment nearly unanimously reported by the Senate Finance Committee, and offered by me, to reduce nondefense spending to the extent of 10 percent, and to divert the funds thus saved to national defense. This would have saved approximately $500,000,000 annually. It should be recalled too that the present relief expenditures will be exhausted on March 1, and a new appropriation then will be necessary.

The Government of the United States has only three ways to finance the great expenditures now confronting us. The first and most logical is to reduce to the utmost degree nondefense spending not essential to our defense program and eliminate extravagance. This was rejected. The second is to increase taxation. After weeks of study the net result is that only $1,000,000,000 in new taxes will be derived by tax legislation passed by the Congress. It is very significant that even with the increases in taxation, the total revenue of the Federal Government will not be sufficient to pay for purely nondefense spending—that is to say, after every item of national defense is eliminated by the Federal Government, such nondefense expenditures will be approximately $7,000,000,000, while the revenue with increased taxation will be $6,600,000,000, leaving a shortage of nearly one-half billion dollars in the payment of the ordinary and strictly peacetime expenditures of our Government. This means that every dollar of national-defense spending is being added to the public debt, notwithstanding the fact that the public and the taxpayers have been informed that the emergency taxation enacted at the present session of Congress was for the purpose of financing national defense. This startling picture of the inadequacy of our financial program should deeply concern every thoughtful person in America. No sensible person can blind himself to the fact that for many years to come this Nation is facing colossal expenditures for national defense. Many of such expenditures, such as maintenance of the greatly increased Army and Navy, will be constant and recurring from year to year. The war equipment purchased now may be soon out of date, requiring new expenditures for such equipment.

As I see it, the imperative need confronting our country is to adopt a financial preparedness program which will be adequate to pay, at least in part, for our defense expenditures, and prevent the inevitable bankruptcy which will follow if the present haphazard and loose fiscal policies are continued.

I will support the amendment offered by the special committee on the taxation of tax-exempt securities, headed by the Senator from Michigan [Mr. BROWN], and of which I am a member. I have long believed that all future issues of hitherto tax-exempt securities should bear a proportionate share of the public burden of taxation. This is no time to continue to exempt from taxation any substantial class of our citizens when others are being called upon to make supreme sacrifices for the national security.

I introduced 7 years ago an amendment to the Constitution providing for the taxation of tax-exempt salaries and tax-exempt securities. Tax-exempt salaries have already been taxed.

The pending amendment provides for the taxation of future issues of hitherto tax-exempt securities, and this should be promptly enacted. It will equalize the taxation burden and prevent the exemption from taxation of those who are favored by the ownership of tax-exempt securities, and at the same time will add substantially as the years go on to the revenue of the Government. The total of all tax-exempt securities, either completely or partially exempt from Federal taxation, amounts to upward of $66,000,000,000.

Realizing as I do the inadequacy of the pending tax bill, I will cast my vote for it. We should know, however, that this is simply another patch added to the crazy quilt of Federal taxation. It will yield only enough next year to pay the cost of three battleships.

I am voting, Mr. President, for this legislation because I feel that the need of additional revenue is imperative. I, of course, desire to see this revenue raised without unnecessary hardship on the taxpayers. The sooner, however, the Congress and the country realize that a businesslike and sensible revision of the tax system must be effected, the better prepared we will be to prevent a collapse of our financial system, which is inevitable unless our fiscal policies are reformed and the operation of the Government placed on a sounder business basis.

I wish to pay my tribute and express my appreciation to the chairman of the Senate Finance Committee [Mr. HARRISON] for his patience and ability in conducting the hearings and in the consideration of this measure. The bill, as imperfect as it is, may have been much worse except for his wise and efficient leadership.

Mr. CONNALLY. Mr. President, I shall not detain the Senate by discussing the amendment at any length. I expect there will probably be no yea-and-nay vote on it.

Mr. ADAMS. Mr. President, I wish to say to the Senator from Texas that perhaps he is in error in his assumption that there will be no yea-and-nay vote on the amendment if its adoption shall be insisted on.

Mr. CONNALLY. Perhaps it is only my speculation that there will not be a yea-and-nay vote. In any event, I wish the RECORD to show that I am opposed to the amendment offered by my distinguished and esteemed friend the junior Senator from Michigan. In the first place, the Federal Government now has and has always had the constitutional power to tax any of its own securities. The Treasury Department, so the Senator from Michigan says, favors this measure. Yet the Treasury Department, on each occasion when it issues bonds, asks the Congress to allow it to issue the bonds tax-free, except with respect to surtaxes.

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

Mr. CONNALLY. I yield.

Mr. BROWN. The Senator will recall that Mr. Morgenthau came before the Finance Committee and stated that none of the bonds issued to finance the defense program would be tax exempt; that they would be taxable.

Mr. CONNALLY. So far as he is concerned; yes; but the Congress will have the final determination.

Mr. BROWN. He is the officer to determine it.

Mr. CONNALLY. Yes; that is true; but here we are, facing an emergency, and the first thing we do is to tax our own credit and make it more difficult to borrow money, and

everyone, even the Senator from Michigan, admits that we will have to pay a higher rate of interest.

However, what I rose to say is that I shall not vote for any bill which gives the Federal Government power to tax State, county, and municipal bonds. The Senator from Oklahoma presented a classic case from the testimony of Mr. Hanes in which he showed that a little school district in Oklahoma which issued a certain amount of bonds, would have to pay only $3,000 additional interest annually. It is said that, while the school district would have to pay that additional amount, it could tax Federal bonds.

The taxpayers of the little local school district will be hard pressed and hard put to meet expenditures for their school district. How many Federal bonds will be found in that school district for them to tax in order to recoup the $3,000 they would have to pay because of increased interest?

The Senator from Oklahoma himself said that no one but the rich—men with $500,000 incomes—will buy these bonds. How many $500,000 incomes will there be in his little country school district, which would have to pay $3,000 more each year in increased interest rates and perhaps not get back a cent?

Mr. President, I do not conceive that the Congress has the constitutional power to tax the States, to tax their credit, or to tax their subdivisions, counties, or municipalities. Therefore I am bitterly opposed to that portion of the amendment which seeks to levy taxes upon the securities and evidences of credit of States and municipalities and counties.

I could make and have heretofore made rather extensive arguments on the constitutional aspects of the bill, but I shall not undertake to do that at this time. It is not only unconstitutional, but it is the most unsound theory that has been evolved in politics for many years. If the Senator will bear with me for one more moment, I shall be through. Years ago, when Mr. Andrew W. Mellon was Secretary of the Treasury, he urged Congress to enact a constitutional amendment to tax Federal, State, and county bonds. Mr. Mellon testified in a hearing held by a House committee that to tax them would raise the interest rate from one-half of 1 percent to probably 1 percent annually. He also testified as to the income which the Federal Government would receive. In the discussion of that measure in the House of Representatives I took pains to go back and get the Government records during the World War, with respect to the issuance of Federal obligations, and what did they reveal? They revealed that we issued the first war bonds in 1917. They were 3½-percent tax-free bonds. They were free of all Federal taxes. Later on we issued 4¼-percent bonds and 4½-percent bonds and 4¾-percent bonds which were subject to surtax.

I went back and found out how much interest the Government had paid on the issues carrying the high rates. The reason why they had to carry the high rates was that they were subject to surtaxes. I found that the Federal Government had paid out in increased interest rates, over 3½ percent, more than $100,000,000 annually.

How much tax did the Government get back? I had the Treasury give me the figures as to the amount of tax realized; and the Government got back $25,000,000. It cost the Federal Government $100,000,000 in increased interest rates, and it got back $25,000,000.

What is the further answer to this question? It is said that tax-exempt bonds are owned by men of very large incomes. Most of the Federal bonds now outstanding are subject to surtax rates, and we already capture this income in the hands of the large taxpayer in the higher brackets with higher rates in the higher brackets.

Where are these bonds owned? The bulk of the bonds are not owned by persons in the higher brackets. As the Senator from Colorado pointed out, they are owned by insurance companies, banks, fiduciaries, trust companies, and foundations. Do those institutions pay any surtax? They do not. They pay a flat corporation tax; and by putting surtaxes on the bonds we shall not realize a single cent of increased revenue from those sources. Yet in the meantime we shall have increased the interest rate, because if the ordinary taxpayer buys any bonds at all he will require an increase in the interest rate. So we shall not get the revenue we think we shall get. On the other hand, we shall add to the interest rate not only of the Federal Government but of every State, every county, and every municipality in the Nation.

It is said, "We will levy on State bonds, but we will grant reciprocity. We will let the States tax Federal bonds." Where are the Federal bonds? Are they down in the little school district in Oklahoma? They are in Philadelphia, New York, Chicago, and Boston. The States in which those cities are located will receive the benefits of whatever reciprocity there is in the bill. The undeveloped regions and the agricultural sections of the Nation which have not already built their schoolhouses, their roads, and their courthouses will be penalized. The older-settled communities will receive the benefit of the taxes, and the undeveloped sections of the country will pay an increased interest rate, with scarcely any return at all.

Mr. President, I shall not elaborate these views. I have held them for years. I know it is unpopular to say that one is opposed to doing away with tax-exempt securities. That is a very fine political shibboleth for those who do not understand the question. Mr. Alexander Hamilton—I do not ordinarily quote Mr. Alexander Hamilton—in his famous report on manufactures gave the best answer, and the fundamental answer, to this question. Mr. Alexander Hamilton said that no nation can afford to tax its own securities, its own power to raise money, and its own power to finance itself in time of war, or in any other great emergency or crisis. When we tax the income from the Government's own securities we are taxing the Government itself, except that we shall never get back in taxes as much as we pay out in increased interest rates. Let me tell the Senate why.

The amount of the tax is indeterminate. We do not know what it will be. It will be what Congress says it will be, or what the States say it will be. If the man who is contemplating the purchase of a bond knows that the tax is to be 10 cents, he can figure accordingly, and add the 10 cents. However, if he knows that it will bear a tax of 10 cents this year, but that next year it may bear a tax of 25 cents, inevitably in his calculations he will add a margin of safety to take care of the possibility that the rates may be increased. The result is that the interest rate is vastly increased above any possible return in the form of taxes.

Mr. President, I apologize to the Senate; but those are my views in rough outline. I wish I had the time and the opportunity to elaborate them. I should like to quote from court decisions. I should like to go back and quote from some of the hearings which have been held on the bill.

I believe that the amendment is unsound; and, believing that it is unsound, I must vote against it.

Mr. LEE obtained the floor.

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

Mr. LEE. I yield.

Mr. HARRISON. I am deterred from saying what I was about to say, so we shall not be able to finish consideration of the bill tonight, which I had hoped we could do. There is some opposition to the course which I was about to take in the interest of expediting the legislation.

I was about to say that we all realize the importance of getting this legislation on the statute books. The House has not presented this amendment to us. I have no idea how the House conferees would stand on the bill if the amendment should be agreed to, but I had thought that the best piece of strategy, if it should meet with the approval of the Senate, would be to permit the amendment to go to conference. I am perfectly willing to do so, but if other Senators desire to call for a yea-and-nay vote, they have a right to do so, of course. May we have a voice vote on this question?

Mr. ADAMS. No.

Mr. HARRISON. The Senator would not be willing to have the amendment go to conference?

Mr. ADAMS. No. I wish to make a few observations when the Senator from Oklahoma shall have concluded.

Mr. HARRISON. Mr. President, I think that is all I can say for the present. I thank the Senator from Oklahoma.

Mr. LEE. Mr. President, if a farmer does not have enough money to pay the ad valorem tax on his farm for 1 year, 2 years, 3 years, or 4 years, his farm is taken away from him. But a man holding enough tax-exempt bonds might have an income of $500,000 a year, and he would not be required to pay one thin dime of tax. To my mind that is not quite fair. I have always looked upon exemption as a special privilege to a special class. Who benefits by exemption from taxation on a bond? Does a man with an income of $5,000 benefit? Whoever heard of a man with only $5,000 being able to own any bonds? Perhaps he owns a few baby bonds, or savings stamps, but the exemption privilege means nothing to him. Exemption means a special privilege to a special group. To a man with an income of $500,000, the tax-exempt privilege on a 3-percent bond is worth more than 7-percent interest on the bond, according to Mr. Hanes, former Under Secretary of the Treasury.

Reference has been made to the little school district in Oklahoma. On a bond issue of $1,000,000, running for 20 years, the Government would recover $385,955.40 more than it would lose in increased interest rates.

In my State, if a man has an income of $5,000, he must pay an income tax of $146.22 if the income is from some other source than tax-exempt bonds. Suppose he is a storekeeper and he makes $5,000 a year. He must pay a total income tax of $146.22. But if he has $5,000 income from tax-exempt securities he does not pay a thin dime. Is that right? Is it fair? Is not that a special privilege?

Why is tax exemption worth so much to a man with an income of $500,000? It is because any additional income he receives is thrust in the upper brackets, which puts him in the surtax brackets. The surtax is so heavy that he would rather have a tax-exempt bond at 3-percent interest than a taxable bond at 10-percent interest.

How much is the exemption privilege worth? To a man with an income of $5,000 it is worth one-tenth of 1 percent, and no more, says Mr. Hanes. So we have a two-price system, in a sense. For the rich man we have the equivalent of a 10-percent bond. For the poor man we have the equivalent of a 3-percent bond.

Exemption means special privilege to a special class, and I am "agin" it.

A married man living in Oklahoma, if he has an income of $10,000 from renting apartment houses, after paying the ad valorem taxes, after paying the paving taxes, pays an income tax of $737.85; but if he has an income of $10,000 derived from tax-exempt bonds he pays not a thin dime in income taxes. Is that right? There are some men in Oklahoma, courageous, daring, fellows who will take a chance sometimes to lose and sometimes to gain in the oil game. I refer to the oil men of Oklahoma. If a married man engaged in the oil business, after he pays all his property taxes, has an income of $50,000 derived from the oil business, he pays an income tax of $11,132.41; but if he has a $50,000 income derived from tax-exempt securities he does not pay a thin dime. Is that right? Is that fair?

The Federal Government is losing literally millions of dollars of revenue because of this bond exemption. Today we have altogether in tax-exempt securities in the United States, on which the Government is not realizing the full tax that it could, a total of between sixty billion and sixty-six billion dollars of wealth. According to the economists, we have in this country only $350,000,000,000 of wealth. Take from that sum from $60,000,000,000 to $66,000,000,000 of wealth which the Government cannot reach, which belongs to the richest class, who ought to be paying the most on a graduated income-tax basis, and we can understand why it is necessary to put an extra heavy burden on the poor man.

Not only that, Mr. President, but this tax-exemption privilege is throttling business in two ways. First, it is an incentive for capital to stay in the banks, which are now literally bursting with money. It cannot be forced into circulation because it is not taxed in the banks; it is earning an income and happily sleeping there, no matter how many businesses want to start. Suppose a man desires to start a business and wants some capital. He has to go out on the bond market in competition with tax-exempt securities; he would have to sell securities that are taxable, which would make an additional burden on business, expansion, and operation. Therefore, it is unfair, it is economically unsound.

I have seen more than one home owner lose his home because it was taxed from under him when he did not have an income. The home was not furnishing an income, and he lost it because he could not pay the taxes on it. I have seen others drawing income merely by clipping coupons; the only labor they do in a year is merely clipping coupons from tax-exempt securities.

Mr. President, it is not only unfair and unjust to continue this system, but it is economically unsound.

Alexander Hamilton may have said that the Government should not tax its own securities, but Alexander Hamilton also said of the people, "You cannot trust them." Members of the party which claims descent from him, great financiers, are being quoted. Let me quote another great financier of that great party, Andrew Mellon. I do not believe that in financial ability even Alexander Hamilton could hold a candle to Andrew Mellon; and yet Andrew Mellon advocated stopping the tax-exempt privilege.

President Roosevelt sent a message to the Congress on April 25, 1938, and asked us to pass a law to stop the tax-exempt privilege. Other Presidents have advocated it, but this President wants to do something about it. So he sent a message to Congress asking us to pass legislation stopping the issuance of tax-exempt securities. This same body has voted against extending any further the tax-exemption privilege to Federal bonds. The proposal carried here by one majority. We had it up for several years, and finally the Finance Committee appointed a special committee, headed by the Senator from Michigan [Mr. BROWN], and, after holding hearings, they brought in a bill, which is now in the form of an amendment, a well-prepared bill, which does not involve any violation of contracts, for a man who now has a tax-exempt bond and who bought it with the understanding that it was tax-exempt would continue to enjoy that privilege during the lifetime of the bond. That would be no violation of the contract; but when that bond matured and another bond was issued in its place, then it would be issued with the fair and full notice that the income from it would be taxable.

What about the people of this country?

Mr. BROWN. Mr. President——

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. LEE. I yield.

Mr. BROWN. I hope the Senator does not want to leave the impression that the Senate has not adopted an amendment substantially similar to this which would tax not only the income from Federal bonds but would also tax the income from State bonds just as this amendment proposes to do?

The Senator referred to an amendment which related to Federal bonds. I want the Senate to know and the RECORD to show that an amendment substantially similar to this has heretofore been adopted by the Senate.

Mr. LEE. I thank the Senator for that contribution. This body and the other body have also passed a bill taxing State employees' income and granting the privilege to the States to tax the income of Federal employees. That is a part of the program recommended by President Roosevelt in his message of April 25, 1938.

The people have spoken on this subject when they adopted the sixteenth amendment to the Constitution. What did the

sixteenth amendment, upon which the people of the United States passed, say? That amendment gave Congress the power—I quote:

To lay and collect taxes on incomes from whatever source derived.

Can the English language make it any plainer than that—

To lay and collect taxes on incomes from whatever source derived.

Yet by judicial interpretation it was ruled that that did not mean what it said; that it did not mean "from whatever source derived." Therefore it is necessary for us to act upon the question again.

Mr. BROWN. Mr. President——

Mr. LEE. I yield.

Mr. BROWN. I should like to make a comment there. The Supreme Court of the United States has never passed upon the question of tax-exempt bonds since the sixteenth amendment was adopted. It was urged in one of the opinions by one of the judges of the Supreme Court that the phrase in the sixteenth amendment "from whatever source derived" permitted the taxation of salaries of a Federal judge. A majority of the Court held in that case that that phrase did not permit the taxation of the salary of a Federal judge. That decision has been completely overturned, as the Senator from Oklahoma knows. I should not want the impression left that the Supreme Court had ever passed upon the power of Congress to tax the interest upon a State or a municipal bond under the sixteenth amendment, for Congress has never passed such a law since the sixteenth amendment became a part of the Constitution of the United States.

Mr. LEE. I thank the Senator, and I agree that the decision was not exactly on that point, but it certainly did raise a barrier. In his message of April 25, President Roosevelt said:

This seemingly obvious construction of the sixteenth amendment, however, was not followed in judicial decisions by the courts. Instead, a policy of reciprocal tax immunity was read into the sixteenth amendment. This resulted in exempting the income from Federal bonds from State taxation and exempting the income from State bonds from Federal taxation.

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. LEE. I yield.

Mr. CONNALLY. May I suggest to the Senator from Michigan that in the old case of McCulloch against Maryland, which is pretty close to this question, the court held that the State could not tax the instrumentalities of the Federal Government.

Mr. BROWN. The decision in McCulloch against Maryland was quite a few decades before the adoption of the sixteenth amendment.

Mr. CONNALLY. That is very true, but the principle that was announced has always been considered as sound unless one can contort the language of the sixteenth amendment "from whatever source derived" to overthrow that doctrine. I do not think anybody who voted on the sixteenth amendment ever dreamed that it would be so construed.

Mr. BROWN. I disagree with the Senator on that proposition. I think the contortion of the language was entirely upon the other side, the side of those who take the position the Senator from Texas takes.

Mr. LEE. Let me quote a little further from President Roosevelt in his message to Congress of April 25, 1938:

Whatever advantages this reciprocal immunity may have had in the early days of this Nation have long ago disappeared. Today it has created a vast reservoir of tax-exempt securities in the hands of the very persons who equitably should not be relieved of taxes on their income. This reservoir now constitutes a serious menace to the fiscal systems of both the States and the Nation because for years both the Federal Government and the States have come to rely increasingly upon graduated income taxes for their revenues.

Both the States and the Nation are deprived of revenues which could be raised from those best able to supply them. Neither the Federal Government nor the States receive any adequate, compensating advantage for the reciprocal tax immunity accorded to income derived from their respective obligations and offices.

Later in the speech the President said:

Tax exemptions through the ownership of Government securities of many kinds—Federal State, and local—have operated against the fair or effective collection of progressive surtaxes. Indeed, I think it is fair to say that these exemptions have violated the spirit of the tax law itself by actually giving a greater advantage to those with large incomes than to those with small incomes.

Later in the speech the President said:

I, therefore, recommend to the Congress that effective action be promptly taken to terminate these tax exemptions for the future. The legislation should confer the same powers on the States with respect to the taxation of Federal bonds hereafter issued as is granted to the Federal Government with respect to State and municipal bonds hereafter issued.

On the 25th of March of this year the Supreme Court handed down a decision requiring an employee of the Home Owners' Loan Corporation to pay a State income tax on his salary, although his salary was paid by the Federal Government. This decision removes tax exemption on the salaries of State and Federal employees. Therefore, part of the President's objective has been accomplished by judicial decision. Thus, the injustice and inequity of tax exemption on State and Federal salaries has been removed. I hail that decision with hearty approval. However, we have won only a partial victory in our efforts to distribute the tax burden fairly and justly according to ability to pay.

The next and more important objective is to remove tax exemption of incomes derived from Government bonds.

The theory of some is that if every person who derives his income from interest on State bonds is required to pay an income tax on that income, just the same as any other person must pay, such a levy would be a tax upon the State itself. That is, of course, the old stock argument of those who benefit by such exemptions.

On that point the quarrel is with the Supreme Court. I quote from the recent decision of the Supreme Court, referred to above, in which Mr. Justice Stone said:

The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source, is no longer tenable.

Although that case decided the question of income tax with respect to salaries, the fundamental principle of taxation seems to apply with equal force to the question of taxing income derived from Government bonds.

I quote more fully from the opinion of Mr. Justice Stone on the point that taxation of income is not taxation on its source:

The present tax is a nondiscriminatory tax on income applied to salaries at a specified rate. It is not in form or substance a tax upon the Home Owners' Loan Corporation or its property or income, nor is it paid by the corporation or the Government from their funds. It is laid upon income which becomes the property of the taxpayer when received as compensation for his services; and the tax laid upon the privilege of receiving it is paid from his private funds and not from the funds of the Government, either directly or indirectly. The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source, is no longer tenable.

Continuing that thought, Mr. Justice Stone said later in the opinion:

So much of the burden of a nondiscriminatory general tax upon the incomes of employees of a government, State or National, as may be passed on economically to that government, through the effect of the tax on the price level of labor or materials, is but the normal incident of the organization within the same territory of two governments, each possessing the taxing power. The burden, so far as can be said to exist or to affect the Government in any indirect or incidental way, is one which the Constitution presupposes, and hence it cannot rightly be deemed to be within an implied restriction upon the taxing power of the National and State Governments. * * *

This would seem to indicate that the Supreme Court is ready to interpret the sixteenth amendment to mean that Congress has power to lay and collect a tax on a person's income even though it is derived from State and local bonds. Therefore, for that reason and for the other reasons stated, I am supporting this amendment, which I believe has been carefully drawn. I believe it will effect the purpose we want to accomplish. I believe it will meet the constitutional requirements. I believe it will meet with the approval of economists who have supported it. I am sure it will meet with the approval of the people who endorsed the sixteenth amendment, believing that they were passing an amendment

having that effect. I am sure it will give us more revenue with which to meet the requirements of a heavy national-defense program; and I am sure it is right, it is fair, and it is just.

I hope the amendment will be agreed to.

Mr. ADAMS. Mr. President, it seems to me that an amendment of this kind, involving the fundamental relationships of the Federal and the State Governments, upon which there is great divergence of opinion, ought not to be offered to this emergency or excess-profits tax bill. It is perfectly proper legislation to be offered upon its own merits, but it is not properly a part of the pending bill. It comes in here without opportunity for careful study or for thorough discussion. As a matter of fact, the tax bill itself is a sufficiently complicated and complex problem to be submitted to the Senate without adding this question, upon which there is a fundamental divergence of view.

The committee which studied the subject matter of this amendment devoted many months to a careful study; and that committee, made up of some of the ablest Members of this body, differed four on one side and two on the other. So it seems definitely that when the able Senators upon that committee, after months of study, cannot agree, they ought not to come in here in the last moments of the consideration of this bill and present an amendment which refers back to and amends various sections of the law and ask us to accept it, to lay down a rule as between the taxing authorities of the Federal Government and the State authorities, without our giving to the subject the same consideration which the members of the committee gave to it. If the committee had brought in a unanimous report, the situation would be somewhat different.

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

Mr. ADAMS. Certainly.

Mr. CONNALLY. I call the attention of the Senator from Colorado to the fact that the full Finance Committee has never reported this amendment. It has been considered by a subcommittee of the Finance Committee of which the Senator from Michigan [Mr. BROWN] is chairman; but the Finance Committee of the Senate has never favorably reported this amendment.

Mr. ADAMS. Was the committee which considered the matter a subcommittee of the Finance Committee?

Mr. CONNALLY. It was a special committee.

Mr. ADAMS. It was a special committee, because I understand that the Senator from Nebraska [Mr. BURKE] and the Senator from Vermont [Mr. AUSTIN], who are not on the Finance Committee, are those who disagreed with the majority report.

Mr. CONNALLY. I accept that correction; but I knew that the chairman of the committee was the Senator from Michigan [Mr. BROWN], who is a member of the Finance Committee, and he has from time to time reported progress to the Finance Committee; and I had an idea that the special committee was part of the Finance Committee. The Finance Committee itself has never favorably reported this amendment.

Mr. BROWN. Let me make clear the record in that respect. The committee was a special committee designated by the Senate to investigate and report upon this general subject. The membership of the committee was confined to three members of the Finance Committee and three members of the Committee on the Judiciary.

Mr. ADAMS. The committee is a very able one; and, as I say, if this able committee had brought in a unanimous report I should have been quite willing to subordinate my own judgment to that of the committee; but in view of the difference among the members of the committee after study, it seems to me that we ought not to be asked, without careful consideration, to accept the views of the majority of the committee.

There has been dragged across the stage here, as usual, the rich man. He has been set up as the horrible example, and it has been contended that we should pass our tax laws with a view to their effect upon him.

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

Mr. ADAMS. Certainly; I will yield at any point.

Mr. BROWN. I never have been one who pilloried the rich man before the Senate.

Mr. ADAMS. I am not referring to the Senator from Michigan.

Mr. BROWN. I, for one, desire to say that I do not in the slightest degree blame a wealthy man for taking advantage of any provisions in the tax laws which may be helpful to him in reducing his income tax.

