

hereby notified that the hearings scheduled for April 8, and postponed until April 15, have been postponed to May 13, 1943, at 10 a. m., at which time the hearings will follow.

#### COMMITTEE ON ROADS

The House Committee on Roads will meet at 10 a. m., Friday, May 14, 1943, to consider H. R. 2113, a bill to amend the Federal Aid Highway Act.

#### COMMITTEE ON THE JUDICIARY

Subcommittee No. 3 of the Committee on the Judiciary will conduct hearings on H. R. 2139, to provide improvement in the administration of parole, and H. R. 2140, to provide a correctional system for adult and youth offenders convicted in courts of the United States, at 10 a. m., on Tuesday and Wednesday, May 18 and 19, 1943, in room 346, House Office Building, Washington, D. C.

#### COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization will hold hearings at 10 a. m. on Wednesday, May 19, and Thursday, May 20, 1943, on all bills dealing with the Chinese Exclusion Act, H. R. 1892, H. R. 2309, H. R. 2428, and H. R. 2429.

#### COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing on Thursday, May 20, 1943, at 10 a. m. on H. R. 2612, to extend the effective date of the act of December 17, 1941, relating to additional safeguards to the radio communications service of ships of the United States.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. VINCENT of Kentucky: Committee on Naval Affairs. H. R. 2663. A bill to provide a penalty for the willful violation of regulations or orders respecting the protection or security of vessels, harbors, ports, or waterfront facilities; with amendment (Rept. No. 441). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 2634. A bill to provide for the training of nurses for the armed forces, governmental and civilian hospitals, health agencies, and war industries, through grants to institutions providing such training, and for other purposes; without amendment (Rept. No. 442). Referred to the Committee of the Whole House on the state of the Union.

Mr. BOREN: Committee on Interstate and Foreign Commerce. H. R. 1997. A bill to repeal section 3 of the Standard Time Act of March 19, 1918, as amended, relating to the placing of a certain portion of the State of Idaho in the third time zone; without amendment (Rept. No. 443). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 2634. A bill to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; without amendment (Rept. No. 444). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

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

By Mr. JONKMAN:

H. E. 2698. A bill to repeal section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended, relating to renegotiation of war contracts and to promote the national war effort; to the Committee on Ways and Means.

By Mr. PACE:

H. E. 2699. A bill extending the maturity date of loans made or arranged for by the Commodity Credit Corporation on cotton of the 1941 and 1942 crops; to the Committee on Banking and Currency.

By Mr. VOORHIS of California:

H. R. 2700. A bill to amend Public Law 45, Seventy-eighth Congress, approved April 29, 1943, with respect to the payment of old-age assistance under the Social Security Act without regard to income and resources arising from agricultural labor; to the Committee on Appropriations.

By Mr. TOLAN:

H. J. Res. 123. Joint resolution authorizing the President of the United States of America to proclaim Armed Services Honor Day for the recognition and appreciation of the patriotic devotion to duty of all members of all branches of the armed military and naval forces of the United States of America; to the Committee on the Judiciary.

By Mr. PATMAN:

H. Res. 233. Resolution relative to increase in price of oil demanded to help war effort and prevent monopoly; to the Committee on Banking and Currency.

#### PETITIONS, ETC.

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

735. By Mr. ROLPH: Resolution of Bay Cities Metal Trades Council, San Francisco, Calif., relative to petitioning the President and the Congress to dissolve Executive Order No. 9328; to the Committee on Labor.

736. Also, Assembly Joint Resolution No. 2 of the State of California, relative to hearing instruments for persons who are hard of hearing; to the Committee on Banking and Currency.

737. Also, Assembly Joint Resolution No. 21 of the State of California, memorializing the President and the Secretary of the Navy to name a Navy cruiser of the United States Fleet, for the city of Long Beach, Calif.; to the Committee on Naval Affairs.

738. Also, Assembly Joint Resolution No. 30, of the State of California, relative to an increase of pay for employees of the Department of Employment; to the Committee on Ways and Means.

739. Also, Assembly Joint Resolution No. 40 of the State of California, relative to memorializing Congress to enact legislation to establish a military and a naval academy on the Pacific coast; to the Committee on Military Affairs.

740. Also, Senate Joint Resolution No. 1 of the State of California, relative to old-age assistance, memorializing the President and the Congress of the United States to amend the Federal Social Security Act to provide Federal participation at the present rate in the payment of aid in the amount of \$60 to any eligible individual in any month, or, if this is not possible to amend the Federal Social Security Act to permit the State agency, in determining need, not to take into consideration other income and resources of an individual claiming old-age assistance to the extent of \$20 or such greater sum as the President and Congress may determine to be proper and just; to the Committee on Ways and Means.

741. Also, Assembly Joint Resolution No. 32 of the State of California, relative to auditing the accounts of the Department of Employment; to the Committee on Ways and Means.

742. By Mr. GREGORY: Petition of 115 citizens of McCracken County, Ky., supporting House bill 2082, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of mobilization; to the Committee on the Judiciary.

743. By Mr. GRAHAM: Petition of Worth Grange, No. 1421, Portersville, Butler County, Pa., urging the passage of House bill 2082, prohibiting the traffic and sale of intoxicants for the duration of the war as a necessary step in the conservation of our manpower; to the Committee on the Judiciary.

744. By Mr. GAMBLE (by request): Petition signed by parishoners of the Shrub Oak Methodist Church, Shrub Oak, N. Y., urging enactment of House bill 2082; to the Committee on the Judiciary.

745. By Mr. PFEIFER: Petition of the New York League of Women Voters, New York City, urging defeat of the so-called equal rights amendment; to the Committee on the Judiciary.

746. Also, petition of the Italian-American Labor Council, New York City, urging the enactment of House bill 1291; to the Committee on Immigration and Naturalization.

747. By Mrs. ROGERS of Massachusetts: Petition of the Andover (Mass.) Association of Congregational Churches and Ministers, urging the adoption of the plan of food relief which has been carried on in Greece; to the Committee on Foreign Affairs.

748. By Mr. GWYNNE: Petition filed by Mr. and Mrs. C. J. Estal and others of Marshall County, Iowa, regarding the Bryson bill (H. R. 2082); to the committee on the Judiciary.

## SENATE

THURSDAY, MAY 13, 1943

(Legislative day of Wednesday, May 12, 1943)

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

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

Eternal Spirit, in this quiet and sacred place, where freedom reigns and none dare molest or make afraid, we hear the moaning of the oppressed, "How long, O Lord, how long?" Make us, we pray Thee, Thy instruments for battering down the doors of the bastiles of tyranny, as against entrenched evil Thou dost unloose the fateful lightning of Thy terrible, swift sword. Nerve and steady our hands to strike the blow that shall shatter prisons and break asunder chains of coercion. Hearten those who in the darkness keep alive the holy flame. Give strength to endure to those whose dear ones are snatched from their grasp as hostages and whose lives are snuffed out by a system that cannot bear the light of truth. Sustain those who suffer from wounds and sickness. Be Thou the Shining Presence in every fear-shadowed area of life. Take to Thyself those who in the fiery hurricane of battle give their lives that freedom may live. Hasten the

day when righteousness shall be triumphant and peace shall bless our land and every land. Through Jesus Christ, our Lord. Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 12, 1943, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

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

#### CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Aiken	George	Overton
Austin	Gerry	Pepper
Bailey	Gillette	Radcliffe
Ball	Green	Reed
Bankhead	Guffey	Revercomb
Barbour	Gurney	Reynolds
Blibo	Hatch	Robertson
Bone	Hawkes	Russell
Brewster	Hayden	Scrugham
Bridges	Hill	Shipstead
Brooks	Holman	Stewart
Buck	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Bushfield	La Follette	Thomas, Okla.
Butler	Langer	Thomas, Utah
Byrd	Lodge	Tobey
Capper	Lucas	Tunnell
Caraway	McClellan	Tydings
Chandler	McFarland	Vandenberg
Chavez	McNary	Van Nuys
Clark, Idaho	Maloney	Wagner
Clark, Mo.	Maybank	Walsh
Connally	Mead	Wheeler
Danaher	Millikin	Wherry
Davis	Moore	White
Downey	Murdoch	Wiley
Eastland	Murray	Wilson
Ellender	Nye	
Ferguson	O'Daniel	

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. BARKLEY], the Senator from Virginia [Mr. GLASS], the Senator from Tennessee [Mr. McKELLAR], and the Senator from South Carolina [Mr. SMITH] are absent from the Senate because of illness.

The Senator from Nevada [Mr. McCARRAN] is absent conducting hearings in the West on behalf of the Senate.

The Senator from Missouri [Mr. TRUMAN] and the Senator from Washington [Mr. WALLGREN] are out of the city conducting hearings on behalf of the Special Committee to Investigate National Defense.

The Senator from Wyoming [Mr. O'MAHONEY] is necessarily absent.

Mr. McNARY. The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from Indiana [Mr. WILKINS] is necessarily absent.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

#### PETITIONS

Petitions were presented and referred as indicated:

By Mr. HATCH:

A petition, numerous signed, of sundry citizens of Torrance County, N. Mex., praying for an appropriation to continue the Farm Security Administration; to the Committee on Appropriations.

By Mr. CAPPER:

A petition of sundry citizens, members of the First United Brethren Church, of Chanute, Kans., praying for the enactment of Senate bill 860, relating to the sale of alcoholic liquors to the members of the land and naval forces of the United States; to the Committee on Military Affairs.

#### RESOLUTION OF CITY COMMISSION OF LAKE LAND, FLA.—SOCIAL SECURITY PARTICIPATION BY MUNICIPAL EMPLOYEES

Mr. PEPPER presented a resolution adopted by the City Commission of Lakeland, Fla., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas there is now a number of municipal governments operating utilities in the United States employing a large number of employees, and said employees are not covered by the Social Security Act and cannot receive any benefits thereunder; and

Whereas there are a large number of employees working for municipal governments in different phases of the municipal government who are not covered by the Social Security Act and can receive no benefits thereunder on account of old age or death; and

Whereas it further appears to the City Commission of the City of Lakeland, Fla., that it would be to the interest of the said citizens of the said city of Lakeland and would promote a more harmonious accord among said employees if they were placed in the category of the Social Security Act which would allow the employees to receive benefits by participating under said Social Security Act; and

Whereas said city commission further desires that the Congress of the United States amend said Social Security Act and does hereby petition the Representatives and Senators from the State of Florida to vote and urge the passage of such amendment which would allow any municipality if they so elected to participate and the employees of said municipality to further qualify and participate under said act when said municipality had elected to come under the act for its employees: Now, therefore, be it

*Resolved by the City Commission of the City of Lakeland, Fla.,* That the said city commission by this resolution go on record as favoring amendment to the present Social Security Act which would allow municipalities if they so elected to participate under the social-security benefits for their employees who are working in utilities or for the different phases and functions of the municipal governments, and further that a copy of this resolution be sent to the Honorable CLAUDE PEPPER, United States Senator; Hon. CHARLES O. ANDREWS, United States Senator; Hon. J. HARDIN PETERSON, Representative from the First Congressional District; and the Honorable LEX GREEN, Representative in Congress, State of Florida, at Large.

Passed and approved as to passage at Lakeland, Fla., this the 23th day of April 1943.

H. W. GIBSON,  
Mayor-Commissioner.

#### RESOLUTION OF CITY COUNCIL OF SEBRING, FLA.—EXPRESSION OF GRATITUDE TO PERSONNEL OF HENDRICKS FIELD

Mr. PEPPER also presented a resolution adopted by the City Council of Sebring, Fla., which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the establishment of Hendricks Field was authorized in June of 1941, and since that time the officials and citizens of the city of Sebring have been in daily contact with the Government personnel; and

Whereas due to the foresight, cooperation, and efficiency of the personnel of Hendricks Field, the many problems which arise by the establishment of a large army base in a small community have been handled agreeably, satisfactorily, and in all instances fair and just to the civilians of this community; and

Whereas this council, from its knowledge of the method and manner of administration by the executive officers of Hendricks Field has a very high regard for such officers; and

Whereas the city council, individually and as representatives of the citizens of the city of Sebring, are deeply appreciative for the cooperation and understanding given to the citizens of this community by the personnel of Hendricks Field and for the unselfish and loyal devotion of the executive officers of Hendricks Field to their war duties: Now, therefore, be it

*Resolved by the City Council of the City of Sebring,* That we take this means of expressing our personal gratitude and the gratitude of the citizens of the city of Sebring for the meritorious services rendered to this community by the personnel of Hendricks Field and for the complete cooperation that has existed between the personnel of Hendricks Field and the citizens of this community since the establishment of Hendricks Field; be it further

*Resolved,* That a copy of this resolution be sent to Col. Carl B. McDaniel, commanding officer of Hendricks Field, to the commanding general of the Southeast Training Center, Maxwell Field, Ala., and that copies be sent to Senator Claude Pepper, Senator C. O. Andrew, Hon. J. Hardin Peterson, and Hon. Lex Green, Washington, D. C., and Maj. Gen. Barton K. Yount, commanding general, Army Air Forces Flying Training Command, Fort Worth, Tex.

#### REPORTS OF COMMITTEE ON NAVAL AFFAIRS

The following reports of a committee were submitted:

By Mr. WALSH, from the Committee on Naval Affairs, all without amendment:

S. 391. A bill for the relief of Jack Lacel Haas (Rept. No. 228);

S. 397. A bill for the relief of Lt. (Jr. Gr.) Svend J. Skou (Rept. No. 229);

S. 954. A bill for the reimbursement of certain enlisted men of the Navy for personal property lost in the loss of the *Hugh L. Scott* (Rept. No. 230);

S. 972. A bill to amend section 7 (c) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601 of the act of June 30, 1932 (47 Stat. 417) (Rept. No. 231);

S. 1065. A bill to abolish certain naval trust funds and deposits thereto, and to simplify naval accounting procedure, and for other purposes (Rept. No. 232);

S. 1086. A bill to provide an additional sum for the payment of a claim under the act

entitled "An act to provide for the reimbursement of certain Navy and Marine Corps personnel former Navy and Marine Corps personnel and certain Federal civil employees for personal property lost or damaged as a result of the hurricane and flood at Parris Island, S. C., on August 11-12, 1940," approved April 23, 1941 (Rept. No. 233); and

S. J. Res. 16. Joint resolution authorizing the Secretary of the Navy to construct and the President of the United States to present to the people of St. Lawrence, Newfoundland, on behalf of the people of the United States a hospital, dispensary, or other memorial, for heroic services to men of the United States Navy (Rept. No. 234).

#### BILLS INTRODUCED

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

By Mr. GILLETTE:

S. 1102. A bill for the relief of Helene Murphy; to the Committee on Claims.

By Mr. McNARY:

S. 1103. A bill for the relief of Henry White; to the Committee on Immigration.

By Mr. MEAD:

S. 1104. A bill to reclassify and adjust salaries of supervisors in the first- and second-class post offices; to the Committee on Post Offices and Post Roads.

(Mr. LANGER introduced Senate bill 1105, which was referred to the Committee on Post Offices and Post Roads, and appears under a separate heading.)

By Mr. REYNOLDS:

S. 1106. A bill to prohibit the allowance of credit in the computation of lump-sum payments to Air Corps Reserve officers under the provisions of section 2 of the act of June 16, 1936, as amended, for active service hereafter performed during the present war and for 6 months thereafter; to the Committee on Military Affairs.

#### MARKETS AFTER THE WAR (S. DOC. NO. 40)

Mr. CHAVEZ. Mr. President, I ask unanimous consent to have printed as a Senate document, with the illustrations, a most informative and instructive article entitled "Markets After the War—An Approach to Their Analysis," prepared by the Department of Commerce. An estimate of the cost has been obtained, and the document will comprise less than 50 pages.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico? The Chair hears none, and it is so ordered.

The order was reduced to writing, as follows:

*Ordered*, That the manuscript entitled "Markets After the War," prepared by the Bureau of Foreign and Domestic Commerce, Department of Commerce, be printed as a Senate document, with illustrations.

#### EXPANSION OF WAR HOUSING PROGRAM (H. DOC. NO. 203)

The VICE PRESIDENT laid before the Senate the following communication from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Education and Labor and ordered to be printed:

THE WHITE HOUSE,  
Washington, May 13, 1943.

THE PRESIDENT OF THE SENATE.

SIR: Since last I communicated with the Congress on the subject of war housing in May 1942, much has happened in the war and much has happened in housing.

It is a noteworthy fact in relation to the whole war effort that under the existing war-housing program more than 3,000,000 workers in intense war production have been provided or are being provided with necessary shelter. In addition to placements in existing structures, the present program embraces more than a million and a half units of construction, approximating twice the total volume of homes built in the United States in a better-than-normal building year. The size of this program, founded as it is upon minimum absolute need, affords some measurement of the disastrous impairment of war production that would confront us if war housing were not provided in sufficient volume and on time.

It is hard to build houses in time of war. It is even harder in time of war to combine the building of houses with maximum economy in the use of men, money, and materials. It is, therefore, encouraging to know that more than half of the necessary war-housing accommodations thus far projected is being provided through the more effective use of existing structures; that another substantial portion is being attained through the prudent and economical repair, enlargement, or "conversion" of existing dwellings so that they may shelter additional war workers; that only about two-fifths of the need is being supplied by new construction; and that more than one-half of this new construction is being financed with private funds.

Housing used to be divided among several agencies and several programs. Today, as a product of the reorganization and unification of the housing agencies 14 months ago, the National Housing Agency is pursuing one unified housing program under which all of our housing resources and techniques are being focused upon the winning of the war. There is no room now for any kind of housing but war housing.

I have been particularly gratified to see that this new spirit with regard to housing activities pervades the Congress. Certain recent and interesting reports of investigatory congressional committees have emphasized in a most striking fashion the acute continuity of the need for even more war housing in specified critical areas. Generally speaking, proposals in the Congress for the effective use of our manpower are linked with proposals for the adequate provision of war housing wherever needed.

The war is not over. War production and the employment of men and women in war plants have not reached their peak even where the plants are completed. The constant rearrangements

in the nature and disposition of our total working force produced by the increasing inroads of Selective Service development gaps that must be filled in part by the migration of women and older workers and consequently intensify old needs or develop new needs for war housing.

Even after making every reasonable allowance for the use of local labor supply, including the training of new types of workers, the best estimates indicate an in-migration of 1,100,000 war workers into areas of war-production activity during the fiscal year 1944. These workers must be housed or they cannot do their job.

It is not proposed to house even the majority of these workers with Federal funds. Almost two-thirds of them will be taken care of by placement in existing structures, and a large part of the balance will be served by privately financed construction encouraged and insured by the Government. The Congress will recall that to serve workers in-migrating during the fiscal year 1943, it recently increased the authorization of one branch of the National Housing Agency to insure private investment in war-housing construction by \$400,000,000. Likewise, it is contemplated that recommendations for additional authorizations for private financing will be forthcoming, to serve a large portion of the workers who will in-migrate during the fiscal year 1944. This further expansion of private financing will maintain and confirm in the war-housing program the principles which point toward maximizing our utilization of existing resources, and particularly the resources of small enterprise, during the war. We are allocating to private initiative as large a segment of the war-housing program as it possibly can produce under war conditions and war risks.

But in order to meet that portion of the needs of 1,100,000 workers migrating to war centers during the fiscal year 1944, which cannot be met in any other way, some publicly financed war-housing construction is essential. The main vehicle for this purpose has been the act of October 14, 1940, as amended, known as the Lanham Act. The funds under this act, and under other acts to provide war housing, are practically all committed to serve needs arising during the fiscal year 1943. I am therefore suggesting to the Congress at this time the enactment of legislation providing an increase of \$400,000,000 in the authorization contained in the Lanham Act, as amended. A substantial portion of these funds will be returned to the Government in the form of rents during the emergency and realizations thereafter. In making this recommendation, I am sure that the Congress and the National Housing Agency will continue to look upon all phases of the war-housing problem as part of a total and unified picture.

No expenditure of funds can be too large if that expenditure is necessary to win the war or to win it with a greater

economy in time and lives. But I cannot refrain from pointing out how small a fraction of the cost of the war is involved in all the appropriations of money and use of materials for war housing, particularly when measured against the contribution which the shelter of war workers is making toward the winning of the war. If the total outlays for war housing were regarded as part of the cost of the plants in which the workers produce, or the cost of the munitions and war implements which they fabricate, these outlays would shrink to very minor proportions in this proper perspective. But the cost to the war effort, in delay and blood and treasure, if decent and sufficient shelter were not provided for those who produce, would be great beyond calculation.

In view of the urgency of the need for more war housing now, I suggest that the proposed expansion receive the earliest consideration of the Congress. There is attached draft of a bill which, in addition to providing for an increase in the amount authorized, would accomplish certain other highly desirable amendments in existing legislation.

Respectfully,

FRANKLIN D. ROOSEVELT.

**REFUGEE CONFERENCE IN BERMUDA—  
LETTER FROM PETER H. BERGSON IN RE  
NEW YORK TIMES ADVERTISEMENT**

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter addressed to me by Peter H. Bergson, national director of the Committee for a Jewish Army of Stateless and Palestinian Jews.

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

COMMITTEE FOR A JEWISH ARMY OF  
STATELESS AND PALESTINIAN JEWS,  
Washington, D. C., May 13, 1943.

Hon. EDWIN C. JOHNSON,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR: In the course of the last week, some of your distinguished colleagues have expressed, on the floor of the Senate, their dissatisfaction with the publication of their names in connection with an advertisement published by our committee.

To our complete surprise, a list of names of signatories of the proclamation on the moral rights of the stateless and Palestinian Jews, appended to a quotation from that document and placed in a separate box to the left of our May 4 advertisement in the New York Times has been interpreted as using those names for an unauthorized endorsement of the contents of that advertisement.

On behalf of all my colleagues on the executive board, and myself, I wish to assure you that this definitely was not our intention and that nothing was further from our minds.

We are extremely sorry that such an interpretation has been made and we wish to take this opportunity to express to you and your colleagues our sincere regrets. Please convey our apology to those of your distinguished colleagues in the United States Senate who have taken this view.

Please accept, my dear Senator, our highest consideration and esteem.

Respectfully yours,

PETER H. BERGSON,  
National Director.

**MARFLEET LECTURES AT THE UNIVERSITY  
OF TORONTO BY SENATOR PEPPER**

[Mr. PEPPER asked and obtained leave to have printed in the RECORD two lectures on the subject The World War and the Post-War World, delivered by him at the University of Toronto, Canada, on February 26 and 27, 1943, which appear in the Appendix.]

**AMERICA'S ACCOMPLISHMENTS—ARTICLE  
BY SENATOR THOMAS OF UTAH**

[Mr. MCFARLAND asked and obtained leave to have printed in the RECORD an article entitled "Consider America's Accomplishments," written by Senator THOMAS of Utah, and published in the Women's Democratic Digest for April 1943, which appears in the Appendix.]

**FOURTH PRESIDENTIAL TERM—ADDRESS  
BY HON. M. M. NEELY**

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address delivered by Hon. Matthew M. Neely, Governor of West Virginia, in support of the affirmative of the question, Should the President of the United States have a fourth term? which appears in the Appendix.]

**CONTROL OF FOOD PRICES AND WAGES—  
BROADCAST BY RAYMOND GRAM  
SWING**

[Mr. GUFFEY (by request) asked and obtained leave to have printed in the RECORD a broadcast by Raymond Gram Swing on Tuesday, May 4, 1943, which appears in the Appendix.]

**THE NATIONAL INTEREST IN FREIGHT  
RATES—ADDRESS BY C. E. CHILDE**

[Mr. STEWART asked and obtained leave to have printed in the RECORD an address on the subject The National Interest in Freight Rates, delivered by C. E. Childe, member of the Transportation Board of Investigation and Research, on May 6, 1943, before a meeting of the Southern Policy Association, which appears in the Appendix.]

**IDEALS AND PURPOSES OF THE SOUTH-  
EASTERN STATES PRISON ASSOCIATION—  
ADDRESS BY THOMAS P. GORE**

[Mr. STEWART asked and obtained leave to have printed in the RECORD an address on the subject Ideals and Purposes of the Southeastern States Prison Association, delivered by Thomas P. Gore, warden of the penitentiary of the State of Tennessee, which appears in the Appendix.]

**FATHER GEORGE HILDNER, MISSOURI'S  
"FIGHTING PRIEST"**

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an article by Justin L. Faherty, entitled "For God and Country," paying tribute to Father George Hildner, Missouri's "Fighting Priest," published in the St. Louis Globe-Democrat of May 9, 1943, which appears in the Appendix.]

**EXTENSION OF RECIPROCAL TRADE  
AGREEMENTS ACT—EDITORIAL COM-  
MENT**

[Mr. CHANDLER asked and obtained leave to have printed in the RECORD two editorials relating to the extension of the Reciprocal Trade Agreements Act, one published in the Saturday Evening Post and one in the Washington (D. C.) Daily News of May 13, 1943, which appear in the Appendix.]

**VISIT TO THE SENATE BY HIS EXCEL-  
LENCY EDVARD BENEŠ, PRESIDENT OF  
THE REPUBLIC OF CZECHOSLOVAKIA**

Mr. HILL. Mr. President, the President of the Republic of Czechoslovakia in exile, His Excellency Edvard Beneš, will arrive in a few moments to address

the Senate. I ask unanimous consent that the Vice President name a committee of four Senators to escort President Beneš into the Senate, and that the Senate then take a recess subject to the call of the Chair.

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

The Chair appoints the Senator from Alabama [Mr. HILL], the Senator from Oregon [Mr. McNARY], the Senator from Texas [Mr. CONNALLY], and the Senator from Kansas [Mr. CAPPER] as the committee to greet the President of Czechoslovakia and to escort him into the Chamber.

Pursuant to the unanimous-consent agreement, the Senate will now stand in recess, subject to the call of the Chair.

The Senate being in recess, at 12 o'clock and 20 minutes p. m.,

His Excellency Edvard Beneš, President of Czechoslovakia, escorted by the committee appointed by the Vice President, consisting of Mr. HILL, Mr. McNARY, Mr. CONNALLY, and Mr. CAPPER, preceded by the Secretary of the Senate, Edwin A. Halsey, and the Sergeant at Arms, Wall Doxey, entered the Chamber and took the place assigned him on the rostrum in front of the Vice President's desk.

The members of the party accompanying the President of Czechoslovakia, including the Honorable Jaromir Smutny, Chief of the Cabinet; His Excellency Vladimir Hurban, Minister of Czechoslovakia; Dr. Eduard Taborsky, private secretary; the Honorable Jan Papanek, information service; Col. Oldrich Spaniel, military attaché, Czechoslovak Legation, Washington, D. C.; Brig. Gen. Edward W. Smith, United States Army, military aide; Capt. Walter E. Moore, United States Navy, naval aide; and Mr. G. T. Summerlin, Chief, Division of Protocol, Department of State, entered the Chamber and were escorted to the seats assigned them to the left of the Vice President's desk.

The VICE PRESIDENT. Members of the Senate, distinguished guests, ladies and gentlemen, the President of Czechoslovakia, Mr. Beneš, will now address you.

[Applause, Senators and occupants of the galleries rising.]

**ADDRESS BY THE PRESIDENT OF  
CZECHOSLOVAKIA**

Mr. President, Members of the United States Senate, it is now a quarter of a century since Thomas G. Masaryk, the first President of the Czechoslovak Republic and my great predecessor, came, in the last year of the first World War, to Washington to inform American leaders how his Czechoslovak countrymen were fighting for their freedom and independence and to obtain the American support for their struggle. His mission in the United States met with favor and encouragement everywhere. He found a great understanding of, and sympathy with, the national aspirations of the Czechoslovak people in the President of the United States, Woodrow Wilson, in his Government, and the people. It was known that for centuries, beginning with the Middle Ages, this small nation in the

heart of Europe had been a glorious independent kingdom, the Kingdom of Bohemia—and a prosperous state—the state that first began the fight for religious freedom in Europe. In the fifteenth and sixteenth centuries, Prague, its capital, was a great center of learning, contributed largely to European cultural, spiritual, and material development, and played an outstanding role in European history and particularly in the history of the Holy Roman Empire and the Austro-Hungarian monarchy. Perhaps your Government knew, too, the famous declaration made by the German Chancellor Bismarck after his victory over Austria in 1866:

Whoever is master in Bohemia is master of Europe. Europe must, therefore, never allow any nation except the Czechs to rule it, since that nation does not lust for domination. The boundaries of Bohemia are the safeguard of European security, and he who moves them will plunge Europe into misery.

In my estimation, there can be no better comment on the position of my country even today. The recognition of our cause here in this country in 1918 was also undoubtedly due to the unmistakable determination of our people to live as a free and independent nation. More than 150,000 Czechoslovak soldiers fought for their country's liberation in the First World War in Russia, France, and Italy. When the war was drawing to a close, the epic march of the Czechoslovak legionnaires across the Siberian plains to Vladivostok fired the imagination of the American people.

When the collapse of the Central Powers was imminent, Masaryk made our Declaration of Independence in Washington on October 18, 1918. It was promptly accepted and recognized by the American people and by their Government. That is why Czechoslovakia was considered and often called the god-child of the United States of America.

Czechoslovakia's 20 years' record as a free and independent democratic state is one of which we are justly proud. Surrounded on all sides by authoritarian countries and governments, she remained faithful to the democratic traditions which came to her very largely from the United States. Her social legislation and her educational system were progressive and advanced; her financial system was stable, her currency, one of the soundest in Europe; her general economic standard was very high, and her import and export trade greater than that of Italy. Until 1938 this Republic was one of the most prosperous and happy countries in Europe. Even the concentrated campaign of Nazi Germany, beginning in 1936, using corruption, lying propaganda, and threatening war and violence, failed to shake the inner harmony of the Czechoslovak Republic.

In her foreign policy Czechoslovakia resolutely and consistently followed the policy of peace, international arbitration and collective security. She fostered and encouraged friendship with her neighbors—Austria, Yugoslavia, Poland, and Rumania. She was the most loyal member of the League of Nations. She supported the Locarno policy, was an original signatory of the Briand-Kellogg Pact,

and was ready to play the part demanded of her in any generally accepted system of collective security. In Geneva she resolutely opposed the Japanese invasion of Manchuria and China; I was President of the Assembly of the League of Nations when we voted the sanction against Italy upon her invasion of Abyssinia. Czechoslovakia was ready to oppose militarily the occupation of the Rhineland and Austria. Our Army and air force were ready and thoroughly efficient. Up to the year 1939 we did our duty completely, not only to our nation, but to Europe and democracy as well.

Czechoslovakia was in mortal danger from the moment that Hitler and the Nazi leaders came to power.

When Hitler saw that the policy of sanctions against Italy was not strictly applied and when the German remilitarization of the Rhineland was not opposed by force, he thought that the countless seeds of bitterness and mistrust sown by the dictators would permit him to reap a harvest of destruction of democracy in Europe and bring about the realization of his pan-German plan. The success of the annexation of Austria in March led to the September crisis in 1938.

My own view then was that Hitler's demands and attacks against Czechoslovakia should have been rejected even at the cost of a war. We were ready, but the western powers were not. By the sacrifice of Czechoslovakia, Europe and the world gained a year's time in which to prepare for the defense against the coming onslaught. In my opinion, the Second World War began with the criminal occupation of Prague. And from the very day of occupation, March 15, 1939, all Czechoslovak citizens have been at war with Germany.

Since 1938 the Czechoslovaks at home have endured great hardships, sorrows, and suffering. They know that many of their soldiers and airmen, who escaped from their enslaved homeland, lost their lives while fighting for its liberation in Poland and in France. They know that after the Franco-German armistice, Czechoslovak soldiers and airmen reassembled in Great Britain and that in the decisive battle of Britain, Czechoslovak airmen played an honorable part. They know, too, that Czechoslovak soldiers are now fighting in Russia and in Africa and manning the defenses of Great Britain. On the other hand, they see their own country being converted into an arsenal for a war against the United Nations. Many are now working as forced laborers in Germany and elsewhere. Those who resist the oppressors are either executed in masses or tortured in prisons and concentration camps. Their country is pillaged and Germanized, their national education completely destroyed. The undying memory of the martyred village of Lidice forbids us ever to relax in the world struggle now waged against the powers of evil and darkness. The all-out participation—after Pearl Harbor—of the United States in this fight for the freedom of the world has turned into certainty what until then had been the hope of the ultimate liberation for the

Czechoslovak people and the other occupied nations.

Mr. President, permit me to say before this august body, in conclusion, with gratitude and appreciation:

It was here in this great democratic country that in October 1918 the freedom and new independence of my nation were solemnly proclaimed and its first free government recognized. When on March 15, 1939, Nazi Germany destroyed the new Czechoslovak liberty, and I personally, as member of the faculty of the University of Chicago, respectfully asked President Roosevelt to refuse to recognize this insulting and lawless act of violence, it was the Government of the United States which first among all great powers categorically repudiated this wanton aggression. It gave its full approval to the refusal of the Czechoslovak Minister in Washington to hand over his Legation to the Nazi authorities. The Government of the United States never recognized the German occupation of the Czechoslovak Republic. By this decisive act this great historic land of freedom defended the national liberty of my country at the most tragic moment of our modern history. Later your Government recognized our reconstituted government and independent country and accepted our republic as a free and equal member of the United Nations. Through all these acts the immortal spirit of the great American tradition, of Washington, Jefferson, and Lincoln, rose to defend the highest undying principles of human and national liberty at the time when a small, democratic, peace- and freedom-loving nation was assassinated by a vulgar authoritarian aggressor.

The entire Czechoslovak nation expresses its warmest thanks and gratitude to the great American people, not only for all that they have done on behalf of Czechoslovakia but also for the enormous and outstanding contribution of your great country to the war effort of all the United Nations.

They do not doubt that this great struggle, in which the United States are playing so decisive a role, will end with one of the greatest victories in your and our national annals. They are greatly encouraged and proud that I have the privilege of addressing the Members of the Congress of the United States. I know that they will accept the promise I make to you, today, as theirs.

As President Masaryk in 1918, I, today, feel authorized to declare on behalf of my Nation, here in the Washington Capitol, that after the final victory in this great war is achieved, the Czechoslovak nation will reconstruct its old home rapidly and successfully by its untiring efforts, remaining faithful—as it always was during the difficult period of its long, checkered, and glorious history—to the democratic way of life, to the principles of spiritual and religious freedom, to the ideals of peace and peaceful international collaboration, considering itself again the godchild of the great and glorious Republic of the United States.

[Prolonged applause, Senators and the occupants of the galleries rising.]

Following his address, the President of Czechoslovakia and the distinguished visitors accompanying him were escorted from the Chamber.

At 12 o'clock and 39 minutes p. m., the Senate reassembled, when it was called to order by the Vice President.

**FREEDOM OF THE PRESS—DENIAL OF SECOND-CLASS MAILING PRIVILEGE TO CERTAIN PUBLICATIONS**

Mr. LANGER. Mr. President, I know that Senators will be interested in the reaction of the Chairman of the Democratic National Committee to the words uttered upon this floor last week in behalf of freedom of the press and the criticism of the action of the Chairman of the Democratic National Committee, Mr. Walker, as Postmaster General of the United States, in barring 70 magazines and newspapers from the mails and revoking their second-class mailing privilege.

In a desperate effort to protect himself from possible attacks from the larger publishers the Chairman of the Democratic National Committee has restored the privileges of 4 magazines. So 4 of the 70 are back; and strangely enough, these 4 represent the largest publishing firms, the names of the magazines being as follows: Front Page Detective, Headline Detective, Crime Detective, and True Confessions, published by Dell Publishing Co., Fawcett Publishing Co., and Hillman Periodicals. Actually many other magazines whose privileges have not been restored follow much the same policy as those to whom the privilege of being reinstated has been granted, but I know that the Senate will be interested in the fact that the richer publishers apparently had one distinct advantage over those of less financial means. It is strange that the publishers who were financially able to hire a high-priced attorney just incidentally happened to be able to get results.

Who represented these publications? Who, do you suppose, Mr. President, represented at least one of these publications? I give you one guess, and you have guessed it. A former chairman of the Democratic National Committee who happens to be a lawyer. Mr. President, the rumor is that this former chairman of the Democratic National Committee received an enormous legal fee for getting the present Chairman of the Democratic National Committee to take his advice and permit one of these magazines again to have its second-class mailing privilege. Senators can well imagine the terribly arduous task that the former Chairman of the Democratic National Committee had to convince the present Chairman of the Democratic National Committee as he whispered to him that this publishing company has 54 publications and that by readmitting True Confessions, which has a circulation of over a million copies, in all likelihood all the 54 publications will be supporting the Democratic candidates in 1944. It may be that that did not occur. I do not know. It may be that the former Chairman of the Democratic National Committee received his allegedly enormous

fee from this millionaire publishing company merely by promising a campaign contribution, or perhaps he obtained it by promising that the publishing company would print certain campaign literature in its magazines during the coming campaign. I do not know, but I will let the Senate judge for itself as I proceed to tell what happened to another magazine that supported President Roosevelt in 1936 and did not support him in 1940.

No true American publisher wants to take charity from the National Democratic Party, because it would naturally follow that in accepting such a favor, he would also be declaring himself ready to take dictation from this group of politicians. But I firmly believe that this so-called gift is not one which Frank Walker or the party he represents should be able to give and take away. This subsidy is one which our great American Government has granted alike to all those who fall within its just rulings. I believe the present chairman of the Democratic National Committee has tampered with these rulings until the definition of the second-class law, which grants these privileges, has been interpreted to mean a charitable subsidy granted to those publications which unquestionably and unhesitatingly are ready to support Frank Walker's political party.

There is nothing to prevent the chairman of the Democratic National Committee from using the second-class mailing privilege as a whip to beat the American publications into party lines. It was never intended by Congress when it passed the original law in 1879 that any one man should be given the power to wield such a whip. In the hands of the chairman of the Democratic National Committee the very laws of this Government are receiving a merciless lashing so that they may conform with his personal bias and his political beliefs. No Postmaster General in the entire history of this Nation has ever dared to abuse such a power and employ it for his political benefit.

Mr. President, in 1936 Franklin Delano Roosevelt was a candidate for reelection as President. Some of the party chiefs were fearful of the result. They wanted to make the result certain in Mr. Roosevelt's favor. They wanted newspaper and magazine stories. Thereupon, I am informed that Mr. Charles Michaelson, publicity man for the Democratic National Committee, consulted with Mr. Harold Roswell, publisher of the Police Gazette, who previously had announced that he was for the President's reelection. Mr. Michaelson and Mr. Roswell conferred. An article was prepared. I am told it was first submitted to Mr. Stanley High, then a man in high standing in the Democratic councils, and that thereafter it was submitted to others on the Democratic National Committee, with the result that it was deemed advisable to submit it directly to President Roosevelt at Hyde Park. I am informed that the article was then taken to Hyde Park and that the President read it and gave it his personal approval. I have a pho-

tostatic copy of that article before me, and I shall now read it into the RECORD.

At the top of the article there appears an endorsement of President Roosevelt by Jack Dempsey. Mind you, a quarter of a million copies of this article were paid for by the Democratic National Committee. Mr. Dempsey said:

I only wish that I could be an orator so I could go out onto the street corners and tell people the way I feel about President Roosevelt. I wish I had the words to write here how I feel about him and about his fight for reelection. To me he is the champion of champions, big enough to be the little fellow's friend and to go in there swinging for him when he needs it most. I don't know a single person, man or woman, who isn't better off in every way because of him, and I don't know of a single person, man or woman, who wasn't down in the dumps when he was elected. And now it seems like we're all on the road to prosperity, despite what his political opponents say. I'm heart and soul behind him, and I urge everyone—and I mean everyone—to pitch in and help him in the White House.

Sincerely,

JACK DEMPSEY.

At the top of this sheet, in a large headline, appears the following:

ALL VOTING FOR LONDON ARE FIRST-CLASS SUCKERS

It is signed "The Publisher."

The article reads as follows:

[From the National Police Gazette]

Anyone in the sporting world who votes for Alfred Mossback Landon for President of the United States is a first-class, grade A sucker—the kind of a guy who'd bet on Brooklyn.

The National Police Gazette minces no words in this matter—any more than it minces words in its opinion of any sporting event. \* \* \* We of the Police Gazette reserve that right: The right to voice our opinions as we choose. If there are any objections; well, it's your dime. Keep it.

We believe that you, our readers, wouldn't have it otherwise. We believe that you want us to speak our mind. You may disagree. That's your privilege. But, at least, you'll have no misunderstanding.

For that reason, then, and because a lot of other publications of various sorts—from daily newspapers to monthly magazines—have been bluffed out, or bought out, we are in this campaign to reelect Franklin Delano Roosevelt, and we're in it to the last drop of good, black ink, the ultimate scrap of bright, pink paper. Herewith is the second statement from the pen of the Gazette's publisher:

(By Harold H. Roswell, publisher of the National Police Gazette)

"If you owned a big-league ball club with a chance for the pennant, would you entrust it to the undergraduate manager of a small-town high-school team?

"Would you turn over a race track to a dirt farmer; or, a \$1,000,000 theater to a grocery clerk?

"Of course you wouldn't—who would?

"Well then, be darn sure to vote for Franklin Delano Roosevelt because if Alf Landon is elected President of the United States this November 3, it's going to be the greatest tragicomedy that ever came to afflict a horror-ridden world."

I will say in passing that I have been informed that the President of the United States personally passed upon this article before it was published, and

a quarter of a million copies of the article were sent all over the country.

The article continues as follows:

"Imagine a schoolboy on Man-o'-War.  
\* \* \* Imagine an old maid at the wheel of Gar Wood's 125-mile-an-hour hell-cat speedboat. \* \* \* Imagine a baby with a steamshovel.

"And then imagine Alf Landon, small-town politician, at the helm of the Ship of State.

"We may seem a little bitter about it. Well, we are bitter. It seems to be a pretty good time to be bitter. I, as publisher of the Police Gazette, which is intended primarily for sporting people, hope that by the time you finish reading this you'll be bitter, too.

"Let's put the so-called issue aside for a moment—we'll get to them presently—and consider the race on the basis of man for man.

"On the one hand is Alf Landon, citizen of Independence, Kans., disciple of all that is intolerant, snoopish, bigoted, whose sole claim to political distinction lies in that he balanced the State's budget at the expense of its school children, hand-picked for office by Hearst, Mellon, the du Ponts, Morgan, and Wall Street, because, forsooth, he is worthy of the title: 'A second Coolidge.'

"And on the other is Franklin Roosevelt, citizen of the world, humanitarian and friend, wise and able head of a going concern, which he rescued from bankruptcy and which he is steering into an era of security and prosperity such as has never been known, damned by Landon backers because, forsooth, he insists on wider opportunity, greater prosperity, and a fuller life for every man, woman, and child in the country.

"These are the two contenders—yours is the choice.

"Kansas is a great State. We have no quarrel with Kansas. It's a little dry, perhaps, and still echoes with the whacks of Carrie Nation's ax. It's good for jack rabbits, too, and the finest racing greyhounds in the country are bred and trained on Kansas prairies. We have no doubt but that Independence is a fine, bright, modern little city, but we hesitate to think of it as the Bethlehem of a new Messiah who is going to save the Nation from a wave of too much big-heartedness toward its underprivileged.

"As a matter of fact, a suspicion lurks around in the echoing shadows to the effect that Roosevelt is going to carry Kansas, anyway.

"We can and will, however, quarrel with that State's chief executive, who happens, by a chance that he, himself, does not yet quite understand, to be the Presidential candidate of the most reactionary group of hide-bound economic racketeers which ever passed a dividend.

"It is an amazing story, that of how the lightning came out of a clear Kansas sky to tap Alf Landon on the shoulder with the accolade of Grand Old Party approval. He, somehow, got the impression around that he was a good business executive.

"As he was taking his bows for that, the reason was not quite clear to the average citizen. Only now are his business methods being exposed.

"By a trick of legislative legerdemain he tossed the State's schools plump into the laps of each and every community in the commonwealth. If you can't support 'em, close 'em' was the edict from Topeka's gilded dome. And close 'em they did, though some stayed open through the subterfuge of cutting teachers' pay until it reached an all-time low of \$25 a month.

"Then he went after the State's relief rolls.

"Now anybody with any sense at all knows that the great depression came simply and only because there weren't, under a Republican regime, enough jobs to go around. Millions needed relief. Millions got relief. And millions are still getting relief.

"In Kansas, under the lash of the budget-balancing whip of Topeka's Little Corporal, relief for needy families was reduced to \$1.03 a week.

"Then, his budget balanced, and the Federal Government taking care of the rest of it, the miniature Mussolini rested on his laurels. But, not for long. Presently a dust cloud came over the horizon, resolving itself into a special train, carrying the Hearst brain-trust. They looked at Landon in purely clinical fashion, asked him the proper question, and, like the wise men of old, went forth with Oh, hosannas! to make known their discovery.

"Governor Landon is strictly a Hearst build-up—and if that isn't amusing, you should have seen Wall Street's face when it found that it had to take him and like him.

"The Cleveland convention is history. The bellowing of Col. Frank Knox, who used to be a sergeant in the Hearst army, is history of another sort.

"Echoed by John D. M. Hamilton, the Little Boy Blew, of the opposition.

"The Landon campaign, at the moment, is one of afterthoughts.

"The President suggests crop insurance—and Landon echoes with, 'I thought of that a long time ago.'

"The President suggests a drought program—and Landon says, 'Oh, yes; that's what I've been saying all along.'

"And he says, 'Relief must go on,' but he doesn't say how it can go on under the terms of the Republican platform.

"There's no equivocation in the Roosevelt platform. It is summed, for all that is 'for the greatest good of the greater number.'

"And what could be fairer than that?

"This magazine is published for sporting people and this statement is intended for sporting people, so let's consider the sporting angle of the national campaign.

"To begin with it is difficult to believe that Alf Landon knows the difference between a catcher's mask and a home run. It is difficult to believe that he has ever been to a racetrack, but he may have attended a county fair where the gee-gees ran in harness.

"It seems likely that he may know something about college football.

"Roosevelt, on the other hand, is a first-class sportsman, well-versed and interested in sporting events, eager to encourage them because he knows just how important they are to every Tom, Dick, and Harry in the Nation. Take away a nation's sports and you can bet your bottom dollar that revolution is just around the corner.

"What has happened to sports under the Roosevelt regime?

"One hundred thousand rabid fans stormed the Polo Grounds a few days ago to fight over the 64,000 seats available for a game between the Giants and the Cards.

"Forty-five thousand horse players jammed every nook and cranny at Narragansett Park on Labor Day, and 15,000 jammed Aqueduct where every program printed for the day was sold out before the beginning of the first race.

"The day of the \$1,000,000 fight gate, only a memory of the halcyon era of Tex Rickard, is again upon us, and every major football game is already sold out.

"Basketball has become a major sport capable of selling out Madison Square Garden, and the hockey moguls are getting ready for their biggest financial season.

"That's what happened under Roosevelt, because people have money again—people have

money, not individuals—and they're willing and eager to spend it on sporting events.

"What would happen to the sporting world if everyone suddenly became frightened and panicky, if the 'rugged individualists of Republicanism' started to work their will on the people, firing as they've been itching to do for the last 3 years, closing up little businesses to make way for monopolies, taking over the banks and finances of the Nation—all of which they're sure to do if Landon is elected.

"There is a new and happier spirit abroad in the land, too—a spirit of friendly tolerance, a keep-your-nose-out-of-your-neighbor's-affairs kind of an attitude.

"What will happen if that Kansas Savonrola, Landon, moves into Washington? Don't forget that they still have dry raids in Kansas.

"To sum up, and there's only one possible sum-up—

"Reelect Franklin Delano Roosevelt."

On the same page there is an article by Gen. Hugh Johnson entitled "Johnson Speaks a Piece."

Then on the front there is a photograph of President Roosevelt with the caption "Hail the Chief—President Roosevelt, great and able leader, is here shown engaged in his favorite sport, yachting."

Down below the picture appear the words:

Jack Doyle, Broadway betting commissioner, reports that odds on the Presidential race are now 8 to 5—with no Landon money showing for the long end. All Broadway gamblers, he reported, are taking the short end, betting heavily on the President. The odds are the same on New York State.

The President of the United States apparently did not deem the National Police Gazette obscene. The Democratic National Committee did not hesitate, because they bought and paid for one-quarter million copies of the National Police Gazette for October 1936, just before the election, and mailed it all over the United States to every village, to every town, to every city, to every hamlet. There was no talk then of barring the National Police Gazette from the mails of the United States.

#### NOW THE TROUBLE STARTS

When, then, did the trouble start for this magazine? In February 1940, when Mr. Harold Roswell, publisher of the National Police Gazette, decided that he had had enough of the Democratic Party and decided to support a Republican. In February 1940, there was published in the National Police Gazette an article entitled "Governor Saltonstall Will Fight Legalized Lotteries," written by Matt K. Perlow, together with a picture of Governor Saltonstall entitled "Governor Saltonstall Behind His Gubernatorial Desk. Note the seal of the State of Massachusetts in the back of his chair."

I hold in my hand a photostatic copy of the article published by this magazine in behalf of Governor Saltonstall, and I submit it to any Senator who may care to look at it. I ask unanimous consent that it be printed in the RECORD.

The PRESIDING OFFICER (Mr. MURRAY in the chair). Is there objection?

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

[From the National Police Gazette, February 1940]

GOVERNOR SALTONSTALL WILL FIGHT LEGALIZED LOTTERIES

(By Nat K. Perlow)

"Darnit," darned Leverett Saltonstall, Governor of Massachusetts, with naive candor, "if we legalize any more gambling, lotteries, or what not, we'll be putting it into the hands of politicians. Politics and corruption will creep into the lotteries."

"You know," he continued, "that legalized lotteries existed in America several generations back and they were repealed because unscrupulous political hands spoiled the pie. If legalized lotteries were to return they would be legalized rackets."

"But," we asked, "advocates of this plan suggest that the State can make tax money by adopting the idea."

Saltonstall smiled, debunking this angle.

"This would be the most immoral form of taxation. It is the people who can least afford it that play the number pools. Out of sheer desperation, believing that their luck will change, the poorest people gamble. It is the men, women, and children that can least afford it that will pay the taxes."

If, long-limbed, rawboned Leverett Saltonstall, Governor of Massachusetts, is the thoroughbred aristocrat blueblood, trimmings and all, that newspapers have tagged him, then the mighty Jack Dempsey is Little Lord Fauntleroy in diapers.

Staid Massachusetts, key to puritanical New England, is the last State in the Union where anyone would expect to find a "regular guy," of the New York pedigree, seated in the statehouse. Saltonstall does not sport the pretentious airs of dignity that less cultured and bred Governors assume. "Lev," as most everybody calls him, speaks the lingo of the masses, adjectives and all.

A Republican, Saltonstall lavishes his guests with the most democratic hospitality. Five minutes after we were seated in the spacious living room of his private home, an old wooden colonial mansion at 240 Chestnut Hill Road in Newton, we felt that the deed to the place was in our pocket. We sat near the blazing fireplace, rows of books filled the adjacent wall, and a document-laden desk stood nearby. We chatted informally for 2 hours.

Ever since Saltonstall took office last January a political, scandalous storm, has raged over the Bay State. Shocking exposures of graft and corruption during preceding administrations have disturbed New England placidity. On top of the inherited headaches has been Levvie Saltonstall, working diligently to restore confidence in the State government.

Most recently, reformers' fires have been directed at the pari-mutuels at race tracks (Massachusetts legalizes pari-mutuels at the dog and horse racing tracks). The numbers pool racket, for years a consistent headache to New Yorkers, has been flourishing throughout Saltonstall's domain. Some quarters have suggested legalizing lotteries, but Levvie has balked at the plan.

Saltonstall's administration has been one of the most humane, catering to the down-trodden. Massachusetts is one of the few States that pays 50 percent of its relief bill.

"I won't balance the budget on empty stomachs," says Saltonstall. Yet the Governor doesn't add that under his guidance the State finances are well on their way out of the red.

Although Leverett Saltonstall is a Republican Party stalwart his intellectual honesty and absolute sincerity is a marked contrast from other Grand Old Party bigwigs. Salton-

stall is in harmony with many of Roosevelt's New Deal policies and objectives.

"Many of Roosevelt's policies are commendable. He has made some appreciable achievements." Saltonstall remarks, "but in a few of the cases bad executive directions have marred the objectives."

Saltonstall admires many of the President's personal qualities, although he formally met Franklin Delano Roosevelt only once. It was at Hyde Park, during a Governors' conference, that Levvie shook Frank's hand. Saltonstall, however, is very well acquainted with the other members of the Roosevelt clan. While abroad, a short time ago, the Governor was a house guest of Jimmy Roosevelt who had rented a home in Ireland during a vacation. In fact, Jimmy loaned Saltonstall his tennis shoes and went barefooted himself.

Like the President, Saltonstall graduated from Harvard. He received his Bachelor of Arts degree in 1914, after being one of the school's greatest athletes, captaining the famed Harvard crew that won the Royal Regatta at Henley in 1914, playing right center on the hockey team, and engaging in other sports. Levvie is sentimental about his graduating year; for years his private cars, his latest being a 1937 Packard, have had license plates numbered 1914 dangling from the bumpers.

Twenty-four hours after Saltonstall was elected Governor he began to think it would have been better for him if he had lost. He was so depressed by the influx of patronage seekers cluttering all roads to Newton, all clamoring for jobs and favors.

"The worst thing about being elected Governor," Saltonstall will tell you, "are the patronage seekers and some politicians casting their eyes on favors. For 3 months straight over 100 people and 400 letters came in every day. It almost drove me nuts."

Saltonstall shifted the patronage hounds to his secretaries who diplomatically smothered their ambitions.

Unlike the assumed importance of lesser officials, Saltonstall has not yet flattered himself into marching around with a vanguard of burly bodyguards. He has no bodyguard. After his election, officials of the telephone company advised him to change his number to a private listing. He replied that he would keep on trying staying in the book a while longer and his name and number are still there.

"I get very few crank calls," the Governor reports.

Everybody in Newton knows the Governor. He strolls around the corner of his home at 9 each morning and catches the train for Boston. It takes him merely 15 minutes to reach the Huntington station. On the train, or along the way, he chats amicably with all who recognize him.

Saltonstall, until he became Governor, glided a razor across his beard himself. A few weeks after having been seated, Saltonstall was approached by a bashful, stammering, old Negro, attired immaculately in white. "Mr. Governor," the Negro began, "I shaved 14 Governors without missing one and it now looks like you'll break my record."

Now Saltonstall stops in the State barber shop to be prettied by John H. Charleston, who has been in the statehouse barber shop 42 years.

Saltonstall has many intimate acquaintances. His closest associate, always at his side, is Allan Larrivee, his official chauffeur, who incidentally is also a sergeant in the State police. Russell Gerould, his secretary, handles press relations; Carroll L. Meins, administrative matters; and Daniel J. Lynch, legislative problems. All are experts in their fields.

Saltonstall's favorite hobby is reading. His study is studded with books. Only books on biography, history, crime, and politics can arrest the Governor's interest. During a re-

cent illness he read attentively, Nicholas Murray Butler's biographical reminiscences, "Through the Years." Lately the Governor has been absorbed in tomes dealing with the problems of crime.