He has a right to do it; we give him that privilege; and it is assumed in the passage of the law that it is right and proper that it should be done. But we are engaged here with a matter of general policy, and I think it is entirely proper to bring in an example of what a wealthy man who pays an income tax in the higher brackets may do, and to point out that it is unfortunate from a social viewpoint that a wealthy man is permitted to do those things. It is entirely proper that he should do them as long as it is the law, but my argument is that the law should not be such as to permit him to take that advantage.

Mr. ADAMS. Mr. President, the point I was trying to make was that we are not drafting the tax laws because of their effect on some particular citizen, fortunate or unfortunate; we are drafting the tax laws for the benefit of the United States of America. The question is, What effect do they have on the United States and what effect do they have upon the individual States which we represent?

I come from a workingman's town. My neighbors are made up of people who work in the steel mills and on the railroads, who are interested in the pay check which comes every 2 weeks or every month. They are depositors in savings banks in small amounts. They are not purchasers of Government bonds except as their little deposits in the banks accumulate for purchases. I am interested in these neighbors of mine, and I want to say a word as to what effect this proposed legislation will have upon these men, who are out of work a good deal of the time. The steel mill in my town sometimes is shut down for several months. We have high taxes in my community. Twelve thousand of these workmen owning homes are upon the tax rolls of the city. They are paying the school taxes, city taxes, county taxes, State taxes. What does this mean? I am concerned about the bonds issued by these poor men in my community. I am interested in the effect of the proposed legislation upon them.

What does it mean? If we enact legislation taking away the tax-exempt privilege from the school bonds, from the city bonds, from the county bonds, from the State bonds, it means, in the first place, that the bonds will sell at a lower price than that for which they sell today. It means that the bonds will have to bear a higher rate of interest. It means that upon the homes of the workmen in my community the taxes will be increased. That is what it means.

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

Mr. ADAMS. Certainly.

Mr. BARKLEY. It always has seemed to me to be a distorted view of this question to pick out some man of wealth and say that because he is able to buy these bonds, therefore the law should be changed. Of course, someone has to buy them. When a school district issues bonds to raise money with which to build schoolhouses, or a county issues bonds to build a courthouse or to build roads, someone with money has to buy them, otherwise the bonds will not be sold and money raised with which to build the courthouse or the roads or the schoolhouse.

In looking at the question, it is easy to put some wealthy man on one side and the tax-exempt feature on the other and say that that condition should not exist. It always has occurred to me that this thing is a process of taking money out of one pocket and putting it in the other, the difficulty being that we are likely to take more out of one pocket than we put into the other.

There is no doubt in my mind that if the tax-exempt feature is removed from local bonds, they will bear a higher

rate of interest. That is inevitable, because the reason why they bear a low rate of interest is that the income is not taxable.

After all, the people form the Government, all these bonds are their bonds, and all the taxes collected are their taxes, money belonging to the same people; and I have always found difficulty in convincing myself that the people who issue the bonds and who collect the taxes on them, if the law is to be changed, will not lose more money in the increased interest they will have to pay than they will gain in the way of taxes, because a large number of people buying these bonds will presuppose that the rate of interest, whatever is exacted, will be high enough to cover any flexibility or fluctuation in the rate of interest or the rate of taxation which may exist from time to time. I wonder if I am wrong about that.

Mr. ADAMS. I think the Senator has put his finger right on what I say is the vital issue; that is, it is the welfare of the country generally, of the people generally, that we should consider. If it so happened that some one man or some dozen men profited from it, but that in profiting they benefited tens of thousands of school districts and counties, I think I could tolerate the fact that someone got an advantage which we are reluctant to have him obtain.

Mr. BARKLEY. If the Senator will yield there, I have heard the argument advanced that a law should be passed in order to discourage the issue of these bonds locally. It may be that local communities have overbonded themselves. I know my home city has issued bonds up to the limit of the State law, and no doubt many other communities have done the same thing. It may be that they made a mistake in doing that. But if it is desirable to reduce the ability of the people locally to issue bonds in order to bring about some public improvement, it should be done by a law restricting them, and not by taxing what they are able to sell to the public in the form of their obligations. That is the way I have felt about the matter, and I am unable now to convince myself to the contrary. I realize it is a question upon which legitimate argument may be made on both sides, but I have stated the way it has always appeared to me, and I cannot escape that conclusion.

In considering the question it seems that we cannot decide it on the fact that off yonder somewhere a millionaire who has bought, legitimately and legally under our laws and Constitution, the bonds which have been issued shall have taken away from him the right to have something he has in the way of tax-exempt public securities, but whether we are to penalize our own people, millions of them, who are infinitely more numerous than the fellows off yonder who are rich.

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

Mr. ADAMS. I yield.

Mr. BROWN. I would say first to the Senator from Kentucky, in answer to the factual argument he presents, that he and the Senator from Colorado and the Senator from Texas overlook the fact that we are subjecting to the income-tax laws of the States the income from Federal bonds. When the little taxpayer in the Senator's city of Pueblo pays his taxes to the tax collector, it does not make much difference to him how the items in the tax bill are made up; he is interested in the total tax. In other words, the lower the State taxes the better it is for him, no matter if his local tax may conceivably be a little higher. I do not know whether or not Colorado has an income tax.

Mr. ADAMS. It has.

Mr. BROWN. I do not know whether or not Kentucky has an income tax.

Mr. BARKLEY. It has.

Mr. BROWN. The Senators' States are more fortunate than is Michigan. Michigan does not have an income tax, and this will not do my State as much good as it will the States which have an income tax. My point is that we are subjecting $50,000,000,000 of Federal bonds to State and local income taxation, and we are subjecting only $18,000,000,000 of State, municipal, and local bonds to Federal taxation.

It seems to me that in the matter of general results States would gain considerably more than the Federal Government would gain—and 32 of the States have income tax laws—when all the States enact income tax legislation. The taxpayer in the Senator's home town would be the gainer rather than the loser by this type of legislation.

Mr. BARKLEY. Admitting that to be true, it still does not really touch the fundamental question which has bothered me all along about the wisdom of this policy. It is true we have subjected certain Federal bonds to taxation so far as income is concerned, but even when we did that, I will say to the Senator from Michigan, I was never quite satisfied in my own mind that we were doing the right thing, because they were all public bonds, they belonged to the people, they were the people's obligations, and it amounts in effect to my issuing a note to the Senator for the purchase of a house and then taxing him on the note and therefore taxing myself.

Mr. CONNALLY and Mr. HARRISON addressed the Chair.

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

Mr. ADAMS. I yield first to the Senator from Texas.

Mr. CONNALLY. A moment ago the Senator, under the influence of the arguments of the Senators around him, said that we were not anxious to give the rich man he spoke of an advantage. Is it true that he necessarily gets an advantage? The Senator from Oklahoma and the Senator from Michigan said that if a man could buy a 10-percent corporation bond or could buy a 3-percent tax-exempt Government bond, he would get just as much out of the 3-percent bond as he would get out of the 10-percent bond, if he were in the higher brackets. He would have to have an income so that the Government would get 70 percent of his income in order to get the advantage.

If he has a choice between a 10-percent corporation bond and a 3-percent Government bond and he takes the 3-percent bond, has he any advantage? Is he not exactly where he started with the 10-percent bond?

Mr. ADAMS. It is not going to be long, at the rate at which the Government is increasing its debt, before we will be hunting for people to buy our bonds. If we are going to make the bonds subject to local taxes, as we have done, we will have that much more trouble.

One other thing I should like to say before I yield; that is, as to the matter of rates. Referring again to my community, there are no Federal bonds held in my poor community which the community taxes. Our local bonds are taxed; and if they get into the hands of a corporation, the 22-percent rate imposed by this bill is added, and the corporation charges it back when it buys our bonds. We have no opportunity to recover any of it, because the workman, the man on the railroad, in the steel works, the school teacher, the clerk, does not own Federal bonds. We get none of the money back. We would pay more school taxes and more city taxes. We would lose by this provision. It seems to me that in view of all these circumstances we ought not to seek to crowd this controversial matter at this time on the pending bill.

I think the constitutional phase of it should be gone into. Some day I should like to discuss it. I have the feeling that had the people understood the interpretation which would be placed on the sixteenth amendment, it would not have been adopted. But assuming we have the constitutional right to do it, yet I think we ought not to do it. I think the local municipality should be protected from Federal taxation. On the whole, I think the Federal Government should be protected from local taxation, because such taxes are subject to abuse; they are subject to conflict and contention.

Mr. HARRISON. I was going to suggest in the interest of our getting together and trying to expedite the matter——

Mr. ADAMS. With that prelude, of course, I will say there is no one more desirous of getting on good-naturedly than I,

except the Senator from Mississippi, and I always yield to him in that respect.

Mr. HARRISON. The action of the Senator from Colorado has been wonderful. His cooperation has been fine.

Mr. ADAMS. I said what I did before I knew what the Senator from Mississippi was going to say.

Mr. HARRISON. If the bill goes over until next week others may think differently, but, in my opinion, we will consume all week discussing it. It will result in delaying the enactment of the bill another week. If we can iron out our differences now we can pass the bill tonight.

What I was going to suggest was that the bill go to conference. I doubt whether we can obtain a quorum now. I will say to the Senator that if I should be named as a member of the conference committee on the part of the Senate——

Mr. ADAMS. I think the Senator can accomplish what we seek to accomplish if he is a member of the conference committee.

Mr. HARRISON. I give the Senator assurance if I should be appointed a conferee, that before this matter is adopted in conference I will come back to the Senate floor with it and get a straight vote on the question, after full discussion of it, so we may obtain the sentiment of the Senate by having a yea-and-nay vote on the question.

Mr. ADAMS. I think that is an admirable Saturday afternoon suggestion. It is entirely agreeable to me.

Mr. BROWN. I do not know that there is any particular advantage in having the amendment adopted under those circumstances. Do I understand that the Senator would come back and ask for further instructions before he agreed, in the event the House conferees refused to accept the amendment?

Mr. HARRISON. If the House conferees should indicate that they would accept the amendment or anything like it, then before we would agree we would come back to the Senate and carry on the prolonged discussion which has been spoken of, and get the sentiment of the Senate. It is a matter which should call for considerable discussion on the part of the Senate. I am perfectly willing to carry the matter to conference in the interest of obtaining action on what are, in my opinion, the more important questions involved in this legislation.

Mr. BROWN. Mr. President, I, of course, realize the situation. The House Ways and Means Committee has not considered this proposition. It is my judgment that if the bond-tax proposal—this amendment—were submitted to the House of Representatives, it would be adopted by the House. It was my hope if the Senate adopted the amendment, that some arrangements could be made by which there could be submitted to the House of Representatives the question of whether or not they would concur in the amendment.

The Senator knows that I have aided him for the past year and a half in preventing the adoption of this kind of an amendment. I talked against the amendment when it was offered by the Senator from Oklahoma, and when it was offered, I think, by the Senator from Missouri [Mr. CLARK], on the theory that the Ways and Means Committee ought to have an opportunity to study the matter, go into it thoroughly, and adopt some such kind of a bill, or definitely reject it.

The Senator knows that the chairman of the House Ways and Means Committee and other influential members of that committee, who will probably be conferees, have repeatedly stated that they would take up the proposal. I was told by the chairman of the House Ways and Means Committee that he was quite satisfied with the hearing we had in the Senate committee, and that he thought they could determine the matter over there without extended hearings. That was substantially 18 months ago. He did not indicate what they would do, other than that it would be considered. We have had the session previous to this session and now we are near the end of this session, without consideration of this important measure, which is favored by the President—favored by the Secretary of the Treasury—he told the Senate Finance Committee that he favored this proposition in a recent hearing upon the $5,000,000,000 debt-limitation proposition, I remind the Senator—and, I believe, favored by the people of the country, who are anxious that the Congress should act upon this proposition.

So it seems to me we ought to have this amendment presented to the conference without giving this sugar pill to those who are in favor of this measure, and then withholding it, as the Senator from Mississippi proposes to do, unless he comes back here and gets new direction to stand by our proposal. The Senator from Mississippi is not offering me much.

Mr. HARRISON. Of course, Senators appreciate what we started out to do in this tax bill touching amortization and suspension of the Vinson-Trammell Act. Those were the main points in it. They were urged by Mr. Knudsen and other gentlemen of the National Defense Council, the Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, and the President of the United States.

Now here we are at the end of the matter. The amendment the Senator from Michigan has offered is a very important amendment, but it does not really relate to this particular question. Of course, he is accurate in his whole statement, as he is always accurate in any statement he makes. I think he has performed a great public service as chairman of the special committee of the Senate which has worked long and diligently on the matter. I thank him personally very much for what he has done. But the question is one concerning which Senators differ, concerning which Representatives differ, concerning which the people in the country at large differ.

Mr. President, I know that if the bill goes over until Monday, because of this matter being up in the air, that from the best people in the world I will receive millions of telegrams against the proposal. Well, I want to avoid that. In that respect I am like every other Senator. I had thought we should let this matter go to conference, and before we agree in conference on this question we will bring it back to the Senate and have the debate which the Senator desires to have on such a very important question.

Mr. BROWN. Will the Senator from Colorado yield to me further?

Mr. ADAMS. I yield.

Mr. BROWN. What is the difference between doing what the Senator now proposes to do and rejecting the amendment?

Mr. ADAMS. It would not be in conference at all if it were rejected.

Mr. BROWN. I do not think it will be in conference if we adopt the suggestion made by the Senator from Mississippi.

Mr. HARRISON. The House conferees may accept it, and then we would say, "We are duty bound to go back to the Senate and get the expression of the Senate again on the matter." It may not be a very good plan, but I am trying to get the tax bill out of the way, and that is the only way I know of doing it; so therefore I made this suggestion.

Mr. BROWN. I would be delighted to have the Senate adopt the amendment, but I do not feel, in justice to the several coauthors of this amendment, some of whom I have put off and put off and put off, that I ought to accept a proposition of that kind. I am not optimistic as to the result in conference; but I think the Senate ought definitely to adopt the amendment. If the Senator from Mississippi and his coconferees shall be unable to persuade the House conferees to accept the amendment, of course I shall be content, and will feel that everything has been done that I could do.

Mr. HARRISON. Does the Senator desire to have a quorum present to vote on the amendment?

Mr. BROWN. I am perfectly willing to take a vote as things now stand.

Mr. HARRISON. Then let us have a vote on the amendment.

Mr. ADAMS. Does the Senator desire to suggest the absence of a quorum?

Mr. HARRISON. I do not think we could obtain a quorum. If we cannot settle the matter tonight, I shall submit a unanimous-consent request for limitation of debate on the amendment and then ask for a recess until Monday.

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

Mr. ADAMS. I yield.

Mr. BARKLEY. I have discussed with the Senator from Mississippi the advisability of obtaining a unanimous-consent agreement for limitation of debate on the bill and on all amendments if the bill must go over until Monday. I do not wish to make the request if there is any prospect of arriving at the arrangement which the Senator from Mississippi has suggested and which the Senator from Michigan seems willing to accept, that the amendment go in the bill and go to conference in the manner which has been suggested.

Mr. LA FOLLETTE. Mr. President, I cannot hear what is going on. I understood the Senator from Michigan to say that he wants this amendment treated in the same manner as any other amendment in the bill which is agreed to. I hope that is his position. I am at a disadvantage, because, despite all the attention I try to give to the debate, it is impossible for me to hear all that is said.

As I understood the statement of the Senator from Michigan, it was to the effect that he does not want some arrangement whereby this particular amendment will be chloroformed after all the other amendments shall have been agreed to.

Mr. ADAMS. Mr. President, I do not think the statement of the Senator from Wisconsin is entirely serious. The thing about which the Senator from Michigan seems to be apprehensive is that the Senate might not agree to the amendment if the matter were brought back.

The only suggestion was that the amendment, being a vital amendment, go to conference, and that before it shall become a part of the conference report it shall come back and be passed upon by the Senate. The only difference is as to whether it shall be passed upon Monday or this afternoon. It seems to me that Senators should have the same confidence in the Senate when the matter is referred back to it as they have today.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LA FOLLETTE. This bill has been under more pressure than any important piece of legislation in all my legislative experience. If the suggestion made by the genial Senator from Mississippi is carried out, what will happen will be this: The conferees will agree on the entire conference report with the exception of this amendment, and come back with the amendment in disagreement; and the Senator knows that under those circumstances, with the fever which will then pervade the Chamber, there will be little opportunity for the matter to be considered on its merits. If that is the only way we can obtain action tonight, I hope the Senator from Michigan will insist on the matter going over until Monday, so that we may obtain a yea-and-nay vote on the question and find out how the Senate stands on the issue.

Mr. ADAMS. Mr. President, I do not think the Senator from Wisconsin ever had any difficulty in being heard or obtaining consideration. I am one of those who listened and were persuaded by his arguments and voted for his amendment today. We happened to be in the minority. We are frequently in the minority.

Mr. BARKLEY. It is really unnecessary to have any understanding that before the amendment goes into the bill it will be brought back, because the same result can be accomplished without any such understanding in advance. If the amendment should go into the bill, and the bill should go to conference, and the House conferees should refuse to agree to it, the Senate conferees could come back to the Senate with the amendment and ask for the advice of the Senate as to their course. The Senate then could either further insist on the amendment or instruct its conferees to yield. So the question would really come back on its merits in that way, without any advance agreement.

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

Mr. ADAMS. I yield.

Mr. BROWN. If we should adopt the amendment, as suggested by the Senator from Mississippi, and after the conferees get together the House conferees should say, "Yes; that is fine. We like that amendment," then the Senate conferees would have to come back to the Senate and obtain authority to agree to an amendment which we should already have adopted.

Mr. ADAMS. We should not have adopted it. That is not the idea.

Mr. BROWN. It is proposed that it be adopted. I think the situation is illogical. I believe we should vote on the amendment in the usual way.

Mr. BARKLEY. Mr. President, if the Senate will not agree to the amendment and we cannot dispose of it tonight, I think we ought to try to obtain a limitation of debate on the bill and all amendments if it must go over until Monday, because it is important that we dispose of this legislation. The Committee on Finance must take up another matter as soon as this bill is disposed of. I refer to the sugar legislation, in which Senators are interested. The committee cannot very well do so until this bill is disposed of.

I wish to submit a unanimous-consent request in a rather contingent form. I ask unanimous consent that if the bill shall not be disposed of today, on the resumption of its consideration on Monday no Senator shall speak more than once or longer than 20 minutes on the bill or any amendment thereto.

Mr. LEE. Mr. President, I must object.

Mr. McNARY. Mr. President, I am opposed to the amendment offered by the Senator from Michigan. I do not want to see any agreement entered into concerning the disposition of the amendment in conference. It should be disposed of on the floor of the Senate in the regular way. I am opposed to any agreement which does not include an immediate recess. I am willing to agree to a unanimous-consent arrangement limiting debate provided we shall take a recess not later than 5 o'clock this evening.

Mr. BARKLEY. Mr. President, the Senator from Oklahoma has already objected to my request. Will the Senator from Oklahoma agree to a 30-minute limitation? That would give each Senator an hour on the bill and any amendment.

Mr. LEE. I agree.

Mr. BARKLEY. Can I trade with the Senator and make it 25 minutes? [Laughter.]

Mr. LEE. Let us hold it at 30 minutes.

Mr. BROWN. Mr. President, I will say to the Senator from Kentucky that the constitutionality of the amendment has been questioned by the Senator from Texas [Mr. CONNALLY], and I understand it will be questioned by the Senator from Colorado [Mr. ADAMS]. I should not want to be limited to any greater extent than that suggested by the Senator from Kentucky. I think I could dispose of my part of the argument within an hour.

Mr. BARKLEY. If the Senator will permit me, I shall modify my request. I ask unanimous consent that during the further consideration of the bill after today no Senator shall speak more than once or longer than 30 minutes on the bill or any amendment thereto.

Mr. McNARY. Mr. President, I should like to couple with that proposed agreement——

Mr. BARKLEY. I do not like to make a condition. I will say to the Senator from Oregon that it is my purpose and hope that we shall take a recess very soon. I do not like to be clubbed into a recess in order to obtain a unanimous-consent agreement.

Mr. McNARY. It is not a question of clubbing. It is a question of determining what we are to do for the remainder of the day. If the Senator will tell me that he will move a recess——

Mr. BARKLEY. If the Senate shall agree to the amendment, and if it is agreeable to the Senator from Mississippi, it is my purpose to move that the Senate take a recess at the very earliest possible second today.

Mr. McNARY. Without taking any further action on the bill?

Mr. BARKLEY. Yes.

Mr. HARRISON. Mr. President, let me make one more attempt to get this matter out of the way. Let me ask the Senator from Michigan a question. If we accept the amendment and let it go to conference, and can obtain a vote in some way on the question on Monday or Tuesday, expressing the attitude of the Senate, letting that sentiment prevail with the Senate conferees and leaving them free to act, taking into consideration the action of the Senate on a record vote on the amendment, will that be satisfactory?

Mr. BROWN. I do not see how that is any different from what the Senator previously proposed.

Mr. HARRISON. I did not think it was, but I thought it might appeal to the Senator. [Laughter.] So far as the bill is concerned, I will say to the Senator from Oregon that if there is no way for us to get together on this question tonight, and we must work on the bill tomorrow instead of attending church——

Mr. McNARY. I do not want the Senator to accept an amendment to which I have an objection. I shall not permit that. I shall suggest the absence of a quorum and ask for the yeas and nays.

Mr. HARRISON. The Senator will not permit us to go to church? [Laughter.]

Mr. McNARY. I do not want the able Senator from Mississippi to accept the amendment and take it to conference. Suppose the House conferees should agree with the Senate conferees; then we should have the amendment in the bill.

Mr. HARRISON. I am trying to save time and useless discussion on an important question. In my opinion the amendment has no business in this particular bill.

Mr. McNARY. That is my opinion.

Mr. BARKLEY. It may be, then, that we should save time by voting on it on Monday on its merits.

Mr. President, did my request receive approval?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. CONNALLY. Mr. President, reserving the right to object, I assume that the Senator's request is directed chiefly to the pending amendment. I have another amendment. Under the proposed agreement, if I should see fit to speak on the pending amendment, would I be cut off on the other amendment?

Mr. BARKLEY. Oh, no; the limitation is 30 minutes on the bill and 30 minutes on each amendment, which would include all amendments.

Mr. CONNALLY. And 45 minutes if I wanted so to divide it? Could it be so divided that I could speak 45 minutes on this amendment and 45 minutes on the other amendment?

Mr. BARKLEY. Under that arrangement the Senator could speak for 30 minutes on this amendment and then could speak for an hour on his own amendment, because he would have 30 minutes on the bill and 30 minutes on the amendment.

Mr. CONNALLY. I might want to cut the half-hour in two, and speak 45 minutes on one amendment and 45 minutes on the other. I will say to the Senator, however, that I do not intend to do that.

The PRESIDING OFFICER. The 30-minute limitation is on each amendment.

Mr. BARKLEY. On each amendment.

Mr. CONNALLY. Very well.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, if the Senator from Colorado will permit me——

The PRESIDING OFFICER. The Senator from Colorado still has the floor.

Mr. ADAMS. I assume that we are about to recess.

Mr. PITTMAN. Mr. President, I have spoken to the chairman of the committee on this subject. I ask unanimous consent to reconsider the vote by which the committee amendment was adopted, so that I may offer an amendment to it and let it go to conference.

Mr. LA FOLLETTE. Mr. President, it is impossible to hear what is going on. What is the request of the Senator from Nevada?

Mr. PITTMAN. My request was for unanimous consent to reconsider the action on the committee amendment so that I may offer an amendment to it and have it go to conference. It was supposed to be a part of the amendment of the Senator from Colorado.

Mr. LA FOLLETTE. I suggest that the matter go over until Monday. Will not the Senator from Nevada be here on Monday?

Mr. PITTMAN. Yes.

Mr. LA FOLLETTE. Let it go over until Monday.

The PRESIDING OFFICER. Objection is heard.

Mr. LA FOLLETTE. I am not objecting. I want the Senator from Nevada to have an opportunity to present his amendment; but many Senators have left the Chamber.

Mr. PITTMAN. That is quite satisfactory. I will state that the amendment is pro forma in its nature to such an extent that I thought the reading of it would be sufficient; but I am perfectly satisfied to let it go over.

Mr. KING. I call for the regular order.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HILL, from the Committee on Commerce, reported favorably the nomination of Jesse H. Jones, of Texas, to be Secretary of Commerce.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Marion Speed Boyd, of Tennessee, to be district judge for the western district of Tennessee, vice John D. Martin, Sr. (elevated to the Circuit Court of Appeals for the Sixth Circuit).

The PRESIDING OFFICER (Mr. ELLENDER in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

SECRETARY OF COMMERCE

Mr. BARKLEY. Mr. President, before the calendar is called—there is not much of it—I desire to state that the Committee on Commerce today favorably reported the nomination of Mr. Jesse H. Jones to be Secretary of Commerce. In view of the fact that the position is vacant, and Mr. Jones desires to assume it, I ask unanimous consent for the present consideration of the nomination.

Mr. McNARY. Mr. President, under the circumstances, and in view of the statement made by the able Senator from Kentucky, I have no objection.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Jesse H. Jones, of Texas, to be Secretary of Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I now ask that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the nominations on the calendar.

FARM SECURITY ADMINISTRATION

The legislative clerk read the nomination of Arnold Wilson Cowen to be regional director of the Farm Security Administration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. on Monday next.

The motion was agreed to; and (at 5 o'clock and 2 minutes p. m.) the Senate took a recess until Monday, September 16, 1940, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 14 (legislative day of August 5), 1940

DEPARTMENT OF COMMERCE

Jesse H. Jones to be Secretary of Commerce.

FARM SECURITY ADMINISTRATION

Arnold Wilson Cowen, to be regional director, Farm Security Administration.

POSTMASTERS

OREGON

Charles A. Purcell, Troutdale.

TEXAS

Sam L. Henderson, Linden.

HOUSE OF REPRESENTATIVES

SATURDAY, SEPTEMBER 14, 1940

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

Rev. William Andrew Keese, pastor, Metropolitan Memorial Methodist Church, Washington, D. C., offered the following prayer:

Eternal God, our Father, we seek Thy wisdom before we begin our daily task. Cleanse us, we pray Thee, from all unworthy motives. Purify our hearts by the inspiration of Thy Holy Spirit. Lift up our eyes to behold the wide borders of Thy kingdom, and deliver us from petty purposes or selfish schemes. Maintain in us our sense of high trusteeship for the people of this Nation, and grant us both the understanding and the will to discharge it honorably. Clothe all our people with a noble patriotism, and suffer us never to forget the ancient lesson that righteousness alone exalteth a nation. Send us faithfully about our appointed work, seeking peace, loving justice, walking humbly before Thee, but resolute always to preserve and protect our heritage of freedom. In Christ's name. Amen.

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had ordered that the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training," be recommitted to said committee.

EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include two editorials from the Gaelic-American, of New York, one on the subject, Senator Lundeen's Death a National Loss, and the other on the subject, Effort to Make United States a British Colony.

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

There was no objection.

Mr. CLAYPOOL and Mr. CUMMINGS asked and were given permission to extend their own remarks in the RECORD.

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement made by the gentleman from New York [Mr. REED].

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

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement on our form of government.

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

There was no objection.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Mr. W. A. Richards, of the Sovereign Pocahontas Coal Co., Bluefield, W. Va., at the annual meeting of the section on mineral oil of the American Bar Association, at Philadelphia, Pa.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent that on Monday next after the conclusion of the business for the day and any other special orders that may be entered, I may address the House for 35 minutes.

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

There was no objection.

WASHINGTON AIRPORT

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. TABER. Mr. Speaker, there has been a lot of agitation about airports, and I understand there will be more. At this time my purpose is to call the attention of the House to the fact that the Gravelly Point Airport, which is just being completed, will cost around $15,000,000. The joint commission appointed to study airports in the vicinity of Washington a couple of years ago headed by Senator KING, on the 9th of July 1937 suggested an airport at Gravelly Point costing $4,746,000.

With the P. W. A. and the W. P. A. they have fooled away three times as much as it should cost, and on top of that they have not employed any relief labor to amount to anything at all. This is the way we are doing business these days. It is just a relief racket.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. SCHAFER of Wisconsin. The Gravelly Point Airport is a very expansive and expensive airport adjacent to the Nation's Capital. Has any provision been made for aviation defense, such as underground, camouflaged, and hidden runways and hangars, or is it all right out in the open waiting for any enemy to bomb and wipe it out overnight?

Mr. TABER. They have an agricultural experiment station spread around about it to be a hazard to aviation and airplanes landing there. [Applause.]

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial.

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

There was no objection.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter.

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

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

Mr. SABATH. Mr. Speaker, some days before the Republican Convention, about 40 Republican Members who have been familiar with Mr. Willkie's background, philosophy, and way of thinking, strenuously protested against his nomination, but, notwithstanding their protests, Wall Street and the big power interests nominated him. Today, it is apparent that those who opposed him certainly used good judgment, especially in view of what transpired in Chicago yesterday. I actually sympathize with the Republican Party. The party certainly realizes its error. It has erred grievously, but all we can do is extend our condolences. No person representing a major political party should be permitted to address the citizenry with such effrontery as Willkie was guilty of in his speech to the stockyard workers in Chicago yesterday by using such language as "youse guys" and "to hell with Chicago," to which I am sure that the people of Chicago will respond in no uncertain terms on the first Tuesday in November.

The Washington Times-Herald states that the burly Hoosier wound up with his vocal cords torn to raw shreds in his denunciations. It further goes on to say that "Willkie, the political flop in his morning parade to the stockyards, was the conquering hero of the Chicago Loop." Yes; La Salle Street, the little Wall Street of Chicago.

The gentleman from Michigan [Mr. HOFFMAN] endeavors to excuse the candidate by saying that he was speaking under difficulties because of the stockyards odor. While I appreciate that the Hoosier from New York's Riverside Drive, the Hopsons and the Insulls, are not accustomed to such atmosphere, I really regret that he feels he can overcome his anti-labor record by using the language and expressions utterly unfitting and unbecoming to a Presidential nominee. That a candidate of a once great political party should stoop so low is to be deplored, and will undoubtedly be resented as it unquestionably reflects upon the intelligence of the American workers.

As to his remarks with reference to jailing certain individuals, it is unfortunate that the Department of Justice did not check on the records of some of his convention backers because I am quite sure that if it did so Mr. Willkie would have lost quite a number of votes.

I also desire to remind Mr. Willkie, the Republican public utilities candidate for the Presidency, that a number of his former associates in the public-utility field were recently jailed in St. Louis, where they might help to while away the "time" of Mr. Moe Annenberg, who was in attendance at the Philadelphia convention, and reported to have been "assisting" in the nomination of Wendell Willkie.

[Here the gavel fell.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—SOCIAL GAINS (H. DOC. NO. 951)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and referred to the Committee on Ways and Means and ordered printed:

To the Congress of the United States:

The social gains of recent years, including insurance and other benefit rights, must be preserved unimpaired. The National Guard legislation, which I recently approved, contained provisions evidencing this policy in connection with benefit rights of workers who are called into active service, and a similar provision is contained in pending selective-service legislation.

I recommend to the Congress early consideration of the problems thus recognized and enactment of the necessary legislation incident to preserving insurance protection under the Social Security Act, the Railroad Retirement Act, and the Railroad Unemployment Insurance Act, and to facilitate State action under the Federal-State unemployment-insurance program.

The agencies administering the Federal acts have been considering the needed technical changes to meet these problems and are now ready to furnish recommendations to the Congress in this connection.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 14, 1940.*

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a letter from K. K. Kawakami.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER pro tempore. Is there objection to the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, may I call the attention of the gentleman from Chicago [Mr. SABATH], who just spoke, to the fact that Willkie was laboring under some difficulties yesterday. He could not tell the difference between the smell from the stockyards and the smell from the corrupt political Kelly-Nash machine of Chicago. [Laughter and applause.]

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

Mr. BENDER. Mr. Speaker, I suggest to the gentleman from Chicago [Mr. SABATH] that he read Psalm 76, verse 10, which says:

> The wrath of man shall praise thee.

The gentleman from Chicago is admirable in small doses. Wendell Willkie was at his best yesterday in the stronghold of the enemy. He did a very fine job. If the gentleman from Illinois [Mr. SABATH] is grieved because of Wendell Willkie's attack on the New Deal, let me call his attention to a recent article by Westbrook Pegler. Here is what Mr. Pegler had to say about Mr. Roosevelt:

> Mr. Roosevelt is stubborn, reckless, and improvident, and I will agree, too, that he is one who is playing politics with the fate or safety of the Nation, but we can't get him out of there until the first of next year at the earliest and are stuck with him during a period that simply cannot be allowed to run out with a record of nothing, or nothing much, done.
>
> He will assign some inexperienced henchmen to run the armament business and some wet-eyed spellbinder to procure the weapons for the Infantry, according to his mischievous custom of flouting the pride and patriotism of men who know such jobs and want to serve the country. But we will just have to make do, whatever he does and hope to God that, in spite of everything, we will have something to show for our time, which is limited.
>
> The money isn't important. When this adventure, whatever it may be, is concluded, money won't mean what it means today.

[Applause.]

[Here the gavel fell.]

AUTHORIZING THE SECRETARY OF THE NAVY TO ACQUIRE CERTAIN LANDS IN NATIONAL CITY, CALIF.

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs, I ask unanimous consent to take from the Speaker's table the bill (S. 2991) to authorize the Secretary of the Navy to accept on behalf of the United

States certain lands in the city of National City, Calif., and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

Mr. MICHENER. Reserving the right to object, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this is a Senate bill and permits the Navy to accept 96.42 acres of land from National City, Calif., to be used at the Naval base at San Diego, Calif., with certain easements and limitations that are already outstanding against this land. However, these easements will have no effect whatsoever on the use of the land by the Navy Department. This land is given to the Government through the Navy Department for its use, and there will be no expense whatsoever on the Government, which will enjoy the benefit of the rental of the easements on this property.

Mr. MICHENER. Is this a Senate bill?

Mr. VINSON of Georgia. Yes; this is a Senate bill, unanimously reported to the House by the Committee on Naval Affairs.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized on behalf of the United States to accept from the city of National City, Calif., without cost to the United States, all right, title, and interest of the said city in and to the following-described area of tide and submerged lands:

All lands situated on the National City side of the San Diego Bay, lying between the line of the mean high tide line and the pierhead line in said bay, as the same has been or may hereafter be established by the Federal Government, and between the prolongation into the Bay of San Diego, to the pierhead line of the boundary line between the city of National City and the city of San Diego and a prolongation into the Bay of San Diego to the pierhead line of the southerly line of the street commonly known as Seventh Street, containing approximately ninety-six and forty-two one-hundredths acres of tidelands, and more particularly described as all or any portion or portions of those tidelands, situated in the city of National City, San Diego County, State of California, commencing at a concrete monument on the northerly line of National City, designated as U. S. C. & G. S. point numbered 49; thence south seventy-one degrees forty-three minutes fifteen seconds west along said northerly line a distance of seventy-two and one-tenth feet to a concrete monument on the mean high tide line of San Diego Bay, the true point of beginning; thence south forty-eight degrees sixteen minutes east two hundred and sixty-seven and fifty-eight one-hundredths feet; thence south seventy-three degrees fifty-four minutes east one hundred and seventy-nine and four-tenths feet; thence south forty-nine degrees fifty-three minutes thirty-four seconds east two hundred and sixty-one and ninety-five one-hundredths feet; thence south sixty-four degrees five minutes forty-four seconds east four hundred and four and ninety-five one-hundredths feet; thence south forty-nine degrees two minutes fourteen seconds east one hundred and forty-nine and sixty-four one-hundredths feet; thence south sixty-two degrees forty-one minutes fifty-three seconds east two hundred and fifty-one and eighty-one one-hundredths feet; thence south thirty-six degrees thirty-nine minutes eight seconds east two hundred and six and twenty-nine one-hundredths feet; thence south thirty-seven degrees forty-eight minutes forty-one seconds east one thousand and ninety-five and six-tenths feet; thence south sixty-three degrees three minutes fifty-nine seconds west two thousand and ninety-four and two-tenths feet to the bulkhead line of San Diego Bay; thence north twenty-six degrees fifty-six minutes one second west along said bulkhead line two thousand seven hundred and twenty-two and two-tenths feet to an intersection with the westerly prolongation of the northerly line of National City; thence north seventy-one degrees forty-three minutes fifteen seconds east along said northerly line one thousand and eighty-six and sixty-seven one-hundredths feet to the point of beginning, excepting and reserving therefrom a roadway approximately one hundred feet in width along the easterly side.

SEC. 2. The Secretary is authorized to accept title to the above-described tract from the city of National City, Calif., upon the following conditions recited in the city of National City, Calif., Resolution No. 2024:

That the conveyance shall be subject to any and all existing leases on the aforesaid property or tidelands.

That the city of National City may reserve perpetual easements for laying and maintaining sewers and drains across any and all of the above-described land wherever necessary and convenient.

That the above-described tract shall be used for military purposes of the United States and particularly for the purpose of establishing and maintaining thereon piers, landings, buildings, and structures to be used by the United States Navy.

SEC. 3. The acceptance by the Secretary of the Navy of the transfer or quitclaim by the city of National City of any of the lands herein mentioned shall not be construed as a relinquishment by the United States of its claim of title or interest in said land in any manner arising.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO ACT OF JUNE 23, 1938 (52 STAT. 944)

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent, by direction of the Committee on Naval Affairs, for the immediate conscription of the bill (H. R. 10295) to amend the act of June 23, 1938 (52 Stat. 944).

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this bill is presented by the distinguished and ranking minority member of the committee, the gentleman from Minnesota [Mr. MAAS]. It is unanimously reported by the Committee on Naval Affairs, and it is recommended by the Navy Department. I have received the following letter from the Secretary of the Navy under date of September 13 endorsing this bill:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington September 13, 1940.

The CHAIRMAN,
Committee on Naval Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of August 7, 1940, requesting the views and recommendation of the Navy Department on the bill (H. R. 10295) to amend the act of June 23, 1938 (52 Stat. 944).

The purpose of the bill H. R. 10295 is to amend and clarify certain portions of the act of June 23, 1938, "To regulate the distribution, promotion, and retirement of officers of the line of the Navy, and for other purposes." The bill contains the noncontroversial features of the bill H. R. 4929, which the President vetoed May 3, 1940.

The bill would remove the present requirement of physical qualification as a prerequisite to eligibility for consideration for selection and would restore the procedure in effect prior to the 1938 act, of having selection boards consider the medical as well as the service records of officers under consideration. In the opinion of the Navy Department, this is of vital importance and should be done.

The bill would also permit officers adjudged fitted to retire with the retired pay of the grade to which promoted. This feature is considered equitable and desirable by the Navy Department.

In addition, the bill clarifies sundry questions which have arisen in the administration of the 1938 act. The bill, if enacted, would result in an immediate increased cost of $10,188 per annum. It is impracticable to estimate the amount of the further increased cost in the future.

The Navy Department recommends the enactment of the bill H. R. 10295.

The Navy Department has been advised by the Bureau of the Budget that there would be no objection to the submission of this report.

Sincerely yours,

JAMES FORRESTAL, *Acting.*

This bill seeks to correct certain injustices in connection with the selection law. For instance, instead of having a board of nine admirals pass upon the records of all these officers, it permits a board of three admirals and six captains to pass on the commanders, lieutenant commanders, and officers of lower grade.

The next feature deals with the question of medical records. The bill permits the selection board to have before it the entire medical record of each one of the officers under consideration. Under the law today, when the selection board takes up an officer's case it does not have the medical record. This bill permits the medical record to be considered as one of the matters before the selection board.

The next item requires a vote of two-thirds of the members of the board before the officer can be passed over. I believe this is the main feature of the bill.

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

Mr. VINSON of Georgia. I yield to the gentleman from Ohio.

Mr. HESS. Was this bill a part of another bill that was previously passed?

Mr. VINSON of Georgia. Yes. This bill was a part of a bill that was vetoed by the President on May 3, 1940. These were the provisions that were recommended by the Navy Department in that bill. In the bill which was vetoed on May 3 there were other matters which the Department did not recommend. The President vetoed the bill on the ground that certain matters the House and the Senate had put in the bill were not recommended by the Navy Department. This is departmental legislation to correct certain injustices in connection with the selection bill, all to the benefit of the officers.

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

Mr. VINSON of Georgia. I yield to the gentleman from Illinois.

Mr. CHURCH. The matters in the vetoed bill are not in this bill?

Mr. VINSON of Georgia. The matters to which the veto was directed are not in this bill.

Mr. MICHENER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Act of June 23, 1938 (52 Stat. 944), is hereby amended as follows:

Section 5, strike out subsection (a) and substitute the following: "(a) The board for the recommendation of line officers for promotion to the grades of rear admiral and captain shall consist of nine rear admirals on the active list of the line of the Navy, not restricted by law to the performance of shore duty only. The board for the recommendation of line officers for promotion to the grade of commander shall consist of three rear admirals and six captains on the active list of the line of the Navy, not restricted by law to the performance of shore duty only. These boards shall be appointed by the Secretary of the Navy and convened at least once each year and at such times as the Secretary of the Navy may direct."

Section 7, in subsections (a) and (b), strike out "or who is not physically qualified."

Section 8, in subsection (a), strike out "other than medical."

Section 9, strike out subsection (f) and substitute the following: "(f) All reports or recommendations of a line selection board under any provision of law shall require the concurrence of at least two-thirds of the members."

Section 11, in subsection (b), at the end of the second proviso insert "with retired pay computed as provided in section 12 (b) of this act."

Section 12, subsection (f), in line 5 change "from" to "to," and in line 6, after "promoted", insert "computed as provided in subsection (b) of this section."

Section 12, strike out subsection (k) and substitute the following: "(k) Lieutenant commanders and lieutenants with date of rank as such prior to June 23, 1938, and lieutenants (junior grade) who on that date were carried as additional numbers in grade by reason of not having been recommended for promotion, shall, at their own request, in lieu of honorable discharge as provided in subsection (c) of this section, be retired on June 30 of the fiscal year in which they fail of selection as best fitted the second time or on June 30 of the fiscal year in which they complete the period of service designated in the act of March 3, 1931, as amended (U. S. C., title 34, Supp. III, secs. 286a and 2861), whichever date shall be later with retired pay computed as provided in subsection (b) of this section: *Provided*, That any officer retained on the active list pursuant to this subsection shall be ineligible for consideration for promotion by subsequent selection boards: *Provided further*, That lieutenants who served in the Navy or Naval Reserve Force prior to November 12, 1918, and who shall have completed not less than 21 years of service, and who subsequent to June 23, 1938, have been or shall hereafter be retired under any provision of law, shall be advanced to the grade of lieutenant commander on the retired list effective from date of retirement with the retired pay of that grade."

Section 14, in line 9 of subsection (a), after "grade", insert "with probationary appointments."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMPENSATION OF GUARDS AT NAVY YARDS AND STATIONS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 10405) to provide for adjusting the compensation of persons employed as masters-at-arms and guards at navy yards and stations, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this bill changes the civil-service status of guards who are employed at the navy yards and at the Naval Academy. It raises the pay of these guards approximately $128,800 over the period of time from when they enter the service up to the maximum payment. In the navy yard we have what are called guards, and their entrance salary is $1,200 a year. This bill raises the entrance salary to $1,600. In the report you will see how each one of these grades has been raised.

The Navy Department and the Committee on Naval Affairs felt that in view of the absolute necessity of having the closest supervision over these naval establishments it was necessary that the entrance salary be increased so that the personnel could be a somewhat superior personnel than that which comes in now under the civil service. In other words, the duty of these guards is to protect the Navy property and to keep down great accidents such as occurred a few days ago in New Jersey. It is highly important in the national-defense program that the highest type of men be employed in this guard service. We cannot obtain the type necessary at the rate fixed by the Civil Service Commission, therefore we are increasing the rates over a period of time.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. As a member of the Committee on Public Buildings and Grounds, I may say that our committee considered the reclassification of all departmental guards in the Nation's Capital.

I just wonder if the guards who are to have their entrance salary raised under the gentleman's bill will be appointed from the same civil-service list and have the same qualifications as the rest of the departmental guards who have the $1,260 entrance salary.

Mr. VINSON of Georgia. No; that is a different civil-service classification.

Mr. SCHAFER of Wisconsin. Are you establishing a new classification under this bill?

Mr. VINSON of Georgia. No; we are not establishing a new classification. We take our guards from what is called CU–8, and that is where they come from all through the service for the navy yards and the Naval Academy. Their entrance salary is $1,200. This bill increases it, and increases it through the different grades.

Mr. SCHAFER of Wisconsin. I understand that this bill, as the gentleman states, increases the entrance pay.

Mr. VINSON of Georgia. That is right.

Mr. SCHAFER of Wisconsin. But if you are going to take the men from the $1,260 entrance pay eligible list, you are going to have the same experience and classification of guards which you would have without raising the pay.

Mr. VINSON of Georgia. They come in as CU–3 under the civil-service classification, from $1,200 to $1,500. This bill proposes to raise them to CU–5, from $1,500 to $1,860.

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

Mr. VINSON of Georgia. I yield to the gentleman from Georgia.

Mr. RAMSPECK. What the committee is doing, as I understand, is changing the classifications for these positions and reclassifying them, putting them in a different classification.

Mr. VINSON of Georgia. That is right.

Mr. RAMSPECK. It does not affect their being under civil service?

Mr. VINSON of Georgia. Not a bit in the world. Every one of them is absolutely under civil service. No one can be employed unless he is qualified under the civil-service rules. The committee felt that in view of the importance of having the closest supervision it is necessary that we raise these standards so we can probably get more competent and efficient guards than are now employed.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act of July 3, 1930 (46 Stat. 1005; U. S. C., title 5, sec. 678), be amended by adding the following proviso: "*Provided further*, That positions in the master-at-arms and the guard groups carried under group IV (b) in the Schedule of Wages for Civil Employees under the Naval Establishment shall be allocated to grades 5 to 10 in the custodial service in the Classification Act of 1923, as amended."

SEC. 2. Uniforms and equipment necessary for the performance of the duties of masters-at-arms and guards carried under group IV (b) in the Schedule of Wages for Civil Employees shall be furnished without cost to such employees. Such uniforms and equipment so furnished shall remain the property of the United States.

SEC. 3. Nothing in this act shall be construed to cause the reduction of the compensation of any person employed in the master-at-arms and guard groups carried under group IV (b) in the Schedule of Wages for the Field Service of the Navy Department on the date of the enactment of this act.

SEC. 4. This act shall take effect immediately upon its passage.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing in the Appendix a list of all the bills that have been passed by the Seventy-sixth Congress, third session, relating to naval matters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, the ranking minority member of the committee, the gentleman from Michigan [Mr. WOLCOTT], is on his way here from his office, and I wonder if the gentleman would not wait a few minutes until the gentleman has an opportunity to be here.

Mr. STEAGALL. I shall be very glad to wait for the gentleman if the gentleman from Massachusetts desires it, but I may say that the gentleman from Michigan [Mr. WOLCOTT] is heartily for the bill.

Mr. MARTIN of Massachusetts. I understand that, but I think the gentleman might like to say so.

Mr. STEAGALL. Mr. Speaker, I withdraw the request for the present.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THOMAS JEFFERSON AND CONSCRIPTION

Mr. SHANNON. "Newspapers, mischief makers—that first of all human contrivances for generating war."—Thomas Jefferson.

I want to say, Mr. Speaker, that the newspaper of Jefferson's day is being followed perfectly in this great movement to bring on war by producing an un-American system, the conscription of human beings for war purposes, running truly to newspaper form.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOLLES. Mr. Speaker, I am interested in what Thomas Jefferson said, as read by the distinguished gentleman from Missouri [Mr. SHANNON] concerning the newspapers.

In the early history of this Republic when George Washington was President of the United States, one of the greatest offenders of journalistic decency in all the United States was Thomas Jefferson. He was responsible for some of the worst things that have ever been said of Washington and had the President had a thinner skin he would have sued Thomas Jefferson and the editor of his paper for libel. There was never anything like it. Never in all the history of this country has there ever been such a "blitzkrieg" against any man as there was against George Washington, and Thomas Jefferson was the leader in that "blitzkrieg."

No other President was so maligned as the first one to sit in the seat of the Executive. The hired hands of Jefferson, Philip Freneau and Benjamin Franklin Bache, went the limit of execration. The President himself turned once to say "they were outrages on common decency."

In McMaster's history of the American people is a paragraph on Jefferson:

> Why did he (Jefferson) hire Philip Freneau to vilify the Government, traduce the administration, and misrepresent the best acts of Washington?

Freneau was kept in a government clerical position by Jefferson while this journalistic scavenger and columnist of his day was writing of Washington.

I refer the gentleman from Missouri to the fact that only when his own medicine was being dished out to him did Jefferson speak.

Fortunately the kind of newspapers of those days have long since passed from the scene.

Mr. DICKSTEIN. Mr. Speaker, is it in order to ask unanimous consent to address the House for 5 minutes?

The SPEAKER pro tempore. Under the circumstances the Chair thinks that would be a proper request.

The gentleman from New York asks unanimous consent to address the House for 5 minutes. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, a very sad thing happened a few days ago in the explosion in New Jersey and most unfortunate to the many people who were killed. I see by the press that immediately the Dies committee is making an investigation. I do not know what they are going to investigate. They let the cow out of the barn and it is too late now. Then I find a resolution by another colleague and he is going to investigate. I do not know what. All you can investigate now would be the cinders.

I have seen a number of statements by Members of Congress and by the public generally. The Congress and the country should have followed my plea made to you a year ago and 2 years ago. I told you exactly what might possibly happen if you allowed Nazi camps in close proximity to a powder factory. I have designated the Hercules Powder Co. in the RECORD at least a half dozen times. I have pleaded with this Congress to find some way to wipe out the Nazi camp near this company, and I have every reason to believe that this fire and this explosion did not happen through any miracle. Is it not queer that we, in a democracy and at a time like this, hesitate to do something for our own good?

At least a half a dozen times I have called attention in the RECORD to the danger of this Nazi camp within the area of that powder company. Why did the Dies committee not call upon the membership of every one of the bundsters in that camp, over 2,000? Why did they not find out where they worked and what they did, and how many of them were aliens? All we saw in the statements of the Dies committee were press releases and what they are going to do and when they are going to do it, but nothing has been done. In 2 years there was not one single recommendation made to the Congress constructively, to tighten up the conditions that I have called attention to during the last 7 years. I propose to have something to say on that question some time next week, and I hope to mention at least 50 groups in this country and 400 so-called "fifth columnists" that the Dies committee and its investigators seem to have been unable to find, and they are spread all around the country.

Mr. FULMER. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. FULMER. Does the gentleman know that it is already agreed to extend the investigation of the Dies committee with $50,000, and in the meantime, up to this good hour, nothing has been done about what we absolutely know is going on all over this country?

Mr. DICKSTEIN. The gentleman is 100-percent correct.

Mr. FULMER. Do you not think the Congress, instead of carrying on investigations, should do something to stop that?

Mr. DICKSTEIN. Absolutely. I say that $50,000 is just wasted.

[Here the gavel fell.]

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The SPEAKER pro tempore. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The Clerk will read the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter stricken out by the Senate amendment, and on page 2, line 12, of the House engrossed bill, after the word "nationals" insert a colon and the following: *"Provided, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the Act of April 13, 1934 (48 Stat. 574), or of the Neutrality Act of 1939."*; and the Senate agree to the same.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
ROBERT LUCE,
Managers on the part of the House.

ROBERT F. WAGNER,
ALBEN W. BARKLEY,
JAMES F. BYRNES,
JOHN G. TOWNSEND, Jr.,
JOHN A. DANAHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House bill added a new paragraph to section 5d of the Reconstruction Finance Corporation Act, as amended, under which the Reconstruction Finance Corporation was authorized to supply funds in an amount not exceeding $500,000,000 outstanding at any one time to the Export-Import Bank of Washington to enable such bank to make loans to any governments, their central banks, or other acceptable banking institutions and, when guaranteed by any such government, central bank, or acceptable banking institution, to a political subdivision, agency, or national of any such government, notwithstanding any other provisions of law insofar as they might restrict or prohibit loans or other extensions of credit to, or other transactions with, the governments of the countries of the Western Hemisphere or their agencies or nationals This authority was for the purpose of assisting in the development of the resources, the stabilization of the economies and the orderly marketing of the products of countries of the Western Hemisphere. The Export-Import Bank was to exercise the powers and authority granted to it upon the written request of the Federal Loan Administrator with the approval of the President and subject to such conditions and limitations as might be set forth in such request or approval. The loans were to be made and administered in such manner and upon such terms and conditions as the bank might determine. The House bill also provided for increasing the borrowing power of the Reconstruction Finance Corporation by $1,500,000,000. It also extended the life of the Export-Import Bank of Washington as an agency of the United States from June 30, 1941 to January 22, 1947, increased its lending authority from $200,000,000 to $700,000,000, and eliminated the existing limitation of section 9 of the act of January 31, 1935, as amended, on the aggregate amount of loans which can be outstanding to any one country.