A staunch defender of the parole system, Saltonstall goes into a lather upholding its principle.

"Many of these people make mistakes," the Governor holds, "that we should recognize as being beyond their control. Unemployment breeds crime. We must rehabilitate the people that fall. While parole fails in some cases it has made more worthy accomplishments, far in excess of its failure."

Saltonstall is not a rabid movie fan. He sees about three pictures a year. He thought the much-publicized epic, "Gone With the Wind," was not a very good picture.

"Greta Garbo is beautiful," Levvie blushes on. "My kids named my favorite pet, a donkey, Greta Garbo. I guess she wouldn't mind," he says apologetically.

During his year in the gubernatorial chair, the 47-year-old Governor has restored sane, efficient government in Massachusetts. He has put a stop to the pardon and parole racket, which had become a public scandal. He reorganized a demoralized department of education. Saltonstall placed the racing commission under the leadership of men with integrity. The State budget, long tinted in the reddest hue, is now seeing streaks of black. He gave Massachusetts an honest, incorruptible civil-service board. Saltonstall's administration in the Bay State is a milestone in its history of honest government.

There is something of the humbleness and spirit of Abe Lincoln in Leverett Saltonstall, and maybe some day soon the White House will be Levvie's station. He seems tailor-made for the job.

Mr. LANGER. Mr. President, this article on Gov. Leverett Saltonstall, of Massachusetts, compared his stellar qualities with those of Abraham Lincoln. Carried away by his enthusiasm for the great man, the Gazette reporter was so rash as to suggest that Saltonstall had great Presidential possibilities. I can well see why Walker, the chairman of the Democratic Committee, should take exception to such a suggestion, and attempt to throttle a publication making it.

Later Gov. Arthur H. James, of Pennsylvania, in another issue, blamed crooked politics for many existing evils and corruptions. That must have hit home in many cases. Governor James' picture was also published.

I hold in my hand a photostatic copy of the article to which I have just referred, and ask unanimous consent that it be printed in the RECORD.

The PRESIDING OFFICER (Mr. MURDOCK in the chair). Is there objection?

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

[From the National Police Gazette]

WHY PAROLE IS CORRUPT—GOVERNOR JAMES BLAMES CROOKED POLITICS FOR EVIL

(By Nat K. Perlow)

"That's an unfair question!" barked small, bespectacled Arthur H. James, Governor of Pennsylvania, seated behind his massive desk in the executive chamber. "My views on legalized pari-mutuels aren't important. That issue has been up in the legislature from time to time. It's for them to decide."

For several years now the question of legalizing pari-mutuels in the Keystone State has been brought up in the legislative chambers

and time and time again it has been buried in committee, defeated, and compromised out.

Zealous advocates, disgusted with the impractical puritanism of reformers, have literally been tearing their hair out of their heads pointing out that the State loses over \$10,000,000 annually in vacation tourist revenue to neighboring Maryland, whose legislature thinks more in terms of dollars and cents than outdated scruples.

His excellency, an astute politician, has never limbered from his silence, and it is necessary to understand the strange political background of Pennsylvania to appreciate the Governor's wisdom.

"That's an unfair question," he keeps repeating, although every other Governor interviewed by the National Police Gazette willingly expressed his views on legalized gambling. Why? Well—

Much of Governor James' difficulty is due to the influence wily Moe Annenberg, indicted czar of racing information and powerful publisher of the Philadelphia Inquirer, wields over the State Grand Old Party. If James were to favor legalized pari-mutuels his opponents would label him Annenberg's stooge; if he were to oppose pari-mutuels he would probably alienate some powerful Grand Old Party biggies, so Governor James, a very practical politician, just keeps his mouth shut.

The Pennsylvania Governor weighs and reweighs every word before speaking. Some of his press conferences run the length of hours and although Governor James talks a great deal, he confides nothing of vital value to the gentlemen of the press. He is very much unlike the many Governors who candidly confide, off the record, almost everything to the newspapermen covering their offices.

However, Governor James is a very congenial and likeable person. The newspapermen are personally very fond of the Governor although some resent his lack of confidence in them.

Governor James is very much interested in parole. Ever since he served on the Pennsylvania Pardon Board during his Lieutenant Governor incumbency, 1926-30, he has cultivated a keen interest in the parole problem. It is one of the few subjects you can question Governor James on without having him irritably remark: "That's an unfair question."

"I favor parole," Governor James says boldly. "We have a very efficient parole system in Pennsylvania. There are a few amendments I have in mind that should contribute much to perfect the parole system in Pennsylvania."

"The only trouble with parole," the Governor concedes, "is in the administration of parole. It is necessary to keep corruption and politics out of the parole system. Politics will kill any parole system."

Governor James' idea of an ideal parole board is one that will appropriate the exclusive parole franchise in the State and be independent of any other State department. James even favors having the parole board set the sentence of a convicted law violator and merely have a judge for trial purposes only.

The Governor is a short, stocky, conservative gent. He looks more like a neighborhood storekeeper than the Governor of the second largest populated State in the Union.

"I like simple clothes," the Governor willingly reports, "my favorite color in suits is blue—like the one I have on," he adds, pointing to his dark blue single-breasted jacket.

All the Governor's clothes (five suits, three coats, a full formal attire, three pair of shoes, two dozen shirts, and only three ties) are in dark shades. Ever since the death of his wife, a major tragedy in his life, Governor James has only worn black ties.

The Governor has no valet. He shaves himself, shines his own shoes, and even presses some of his own clothes. He always drove his own car, a Pontiac, until ascending to the Governorship. Now, however, a uniformed State trooper chauffeurs His Excellency in an official State limousine.

Besides a daily walk the Governor does not indulge in any other exercises.

"I used to go fishing," the Governor reports, "but no more. Every time I went fishing the fish had a way of finding out."

The Governor reads very little. After he is through with his daily chores, reading numerous State reports, letters, and miscellaneous documents his eyes are weary. He, however, always manages to find time to read the latest Abraham Lincoln biographies. He has just started reading Carl Sandburg's latest works on Lincoln.

James always marches around escorted by a burly State trooper. "The Governor can't be without a bodyguard," LeRoy V. Greene explains. "Almost every time a lunatic escapes he heads straight for the Governor, since the Governor is one of the few who can free him. We caught a number of them trying to see the Governor."

Perhaps, no other Governor in office today has encountered as vehemently militant an opposition as Gov. Arthur H. James must face. Whatever he does, whatever he says, is carefully scrutinized and weighed by his adversaries. This is undoubtedly the reason Governor James cringes, goes into deep thought, then dismisses suspicious questions with "That's an unfair question."

Mr. LANGER. Mr. President, in April 1940, Governor Baldwin, of Connecticut, a Republican, in an exclusive interview published in this magazine, discussed the ways and means of getting our unemployed back to work. He proposed lower taxes and encouragement to industry. The magazine also published his picture. I would not exactly say that such a suggestion met with the approval of Mr. Walker, or voiced what he or his party stood for. I have in my hand a copy of the article, and ask unanimous consent that it be printed in the RECORD at this place.

The PRESIDING OFFICER. Is there objection?

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

[From the National Police Gazette of April 1940]

"LET'S GET OUR UNEMPLOYED RIGHT BACK TO WORK," STATES GOVERNOR BALDWIN IN EXCLUSIVE INTERVIEW

(By Nat K. Perlow)

"I'm not opposed to gambling on any moral grounds," burly Ray Baldwin, Governor of Connecticut explains. "I see nothing wrong when men who can afford to lose, gamble, but," warns the chief executive, "if we legalize gambling, men and women who can least afford to lose, will start playing games of chance."

Although Connecticut's adjoining States, Rhode Island, Massachusetts, and New York, have all let down the bars on gambling, legalizing pari-mutuels at race tracks, there will be no legalized pari-mutuels, or any other form of gambling in Connecticut—not if Governor Baldwin can help it.

"Personally," the Governor adds, "I never gamble—I don't enjoy it. If some people like to play cards, or the races, let them," but again Baldwin adds, "only if they can afford to lose."

But, advocates of legalized games of chance should not feel defeated. If Ray Baldwin continues to hold sway in the old Connecticut State house, continuing to stimulate business recovery in the Nutmeg State, then Ray Baldwin will run out of his own argument—everybody in Connecticut will be able to afford to lose.

Governor Raymond E. Baldwin, massive, muscular chief executive of Connecticut, is about the most unusual gubernatorial specimen to be found in any statehouse in America. Unlike the many debt-priming Governors—this man Baldwin has shaven and trimmed the Connecticut ledgers out of the red. For the first 6 months of his initial administration, penny-wise Baldwin has not only balanced the treasury books, but filled the anemic exchequer with a \$391,000 surplus. Baldwin, indeed, is a nonconformist duck.

Besides his prodigious feat in arithmetic, Governor Ray Baldwin (he always hated "rithmetic, algebra, and geometry at school) has been courting industries into his State with "tax appeal." He has slashed taxes. "This is only the beginning," he says. Already 160 new industries, an increase of about 100 percent over the preceding 12 months, have established themselves in Connecticut. Over 42,000 jobs were made available—another 100 percent increase over last year. Now, the Governor has undertaken a vast employment project to put the unemployed back to work.

Governor Baldwin is a congenial gent, a bit unkempt in dress, slouched in a swivel chair behind a littered desk, stacked high with papers, reports, booklets, and a mass of other paraphernalia at the statehouse, an unpretentious chamber, a relic of the middle nineties, he gave his views on unemployment, gambling, and parole.

"It's all very simple," Baldwin remarked. "The only way to provide jobs is to encourage industries. And to encourage industry it is the responsibility of the Government to remove obstacles. High taxes is one of the dominant causes that hampers business."

When Ray Baldwin moved into the gubernatorial chambers one of the first things he did was to appoint a commission on the employment of men over 45 years of age, under the guidance of Carl A. Gray. For years it was charged that men over 45 are through in industries, that it is impossible for them to find employment.

"We found that not only men over 45 are having difficulty with employment," the Governor reports, "but also that it is youths from 18 to 25 who have the greatest difficulty in finding jobs. Industries call for experienced, skilled labor, and youths are unable to offer this requisite."

Baldwin and Carl A. Gray, commission chairman, undertook to correct the lack of vocational inexperience by encouraging industrial leaders in the State to tackle the problem of employment through local committees of their own choosing. Unemployed youths were placed in industrial establishments, paid while being grounded in skilled labor.

"You must train the younger men to handle skilled jobs," the Governor holds. "They must have experience to obtain decent employment. Unemployment may be government's problem, but employment is business' and industry's problem."

Every day at 11 a. m. the gentlemen of the press filter into Baldwin's unadorned sanctum. Never before in the history of the State has the press been accorded an open door right into the Governor's office. Ray Baldwin and the nine statehouse correspondents talk intimately, sometimes for hours when no pressing business is at hand, confiding "off the record" all the State secrets.

"He passes out cigars to the boys," says Moses Berkman, of the Hartford Times, in

the anteroom, "and anything any of the boys want is usually arranged. Nicest guy we ever had in the statehouse."

Ray Baldwin is far from being a fashion plate. He has a wardrobe of three suits, two coats, and, of course, a complete formal outfit. In his office, when he works late into the night, he removes his jacket, loosens his tie, and flaps open his collar. At home he lounges around in old clothes.

The Governor lives in a modest stucco home in Stratford. Since he became Connecticut's Governor his home has been an extension of the executive offices. When he is done with his daily chores at the statehouse he motors to Stratford, eats his dinner (the Governor loves corn beef and cabbage) then goes back to work in his study, reading reports, making notes, preparing State papers.

"The trouble with being Governor," the Governor says, "is that you have to be a Governor 24 hours a day. I work 18 and 19 hours a day, weekdays, Sundays, and holidays. Even when I sleep, the budget, the reports, and commissions pop around in my mind."

The Governor, since ascending the gubernatorial chair, has been divorced from a private social life. Only rarely does he break away to go fishing with Art Mitchell, an old boyhood friend, or Jim Gilkinson. Sometimes his persistent sons (he has three of them) carry their pop off to a local movie.

"The last picture I saw was months ago," Ray reports, "It was the Marx brothers picture, *A Day at the Races*."

Ray Baldwin has no favorite actor, or actresses. He knows too many of them personally to venture a selection. Baldwin was a boyhood chum of Barton McLane, the gruff voiced screen heavy.

"McLane was a very good looking boy," Baldwin confides. "All the girls in Middletown were wild about him. He also went out with my sister," the Governor goes on to reveal.

When the Governor has any leisure, he sinks back in his plush covered chair in his study, and reads biographical works. His favorite subject is Abe Lincoln. In his home he has a complete shelf of Lincoln biographies.

"I'm now reading Carl Sandburg's biography on Lincoln. It's a great book."

Although Baldwin now has an official State car with a uniformed State police sergeant to drive him, he frequently tells the driver to move over and takes the wheel himself. He has been driving for 20 years and has never had an accident.

One of the hardest unpleasantries Baldwin has encountered while being Governor has been sitting on the parole board.

"It's hard to make reason overcome emotions."

"Parole must be carefully administered. The welfare of the citizens must be placed above everything else, but instead of giving much time and thought to the parole problem we should concentrate on decreasing crime by providing jobs for the unemployed. A solution to the unemployment problem will solve a large portion of the crime and vice and parole problem. Let's get our unemployed back to work."

In Connecticut the theme of Baldwin's administration has been fashioned to lower taxes, encourage industry, provide employment, and guide the younger generations to their rightful stations. Baldwin is succeeding! More and more, every day, more industries are filtering into the Nutmeg State, more jobs are being made available. Ray Baldwin's labors are bearing their fruits.

Mr. LANGER. Mr. President, it may be that Frank Walker, who is very much a Democrat, considered phrases in praise of Republicans as a form of obscenity,

and devoted an entire page to descriptions and facts which would aid American citizens in helping to track down deserters. At the beginning of the present war, the publisher generously offered the columns of his publication for similar purposes without any financial consideration. I suggest to the chairman of the Democratic Party that such a function is useful and decent.

There has always been room in this country for this type of periodical, which clearly conforms with the second-class law, which specifies that a magazine, in order to enjoy a second-class mailing privilege, must be originated and published for the dissemination of information of a public character. I am at a loss to see what possible justifiable reason the chairman of the Democratic National Committee can put forth to substantiate his case against this magazine. If the magazine is not entitled to the privilege, the newspapers are not.

The Police Gazette meets the standards of the national organization for decent literature of the Catholic church, and is also approved by the New England Watch and Ward Society, the Protestant organization. The chairman's laxity in taking steps to prosecute publications which have willfully and intentionally abandoned their mailing privileges, merely switching their transportation to freight and express channels, proves that the administration is little concerned with reform. These magazines are still being sent out through freight and express channels, and the Postmaster General has taken no steps to prosecute those responsible for publishing and circulating them.

#### HISTORY OF POLICE GAZETTE

The National Police Gazette began in 1845. Its history is replete with battles; yes, battles—battles against gangsterism, battles against injustice, battles for right. It has weathered many a storm, and will weather this one for justice and decency.

Enoch Camp and George Wilkes, who founded the Police Gazette, operated it as a weapon with which they fought vice and crime. The editor, Mr. Wilkes, exposed plenty of gangsters of those early days, as was proven by the fact that he was beaten up a dozen times and shot at twice. The offices of the Police Gazette were attacked many times by gangsters. On one occasion, in 1850, so serious was the assault that six men, including Andrew Frost, the Gazette's star reporter, were killed. This policy of fighting gangsterism is carried on today. Every issue of this publication exposes some evil. Each one clearly shows that crime does not pay.

Richard K. Fox, who assumed the publication of the Police Gazette in 1876, gave away more than a quarter of a million dollars in medals, prizes, and stake money to popularize and promote sports and clean living; working on the theory that a clean mind dwells best in a healthy body, the Police Gazette today awards prizes for health and strength, and promotes physical fitness among the youth of the country. Last year a young sanitation employee of New York City won the award of "Mr. Police Gazette" for physical perfection. Is this not decent literature?

The Police Gazette faithfully reports feats of police heroism, and invariably points a moral in reporting crimes. This is the type of publication which Frank Walker seeks to suppress, even as he generously hands out second-class mailing privileges to favored publications which do not have nearly as much reason for existence.

But that is not all. This publication, whose second-class mailing privilege the chairman of the Democratic Party had the effrontery to revoke, was subsidized by the United States Government. Yes, Mr. President, during the Mexican War, in 1846, the United States Government subsidized the Police Gazette and ordered it widely circulated in every Army camp in the United States in order to apprehend deserters. Each month the Gazette published comprehensive lists,

and devoted an entire page to descriptions and facts which would aid American citizens in helping to track down deserters. At the beginning of the present war, the publisher generously offered the columns of his publication for similar purposes without any financial consideration. I suggest to the chairman of the Democratic Party that such a function is useful and decent.

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#### THE DEMOCRATIC CHAIRMAN IS ILLY TOLERATING OPPOSITION

I am told that one publisher has been threatened that he would never receive his mailing privilege no matter what he published because he publicly dared to criticize the actions of the Postmaster General and to insist on his constitutional rights.

The resultant evils arising from such a practice are great and manifold. Periodicals in this country were all intended to serve a purpose. That purpose is to disseminate information and to voice an opinion. I believe there is no possibility of free expression in this country today; not while Frank Walker holds publishers like puppeteers in one hand and threateningly wields the club of revocation of privileges and political censorship in the other.

Mr. President, I can quite understand Frank Walker's desire for the complete expression of favorable political views, but I say that he has no right to dictate the editorial policies of publications under the threat of granting or revoking the second-class mailing privileges.

I am fully aware that publishers are often greatly intimidated by political bigwigs who hold the reins of their office relentlessly, but I am inclined to think that no true American would accept a political favor in exchange for his idealism and integrity. Any publisher who

today is granted a second-class mailing privilege is obligated to Frank Walker and the National Democratic Committee. Knowingly or unwittingly he becomes the victim of a "pay-off in the dark." This is a ruthless "pay-off" which leaves him stripped of opinions and the power to exercise his editorial integrity. That is not the American way of life. The expression of opinion and truth are the American code.

The warping of opinions so that they coincide fully with those of the chairman of the Democratic Party is in perfect conformity with what is happening in the countries of our enemies, and that must not happen here.

Mr. President, I repeat that the United States Government has competent advisers to deal with the publishers of lewd and indecent magazines. We have laws upon the statute books which provide that men and corporations who peddle filth and send these magazines through the mails can be put in the penitentiary. If they peddle that kind of stuff to the youth of America, that is where these men belong. We spend millions of dollars each year in maintaining our courts of justice, and our thousands of attorneys and judges will make short shrift of any human vulture who aims to make money by contaminating the minds of our youth.

Why, I repeat, has not the Postmaster General, if he is acting in good faith and if he really wants to, wiped out obscene and indecent literature? If he believes the publishers of these 70 magazines are guilty, why has he not prosecuted them? He is here in Washington; the Attorney General of the United States is here in Washington; we have courts here in Washington; we have honest jurors in Washington. Why does not Mr. Walker simply pick up the telephone on his desk and call the Department of Justice? That is all he has to do. The Department of Justice is functioning, the courts are functioning, and the people of the United States are functioning, yet the chairman of the Democratic Party insults the intelligence of every good citizen in America by publicly barring those 70 magazines from the post office, knowing while doing so that they will be sent out to the people by express truck and will be circulated among the youth of this country. And all the while he knows that he, by simply telephoning the Department of Justice can, if an evil exists, stop it all.

Mr. President, in view of the fact that the Postmaster General is not, at least in my judgment, doing his full and complete duty, I shall ask the Senate of the United States and the House of Representatives to protect the youth of America, and for that purpose I ask consent to introduce at this time a bill to amend section 211 of the Criminal Code, as amended, relating to certain nonmailable matter. I ask that the bill may be appropriately referred and printed in full in the RECORD at this point, together with a memorandum explaining the bill, which has been prepared by me.

The PRESIDING OFFICER. Without objection, the bill will be received, properly referred, and printed in the RECORD together with the memorandum, as requested by the Senator from North Dakota.

The bill (S. 1105) to amend section 211 of the Criminal Code, as amended (relating to certain nonmailable matter), was read twice by its title, referred to the Committee on Post Offices and Post Roads, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That section 211 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended, is amended to read as follows:

"Sec. 211. (a) The following matter is hereby declared to be nonmailable, and shall not be conveyed in the mails, or delivered from any post office or by any letter carrier:

"(1) Every obscene, lewd, lascivious, and every filthy book, pamphlet, picture, paper, letter, writing, print, or other publication of an indecent character;

"(2) Every article or thing designed, adapted, or intended for preventing conception;

"(3) Every article or thing designed, adapted, or intended for producing abortion;

"(4) Every article or thing designed, adapted, or intended for any indecent or immoral use;

"(5) Every article, instrument, substance, drug, medicine, or thing which is advertised or described in a manner calculated to lead another to apply it for preventing conception;

"(6) Every article, instrument, substance, drug, medicine, or thing which is advertised or described in a manner calculated to lead another to apply it for producing abortion;

"(7) Every article, instrument, substance, drug, medicine, or thing which is advertised or described in a manner calculated to lead another to apply it for any indecent or immoral purpose;

"(8) Every written or printed card, letter, circular, book, pamphlet, advertisement, or notice of any kind, giving information, directly or indirectly, where or how, or from whom, or by what means any of the hereinbefore mentioned matters, articles, or things may be obtained or made;

"(9) Every written or printed card, letter, circular, book, pamphlet, advertisement, or notice of any kind, whether sealed or unsealed, giving information, directly or indirectly, how or by what means conception may be prevented;

"(10) Every written or printed card, letter, circular, book, pamphlet, advertisement, or notice of any kind, whether sealed or unsealed, giving information, directly or indirectly, where or by whom any act or operation of any kind for the procuring or producing of abortion will be done or performed, or how or by what means abortion may be produced;

"(11) Every letter, packet, package, or other matter containing any filthy, vile, or indecent thing, device, or substance;

"(12) Every paper, writing, advertisement, or other matter representing that any article, instrument, substance, drug, medicine, or thing may, or can be used or applied for preventing conception;

"(13) Every description calculated to induce or incite a person to so use or apply any such article, instrument, substance, drug, medicine, or thing;

"(14) Every paper, writing, advertisement, or other matter representing that any article, instrument, substance, drug, medicine,

or thing may, or can be, used or applied for producing abortion;

"(15) Every description calculated to induce or incite a person to so use or apply any such article, instrument, substance, drug, medicine, or thing;

"(16) Every paper, writing, advertisement, or other matter representing that any article, instrument, substance, drug, medicine, or thing may, or can be, used or applied for any indecent or immoral purpose;

"(17) Every description calculated to induce or incite a person to so use or apply any such article, instrument, substance, drug, medicine, or thing;

"(18) Every book, pamphlet, picture, paper, letter, writing, print, or other written or printed matter of a character tending to incite arson, murder, or assassination.

"(b) When the postmaster at the place of mailing has reason to believe that any matter deposited for mailing is of any of the classes described in subsection (a), he shall (1) immediately seize and hold such matter pending the proceedings in the district court as herein provided; (2) immediately notify the sender that such matter has been detained, indicating any language, picture, print, illustration, or characteristic, which, in his judgment, constitutes a violation of this section; and (3) transmit, within 10 days from the date of such seizure, notice thereof to the United States district attorney for the district in which such seizure is made. Within 30 days from the date of receipt of such notice, such district attorney shall institute proceedings in the district court for the forfeiture and destruction of the matter seized. In the event that such notice has not been transmitted within such 10 days or such proceedings have not been instituted within such 30 days, such matter shall forthwith be delivered or returned, at the option of the sender. In any such proceedings, on demand of any party, the facts in issue shall be determined by a jury. Upon the adjudication that the matter seized is of any of the classes described in subsection (a) the court shall order such matter to be destroyed. Upon adjudication that the matter seized is not of any of such classes such matter shall forthwith be delivered or returned, at the option of the sender. The judgment of the district court in such proceedings shall be final, except that it shall be subject to review in the manner provided by law for the review of judgments of district courts of the United States.

"(c) The postmaster shall from the time of any such seizure, retain in a separate file, open to the public, a copy, duplicate, or complete description of the matter seized, together with a copy of his notice to the United States district attorney, and in the case of written or printed matter, he shall, immediately on institution of any proceedings with respect thereto, transmit to the Library of Congress, where it shall be available to the public for inspection, a complete description, or, when possible and convenient, a copy of such matter, or of that part thereof which, in his opinion, brings such matter within a class described in subsection (a). Upon the termination of said proceedings, the postmaster shall promptly cause to be placed in such public file a record of the disposition and adjudication with respect to the seized matter, and shall promptly transmit a copy of such record to the Library of Congress, where it shall be placed with the description or copy of such matter.

"(d) Whoever shall knowingly deposit, or cause to be deposited, for mailing or delivery, any matter, or a copy of reproduction of any matter, which, within 5 years prior

to the time of such deposit, has been adjudicated to be nonmailable under this section, or whoever shall knowingly take, or cause to be taken, any such matter, from the mails for the purpose of circulating it or disposing thereof, or of aiding in the circulation or disposition thereof, shall be fined not more than \$5,000, or imprisoned not more than 5 years, or both."

The memorandum presented by Mr. LANGER in connection with the bill is as follows:

This memorandum is written in connection with a proposed bill. The purpose of the bill is to provide a court review where the Government seeks to exclude material from the mails on the ground that the matter contained therein is obscene. The general pattern followed has been that provided for the Customs Bureau (title 19, U. S. C. A., sec. 1305). The proposed bill is intended to be merely an amendment to section 211a, as amended, to the Criminal Code (title 18, U. S. C. A., sec. 334) which sets forth the type of matter the Government deems objectionable and nonmailable.

The procedure now in effect entrusts arbitrary powers in the hands of one individual, the postmaster. The most reasonable remedy is a provision for libel proceedings before a jury and a civil trial of the matter which the post office seeks to bar. This method, as pointed out above, has already been established as the procedure for the Customs Bureau and has proved very effective during the 13 years since it was inaugurated.

1. Section 211a, subsections 1-18, are merely restatements in separate paragraph form of the matter at present declared objectionable and nonmailable as set forth in title 18 United States Code, Annotated, section 334. It cannot be doubted that the Federal Government in the exercise of its police powers to preserve the health and morals of the country may declare material such as described in the bill to be nonmailable.

2. Section 211b provides that court review of matter deemed to be nonmailable shall be had in the district where the matter is mailed. In general the form followed is that set forth for the Customs Bureau in title 19 United States Code, Annotated, section 1305. In order that a prompt review may be had at the least expense to the sender, it has been provided that only the postmaster at the point of mailing may intercept such matter he may deem to be objectionable and to transmit it to the local United States attorney.

A provision which would give any other postmaster this power would be bad policy, as it might entail the necessity of defending the material at a great distance from where the mailer resided. Furthermore, if any postmaster other than the one at the point of mailing should have the right to intercept the material it would lead to a multiplicity of actions. Under the present provision a decision would be had in only one place, and a ruling, consequently, that the matter is mailable would automatically become binding upon any other postmasters at the points of destination.

An important characteristic of the action here brought is that the action is brought against the material and not against the sender thereof. The reason for this is that, as in proceedings brought against matters arriving from abroad, the nature of the action is in rem and not in personam. Consequently a ruling that a certain book or publication is not obscene would be res adjudicata in a proceeding against such book or article in another place. *U. S. v. One Obscene Book* (D. C. N. Y., 1931, 48 Fed. (2) 821).

3. Section 211c has been added for historical, educational and research reasons. Under the provisions of section 211b upon

a finding that the matter mailed is obscene it is thereupon to be destroyed. No record would therefore be kept by which posterity could judge for itself the character of the matter. This provision would thereby prevent the complete destruction of what might be great masterpieces to later generations.