The Senate amendment contained similar provisions with respect to the Export-Import Bank of Washington, but these were provided for by way of amendment to section 9 of the act of January 31, 1935, instead of by amending section 5d of the Reconstruction Finance Corporation Act, as amended. The Senate also added a proviso that no loans made by the bank under the added authority granted to it should be made in violation of international law as interpreted by the Department of State, or in violation of the act of April 13, 1934 (known as the Johnson Act), or of the Neutrality Act of 1939. The Senate amendment did not contain, however, the extension of the borrowing power of the Reconstruction Finance Corporation by $1,500,000,000.

The conference agreement retains the provisions of the House bill with the single exception that there was added the provision of the Senate amendment that the loans made by the Export-Import Bank were not to be in violation of international law as interpreted by the Department of State, or of the Johnson Act, or of the Neutrality Act of 1939.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
ROBERT LUCE,
Managers on the part of the House.

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

Mr. STEAGALL. I yield.

Mr. MICHENER. As I understand, the gentleman from Michigan [Mr. WOLCOTT], the ranking minority member of the committee, who opposed the bill on the floor of the House, was one of the conferees and agrees to this conference report and has signed it?

Mr. STEAGALL. That is quite true. The report was unanimously agreed to.

I will say to the gentleman, there are really only two differences between the House bill and the Senate bill. One is that the Senate bill contained a provision to the effect that no loans might be made under the bill in contravention of the neutrality law or the Johnson Act. The House recedes and agrees to the Senate provision. The other difference was on a provision with respect to enlarging the borrowing powers of the Reconstruction Finance Corporation. Under the Senate bill the borrowing power would have been limited to $500,000,000, which is the amount contemplated that might possibly be loaned to countries of the Western Hemisphere. The House bill provided for an increased borrowing authority for the Reconstruction Finance Corporation in the amount of $1,500,000,000, in order that the Corporation might have ample funds with which to finance the purchase of materials and other activities which they were directed to perform under recent legislation. The Senate recedes and concurs in the House provision with respect to enlarging the borrowing powers of the Corporation.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SCHAFER of Wisconsin. This bill proposes to take $500,000,000 out of our almost bankrupt Federal Treasury. I have sent for and could not obtain a copy of the conference report which we are asked to adopt and put the bill on final passage. The Members of Congress are asked to pass this conference report and take $500,000,000 out of our almost bankrupt Federal Treasury and hand it to the Central and South American debt-defaulting dictatorship countries so that they can raise more cotton and corn, beef and other agricultural products and produce industrial products in competition with those of the United States, and at this very moment we cannot get a printed copy of the conference report on the bill. Does the gentleman believe that is a proper and sound legislative procedure?

Mr. STEAGALL. The gentleman lodges an objection to a provision in the report on which the House voted affirmatively after ample debate. The conferees have brought back to the House a provision which sustains the action of the House. On the other provision as to which the House conferees yielded our action follows the vote of the minority in the House.

Mr. SCHAFER of Wisconsin. Should the House now vote to adopt this conference report it votes to take $500,000,000 from our almost bankrupt Federal Treasury and hand it to

South and Central American debt-defaulting dictatorship countries so that they can produce more industrial and agricultural products in competition with those of the United States. We are aked to vote this $500,000,000 without even having a printed copy of the conference report available. I do not propose to do so. This $500,000,000 raid on our almost bankrupt Federal Treasury in order to play Santa Claus in a big way to international bankers and people in foreign lands is another gross betrayal of our country and our countrymen by our New Deal brethren who are great liberals when it comes to spending other people's money. Borrowed public money, if you please, which as to principal and interest will have to be repaid in tax dollars produced in the sweat and toil of this and several generations still unborn. I intend to obtain a record roll call vote on this $500,000,000 raid on the Treasury of the United States—should I be able to do so under the parliamentary situation—in order that the taxpayers of the United States can put their fingers on who is who when this raid is made.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were ayes 87 and noes 41.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. Will the gentleman withhold that until the Chair can receive a message from the Senate?

Mr. SCHAFER of Wisconsin. I will withhold it, but I object to the vote.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training."

EXPORT-IMPORT BANK OF WASHINGTON

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. The gentleman from Wisconsin objects to the vote on the ground that a quorum is not present. The Chair will count. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 218, nays 139, not voting 72, as follows:

[Roll No. 218]

YEAS—218

Allen, La.	Cole, Md.	Fitzpatrick	Jones, Tex.
Anderson, Mo.	Colmer	Flannagan	Kee
Barden, N. C.	Connery	Flannery	Kefauver
Barry	Cooley	Ford, Miss.	Keller
Bates, Ky.	Cooper	Ford, Thomas F.	Kelly
Beam	Costello	Fries	Kennedy, Martin
Beckworth	Courtney	Fulmer	Kennedy, Michael
Bell	Cox	Garrett	Keogh
Bland	Cravens	Gathings	Kilday
Bloom	Crawford	Gavagan	Kirwan
Boehne	Creal	Geyer, Calif.	Kitchens
Boland	Crowe	Gore	Kleberg
Boren	Cullen	Gossett	Kocialkowski
Boykin	Cummings	Grant, Ala.	Kramer
Bradley, Pa.	D'Alesandro	Gregory	Kunkel
Brooks	Darden, Va.	Griffith	Lanham
Brown, Ga.	Davis	Hare	Larrabee
Bryson	Delaney	Harrington	Lea
Buckley, N. Y.	DeRouen	Hart	Leavy
Bulwinkle	Dickstein	Harter, Ohio	Lesinski
Burch	Dingell	Havenner	Lewis, Colo.
Burgin	Disney	Healey	Luce
Byrns, Tenn.	Doughton	Hennings	Ludlow
Byron	Doxey	Hill	Lynch
Camp	Duncan	Hobbs	McAndrews
Cannon, Fla.	Dunn	Houston	McArdle
Cannon, Mo.	Durham	Hunter	McCormack
Cartwright	Eberharter	Izac	McGehee
Casey, Mass.	Edelstein	Jacobsen	McGranery
Celler	Ellis	Jarman	McKeough
Clark	Evans	Johnson, Luther A.	McLaughlin
Claypool	Faddis	Johnson, Lyndon	McMillan, Clara
Cochran	Fay	Johnson, Okla.	McMillan, John L.
Coffee, Wash.	Ferguson	Johnson, W. Va.	Maciejewski
Magnuson	Patton	Schwert	Terry
Mahon	Pearson	Scrugham	Thomas, Tex.
Mansfield	Peterson, Fla.	Secrest	Thomason
Marcantonio	Pfeifer	Shanley	Tolan
Massingale	Pierce	Shannon	Vincent, Ky.
May	Poage	Sheppard	Vinson, Ga.
Merritt	Polk	Sheridan	Voorhis, Calif.
Mills, Ark.	Rabaut	Smith, Conn.	Walter
Mills, La.	Ramspeck	Smith, Ill.	Ward
Mitchell	Randolph	Smith, Wash.	Weaver
Monroney	Rankin	Smith, W. Va.	Welch
Murdock, Ariz.	Rayburn	Snyder	West
Murdock, Utah.	Richards	Somers, N. Y.	Whelchel
Myers	Robertson	South	White, Idaho
Nelson	Robinson, Utah	Sparkman	Whittington
Norrell	Romjue	Spence	Williams, Mo.
O'Leary	Sabath	Starnes, Ala.	Wood
O'Toole	Sasscer	Steagall	Woodrum, Va.
Pace	Satterfield	Tarver	Zimmerman
Patman	Schuetz	Taylor	
Patrick	Schulte	Tenerowicz	

NAYS—139

Alexander	Edmiston	Jonkman	Rodgers, Pa.
Allen, Ill.	Elston	Kean	Rogers, Mass.
Andersen, H. Carl	Fenton	Kilburn	Rutherford
Anderson, Calif.	Fish	Kinzer	Sandager
Andrews	Ford, Leland M.	Knutson	Schafer, Wis.
Angell	Gamble	Lambertson	Seccombe
Arends	Gartner	Landis	Shafer, Mich.
Austin	Gearhart	LeCompte	Short
Ball	Gehrmann	Lewis, Ohio	Simpson
Barton, N. Y.	Gerlach	McGregor	Smith, Maine
Bates, Mass.	Gilchrist	McLean	Smith, Ohio
Bender	Gillie	McLeod	Springer
Blackney	Goodwin	Maas	Stearns, N. H.
Bolles	Graham	Marshall	Stefan
Bolton	Grant, Ind.	Martin, Iowa	Sumner, Ill.
Bradley, Mich.	Gross	Martin, Mass.	Sweeney
Brewster	Guyer, Kans.	Michener	Sweet
Brown, Ohio	Gwynne	Miller	Taber
Buckler, Minn.	Hall, Leonard W.	Monkiewicz	Talle
Burdick	Hancock	Moser	Thorkelson
Carlson	Harter, N. Y.	Mundt	Tibbott
Carter	Hartley	Murray	Tinkham
Case, S. Dak.	Hawks	Nichols	Treadway
Church	Hess	O'Brien	Van Zandt
Clason	Hinshaw	O'Connor	Vorys, Ohio
Clevenger	Hoffman	Oliver	Vreeland
Cluett	Holmes	Pittenger	Wadsworth
Coffee, Nebr.	Horton	Plumley	Wigglesworth
Corbett	Hull	Powers	Williams, Del.
Crowther	Jenkins, Ohio	Reece, Tenn.	Winter
Culkin	Jenks, N. H.	Reed, Ill.	Wolcott
Ditter	Jennings	Reed, N. Y.	Wolverton, N. J.
Douglas	Jensen	Rees, Kans.	Woodruff, Mich.
Dworshak	Johnson, Ind.	Robsion, Ky.	Youngdahl
Eaton	Jones, Ohio	Rockefeller	

NOT VOTING—72

Allen, Pa.	Drewry	Johnson, Ill.	Risk
Andresen, A. H.	Elliott	Keefe	Rogers, Okla.
Arnold	Engel	Kennedy, Md.	Routzohn
Barnes	Englebright	Kerr	Ryan
Buck	Fernandez	Lemke	Sacks
Byrne, N. Y.	Flaherty	McDowell	Schaefer, Ill.
Caldwell	Folger	Maloney	Schiffler
Chapman	Gifford	Martin, Ill.	Smith, Va.
Chiperfield	Green	Mason	Sullivan
Cole, N. Y.	Hall, Edwin A.	Mott	Sumners, Tex.
Collins	Halleck	Mouton	Sutphin
Crosser	Harness	Norton	Thill
Curtis	Hendricks	O'Day	Thomas, N. J.
Darrow	Hook	O'Neal	Wallgren
Dempsey	Hope	Osmers	Warren
Dies	Jarrett	Parsons	Wheat
Dirksen	Jeffries	Peterson, Ga.	White, Ohio
Dondero	Johns	Rich	Wolfenden, Pa.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Wolfenden of Pennsylvania (against).
Mr. O'Neal (for) with Mr. Routzohn (against).
Mr. Peterson of Georgia (for) with Mr. Chiperfield (against).
Mr. Green (for) with Mr. August H. Andresen (against).
Mr. Martin of Illinois (for) with Mr. Darrow (against).
Mr. Caldwell (for) with Mr. Rich (against).
Mr. Buck (for) with Mr. Johnson of Illinois (against).
Mr. Kerr (for) with Mr. Hope (against).
Mr. Drewry (for) with Mr. Schiffler (against).
Mr. Hook (for) with Mr. Harness (against).
Mrs. Norton (for) with Mr. Johns (against).
Mr. Barnes (for) with Mr. Gifford (against).
Mr. Parsons (for) with Thomas of New Jersey (against).
Mrs. O'Day (for) with Mr. Edwin A. Hall (against).
Mr. Schaefer of Illinois (for) with Mr. Cole of New York (against).
Mr. Sullivan (for) with Mr. Lemke (against).
Mr. Dempsey (for) with Mr. McDowell (against).
Mr. Smith of Virginia (for) with Mr. Dondero (against).
Mr. Flaherty (for) with Mr. Dirksen (against).
Mr. Byrne of New York (for) with Mr. Osmers (against).
Mr. Folger (for) with Mr. Jeffries (against).

Until further notice:

Mr. Collins with Mr. Mason.
Mr. Ryan with Mr. Keefe.
Mr. Sutphin with Mr. Engel.
Mr. Wallgren with Mr. Wheat.
Mr. Arnold with Mr. Halleck.
Mr. Chapman with Mr. Jarrett.
Mr. Dies with Mr. Mott.
Mr. Elliott with Mr. Risk.
Mr. Hendricks with Mr. Thill.
Mr. Sumners of Texas with Mr. White of Ohio.
Mr. Crosser with Mr. Englebright.
Mr. Rogers of Oklahoma with Mr. Curtis.
Mr. Kennedy of Maryland with Mr. Maloney.
Mr. Mouton with Mr. Allen of Pennsylvania.
Mr. Fernandez with Mr. Sacks.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

DEFICIENCY BILL

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York [Mr. TABER] to make an announcement.

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

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

There was no objection.

Mr. TABER. Mr. Speaker, the whip notice called for the deficiency bill's being brought up Monday. My understanding is that it will not be brought up until Wednesday. Is this the way the Speaker understands it?

The SPEAKER pro tempore. The Chair was entirely responsible for the whip notice going out as it did, because the Chair was informed by the gentleman from Virginia [Mr. WOODRUM] that the committee would be ready on Monday; but since the action of committee on yesterday the bill will not, of course, come up until Wednesday.

The Chair recognizes the gentleman from Kentucky.

SELECTIVE TRAINING AND SERVICE ACT OF 1940

Mr. MAY. Mr. Speaker, I present a conference report on the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and call it up for immediate consideration.

The conference report and statement are as follows:

CONFERENCE REPORT

"The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided*, That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further*, That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further*, That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further*, That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States; and until he attains the age of forty-five, or until the expiration of a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided*, That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve component of the land or Naval forces of the United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for

residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion and students who are preparing for the ministry in theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degrees; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. Any such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such person claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"SEC. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"SEC. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"SEC. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment

within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action'.

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"SEC. 9. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes,' approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized—

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such

other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntarily services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum. Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by an enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service', when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person, shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

"'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are 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 Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940'."

And the House agree to the same.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

MORRIS SHEPPARD,
ROBT. R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Age limits

The Senate bill required the registration of every male citizen, and every male alien residing in the United States or its possessions who had declared his intention to become a citizen, between the ages of 21 and 31 at the time fixed for his registration. Under the Senate bill the phrase "between the ages of 21 and 31" was defined to refer to men who had attained the twenty-first anniversary of the day of their birth and had not attained the thirty-first anniversary of the day of their birth. The Senate bill also provided that persons between the ages of 18 and 35, regardless of race or color, should be afforded an opportunity to be voluntarily inducted into the land or naval forces (including aviation units) for the training and service described in the bill. After a man had completed his period of training and service, the Senate bill provided that he should be transferred to a reserve component of the land or naval forces until the provisions of the bill became inoperative, or until the expiration of 10 years or until he was discharged from such reserve component, whichever event occurred first.

The House amendment required registration of those between the ages of 21 and 45, which was defined as referring to men who had reached the twenty-first anniversary of the day of their birth and had not reached the forty-fifth anniversary. Persons between the ages of 18 and 35 were to be afforded an opportunity to volunteer to be inducted into the land or naval forces for the training and service prescribed in the amendment. After the period of training and service had been completed, the House amendment provided that the person so completing such training and service should be transferred to a reserve component of the land or naval forces until the expiration of 10 years, or until he attained the age of 45, or until he was discharged, whichever occurred first.

The conference agreement provides that all male citizens, and all male aliens residing in the United States who have declared their intention to become citizens, between the ages of 21 and 36 shall present themselves for registration and submit to registration at such time or times and place or places and in such manner and in such age groups as shall be determined by rules and regulations prescribed by the President. Every such person who is between such ages at the time fixed for his registration and who is not excepted from registration by other provisions of the conference agreement is made liable for training and service in the land or naval forces of the United States. Any person, regardless of race or color, between the ages of 18 and 36, is to be afforded an opportunity to volunteer for induction, but no person who so volunteers is to be inducted so long as he is deferred after classification. No person is to be inducted unless he is acceptable to the land or naval forces. The conference agreement retains the provisions of the House amendment relating to a person's service in a reserve component of the land or naval forces until the age of 45 is reached, or until 10 years after the transfer to such reserve component, or until he is discharged, whichever occurs first. Under the conference agreement, the phrase "between the ages of 21 and 36" is defined as referring to those who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of such day. The conference agreement defines "land forces" and "naval forces" to include aviation units thereof.

Postponement of induction for 60 days

The House amendment authorized the President to issue, as soon as possible after the enactment of the bill, a call for volunteers between the ages of 18 and 35, and another such call at any time after January 1, 1941, and to induct into the land or naval forces for training and service as many of the men who volunteer as did not exceed the number of men for whom the call was issued. If upon the expiration of 60 days after the issuance of either of such calls the President found that the number of qualified men who had volunteered was less than the number for whom the call was issued, he was authorized to select and induct into the land or naval forces such number of qualified men selected through the Selective Service System as when added to the number who had volunteered would equal the number for whom he issued the call. Until the expiration of 60 days from the date of the issuance by the President of the second call no man was to be inducted into the land or naval forces under any other provision of the bill, except that registration, classification, and selection under such other provisions could take place. There was no similar provision in the Senate bill.

The conference agreement omits this provision of the House amendment.

Provision authorizing the taking over of private manufacturing facilities

The Senate bill provided that whenever the Secretary of War or the Secretary of the Navy determined that any existing manufacturing plant or facility was necessary for the national defense and was unable to arrive at any agreement with the owner for its use or operation by the War Department or the Navy Department, the Secretary, under the direction of the President, was authorized to institute condemnation proceedings with respect to such plant or facility and to acquire it under the Act of February 26, 1931. Upon the filing of a declaration of taking in accordance with the provisions of such act, the Secretary was authorized to take immediate possession of the plant or facility and operate it either by Government personnel or by contract with private firms pending the determination of the issue. Nothing in this provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant or facility.

Under the House amendment, the President was empowered through the head of the War Department or the Navy Department, in addition to the present authorized methods of purchase or procurement, to place orders for any product or material that might be required and which could be produced by the company concerned. Compliance with the order was made obligatory. Upon the refusal of the company to comply with the order, the President, through the head of the War or Navy Department, was authorized to take immediate possession of the plant, to manufacture therein the product or material required. Failure to comply with the provisions was made subject to imprisonment for not more than 3 years and to a fine of not exceeding $50,000. The compensation to be paid for the products and material or as rental for the use of the plant or facility while used by the United States, was required to be fair and just. Nothing in the provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant. The House amendment also repealed the first and second provisos of the act of June 28, 1940, entitled "An act to expedite the national defense, and for other purposes."

The conference agreement contains the provisions of the House amendment.

Conscientious objectors

The Senate bill provided that nothing therein contained was to be construed as requiring any person to be subject to combatant training or service who by reason of religious training or belief is conscientiously opposed to participation in war in any form. All persons claiming such exemption because of such conscientious objections were to be listed on a Register of Conscientious Objectors at the time of their classification by a local board, and their names at once referred by the local board to the Department of Justice for inquiry and hearing. After appropriate inquiry by the appropriate agency of the Department of Justice, a hearing was to be held by the Department of Justice in the case of each such person with respect to the character and good faith of his objections. If the objections were found by the Department to be sustained, it was to recommend that (1) the objector be assigned to noncombatant service as defined by the President, or (2) if the objector was found to be conscientiously opposed to participation in such noncombatant service that he be assigned to work of national importance under civilian direction. If after the hearing the objections were found not to be sustained, the objector and the local board were to be immediately notified, the name of the objector was then to be removed from the Register of Conscientious Objectors, and the objector was thereafter to be liable for the training and service provided for in the bill. If within 5 days after the date of the findings by the Department of Justice, the objector or the local board gave notice to the other of disagreement with the findings, the local board was to refer the matter for final determination to an appropriate appeal board.

Under the House amendment the character and good faith of the objection of a conscientious objector were to be determined by the local board, subject to the right of appeal by the objector to an appropriate appeal board.

Under the conference agreement, if the objections are not sustained by the local board in the first instance, the objector is given the right to appeal to the appropriate appeal board. Upon the filing of such appeal, the appeal board is directed forthwith to refer the matter to the Department of Justice for an inquiry and hearing. After appropriate inquiry by the proper agency of the Department

of Justice, a hearing is to be held by the Department with respect to the character and good faith of the objections. If the Department finds the objections to be sustained, it is to recommend to the appeal board (1) that the objector, if he is inducted under the act, be assigned to noncombatant service as defined by the President, or (2) if it is found that he is conscientiously opposed to participation in such noncombatant service, in lieu of such induction that he be assigned to work of national importance under civilian direction. In making its decision the appeal board is to consider the record on appeal from the local board, together with the recommendations, which it is not bound to follow, by the Department of Justice. All persons whose claims for exemption under this provision because of conscientious objection are sustained are to be listed by the local board on a Register of Conscientious Objectors.

Limitation on number of men to be inducted

The Senate bill provided that there should not be in active training or service in the land forces of the United States at any one time in time of peace more than 900,000 men inducted under the provisions of the bill.

The House amendment provided that except in time of war there should not be in active training or service in the land and naval forces of the United States at any one time more than a million men inducted under the bill.

The conference agreement provides that except in time of war there shall not be in active training or service in the land forces of the United States at any one time for the 12-month training and service period more than 900,000 men inducted under the bill.

Deferments of public officers

The Senate bill provided that the Vice President of the United States, the governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of the United States and of the several States and Territories and of the District of Columbia, and other executive officers of the United States and of the several States and Territories and the District of Columbia, whose continued service in the executive office held by them was found necessary to the maintenance of the public health, safety, or interest, should, while holding such offices, be deferred from training and service in the land and naval forces of the United States.

The House amendment provided that the Vice President of the United States, and the officers, legislative, executive, and judicial, except judges of inferior courts not of record, of the United States, and of the several States, Territories, and the District of Columbia, while holding such official position shall be deferred (which deferred classification might be waived) from training and service in the land and naval forces of the United States.

The conference agreement provides that the Vice President of the United States, the governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and of the District of Columbia, shall be deferred from training and service in the land and naval forces of the United States. The President is authorized by the conference agreement under such rules and regulations as he may prescribe, to defer training and service in the land and naval forces of the United States of any person holding any office (other than an office described above) under the United States, or any State, Territory, or the District of Columbia, whose continued service in such office is found, in accordance with section 10 (a) (2) (relating to local boards), to be necessary to the public health, safety, or interest.

Postponement of induction of certain students

The House amendment provided that in the case of students at certain colleges and universities who during the year 1940 entered upon attendance for the academic year 1940–41, the induction of such student was at his request to be deferred until the end of such academic year but in no event later than July 1, 1941.

The conference agreement contains this provision of the House amendment.

Selective service system

Both the Senate bill and the House amendment provided for the creation of a selective service system. The Senate bill provided that the Director of Selective Service should receive compensation at a rate not in excess of $10,000 per annum. Under the House amendment the Director's compensation was to be fixed by the President. The conference agreement adopts the provisions of the Senate bill in this respect. The conference agreement also provides that officers on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or in reserve components thereof, and officers and employees of any department or agency of the United States, who may be assigned or detailed to any office or position to carry out the provisions of the Act, may serve and perform the functions of such office or position without loss or prejudice to their status as such officers or employees. Thus Army, Navy, Marine Corps, or Coast Guard officers, or officers of Reserve components thereof, so detailed or assigned will continue to receive the same pay, allowances, and benefits (including promotional and longevity rights and privileges) and all other rights and privileges that they have at the time of such detail or assignment and that they would continue to receive had they not been so detailed or assigned. The conference agreement also provides that any person appointed, assigned, or detailed to a position in the Selective Service System the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned, or detailed by and with the advice and consent of the Senate. A similar provision was contained in the Senate bill. Clerical and stenographic employees for local boards may, under the conference agreement, be appointed and compensated without regard to the civil-service laws and the Classification Act of 1923 as amended.

Both the Senate bill and the House amendment provided that the members of the local boards and the boards and agencies of appeal must be civilians and not connected with the Military Establishment. The provisions of the House amendment in this respect are contained in the conference agreement, and it is further provided that under no circumstances can Army, Navy, Marine Corps, or Coast Guard officers, either on the active or retired list, be assigned or detailed to a position of member of any such board or agency.

Both the Senate bill and the House amendment directed the Director of Selective Service to establish a personnel division with adequate facilities to render aid in the replacement in their former positions of persons who satisfactorily completed their training and service under the act, and to aid them in finding employment elsewhere if such replacement in their former positions was impossible or unreasonable. Under the Senate bill the same service was to be extended to members of the Reserve components. The conference agreement provides that the Director shall establish a personnel division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the Reserve components of the land and naval forces who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed their training and service under the Act.

Jurisdiction of courts martial

The Senate bill provided that persons subject to the bill who fail to report for duty as ordered should be tried exclusively in the district courts of the United States and not by military and naval courts martial, unless such persons had actually been inducted for the training and service prescribed in the bill or unless they were subject to trial by court marial under laws in force prior to the enactment of the bill. The House amendment in such cases gave the courts martial and the district courts concurrent jurisdiction, and made failure of persons to report for duty subject to the laws and regulations concerning that branch of the land and naval forces to which they were assigned from the date they were required by the terms of the order to obey the same, even though they had not actually been inducted.

The conference agreement contains the provisions of the Senate bill in this respect.

Physical examinations

The Senate bill provided that each person inducted under the bill was to be given a physical examination at the beginning of his training and service, together with a medical statement showing any physical defects noted on such examination. Upon the completion of the period of training and service, he was to be given another physical examination, together with a medical statement showing any injuries, illnesses, or disabilities suffered by him during the period of his training and service.

The House amendment provided that the induction of a person into the land or naval forces of the United States should not be deemed to be complete until his physical and mental fitness for military or naval service should have been satisfactorily determined.

The conference agreement contains provisions similar both to the provisions of the Senate bill, as well as the provisions of the House amendment.

Authority to accept compensation from private employers

The House amendment provided that nothing contained therein or in any other act was to be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces under the provisions of the bill, or to members of the reserve component thereof now on or hereafter placed on any type of active duty, which persons and members were, prior to their induction for active duty, receiving compensation from such person, firm, or corporation. There was no similar provision in the Senate bill.

The conference agreement contains provisions similar to the House amendment in this respect with the omission of a provision contained in the House amendment limiting its application to persons below the grade of captain.

Persons discharged from private employment within 30 days prior to enactment of act—presumption as to cause of discharge

The Senate bill provided that any person who had been required to leave a position in the employ of a private employer, other than a temporary position, within 30 days prior to the enactment of the bill should be deemed prima facie to have left such position in order to perform the service required under the bill. This provision had the effect of requiring reinstatement by the employer after the completion of the employee's period of training and service. There was no similar provision in the House amendment.

The conference agreement omits this provision of the Senate bill.