There is obviously no need for this provision in the section applicable to the Customs Bureau, where a similar penalty is imposed upon matter deemed proscribed by the statute. There would obviously be copies of the matter abroad which could be preserved for history. Furthermore, records of these decisions should be kept available to the public so that anyone in doubt could ascertain if a particular publication had been declared illegal.

4. The provision requiring that criminal penalties be limited to material deposited within 5 years of a civil adjudication declaring it obscene is to make the law flexible. Standards are changing so rapidly that no hard and fast rule can well be laid down. Matter condemned today is accepted next year—or it may be the other way around.

The other proposed remedies are obvious and need no argument to support them. With the exception of the 5-year provision and the requirement that records of adjudications be kept available to the public, these proposals are precisely the same as those already in effect concerning the importation of matter from abroad.

#### CURRENT PAYMENT OF INDIVIDUAL INCOME TAX

The Senate resumed the consideration of the bill (H. R. 2570) to provide for the current payment of the individual income tax, and for other purposes.

Mr. O'DANIEL. Mr. President, I wish all problems were as simple as the pending tax measure, House bill 2570. To me it appears to be a very elementary problem. Let us analyze it carefully. One of the greatest privileges a person can enjoy is to be a citizen of the United States. No other nation on earth offers the advantages which are found in America. It costs money for this Nation to give us the privileges and protection we enjoy, and the only way our Government has of raising that money is by taxation.

Our forefathers who set up our system of government made it so simple and so fair and honest that although one may be born in dire poverty, with no relatives or friends of prominence or influence, yet it is possible for such a citizen to rise from that abject and obscure position to a position of great wealth. Any nation which holds open such opportunities to each and every child born within its borders is certainly worthy of the cost of its maintenance.

To raise most of its money, our Government many years ago adopted a system of income taxes and has kept the system in operation ever since. Under this system every individual is permitted to engage in any lawful enterprise of his own choice for the purpose of making profit, with the full knowledge that a certain percentage of the profit shall belong to our Federal Government. Our Government is so fair and liberal with all its citizens that it permits them to continue their operations for 12 months before demanding any of its share of the profits. It then gives another 2½ months' time for each individual to figure

exactly what the profits were for the 12 months' period. After this profit determination has been made and the percentage due the Government becomes known, then our Government in its desire to be fair and reasonable grants quarterly installment terms of payment of its share extending for 11½ months after the 12-month period during which the profit is earned. On these liberal installment terms of payment, the Government charges no interest whatever.

The system is so fair that, in case no profit is made, no payments are due the Government. So I say that it is not difficult for me to know my position on this tax problem. With privileges such as these, under no circumstances would I vote for any bill which would cancel 100 percent of my 1942 income taxes, or 75 percent, or 50 percent, or 1 percent, or one-tenth of 1 percent.

When our brave soldiers and sailors return home after they shall have fought this war and shall have won the victory which will protect our profit system of enterprise, along with other great rights and privileges, they will be able to look up the record and to see that the Senator now speaking did not vote to cancel his own income tax for 1942 or for any other year, while they were away from home fighting in the war and while our Nation was in greater need of money than ever before in its history. Neither shall I vote to cancel any portion of any other taxpayer's income tax for 1942, 1943, or for any other year or fraction of a year.

While our present income-tax system may not be perfect, Mr. President, and while the rates may be exceedingly high, yet it seems to me that the system is reasonably fair and equitable. I think about the only just complaint that could be made against it is that the rates are too high. That, however, is not the fault of our tax system; that is the fault of our appropriation system. Large appropriations have been made, and our Government is in debt deeper than ever before. It needs every dollar it can get in order to pay its debts. With these conditions existing, I do not intend to vote for any bill that will cancel income-tax obligations which, under laws enacted by Congress, have already accrued.

I have heard most of the argument on this question, Mr. President, and I am not going to question the contention or argument of any other Senator. It is the undisputed right of each Senator to say what he pleases and to vote as he chooses. But I have had sufficient business experience to know that the Government's share of my income for 1942 is a just and honest debt due to the Government, just the same as my rent and grocery bills for 1942 were just and honest debts; and I do not intend to try to escape the payment of that debt merely because I have been entrusted with the right to vote on such a plan in this Chamber. If it is not fair for me to vote to relieve myself of this honest, accrued, income-tax debt, it is not fair for me to vote to relieve any other taxpayer of his honest, accrued, income-tax debt, and I do not propose to do so.

The income-tax debt is recognized as a bona fide debt, to such an extent that practically all corporations and many individuals calculate the amount due each month, and set it up on their books and financial statements as a liability, the same as they do for their outstanding bonds, notes payable, and accounts payable.

There may be some who claim that over a period of years the Government will receive as much money from income taxes if we adopt the Ruml plan. That may be true; but to my knowledge no man has yet made the statement that under the Ruml plan each and every taxpayer during the same period of years will pay exactly the same amount of taxes he would have paid under our present laws. Therein, Mr. President, lies the inequity. Some would profit materially by the enactment of the Ruml plan, and others would be forced to pay more taxes than they would pay without its enactment. I have heard nobody deny that that is the fact. Why should we enact legislation which we know is positively inequitable?

Mr. President, I have heard it said that the whole plan is to enable taxpayers to pay on a current basis. Nothing has ever prevented taxpayers from paying their income taxes currently, and nothing prevents them from doing so now. Any day since 1913 that any taxpayer had a craving to pay his income tax currently he could have tendered the money to the United States Treasury. But I have not heard of anyone pounding on the Treasury doors demanding that he be permitted to pay his income tax every month or every week or every day, currently as he earned it.

No, Mr. President; I cannot believe that very many taxpayers in this country are demanding that they be permitted to pay their income taxes currently. There may be some persons who are demanding that the other fellow pay his taxes currently, but not themselves. There may be some sound reasons why the income tax on wages and salaries should be paid at the source. That type of income is of an entirely different character, because the amount is definitely known each pay day, whereas the exact amount of net income from business or professional transactions cannot be determined until after the close of the full period which, because of seasons or other factors, covers 1 year. It would be a very simple thing to set up a system of income-tax collection which would take care of income from wages and salaries. All it would be necessary to do would be to enact legislation setting up a withholding tax collection system covering all wages and salaries. The tax money would be deducted from each wage and salary payment and forwarded to the United States Treasury and applied on the taxes due by each individual as evidenced by taxpayer's income-tax reports filed on or before March 15 covering the previous year's operations, just the same as payments are now sent in quarterly by millions of taxpayers. The withholding tax col-

lection on wages and salaries of each individual sent in during 1943 would apply on 1942 taxes, just the same as 1943 quarterly installments are now applied on 1942 income. At the end of 1943 adjustment would be made by having the individual pay the balance due or by having the Treasury refund to him any overpayment. Such a change would be a very simple, little one. It would not necessitate revamping the whole income-tax structure. It would not disturb the present Victory tax plan. It would not cancel any taxes accrued under the present laws. It would not cause anybody to pay 2 years' taxes during 1 year. It would not disturb any phase of the present system. It would only set up a weekly and monthly collection system on income taxes accruing from wages and salaries.

Mr. President, I send to the desk amendments to the pending committee amendment to House bill 2570, and ask that they be printed and lie on the desk, to be offered by me at the appropriate time for consideration. I also ask that the amendments be printed in the RECORD immediately following these remarks.

There being no objection, the amendments intended to be proposed by Mr. O'DANIEL were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 85, line 13, after "calendar year", insert "to the extent not credited against the tax for a taxable year beginning in the preceding calendar year as hereinafter provided"; and following the amendment heretofore adopted to the committee amendment in such line, insert:

"The amount so withheld and collected during any calendar year shall also be allowed as a credit to the recipient of the income against the tax imposed by this chapter for any taxable year beginning in the preceding calendar year as follows:

"(a) If the tax so imposed is paid otherwise than by installments, such recipient may credit against such tax the amount which he estimates as the amount withheld and collected during the first quarter of such calendar year.

"(b) If the tax so imposed is paid in installments, such recipient may credit against each installment the amount which he estimates as the amount withheld and collected for the quarter of such calendar year during which such installment is paid, and for preceding quarters to the extent not credited against any preceding installment.

"(c) If the aggregate of the amount so estimated as withheld and collected during such calendar year and allowed as a credit under subsection (a) or (b) exceeds the amount actually withheld and collected during such calendar year, such excess shall, in lieu of the time prescribed in section 56, be paid on or before March 15 of the succeeding calendar year."

On page 86, strike out lines 3 to 9, inclusive, and, beginning in line 24, strike out down to and including the period in line 4 on page 87.

Beginning on page 88, line 17, strike out all down to and including the period in line 14 on page 104.

On page 104, line 15, strike out "7" and insert "5."

On page 105, line 8, strike out "6" and insert "6."

On page 106, strike out lines 3 to 5, inclusive, and, beginning with the semicolon in line 21, strike out down to and including the word "service" in line 15 on page 107.

On page 107, line 22, strike out "9" and insert "7."

On page 108, line 10, strike out "10" and insert "8."

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

Mr. O'DANIEL. I yield.

Mr. JOHNSON of Colorado. Am I to understand that the Senator's proposals do not make any change whatsoever in income tax liability?

Mr. O'DANIEL. That is correct.

Mr. JOHNSON of Colorado. And that withholding taxes collected in 1943 may be applied and are to be applied, under the Senator's plan, to the tax liability levied for the year 1942? Is that correct?

Mr. O'DANIEL. Yes; that is correct.

Mr. JOHNSON of Colorado. Let me say that I wish to read the Senator's amendments, because his proposal is a very interesting one from my point of view.

Mr. O'DANIEL. I thank the Senator from Colorado.

Mr. BYRD obtained the floor.

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

Mr. BYRD. I yield.

Mr. JOHNSON of Colorado. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Alken	George	Overton
Austin	Gerry	Pepper
Bailey	Gillette	Radcliffe
Ball	Green	Reed
Bankhead	Guffey	Revercomb
Barbour	Gurney	Reynolds
Bilbo	Hatch	Robertson
Bone	Hawkes	Russell
Brewster	Hayden	Scrugham
Bridges	Hill	Shipstead
Brooks	Holman	Stewart
Buck	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Bushfield	La Follette	Thomas, Okla.
Eutler	Langer	Thomas, Utah
Byrd	Lodge	Tobey
Capper	Lucas	Tunnell
Caraway	McClellan	Tydings
Chandler	McFarland	Vandenberg
Chavez	McNary	Van Nuys
Clark, Idaho	Maloney	Wagner
Clark, Mo.	Maybank	Walsh
Connally	Mead	Wheeler
Danaher	Millikin	Wherry
Davis	Moore	White
Downey	Murdock	Wiley
Eastland	Murray	Wilson
Ellender	Nye	
Ferguson	O'Daniel	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. BYRD. Mr. President, as briefly as I can, I wish to state to the Senate my reasons for voting as a member of the Senate Finance Committee in opposition to the pending legislation providing for 100-percent forgiveness in the payment of 1942 or 1943 income taxes. I do not believe, Mr. President, that during my experience in the Senate there has been a matter of legislation regarding which there could have been a more honest difference of opinion than there is with regard to the question we are now considering. I have reached my conclusions only after the most careful study.

I favor a pay-as-you-earn tax-collection plan. I favored such a plan when the last tax bill was adopted. At that time I offered an amendment in the Senate Finance Committee providing for a withholding tax of 15 percent, combined with a 1-year reduction in the proposed income rates which were then under consideration but had not been made effective sufficiently to lessen the impact of the collection of a withholding tax so as not to place any considerable hardship upon those who would be required to pay the withholding tax at the source. My amendment was defeated by one vote in the Senate Finance Committee. Had it been adopted, it is my belief that 80 percent of the taxpayers would now be on a current basis. The problem of now accomplishing a 100-percent pay-as-you-earn tax collection would have been greatly simplified.

There is a mutuality of interest in the proposal. It is of great interest and importance to the Treasury, as well as the Government as a whole, that taxes be placed on a pay-as-you-earn basis. I frankly admit that and acknowledge it. But it is even of more importance to the taxpayer that the collection of his tax be placed on a pay-as-you-earn basis. I believe, Mr. President, in view of this joint interest, that there should be a contribution on both sides in order to bring about a condition which would be desirable to both the taxpayer and the Government.

The plan as reported by the Senate Finance Committee, which I voted against, provides for a 100-percent tax forgiveness for 1 year, less the recovery that would be effected through anti-windfall provisions, which I will later discuss.

While I favor the pay-as-you-earn plan of tax collection, combined with such forgiveness as may be necessary to place this plan in operation without excessive hardship, I am unable to vote for a 100-percent forgiveness plan which is certain to result in the years to come in a very substantial loss to the Treasury by a cancellation of taxes on those who are able to pay, many of whom, in fact, have the actual cash in bank now to pay the tax thus forgiven.

If this able-to-pay class of our citizens desire to be placed on a pay-as-you-earn basis, they should be required to pay into the Treasury such an amount of their forgiven taxes as will be a substantial part of the tax which will be canceled.

Many citizens have been led to believe—and the statement has been made in the Senate—that the 100-percent-forgiveness plan will result in no actual loss to the Treasury. By some method of financial juggling taxpayers would be forgiven \$8,500,000,000 of accrued taxes, and the Treasury would not suffer any loss.

A study of the matter should convince anyone that such would not be the case. If the 1942 or 1943 income taxes are canceled, abated, or forgiven, the result will be that a tax liability to the Government will be canceled. No one can deny it. It would be, in effect, a cancellation of a debt owed by the taxpayers to the Government.

It is, of course, true that this loss to the Government would not appear immediately, but it would diminish the tax revenue gradually in the years to come, so that ultimately the tax cancellation would be reflected in reduced Government revenue.

The effect of canceling 1 year's taxes would be to confer a gain on every taxpayer equal to his tax liability on his income. In the long run that gain would reflect itself in 1 year's less taxes to pay. In the short run that gain would reflect itself in the wiping out of a debt owed by the taxpayer, thus increasing his net worth.

By canceling the tax liability of all citizens on a 100-percent basis for 1 year, which, after allowance is made for the two windfall provisions, amounts to eight and one-half billions of dollars, under three conditions, which I shall discuss, there will be a direct forgiveness to the individual taxpayer and a direct loss to the Treasury by reason of this cancellation.

First, under the present law when a taxpayer dies, his estate must pay an accrued year's income taxes. Under the 100-percent forgiveness plan such accrued taxes are canceled, and, therefore, the Treasury loses. The taxpayer may spend it or lose it or give it away. There is a recoupment, assuming that the tax thus forgiven is not expended or given away and remains intact as a part of the estate, but this recoupment is not nearly sufficient to compensate the Treasury for the cancellation of 1 year's taxes.

Take, for example, an estate valued at \$100,000 before the forgiveness of 1 year's taxes occurred. Assume then that this taxpayer earned in the year of forgiveness \$460,000, and that all of this was kept intact during the remaining life of the taxpayer and was added in full measure to the estate. Under this situation a \$100,000 estate would normally pay an estate tax of \$4,800, inasmuch as \$60,000 as we all know, is exempted. If \$460,000 be added, making the estate \$560,000, the total tax would then be \$145,700, or an additional \$140,900, as compared to the \$460,000 of the tax forgiven. Therefore, in this instance the actual loss to the Treasury would be \$319,100, or 69.4 percent of the amount forgiven. That is to say, in this instance, the taxpayer and his estate would benefit to the extent of \$319,100.

Then take, for example, an estate of \$560,000 before forgiveness, and consider that \$250,000 was forgiven. Assume that this was kept intact during the lifetime of the taxpayer and added to his estate, making a total estate of \$810,000. In that instance, the taxpayer would be required to pay \$145,700 on the estate of \$560,000 before forgiveness and, after adding the \$250,000 forgiveness, making an estate of \$810,000, he would pay an additional \$37,500, but he would be forgiven \$250,000, which would represent a loss to the Treasury and a gain to him. In that instance, the Treasury would lose 65 percent of the tax and the taxpayer would make a corresponding gain.

Take, for example, an estate of \$60,000 with a forgiveness of \$10,000 in taxes. In that instance, the Treasury would lose 95 percent.

So, Mr. President, this provision which it has been claimed would compensate the Treasury by the tax forgiveness will do so only in small measure. In the cases cited I do not think anyone can deny the loss that will fall upon the Treasury.

Let me discuss other concrete examples under the second class of benefits to the taxpayers. The second definite condition when a taxpayer gains and the Treasury loses will be when a taxpayer received a regular and constant revenue and then suddenly, for one cause or another his revenue stopped. I will give some concrete examples.

Take a taxpayer who had a constant revenue of \$1,000,000 beginning in 1938 and continuing up to and including 1944, and then this revenue ceased, perhaps because the property which paid the investment revenue may have become bankrupt, or because of the failure of his investments otherwise, or because of changes in the business situation in the country, or he might even have given away his estate in which event he would pay only a gift tax. But, whatever the cause may have been, assuming that the \$1,000,000 income he had been receiving suddenly ceased, in that case he would be relieved of a tax of \$854,000 in the event that his 1942 tax was the one which was canceled, because, under this proposal, the accrued taxes are canceled, and, that being the case, of course any cessation of revenue would result in a loss to the Treasury.

In the case of a \$500,000 constant income in the period from 1938 through 1944, if this income suddenly ceased, which could happen from one of several causes, the taxpayer would gain and the Treasury would lose about \$414,000.

Under the same conditions, in the case of a tax income of \$250,000, which suddenly ceased from one cause or another, the Treasury would lose and the taxpayer would gain about \$194,000. In the case of a \$100,000 income the loss would then be about \$64,060; in the case of a \$50,000 income the loss would be \$25,328; and in the case of \$20,000 income the loss would be \$6,452. Of course, the reason for this loss is that the accrued tax liability is canceled. Therefore, immediately when a taxpayer ceases to earn he realizes the benefit of the tax cancellation and the Treasury loses by reason of canceling the accrued tax liability. There is no windfall proposed or included in the bill which will reach this situation. It will undoubtedly occur in many instances. It may pay a man, for example, in anticipation of death, to give away his estate, and pay the gift tax only. Thereby he could save under the Ruml plan 1 year's taxes, less what he would pay in the gift tax; and let us remember that the gift taxes are 25 percent less than the estate taxes; that a taxpayer is permitted to give away \$3,000 each year, and if he has five children he could give away \$15,000 without taxation, with a lifetime exemption of \$30,000.

Take, for example, a taxpayer who had a constant income of \$10,000 in the 5 years from 1940 to 1944, but in 1945 had no income, what would be the result? This taxpayer, under the present law, would pay \$8,289 by the payment of 5

full years of taxes. Under the Ruml plan, this taxpayer would pay \$6,127, or 4 years' taxes. That is to say, he would not pay the tax currently for the year 1945 when he ceased to earn. Under these conditions, when a taxpayer who has been earning a current income suddenly stops earning, the Government will unquestionably lose 1 year's taxes. I may remind the Senate that this situation is very apt to occur in the readjustment period after the war.

Then take, for example, a taxpayer with a \$10,000 income in 1940, 1941, and 1942, falling to \$3,000 in 1943 and \$6,000 in 1944, and with no income in 1945. Under the present law, such a taxpayer would pay a total of \$6,509 and only \$4,537 under the Ruml plan, representing a loss to the government of \$2,154. In this case, the taxpayer would pay 5 years of taxes, under the present law, and only 4 years under the Ruml plan.

Take another example, a taxpayer with a \$10,000 income in 1940, 1941, and 1942, rising to \$15,000 in 1943 and \$20,000 in 1944, with no income in 1945 would pay a total of \$14,489 in taxes under the present law, and only \$12,337 under the Ruml plan, a difference of \$2,152, the amount of the tax canceled on his 1942 income of \$10,000.

From these three cases it must be absolutely clear that tax cancellation eliminates 1 year's tax payments in these instances. In all three cases, the taxpayer would pay 5 years' taxes, under the present law, and only 4 years' under the Ruml plan.

Then take, for example, the income of a Senator—my own case, for example. For the year 1940 I earned \$10,000 because of my salary as a Senator, as I did in 1941, 1942, 1943, and 1944. Then, suppose that my term ceased by death, by resignation, defeat, or otherwise. I would then save \$2,152 unless my Senate salary were augmented by some other form of income.

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

Mr. BYRD. I yield.

Mr. TAFT. Would not the Senator assume that if he should cease to become a Senator he would probably make more money the following year than he did while he was a Senator?

Mr. BYRD. That is, of course, a possibility.

Mr. President, the third specific condition under which the taxpayer gains and the Treasury loses, and the one which, in my judgment, will result in the greatest gains to the taxpayer and the greatest loss to the Treasury is that after the war, when the prosperity created by the expenditure of the vast sums incident to the war shall have come to an end and we must readjust and reconstruct the business economy of this country on a greatly reduced basis, we will have a level of individual income much lower than it is today. That, I think, is inevitable. It is then that the taxpayers will gain the largest amounts and the Treasury will lose most heavily at a time when it can least afford to lose. For example, let us assume that an executive had a constant income of \$100,000 beginning in 1938 and

continuing throughout the war period, but in the readjustments incident to the post-war conditions his salary was reduced to \$50,000 as a constant salary.

In that case this particular taxpayer would save \$36,955 immediately, when the reduction occurred, and would save the remainder, or at least a part of the remainder, of \$64,060 at death, less whatever additional estate taxes would be assessed against his estate.

We must remember, Mr. President, that it is proposed that we cancel the taxes on one of the two highest incomes this Nation has ever enjoyed, or perhaps ever will enjoy, either the 1942 or the 1943 income. It is perfectly possible that we will never enjoy an income in this country equivalent to the income of 1942 and 1943. Yet it is proposed in this pending measure that we cancel the taxes of one of those years.

It is estimated that the national income in this country in 1943 will reach the enormous figure of \$140,000,000,000 as compared with \$79,000,000,000 in the prosperous year, so-called, of 1929, and it is proposed that we cancel the taxes on whichever income is the lower, that for 1942 or 1943.

In the same situation, let us take a man with an income of \$1,000,000 which is reduced to \$500,000 by reason of the changed conditions in the post-war period. That man will have a net saving immediately, when the reduction occurs, of \$414,000, and the balance of \$852,000, less the additional estate taxes his estate may be assessed.

Of course, I recognize the great advantages of a pay-as-you-earn plan, and I realize that consideration should be given to the benefits which come to the Government as well as to the taxpayer. But the benefits are much more to the taxpayer than they are to the Government, and under the proposed legislation the Government would stand 100 percent of the loss that will occur to the Treasury and the taxpayer would stand none.

If Congress wants to cancel these taxes, and thinks it is an advisable thing to do in order that we may be put on a current basis, then let us come out frankly and tell the people of this country that taxes on those who are able to pay, who have the money in bank to pay, are being canceled, without requiring of them any substantial payment in order to obtain the advantage to the taxpayer of going on a current basis. Whatever may be the decision in regard to the proposed legislation, certainly the people of America should understand that this is a tax-cancellation proposal, and that there would be a benefit to the taxpayer, and a peculiar benefit to those who had the money in hand and were able to pay these taxes.

I recognize that perhaps no legislation has been proposed in Congress for many years that had the popularity back of it the so-called Ruml plan has today, but I do not believe the people of this country fully understand what would be the effects and what are the implications of the passage of a bill providing for 100-percent tax cancellation, and I make the

prediction that when they do understand it, when they become fully conscious of it, this 100-percent cancellation will not receive the commendation many think it has today. At this time, when the Nation is faced with the most colossal expenditures in its history, we should hesitate a long time before we cancel taxes which are accrued and owing to the Government, which are just as much a debt as if I were to give my note at my bank, when there is just as much reason for me to pay my accrued taxes as to pay a bank note. We should give consideration to the loss which will occur to the Treasury if we cancel those taxes, and give consideration, too, to the distribution of the benefits to the taxpayers.

Mr. President, let me make this prediction, that if the bill shall be passed in its present form, canceling 100 percent of tax liability, an aggregate of eight and a half billion dollars, before the ink is dry on the signatures of the presiding officers of the two Houses the President of the United States and the Treasury of the United States will call upon the Congress to increase the existing tax rates in proportion to the cancellation and forgiveness we extend to the taxpayers under the bill. If that should occur, if there should be an increase in the rates, which are already exceptionally high in many instances, then the so-called benefits to the taxpayer would quickly sink into complete oblivion, and most taxpayers would be injured rather than benefited.

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

Mr. BYRD. I yield.

Mr. DANAHER. Does the Senator feel that if there should be no cancellation, and if the bill should be rejected, the President and the Treasury would not still ask for an increase in tax rates?

Mr. BYRD. I think the Senator knows I am not in the confidence of either the President or the Treasury. I do not think it is necessary for him to ask me that question.

Mr. DANAHER. The Senator had intimated as much in his previous remark.

Mr. BYRD. I said that it was my prediction, and it is my prediction. As to what amount of forgiveness should be granted, that is difficult to state. If the Senator wants my personal opinion as to the amount of forgiveness, I think a 50 percent forgiveness would be fair, 50 percent forgiven by the Government and 50 percent by the taxpayer, in order to put in operation a plan which would be mutually beneficial both to the Government and to the taxpayer.

Mr. DANAHER. Will the Senator yield further?

Mr. BYRD. I yield.

Mr. DANAHER. I did not ask the Senator's personal opinion of the rate of forgiveness. What I asked was the Senator's prediction, if he chooses to give it, as to whether or not there is and will be need for an increase in the tax rates, irrespective of whether we pass the bill or reject it.

Mr. BYRD. I could not answer with respect to the attitude of the Treasury

and the President, because I am not in their confidence. I believe firmly that if the proposed cancellation is made on the basis of 100 percent, all the loss being on the Government, none of it being paid by the taxpayer, there will be a demand upon Congress to make good the loss.

Mr. DANAHER. On the basis of the Senator's prediction with reference to a 50 percent abatement—or forgiveness, to use the Senator's word—is it his prediction that the tax rates will have to be increased only 50 percent if we have a 50 percent abatement?

Mr. BYRD. I think the force of the argument for an increase of taxes will be much less effective on a 50-percent basis of cancellation than on a 100-percent basis of cancellation, if that is an answer to the Senator's question.

Mr. VANDENBERG. Mr. President, let me pursue that thought for a moment, because I am very much interested in the Senator's prophecy about the Treasury's attitude. I will concede to him that the Treasury will take advantage of every possible prejudicial opportunity it can fabricate out of this situation, because it has done so for weeks and months. Does the Senator think, however, that if we were to pass the bill as it came from the House, which now, I understand, has the quiet acquiescence at least, of the Treasury—perhaps it is an acquiescence which is purely strategic, and based solely upon its inordinate desire in this unique instance to be sure that all the taxpayers of the United States are not treated equally—does the Senator think that the Treasury would be bound by that acquiescence not to use this excuse still to ask for an additional compensating tax to offset the loss incidental to the George substitute?

Mr. BYRD. An answer to the inquiry would be purely an opinion on my part. I do not know whether the Treasury would or would not, but as a member of the Senate Committee on Finance, and as a Member of the Senate, I will say that a proposal made by the Executive to increase taxes would be much less impressive to me on a 50-percent or a 75-percent cancellation basis than on a 100-percent basis.

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

Mr. BYRD. I yield.

Mr. DANAHER. If it should develop that the Treasury would in fact lose nothing by way of income for the year 1943, would the argument that we should increase the tax rates still impress the Senator?

Mr. BYRD. That is an assumption which I do not concede. It may be true for 1943, but not for future years.

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

Mr. BYRD. I yield.

Mr. GEORGE. The Senator from Virginia is discussing the reduction of the 1942 liability by 50 percent, let us say, or 75 percent. It seems to me to be perfectly clear that a reduction by 75 percent of the lesser of 1942 or 1943 tax liability on individual income-tax payers would almost of necessity result in the

stabilizing of the individual income taxes, at least during the next 2 years, and might be carried to the next 3 years, because under the proposal I am making there is added the 25 percent to the taxes of the next 2 years; that is 12½ percent due in March 1944 and 12½ percent due in March 1945. I do not think there would be any real danger that individual income taxes could be raised with that added burden on the taxpayer, but no one can pledge what he will do in a war situation like this. There would, it seems to me, be no chance, however, to increase the individual rates.

Mr. BYRD. The Senator from Georgia is of the opinion that if, for example, a 75-percent tax cancellation were adopted and the other 25 percent spread over a period of 2 or 3 years, that would, to a large extent, safeguard those particular years from a general increase in taxes? Is that true?

Mr. GEORGE. Yes.

Mr. VANDENBERG. May I ask the Senator what the difference is between that and the situation which the Senator prophesies, namely, that if we pass this bill, we then may confront an increased tax recommendation from the Treasury? The very bill proposed by the able Senator from Georgia would increase everyone's income tax 12½ percent next year, and 12½ percent the following year, and I do not think that even the Treasury, in the midst of its wildest delusions, would recommend a larger increase than that in a subsequent tax bill.

Mr. GEORGE. Mr. President, if I may answer the distinguished Senator, I will tell him that there is a considerable difference. In the first place it is merely carrying over 25 percent of a fixed 100-percent liability. That is one difference. In the second place it is not an increase in the tax rates. Put the tax rates up and see how long it will take to get them down. They will not be lowered in 2 years. This liability can be carried over, however, and when that liability is discharged we will be back at least on the present high rate under which the country may have to live for a good long time.

Mr. VANDENBERG. If the Senator will permit me—

Mr. BYRD. I yield.

Mr. VANDENBERG. I will say that I agree with the able Senator from Georgia that there is a difference between a specific addition to the tax which terminates within 2 or 3 years as compared with an increase in rates, but so far as the poor taxpayer is concerned it hurts him just as much to pay 12½ percent increased tax next year even if he has a copy of the able Senator's statement before him to assuage his feelings.

Mr. GEORGE. Mr. President, I grant that, yes, but this is a war burden, and I do not think it is unduly burdensome for any man to pay this 25 percent and his regular tax out of 2 years' income. If the present rates are livable at all, if we can exist under them, certainly with 2 years' income we ought to pay an additional 25 percent. I know the

payment is high, but I agree with the philosophy announced by the Senator from Virginia [Mr. BYRD], to this extent at least, that tying in of the tax liability with the earnings as they are produced is a benefit to the Government and a benefit to the taxpayer. I believe that whatever is a benefit to the taxpayer is of course and necessarily a benefit to the Government. But I think there is a fair middle ground on which it ought to be possible to make the adjustment on a basis that will actually guarantee that the taxpayer will become current in his tax payment without throwing all the loss upon the Treasury at this time. Therefore I suggested that at least 25 percent of the 1942 tax, subject to the just windfall provision in the committee bill, ought to be collected. I think that on reflection few Senators will fail to agree that that is the sounder and better policy to pursue.

Mr. BYRD. Mr. President, I think the Senator from Michigan likewise overlooks the fact that the cancellation of 75 percent of tax will in many instances confer benefits on the same class of citizens who have to pay the additional 25 percent. There is no question about that. It is far better to have a temporary increase in payment of tax in order to discharge a debt which one owes the Government, than to have a general increase in tax rates.

Mr. VANDENBERG. That may be so as a matter of technique, but I wish to repeat, and then I will not interfere with the Senator's argument any further—

Mr. BYRD. I do not object to interruptions, I will say to the Senator.

Mr. VANDENBERG. I repeat that I am not impressed by the threat that if there is a 100-percent cancellation of the tax for the lower of these 2 tax years, the inevitable result will be a Treasury recommendation for further increases in taxation by way of compensation for the cancellations, because I see very little difference as respects the cash situation of the taxpayer himself between the Senator's proposition, which is not to cancel entirely but only partially to cancel, so that the taxpayer then has to pay the addition, which is a new and extra tax, and the subsequent creation of a new assessment of an equivalent amount.

Mr. BYRD. Does not the Senator recognize that under the George plan the taxpayer is paying 25 percent to cancel an obligation of 100 percent?

Mr. VANDENBERG. Yes; and I also realize that if the bill is passed 99 taxpayers out of 100 will pay more taxes this year than they would if the bill were not passed.

Mr. BYRD. That is not true of 1945 and 1946 and of future years.

Mr. VANDENBERG. It is true of 1944 and 1945 if the report of the committee is to be relied upon, and the report of the committee was presumably drawn by experts.

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

Mr. BYRD. I yield.

Mr. TAFT. The Senator is assuming that income is going to go down in 1944, 1945, and 1946?

Mr. BYRD. No; I said it was going down in the post-war period.

Mr. TAFT. Exactly. But the time will also come when it will go up, and the Senator must realize that under the pay-as-you-go plan, when the national income is raised—

Mr. BYRD. Does the Senator from Ohio think that we will have a higher permanent national income in the future than we have now?

Mr. TAFT. I think undoubtedly 20 years from now the income of this country will be greater than it is even today, if the Senator wishes to know my opinion, and it is only an opinion. My point is that when income goes up the Government receives its tax money more quickly, because the Government receives the increased income immediately that year, than it would the following year.

Mr. BYRD. The Senator does not share the view of many, then, that after the war there will be a readjustment and a period when incomes are declining?

Mr. TAFT. Certainly. I am only saying that—

Mr. BYRD. That is the time when the taxpayers under 100 percent forgiveness will get the benefit.

Mr. TAFT. We must also think of the period in the future when incomes are going up, and in those periods the Government every year will receive more money than it would receive otherwise. So I do not think the Senator can base his argument on the assumption of what will happen 20 years from now.

Mr. BYRD. Twenty years from now many present taxpayers will have passed on.

Mr. TAFT. I am looking at the situation from the point of view of the Government, not at the moment from the point of view of the taxpayers.

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

Mr. BYRD. I yield.

Mr. WILEY. I am not a member of the Finance Committee, as Senators know, and I must say that I have not had time thoroughly to study the problem. There seems to be a controversy with respect to the fundamental issue, namely, how much money will be obtained by the Treasury. The public generally has derived the idea that there is to be what is called a cancellation or a rebate. I have heard it said on the one hand that under the proposed plan, if it becomes law, there will be just as much money paid in 1943 into the Treasury as there will be if the proposed legislation is not passed. Some persons say more money will be paid in. It seems to me we are begging the question. Some say there will be a loss of \$9,000,000,000. If the money goes into the Treasury, when is it lost?

The loss is going to happen sometime in the future. When? It cannot happen if the incomes go up. As I understand the situation, it can only happen when the individual taxpayer either loses his income or dies. If he dies in

the middle of the year, his estate must pay the income on what he earned in the preceding 6 months, and must pay the estate tax besides. If the toboggan—I am speaking of the economic toboggan—goes down and the income of the country declines, there will be a corresponding benefit to the poor taxpayer. That development may result in not so many businesses or so many estates becoming bankrupt; and it seems to me that is an argument on the other side.

However, what I cannot understand, let me say to the Senator, and what I wish he would explain to me, is how he arrives at the \$9,000,000,000 loss. The Senator assumes, apparently, an income of \$140,000,000,000, of which \$100,000,000,000 is in salaries and wages.

Mr. BYRD. Let me explain to the Senator that the \$9,800,000,000 loss is from the cancellation of the tax liability.

Mr. WILEY. Well, that is begging the question.

Mr. BYRD. It is not begging the question at all, because that is what we would be doing. We would be canceling a tax liability of \$9,800,000,000, less the recoupment from the so-called windfall provisions. That is the whole issue. That is not begging any question at all, as I see it; that is what we would be doing.

Mr. WILEY. When the Senator says "the tax liability," he is asking that out of \$140,000,000,000 income, \$100,000,000,000 of which is in salaries and wages already earned, we would collect the income the Senator claims is proposed to be canceled; and yet for 1943 it is said—and the Senator does not seem to deny it—

Mr. BYRD. I do not deny it for 1943.

Mr. WILEY. We would get more money into the Treasury in this way than we would otherwise.

Mr. BYRD. But what the Senator does not—

Mr. WILEY. Comprehend is the word, yes.

Mr. BYRD. I do not say "comprehend."

Mr. WILEY. Yes, that is the word.

Mr. BYRD. That what is done is to cancel the previous tax liability. If everyone continued to live and if every taxpayer continued to earn exactly on the basis on which he was earning when his income taxes were canceled, there would be no loss to the Treasury. But that will not happen.

But I did say—perhaps the Senator from Wisconsin was not in the Chamber at the time when I commenced my remarks—

Mr. WILEY. I was here, and heard all the Senator's remarks.

Mr. BYRD. I gave concrete illustrations whose applicability cannot be denied. I had them checked by the joint committee tax experts and the Treasury experts; and they agree—and when they agree I think they are correct, because usually they do not agree—that the money will be lost. Suppose the taxes for 1942 are canceled. That money is already due the Government; the income upon which it is based has already been earned. The proposal is that the highest

tax—either the 1942 or the 1943 tax—shall be paid, and that the lowest tax shall be canceled.

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

Mr. BYRD. I yield.

Mr. OVERTON. Let us suppose that during a normal year the income of taxpayer A is \$100,000, that in 1942 his income has been \$1,000,000, and that in 1943 it is \$500,000. Will the taxpayer pay a larger tax under the committee plan or under the plan of the Senator from Georgia?

Mr. BYRD. I should prefer to have the Senator from Georgia answer that question; but I assume that the taxpayer would pay a larger tax under the plan of the Senator from Georgia, which cancels 75 percent, as compared to 100 percent.

Mr. OVERTON. I do not agree with the Senator. I should like to have an explanation. Let us assume that the normal income of taxpayer A during the years set forth—

Mr. BYRD. Does the Senator mean during the base years?

Mr. OVERTON. Yes; let us assume that his normal income is \$100,000 or \$50,000 or \$5,000; it does not make much difference about that. Let us assume that in 1942 his income is \$1,000,000, and in 1943 it is \$500,000. Under the committee plan will taxpayer A pay a larger tax in 1943?

Mr. BYRD. That is under the second windfall provision; I did not understand what the Senator meant.

Mr. OVERTON. Let me put the question categorically: Under the amendment proposed by the committee, would not taxpayer A pay a larger tax to the Government than he would pay under the plan of the Senator from Georgia?

Mr. BYRD. That is true. As I understand the Senator's question, the answer is as follows: In the base period, which is the years 1938, 1939, and 1940, if the particular taxpayer had an income of \$100,000, and then later had an income of \$1,000,000, he would pay a tax on \$1,000,000, plus the difference between \$100,000 and \$1,000,000, plus \$10,000.

Mr. OVERTON. That is correct.

Mr. BYRD. Under that provision, the taxes the particular taxpayer would pay would amount to more than his income for that year; but that situation, let me say to the Senator, would apply to only a very small proportion of the taxpayers.

Mr. OVERTON. But the trouble is that that small proportion relates to the profiteers in 1942.

Mr. BYRD. Not necessarily so, let me say to the Senator.

Mr. OVERTON. Why not?

Mr. BYRD. A man who was not in business in 1938, 1939, and 1940, but who in 1942 or 1943 was engaged in some business entirely disconnected from the war, and had an income of \$100,000 in 1942 or 1943, would have practically to double his taxes in 1 year, although he had no war contracts at all.

Mr. OVERTON. Let me observe that that possibility is too remote to appeal to the Senate. We are dealing with the normal cases and the usual cases.

Mr. BYRD. Then, does the Senator think that today everyone who is making more money than he earned in 1938, 1939, and 1940 is making it out of war profits?

Mr. OVERTON. Not necessarily so.

Mr. WILEY. The national income has gone up.

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

Mr. BYRD. I yield.

Mr. McFARLAND. Let me ask whether the so-called windfall would not work as a discrimination against certain persons?

Mr. BYRD. It would.

Mr. McFARLAND. For instance, take the case of two college boys. Let us say that when one of them graduates from college he starts playing baseball, and is paid \$20,000 in 1940, and earns the same amount in both 1942 and 1943. Under the so-called Ruml plan, which the committee has endorsed, he would pay a tax of \$7,531. The boy who graduates from college in 1942 and starts earning \$20,000 a year, and earns \$20,000 a year in 1942 and in 1943, would pay to the Government \$12,286. Let me ask the Senator if he thinks such a situation is fair to those two boys?

Mr. BYRD. Mr. President, I think there will be many very unjust discriminations under the second windfall provision proposed by the committee, unless we assume that every dollar of income now earned comes from war profits, because the plan proposed by the committee is based upon the base period of 1938, 1939, and 1940. The difference is taken between that income and the income canceled, and an additional tax is then assessed. If I thought that procedure would result in an adequate plugging up of the loophole, my opposition to the 100-percent provision, of course, would be greatly lessened, if not entirely eliminated. But it would not have that effect. Instead of that it would create any number of hardships for innocent persons—those who have had or who will have nothing to do with the making of war profits during the war period.

The amount of the forgiveness, abatement, or cancellation, whatever we may choose to call it, under the Ruml plan as reported by the Senate Finance Committee is \$9,800,000,000. The two so-called windfall provisions will recoup this loss to the extent of \$1,300,000,000—\$900,000,000 by the first windfall and \$400,000,000 by the second windfall—leaving a net cancellation of tax liability of \$8,500,000,000.

It is absurd, in my judgment, to believe that this cancellation of taxes will not ultimately result in a loss of revenue to the Federal Treasury.

As has been pointed out, this loss is not compensated by an increase of the taxpayer's estate, because the gain to the taxpayer by the forgiveness of his accrued taxes may have been spent or given away in the meantime. The estate may not be large enough to be taxable, and, in fact, the income-tax rates bear no necessary relation to the estate-tax rates, so that even if the estate is subject to an estate tax, the loss from the cancellation would be only partially recaptured. The same situation can apply as a loss to

the Treasury when a taxpayer retires or ceases to make money. If we could all live indefinitely, if our incomes would continue on a regular and steady basis, then the loss would not be significant; but the fact is, of course, that some day every taxpayer will die, and it is very probable that following the war there will be a general reduction of incomes, which will immediately occasion a loss to the Treasury by the cancellation of the accrued liability.

The first windfall provision, which would recoup \$900,000,000, provides that the cancellation of taxes shall be on the lower of the years 1942 and 1943. That is to say, if the 1943 tax is higher than that for 1942, then the lower of the 2 years will be canceled, and the taxes will be paid on the higher year. We must not overlook the fact that to forgive all the 1942 or 1943 income tax would be to cancel one of the highest income taxes in all history. It is not likely that the average citizen of this country will have a higher income than he received during one of those 2 years. That is my personal opinion. Others might differ with me.

It follows that the higher the income tax that is canceled the greater the actual forgiveness is to the taxpayer and the greater the loss to the Treasury.

The second antiwindfall provision in the pending bill would recover to the extent of \$400,000,000, but this antiwindfall provision would be applied in a manner which would work a great hardship and distress upon many classes of citizens engaged in productive nonwar business. It would not prevent 100-percent forgiveness to couponclippers and others who had a regular and steady income throughout the years 1938, 1939, and 1940, and who would pay nothing on their accrued tax which this legislation will cancel.

This antiwindfall provision provides that a taxpayer can select one of the three years 1938, 1939, or 1940 to be subtracted from the income of 1942 or 1943, and then the taxpayer will be compelled to pay on the difference between the year he selects and the high year of 1942 or 1943. This will be added to his current taxes and will result in many instances in an inequitable increase as compared to other taxpayers who receive complete forgiveness. For example, if the taxpayer had no income or was not engaged in business in one of the years 1938, 1939, or 1940, he would pay a double tax in 1 year less the taxes on a deductible amount of \$10,000. The purpose of this amendment is explained by its advocates as being a provision to collect war profits. There is no Member of the Congress who is more anxious than am I to prevent war profits in the first instance and to collect a full proportion of taxes on such profits; but this provision does not necessarily apply to those who are engaged in work for their Government or who have war contracts for their Government; it applies to all citizens and will result in many discriminations and unjust hardships.

We have legislation now which provides for the renegotiation of war contracts, with arbitrary power on the part of the Army and Navy to reduce the cost

of contracts when excessive profits are involved.

As the Ruml plan does not apply to corporations, this provision then is applicable only to individuals, while perhaps 90 or 95 percent of all the war contracts are held by corporations. Therefore, this provision cannot be effective in the reclaiming of war profits.

I want to call attention, Mr. President, to the fact that under the present tax plan, after \$100,000 is earned, the Government takes in taxes at least 90 percent. For example, on a \$500,000 net income, the present tax is \$442,362.58. On a \$1,000,000 income, the present tax is \$900,000. This provision will result in assessing in 1 year taxes in excess of the taxpayer's income.

If a man were retired from business and obtained all his income from business by clipping coupons, and he had a steady income during 1938, 1939, and 1940, the antiwindfall provision would not recover a single cent from him. On the other hand, if a person went into business and happened to make a profit, he would have a tremendous tax imposed on him.

Please understand, Mr. President, that I am not in any way advocating any provision which would not recoup to the fullest measure any excess profits made by war profiteers in this great emergency. However, we already have an income tax which takes \$900,000 out of a \$1,000,000 income, so there cannot be any great war profiteers under that tax. We have enacted legislation to renegotiate contracts, which I have supported with great pleasure.

I am prepared to support any and all measures which will prevent unjust or unreasonable profits by war profiteers. However, as I see it, this provision would not reach the situation. How can anyone justify this provision when a man of great wealth, who obtains his revenue, as I have said, from investments, is not required to pay a single dollar for the year's tax which is canceled? Because there was no variation in his income during the years 1938, 1939, and 1940, as compared with the year which is canceled, not a single dollar would be recouped from him under this provision.

Mr. President, if the Treasury of the United States were in a sound and affluent condition, if we had unobligated balances in our Treasury, if your debt were nominal, if we were not faced, as we are, with the most colossal expenditures in all history, there would be nothing improper or unwise, perhaps, in extending as a gift to the people of America the cancellation of 1 year's taxes. But our condition today is exactly the reverse. We are engaged in a bitter war, the most costly the world has ever seen. Not only must we arm ourselves and produce munitions of war to an extent never before even contemplated, but we have undertaken obligations, under the lease-lend policy, to produce and furnish unlimited supplies of war matériel to our allies, certainly without any assurance as to immediate repayment, and, in fact, without any assurance of ultimate repayment.

In the coming year the expenditures of the Federal Government for all pur-

poses are estimated to be \$110,000,000,000. The revenue derived from present taxes is estimated to be about \$30,000,000,000. We are therefore paying out of current revenue less than 30 percent of the total expenditures of our Government. Is this any time to forgive, to an extent greater than may be necessary, taxes which have already been accrued to the Government?

Taxes represent a debt owing from the citizen to his Government. On May 10 the Federal debt was, in round figures, \$138,000,000,000. It is my conviction, Mr. President, that before the Budget is again balanced we shall be fortunate indeed if the Federal indebtedness does not exceed the astronomical figure of \$300,000,000,000. I say this because we have unexpended appropriations—that is to say, appropriations which have been made by Congress and not yet disbursed by the departments—of \$120,000,000,000. Congress has appropriated \$120,000,000,000 which is now to the credit of the various agencies of the Government, but unexpended; and day by day we are asked to add to this vast total by making additional appropriations. Day by day we are adding to these unexpended balances so that if we add even to the present debt of one hundred and thirty-eight billions the unexpended balances already appropriated of one hundred and twenty billions, we will have a total of two hundred and fifty-eight billions, less, of course, the taxable revenue.

Many of the appropriation bills included in the Budget presented by the President, which will add greatly to these unexpended balances, have not as yet been acted upon by Congress.

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

The PRESIDING OFFICER (Mr. MAYBANK in the chair). Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. BYRD. I yield.

Mr. WILEY. I have understood that the Senator is in favor of the pay-as-you-go plan. If there were no forgiveness, would that mean that the taxpayer would have to pay 2 years' taxes in one?

Mr. BYRD. I am sorry the Senator has not listened to the Senator from Virginia, because I have never made such a suggestion. In response to direct questions, I have said that I am willing to cancel 50 percent of the tax liability because I recognize the fact that it is an advantage to the Government to place the collection of income taxes on a pay-as-you-earn basis. It is of advantage to the Government to have a withholding tax. However, I say that the taxpayers who are benefited by the 100-percent forgiveness should pay a fair share of that benefit into the United States Treasury.

Mr. WILEY. Now will the Senator answer my question? Let us assume that that is not decre. I did not mean to irritate the Senator. I think the question was fair.

Mr. BYRD. The Senator does not irritate me at all. The Senator assumed that I favored collecting 2 years' taxes in one. I have never said anything which would suggest that I favor such a course.

Mr. WILEY. I did not say that the Senator had. I assumed that the Senator was in favor of the pay-as-you-go plan. Am I mistaken in that assumption?

Mr. BYRD. I favor the pay-as-you-earn plan.

Mr. WILEY. If the Senator favors the pay-as-you-earn plan, I ask him whether, if there were no cancellation, it would not mean the payment of 2 years' taxes in one?

Mr. BYRD. Of course, that is true, but that is not what I favor.

Mr. WILEY. I am trying to get to the bottom of this question from the standpoint of the taxpayer.

Mr. BYRD. It can be done in one of two ways, as the Senator knows. The Senator has as much intelligence as I have, and perhaps more. It can be done by cancellation or it can be done by paying 2 years' taxes in one or by paying 1 year's taxes in installments. We can go on a pay-as-you-go basis either way. The only question is as to which method we favor.

Mr. WILEY. If the Senator is in favor of canceling 50 percent, then he is in favor of paying 150 percent of the taxes in 1 year.

Mr. BYRD. Not in 1 year.

Mr. WILEY. How would the Senator apportion it?

Mr. BYRD. It could be apportioned over a period of 5 years, or 10 percent a year, or in any way Congress might choose to do it.

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

Mr. BYRD. I yield.

Mr. CONNALLY. The Doughton bill, which I propose to offer as a substitute, provides that the 1941 rate shall apply for 1942, and then provides for a 3-year period of payment. The Secretary of the Treasury would be authorized, in hardship cases, to allow 3 years additional, or 6 years in all, to pay it.

Mr. BYRD. Let me say to the Senator that I do not favor collecting all of the uncanceled obligation in 1 year. I favor giving a reasonable time to pay whatever amount is not canceled.

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

Mr. BYRD. I yield.

Mr. WILEY. Yesterday there was some argument to the effect that the cancellation would contribute toward runaway inflation, or something like that. I wonder what the Senator's attitude is on that question. Does he believe that if we should pay as much money into the Treasury in 1943 as we would without cancellation, there would be any effect so far as inflation is concerned?

Mr. BYRD. I will say to the Senator that that is not one of the objections which the Senator from Virginia has to the bill. I have no reason to think that it would have any material effect on so-called inflation.

Mr. WILEY. I thank the Senator. I think the atmosphere is being clarified.

Mr. BYRD. I wish to make myself very clear to the Senator. What I contend is that we are attempting to do something for the interest of the taxpayer and for the interest of the Govern-

ment; it is to their mutual interest. The taxpayer should pay his share in bringing about the situation which we all desire to bring about, and the Government should pay its share. That is the assumption on which I am basing my argument. To me, at least, it is a fair and reasonable assumption.

Suppose two men were negotiating and were trying to reach a conclusion which would be profitable and advantageous to both of them, and one man was asked as in this case, to take all the loss, or pay all the penalty involved, and the other man did not propose to pay anything.

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

Mr. BYRD. I yield.

Mr. BANKHEAD. I am quite interested in the suggestion of the Senator with regard to a reduction of 50 percent in the tax. I am not entirely satisfied with any of the programs which have been suggested thus far. I wonder if the Senator would not be willing to offer an amendment which would carry out the 50-percent reduction.

Mr. BYRD. I will say to the Senator from Alabama that if sufficient support could be had for it I would be glad to offer it. I think it would enable the collection of a withholding tax of 20 percent without any great burden being placed on the taxpayer. Yet it would not relieve completely many people who now have the money with which to pay their taxes.

Mr. BANKHEAD. It would relieve them up to 50 percent.

Mr. BYRD. That is true. It would relieve them up to 50 percent and would in my judgment permit the operation of the withholding tax of 20 percent without any particular hardship on those who have the money with which to pay it.

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

Mr. BYRD. I yield.

Mr. JOHNSON of Colorado. The amendment which the Senator from Texas says he will propose is on the basis of approximately 50-50.

Mr. BYRD. Let me add a few more words, Mr. President, about the financial condition. The President of the United States estimates that there will be a Federal indebtedness on July 1, 1944, of \$210,000,000,000. This estimate very probably is too low, so that it is possible and probable that approximately a year from now our net indebtedness, exclusive of certain guaranteed indebtedness owing by the Government corporations will exceed \$225,000,000,000. When this figure is reached, it will not be long before we will have an indebtedness of \$300,000,000,000, and perhaps more. Then we must remember that at the conclusion of the war we cannot expect a balanced Budget for some time thereafter, although it is imperative, in my judgment, that we eliminate every nonessential expenditure, so as to reach at the earliest possible time a balanced Budget, as, otherwise, the solvency of our Nation, as rich as it is, will be seriously threatened.

In the face of these conditions, there has never been a more inappropriate time to cancel the taxes accrued and owing to the Federal Government by those

who are able to pay and can pay without undue hardship.

What, apparently, the advocates of the so-called Ruml plan, providing for 100-percent forgiveness, desire is to be placed on a current tax basis and have previous tax liabilities canceled without paying any penalty or any part of the taxes already accrued.

Mr. President, I have given the most careful consideration of which I am capable to this complicated question. I am thoroughly in accord with a pay-as-you-earn basis of tax collection, but I am not in favor of 100-percent forgiveness of the taxes of those who are able to pay.

It is of great benefit and value to the taxpayer to be placed on a current tax collection basis. Those able to pay for this privilege should be compelled to do so.

Many persons seem to think, Mr. President, that the credit of the United States of America is inexhaustible. I am one who believes there is a limit even to the credit of this, the richest nation on earth, and that to impair the solvency of the United States Government is to destroy those principles of government which have given to America greater progress, greater happiness, and greater freedom than any other nation in the world has ever enjoyed. There has never been a democracy in history that has been able to retain its democratic form of government and its freedoms unless it was able to maintain a solvent government.

Never before has the Government of the United States been so in need of revenue as it is today, and never before have the individual citizens of our country been in a better or more prosperous condition to pay heavy taxes than they are today. In 1942 the national income was \$119,800,000,000, the highest up to that date in our history. The forecast for 1943 is for a national income of \$140,000,000,000. When we compare this to the \$79,000,000,000 income in 1929, which was the highest up to that time, we can form some conclusion as to the general prosperity today, due to the expenditure of war funds in every nook and corner of America. And let us not forget that this prosperity is financed in the main by borrowed money, by adding billions to the public debt for future generations to pay.

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

Mr. BYRD. I yield.

Mr. WILEY. I hope the Senator will pardon me, but I am looking for more light.

Mr. BYRD. It is a pleasure to yield to the Senator from Wisconsin.

Mr. WILEY. I have listened quite attentively to the distinguished Senator, and I should like to propound a question, because I believe the answer to it is of importance to the country. I believe the Senator can answer it and clear up a great deal of misunderstanding.

Is it a fact that in the so called cancellation, or abatement, of taxes no money would be paid back to anyone, and that the taxpayer could benefit only in the

year of his death, or in the year when his income became less?