No discrimination on account of race or color

The House amendment provided that in the selection and training of men as well as in the interpretation and execution of the provisions of the act there was to be no discrimination against any person on account of race, creed, or color. The Senate bill contained no similar provision of general application.

The conference agreement provides that in the selection and training of men as well as in the interpretation and execution of

the provisions of the act, there shall be no discrimination against any person on account of race or color.

Employment of Communists and members of the German-American Bund

The House amendment provided that it was the policy of Congress that whenever a vacancy was caused in the employment rolls in business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of the act, such vacancy should not be filled by any person who was not a citizen of the United States or who was a member of the Communist Party or the German-American Bund. The Senate bill contained no similar provision.

The conference agreement contains the provisions of the House amendment in this respect except that the provisions relating to persons not citizens of the United States is omitted.

Parole of persons convicted of violations of act

The Senate bill authorized the President to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or in any other special service established pursuant to the act, of any person convicted of a violation of any provision of the act. There was no similar provision contained in the House amendment.

The conference agreement contains the provisions of the Senate bill in this respect.

Extension of Vinson-Trammell Act to Army and Navy ordnance

The Senate bill provided that the Vinson-Trammell Act should be applicable with respect to contracts hereafter entered into for weapons, munitions, or other military equipment procured by the Ordnance Department of the Army, and by the Bureau of Ordnance of the Navy, to the same extent and in the same manner as such provisions are applicable to contracts for aircraft. The House amendment contained no similar provision. The conference agreement omits this provision of the Senate bill.

Increase in base pay of Army

Both the Senate bill and the House amendment increased the base pay of enlisted men of the Army during the period during which the bill is to be in effect. The Senate provision was also made applicable to the Marine Corps. The conference agreement also makes this increase applicable to the Marine Corps, and provides that enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as provided for enlisted men in similar grades in the Army. Under the conference agreement, the increase in base pay provided for is to be effective on October 1, 1940, and is to be permanent.

Amendment to Soldiers and Sailors Civil Relief Act of March 8, 1918

Both the Senate bill and the House amendment made certain provisions of the Soldiers and Sailors' Civil Relief Act of March 8, 1918, applicable with respect to the persons inducted for the training and service under the bill. The House amendment in addition amended that act by providing that nothing in section 301 thereof (relating to installment contracts) should prevent the termination or cancelation of a contract, or the repossession of property purchased under the contract, by mutual agreement of the parties thereto or their assignees. The conference agreement contains a similar provision, but requires that the agreement for termination, cancelation, or repossession be executed in writing subsequent to the making of the original contract and during the period of military service of the person concerned.

Definition of dependent

The House amendment defined "dependent" of a person registered under the bill to include only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment. The Senate bill did not contain any comparable provision.

The conference agreement contains the provisions of the House amendment in this respect.

Protection of voting rights

Both the Senate bill and the House amendment provided that persons inducted should during their period of training and service be permitted to vote by absentee ballot in the State of which they are residents, if under the laws of such State they are entitled to vote in such election. The conference agreement provides that any person inducted for training and service under the Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of the election, if under the laws of the State he is entitled so to vote at such election. It is further provided that nothing in this provision should be construed to require granting to any such person a leave of absence for longer than 1 day in order to permit him to vote in person at any such election.

Exemptions from registration

The Senate bill provided, in addition to those excepted from registration under both the Senate bill and the House amendment, that commissioned officers, warrant officers, pay clerks, and enlisted men of the Coast and Geodetic Survey and the Public Health Service should be excepted from registration. The conference agreement also provides for this exemption.

Adequate housing, etc., for persons inducted

The House amendment provided that induction should not be effected until adequate provision had been made for proper housing of the men selected for training and service. The term "housing" was defined to include such sanitary facilities, adequate water supplies, heating and lighting systems, medical care and hospital accommodations, as are in general accepted by the United States Public Health Service as essential to public and personal health. The Senate bill contained no similar provision.

The conference agreement contains provisions similar to those contained in the House amendment but leaves the determination to the Secretary of War or the Secretary of the Navy, as the case may be.

Expiration date

Both the Senate bill and the House amendment provided that the act was to become inoperative and cease to apply on and after May 15, 1945, unless continued in effect by Congress. The House amendment excepted from this provision the provisions relating to service in the reserve components of the land and naval forces. The conference agreement also excepts from the expiration provision the provisions providing for the extension of pensions, disability allowances, etc., to men inducted for training and service under the act, and the provisions increasing the Army and Marine Corps base pay. The conference agreement also excepts from the expiration provisions the provisions creating a personnel division in the Selective Service System to aid persons who have performed their training and service under the act, or who are members of reserve components who have performed their active service, to secure employment.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the statement may be in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The SPEAKER pro tempore. The gentleman from Kentucky is recognized for 1 hour.

Mr. MAY. Mr. Speaker, I am not going to take up the time of the House in any lengthy discussion of any of the provisions of the bill as reported by the conferees, but I desire to say that the report is unanimous. The House conferees won the major portion of the questions involved.

By action of the Senate late yesterday evening the question of conscription of private industry was rereferred to the conferees, who adopted in toto the identical language of the original Smith amendment, which was the provision adopted by the House.

The controversial Fish amendment was eliminated from the report entirely and from the legislation. The Senate was adamant on this question and the House yielded.

A number of minor changes are involved in the report involving the technical language necessary to give it proper construction, and on all of these things the conferees agreed, the House conferees being yielded to in most instances.

We have guarded every provision of the bill as best we could.

A number of the members of the House Military Affairs Committee very familiar with the whole legislation are present and would like to discuss it, but out of courtesy and respect for the tired and waiting membership of the House of Representatives these gentlemen have consented to yield their time and will not ask for further discussion of the report. As I said, it is unanimous and I hope it will be adopted by a substantial majority.

I now yield 10 minutes to the gentleman from New York [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I regret exceedingly that under the rules and the parliamentary procedure there will be no way of having a direct vote on my amendment. I desire, however, to take this time in order not to defend the 207 Members who voted for my amendment but to make the record straight. Some Members of Congress may even be retired on their vote on this bill and possibly on my amendment. In justice to them and in all fairness to them I want to try to make this record clear in these few minutes. As every Member knows, whether he was for or against my amendment and regardless of the merits or demerits of it,

there has been a most unfair, outrageous, and grossly inaccurate attack made by the eastern newspapers, by the columnists, and over the radio against the amendment that a majority of this House voted for, when they stated that it would delay by 60 days the induction of draftees. I repeat what every Member of Congress knows, that it would not delay it by 1 day or 1 hour or 1 minute.

My amendment, providing for an opportunity for the youth of America to enlist within 60 days after the passage of the Conscription Act, does not in any way, as stated in eastern newspapers, delay the operation of the draft. Everyone in Congress is aware of this fact, as is the War Department, as well as the sponsors of the bill.

However, the eastern interventionist press deliberately and maliciously headlined my amendment as an attempt to delay the draft by 60 days, and this slimy and contemptible perversion of the truth was repeated over the radio by war-mongering commentators such as H. V. Kaltenborn, and by Henry A. Wallace, the New Deal candidate for Vice President.

My amendment would actually speed up the induction of soldiers into the Federal service, while the draft bill will not induct any draftees until November 15 or 60 days, and then only 75,000. Under my amendment there would probably have been over 75,000 volunteers within a few weeks' time, with the provision for 1 year enlistment and $30 a month.

The final paragraph of my amendment, which unfortunately many of those who are opposed to it have never read, is clear and concise:

> Nothing in this subsection shall be construed to require or postpone during either of such 60-day periods the registration, classification, or selection of persons to be inducted for training and service under this act.

My amendment has nothing to do with politics, votes, or election day. I preferred 90 days, but used 60 days in order not to delay the operation of the draft.

I despair of our free institutions and republican form of government if the press and columnists, some of whom could not be elected dog catcher, are permitted to deliberately deceive the American people by such dishonest and cowardly methods and brazen falsehoods. Such policies are a reflection on the honesty and integrity of the press, and if continued will destroy its usefulness and influence for public service.

"The proof of the pudding is in the eating thereof." I am positive that the 207 Members of the House who voted for my amendment will be in a position to prove to their constituents by election day that not a single draftee has been inducted into the service by then, and the rejection of the volunteer amendment has actually delayed the training of men for our armed forces and national defense.

"Veritas magna est et pravalebit"—the truth is mighty, and will prevail. [Applause.]

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks at this point in the RECORD, and to include certain excerpts from hearings and other matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

Mr. HINSHAW. Mr. Speaker, we are now approaching the final vote, the vote on the conference report on the Burke-Wadsworth conscription bill. I intend to vote "no." My decision is based on long and careful and, I may say, prayerful study of the entire subject. This subject is not confined to conscription alone—it embraces our foreign policy, our domestic economy, our defense position, the existing political situation, and the immediate and future welfare of those affected by the proposed measure. I cannot hope to more than touch upon some of the many factors involved.

First, let me say that insofar as my own immediate political future is concerned that can have no effect upon my decision, as I have voted my conscientious belief on all measures heretofore, and intend to continue doing so, regardless of political consequences.

On previous occasions I have taken the floor to present certain facts. Begging your indulgence, I shall now amplify some of them.

Mr. Speaker, on October 5, 1937, the President delivered a message to the people and the world, through the medium of an occasion in Chicago. At that moment he announced a change in the foreign policy of the United States, a change toward intervention in the affairs of the world. He announced that the United States believed in "quarantining" aggressor nations. No one seemed to know just what he meant by that, and there was much speculation about it. Suffice it to say that when he so changed our foreign policy toward intervention, then was the time to commence rearming our country for both defense and aggression, because that policy indicated an intent to intervene in world affairs on the side of whichever nation might be termed the "victim of aggression." It is not only idle, it is dangerous, to make big talk unless one is ready, able, and willing to back up the talk with action and force.

A year and a half later, in this Seventy-sixth Congress, came the first real attempt to commence modernizing our defense forces. Since 1920 we had been "living off the fat" of the World War. We ended that war with a considerable stock of matériel—which was not produced in time to use. While our Army and Navy prayed even for funds to experiment with, in order that they might just keep abreast of the times in the knowledge of defense matériel, almost no funds were appropriated for such purposes.

In 1939 we increased the defense budgets over 1938 by $225,000,000, mostly for new planes, for the Army, and by $275,000,000 for the Navy, a large part of which was for improving and adding to the number of outlying defense bases.

Then in the late spring of 1939 we entertained the King and Queen of England, a delightful couple who charmed the American people with their grace and friendliness.

In September 1939 England and France challenged the Nazi invasion of Poland, after urging the Poles to resist, and the war in Europe was on. That is a matter of current history. None of the Allies were prepared to prevent, let alone resist, the invasion of Poland. In the meantime January 1940 rolled around and the Army budget for the fiscal year 1941 submitted by the President was, in amount, almost exactly the amount appropriated for the fiscal year 1940. It was for $853,356,754.

Mr. Speaker, on February 26, 1940, a war was on in Europe. That war had not then broken into its full fury, but we had witnessed the fall of Poland in but a few weeks in September 1939. On February 26, 1940, General Marshall, Chief of Staff of the United States Army, was testifying before the Appropriations Committee of the House, justifying the budget presented. I quote:

> THEORY OF HEMISPHERE DEFENSE
>
> Mr. CASE. General, in your discussion at one point you referred to your experience with the A. E. F. in France. I was wondering if your concept of hemisphere defense contemplates large concentrations of troops.
>
> General MARSHALL. No, sir. Compared with European conceptions our concentrations of troops involve very small numbers. Our present small concentrations in the South and West are for the principal purpose of educating our higher commanders in their combat duties and teaching the troops to adapt themselves to field conditions. The maneuver which will be held in April and early May in the Southeast will involve a very small force, about 60,000 troops. This year's program of training represents the first time in our history that we will have been allowed to train comprehensively.
>
> Mr. CASE. I notice that in your discussion of the modernized 75-millimeter guns you said that they would possibly be large enough for our needs under conditions in this hemisphere. In other words, we do not have the same problems in developing the howitzer that they have in Europe?
>
> General MARSHALL. To the extent that we shall rarely be confronted with concrete fortifications and masonry villages.
>
> Mr. CASE. This program is based on the concept of Western Hemisphere defense.
>
> General MARSHALL. It is based primarily on the basis of learning how to fight. We have not been allowed to learn how to fight, except theoretically, and it is important that we do learn.

Mr. Speaker, for years our Army has been starved for development and experimental funds, to say nothing of funds to purchase sufficient matériel to halfway decently equip

the small Army we have had. The officers of our Army have had to sit and plan on paper for what they thought might be required in the event they were again called to defend our country. I shall now trace for you by quotations from hearings before House and Senate committees the progress of thought along defense lines in the few months following.

On Wednesday, May 1, 1940, before the Senate committee, General Marshall testified as follows:

General MARSHALL. This present bill provides for an increase of but 384 enlisted men who are needed for duty with the civilian components.

Senator LODGE. But there is a deficit in corps troops, is there not?

General MARSHALL. Yes, sir; we have the men for the corps troops of one corps only, and at peace strength. What we would like to have, and will have when, and if, 15,000 additional men are provided is the remaining half of the corps troops required for another corps. One-half is already organized in the National Guard. With this addition, we would have the corps troops for two corps.

Senator LODGE. Well, if we have this deficit, why should we not remedy it?

General MARSHALL. You have asked my frank opinion, which is that it is very important at the present moment that we do remedy it.

MINIMUM STRENGTH OF REGULAR ESTABLISHMENT

I would like to add to what I said a little while ago as to the minimum strength for the Regular Establishment. That question is a matter of public policy to be determined, I think, at some later day. At the moment, we ought to have 242,000 men instead of 227,000. If the situation continues to grow more threatening, we ought to take still another step and increase our strength to 280,000. We would then have 9 small Regular triangular divisions and the corps troops of 2 corps. These match up with the National Guard divisions to form the basis of 9 Army corps.

At present we have missing units throughout our organization. Fifteen thousand additional men are required to fill in these blank spaces here and there all over the Army. For example, in some of the divisions in the South we have assembled complete units for the first time. To accomplish that we have drawn a battalion from one regiment to fill out another regiment. We have taken battalions from several regiments and put them together to make still another regiment.

Senator TOWNSEND. Did you make a request for this addition of the Budget, General?

General MARSHALL. No, sir; our first priority at that time was for critical items of equipment.

On page 81 of the Senate hearings we find:

NUMBER OF PLANES BY JULY 1, 1941

Senator LODGE. By July 1, 1941, how many planes ought we to have?

General ARNOLD. We ought to have 5,500 less the number deferred.

Senator LODGE. We ought to have 5,500; all new?

General ARNOLD. No; counting the 2,700. You see, we had that number on hand March 31, 1940.

Senator LODGE. So of that 5,500 only 2,800 will be all that you have that have embodied in them the lessons of the European war?

General ARNOLD. That is not altogether true either, because out of the 5,500 we are only contemplating having a total of 1,965 combat airplanes which will be modern, up-to-date planes.

Senator LODGE. Out of the 5,500?

General ARNOLD. Yes, sir.

Senator LODGE. Of the rest of the 5,500, 2,700 will be what?

General ARNOLD. They will be training planes and obsolete combat types and other planes that can be used back of the lines.

Senator LODGE. So that means that increment of 2,800 in this coming fiscal year will be all modern?

General ARNOLD. Yes, sir. Some of those will be training planes, too.

Senator THOMAS. General, in our tour, we saw nothing in the way of leakless gas tanks. We saw nothing with armor, and we saw nothing of guns larger than perhaps the machine guns; maybe some larger guns of that type. That was in November and December. Later, we saw at Bolling Field some improvement. We saw there a larger gun installed on the planes.

On page 290 of the Senate hearings we find the following:

PONTOON BRIDGES

There is also one unit of 10-ton pontoon bridge.

I might say that, up until we got the $2,000,000 this past February, the engineers have been equipped with types of pontoon bridges that were developed during the Civil War for wagon transportation. We are now, for the first time, getting bridge equipage which is capable of carrying motortrucks and other loads that are involved in the modern division and army corps.

Senator THOMAS. Would you place in the record a very brief description of the material that goes to make up this type of item?

General KINGMAN. Of the pontoon bridge?

Senator THOMAS. Yes.

General KINGMAN. It consists of aluminum boats, four trestles, and the flooring required to make a bridge 244 feet long.

That is one unit.

Senator THOMAS. It is sufficiently strong to accommodate what weight vehicles?

General KINGMAN. Ten-ton vehicles. We have one unit so far. We have others on order. We have been testing that unit over at Fort Du Pont, Del., and we find that we can carry a 12-ton load; that is, light tank, or truck weighing as much as 12 tons; but we call it a 10-ton bridge.

Senator THOMAS. Able to accommodate the regular mobile transportation vehicles, ordinary vehicles and trucks?

General KINGMAN. Yes, sir; and if we put in twice as many boats making what we call a reinforced bridge, then we can carry a medium tank weighing 20 tons, and the 155 G. P. F. gun.

Senator THOMAS. This is equipment that you desire, to enable you to build practically any bridge to accommodate the War Department transportation vehicles?

I could go on to present other testimony but it all goes to show the miserable state of our Army equipment and the result of a starvation policy for the Army over a long period of years. When this war started in Europe we only had 52 planes in service that were not obsolete, 28 tanks that were not obsolete, and 1 piece of pontoon-bridge equipment—and that an old one. We had 141 of the old French 75's that had been modernized, no howitzers of the 105-millimeter size, 4 of the 155-millimeter long-range guns, and no 8-inch howitzers. I could go on down the list. We did have a lot of old rifles and other equipment about as useful as bows and arrows in this modern warfare.

Mr. Speaker, we have now appropriated enormous sums for the purchase of matériel. But these large requests were not made of the Congress until Holland and Belgium had fallen and France was doomed. Only then were we requested, amidst a blast of fearsome hysteria, to prepare for adequate defense. Meantime, our leaders have been making faces at foreign dictators and thumbing their noses, breaking all rules of neutrality with seeming disdain for our pitiful condition. It seems as though they were anxious to break right into the war—equipment or no equipment.

On May 16 the President spoke to the Congress and the country on defense. He spoke in fearsome tones and hysteria swept the country. On the next day, May 17, General Marshall, Chief of Staff of the Army, testified as follows before the Senate committee:

Senator ADAMS. At this moment there is no air base from which continental United States could be attacked, is there?

General MARSHALL. At the moment there is none. The important consideration with relation to antiaircraft is an estimate of our situation in comparison to that of England and France, for example, on which the public mind now dwells. What is necessary for the defense of London is not necessary for the defense of New York, Boston, or Washington. Those cities could be raided under certain favorable circumstances; but as to continuous attack, such a thing would not be practicable unless we permitted the establishment of air bases in close proximity to the United States. So, the best anti-air-defense are the facilities to prevent the establishment of such bases within reach of the United States—in particular, of the Panama Canal. That is one reason why I referred to the necessity in my opinion for an immediate increase for the ground forces in order to make possible the naval and Army air operations to prevent the establishment of such bases.

Senator ADAMS. What we need is anti-air-base forces rather than antiaircraft forces.

General MARSHALL. You might put it that way, sir.

Senator CHAVEZ. Do they not go together, General?

General MARSHALL. The whole thing is interwoven. London is subject to bombardment by large masses—a thousand or more bombers. New York City is subject to raids by carrier-based aviation—probably by not more than 150 bombers. Our defense against that is to sink the carrier. A better way to express it is to have immediately available the means to sink such a carrier—the listening devices and the bombers, and the accompanying pursuit, to make it so dangerous that they would not risk the carrier to undertake the operation. Defensive pursuit aviation is made immeasurably more effective if we have aircraft detectors, about which I made representations to this committee the other day. Prior to aircraft detectors, defense against bombardment was primarily by antiaircraft artillery, because insufficient warning of the approach of enemy bombers prevented the pursuit aviation from engaging the bombers.

I have referred to the matter of the practicability of placing larger orders at the moment. I have referred to the necessity of having a trained, seasoned enlisted personnel in organizations available for operations to prevent the establishment of bases within operating distance of the United States. I should like to add that all of these matters have to be given proper weight in order to get a well-integrated and balanced whole; and it is of great importance, when the matter is so vital to our defense and when it is so terribly expensive, that our action be on the most

cold-blooded, businesslike basis we can figure out. As I say, we should not be fooled by mere numbers. Frankly, I should be embarrassed at the moment by more money for matériel alone. A few months later you may see your way clear to make another and further step; but it is much wiser to advance step by step, provided those steps are balanced and are not influenced by enthusiasm rather than by reason.

Then on the same day and before the same committee, there occurred the following:

Senator O'MAHONEY. Is it not a fact, General, that in the event of a real test the Regular Army which we now have, even with the additional strength, would be totally and completely inadequate?

General MARSHALL. Oh, yes, sir; but the minute the emergency really arrives, we will mobilize the National Guard and call Reserve officers to active duty; in addition, we will fill all of our schools—Infantry, Artillery, Cavalry, and Antiaircraft Artillery Schools—with the maximum number of students for specialist training. We are then engaged in mobilization and will be moving toward 1,000,000 men. The plan I have been discussing will give us available trained men in this country to carry out the initial missions which would develop the instant the emergency descends on us. Behind them we would mobilize a large army.

Senator O'MAHONEY. To what extent could the Army be effectively and efficiently expanded in case of emergency, on the basis of the Regular Army which you visualize with this appropriation?

General MARSHALL. I am a little confused by the question. When you say "the Army," you mean the war Army?

Senator O'MAHONEY. Surely; in case of emergency. You have a small unit, which you tell us would be wholly ineffective in case of emergency, except that it is a nucleus for expansion.

General MARSHALL. Is is more than that, Senator. If the Regular Army is increased to 280,000, and beyond that up to around 400,000, by voluntary enlistments, we shall have available mobile troops in this country, with equipment of one kind or another—but workable equipment—to utilize the instant the emergency arises for all the initial missions that will arise. Behind that force will come the mobilization, the recruiting, and training of the National Guard, and parallel with it, of certain additional special units. Thereafter, we pass into the next augmentation, which increases our forces to about one and a half million. The ensuing augmentation passes beyond 2,000,000. Building an army is a process of successive steps.

Senator O'MAHONEY. To go back, you were discussing the fundamental necessities for defense, and you had mentioned trucks and similar equipment and the training of pilots. What was next?

General MARSHALL. The next was the completion of certain essential ground units which the 15,000 men will accomplish. Then there should follow immediately on the heels of the 15,000 men a steady increase of the Regular Army up to a force that will be strong enough to carry out all of the instant requirements for defense in the Western Hemisphere.

VOLUNTARY ENLISTMENTS

Senator O'MAHONEY. What success have you had in obtaining voluntary enlistments?

General MARSHALL. We have had great success up to the present time.

Senator O'MAHONEY. Have you found it necessary to seek volunteers, or have you found it desirable to hold them back? Do you have more volunteers than you have places, for example, or less?

General MARSHALL. We had a large recruiting program to get the Army up——

Senator O'MAHONEY. Still you did not get it up to the authorized strength. Did you get it up to the authorized strength?

General MARSHALL. We went beyond it to 230,000 men.

Mr. Speaker, I am still quoting from the Senate hearings of May 17, 1940.

Senator THOMAS. Let me use a few moments, if I may, with a few questions.

Earlier in this hearing you made some statements giving information as to your own personal opinion, and so stated. I want to know what you think the Congress should provide in addition to the Budget estimates now appearing before the committee. I should like to have you go into detail, and give an outline of what you think the Congress should do, speaking for yourself, on your own volition, in answer to my questions. I want this information preserved as a matter of record, so that, if there is any question about it later on, the responsibility will fall where it belongs.

INCREASE IN ENLISTED PERSONNEL

General MARSHALL. In addition to this program as represented by the President's message of yesterday, it is my personal opinion that we should immediately proceed with the further increase of the Army up to its authorized peacetime limit of 280,000 men, and, as we approach that limit, in the light of the situation at that time, we must then decide to what extent we should go beyond that strength. I anticipate the necessity of 400,000 men before we finish with this business of preparing for emergencies short of full mobilization.

ESTIMATED INCREASED COST

Senator THOMAS. At this point, put in the record the estimated cost of doing the thing that you now suggest you think should be done.

General MARSHALL. To carry the Regular Army up to 280,000 will require approximately $50,000,000, with the various equipment necessities.

Senator ADAMS. Is that annually?

General MARSHALL. No, sir; that is the first year, 1941.

The first cost includes the annual recurrent charges and also the initial equipment.

Senator THOMAS. Does that cover all that you think should be done in addition to what the Budget provides?

General MARSHALL. Yes, sir; at the moment. These measures provide a base of departure for possible mobilization. When we have assimilated this program, then will be the time to come forward for such further sums as may be necessary, and these will be tremendous sums. Later on it may be necessary to ask for about $300,000,000 to complete various items of essential or commercial matériel. The following step will carry us into the billions to provide the facilities for actually carrying out a mobilization and fitting an army over a period of 6 months.

Senator ADAMS. That is a war basis, then?

General MARSHALL. Yes, sir.

Senator THOMAS. Is it your opinion that if we should provide what you now indicate you think we should have, the sum necessary to do that might relieve us later on of going into billions and going on a strictly war basis?

General MARSHALL. That is my opinion, that the present situation is an example of the wisdom of the adage that "a stitch in time saves nine." We can do certain things now that may save us from the necessity of doing tremendously costly things later on.

Now, Mr. Speaker, let me turn on to June 4, 1940, when the House Committee on Appropriations was taking testimony on the supplemental national-defense appropriation, 1941.

Mr. CANNON. How did your original request compare with the amount provided for the current year, and how did the final Budget estimate submitted to Congress compare with the amount provided for the current year for the same purpose?

GENERAL MARSHALL. Our original request or, rather, that part that was approved, is the amount provided in the President's 1941 Budget.

Mr. CANNON. How much is your budget for 1940, that is, your total budget for this year?

Mr. WOODRUM. The amount is $851,473,245, plus contract authorizations.

NEED FOR ADDITIONAL NATIONAL-DEFENSE FUNDS

General MARSHALL. Then came developments in the world situation that first made it necessary for me to immediately get the approval of the White House to provide for the deficiency of $24,750,000 in critical items of equipment for existing units of the Regular Army and National Guard. However, $18,000,000 only was approved and that latter sum was forwarded as a supplemental estimate to the Senate which had before it the military appropriation bill for 1941.

As the situation abroad became rapidly worse something had to be done in the way of definite preparations that would have an immediate effect. Our matériel program, in a large measure, would give us no major result inside of about a year or a year and a half after funds became available.

So I urged that the President request Congress to consider a further increase in funds. The proposed increase included the money to give us a total of 280,000 men in the Regular Establishment. It included only a small number of planes.

Out of that request came the President's defense message of May 16, which included the items that I had recommended, except that it only provided for approximately 28,000 additional soldiers for the Regular Establishment.

Mr. CANNON. It did not provide for the full amount you had recommended?

INCREASED PERSONNEL PROGRAM

General MARSHALL. It did not provide for the full amount in personnel, but it did provide the full amount for matériel. It provided for an increase in the Regular Army to 255,000 or 25,000 below authorized peace strength. It also provided for increased pilot training to reach a rate of 7,000 pilots per year.

So it came out with a personnel reduction of 25,000 men below authorized peace strength.

Mr. WOODRUM. Came out of where?

General MARSHALL. Out of the Budget, with a personnel reduction of 25,000 men, but with the full matériel request we had made, and with an additional amount for some heavy bombers, and for a large number of planes for the increased program for training pilots.

The Senate not only approved the supplemental estimates of May 16, but added funds for 25,000 additional men, which gave us the authorized peace strength of 280,000 as provided by the National Defense Act.

Now, Mr. Speaker, from the foregoing it is seen that on June 4, 1940, General Marshall testified before the House Appropriations Committee that, while the President through his Bureau of the Budget had recommended all the matériel requested, the President had cut the number of soldiers requested by 25,000. That is most important and indeed almost an accusation in these difficult times.

But let us examine the plan of the War Department. Let us see what their idea of an adequate defense is. In these same hearings we read as follows, on page 71:

OBJECT OF PRESENT PLAN

Mr. WOODRUM. General, what are we building this force on; on what general policy? What are we going to defend?

General MARSHALL. This plan is entirely devoted to the problems as we visualize them in the Western Hemisphere.

Mr. WOODRUM. The whole Western Hemisphere; not the continental United States?

General MARSHALL. Not the continental United States. We do not visualize any invasion of this country. An air raid or something of that sort is possible, but, frankly, at the present moment we do not see it in the offing. But we see all manner of possibilities in the Western Hemisphere.

Mr. WOODRUM. And it is with that idea in view that we are building the forces for the defense of the Western Hemisphere?

General MARSHALL. Yes, sir.

Mr. WOODRUM. For any eventualities?

General MARSHALL. For any eventualities.

Mr. WOODRUM. And this bill will carry that defense forward as rapidly as you think it can be carried forward under existing industrial conditions?

General MARSHALL. Yes, sir.

The CHAIRMAN. That is as far as you think we should go at this time?

General MARSHALL. Yes, sir.

Mr. WOODRUM. Do you look to any necessity for equipment beyond this, for reserves in the future?

General MARSHALL. Yes, sir. If we go to mobilization, there will be tremendous additional demands for equipment. But the $200,000,000 for new facilities that I spoke about will give us a means of meeting partially that problem by reducing the bottlenecks; that is, by providing some of the facilities to produce those things which cannot be obtained in the industrial market.

We are not proposing this enlarged program as a permanent program. We did not ask for an increase in the permanent corps of officers last September. We are not asking for a permanent increase of the 50,000 enlisted men, or of the 25,000 enlisted men now in the military appropriation bill. We are trying to keep the present expansion on a temporary basis. Wherever practicable construction is of a temporary character and our program of expansion is so drawn that when the emergency has passed we can shrink more rapidly than we expanded and with a minimum of waste.

TERM OF ENLISTMENT OF EMERGENCY FORCE

Mr. SNYDER. As I understand you, General, the 55,000 men would not be taken on for a 3-year enlistment.

General MARSHALL. No, sir; not for a 3-year enlistment. In other words, we are requesting a purely volunteer force for a short term only.

Mr. SNYDER. Since we have so many young men, why would it not be a good idea to have them enlist for 3 years?

General MARSHALL. Because it is much harder to get them, sir. We can again take stock of ourselves next winter or next spring.

Mr. TABER. You are not taking any enlistments now except for the winter and spring?

General MARSHALL. Our present enlistments are for 3 years. We wish to enlist the additional 95,000, however, on the basis of a purely temporary force for the emergency.

Incidentally, the voluntary enlistments, on a 3-year basis at $21 per month were, in the first 24 days of August, 38,333. The Army has more volunteers than it can presently digest. The Navy has 8,000 on its waiting list. All this in spite of the fact that there is also going on a recruiting drive for the C. C. C. at $30 per month, and if I read the bill correctly, then C. C. C. enrollees will be deferred.

Before we get down to the conscription bill I want to submit to you General Marshall's idea of the proper age for first enlistment of soldiers. This has a direct bearing on the conscription measure and is very enlightening. I quote from the Senate hearings on the Military Establishment appropriation bill for 1941, Wednesday, May 1, 1940, as it appears on page 69.

General MARSHALL. We are studying the use in war of older men. For example, older men, men between 35 and 45 are particularly suited for military police work. In France our military police were young men, lacking in the tolerance and that more benign point of view which comes only with years.

Senator THOMAS. If you have old men, that would change the ratio. At the present time, we have an Army with hospitals as an incident, and if you get old men, you will have hospitals with the Army as an incident.

General MARSHALL. I did not understand you, Senator.

Senator THOMAS. I said at the present time we have an Army with hospital facilities as an incident to the Army; but if you get old men in the service you will have the hospitals as the main consideration and the Army as an incident.

General MARSHALL. Young men get all of the diseases. They take all of the risks; get all of the colds and are sick a great deal until they finally become hardened. At first, the older man, say around 30, is the more desirable soldier, but he lacks stamina. He does not react from hardships the way the younger men do. The young fellow is a great care at first, because he will not take care of himself. He gets sore feet and he acquires all of the camp diseases. He does not clean his mess kit, and he eats injudiciously and suffers from diarrhea and other disorders. The older men avoid much of that. But the older man does not have the stamina. When you put a heavy pack on him his age begins to tell heavily.

Please notice that General Marshall considers that an "older man, say around 30, is the more desirable soldier but he lacks stamina." Men 35 to 45 are fit for military police work.

So, Mr. Speaker, we arrive at the direct consideration of the conscription bill, leaving out many of the important and relevant facts of recent history and foreign policy. We are faced with a bill. It must be voted up or down. At this point it becomes a question whether or not we are to mobilize our Military Establishment up to a full war strength of several million men.

It is the duty of the General Staff to design a defense force in accordance with our foreign policy and our relationship to the affairs of the world. If we are to seek war by engaging in wordy threats and direct participation in international strife, then we must mobilize to full strength and do so at once. That is a matter of public policy and the Congress has something to say about it. For my part, I am opposed to engaging in foreign wars. Our leaders say that they, too, are opposed to our engaging in foreign wars. If that be true, then why do they go out of their way to invite our entry into a foreign war? My belief is that we should prepare ourselves for defense. I have voted to increase our Army to its full strength of 400,000 men. I have voted to give our National Guard and Reserves a year of training. I have voted to buy a complete new outfit of everything from shoes to aircraft. I have voted to double the size of the Navy and to establish new bases, and to add a second set of locks to the Panama Canal.

What next? Mr. Speaker, now is the time to stop, look, and listen. If we go into full mobilization, it means that we expect immediate war. The country is being geared up to war. The people are being worked up into war hysteria. There can be only one answer, and that is that we are preparing for entry into a war abroad. General Marshall has testified that 375,000 men in the Regular Army plus the Organized Reserves is adequate to defend the Western Hemisphere. Every military man I have talked to admits that it would take several years for a foreign power or group of powers to prepare for an invasion of this country, even if they were rash enough to contemplate such a step; yes, even with a combination of all the great navies and all the available merchant shipping to bring them to our shores.

I have supported and favor building our defense forces to maximum strength and power. I have so voted in the Congress, but I am opposed to our entering a foreign conflict. If we need more than a million Regulars and Reserves under arms, then there is in my judgment a better way to raise and train a Reserve army. That is the Swiss system.

Mr. Speaker, the Burke-Wadsworth bill takes 1 out of 10 men from civil life, by lot or otherwise, and compels him to leave his vocation and enter upon a year of military training. He then must remain in the Reserve force for 10 years on call. The other 9 men go scot free. In the Swiss system, young men are called for training by age groups. As they reach, say 18 years of age, then all physically fit men go in for training without exception. It is fair and just. They serve alike and they start out even after their period of training.

I favor the principle of universal service—soldiers, capital, and labor—in event of war; but for training an army, I favor universal service in one age group, if such a large army is needed.

In addition, Mr. Speaker, there are many other inequities in this bill. Soldiers who have served 3 years in the Regular Army are exempt from this service, but sailors and marines who may have served twice as long are not exempt. That is ridiculous.

Then aliens who have not declared their intention to become citizens are exempt, but section 8 (i), concerning jobs, reads as follows:

(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

Aliens can get the jobs but not if they are members of the Communist Party or the German-American Bund. Who can know what organizations they belong to? How can the employer tell? And what about the "fellow travelers" who are not regular Communist Party members? And what about Fascists, and maybe Australian "fellow travelers"? Mr. Speaker, that provision indicates the hysteria of war propaganda and prevents nothing.

Mr. Speaker, the press, the radio, and the movies are working together, like the several tubes of a calliope, roaring and screeching out propaganda for war upon our people. Let some of us, at least, keep our sanity if we can and not be frightened into another bloody folly. We need an adequate Army, Navy, and air force. Let us have it. But let us not create something that will require us to become a totalitarian state to support it. Let us not create a monster that will eat out all our substance and bring poverty and distress for generations to come. We have not paid for the last war yet. The next one will not be paid for except in blood and tears.

Mr. Speaker, in the hope that the foregoing has made some of my reasons clear, and to summarize, may I say I am opposed to this bill principally because there is a better way to accomplish the same end, because it provides a convenient vehicle for dictatorship, and lastly because it creates a war hysteria that will make a declaration of war almost inevitable.

Mr. ANDREWS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, during the general debate on the Burke-Wadsworth bill, September 7, I took occasion to call the attention of the Members of the House to the fact that subsection E of section 9, page 28, of this bill, according to an informal opinion of officials of a certain Government department, does not mean a thing; and that no protection whatsoever is provided as intended by Congress for selectees affected by this bill, insofar as benefits under social security, Railroad Retirement Act, and civil-service retirement are concerned.

An amendment offered to this section by the gentleman from Kentucky [Mr. MAY] was adopted for the purpose of strengthening the intent of this section of the bill.

But in reality what does this amendment do? It simply places these selectees either on furlough or leave of absence. It does not provide them with an active status or allow them to participate in benefits for the period spent in training.

Let me briefly illustrate the manner in which this section of the Burke-Wadsworth draft bill operates.

John Smith, a railroader, is drafted under the Burke-Wadsworth bill. He serves the required 1-year period and returns to his employment with the railroad company. At the completion of 30 years' service and having reached the age of 65, Smith applies for retirement. The Railroad Retirement Board under existing law will inform Smith that while he has 30 years' service, yet for retirement purposes only compensated service years can be recognized; hence he has actually 29 years' service and will have to continue his employment for an additional year to make up for the year spent in the military service of his country.

Smith, according to the informal opinion, had only one alternative, and that was to pay to the Railroad Retirement Board the monthly contribution of both employee and employer, which amounts at the present time to 6 percent of the monthly wage. If Mr. Smith is drawing a monthly wage of $100 as a railroad employee he pays $3 monthly and the company pays $3 monthly into the retirement fund. But under this plan Mr. Smith as a selectee under the draft bill will receive $30 monthly, and to continue retirement status with the Railroad Retirement Board he must pay $6 monthly.

If Mr. Smith is a coal miner, or in some other industry under the Social Security Act, or if he is in Federal employment under civil-service retirement, he will be faced with the same problem of having to pay the retirement assessment out of his $30 monthly pay as a selectee in the United States Army.

Gentlemen, surely you are not going to penalize the young men drafted by making no provisions for these monthly contributions. It is the same old story—insurance is not in force unless someone pays the premium.

Recalling my statement of September 7, this Congress should provide the means for payment of the monthly contribution before passing this bill. In so doing, a grateful government will be looking after these new selectees and taking a lesson from the days of 1917–18 when the young men of that era were given no credit for the period spent in the armed forces of these United States.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Speaker, we now have before us the conference report submitted by the conferees of the Senate and House. This report has already been forced through the Senate. I rise to express my vigorous opposition to it.

I spoke against the bill when it was before the House and voted against it when it passed the House some days ago. I spoke and voted for the Fish amendment, to give the volunteer system a test, and without delaying 1 day or 1 hour the induction of all men into the naval and military service that might be necessary. The Fish amendment was adopted by a record vote in the House of 207 to 200. Through strong pressure, the Fish amendment has been stricken from the bill.

FAVORS PREPAREDNESS ON LAND, SEA, AND IN THE AIR

Let me emphasize again that no one could favor more strongly than I thorough preparedness on land, sea, and in the air so that our country could successfully defend itself against any and all nations that might attack us. I have voted for all the appropriations and authorizations requested by the President for this purpose, amounting in all to approximately $15,000,000,000, and in time of war or peril to our country, I would not hesitate to vote to conscript all the manpower and the wealth of the country necessary for its defense. We are not now technically or otherwise at war with any nation. No nation has attacked or has even threatened to attack the United States or the Western Hemisphere.

What should we do with respect to conscription of the men and wealth of this Nation in peacetime?

TWENTY-FIVE MILLION MEN AND BOYS

The bill as originally introduced in the House would cover within a period of 5 years as provided in the bill, all males who are citizens of the United States over 16 years of age and up to and including 64 years of age—about fifty million in all. The bill that passed the House the other day covered 25,000,000 men and eight and one-half million boys over 16. The bill as amended and set out in the conference report includes all males between 21 and 35 years of age who are citizens of the United States—about sixteen million five hundred thousand that must register now, but as this bill will cover a period of 5 years it includes all boys now over 16 years of age, but who will become 21 years of age before 1945—approximately eight million five hundred thousand. Therefore the conference report covers, in effect, 25,000,000 men and boys. It throws a barrier across the pathway of life of all of them. How can they plan their education, profession, occupation, their social and political lives? They have no way of knowing how soon they may be called and if they are called and serve 1 year, they are then subject to be called during the following 10 years. It is bound to mean a great upset in the economic, social, and political lives of these 25,000,000 men and boys.

This is the first time in the history of our country that a conscription or draft bill has been passed in peacetime.

There should be some strong and compelling reasons to forsake the way of democracy and adopt the way of the dictators of this day and all other ages.

HAVE WE BEEN THREATENED OR ATTACKED?

I know those who favor this measure have made many of our citizens believe we are about to be invaded by Hitler, and many of our citizens have been flooded with all sorts of propaganda. This propaganda originated in Europe. They have been and are determined to involve us in the European-Asiatic-African war. They have been busy making the people of this country war-minded and stirring up war hysteria. Many people in this country with selfish interests to serve, such as munitions makers, rich men and women with investments in Europe, have urged conscription of the men and boys of this Nation. They did not like it so well, however, when an amendment was put into the bill to conscript wealth. Their propaganda through the great newspapers had whipped up war hysteria and the war spirit. We have not been attacked or threatened by any nation on earth. I know of no leading naval or military expert who seriously contends that Hitler can successfully launch an attack on the United States or the Western Hemisphere. We must have ships, submarines, planes, and guns, both aircraft and antiaircraft guns, and coast-artillery weapons. Germany has been unable to cross 22 miles of English Channel and subdue Great Britain. How can she come three or four thousand miles and successfully attack the United States and the 20 other nations of the Western Hemisphere? I want us to have the best navy in the world. After careful inspection of our fleets, auxilliaries, bases, and men, Secretary of the Navy, Mr. Knox, said only yesterday:

I am firmly convinced our sea forces are the most powerful and efficient in the world.

England has agreed that she would not turn over any part of her fleet to Germany and Italy. Germany and Italy have small fleets. Billions are now being spent to improve our Navy. Must we conscript men for the Navy—knowing that there are thousands of able-bodied young men on the Navy's waiting list. Must we conscript 25,000,000 boys and men to provide manpower for our air force? No. The Air Corps some time ago refused to take further applications from able-bodied young men to join the Air Force because it had thousands of able-bodied suitable young men on the waiting list. Thousands of able-bodied young men have volunteered and are clamoring to get into the Navy and air forces. Do we need to conscript 25,000,000 boys and men at this time for the Army? Some of our ablest generals and experts say that a well-equipped mechanized army of 585,000 men would fully meet all of our requirements for manpower in the Army to defend our country. It is reliably stated that Germany used only about 250,000 men of her armies to subdue France. She had a thoroughly mechanized army—her equipment was superior to that of France. With this mechanized army of 250,000 men, she overthrew France's "finest army in the world" of 6,000,000 men who had served for years in the French Army as conscripts. Unless we send our boys to fight in foreign lands and meddle in the wars of Europe, Asia, and Africa, we do not need a large army, if it is properly equipped, to defend our country. We need plenty of tanks, planes, antiaircraft guns, and coast-artillery guns, and we have freely voted billions of dollars for this purpose.

Is there a shortage of manpower available for the Army? The President has now, subject to his immediate call and under his control, over 800,000 officers and men of the Regular Army, the National Guard, and the Reserves. No one seriously contends that we have guns, equipment, supplies, or quarters for a third of this number of men. For nearly a month now the President has had the right to call the National Guard of this Nation, numbering 300,000 men or more, and he has called out less than 60,000. Mr. Knudsen, who is in charge of manufacturing equipment, and so forth, for our Army, testified the other day that, working all of our facilities at full capacity, we would not have equipment for an army of 750,000 before 1942. There are more than 300,000 men of the National Guard and Reserves that the President could have called but he has not done so. Ablebodied young men have been volunteering by the tens of thousands for service in the United States Army. In the month of August, more than 40,000 volunteered and were accepted for 3 years at $21 per month. I am sure that more of these other men would have been called but for the fact that the Army is not prepared to receive them or to take care of them. We have more men than we can use.

SEEKING POWER AND NOT MEN

It was argued during the debate on this bill that we could not secure volunteers in sufficient numbers to man our ships, planes, and guns. It was claimed by the proponents of this bill and the administration that there should be called into service 400,000 new men by January 1, 1941, and the first call would be for 75,000 to report on or about November 15, 1940.

The gentleman from New York [Mr. FISH] offered an amendment which provided that the President should issue a proclamation calling for 400,000 volunteers to report in 60 days, and if 400,000 did not volunteer within this 60 days the provisions of this conscription bill would go into effect. A majority of the House, including myself, supported the Fish amendment. We wanted to give the volunteer system a test, although it was not a fair test for it. The President and the backers of this conscription bill opposed it, but the amendment won. The conferees have taken that salutary provision out of the bill. It would have gotten the 400,000 men by November 15, 1940. Of course, it would have expedited the procurement of men. How viciously and vigorously the proponents of the conscription bill fought this amendment. They knew that it would work and would explode the contention that we had to conscript 25,000,000 men and boys in peacetime in order to secure sufficient men for our Army. The backers of this bill were afraid of the test. The Army and Navy have always opposed the volunteer system. The author of the conscription bill, when he was in the Senate more than 18 years ago, tried to get through a military conscription bill. We were not then at war and were not threatened by any nation. It was defeated in the Senate but there has been growing in this country for a number of years a group that would forsake the volunteer system and fasten a policy of military conscription on the people. This war in Europe and the alarm created in this country afforded them the opportunity they had been seeking for a long time.

One of the backers of this bill said in the House today that certain Army officials have been working on this proposal for 10 years. This spokesman wanted the country to know what these Army officers had been doing on the quiet and this spokesman was afraid these officers would not be given due credit for helping to fasten this undemocratic policy on our country. It may be convenient for our Army and Navy officials to reach into this pool of 25,000,000 men at any time they may desire but it will be very inconvenient and will create hardships and heartaches for these 25,000,000 boys and men and their families. It was clear that we could secure ample men by voluntary enlistments on a 3-year basis at $21 per month. What if we should fix it at 1 year and $30 per month as provided in this conscription bill? We could secure many more men than we shall ever need; and the volunteer system would be better for the country. I cannot help but believe that soldiers and sailors who desire to enter the Army and Navy as a career, and want to do that thing will develop into more efficient soldiers or sailors than those who are taken from their jobs and homes and forced into the Army or Navy. The volunteer system in peacetime is real democracy. The citizens do what they desire to do and what they have a right to do. Some desire to be farmers, lawyers, doctors, ministers, and so forth, while others desire to serve in the Army or Navy.

We do not learn democracy in the Army and Navy; there cannot be freedom of speech or of the press there. The subordinate must hold his tongue and follow orders from his superiors. It is going to require a superhuman effort on the

part of this country to rid itself of this conscription law. At the end of 5 years the Army and Navy will be too big and powerful and too influential to accomplish its repeal. We are likely to follow the course pursued in dictatorial countries in that we will tighten up this law and suppress the freedom and liberties of our people. Italy now gives her boys military service at the age of 8 years. They insist on women giving birth to children, whether they are married or not married, to produce boys for conscripted armies. A powerful conscripted army did not save Germany in 1917 and 1918. France has had a universal conscripted army for years and years and was overrun and conquered in 1940. Conscription is the policy being followed by dictators of Europe today and the dictators through all the centuries. There cannot be real freedom or real democracy in nations where a policy of conscription is followed. Conscription breeds militarism and militarism means dictators and war. [Applause.]

In conscripting 25,000,000 men, is it intended to aid our politically ambitious President? They are speaking in terms of having millions of trained men. Is it the purpose of the administration to send them to foreign lands? Is there not good grounds to believe our President is pushing us into the European-Asiatic-African war; in fact, has he not already involved us in that war?

None of us have any use for Hitler and Mussolini. We are anxious to see Great Britain win, but must American fathers and mothers every 25 years furnish the blood and treasure to bail out some European country? Our President has taken over the Federal courts; he has taken control of Congress; he has countless billions at his disposal and he has forced a subservient Congress to grant him many extraordinary and dictatorial powers. Shall we now place under his thumb the manpower of this Nation? He now regards himself as the indispensable man of this Nation; he must have a third term. He already has too much power for any President in peacetime and especially one that has proven himself to be as ambitious as Mr. Roosevelt.

Believing this measure threatens the freedom and liberties of the American people, I feel constrained to speak and vote against this conference report.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, I am still as firmly opposed to conscription in peacetimes as I have ever been and I shall vote against the conference report.

My principal objection to this conscription bill is that we never yet have conscripted men in peacetimes. We are not at war yet, but the administration is demanding war powers. When we get into war I shall favor universal compulsory military training. That is the only fair way to raise an army. But since we have about 700,000 to 1,000,000 soldiers now ready to be brought together and trained and about 300,000 sailors and marines and Reserves of different kinds, and since we do not have the equipment for one-half of this number I think we should not draft any more until we can clothe and feed and furnish shelter and equipment for those we now have. We will not be able to do this for several months yet. When this is done and if the emergency becomes more threatening or if war is declared or is apparently inevitable I think there may then be a reason for this kind of legislation. While I might not go as far as some would go in conscripting wealth in wartimes I feel that we should learn something from our experiences in the last war. Wealth, like manpower, must play its proper part in national emergencies. Its proper part cannot be played if it is to be threatened and blackjacked before it is given a chance to do anything. The businessmen are as patriotic as any other group of our citizens but there are some cheaters and chiselers in all groups.

The Constitution says that Congress "shall have power to raise and support armies." That means that Congress can conscript men. The Constitution also says, "No person shall be deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation." That means that the Government can draft property but that it must do so by due process of law and for just compensation. Due process of law does not mean that an Army officer can come in and take a man's property and pay him what he thinks is a fair price. Due process of law means that no property may be taken until the law has had a chance to operate. What law? Such law as is now in operation permitting the taking of property for public use. Every State has passed such laws. Let them abide by the Constitution. There is no emergency grave enough to justify setting aside the Constitution. If the Constitution and the laws provide a complete method whereby the Government may take one's property, why not comply with the law and the Constitution? Let us do things right. There is no use to permit the President or anybody else to go beyond the Constitution. Our tendency is fast toward dictatorship. We do it in a wild enthusiasm to want to do something quick. We won our liberty through tribulation. We cherish it while the whole world is toppling to destruction. Why lose it through hysteria? It is always easy to get into trouble and difficult to get out of it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, I wish to reaffirm my stand on this measure. I ask unanimous consent to extend my own remarks in the RECORD and to include two articles and an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee [Mr. JENNINGS]?

There was no objection.

Mr. JENNINGS. Mr. Speaker, the 16,500,000 men and boys from 21 years of age to 35 years of age who will be subject to the proposed draft measure known as the Burke-Wadsworth bill immediately upon its passage, and the 5,000,000 boys from 16 years of age to 21 years of age who will become subject to its provisions between the date of its passage and May 15, 1945, their relatives and friends, are, of course, vitally interested in knowing the provisions of the proposed act. I shall now briefly set out the requirements of the proposed law. Any violation of the act is a felony, and is punishable by a term of imprisonment of not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment. In the event the act becomes the law of the land, I advise and urge everyone affected by it to obey it.

THE TERMS OF THE ACT

It provides for the conscription of men and boys between the ages of 21 and 35, inclusive. It will require the registration of an estimated 16,500,000 citizens and aliens seeking citizenship. Five million of this number will, upon the passage of the act, constitute a reservoir from which the first 1-year conscripts will be drawn.

The drafting of men will begin immediately after the registration and as soon as the machinery can be set up and swung into action.

The act permits the Government to resort to a draft of industry. The act provides that those drafted may be inducted for training or service anywhere in the Western Hemisphere and in the Philippines, and that the act remain in force until May 15, 1945.

The act leaves much to the discretion of the President. By Executive order, and through rules and regulations promulgated by him, he can determine those who are called first and the ages of those to be called, and also whether they are to be trained and are to serve in the United States and its possessions or whether they are to be trained and serve in Canada, Mexico, Central America, or South America.

The President has the power to decide, upon the recommendation of the War Department or the joint Army and Navy Committee on Selective Service, to call first men between the ages of 21 and 25, or the President could make his calls, in required numbers, from another age range—21 to 23, or 21 to any age up to and including 35.

Pay for those inducted into the land forces would be at the rate of $21 per month for the first 4 months; then it would go up to $30. In the naval forces the pay schedules would be on a parity with those in the Regular service. Boys

and men between the ages of 18 and 35 would be permitted to volunteer for 1-year enlistments.

The first draft call, expected late in October, likely will be for about 75,000 men, to be followed in November by another for 112,000, and a third late in December or early in January for 115,000. The final call to make up the first 400,000 will be for 98,000. The number to be drafted from each State will be determined on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for training and service under the act, and credit shall be given to the subdivisions of each State—meaning counties in Tennessee—for residents of such subdivision who are in the land and naval forces of the United States on the date fixed for determining such quotas.

The selection of the boys and men drafted under the act will be in the hands of some 10,000 local draft boards distributed throughout the country.

Not more than 900,000 boys and men may be called for training in the course of a single year.

After the training period each boy and man drafted will be transferred to the Reserve forces of the Army or Navy for 10 years, or until he is discharged. During this 10-year period he is subject at any time to be recalled to military duty. He may escape future calls in the land services by enlisting for 2 additional years in the National Guard or the Regular Army.