Mr. BYRD. I will say to the distinguished Senator that, generally speaking, he is correct. Of course, nothing would be paid to the taxpayer because we would be canceling a debt. When one cancels a debt which is owing to him, he does not pay the debtor in cash, but merely cancels something which the debtor would otherwise be compelled to pay.

Mr. WILEY. As a matter of fact, in his so-called payments to the Government the taxpayer would receive no benefit so far as his cash, surplus, or otherwise was concerned, until first he reached a period in which his income was less, or his estate would get it when he died. Am I correct in that statement?

Mr. BYRD. Mr. President, I think the Senator must understand that in the taxpayer's financial statement he would receive a benefit because his tax liability, which is a debt, would be canceled. He would not have to include it in his financial statement, for example, because it would have been canceled by the Government.

It is true that it is only by a gradual process that loss to the Government occurs as a result of the cancellation of taxes. I have tried to explain it by saying that the loss would occur in three ways: First, as a result of the death of some taxpayers; second, as a result of some taxpayer suddenly ceasing to earn; and third, because of a reduced level of income of all taxpayers, which I expect to see during the readjustment period after the war. Those are the ways in which the loss would come to the Treasury.

It is inconceivable to me that if the American people knew all the facts they would be willing, in the face of the great need of the Government for additional revenue, to adopt legislation providing for 100 percent cancellation of tax liability. To do so, Mr. President, as I have said before, in my opinion, would mean that immediately a demand would be made by the President and by the Treasury Department to raise additional revenue by increasing the present tax rates so as to compensate for the loss to the Treasury as a result of the cancellation of the taxes of those able to pay. The increase would necessarily fall heavily on the smaller and middle-class incomes, because in the higher brackets the tax is already reaching the point of diminishing returns.

Mr. President, I am a taxpayer who is willing to pay something in order to get on a pay-as-you-go basis. I am not asking the Federal Government to bear the whole cost of putting taxpayers on such a basis. I am willing to pay my share, and I speak as a businessman, with the return I get from that source in addition to my income as a Senator. I am sure many other citizens feel as I do about this.

In conclusion, Mr. President, I again wish to say that while I am thoroughly in sympathy with the objective which the proposed legislation attempts to achieve, there has never been a more in-

appropriate time in all our history to cancel taxes owing to the Government by its citizens than now. With a \$300,000,000,000 debt in prospect, which is more than twice as much as the assessed value of all the property in America, and about 75 percent of the total intrinsic value of all the property in America, as estimated by the Department of Commerce, it is certainly the duty of every Member of Congress to do all that may be within his power to avoid increasing the national debt beyond the imperative necessity of doing so.

Let us not forget that if we add to the debt now by canceling taxes at the most prosperous time in our history when the people are most able to pay, we shall be passing the debt on to the future, when conditions cannot be so prosperous as they now are, and we shall add to the difficulties of meeting the financial obligations of the Government during the inevitable period of post-war depression and liquidation which will follow the inflation today occasioned by huge war expenditures.

Mr. President, I have certain tables which I ask unanimous consent to have printed in the Record as a part of my remarks.

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

TABLE A.—Effect of Ruml-Carlson plan on tax payments—married person, no dependents, income of \$10,000

Year	Net income	Tax payments <sup>1</sup>		Balance after tax payments	
		Present law	Ruml plan <sup>1</sup>	Present law	Ruml plan <sup>1</sup>
1939					
1940	\$10,000			\$10,000	\$10,000
1941	10,000	528	528	9,472	9,472
1942	10,000	1,305	1,305	8,695	8,695
1943	10,000	2,152	2,152	7,848	7,848
1944	10,000	2,152	2,152	7,848	7,848
1945		2,152		-2,152	
1946					
Total	50,000	8,289	6,137	41,711	43,863

<sup>1</sup> Assuming passage in 1943 of Ruml-Carlson bill canceling 1942 tax.

<sup>2</sup> Excluding Victory tax.

Treasury Department, Division of Tax Research, May 6, 1943.

TABLE AA.—Declining income, effect of Ruml-Carlson plan on tax payments—married person, no dependents

Year	Net income	Tax payments <sup>1</sup>		Balance after tax payments	
		Present law	Ruml plan <sup>1</sup>	Present law	Ruml plan <sup>1</sup>
1939					
1940	\$10,000			\$10,000	\$10,000
1941	10,000	528	528	9,472	9,472
1942	10,000	1,305	1,305	8,695	8,695
1943	8,000	2,152	1,532	5,848	6,468
1944	6,000	1,532	592	4,468	5,008
1945		592		-592	
1946					
Total	44,000	6,509	4,357	37,491	39,643

<sup>1</sup> Assuming passage in 1943 of Ruml-Carlson bill canceling 1942 tax, excluding antiwindfall provisions.

<sup>2</sup> Excluding Victory tax.

Treasury Department, Division of Tax Research, May 7, 1943.

Table showing amount of estate-tax liability on specified estates, and increased estate tax on such estates if specified amounts of forgiven 1942 tax are added, together with excess of tax-forgiveness over such increase in estate tax and percent of forgiven tax retained after payment of estate tax

Size of estate		Amount of tax forgiven added to estate	Amount of estate-tax			Excess of tax forgiveness over increase in estate tax	Percent of forgiveness retained
Before tax forgiveness	After tax forgiveness		Before tax forgiveness	After tax forgiveness	Increase in estate tax		
\$20,000	\$25,000	\$5,000				\$5,000	100.0
	30,000	10,000				10,000	100.0
	40,000	20,000				20,000	100.0
	50,000	30,000				30,000	100.0
	60,000	40,000				40,000	100.0
	65,000	5,000		\$150	\$150	4,850	97.0
	70,000	10,000		500	500	9,500	95.0
	80,000	20,000		1,600	1,600	18,400	92.0
	90,000	30,000		3,000	3,000	27,000	90.0
	100,000	40,000		4,800	4,800	35,200	88.0
\$60,000	100,000	50,000		7,000	7,000	43,000	85.0
	110,000	60,000		9,500	9,500	50,500	84.2
	120,000	70,000		12,000	12,000	58,000	82.5
	130,000	80,000		14,500	14,500	65,500	81.2
	140,000	90,000		17,000	17,000	73,000	80.0
	150,000	100,000		19,500	19,500	80,500	78.8
	160,000	110,000	\$4,800	9,500	4,700	15,300	76.5
	170,000	120,000	4,800	20,700	15,900	44,100	73.5
	180,000	130,000	4,800	65,700	60,900	149,100	71.0
	190,000	140,000	4,800	145,700	140,900	319,100	69.4
\$100,000	190,000	150,000	4,800	233,200	228,400	481,600	67.8
	200,000	160,000	4,800	325,700	320,900	639,100	65.6
	210,000	170,000	4,800	423,200	418,400	791,600	65.4
	220,000	180,000	145,700	233,200	87,500	162,500	65.0
	230,000	190,000	145,700	325,700	180,000	320,000	64.0
	240,000	200,000	145,700	423,200	277,500	472,500	63.0
	250,000	210,000	145,700	520,700	382,500	617,500	61.2
	260,000	220,000	145,700	618,200	487,500	892,500	59.5
	270,000	230,000	145,700	715,700	592,500	1,147,500	57.4
	280,000	240,000	145,700	813,200	697,500	1,332,500	55.3
\$1,000,000	280,000	250,000	325,700	423,200	97,500	152,500	61.0
	290,000	260,000	325,700	520,700	202,500	207,500	59.5
	300,000	270,000	325,700	618,200	307,500	312,500	57.3
	310,000	280,000	325,700	715,700	412,500	417,500	55.2
	320,000	290,000	325,700	813,200	517,500	522,500	53.1
	330,000	300,000	325,700	910,700	622,500	627,500	51.3
	340,000	310,000	325,700	1,008,200	727,500	732,500	49.6
	350,000	320,000	325,700	1,105,700	832,500	837,500	47.3
	360,000	330,000	325,700	1,203,200	937,500	942,500	45.8
	370,000	340,000	325,700	1,300,700	1,042,500	1,047,500	44.8
\$2,000,000	370,000	350,000	753,200	520,700	245,000	255,000	51.0
	380,000	360,000	753,200	618,200	342,500	352,500	49.0
	390,000	370,000	753,200	715,700	440,000	450,000	47.3
	400,000	380,000	753,200	813,200	537,500	547,500	45.8
	410,000	390,000	753,200	910,700	635,000	645,000	44.8
	420,000	400,000	753,200	1,008,200	732,500	742,500	43.8
	430,000	410,000	753,200	1,105,700	830,000	840,000	42.8
	440,000	420,000	753,200	1,203,200	927,500	937,500	41.8
	450,000	430,000	753,200	1,300,700	1,025,000	1,030,000	40.8
	460,000	440,000	753,200	1,398,200	1,122,500	1,127,500	39.8
\$5,000,000	460,000	450,000	2,468,200	520,700	335,000	335,000	33.0
	470,000	460,000	2,468,200	618,200	432,500	432,500	32.2
	480,000	470,000	2,468,200	715,700	530,000	530,000	31.5
	490,000	480,000	2,468,200	813,200	627,500	627,500	30.6
	500,000	490,000	2,468,200	910,700	725,000	725,000	30.0
	510,000	500,000	2,468,200	1,008,200	822,500	822,500	28.5
	520,000	510,000	2,468,200	1,105,700	920,000	920,000	24.0
	530,000	520,000	2,468,200	1,203,200	1,017,500	1,017,500	24.0
	540,000	530,000	2,468,200	1,300,700	1,115,000	1,115,000	24.0
	550,000	540,000	2,468,200	1,398,200	1,212,500	1,212,500	24.0
\$8,000,000	550,000	550,000	4,568,200	520,700	760,000	240,000	24.0
	560,000	560,000	4,568,200	618,200	857,500	239,500	24.0
	570,000	570,000	4,568,200	715,700	955,000	239,500	24.0
	580,000	580,000	4,568,200	813,200	1,052,500	239,500	23.8
	590,000	590,000	4,568,200	910,700	1,150,000	239,500	23.7
	600,000	600,000	4,568,200	1,008,200	1,247,500	239,500	23.6
	610,000	610,000	4,568,200	1,105,700	1,345,000	239,500	23.5
	620,000	620,000	4,568,200	1,203,200	1,442,500	239,500	23.5
	630,000	630,000	4,568,200	1,300,700	1,540,000	239,500	23.5
	640,000	640,000	4,568,200	1,398,200	1,637,500	239,500	23.5

Mr. DAVIS. Mr. President, the consideration and drafting of the proposed income-tax law for this year have represented, probably, the most difficult task with which the Congress and its appropriately designated committees have, as yet, been confronted, for not only are we undertaking to write a fair and equitable revenue-raising measure but we are also attempting to recognize the demands of the people for a sound and necessary system of pay-as-you-earn taxation. In the consideration of this tremendous problem, the Committee on Finance has carefully and fully considered almost every manner of proposal designed to achieve these ends. It is my belief that the bill approved by the Finance Committee is the most equitable and fair bill that can be devised under the present circumstances.

Mr. President, in 1940 there were 3,896,435 income-tax payers; in 1941 there were 7,437,307; in 1942 there were 16,760,865. On the first day of January 1943, under the Revenue Act of 1942, there were 27,200,000 taxpayers in debt to the Federal Government for taxes on their 1942 income, an increase of 23,300,000 since 1940. In other words, our Gov-

ernment is a creditor to some 27,000,000 taxpayers who are in debt for the taxes on their 1942 income. It is my thought that we cannot afford to continue this shaky system of income-tax collection when we can adopt a pay-as-you-go tax plan without substantial loss of revenue.

THE SOLE OBJECT OF THIS LEGISLATION

It should be kept constantly in mind, Mr. President, in considering this problem that the sole object of the bill before us is to establish a system for the current payment of the individual income tax, usually referred to as collection at the source. The Treasury demands it, and all the evidence indicates that the overwhelming majority of taxpayers, small and large, have both welcomed and demanded collection at the source. Every bill which has been proposed has contained exactly the same system of withholding for this purpose. I think it is proper to reemphasize the need for current payment.

NEED FOR A SOUND CURRENT PAYMENT SYSTEM

Under the present collection system a taxpayer must pay a tax on income a year after it is earned and, in most cases, spent. Under the present high rates,

great hardship results where a taxpayer loses his job, retires, enters the armed forces, or dies. For example, if a married taxpayer, without dependents, earned \$2,000 in 1942 and lost his job in 1943 by reason of disability, he would still have to pay a tax debt in 1943 of \$144. If a married person, without dependents, earned \$5,000 in 1942, and died on December 31, 1942, his widow would have to pay in 1943 a tax on her husband's 1942 income of at least \$770.

The large majority of taxpayers are unable to provide in advance for their payment of last year's taxes, and many others find it difficult to do so. Under the high rates necessitated by the war, it has become difficult for a constantly increasing number of taxpayers to meet their tax payments, which results in a hardship on them and loss of revenue to the Government. Many inequities in the present system of collection will be eliminated by providing a system by which taxpayers may pay their taxes in the year in which the income is earned. It will give substantial relief in the cases of hardship referred to under our existing system of collection.

Under our existing law the rates are presumed to be fixed according to the taxpayer's ability to pay in a given year. If a taxpayer is required to pay more than the burden fixed in the law in any one year, assuming the rates to be fair, then he is required to pay more than he is able to pay. This is obviously true as to taxpayers in all brackets. Therefore, it is provided in the Finance Committee bill that the system of collecting at the source shall be put in effect on July 1 by crediting all payments made in the current year 1943 on 1943 income-tax liability. All other methods proposed provide for paying in the current year 1943 and in subsequent years not only the tax of the current year, computed at the rates of the current year, presumed to be fixed as high as the taxpayer is able to pay, but also a part of the tax on a prior year—the year 1942. This increases the taxpayer's burden and violates the ability-to-pay principle, since it requires the taxpayer to pay in 1 year more than the law sets up as his burden.

Mr. President, I ask unanimous consent to insert in the RECORD a table showing how the burden in the current year 1943 is increased under the House bill over the burden imposed by law for 1943.

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

SINGLE PERSON—NO DEPENDENTS	
Net income before personal exemption	Penalty
\$3,000	\$15
\$4,000	45
\$5,000	95
\$6,000	165
\$8,000	365
\$10,000	645
\$15,000	1,695
\$20,000	3,195
\$25,000	5,655
\$50,000	16,495
\$100,000	45,820
\$500,000	319,795
\$1,000,000	664,795
\$5,000,000	2,424,795

## MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Penalty
\$4,000	\$24
\$5,000	51
\$6,000	116
\$8,000	283
\$10,000	540
\$15,000	1,514
\$20,000	2,964
\$25,000	4,782
\$30,000	16,140
\$50,000	45,372
\$60,000	319,312
\$1,000,000	664,312
\$5,000,000	3,424,312

## MARRIED PERSON—2 DEPENDENTS

\$4,000	\$3
\$5,000	33
\$6,000	67
\$8,000	211
\$10,000	435
\$15,000	1,353
\$20,000	2,733
\$25,000	4,509
\$30,000	15,790
\$50,000	44,924
\$60,000	318,529
\$1,000,000	663,529
\$5,000,000	3,423,529

TOTAL BURDEN TO BECOME CURRENT IN 1943  
UNDER HOUSE BILL—SINGLE PERSON, NO  
DEPENDENTS

Net income	Income tax plus gross Victory tax	Penalty	Total
\$3,000	\$607	\$15	\$622
\$4,000	877	45	922
\$5,000	1,167	95	1,262
\$6,000	1,476	165	1,641
\$8,000	2,155	365	2,520
\$10,000	2,914	645	3,559
\$15,000	5,168	1,695	6,863
\$20,000	7,896	3,195	11,091
\$25,000	10,984	5,055	16,039
\$30,000	28,558	16,490	45,048
\$50,000	70,165	45,820	115,985
\$60,000	442,363	319,795	762,158
\$1,000,000	900,000	664,795	1,564,795
\$5,000,000	4,500,000	3,424,795	7,924,795

## OBJECTIONS TO THE HOUSE BILL

Mr. DAVIS. Mr. President, the plan of the House bill does not meet this problem for the following reasons:

First. It does not establish a current-payment system, which is the foremost need and the real object of all this proposed legislation.

Second. It adds to the taxpayer's burden in the current year a part of the past year's burden, thus violating the ability-to-pay principle.

Third. By canceling the past year's burden for some taxpayers but not for others, it results in unfairness as between different classes of taxpayers.

Fourth. It sets up a more complicated system of collection and adds to the administrative burden on the Government. Many taxpayers will have to undertake several complicated computations in determining their tax liability. Taxpayers who will have to make double computations year after year contribute about 60 percent of the total individual income tax, and still they will never get on a current basis.

The various partial abatement plans impose what almost constitutes an arbitrary burden on taxpayers to make up for the other collection which obviously should not be made. I say it constitutes an arbitrary burden because it bears little relation to current ability to pay.

Before the taxpayers finish paying their overhanging debt under the Ways and Means Committee bill, 4 years will have passed since the income was received.

If we look more carefully at these substitute proposals, we can see that they contradict each other. They attempt to find a fair formula for carrying over a part of the tax debt. The bill approved by the House, and the Ways and Means Committee bill, each endorse the principle of complete forgiveness for some taxpayers and little or none for the big taxpayers. The distinguished chairman of the Finance Committee has introduced a provision for a flat-rate abatement for all classes. If these various proposals are intended to present a principle of fair treatment, they deny each other. If one is true, the other is obviously obnoxious. There is no other principle of fairness except ability to pay. The Finance Committee bill makes the ability principle immediately valid for all taxpayers.

## FINANCE COMMITTEE PLAN

The bill reported by the Committee on Finance provides that taxpayers shall pay the tax of 1943 or 1942, whichever is higher, but it credits all the tax paid to the current year, so that the taxpayer is out of debt to the Government.

Its so-called windfall provisions close the loopholes where a taxpayer had high incomes in 1942 and 1943 out of war profits.

It gages the tax according to the income of the current year, and thus more truly levies tax according to ability to pay.

There has been a great deal of discussion as to whether or not, under this plan, the present taxpayer will be relieved of a year of taxes when his income ceases. That is exactly what will happen. That is why we want to institute a current payment method, to avoid the hardships and loss of revenue that result in such cases.

We must realistically face the issue that to call for full taxation then is to insist upon our pound of flesh. The fact is that ordinarily taxpayers do not put aside a reserve out of which to pay taxes.

In welcoming a system of current collection, all have conceded that taxes are a hardship when a taxpayer loses his job, retires, enters the armed forces, or dies.

Now, while I personally, in view of the high cost of living, would like to see more liberal exemptions provided in the pending bill, I am confident that even the most hard-pressed taxpayer will be more than proud to contribute his required share to the financing of the Government in this hour of grave crisis.

Up to this point, then, on both the provision for a pay-as-you-earn system, and upon the tax rates and the 20-percent withholding provision on that part of the income over and above the exemptions, the committee bill is substantially in agreement with all other proposals offered.

We come now to that part of the bill over which most of the controversy now rages, that is, how to handle the matter of the 1942 tax liability. Even on this question, the controversy is not one of principle, but one of degree. The prin-

ciple of abatement has been universally accepted. It appears in every proposal which has been put forward. The only variance appears in the degree to which the principle of abatement is to be applied. The bill approved in the House calls for a 75-percent abatement, but it leaves a great number of taxpayers on a noncurrent basis. The committee bill, by means of certain windfall provisions, places every taxpayer on a current pay-as-you-earn basis, and yet it entails only an 88-percent abatement.

In the debate which has ensued a serious distortion of the facts has occurred through the introduction and continued use of the word "forgive." I want to make it absolutely clear that under the pending bill nothing is forgiven. Under this bill, no taxpayer will be required to pay less than he would under the old system. Indeed, in many cases, especially in the upper brackets, by reason of the windfall provisions included in the bill, many taxpayers will be required to pay more than would otherwise be the case.

Furthermore, every taxpayer will be required to pay a full income tax every year until he dies, and a review of vital statistics tables, estate taxes, and other such media will make it absolutely clear that the Government will collect every due dollar over the years. Rather than getting less money, the Government stands to collect more money this year and every year—and moreover to collect it on a regular current basis.

Mr. President, as I voted with the majority of the Senate Finance Committee in reporting the bill; so too, I shall vote for the enactment of the bill. I feel that by the adoption of this particular plan the public interest and the American people will be served in the most effective and representative way possible; for in accordance with the overwhelming desires of the American people, the bill—

First. Places all taxpayers who derive their incomes from wages or salaries on a current pay-as-you-earn basis.

Second. Removes the undemocratic and discriminatory feature of double taxation, which feature would render it virtually impossible for great numbers of American taxpayers ever to become current in meeting their income-tax obligations.

Third. Embodies certain windfall provisions which, buttressed by other existing legislative enactments, will effectively guard against profiteering or the undue enrichment of any citizen during wartime.

Fourth. Makes full and proper provision for the gallant members of our armed forces, by granting them an exemption of \$1,500 over and above the present personal exemptions which are not extended to all other taxpayers by law.

Mr. President, the bill is as fair, impartial, and practical as sincere human effort can make it. I sincerely trust that the principles embodied in the bill will be approved in the tax law which is finally adopted, and that the entire plan will be placed in effective operation by July 1, 1943, in order that the American people and the American Government

may have the benefit of a sound pay-as-you-earn fiscal policy, a policy which has long been overdue, and a policy which will greatly ease the burdens which have been occasioned by an economy geared to wartime undertakings and wartime responsibilities.

#### REVENUE EFFECTS OF COMMITTEE BILL

I am not so concerned at the present time with the amount of tax liability canceled, or the amount of tax collections the Treasury may lose between now and doomsday as a result of the bill. I fail to understand why opponents of 100-percent cancellation speak of the loss to the Treasury of an asset which appears only on the Treasury's books. I think attention should instead be directed to the effect of the bill on Treasury revenues at the present time and during the war years, when additional funds are so sorely needed. I do not believe that the immediate revenue effect of the Senate Finance Committee bill has been fully appreciated. The plain fact, borne out by Treasury estimates which appear on page 15 of the committee's report, is that the Treasury receipts during the fiscal year beginning July 1, 1944, will, after the bill is enacted, be increased over present law receipts by over \$2,000,000,000. By this bill we shall raise more than 10 percent of the additional \$16,000,000,000 requested by the President. The increases in revenue, of course, are the result of the windfall provisions and the fact that liabilities on higher incomes will be collected sooner than under present law by reason of withholding at the source and current payment.

So long as incomes continue to rise, as no doubt they will rise during the war years, the committee bill will yield more revenue to the Treasury than would the bill passed by the House. This is a very important consideration, which completely overshadows the point that the Treasury may lose a paper asset over the lifetime of all taxpayers. Those who make this point seem to forget the fact that if additional revenue is needed 20 or 30 years hence, it can be provided in the customary manner, through legislative action.

#### BENEFITS IN POST-WAR PERIOD

We must prepare now for the time when this war will be over. As our war production expands and our Nation increases its Federal expenditures for the prosecution of this war, it becomes ever more necessary to make immediate plans to take care of this income-tax debt. It is estimated that our national income for the fiscal year ending June 30, 1943, may reach \$125,000,000,000. During that period the Federal Government plans to spend about \$90,000,000,000.

When the war ends, Federal spending will drop some \$20,000,000,000 annually. It is estimated that during the present fiscal year 30,000,000 of our citizens will be directly connected with our war effort. Twenty million of them will be employed in war industry, and 10,000,000 will be in the armed forces. No doubt at least 15,000,000 of those so engaged will have to find other work. During this transition period it is reasonable to assume that millions of employable people

will be forced to live on their unemployment insurance. This means that their taxes, incurred on a high wage-level, will have to be paid largely from social-security benefits. This year the farmers of our Nation will be the recipients of an abnormal income. Present indications are that it will reach \$15,000,000,000. This is the largest percent of the national income the farmers have ever received. Bountiful harvests and fair prices have brought this about. One must assume that this abnormally high income will not continue. Provision must be made to take care of the income-tax liability of the citizen who will be affected by the post-war transition.

Mr. ELLENDER. Mr. President, at this time I offer an amendment to the pending committee amendment as amended. My amendment, if adopted, would spread the payment of taxes for 1942 over a period of 5 years. The first payment of these deferred taxes would be due on March 15, 1944, and would aggregate one-tenth of the sum due. Every 6 months thereafter, a like amount would become due by the taxpayer, so that an aggregate of 5 years will be allowed a taxpayer in which to pay and discharge his 1942 tax bill. No interest would be charged on these deferred taxes, unless the taxpayer becomes delinquent. Under my amendment all the tax payments which have been made during 1943 for 1942 taxes would be applied to 1943 taxes. The withholding tax provided for in the bill would not be affected and such sums as may be collected from July 1 to December 31 would likewise be applied to the payment of 1943 taxes.

The PRESIDING OFFICER (Mr. OVERTON in the chair). The amendment will be stated.

The CHIEF CLERK. On page 97, line 12, it is proposed to strike out all of section 6, and to insert in lieu thereof the following:

#### Sec. 6. Deferment of 1942 liability.

(a) In general: Effective as of September 1, 1943, in the case of the taxable year 1942 of any individual (other than an estate or trust and other than a nonresident alien) the 15th day of the fifteenth month shall be substituted for the 15th day of the third month following the close of such taxable year for the purposes of sections 53 and 56 (a) of the Internal Revenue Code.

(b) Extension of time for payment: At the election of the taxpayer, made under regulations prescribed by the Commissioner with the approval of the Secretary, the Commissioner shall extend the time for the payment of the tax for the taxable year 1942 imposed upon any individual (other than an estate or trust and other than a nonresident alien) in which case such tax shall be paid in 10 equal installments, the first of which shall be paid on the 15th day of the third month following the close of the taxable year 1943, and of the remaining installments one shall be paid on the last day of each succeeding 6-month period, except that any installment may be paid prior to the date prescribed for its payment. If any installment is not paid on or before the date on which it is payable, it and the remaining installments shall be paid upon notice and demand from the collector.

(c) Treatment of payments on account of 1942 tax made during the taxable year 1943: Any payment made on account of the tax imposed by chapter 1 of the Internal Revenue

Code for the taxable year 1942 upon an individual (other than an estate or trust and other than a nonresident alien) during the taxable year 1943 shall be considered as payment on account of the estimated tax for the taxable year 1943. If any payment on account of the tax imposed by such chapter for the taxable year 1942 is made during the taxable year 1943 pursuant to a joint return made by husband and wife for the taxable year 1942 such payment may be treated as a payment on account of the estimated tax of either the husband or the wife for such taxable year or may be divided between them.

(d) Use of term "taxable year": For the purposes of this section the terms "taxable year 1942", and "taxable year 1943" mean, respectively, the taxable year beginning in 1942 and 1943, respectively.

Mr. BROOKS. Mr. President, in the main I intend to support the committee bill. If 1 year ago today anyone had suggested so radical a change in the collection of taxes as is proposed by this measure his suggestion would have sounded completely out of order. War, however, does many things to nations which are engaged in it.

I think the sudden popularity with which the suggested Ruml-type bill has been received can be traced to a great many origins. I do not believe its popularity lies in the fact that people wish to be forgiven responsibility to their Government. I do not know of a period within my lifetime when I have heard so little complaint on the part of citizens generally with respect to the payment of their taxes as we have heard in the past year. I do not know of a time in the history of this country when its people have responded to their National Government with a more whole-hearted cooperation and desire to defend it with their money and their lives. But there has been a sudden upsurge in the demand for the Ruml type of bill. I think that has come about by reason of the uncertainties of war and the sudden mounting of the tremendous national debt, which confuses the people's thinking, and, if we were to tell the truth, confuses the thinking of ourselves who represent the people.