On September 6 the House adopted an amendment to the act, as reported by the committee, which provides that boys and men drafted under the act shall not be inducted into service "until adequate provision shall have been made for the proper housing of the men selected for training and service, the term 'housing' to include such sanitary facilities, adequate water supply, heating and lighting systems, medical care and hospital accommodations as are in general accepted by the United States Public Health Service as essential to public and personal health." This amendment was offered by Dr. AUSTIN, a Member of the House from Connecticut, and was passed by a vote of 115 to 95. Those who introduced and sponsored this act opposed this amendment. I voted in favor of it in order to safeguard the health of those drafted and to prevent such epidemics as took the lives of more than 75,000 of the boys who were drafted during the first World War and who died from influenza and other diseases due to lack of proper clothing, housing, medicine, and medical attention.

The act provides for the exemption of those who object to training and service on the ground that they are conscientiously opposed to serving in the armed forces. It also exempts regularly or duly ordained ministers of religion and students who are preparing for the ministry in theological or divinity schools recognized as such for more than a year prior to the date of enactment of the law. Conscientious objectors, ministers, and divinity students must, however, appear for registration.

The President may prescribe deferment of training for those whose employment in industry and agriculture is found to be necessary for the maintenance of the national health, safety, or interest.

Deferment is also allowed students of colleges or universities which grant degrees in arts or science, if such students should be selected while pursuing their courses, until the end of their academic year, or to July 1 next, whichever comes first.

The act admonishes employers, whose employees are drafted into the service under the act, to take such employees back and put them in their jobs, except in cases where it is "impossible or unreasonable" to do so. The act provides that an employer, able to take an employee back, but refusing to do so, may be liable to court action. In such suits between a former employee and his employer United States district attorneys would serve the employee, without fee or court costs, as counsel for the worker denied reinstatement and would settle by agreement or take the case to court if the district attorney deemed the claim to be valid.

The act makes any violation of its terms by those who administer it or by those subject to be drafted under it, a felony, punishable by imprisonment for not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment. For any offense against the act committed after induction into the service, the offender shall be tried by court martial, and on conviction shall suffer such punishment as a court martial may direct. In case of persons subject to the act who fail to report for duty in the land or naval forces as ordered, military and naval courts martial shall have concurrent jurisdiction of offenses arising out of such failure. Other offenses against the act shall be triable in the district courts of the United States having jurisdiction.

Under the act the Government is empowered to take over private industrial plants and facilities in cases where the Government and such plants cannot agree over the taking of defense orders or carrying orders out to the satisfaction of the War and Navy Departments.

The act further provides that any individual, firm, company, association or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to accept an order for any product or material produced or manufactured by them, or capable of being produced or manufactured by them, shall be guilty of a felony, and shall be punished by imprisonment for not more than 3 years and a fine of not exceeding $50,000.

The act, upon its passage, takes effect immediately, and is in full force and effect until May 15, 1945.

It will, therefore, be seen that this act makes liable to conscription, immediately upon its passage, 16,500,000 boys and men from the ages of 21 to 35. The act remains in force until May 15, 1945. It, therefore, will apply, between the date of its enactment and May 15, 1945, to all who will become 21 years of age during that period of time. It will be in force for 4 years and 8 months. So that boys now 16, 17, 18, 19, and 20 years of age will become 21 years old before the law expires, and will, therefore, be liable to be drafted into the armed forces upon their reaching the age of 21. There will, therefore, be liable to the draft under this law 5,000,000 boys who are now under 21 years of age, making a total of 21,500,000 men and boys.

THE VOLUNTEER SYSTEM HAS NOT BROKEN DOWN

The passage of this act in time of peace is uncalled for, and is unprecedented in the history of this Nation. The proposed act, for the first time in the history of this country, in time of peace, resorts to the draft of men and boys and the seizure and operation of private property by the Government in peacetime.

Today we have in the armed forces of the Nation: Regular Army, 309,000 enlisted men and officers; National Guard, 236,768; Reserve officers, 104,500; enlisted men of Reserve, 35,000; a total of 685,268.

Today we have in the naval forces: Regular Navy, 149,723; Estimated enlistments not yet reported, 1,000; Naval Reserve forces, 8,894; officers as of August 1, 1940, 10,774; a total of 170,391.

We, therefore, have in the armed forces of the Nation at this time 855,659 men.

From September 1, 1939, to September 1, 1940, the period elapsing since England and France declared war on Germany, 213,014 men have enlisted in the United States Army. This total does not include the number who enlisted during August of this year. The enlistments for August of this year amount to 40,000 men, according to information furnished me on the 10th of this month by the War Department. This total does not include the enlistments for September of this year. The enlistments in the Army for the months of June, July, and August 1940 are as follows:

June 1940	23,444
July 1940	31,958
August 1940	40,000

These enlistments were all for a period of 3 years, at $21 per month. With the period of enlistment as fixed by the proposed draft act, reduced to 1 year and the pay raised to $30

per month, these enlistments would have been much greater—from 50,000 to 60,000 per month. So that it is evident that by January 1, 1941, with the period of enlistment reduced to 1 year and the monthly pay raised to $30 per month, the Army could, by voluntary enlistment, be increased to 1,000,000 men.

It is therefore unnecessary to resort to conscription in time of peace and create a "pool" of 21,500,000 men and boys subject to the draft. This great "pool" of men and boys from 16 to 45 years of age are segregated, set aside from their fellow men and, for the period during which they are registered and subject to the draft, will stand in the shadow of uncertainty. They cannot plan their lives. They will be handicapped in obtaining and holding employment. Employers will be afraid to give them permanent jobs. They will not know what to do with themselves. They will not know what minute they will be conscripted, taken from their homes, from their jobs, by the arbitrary power of government. Thus, will a great barrier be thrown across their future.

In addition to this, the act provides that any indebtedness of a man or boy drafted, for rent, on installment contracts, or mortgages cannot be collected by his creditor during his service in the armed forces of the country. It declares a moratorium on such indebtedness. This provision, while helpful to the man actually drafted and inducted into the armed forces of the Army or Navy, will work a great hardship on the millions subject to the draft. They will be unable to obtain credit. Those from whom they wish to purchase an automobile, furniture, or other necessities, or from whom they wish to borrow money, rent, or lease property, will be afraid to extend them such credit because of their inability to collect or foreclose conditional sales contracts or mortgages in the event the man or boy desiring such credit is drafted.

And further, the act provides that if, during the training period of any man drafted for a period of 1 year, the Congress shall declare that the national interest is imperiled, he shall be subject to service until the Congress shall declare that national interest permits his being relieved from actual service.

Thus, under the guise of raising an army of a million men, the lives and future of 21,500,000 men and boys are rendered uncertain and their entire future imperiled. The entire business structure and economic life of the whole people will be upset, disturbed, and rendered uncertain at the cost and loss of billions of dollars.

The Government does not have at this time clothing, houses, nor the hospital facilities to take care of the men proposed to be drafted. This lack of facilities exists when winter is fast approaching.

The records of the War Department show that it now has permanent and temporary buildings for the accommodation of only 230,000 men, with construction under way that will enable it to house a total of 375,000 men. At this time it does not have housing facilities for this additional 145,000 men.

To accommodate and house the National Guard, the Government is constructing permanent tent camps, with concrete floors, wooden walls, and tin roofs, and temporary wooden buildings. Thousands of these draftees will have to be put in tents.

These facts recall to mind the terrible loss of life due to epidemics of flu, spinal meningitis, measles, typhoid fever, and other diseases in 1917 and 1918. From these diseases alone there occurred, in 1917 and 1918, 75,460 deaths among those drafted and inducted into the armed forces of the country.

There is not on hand sufficient clothing to clothe them. It is estimated that by January 1, 1940, there will be barracks for 500,000 men. The other 500,000 will have to be housed in tents in winter. And under the terms of the act, these draftees may be sent to any country on the Western Hemisphere—to Canada, to Mexico, to the Republic of Central America, to the Nations of South America, and to the Philippine Islands, 7,000 miles from home.

The Government does not have tanks, artillery, antiaircraft guns, and other mechanized equipment, with which to equip and train the men and boys proposed to be drafted.

There is not on hand at this time sufficient automatic rifles, machine guns, tanks, artillery, and other mechanized equipment with which to arm and train these draftees. At the outbreak of the present World War, France had 6,000,000 conscript soldiers trained in the art of warfare, but they did not have modern equipment, consisting of airplanes, antiaircraft guns, antitank guns, and tanks. These draftees cannot train or fight with mechanized equipment on order, existing only on blueprints.

Two hundred and fifty thousand mechanized German troops conquered France. There were in France at that time 6,000,000 conscript soldiers. But they did not have adequate mechanized equipment. In the opinion of military experts, a mechanized army of 500,000, capable of rapid movement from one part of the country to another, is adequate to repel any threatened or possible invasion of this Nation. Mr. Knudsen recently testified that we would not have mechanized equipment for an army of 750,000 men until 1942.

SEIZURE OF PRIVATE INDUSTRY IS UNJUSTIFIED AND UNCALLED FOR IN PEACETIME

No individual and no company has declined or is refusing to accept and fill any order for war supplies. On September 7, of this year, David Lawrence, editor of the United States News, in an article of that date, wrote as follows:

THE REAL ISSUE

(By David Lawrence)

WASHINGTON, September 7.—Evidence is piling up to demonstrate dramatically that the real issue of the Presidential campaign is whether the new dealers in Washington will ever understand the industrial operations of America sufficiently to permit the United States to build a strongly mechanized army and a powerful air force—or whether a new President with a background of industrial knowledge can do the job better.

For without airplanes to man them, the new Atlantic bases will be useless and without the weapons of mechanized warfare, the draft army might as well be forgotten.

Today the biggest obstacle to the development of our industrial defense program is the attitude of those new dealers who think that demagoguery can build airplanes or that the manufacturers and plant managers of this country can be stimulated to produce by threats of coercion.

The psychology which prompted the Russell-Overton amendment which is designed to permit seizure of plants is a psychology of politics. It is an attitude that does not know how to get production because if the Government is to be guided by arbitrary-minded officials there will be no plant managers who can do any better under actual Government control than under the threat of seizure.

AN OLD PROBLEM

This is not a new problem. Bernard M. Baruch, chairman of the War Industries Board in the last war and who should really be guiding America's defense program today, had this to say in his testimony in 1932 before the War Policies Commission:

"The 'draft everything' proponents seem to think that confiscation of productive facilities promises a more effective use of them in the interests of government and for the purposes of war. During the World War a government had power to commandeer factories and to operate them under bureaucratic direction. I do not recall a single important industrial enterprise that was thus taken over. This does not mean that the use of the power was never advocated. On the contrary, it was seriously urged in respect of a great industrial plant which was thought by some not to be giving full cooperation to its government. The proposal split on the rock of this argument:

" 'Who will run it? Do you know another manufacturer fit to take over its administration? Would you replace a proved expert manager by a problematical mediocrity? After you had taken it over and installed your Government employee as manager, what greater control would you have than now? Now you can choke it to death, deprive it of transportation, fuel, and power, divert its business, strengthen its rivals. Could any disciplinary means be more effective? If you take it over, you can only give orders to an employee backed by threat of dismissal and with far less effect than you can give them now. Let the management run the plant and you run the management.'

"Nobody with any familiarity with industry could seriously urge a wholesale assumption by any Federal bureau of the responsibility for management of any or all of the vast congeries of manufacturing establishments upon which we must rely for extraordinary effort in event of war."

It has been supposed up to now that the President summoned to Washington outstanding businessmen to manage the defense

program. On the surface it has seemed that they had something to do with the attainment of production of airplanes and weapons of warfare. They are mere conduits through which a lot of official papers and documents and contracts flow.

But Mr. Roosevelt hasn't delegated any authority over the really vital problems of defense policy to the businessmen.

Is this proposed draft act a plan for defense or a plan for participation in Europe's endless wars? The times call for sane judgment and the floodlight of fact. It is admitted that we have the best navy in the world, a seagoing, modern, well-manned, and adequately armed fleet, consisting of battleships, cruisers, destroyers, aircraft carriers, torpedo boats, and submarines. We are separated from potential enemies by 3,000 miles of ocean to the east and 7,000 miles of ocean to the west. These oceans can be dominated by ships alone.

If we are to have an adequate defense, more than a blind appropriation of dollars and conscription of manpower is necessary. Are we preparing for defense or are we preparing for participation in an aggressive warfare in Europe? All are agreed on the defense of the Western Hemisphere. We have naval and air bases, from which outposts any aggressor nation can be met and turned back. We have naval and air bases in Alaska, in Hawaii, thence off the western coast of Central and South America. We have them girdling the eastern coast. We have a political, economic, and military understanding with the Central and South American republics.

We are in no imminent danger of a German invasion. If Germany wins, she will be beset by mistrust and fear on the part of Russia and Italy. She will be under the necessity of constantly policing conquered peoples of Poland, Czechoslovakia, Norway, Belgium, Holland, France, and the British Isles. It is unthinkable to believe that she will ever obtain possession of the British Fleet. No invasion of this country can take place except by sea or air. Troops have been transported in limited numbers over short distances in Europe. It is utterly impossible to transport them in any numbers by air from Europe across the 3,000 miles of the Atlantic. Supplies for a series attack could only be transported to this hemisphere by ship. The combined navies of Germany, Italy, Russia, and Japan would not be superior to ours. As pointed out by Hanson W. Baldwin, a graduate of the United States Naval Academy and a naval authority, in an article in Harper's magazine, the sea power of Russia is negligible. Italy's fleet is composed of high-speed, short-range ships built for Mediterranean service. Some of Germany's ships have small cruising range, for duty in the North Sea. Japan's navy has been built primarily for service in the Far East. Our fleet, in the event of an attack by these combined navies, would be fighting from our shores and our naval bases, aided by aircraft and submarines, and it would have an unconquerable advantage over such a conglomeration of ill-adjusted ships operating thousands of miles from their bases.

It is estimated that to supplement our naval and land forces we need not more than 10,000 planes, plus reserves and training planes. Mr. Baldwin points out in his article that probably the maximum initial force that could be transported from Europe to this country, even if sea control were wrested from us, would be 50,000 men, and that the transportation of such a force would require 375,000 tons of shipping; and if such a force were landed, half the tonnage of the German merchant marine would be needed to supply them. He points out that—

To supply an army of 1,000,000 men in this hemisphere would require at the very least 13,000,000 tons of shipping. Economically and commercially the problem seems impossible; not even a combination of Britain and Germany could divert so much shipping to the purpose. We do not, therefore, have to fear the employment of mass armies in this hemisphere; the most we have to guard against is the transportation of a small expeditionary force.

Then why all this talk about conscripting a huge army? The induction of huge masses of men into the service may actually hamper the development of a small, highly trained field force which is our primary problem today insofar as land forces are concerned in hemisphere defense.

Our Regular Army must provide garrisons for Army, Navy, and air bases; this may require 150,000 men. The Regular Army must provide the nucleus for coast defense and antiaircraft troops; it must provide officers to train the National Guard, and to form the skeletal structure upon which a large mass army may be built up after M day. And, under our broadened responsibilities of hemisphere defense, it must provide a field force highly trained, fully equipped, instantly ready for transportation anywhere within the Western Hemisphere—to quell, with the help of the Navy and air force, alien-inspired revolutions, to seize an advanced base, to hold any area against attack until larger forces are concentrated. Such a force need be no larger than 150,000 men—perhaps half that number—about the number with which Germany seized Norway. And considering its other functions, the Regular Army need be no larger than 400,000 to 500,000 men.

Hemisphere defense is primarily a problem for sea power, secondarily for air power. But it is not a problem which can be solved by any one service or by the defense forces alone. Political and economic planning within the hemisphere must precede strategical planning. And in an integrated defense each element of the fighting services and the other branches of government must be nicely articulated, each working not on its own but as part of a machine.

There seems to be no such unity of concept in Washington. Our defense forces are, like Topsy, "jest growin'." Wanted above all, is a plan for defense, a military policy, a definition of what we must defend and against whom, and the organization to carry out the plan.

It is now said that the only way to keep this Nation out of war is to get into war, that to save this country we must first save the British Empire, and the idea is advanced that our first line of defense is and always has been either the Rhine or the English Channel. We have voted a two-ocean navy. Contracts for its construction have been let. By the first of the year we will have more than a million men under arms. Let us cease to talk about intervention in the present war.

In an editorial of September 7, 1940, in the Saturday Evening Post, is a clear and forceful statement of facts that should interest every thoughtful lover of this country:

In his message to France on June 15, the President said: "The Government of the United States has made it possible for allied armies to obtain, during the weeks that have just passed, airplanes, artillery, and munitions of many kinds, and * * * this Government, so long as the allied Governments continue to resist, will redouble its efforts in this direction."

That was the United States Government speaking, acting, pledging itself to assist in the war against Hitler to the utmost, short only of an actual declaration of hostilities. It was already too late to save France. Moreover, nothing we had been able to send her, even our total military power, including the Navy, could have saved her, which was a trifling reality the Government was unable to comprehend.

Only 6 weeks later, the Secretary of War is saying to the House Committee on Military Affairs, in support of the conscription bill, that there is very grave danger of a direct attack upon the United States by Hitler. He is asked how long it will take to prepare a suitable defense. He says: "We will not have it in time to meet the first possibility of invasion."

The Secretary of War of course is speaking directly for the administration. He is saying what it thinks. The administration thinks there is very grave danger of an invasion of this country by Hitler before we can be ready to meet it. But this is the same administration that stripped the American defense of rifles, artillery, munitions, and airplanes and sent them to the Allies. It is the same administration that would have delivered to the British Admiralty the whole of our mosquito fleet in building if the Congress had not found a law to stop it. It is the same administration that has ever since been trying to find a way to deliver United States Navy destroyers to the British. If what it thinks is true—that there is grave danger of an invasion of this country by Hitler before we can get ready—then we have not a rifle, a gun, an airplane or a rowboat to spare, nor any industrial capacity. On the day the Secretary of War was making his statement before the House committee the New York newspapers carried pictures of National Guard men training with imaginary machine guns devised by plumbers out of gas pipe.

We can imagine circumstances in which the highest strategy would call for taking the war to the enemy. We cannot conceive of circumstances in which it is permitted in sanity to slap danger in the face before you are ready to meet it—to name an enemy who has not named you, to attack an enemy who has not yet attacked you, before you are ready to fight him.

Our enemies, the Administration keeps telling the people, are Germany, Italy, and Japan, naming them. Not one of them has made a gesture of war toward us. For all we think and feel about Hitler, he has not attacked us. He says he does not intend to. We do not believe him. Nobody in the world now believes him. Very well. But the American Government has attacked Hitler, first by words, then by measures short of war, then by giving pledge to his enemies to assist them by all physical means to the utmost.

In June, the American Government entered the war against Hitler by acts of physical intervention all the worse because they were futile.

In July that same Government is telling the people they are in grave danger of being attacked by Hitler before they can get ready to meet him. "Hitler does not wait," said the Secretary of War to the House Committee on Military Affairs—and the National Guard men in New York training with gas-pipe guns.

What a triumph for statecraft. What strategy.

What a face for a great nation.

These are the conditions under which there has been created in the country a war psychosis, misled by cries of "Stop Hitler now" and "Defend America by aiding the Allies." We had nothing to stop Hitler with in Europe. A Government that either did not know that, or made believe it was not so, now is saying that if he decided to invade the United States soon, as there is very grave danger that he may, we are not ready to stop him here. Nevertheless it goes on to declare against him an economic war—a pan-American economic bloc against his European bloc—for which also it is unprepared, not having thought it through, not having calculated the cost.

We do not believe that an invasion of the United States by Hitler is among the imminent possibilities. The word of the Government for it does not greatly impress us. A Government that had been so wrong about his power to overcome in Europe and about the power of France to resist could very well be wrong again. Nor do we believe that 50 or 60 destroyers from the United States Navy would save the British Empire. That would be but another futile act of futile intervention, much more likely to infuriate an enemy we are not prepared to meet than to save a friend.

We are bound to be emotionally torn by the specticle of the British Empire fighting for its life. That is a feeling that lies deep in us and is shared even by those who still can think in a realistic manner. The fall of the British Empire would be a mighty human disaster. Yet we part with those who say, or who believe, it would mean the end of American civilization and part with them again when they would in any degree weaken the American defense to repair the weakness of Great Britain, for which Great Britain, not we, are responsible. We add here two reflections—first, that Great Britain would be stronger if she had stood alone; second, the enemy is governed by logic, not emotion.

We stand, therefore, in our first position. Let us jealously mind our own defense in the great manner of a great people, resolved to be let alone. Let us build at any cost a dreadnought defense power such as no aggressor, nor any combination of aggressors, will dare to challenge. Thus we forfend war.

And meanwhile, for this will take some time, let us look very hard at a state of facts. The German thing has conquered Europe. That will be still true whether the British Empire stands or falls.

Who is going to put the German thing back? The British? They are not able.

Shall we do it? Unless we are willing to go to Europe and destroy it there, we may as well make up our minds now that we shall have to live in the same world with it, maybe for a long time, whether we like it or not. Nonetheless, for that reason, only all the more, we should, we must, create on this continent the incomparable power of defense. After that we shall see. For after that we shall be again as we once were, safe and free and dangerous.

We therefore submit that we can, and it is our duty to, stay out of this war; that we can arm and train an army for all adequate national defense without resort to conscription of men in peacetime; that we can produce all of the war materials necessary without exercising the power of seizing and taking over the industry of the country by arbitrary governmental power. The supreme issues before our people today are the preservation of our free institutions and the liberties of our people. "One thousand years scarce serve to found a state, an hour may lay it in the dust."

In an hour of hysteria let us not remove the ancient landmarks which our fathers have set. We have and are building the ships. We are capable of producing, within the time that they may be needed, all necessary mechanized military and modern equipment, armament, and munitions. We have, and can get, the men, but these men can only be effectively trained by putting them in possession and teaching them the use of the implements of modern warfare. We need not surrender our liberties to defend our free institutions. Freedom from entangling European alliances, free men, and free industry have builded this Nation; and free men and free industry can and will maintain it.

It was Charles Pinckney, in the early history of this country, in response to a demand from Napoleon Bonaparte that this Nation join in his European wars, who said: "Millions for defense but not one cent for tribute."

When the drafting of the Constitution of this country had been completed by the founding fathers, in Independence Hall in Philadelphia, a lady asked Benjamin Franklin: "Mr. Franklin, what kind of a government have we?" He replied, "A republic, if we can keep it."

The American people are highly resolved that we will keep this Republic by preserving it here at home and by defending it against the aggressor nations of the world.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Speaker, 207 Members of this body a few days ago voted against peacetime compulsory military service when they voted for the Fish amendment on a record roll-call vote. Let us have some constructive action on the floor of the House today. Those 207 Members of this Congress have an opportunity to reaffirm their position today. Let us have a yea-and-nay record vote on this conference report today and send word to the Senate and to the country that we still maintain the same position which we did on the record roll-call vote on the Fish amendment a few days ago, opposed to peacetime compulsory military service until such time as it has been demonstrated that the voluntary system of military service has failed.

Mr. Speaker, we know that much political heat and pressure has been turned on the Members of Congress in an attempt to adopt this conference report, and thereby put the peacetime compulsory military service bill on final passage without a record vote. If those 207 Members who voted for the Fish peacetime voluntary military service amendment a few days ago were sincere when they did so, then we should not have any difficulty in obtaining a sufficient number of seconds for the demand which shall be made for the aye-and-nay record vote on the adoption of this conference report, which is a clear-cut issue on the question of peacetime compulsory military services. I shall vote against the conference report and shall support the demand for the record roll-call vote on its adoption and thereby maintain my position on the Fish voluntary peacetime military service amendment.

Mr. Speaker, should we vote to adopt this conference report, we vote to nullify section 1 of the thirteenth amendment to the Constitution of the United States, which states that—

> Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.

Should we vote in favor of this conference report, we vote to enact the "involuntary servitude" Col. Julius Ochs Adler peacetime compulsory military service portion of the New Deal program to establish a dictatorship in the United States of America. I feel confident that there are sufficient red-blooded independent Members of this Congress who will rise when the demand for a record vote is made so that we might have a record roll-call vote on this New Deal Hitler-Stalin type of peacetime compulsory military service, in order that our countrymen may know just where each Member of this Congress takes his position. The people of the United States are entitled to this knowledge. Remember that our good Lord said, "Wherefore by their fruits ye shall know them."

Mr. Speaker, I am not a prophet, or a son of a prophet, but let me prophesy that the record roll-call vote on this pending motion to adopt this conference report, which is equivalent to final passage by the House of Representatives of this New Deal peacetime compulsory military service and "involuntary servitude" legislation shall never die. Like Banquo's ghost, it shall forever rise to haunt many Members who vote for it, particularly during this November's election campaign.

Mr. Speaker, in closing, let me respectfully remind my colleagues that should they sow "involuntary servitude" seeds this 14th day of September, many shall reap their abundant harvest on the 5th day of this November; for "as ye sow, so shall ye reap." [Applause.]

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I shall vote against this conference report and, as the record discloses, I have voted against the bill when it was before us. I have, throughout this national emergency, voted for all legislation and appropriations having for their purpose the early completion of our preparedness program and will continue to do so

until we have made our defenses so strong that we will be impregnable against attack from any source. It is incumbent upon each one of us to make every sacrifice that this grim job of complete preparedness be accomplished without any delay. It will be a matter of heroic sacrifice for all of the American people. The immense cost bill alone will be a burden reflected in taxes for years to come. However, when the security, the welfare, and even the preservation of our country is at stake, we must not weigh the costs. We must provide unity of action and coordination and mobilization of all of our vast industry and manpower, to the one common end of defending ourselves. I believe the Congress has exhibited a unanimity of action and a course entirely removed from partisan politics in proceeding with the defense program, that has rarely been exhibited before. I personally do not believe that in order to advance this program it is necessary at this time to draft our young men for military service. After careful and full consideration I am convinced that as long as we are at peace we need not resort to this method but can with security continue to rely on volunteer enlistments as we have done for 150 years. Furthermore, there is serious doubt that the Government will have the facilities in time to protect the health and provide for the welfare of such a large number of draftees. The most serious objection, however, to peacetime military draft is that it is a totalitarian concept, the regimentation of our people in peacetimes. In order to combat the dictators we are resorting to their methods.

However, this question now becomes academic, because both Houses of Congress, by a substantial majority, have adopted the principle of immediate draft to provide manpower for our defense forces. Therefore, I will support this legislation when enacted, although I still am opposed to it in principle, to the end that we may, without any delay, complete our preparedness program.

Some misunderstanding and confusion has arisen with reference to the Fish amendment, which provided that 60 days should elapse before any men were called under the Draft Act. Many statements have been made in the press and on the radio that this was an act to postpone the matter until after election and to delay the draft. As a matter of fact, it would have had the opposite effect, because as a part of the amendment it was provided that immediate provision should be made for registering all of the men coming within the draft, which would require at least 60 days, and under this new law no draftees will be called until after that time, whereas under the Fish amendment volunteers would be called for immediately, and unquestionably a large number of men would have volunteered within the 60 days, which would have speeded up our program instead of slowing it down.

I believe it to be my duty and the duty of every American wholeheartedly and without reservation, now that the law is determined upon, to join hands with those who supported it, to put it into immediate effect and permit no delay. I pray God that no need for this superarmament and large army will ever arise, but should it, we will be prepared. Better to be prepared and not need it than to be unprepared and need it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, this is the prelude to war and dictatorship. Time and events will demonstrate it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I would like to ask a question of the chairman of the Committee on Military Affairs if I may. In section 5, paragraph (b), subparagraph 1, it is provided that men who have served at least 3 consecutive years in the Regular Army will be exempt not merely from liability for service in the Reserves but also from liability for training and service under section 3 (b). That is under the present bill.

The question is, If you exempt men who have served 3 years in the Regular Army from liability for training and service, why do you not extend that same exemption to men who have served 3 years in the Marine Corps or the Navy?

Mr. MAY. The Navy had a representative present, a commander, and he objected to it, saying that the Navy did not desire that. That is the reason it was left out.

Mr. CASE of South Dakota. It would seem to me that we might want to preserve liability for Reserve training or emergency service, but I do not understand why a man who has served 3 years in the Marine Corps is not just as much entitled to an exemption from the draft for peacetime service as a man who has served 3 years in the Army.

Mr. MAY. I may say to the gentleman that the commander who was present said that the present arrangement was entirely satisfactory and he stated that if we did what was suggested it would complicate their affairs very much. For that reason we did not do it.

Mr. CASE of South Dakota. I understand that the members of the Navy and Marine Corps go into a reserve status following completion of an enlistment, and it is probably that situation which the commander does not want to disturb. The gentleman from New York [Mr. WADSWORTH] calls my attention to another provision in the conference report that exempts members of the Organized Reserves from registration, which would automatically exempt these Naval and Marine Corps Reserves from induction.

Mr. Speaker, I am wholeheartedly for an adequate national defense. And in the present world situation I believe it is better to be safe than sorry. I am for an increase in our armed forces. I voted against peacetime conscription when this bill was before us, not that I was opposed to increasing our armed forces but because I feel that conscription should be undertaken only when an emergency is clearly demonstrated. The evidence brought before us during the debate on the bill revealed that over 919,000 men were already in the armed forces, either in active duty or subject to call following the passage of the National Guard bill. The evidence also showed that recruits were increasing for the Army and exceeded 43,000 in August, and that the Navy and Marine Corps had men on the waiting list. It was my belief and is my belief that the acceptance of 1-year enlistments by the Army and the raising of the base pay to $30 a month would have provided men as rapidly as they were needed at this time, and as rapidly as equipment would be available for their proper housing and training.

A majority of the Congress, however, has taken the position that conscription is the method to adopt to provide the increase desired. At this time, therefore, I expect to vote for the adoption of the compromise bill brought in by the conference report as representing the best argreement we can reach on the proposition.

During the debate several Members pointed out that the bill limits the number of men called to the number for which appropriations may be made. I am sure that the Members understand that no appropriation items receive such careful and diligent study today as do those for national defense.

As a new member of the Appropriations Committee in this session of Congress, and as a new member of the Appropriations Subcommittee for the War Department this year, and a minority member, I can testify to the conscientious service of the other members. And I have had occasion to observe the work of the Deficiency Subcommittee which has handled the supplemental items. I think it is generally true that there is less partisan politics in committee work than is generally supposed by the country at large; I am sure that is true in the preparation of the appropriation bills for national defense.

The chairmen of these subcommittees, Mr. Speaker, the gentleman from Virginia [Mr. WOODRUM], the gentleman from Pennsylvania [Mr. SNYDER], and the gentleman from Nevada [Mr. SCRUGHAM] simply do not play politics with national defense. In the working of these committees I have seen no partisan politics, only the utmost earnestness and a determination to do the right thing for the safety and security of the United States. I am sure that it will be so in the consideration of appropriations to be made under this act.

Mr. ANDREWS. Mr. Speaker, before I exhaust my time on behalf of members of the Military Affairs Committee, the

House, whether the various Members are for this bill or not, owes a debt of gratitude to some of the gentlemen in the War Department in the G–1 Section who received little or no credit in any official or public mention. I want to pay my particular respects to Lt. Col. Louis Hersey of the G–1 Section and to numerous Reserve officers who served in Washington for the last 6 weeks, many of whom have worked for years on this proposition. I believe the success of the House and Senate committees in obtaining a bill of this type, whether you like it or not, is largely due to the painstaking efforts of that group in the G–1 Section of the War Department. [Applause.]

Mr. MAY. Mr. Speaker, I yield to the gentleman from Ohio [Mr. HARTER], a member of the House Committee on Military Affairs and a member of the conference committee, such time as he may desire.

Mr. HARTER of Ohio. Mr. Speaker, there should be no hesitancy on the part of the membership of the House in agreeing to this conference report. While some compromises were made and some of you may not agree with all of the revised bill, its omissions or inclusions, we feel that it is a well-perfected piece of legislation. It was just a week ago today that the House passed its bill. The battle for England has been waged more relentlessly than ever during the past week. Most of us must admit that the emergency confronting this Nation becomes more imminent with each passing day and the future more beclouded and uncertain. We dare not gamble with the future. For us there is but one course to pursue and that is be ready with an adequate defense for this Nation no matter what may happen abroad.

The principal changes in the compromise draft of the selective training and service bill in this conference report from the House bill are, as you know, the making of men from 21 to 35 years of age, inclusive, liable to military service instead of those from 21 to 45, and the elimination of the Fish amendment postponing the draft for 60 days. The other principal difference between the Senate and the House was the provision relating to industrial conscription. This was eliminated through the action of the other body last evening in directing its conferees to accept the House language, which is the so-called Smith amendment adopted by an overwhelming vote in the House and which is practically an adoption of the language of section 120 of the National Defense Act. Upon other important details in the legislation the House fared very well in the agreement finally reached by the conferees. The House gave up its provision for not more than 1,000,000 men in active training in the land and naval forces of the United States at any one time for the Senate provision of not more than 900,000 men in active training in the land forces at any one time for the 12-month training period. The House provision providing for the transfer of trainees to Reserve components until they reach the age of 45 or for a period of 10 years or until discharge, whichever occurs first, prevailed. Your conferees followed the Senate and House provisions in substance in giving trainees pensions, compensations, and disability allowances to the same extent as enlisted men of the Regular forces of the same grades and lengths of service, with this qualifying language:

With respect to the men inducted for training and service under this act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

It was agreed that the House provision allowing trainees to accept payments by former employers to trainees or to members of reserve components on active duty should stand, and the limitation allowing only such payments to be made to those below the rank of captain was eliminated. The provisions in both bills preventing discrimination on account of race or color with respect to men volunteering for induction remains in the bill. The House language providing for a mental as well as a physical examination of those to be inducted for training remains in the bill; also the provision that college students in bona fide institutions granting degrees either in academic work or in professional courses may, upon their request, have their induction for training postponed during the college year 1940–41 until the end of the college year, but in no event later than July 1, 1941. Many boys 21 years of age or who will soon be 21 are working their way through college and have jobs to see them through this year or have earned money and paid fees for this year, and this will permit them to complete the college year as they have planned.

Language has been clarified throughout the bill, and your conferees have endeavored to make clear and precise the intent and meaning of the Congress in the various sections of the act. We feel that the measure which we bring you, while not perfect, is an improvement over the respective versions of the bills previously adopted by the Senate and House and a reasonable compromise of the opinions of the two bodies. It should go far toward insuring the security of the United States in these times of extraordinary danger. I hope the House will demonstrate to the country that we are cognizant of the dangers that exist, of the imperative need for the strengthening of our national defense, and let it know that we are not only willing as representatives of the people to make vast appropriations for war material but we are taking not the easy way but the hard way by conscripting our manpower, so that all the world may know that America will have trained Reserves which she hopes she may never need for service in time of war but who will be ready for the defense of the Nation if such defense is necessary. Let us do this without flinching and with a determination that our institutions and our form of government shall continue as we have known them. The greatest danger to America is not from without; it is from within. Have we the stamina, the determination, to meet the necessities of our times as our forefathers met theirs? I think we have. We shall demonstrate that we are not soft, that when the Nation needs her sons they will fulfill their duty and their obligations as Americans have always done. [Applause.]

Mr. MAY. Mr. Speaker, in regard to the statement of the gentleman from New York that the Fish amendment would not have delayed the program of the War Department for 1 hour, I merely wish to say that the judgment of the high officials of the War Department is to the contrary. They say that it would have changed and greatly obstructed their whole procedure.

Mr. Speaker, I now desire to read into the RECORD a telegram I received yesterday. It is addressed to the chairman of the conference committee, dated at New York, N. Y., on September 13:

I demand hearing in opposition of conscription bill, as I have been informed it specifically excludes bund members from employment in United States industries. Proposed legislation is damnable, vicious, and a congressional declaration of civil war upon every German-American. Letter in detail follows.

(Signed) G. WILHELM KUNZE,
National Leader, German-American Bund.

Mr. Speaker, that gentleman does not represent the German-American population of the United States, and I regard his letter as an insult to the American people. Millions of good German-American citizens will be found faithfully toiling upon the farms and in the factories throughout America to preserve our institutions of freedom while this Wilhelm Kunze will doubtless be found in the dark places of sin and vice trying to undermine our institutions. He is unworthy of the notice of all true Americans.

I yield to the gentleman from Connecticut.

Mr. AUSTIN. The conference report uses the word "shelter" instead of the word "housing" as used in my amendment. Shelter is a broad term. Have I the assurance of the gentleman that it is not the intention under the broad interpretation to place conscriptees in tents in northern climates during winter months?

Mr. MAY. I am happy to assure the gentleman from Connecticut, who has fought so valiantly for his amendment, that the War Department has assured your Military Affairs Committee that tents will be used only in such sections of the country as Florida, Louisiana, Texas, and other extremely warm southern climes. Your conferees used the word "shelter" in lieu of "housing" to permit that.

Mr. AUSTIN. The original amendment required that housing facilities be provided that compare to standards set up by the United States Public Health Service. The conferees changed the amendment so that the Secretaries of War and Navy set the standards. Has the gentleman the assurance of each of these officials that conscripts will not be placed in tents in northern climates during the winter months and that other provisions as made in the amendment to safeguard the health of the men inducted will be carried out?

Mr. MAY. I am very glad to say to the distinguished author of the amendment that the very matters he had in mind in drafting the amendment have been a matter of much study by the War Department and the committee, and we are assured that adequate, comfortable, and convenient housing will be provided in all sections of the country other than the extreme southern areas to which I have referred, and furthermore all necessary steps for proper sanitation and other health requirements will be provided along with modern facilities, all of which will be provided before the men are inducted.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

Mr. GAVAGAN, Mr. MARCANTONIO, and Mr. EBERHARTER demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 124, answered "present" 2, not voting 70, as follows:

[Roll No. 219]

YEAS—233

Allen, La.	Creal	Hare	Maas
Anderson, Calif.	Crowe	Harrington	Maciejewski
Andrews	Culkin	Hart	Mahon
Austin	Cullen	Harter, Ohio	Mansfield
Ball	Cummings	Havenner	Martin, Mass.
Barden, N. C.	D'Alesandro	Healey	Massingale
Barry	Darden, Va.	Hennings	May
Barton, N. Y.	Davis	Hobbs	Merritt
Bates, Ky.	Delaney	Holmes	Mills, Ark.
Bates, Mass.	DeRouen	Horton	Mills, La.
Beam	Dickstein	Houston	Mitchell
Beckworth	Disney	Izac	Monkiewicz
Bell	Ditter	Jarman	Monroney
Bland	Doughton	Jenks, N. H.	Moser
Bloom	Doxey	Johnson, Luther A.	Mundt
Boland	Duncan	Johnson, Lyndon	Murdock, Ariz.
Boren	Dunn	Johnson, Okla.	Murdock, Utah
Boykin	Durham	Johnson, W. Va.	Myers
Bradley, Pa.	Eaton	Jones, Tex.	Nelson
Brewster	Eberharter	Kean	Nichols
Brooks	Edelstein	Kee	Norrell
Brown, Ga.	Edmiston	Kefauver	O'Brien
Bryson	Ellis	Keller	O'Leary
Buckley, N. Y.	Englebright	Kelly	O'Toole
Bulwinkle	Faddis	Kennedy, Md.	Pace
Burch	Fay	Kennedy, Michael	Patman
Burgin	Fenton	Keogh	Patrick
Byrns, Tenn.	Ferguson	Kilburn	Patton
Byron	Fitzpatrick	Kilday	Pearson
Camp	Flannagan	Kirwan	Peterson, Fla.
Cannon, Fla.	Flannery	Kitchens	Pfeifer
Cannon, Mo.	Folger	Kleberg	Pierce
Cartwright	Ford, Leland M.	Kocialkowski	Plumley
Case, S. Dak.	Ford, Miss.	Kramer	Poage
Casey, Mass.	Ford, Thomas F.	Lanham	Powers
Celler	Fulmer	Larrabee	Ramspeck
Clark	Gamble	Lea	Rankin
Clason	Garrett	Leavy	Rayburn
Cluett	Gavagan	Lewis, Colo.	Richards
Cole, Md.	Gearhart	Luce	Robertson
Colmer	Gerlach	Lynch	Robinson, Utah
Connery	Gore	McCormack	Rogers, Mass.
Cooley	Gossett	McGehee	Romjue
Cooper	Grant, Ala.	McGranery	Rutherford
Costello	Gregory	McKeough	Sabath
Courtney	Griffith	McLean	Sacks
Cox	Hall, Leonard W.	McMillan, Clara	Sandager
Cravens	Hancock	McMillan, John L.	Sasscer
Satterfield	Snyder	Terry	Weaver
Schuetz	Somers, N. Y.	Thomas, Tex.	West
Schwert	South	Thomason	Whelchel
Scrugham	Sparkman	Treadway	Whittington
Sheppard	Spence	Vincent, Ky.	Wigglesworth
Sheridan	Starnes, Ala.	Vinson, Ga.	Williams, Mo.
Simpson	Steagall	Voorhis, Calif.	Woodrum, Va.
Smith, Conn.	Stearns, N. H.	Vreeland	Zimmerman
Smith, Maine	Taber	Wadsworth	
Smith, Va.	Tarver	Walter	
Smith, W. Va.	Taylor	Ward	

NAYS—124

Alexander	Fries	Lambertson	Schulte
Andersen, H. Carl	Gartner	Landis	Seccombe
Anderson, Mo.	Gehrmann	LeCompte	Secrest
Angell	Geyer, Calif.	Lesinski	Shafer, Mich.
Arends	Gilchrist	Lewis, Ohio	Shanley
Bender	Gillie	Ludlow	Shannon
Blackney	Goodwin	McAndrews	Smith, Ohio
Bolles	Graham	McArdle	Smith, Wash.
Bolton	Grant, Ind.	McGregor	Springer
Bradley, Mich.	Gross	McLaughlin	Stefan
Brown, Ohio	Guyer, Kans.	McLeod	Sumner, Ill.
Buckler, Minn.	Gwynne	Magnuson	Sweeney
Burdick	Harter, N. Y.	Marcantonio	Sweet
Carlson	Hartley	Marshall	Talle
Carter	Hawks	Martin, Iowa	Tenerowicz
Church	Hess	Michener	Thorkelson
Claypool	Hill	Miller	Tibbott
Clevenger	Hinshaw	Murray	Tinkham
Cochran	Hoffman	O'Connor	Tolan
Coffee, Nebr.	Hull	Oliver	Van Zandt
Coffee, Wash.	Jacobsen	Pittenger	Vorys, Ohio
Corbett	Jenkins, Ohio	Polk	Welch
Crawford	Jennings	Rabaut	Wheat
Crosser	Jensen	Reece, Tenn.	White, Idaho
Crowther	Johnson, Ind.	Reed, Ill.	Williams, Del.
Dingell	Jones, Ohio	Reed, N. Y.	Winter
Douglas	Jonkman	Rees, Kans.	Wolcott
Dworshak	Kennedy, Martin	Robsion, Ky	Wolverton, N. J.
Elston	Kinzer	Rockefeller	Wood
Evans	Knutson	Rodgers, Pa.	Woodruff, Mich.
Fish	Kunkel	Schafer, Wis.	Youngdahl

ANSWERED "PRESENT"—2

Boehne	Smith, Ill.

NOT VOTING—70

Allen, Ill.	Drewry	Johnson, Ill.	Risk
Allen, Pa.	Elliott	Keefe	Rogers, Okla.
Andresen, A. H.	Engel	Kerr	Routzohn
Arnold	Fernandez	Lemke	Ryan
Barnes	Flaherty	McDowell	Schaefer, Ill.
Buck	Gathings	Maloney	Schiffler
Byrne, N. Y.	Gifford	Martin, Ill.	Short
Caldwell	Green	Mason	Sullivan
Chapman	Hall, Edwin A.	Mott	Sumners, Tex.
Chiperfield	Halleck	Mouton	Sutphin
Cole, N. Y.	Harness	Norton	Thill
Collins	Hendricks	O'Day	Thomas, N. J.
Curtis	Hook	O'Neal	Wallgren
Darrow	Hope	Osmers	Warren
Dempsey	Hunter	Parsons	White, Ohio
Dies	Jarrett	Peterson, Ga.	Wolfenden, Pa.
Dirksen	Jeffries	Randolph	
Dondero	Johns	Rich	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Wolfenden of Pennsylvania (against).
Mr. Dempsey (for) with Mr. August H. Andresen (against).
Mr. Gifford (for) with Mrs. O'Day (against).
Mr. Thomas of New Jersey (for) with Mr. Harness (against).
Mr. Edwin A. Hall (for) with Mr. Mason (against).
Mrs. Norton (for) with Mr. Rich (against).
Mr. Byrne of New York (for) with Mr. Ryan (against).
Mr. Mott (for) with Mr. Johnson of Illinois (against).
Mr. Peterson of Georgia (for) with Mr. Chiperfield (against).
Mr. Green (for) with Mr. McDowell (against).
Mr. Martin of Illinois (for) with Mr. Boehne (against).
Mr. O'Neal (for) with Mr. Hope (against).
Mr. Buck (for) with Mr. Schiffler (against).
Mr. Smith of Illinois (for) with Mr. Keefe (against).
Mr. Kerr (for) with Mr. Thill (against).
Mr. Sullivan (for) with Mr. Jeffries (against).
Mr. Cole of New York (for) with Mr. Dirksen (against).
Mr. Drewry (for) with Mr. Lemke (against).
Mr. Flaherty (for) with Mr. Routzohn (against).
Mr. Randolph (for) with Mr. Johns (against).

General pairs:

Mr. Caldwell with Mr. Engel.
Mr. Dies with Mr. Short.
Mr. Sumners of Texas with Mr. Halleck.
Mr. Sutphin with Mr. Dondero.
Mr. Schaefer of Illinois with Mr. Allen of Illinois.
Mr. Elliott with Mr. Osmers.
Mr. Hendricks with Mr. Risk.
Mr. Hook with Mr. Jarrett.

Mr. Collins with Mr. Darrow.
Mr. Hunter with Mr. Curtis.
Mr. Chapman with Mr. Allen of Pennsylvania.
Mr. Barnes with Mr. Maloney.
Mr. Gathings with Mr. Arnold.
Mr. White of Ohio with Mr. Fernandez.
Mr. Parsons with Mr. Wallgren.

Mr. SMITH of Illinois. Mr. Speaker, I am paired with the gentleman from Wisconsin, Mr. KEEFE, who, if he were present, would vote "nay." I voted "yea." I withdraw my vote and ask to be recorded as voting "present."

Mr. BOEHNE. Mr. Speaker, on this vote I have a pair with the gentleman from Illinois, Mr. MARTIN. If he were present he would vote "yea." I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

On motion of Mr. MAY, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

Mr. MAY. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House the Speaker pro tempore be authorized to sign the enrolled bill of the Senate, S. 4164.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HARE, for 2 days on account of important business.

To Mr. SWEENEY, for an indefinite period, on account of illness.

ANNOUNCEMENTS

Mr. HART. Mr. Speaker, I ask unanimous consent to address the House for 15 seconds.

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

There was no objection.

Mr. HART. Mr. Speaker, my colleague the gentlewoman from New Jersey, Mrs. NORTON, is detained by illness. If present, she would have voted "yea" on the conference report just agreed to.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, my colleague the gentleman from Florida [Mr. CALDWELL] has been detained by official business in connection with congressional work with regard to the defense program. Had he been present, he would have voted against the Fish amendment and for the bill, and he would have today voted for the adoption of the conference report.

EXTENSION OF REMARKS

Mr. McLEAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article from the Summit (N. J.) Herald and the Summit (N. J.) Press.

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

There was no objection.

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article from the Watertown Times.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a portion of an article appearing in the Washington Times-Herald.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

CONSCRIPTION BILL

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS of Ohio. I opposed the passage of this peacetime conscription law as unnecessary, a threat to our peace and freedom, but now it will be the law of the land, the method duly enacted for manning the defenses of the Republic.

I reserve my right to criticize this law, to urge its amendment or repeal—but so long as it is the law I pledge myself to aid wholeheartedly in its efficient administration and fair enforcement. We must have no scofflaws on conscription. [Applause.]

EXTENSION OF REMARKS

Mr. BENDER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today, and I further ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a quotation from the press.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in regard to some advice which I wish to give to the draftees under the conscription bill, and to include therein an address entitled "Caught in the Draft."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on my vote on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

ANNOUNCEMENTS

Mr. GATHINGS. Mr. Speaker, I should like to say that a few moments ago I left the Chamber and on returning found that the roll call on agreeing to the conference report had been completed. I was unavoidably detained, thinking the debate would last for the customary 1-hour period of time. Had I been present, I would have voted for the conference report on the conscription bill.

Mr. HUNTER. Mr. Speaker, had I been present, I would have voted against the conference report on the conscription bill.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 53 minutes p. m.) the House adjourned until Monday, September 16, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1948. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting emergency supplemental estimates of appropriations for national defense for the fiscal year ending June 30, 1941, totaling $1,733,886,976, cash, plus contract authorizations of $207,000,000; consisting of $580,000, cash, for the Treasury Department; $1,602,881,976, cash, and $150,000,000, contract authorizations, for the War Department; $57,334,000, cash, and $7,000,000, contract authorizations, for the Navy Department; $40,000,000, cash, for the Federal Security Agency; and $33,-

091,000, cash, and $50,000,000, contract authorizations, for the Department of Commerce (H. Doc. No. 952), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of Washington:

H. R. 10515. A bill to promote the health of the people of the United States and to encourage the dairy industry in the interest of the general welfare; to the Committee on Agriculture.

H. R. 10516. A bill to amend an act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended, and for other purposes; to the Committee on Agriculture.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9300. By the SPEAKER: Petition of the General Gorgas Post, No. 1, the American Legion, Birmingham, Ala., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9301. Also, petition of the International Union, United Automobile Workers of America, Local No. 7, Detroit, Mich., petitioning consideration of their resolution with reference to the United States housing program; to the Committee on Banking and Currency.

9302. Also, petition of the American Psychiatric Association, meeting held in Cincinnati, Ohio, petitioning consideration of their resolution with reference to the prevention and treatment of mental and nervous diseases and epilepsy; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, SEPTEMBER 16, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. William S. Abernethy, D. D., minister, Calvary Baptist Church, Washington, D. C., offered the following prayer:

Lord, Thou hast been our dwelling place in all generations; before the mountains were brought forth or ever Thou hadst formed the earth and the world; even from everlasting to everlasting Thou art God. Our voices are hushed this morning and our hearts are bowed in grief as we think of the one who has gone from the activities of this life to the life eternal. We thank Thee for good men, strong men, men of clear vision, as we believe our brother was. God bless his memory, we pray Thee. We pray for his colleagues, for those who worked with him, for his loved ones. May God give them strength, we pray Thee, and comfort from on high; and raise up in these critical days men who shall prove themselves able leaders. Hasten the day, our Father, when men shall be able to consider each other as brothers; and may we, too, some day hear the "Well done, good and faithful servant; enter thou into the joy of thy Lord." This we believe our brother has heard. God bless his memory. We ask it in Jesus' name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Saturday, September 14, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

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

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

Adams	Downey	King	Schwartz
Andrews	Ellender	La Follette	Schwellenbach
Ashurst	Frazier	Lee	Sheppard
Austin	George	Lodge	Shipstead
Bailey	Gerry	McCarran	Smathers
Barkley	Gibson	McKellar	Stewart
Bilbo	Gillette	McNary	Taft
Bridges	Glass	Maloney	Thomas, Idaho
Brown	Green	Minton	Thomas, Okla.
Bulow	Guffey	Murray	Thomas, Utah
Burke	Gurney	Neely	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Hughes	Reed	Wiley
Danaher	Johnson, Calif.	Reynolds	
Davis	Johnson, Colo.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Illinois [Mr. LUCAS], the Senator from New York [Mr. MEAD], the Senator from Arkansas [Mr. MILLER], the Senator from Illinois [Mr. SLATTERY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Oregon [Mr. HOLMAN], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

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

DEATH OF SPEAKER OF THE HOUSE OF REPRESENTATIVES

Mr. BARKLEY. Mr. President, we have all been profoundly shocked and grieved by the death of the Speaker of the House of Representatives, Hon. WILLIAM B. BANKHEAD, of Alabama. A funeral service will be held in the House of Representatives at 12:30 o'clock today. It is desirable that the Senate meet in its Chamber and proceed in a body to the Hall of the House to attend the funeral. Therefore, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Thereupon (at 11 o'clock and 13 minutes a. m.) the Senate took a recess subject to the call of the Chair.

At 12 o'clock and 15 minutes p. m. the Senate reassembled, and was called to order by the President pro tempore.

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

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

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

Adams	Downey	King	Schwartz
Andrews	Ellender	La Follette	Schwellenbach
Ashurst	Frazier	Lee	Sheppard
Austin	George	Lodge	Shipstead
Bailey	Gerry	McCarran	Smathers
Barkley	Gibson	McKellar	Stewart
Bilbo	Gillette	McNary	Taft
Bridges	Glass	Maloney	Thomas, Idaho
Brown	Green	Minton	Thomas, Okla.
Bulow	Guffey	Murray	Thomas, Utah
Burke	Gurney	Neely	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Hughes	Reed	Wiley
Danaher	Johnson, Calif.	Reynolds	
Davis	Johnson, Colo.	Russell	

The PRESIDENT pro tempore. Eighty-two Senators have answered to their names. There is a quorum present.