I do not know anyone who can give me the answer as to how we are going to meet our great national debt eventually, but individually the people of America are anxious to know that their obligation shall be such as to come within their ability to meet it. Because of the uncertainties of the future there has been a sudden popular demand to have a pay-as-you-go plan adopted, so that when the war ends, even if their jobs cease, if they are in the service, if their factories are closed, or no matter what the emergency or the contingency shall be at that time, the citizens of the Nation will not be obligated to the Government to such an extent that they will not be able fully to discharge their obligation. I believe the demand for the pay-as-you-go plan does not arise from a desire to evade obligation. The desire on the part of the people is to have a plan under which they can fulfill their obligation, under which they will not find themselves in such a position that they cannot respond to their obligation

to their Government when the time comes to meet it.

Mr. President, I am somewhat uneasy about using large incomes as the reason why we should not adopt the pay-as-you-go plan. The large incomes of this country are not so numerous. I realize that it has been popular in past years to pick out any successful man and hold him up as an evil influence, but if there ever was a time in the history of America when successful men were needed it is now. Never have the successful men of America responded to such a degree as they have in the present war effort. We cannot possibly raise a sufficient number of soldiers, equip them and transport them and put them in the line to meet, man to man, the full numbers of our Axis enemies without the efforts of all our citizens. The only way we can defeat our Axis enemies is by placing superior instruments in the hands of our soldiers who represent us and who fight with the free spirit of America.

From the assembly lines, from the factories, from the great research laboratories of our industrial institutions we have obtained better tanks, better guns, faster-moving and better-equipped planes in the sky. The successful men of America have responded to this demand and need for superior military equipment. Even today, while we are discussing this measure, successful men have left positions with our air lines, communication systems, industrial plants; many of the leaders of industry have responded to their country's call and are wearing the uniform, some of them giving up salaries as high as \$90,000 a year to accept the wages of a soldier in order to help establish the great communication lines which are vital to military victory.

Mr. President, when we celebrate the complete defeat of the Axis troops in Africa, let us not forget that it was accomplished with the help of successful men who left their positions in industry and who, in this war theater, set up our communication lines. Let us not forget that successful men who responded to the Government's call and went into the service, helped make our victory possible. If ever there was a time when we should not ridicule large incomes as being an evil influence, it is now.

Mr. President, I am glad the Senate Finance Committee took the American view and said that every American should be treated equally. This is the time when we need every bit of energy, every bit of bravery, brains, and brawn in America, to carry on our war effort to final victory.

When we talk about the Ruml plan, this is no time to set up an isolated example and say that because of that one case we should not adopt the principle of the plan.

I say again that the desire of the people of the country to have a pay-as-you-go program is not a desire to evade their responsibility or their obligation. It is a desire to have a plan whereby America can measure up to its obligation and can fulfill it.

Mr. CLARK of Missouri. Mr. President, I call up the amendment which I offered yesterday, and which has been printed and lies on the desk.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. McNARY. Mr. President, there has been no explanation of the amendment.

Mr. GEORGE. Mr. President, the amendment was read at the desk. I hope the Senate will not agree to the amendment; because, as I understand it, it provides for a mere postponement of the payment of a whole year's taxes, with no abatement. That is my interpretation of the amendment as it was read.

Mr. McNARY. Very well.

Mr. WILEY. Mr. President, what is the amendment?

The PRESIDING OFFICER. The amendment will be read again for the information of the Senate.

The CHIEF CLERK. Beginning on page 97, line 12, it is proposed to strike out all of section 6, and insert:

Sec. 6. Deferment of 1942 liability.

(a) In general: Effective as of September 1, 1943, in the case of the taxable year 1942 of any individual (other than an estate or trust, and other than a nonresident alien) the fifteenth day of the fifteenth month shall be substituted for the fifteenth day of the third month following the close of such taxable year for the purposes of sections 53 and 56 (a) of the Internal Revenue Code.

(b) Extension of time for payment: At the election of the taxpayer, made under regulations prescribed by the Commissioner with the approval of the Secretary, the Commissioner shall extend the time for the payment of the tax for the taxable year 1942 imposed upon any individual (other than an estate or trust and other than a nonresident alien) in which case such tax shall be paid in 10 equal installments, the first of which shall be paid on the fifteenth day of the third month following the close of the taxable year 1943, and of the remaining installments one shall be paid on the last day of each succeeding 6-month period, except that any installment may be paid prior to the date prescribed for its payment. If any installment is not paid on or before the date on which it is payable, it and the remaining installments shall be paid upon notice and demand from the collector.

(c) Treatment of payments on account of 1942 tax made during the taxable year 1943: Any payment made on account of the tax imposed by chapter 1 of the Internal Revenue Code for the taxable year 1942 upon an individual (other than an estate or trust and other than a nonresident alien) during the taxable year 1943 shall be considered as payment on account of the estimated tax for the taxable year 1943. If any payment on account of the tax imposed by such chapter for the taxable year 1942 is made during the taxable year 1943 pursuant to a joint return made by husband and wife for the taxable year 1942 such payment may be treated as a payment on account of the estimated tax of either the husband or the wife for such taxable year or may be divided between them.

(d) Use of term "Taxable year."—For the purposes of this section the terms "taxable year 1942," and "taxable year 1943" mean, respectively, the taxable year beginning in 1942 and 1943, respectively.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. WILEY. Mr. President, may we have an explanation of the amendment?

Mr. ELLENDER. Mr. President, I am opposed to the remission, cancellation, or abatement of any taxes. I think it would be wicked on our part to remit at this time taxes in any form, especially in view of the fact that right now we need every dollar which can be gathered into the Treasury, by taxes or otherwise. Although our taxes are high we have been asked to provide for an additional 16 billions. I do not know what this war will cost, but I am told that before it ends we shall have spent more than it has cost to run our Government from its inception to date, including the expenditures we have made in other wars in which we have been engaged. To cancel now the tax obligations of the taxpayers of the nation would be wrong. We have no right to do so. They are due and should be paid.

Mr. President, the taxes for 1942 are due to our Government to the same extent that any note which any Senator might have signed in favor of a bank, in the past would be due. I do not know whether all Senators have made a study of the various bills and proposals submitted to the House, as well as of the proposals submitted to the Senate in connection with the so-called Ruml plan, but I do believe that it would be tragic for us to adopt the pending committee proposal or in fact any proposal that would have as its object the cancellation of any taxes.

Mr. President, I shall briefly discuss the various plans and proposals which were offered both in the House and in the Senate—plans which would have the effect of deferring and canceling taxes. The so-called Ways and Means Committee bill reached the floor of the House of Representatives sometime ago and it provided for the payment of the 1942 taxes at the 1941 rate. I am informed that the 1941 rate of taxes is on the average about 50% of the average 1942 rate. Under such a proposal the United States Treasury would lose \$4,672,000,000. When that bill came up for discussion in the House it proved unsatisfactory to those who sought to dig deeper into the Federal Treasury, so a new bill was substituted and passed and sent to the Senate for action. Under the terms of the House bill the normal tax of 6 percent was wiped out, and in addition, 13 percent of the surtaxes was stricken from the 1942 tax bill. As adopted by the House, that bill canceled taxes due in the aggregate of \$7,238,000,000. Think of it, almost \$3,000,000,000 more than the Ways and Means Committee bill would be permitted to remain in the hands of the taxpayers.

That bill, as I have just indicated, was sent to the Senate and referred to the Finance Committee of the Senate. Was that committee satisfied in canceling as much as \$7,238,000,000 of money justly due the Government? It was not, but worked out a scheme whereby the Federal Treasury would actually lose \$9,815,000,000. Think of that, Senators. As I understand the pending measure, which is a substitute for the House bill, the whole

tax bill of 1942 or 1943 of a taxpayer would be canceled, whichever is the lower.

The distinguished Senator from Georgia [Mr. GEORGE] will propose an amendment to permit a 75 percent cancellation instead of the 100 percent permitted under the pending bill. Under the George amendment, the taxpayers would save and the Government would lose \$7,361,000,000.

Now let us inquire how the savings to taxpayers would be distributed among them. We find that under the House version, which seeks to reduce taxes by eliminating the 6-percent normal tax and 13 percent of the surtaxes, as I have heretofore indicated, a person receiving a \$2,000 income would effect a saving of \$140.

Under the Ways and Means Committee bill the saving would be \$100. Under the George amendment the saving would be \$105; and under the Senate Finance Committee bill the saving would be \$140.

On a \$5,000 income the saving under the House bill would be \$691, under the Ways and Means Committee bill it would be \$388, and under the George amendment \$560, and under the pending bill \$746.

On a \$10,000 income the saving under the House bill would be \$1,614, under the Ways and Means bill it would amount to \$860, under the George amendment it would aggregate \$1,614, and under the bill under discussion it would be \$2,152.

It will be noted that as to all those taxpayers with an income of \$5,000 or lower, as well as to those with an income not exceeding \$10,000, the differences in saving to the taxpayers under the various measures are not great. But, Mr. President, when we come to the larger taxpayer, the taxpayer with an income of \$100,000, or \$1,000,000, we have a different picture. Under the House bill the saving would be \$189,750 to the taxpayer whose income was \$1,000,000; under the Ways and Means Committee bill—that is, the one which was defeated and for which the House bill was substituted—the saving would be only \$121,126; but if we should adopt the pending bill the saving to a taxpayer with a \$1,000,000 income would be \$854,000. Think of that Senators, \$854,000 now due the Government could be retained by a taxpayer whose income was \$1,000,000 in 1942 if the pending bill were adopted. It is unconscionable and I am certain will not sit well with the American people.

In the future all these savings will have to be recouped in some way and more taxes added. We shall have to get the money from some source. As has been demonstrated by a number of Senators, we have almost reached the point of saturation in the case of persons with large incomes. We cannot tax them much more than we have taxed them in the past. Their tax burden today amounts to from 85 to 87 percent, as I recall the figures. Therefore, any losses which would be suffered by reason of enactment of the pending bill would have to be recouped in some way; and the persons who would have to pay those losses would be those in the lower income brackets. We cannot escape that con-

clusion, Mr. President. I think it would be unwise, unjust, and indefensible for the Senate to vote at this time to forego any taxes.

Mr. President, the pending amendment is very simple. It would not abate or cancel any taxes. It would not change the tendency to put all taxpayers on a pay-as-you-go basis. All money which has been paid by taxpayers for the payment of 1942 taxes would be applied to the 1943 tax indebtedness. In other words, all installments paid on March 15, 1943, for the 1942 taxes, as well as the installments which will be paid on June 15, would be applied to the 1943 taxes; and the 20 percent which would be collected from taxpayers from July 1 to December 31 would likewise be applied to the 1943 taxes.

Under my amendment, the 1942 tax bill would be divided into 10 equal payments. The first payment would be made on March 15, 1944, and succeeding payments of one-tenth of the 1942 tax bill would be made every 6 months thereafter. Thus the entire 1942 tax bill would be discharged by the taxpayer in 5 years, by the payment of 10 installments. The taxpayer would not pay interest on the deferred 1942 tax bill.

The adoption of this simple amendment would mean that the Treasury of the United States would receive the \$9,815,000,000 which the pending bill proposes to give to the taxpayers.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. O'DANIEL. Does the Senator's proposal contemplate that the Government would receive interest on the deferred payments?

Mr. ELLENDER. Not one penny.

Mr. O'DANIEL. On what theory would that credit be extended without interest?

Mr. ELLENDER. It was my purpose to make the plan attractive and to avoid imposing interest charges on the taxpayer. I feel that that provision is fair, and it probably will make the bill more acceptable to the Senate.

Mr. O'DANIEL. Does not the Senator believe that there would be more inducement for the taxpayer to pay if interest were accruing?

Mr. ELLENDER. There is a provision in the amendment to the effect that if the first installment, or any installment thereafter, is not paid promptly, the remaining installments will become payable immediately. I think that is sufficient inducement to encourage taxpayers to keep their payments current.

Mr. O'DANIEL. With interest?

Mr. ELLENDER. Interest would be charged on the indebtedness if the taxpayer fails to pay on time. The interest charge would commence as of the date of default. In other words, so long as a taxpayer pays his installments on the 15th of March and the 15th of September of each year for the next 5 years, beginning March 15, 1944, he will pay no interest at all. He will simply pay the face amount of his 1942 taxes. However, should he fail to pay the first install-

ment, the second installment, or the third installment, then whatever installments remain after the first default would become due. Briefly, the remaining unpaid sum would become due, with interest from date of default.

Mr. President, I believe that the adoption of this amendment would solve the problem of putting the taxpayers of this country on a pay-as-you-go basis. Let us not make a \$9,815,000,000 gift to the taxpayers. Those whom the pending bill proposes to help are well able to bear the burden. As I said a moment ago, any tax funds that are abated now will be sorely needed in the near future, and the taxpayers who will have to pay those taxes in the future will undoubtedly be those less able to bear them at that time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the committee amendment, as amended.

Mr. GEORGE. Mr. President, if there is to be no further discussion of this amendment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	George	Overton
Austin	Gerry	Pepper
Bailey	Gillette	Radcliffe
Ball	Green	Reed
Bankhead	Guffey	Revercomb
Barbour	Gurney	Reynolds
Bilbo	Hatch	Robertson
Bone	Hawkes	Russell
Brewster	Hayden	Scruggam
Bridges	Hill	Shipstead
Brooks	Holman	Stewart
Buck	Johnson, Colo.	Taft
Burton	Kilgore	Thomas, Idaho
Bushfield	La Follette	Thomas, Okla.
Butler	Langer	Thomas, Utah
Byrd	Lodge	Tobey
Capper	Lucas	Tunnell
Caraway	McClellan	Tydings
Chandler	McFarland	Vandenberg
Chavez	McNary	Van Nuys
Clark, Idaho	Maloney	Wagner
Clark, Mo.	Maybank	Walsh
Connally	Mead	Wheeler
Danaher	Millikin	Wherry
Davis	Moore	White
Downey	Murdock	Wiley
Eastland	Murray	Wilson
Ellender	Nye	
Ferguson	O'Daniel	

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Eighty-five Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the junior Senator from Louisiana [Mr. ELLENDER] to the amendment of the committee, as amended.

Mr. GEORGE. Mr. President, I do not care to discuss the amendment at any great length. The distinguished Senator from Louisiana is merely proposing to vote to postpone the 1942 tax for a period of 5 years. That, of course, might really amount to an abatement. Undoubtedly, it would amount to an abatement in a great many brackets, and on the part of a great many taxpayers, if the tax should be postponed for such a great length of time without bond or security or some safeguard to the revenue.

I believe the time has passed when we can contemplate getting on a pay-as-you-go basis without some abatement of the tax liability for the past year. I wish to make a brief statement at this time before the vote upon the amendment is taken.

We seem to be greatly confused about the Government losing something. It is said that the Government will lose a part of the taxes which have already been levied. Mr. President, I believe we are simply thinking in circles when we think that the Government is going to lose anything by what it does with its taxing system in order to make it a better system. The Government has the power at any time, any year, to levy additional taxes to make up for something it may imagine it has lost or something it never had.

We are not dealing with the relation between creditor and debtor. We are thinking around and around, in circles. The question is, What is a sound tax system for the American people? How can it be accomplished? If we can adopt a better taxing system for the American people, then it is mere child's play to talk about what the Government is going to lose, when the Government has the power, if the sentiment of the country will sustain it, to take every cent of income which every taxpayer makes now, and throughout the coming time.

So, Mr. President, as I see it, it is a question of getting on a sound basis. A pay-as-you-earn tax system is not a system which is one-sided by any means, that is, all for the benefit of the taxpayer or all for the benefit of the Government.

Let me ask candidly and frankly, How are we to collect taxes from 30,000,000 people who are working at high wages and who may be here today and gone tomorrow unless we collect them at the source?

Is it not fair that they pay a reasonable tax, a proportionate tax, based upon our progressive income-tax law?

Not only that, Mr. President, but how or why should we collect the tax from the soldier boy who has gone into the service and is now receiving from his Government less than his personal exemption on his income in 1942, which may have been as high as ten or fifteen or twenty or thirty thousand dollars?

The Government of the United States has not lost much money as the result of tax defaults over a long period of time, but the Government of the United States never before, in all its history, taxed 44,000,000 American citizens, and any official of the Treasury Department who does not know that under these conditions tax defaults will result in a constantly rising volume of losses, is not realistic.

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

Mr. GEORGE. I am glad to yield to the Senator from Louisiana.

Mr. ELLENDER. I am wondering how the pending amendment would affect the question the Senator is discussing. If my amendment were adopted the bill would remain as it is written; the 20 percent would be collected commencing July 1, and the only effect of my amend-

ment would be to do away with the cancellation of taxes, and simply defer the 1942 taxes, so that payment of them would be made in 10 equal installments beginning on March 15, 1944, and extending over a period of 5 years.

Mr. GEORGE. I understand the Senator's amendment, and I think my remarks are pertinent to it; I express the hope that they are. What I am saying, Mr. President, is that with the high rate of taxes now imposed we cannot expect to double up for anything like 100 percent of the tax liability of any year.

Today my distinguished friend from Virginia [Mr. BYRD] referred to the present as being the highest income-producing period in our history, and that any forgiveness or abatement at this time would result in the remission of tremendously large sums of money which may not again be available to the Treasury. In great part, I agree with my distinguished friend in his discussion and in his conclusions, but the very reason why it is necessary to go on a pay-as-you-go basis, to relate tax payments to the year of income, and let them go up and down together, is because of the high tax rates. If there were low rates nobody would worry about this problem; it would not then be a problem; but, Mr. President, now it is a problem when 44,000,000 people must pay income taxes; it is a problem when 30,000,000 of those taxpayers must pay currently as they earn, for they cannot pay after they have spent their incomes. If the Government were realistic, it would see that picture; it would face it frankly. We need now once and for all to go to a sound taxation system, and there is no sound taxing system that does not gear the tax liability to current income, so that when income goes up taxes, of course, go up, and when income shoots down, the people are saved from almost wholesale bankruptcy only because when their income goes down their taxes necessarily go down.

Leave the present system, Senators, if you want to do so; refuse to face the facts as they really are. Let these high taxes remain where they now are, let this war suddenly end, let incomes drop, and the man with a very moderate income will owe a back year's tax which he may not be able to pay out of his actual total income for as much as 2 or 3 years. Let those people who cannot pay become permanently in the debtor class, and large numbers of them will be unable to meet their tax payments. Some say, let the Government take the loss then, and it could take it from year to year, but that is not a good condition in which to put the people; it is not wise to put the people in the status of debtors who can never pay their honest debts to their Government.

Mr. President and Senators, this is not a trifling program devised by some shrewd politician. The Government of the United States ought to adopt a system that will tie irrevocably income and tax liability together, so that they go up and down together. The Government of the United States can do it.

Forgiving! What does it amount to when the Government can in any one

year impose any tax on its people that it wants to impose? This is not a question of debtor and creditor. If, as a creditor, the Senator from Alabama forgives me something, he cannot make me pay it next year unless I become indebted to him again. In the narrow, technical sense only, is there the relationship of debtor and creditor between the Government of the United States and the taxpayer, because the Government has the absolute power to change, modify, shift, or increase its tax rates so as to meet its necessities.

I am not worrying about the Government losing anything. The only question is, is it desirable to get on a pay-as-you-go basis? Is it desirable to change the taxing system so that the people will not be 1 year behind in their debt to the Government?

A soldier who may be in the Solomons today, perhaps, in 1942 earned fifteen or twenty thousand dollars and owes four or five thousand dollars to his Government in taxes. He is out there now as a private and can never pay that debt. Suppose the case of a soldier on one of the South Pacific islands who has a little home back here, just a meager place, a shelter for his wife and his baby; who has got to go down and dicker with the tax collector and try to save the little home because his 1942 taxes would wipe it off the face of the map as clean as if a Texas cyclone struck it. Is that right? Can we put our taxpayers on a current basis without any damage and injury to the Government? If so, is it not wise to do it?

I am not proposing that we forgive all the tax of 1942, for I do not think it is wise to do so; I do not think that the business people of this country, when they think of it, will believe it is wise to do so.

I think that at least 25 percent of the 1942 liability can be carried over to March 15, 1944, and March 15, 1945. That would result in an increased burden on the taxpayer immediately, it is true, but if there ever was a time when the Government should get as much cash out of current earnings as possible, both to meet obligations of the Government and to check, so far as we can, the rapidly rising price spiral in this country, now is that time.

My distinguished friend, the Senator from Virginia [Mr. BYRD], said that 50 percent should be collected. If that can be done, and the one desirable thing realized, to wit, putting the taxpayer on a current paying basis as his liability arises, then it should be done. I confess that my own study leads me to the conclusion that our taxpayers can stand the additional 25 percent, spread over 2 years, but I do not think they can stand the additional 100 percent over 2 or 3, or even 5 years, as the Senator from Louisiana has suggested.

Therefore I oppose the amendment, Mr. President, and I earnestly hope that the Senate, without regard to any commitments, will try to approach the subject in a businesslike way, and if it is desirable to adopt a different system of collecting our Federal income taxes, let us do so now, when we have the opportunity.

There will be no loss to the Treasury insofar as collections are concerned, so long as incomes continue to rise. There cannot be. The actual dollars and cents which go into the Treasury from rising incomes will be larger in 1943 than they were in 1942, and they will be larger in 1944 than in 1943. Of course, our national income will fluctuate, but there cannot in any sense, as I see it, be any situation over a long period where there will be a loss to the Treasury.

When I say that I do not think we should abate the whole amount of the taxes, I mean that my judgment is that the proposal is so advantageous to both the taxpayer and the Government that the taxpayer should be willing to do as much as he can, if the Government needs the money, and we undoubtedly will realize a larger return in 1943 than if we remained under the present system of paying taxes on income a year after it has been earned.

Tax liability to the Government does not arise out of contract but under operation of law, and the Treasury is on a cash basis and counts its collections from revenue only as they come in. There is a vast difference, so far as citizens are concerned, between liability for the tax and the tax in the form of cash in the Treasury.

Senators, let us not deceive ourselves. The day will probably come at the end of the war period, unless we can somehow constantly advance our national income without any serious letdown, when, out of 44,000,000 taxpayers, the Government will fail to collect many taxes—many because American taxpayers will be unable to meet their tax payments—and it is never good policy on the part of government to bankrupt its taxpayers—to bankrupt its own customers and supporters.

Mr. President, that hour will come unless now, in this period of rising income, when we will not reduce the cash flowing into the Treasury, we go as far as we can, and make certain that our taxing program makes the taxpayer current so that out of his daily and weekly and monthly earnings he can pay daily, weekly, or monthly his obligations to his Government.

That is what this bill will do, if put into operation. It will make 30,000,000 of the 44,000,000 taxpayers current by means of withholding, and it will make the remaining 14,000,000 current by estimating the annual income and paying it within the year. That is the proposal.

I would not hesitate to abate 100 percent of the tax if I believed it was necessary in order to put the American taxpayer on a current basis with his Government, and I would do so under the firm conviction that that was the best course for the Government to pursue, and was certainly the best course for the taxpayer, if the Government should follow it.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator a question.

Mr. GEORGE. I shall be glad to answer it if I can.

Mr. BANKHEAD. I am in very general accord with the philosophy and objectives expressed by the able chair-

man of the Committee on Finance, the senior Senator from Georgia [Mr. GEORGE]. My difficulty is in knowing how to apply his reasoning. I have had a great deal of difficulty in ascertaining what the various proposals and amendments mean.

We know the taxpayers are divided into many classes and groups, dependent upon the amount of their incomes. There is a provision in the bill under which we would take 1942 or 1943 as the year for which taxes were to be collected, dependent upon which year's income was the largest, and of course that would shift the result very materially.

The Senator spoke of the bill and the beneficial effect it would have. I assume he is referring to the committee bill.

Mr. GEORGE. I said I did not think it was necessary to go as far as the committee bill goes.

Mr. BANKHEAD. I am not sure what the Senator had in mind, and I am anxious to know, because he is aware of my confidence in him and in his judgment.

Mr. GEORGE. I am speaking of the committee bill so far as it relates to the method of collecting the current taxes.

Mr. BANKHEAD. But as to the amount of the abatement, the Senator is not giving it his approval?

Mr. GEORGE. No; I have offered a substitute for it, because I do not think it is necessary to abate all the 1942 tax.

Mr. BANKHEAD. I desire to ask the Senator specifically about his amendment, or substitute. I shall not read it all; I do not understand it all, because there are so many references in the amendment to sections which are not printed in it. Some are made parts of the amendment, some are taken out of some other bill, and it would certainly take an expert, exercising a great deal of care and study, to know exactly what it means, and as one who is not a tax expert, as I am not, I frankly confess I have been unable to determine just what effect the Senator's amendment would have. I have asked some of the experts about it, but I do not find exact uniformity of opinion among them.

Mr. GEORGE. The amendment amends section 6 of the bill the committee reported, and it is technical, of course.

Mr. BANKHEAD. It is technical, and so many provisions are adopted or eliminated merely by reference, without setting them out, that I am asking the Senator for information in good faith.

The amendment provides in the first paragraph that the taxes under a certain chapter "for the taxable year 1942 shall be increased by an amount equal to 25 percent of the tax for the taxable year 1942." I do not understand exactly how an increase of 25 percent in the tax constitutes an equivalent abatement or reduction of the tax liability for the taxpayer. It seems to provide an increase rather than a deduction. Frankly, I want some deduction. I agree with the Senator's philosophy.

Mr. GEORGE. I may say to my friend, the Senator from Alabama, that it is an amendment to section 6 of the committee bill. The part of the section which is not amended discharges or

abates the 1942 liability. But if the 1942 liability is larger than the 1943 liability, the effect of the amendment is to require the taxpayer to pay the tax for the larger year, and add 25 percent of the tax for the lesser year, the year 1943.

My amendment is intended—and this is the English of it—to abate 75 percent of the tax for 1942 or 1943 income, whichever is the lowest; in other words, collecting the tax for the highest year, and also to add to the year in which the tax is collected, 25 percent of the tax for the lesser year. This 25 percent additional amount will be paid in two installments of 12½ percent each, the first payable on March 15, 1944, and the second on March 15, 1945.

Mr. BANKHEAD. I will call the Senator's attention to this provision on page 1 of his amendment. The provision does not specify that the year in which the tax is abated shall be the year of the lowest income—that may be provided somewhere else in the amendment—but, on the contrary, the amendment itself provides that 25 percent of the tax for the taxable year 1942 shall be abated.

Mr. GEORGE. The amendment does say that, because 1942 is the year in which it is technically abated. It is abated, however, by technical provisions which make it look, in many instances, as though certain additions are being made to the 1943 year so as actually to bring the 1943 year up to what the 1942 year would be if the 1942 year were the higher of the two years. That language is fitted into this amendment.

The liability of any individual (other than an estate)—

And so forth—

for the tax imposed by such chapter for the taxable year 1942 shall be discharged as of September 1, 1943.

That provision is left in the bill and is not changed by my amendment. That is the first antiwindfall provision of the committee bill. I am sorry that the matter has to be so technical, but the effect is clear. It is intended to abate the lower of either the year 1942 or 1943 and add 25 percent of the abated tax to the year in which collection is made, and to retain the windfall provision.

Mr. BANKHEAD. That would be, as the Senator says, to add 25 percent to the other year?

Mr. GEORGE. Yes.

Mr. BANKHEAD. And pay it all this year? Provision is made for payment of last year's tax in four installments. Is some change now proposed to be made?

Mr. GEORGE. No; the amendment provides that the 25 percent is to be paid in two parts, 12½ percent of it to be paid March 15, 1944, and 12½ percent added to the tax liability March 15, 1945.

Mr. BANKHEAD. Then the effect of that would be to increase by approximately 25 percent the amount of taxes to be paid this year?

Mr. GEORGE. It is to be paid in 2 years. The payment is due this year, but 12½ percent is to be paid in each of the years 1944 and 1945, when the actual payments are to be made.

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

Mr. GEORGE. I yield.

Mr. LUCAS. I am certain that I understand the amendment which has been offered by the Senator from Georgia, but I should like to cite an actual example to see whether I am correct. Let us say that I had a tax assessment of \$800 in 1942 and one of \$1,000 in 1943. As I understand the Senator's amendment, I would be obliged to pay the larger of the two this year, 1943, or \$1,000.

Mr. GEORGE. That is correct.

Mr. LUCAS. And then, in addition to that, I would pay a 25-percent additional tax on the \$1,000.

Mr. GEORGE. On the \$800.

Mr. LUCAS. On the \$800; yes.

Mr. GEORGE. Yes; that is correct.

Mr. LUCAS. And that would be paid over a period of 2 years beginning March 1, 1944.

Mr. GEORGE. One hundred dollars each year in that particular case; that is correct.

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

Mr. GEORGE. I yield.

Mr. OVERTON. Does the Senator's amendment retain the provision contained in the committee amendment with respect to making the calculations based on the normal year?

Mr. GEORGE. No. That is the second windfall provision. I did not think it necessary to retain the second windfall provision which will operate very harshly in special cases, and in view of the fact that 25 percent of the tax for the abated year would have to be paid.

Mr. OVERTON. Sometimes we can understand an illustration better than an argument, especially when it comes to revenue legislation. I should like to propound to the Senator from Georgia the question I asked and the example I gave to the Senator from Virginia [Mr. BYRD] when he was making his very able presentation. Let us suppose that the taxpayer had, during the normal base year, 1938, 1939, or 1940, \$1,000 income, and that in 1942 he had \$1,000,000 income, and in 1943 he had \$500,000 income. Would he pay more under the amendment of the Senator from Georgia or under the committee amendment?

Mr. GEORGE. He would pay more under the committee amendment in that case. That is an extreme case.

Mr. OVERTON. It was merely an off-hand example.

Mr. GEORGE. It is an extreme example. Let me say that while we often look to individual cases to determine the effect of a tax, I always try—I may be wrong about it but it seems to me it is the only sound way—to look to the general and total effect of the tax on all the taxpayers. Specific instances can be picked out under which the second anti-windfall provision in the committee bill to which the Senator is referring will operate most harshly and unfairly against the taxpayer. That is no reason why in any particular instance the remedy should be withheld, because in a particular instance some taxpayer might receive too much relief.

My own feeling with respect to the second windfall provision is that it will

operate rather cruelly in a great many cases, and that since the taxpayer is called upon to pay a portion—let us say 25 percent, as I have suggested—of the abated year's liability anyway, the first windfall provision is all that is necessary, with, of course, the same provision in the committee bill providing relief for members of the armed forces.

Mr. OVERTON. I was going to make the observation that the example I gave was purely an offhand one, and was made without any reflection. I do not like to ask the Senator from Georgia to institute a comparison between the product of his own thought and that of the action of the committee; but what I have in mind and what concerns me is this: I remember that when about a year ago we had under consideration the question of renegotiation of contracts the able senior Senator from Georgia stated that the way to reach the war profiteers was through taxation; that so far as he was concerned, he intended to reach the war profiteers through taxation; and I think he said they could be taxed up to 90 percent of the profits they made.

In giving my illustration and in asking for a specific answer whether the amendment of the Senator from Georgia, as compared with the amendment proposed by the Senate committee, would favor such individuals, what I wish to know is simply this: Boiled down, would the committee amendment deal more harshly with war profiteers than would the amendment of the Senator from Georgia; or is the Senator from Georgia in a position to institute a comparison between the two?

Mr. GEORGE. It would not deal more harshly with the war profiteer as a war profiteer. It would deal harshly so far as certain results to many taxpayers who are not war profiteers are concerned. But much of the abnormality of income might have been due to the war, and much of it might not have been due to the war.

Mr. OVERTON. I have in mind the persons who have made abnormal profits since our entrance into the war. Would the committee amendment obtain more taxes from persons who have made such tremendous profits?

Mr. GEORGE. The arbitrary selection of the years 1938, 1939, or 1940 may not be a proper measure for determining normal profits. We fixed a definite period in the corporate excess-profits tax, but we had to provide relief for the hard cases.

It seems to me that if we take the higher of 1942 or 1943, plus 25 percent of the tax for the other year, we will fairly well reach the cases of war profiteers.

The individual tax rates also run very high. They run up to 88 percent, without including the Victory tax. A 90-percent ceiling has been imposed on the individual income taxes; but for a \$250,000 income, the law would result in taking away from the taxpayer approximately \$207,857.69 out of his \$250,000 income.

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

Mr. OVERTON. The Senator from Georgia has the floor.

Mr. GEORGE. If we take the case of a man who had a \$1,000,000 income from bonds in 1938, 1939, and 1940, and who had such an income up to this very date, the comparison would be in favor of another version, rather than in favor of the committee version; but that is not the final test of the matter, it seems to me.

Let us take another situation—that of a man who died in 1940. Let us assume that, following his death, large income-producing property was turned over to his orphaned children. Let us assume that in 1938, 1939, and 1940 they had no income whatever. Under the committee proposal, a very serious hurt would be inflicted upon those children, although there was no connection whatsoever between their income and wartime activities, and although there had been, in fact, no creation of new property, but merely the transfer of the property to persons who, until the year 1942, had been nontaxpayers.

In the particular case the Senator first suggested the tax would be most substantial under either proposal, but in that instance there might be a slight difference in favor of the committee bill.

Mr. OVERTON. I thank the Senator.

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

Mr. GEORGE. I yield.

Mr. DANAHER. I wish to ask the Senator from Georgia in elaboration upon his reply to the Senator from Louisiana, if it would not be fair to say that the second windfall tax provided for in the committee amendment would adhere only in cases in which the income of the taxpayer increased by \$10,000 of net taxable income over the income in the base years.

Mr. GEORGE. That is true; yes.

Mr. DANAHER. That is a correct statement, let me say to the Senator from Louisiana, as the Senator from Georgia frankly concedes.

Mr. GEORGE. Yes.

Mr. DANAHER. I think I am also correct in saying that the Treasury expects an added yield from that increase, under the second windfall provision, of approximately \$400,000,000 of additional taxes.

Mr. GEORGE. That is true, but it would be most inequitably distributed; and the Senator will live to see that happen if the second windfall provision ever goes into effect. It would be most cruelly applied in many cases.

The first windfall provision would raise approximately \$900,000,000 and would do so, I think, on a fairly equitable basis.

Mr. DANAHER. Mr. President, will the Senator from Georgia yield further to me?

Mr. GEORGE. I yield.

Mr. DANAHER. As I read the Senator's amendment lying on our desks, it seems to me it would increase the taxes to be collected in 1943 by 25 percent of the taxes which would have been collected on the 1942 incomes; is that correct?

Mr. GEORGE. That is correct, with this modification: The lesser year is

abated, and 25 percent of the abated year's tax is added to the tax for the higher year.

Mr. DANAHER. Then, to give application to a specific case, in further answer to the Senator from Louisiana, under the committee's second windfall program, in the case of a taxpayer earning \$100,000 of net taxable income in 1943, the increase in the tax would be \$57,640, which would be added to his tax liability, but which might be paid over a period of 4 years, with 4-percent interest on each annual installment.

Under the language of the amendment proposed by the Senator from Georgia, the 1943 tax liability would be increased by \$9,565, which would be payable in two installments of 50 percent each. Is that not correct?

Mr. GEORGE. I have not done any figuring upon the particular examples; I was simply answering according to my best information, based upon the statement made by the Senator from Louisiana.

Mr. DANAHER. Yes. I think the Senator from Georgia will find that the figures are correct.

Mr. GEORGE. I have no doubt about that, but under the second windfall provision, I can produce innumerable examples which would amount to the crucifixion of persons who would not have had any increase in income arising as a result of the war.

Mr. DANAHER. I thank the Senator.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator another question. Mention has previously been made that the windfall provisions are included in order to prevent abnormal profits and that the windfall provisions would apply to abnormal profits a higher rate of taxation than that which ordinarily would be applied. I am wondering if that would not work an injustice in cases in which the substantially peacetime income, let us say, had no relation whatever to war profiteering.

Mr. GEORGE. I think it would, because, after all, it is from the figures that we obtain the final result, and whether they arise because of war activity or whether they are wholly dissociated from war activity the result to the taxpayer is the same. I think that is quite true, and I think that is especially true in all cases of inheritance, or the taking over by bequest of income-producing property, and in many hundreds, or even thousands, of cases in which deferred salaries have already been paid in 1942, under pension systems or under agreements with the employer.

Mr. BANKHEAD. Does the Senator think it is fair to apply the same high rate to a windfall resulting from an increase in income which comes about in the normal way as would apply to increases which come about as a result of war profits? That is the point I had in mind. Is it fair to apply the same increase in rates?

Mr. GEORGE. That would be the effect.

Mr. BANKHEAD. That would be the effect; but would it be fair to do it?

Mr. GEORGE. No; I do not think it would be fair to do it.

Mr. BONE. Mr. President, I have listened with a great deal of interest to the statement of the Senator from Louisiana [Mr. ELLENDER]. His amendment to the pending bill has not been printed and does not lie on our desks. I think it would be rather unfortunate, with the somewhat sparse attendance of the Senate at the moment, to vote on that amendment this afternoon.

In view of the statement of the able Senator from Georgia [Mr. GEORGE] about our armed forces being affected by the collection of taxes, I should like to ask the Senator from Louisiana what provision his amendment—which we cannot read in detail—would make respecting soldiers. Perhaps I can put it a little more clearly by asking if his amendment would in anywise affect the question to which the Senator from Georgia referred, of deferring or abating taxes on the members of our armed forces.

Mr. ELLENDER. Let me state to the Senator from Washington that section 7 of the bill provides for an additional allowance for members of the armed forces. Section 7 (a) provides an exemption. It reads as follows:

(a) In general: Section 22 (b) (13) of the Internal Revenue Code (relating to additional allowance for military and naval personnel in computing net income) is amended to read as follows:

"(13) Additional allowance for military and naval personnel: In the case of compensation received during any taxable year and before the termination of the present war as proclaimed by the President, by a member of the military or naval forces of the United States for active service in such forces during such war, so much of such compensation as does not exceed \$1,500."

Then there is another provision, in section 8, which abates the taxes of members of the armed forces in case of death.

Mr. BONE. Will the Senator indicate the page?

Mr. ELLENDER. It will be found on page 104. Those two provisions are in nowise affected by my amendment. As I understand, there is a provision in the bill which cancels 1942 taxes of a soldier up to \$14,000 on earned income. Let me say to the Senator that if my amendment in any way affects the provisions with regard to any member of our armed forces I desire to amend it so that the armed forces will be treated in the same manner as they are proposed to be treated under the terms of the pending bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the amendment of the committee, as amended.

Mr. ELLENDER. Mr. President, are we to reach a vote on this amendment this afternoon? The hour is rather late. It is a quarter to 5.

Mr. GEORGE. Mr. President, I hope we can vote on the amendment this afternoon.

Mr. ELLENDER. Mr. President, I wish to state that I have the floor.

It is now a quarter to 5, and the amendment, which was offered by me today, has not been printed. I offered it in good faith. I discussed the matter with a member of the Treasury Department yesterday and I gave him my views as to what should be contained in the amendment. The amendment could not be prepared until this morning. I offered it this afternoon. I am hopeful that the Senate will not force a vote this afternoon, but will permit the amendment to be printed so that Senators may have an opportunity to study it. I think it is a very important amendment.

Mr. GEORGE. Mr. President, if the Senator will permit me to make a statement, I have no desire to force a vote; but the Senator's amendment brings up the very genesis from which we started with the proposed legislation. I thought the amendment was well understood. If there is any question about the amendment being understood, it might go over; but we face this situation: If any withholding at the source is to go into effect July 1, the bill must clear both Houses of Congress and reach the President by Saturday or thereabouts. It is important that we move as fast as we can.

Mr. ELLENDER. I think it could be cleared tomorrow. Consideration of my amendment will not occupy very much time.

Mr. GEORGE. We have a number of other amendments. Is the Senator especially anxious to have his amendment go over until tomorrow?

Mr. ELLENDER. I am.

Mr. GEORGE. Is the Senator willing temporarily to withdraw his amendment so that we may dispose of a few other amendments, which will not take more than a few minutes?

Mr. ELLENDER. I will agree to that provided that my amendment will be made the pending business when we meet tomorrow.

Mr. GEORGE. The Senator can temporarily withdraw his amendment and offer it the first thing tomorrow.

Mr. ELLENDER. Let us agree as follows: The Senate will defer consideration of my amendment, and after the amendments which the Senator desires to have considered are acted upon, my amendment will be the unfinished business tomorrow.

Mr. GEORGE. I shall be very glad to have the Senator offer his amendment after we shall have disposed of the other amendments.

Mr. WALSH. Mr. President, in view of the debate on this amendment, let me suggest that a time be fixed for voting tomorrow, at half-past 12, so that there will not be a recurrence of the whole debate on this amendment.

Mr. GEORGE. That is quite agreeable to me.

Mr. ELLENDER. Mr. President, there has not been much debate on my amendment. The debate has been on the bill itself.

Mr. WALSH. Could we not vote at half-past 12 or 1 o'clock on the Senator's amendment?

Mr. ELLENDER. My amendment has not received much deliberation or discussion.

Mr. WALSH. I believe that is true; but in view of what the Senator from Georgia has pointed out as to the urgency of action, we ought to try to fix a time to vote on the amendment.

Mr. ELLENDER. I can assure the Senator that I will not delay a vote on my amendment.

Mr. WALSH. Is the Senator willing to agree upon a time to vote?

Mr. ELLENDER. I will not agree on a specific time, but I will state to the Senator that I do not seek to prolong discussion on the amendment but ask only that it be thoroughly considered.

Mr. GEORGE. If the Senator will withdraw his amendment temporarily, so that I may offer other amendments, I will agree that his amendment may go over until tomorrow.

Mr. ELLENDER. With the understanding that after the disposition of the amendments to which the Senator refers my amendment will be the pending business tomorrow?

Mr. GEORGE. It would certainly be in order at any time.

Mr. ELLENDER. What is the difference? I can see no objection to my suggestion.

Mr. GEORGE. I would not want to start a long debate again on one amendment when we have a number of other amendments. If it is to go over, I think there ought to be at least an understanding that we shall reach a vote by a certain time. I do not care to have a unanimous-consent agreement. As quickly as the Senator can explain the amendment tomorrow I think we ought to be able to take a vote.

Mr. VANDENBERG. Mr. President, let me make a suggestion to the Senator. Regardless of the amendment of the Senator from Louisiana, and not referring to his amendment alone, we face the physical fact that if the proposed legislation is to be worth paying any further attention to, it must be completed this week. That is a physical fact. If all the amendments—and there are many pending—are to run the same sort of gantlet as does the amendment of the Senator from Louisiana, we shall not be through with the bill until next week, and then it will be a case of "love's labor lost," no matter what the result is. I wonder if we may have a unanimous consent agreement now limiting consideration of all amendments, commencing tomorrow at noon?

Mr. GEORGE. That is quite agreeable to me.

Mr. ELLENDER. Mr. President, I have no objection to laying my amendment aside temporarily, with the simple understanding that when we meet tomorrow it will be the unfinished business. I cannot see any reason why that cannot be agreed to.

Mr. GEORGE. Mr. President, I ask unanimous consent that within 40 minutes after the Senate convenes tomorrow

a vote be had on the amendment of the Senator from Louisiana, if it is to be postponed.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I like the suggestion made by the distinguished Senator from Michigan. At this time I think that if it is imperative that the pending bill should be disposed of this week or tomorrow, we should have an understanding limiting debate on all the amendments pending, or those which may be offered.

Mr. HILL. Will the Senator yield?

Mr. McNARY. I yield.

Mr. HILL. In that connection, I wonder if the chairman of the committee, and the distinguished minority leader, would think well of an agreement that no Member shall speak more than once, or longer than 15 minutes on any amendment?

Mr. GEORGE. I am perfectly willing to accept any suggestion. I thought we would vote early tomorrow on the pending bill.

Mr. LA FOLLETTE. Mr. President, I have no purpose to delay action on this bill, but I do not want to see the Senate placed in a position where the Members of the Senate cannot have adequate time for debate on amendments that may be offered. We do not know what amendments may be offered before the bill shall be voted upon.

Mr. HILL. The Senator from Wisconsin would not be willing at this time to enter into any agreement with reference to a limitation on debate?

Mr. LA FOLLETTE. I would not. We have debated this bill for only 2 days.

Mr. HILL. As the Senator knows—

Mr. GEORGE. Mr. President, it is only 5 o'clock. I think we had better proceed. That is the only way in which we can get an answer.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. ELLENDER] to the amendment of the committee, as amended.

Mr. ELLENDER. Mr. President, I have some statistics which I should like to read. I do not care to detain the Senate unnecessarily, but I think that I have made a very reasonable request.

The amendment which is now pending can be laid aside. I am willing to agree temporarily to that being done. If in the meantime the Senate should desire to dispose of any amendments this afternoon, that would be perfectly agreeable to me. I do not see why this amendment cannot retain its status and be taken up when the Senate meets tomorrow. I should like to have the Senate agree to that, rather than to make it necessary for me to stand here and read from statistics. I do not ask for a vote on my amendment this afternoon. I am frank to say, as I have already said, that I was unable to have the amendment prepared previous to this afternoon. It was handed to me about 2 o'clock. The moment that I could obtain an opportunity to submit the amendment, I did so.

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

Mr. ELLENDER. I yield.

Mr. WALSH. I do not think there is any opposition in the Senate to the amendment being voted upon tomorrow. The difficulty is that no time limit has been fixed. Without a time limit being agreed to we could have general debate and spend all day in discussing the merits of the bill, and the amendment of the Senator would not be reached at all. There has been some discussion of it today, and there may be some tomorrow, but if a time limit were fixed the Senator's amendment could be disposed of, and then we could proceed to general debate. If we should take all day tomorrow to discuss his amendment, that would be one thing. The Senator knows from experience here that everything else would be discussed except his amendment, but if a time were fixed I am sure every Member would be glad to have a vote upon his amendment sometime tomorrow.

Mr. ELLENDER. I do not have any objection to a time limitation being placed on the debate relative to the amendment, but I understand that the majority leader has asked that a time limit be set, and an objection was urged.

Mr. WALSH. My remarks were directed only to disposing of the amendment of the Senator from Louisiana, and were not directed to other amendments. If a time is fixed for action on the Senator's amendment every Member would, I believe, be satisfied and would be glad to accommodate the Senator. The difficulty is that if a limit shall not be placed upon debate we could debate all day long on the general proposition and not reach a vote on the Senator's amendment for possibly 2 days.

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

Mr. ELLENDER. I yield.

Mr. HILL. Mr. President, the Senator does not wish his amendment to be voted upon this afternoon, and I understand his reasons for it. I take it that he will not allow his amendment to be voted on this afternoon, and he has it within his power not to permit the amendment to be voted upon. In view of the situation, would not the Senator be willing temporarily to withdraw his amendment? I believe the chairman of the Committee on Finance and the Senator from Missouri [Mr. CLARK] have a few amendments which they wish to propose. Tomorrow the Senator from Louisiana could offer his amendment. When he has offered it, unless some limitation shall be placed upon the debate—and the only way such limitation could be placed would be by his consent—he could take as long as he wished in discussing it. There is no way in which to prevent him from discussing his amendment now, and there is no disposition on the part of any Member not to allow him to take up his amendment tomorrow. If he would refrain from making his speech now, we could proceed to dispose of other amendments.

Mr. ELLENDER. The only difficulty is that I would like to have my amend-

ment voted upon before 2 o'clock tomorrow.

Mr. HILL. In that connection I will say to the Senator, after conferring with the chairman of the committee and the distinguished minority leader, that it is my purpose to move to recess until 11 o'clock tomorrow, and if the Senate meets at 11 o'clock tomorrow the Senator's amendment could then be disposed of unless he should desire to take time in which to discuss it again.

Mr. ELLENDER. I have no intention to take up much more of the Senate's time in a discussion of the amendment. It is a very simple amendment. All I desire to do is to give an opportunity to Senators to read and study it.

Mr. HILL. Then if the Senator will temporarily withdraw his amendment he could have it printed in the RECORD, which would give every Senator an opportunity to read and study it, and offer it again tomorrow. In so doing we could make a little headway this afternoon in disposing of some of these other amendments. There would be no difficulty in offering his amendment tomorrow.

Mr. ELLENDER. I am willing to agree that if the Senate recesses until 11 o'clock tomorrow a vote will be taken upon my amendment not later than 12:30 p. m.

Mr. GEORGE. Mr. President, I will not agree to that. I will not agree to an hour and a half of further discussion on this amendment. The Senator can follow that course if he wishes to.

Mr. ELLENDER. I said not later than 12:30. It may be that we would be able to vote upon it at 11:30. I certainly shall not occupy an hour and a half in discussing the amendment. I may not occupy more than 10 or 15 minutes.

Mr. GEORGE. Mr. President, I have always tried to be very courteous, and the only thing I will say is that I shall insist on the Senate going ahead with its business. At a reasonable time tomorrow morning the amendment can be offered and voted upon. The Senator can offer his amendment at any time before the bill is finally disposed of.

Mr. ELLENDER. What objection would there be to temporarily setting aside the amendment and making it the unfinished business of the Senate tomorrow at 11 o'clock? What would be the objection to that?

Mr. GEORGE. I shall not ask the Senator temporarily to lay aside his amendment unless he wishes to do so. I will give him assurance that he can bring it up tomorrow.

Mr. ELLENDER. That is only the Senator's assurance. Possibly other Senators will introduce amendments in the meantime with the result that the Senator from Louisiana will be out on a limb and his amendment may not be voted upon.

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

Mr. ELLENDER. I yield.

Mr. HILL. I was going to say that I should be glad to join with the Senator in asking the Chair to recognize the Senator the first thing in the morning. I do not see what more the Senator could ask. He will have every opportunity to pre-

sent his amendment. It is just a question of whether he is going to talk, or whether we will be able to dispose of some of the other amendments.

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

Mr. ELLENDER. I yield.

Mr. LUCAS. As I understand, the Senator wants primarily to have the amendment printed in the RECORD overnight so that Senators who read the RECORD will have an opportunity to discuss it.

Mr. ELLENDER. The Senator is correct.

Mr. LUCAS. As I understand, the amendment is already in the RECORD.

Mr. ELLENDER. Yes.

Mr. LUCAS. And will be in the RECORD whether or not the Senator discusses it.

Mr. ELLENDER. That is correct.

Mr. LUCAS. Why could not the Senator just yield the floor at this time, because any time tomorrow the Senator certainly would have an opportunity to call up the amendment and discuss it, and his purpose will be served by having the amendment read by Senators tonight or tomorrow, and having the vote postponed until tomorrow, and that certainly will be done if the Senator will yield the floor at this time.

Mr. ELLENDER. As I understand the rules, if I should withdraw my amendment at the moment—

Mr. LUCAS. I am not asking the Senator to withdraw his amendment.

Mr. ELLENDER. What the Senator has suggested is what I have been suggesting, that the amendment be temporarily laid aside for the purpose of considering other amendments which Senators desire to have disposed of, and after those amendments are disposed of, then my amendment is to revert to its present status. What is wrong with that? I cannot understand why that cannot be agreed upon.

The PRESIDING OFFICER. Is there objection to the request?

Mr. CLARK of Missouri. What is the request?

The PRESIDING OFFICER. The request is that the Senate suspend the consideration of the amendment of the Senator from Louisiana for the purpose of considering other amendments, the consideration of that amendment to be resumed upon the completion of the consideration of the other amendments, and that the amendment of the Senator from Louisiana be made the unfinished business.

Mr. GEORGE. I must object to that, because it is an unheard of proceeding. It is perfectly fair, if the Senator wishes temporarily to lay the amendment aside, and let us proceed, because he is not willing to have a vote, although it is just 5 o'clock. It is perfectly fair, and I agreed in the first instance that the amendment might be laid aside temporarily so that we could proceed and discuss such other amendments as might be offered, but I will not agree that it shall go over as a preferred amendment, with a preferred status.

Mr. ELLENDER. Mr. President, I do not wish to assume the attitude of being obstinate and stubborn, and with the assurance of the acting majority leader,

as well as of the distinguished Senator from Georgia, that my amendment will receive first consideration when we meet tomorrow, I shall be willing to have it set aside temporarily.

Mr. GEORGE. Mr. President, I object to any agreement whatsoever, and will not consent to any suggestion whatsoever, to give this amendment a preferred status, beyond the assurance that the amendment may be brought up. That is not a procedure I have heard suggested before in the Senate, during my experience here.

If there could be an agreement to limit debate upon the amendment to 15 minutes on the part of any Senator, I should be perfectly willing to ask the acting majority leader to seek an adjournment or a recess until tomorrow. If we may have consent that all debate upon the amendment be limited to 15 minutes on the part of any Senator on the amendment or any amendment proposed to the amendment, I shall be willing to ask the Senate to take a recess, although there are impelling reasons why the pending bill should be speedily considered and passed, so that it may become effective by July 1.

Mr. HILL. Mr. President, I ask unanimous consent that no Senator be allowed to speak more than once on the pending amendment, or on any amendment to the pending amendment, and that no Senator be allowed to speak over 15 minutes on the amendment or any amendment thereto.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. I have an amendment in the nature of a substitute which I expect to offer, and the inquiry is whether under the Senate rules, if the Senator from Georgia should offer his amendment as a substitute and it should be adopted, it would then be in order for me to offer a complete substitute.

The PRESIDING OFFICER. If a complete substitute for the bill is adopted, then a substitute would not be in order.

Mr. CONNALLY. It was my view that if a complete substitute were adopted, this would be in the nature of a perfecting amendment.

The PRESIDING OFFICER. In the form in which the amendment of the Senator from Georgia has been submitted, it is not a substitute at all.

Mr. CONNALLY. It is not a substitute?

The PRESIDING OFFICER. Not for the whole bill. It is a substitute for section 6.

Mr. CONNALLY. I do not wish to prevent the Senator from Georgia having a clear-cut issue on the amendment. I prefer to offer my amendment in advance of the vote on his amendment, but I still want to give him a green light.

The PRESIDING OFFICER. A perfecting amendment would have precedence over any substitute.

Mr. BONE. Mr. President, I wish to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BONE. I should like to know whether the substitute which is to be tendered by the Senator from Texas will be the only substitute for the pending legislation offered in the Senate.

Mr. CONNALLY. I cannot answer that question. The substitute which I have in mind is the House Ways and Means Committee bill, which was reported on April 30, and its general outline is that it adopts for 1942 the 1941 rates, and then for the taxpayers of 1942 it permits a 3-year interval for payment in installments.

Mr. BONE. I understand the nature of that proposal.

Mr. CONNALLY. That is the proposal I intend to offer as an amendment.

Mr. BONE. I am inquiring whether at this moment the proposal of the Senator from Texas will be the only proposal in the nature of a complete substitute for the pending Senate committee bill.

Mr. CONNALLY. We would have to call a quorum to ascertain that.

Mr. President, I send forward the amendment to which I have made reference, and ask that it be printed for the information of Senators.

The PRESIDING OFFICER. The amendment intended to be proposed by the Senator from Texas will be received, printed, and lie on the table.

#### EXECUTIVE SESSION

Mr. HILL. 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 MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McFarland in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

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

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

Sumner T. Pike, of Maine, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1948. (Reappointment.)

By Mr. GEORGE, from the Committee on Finance:

James Lloyd Elliott and Lloyd Frederic Summers to be assistant surgeons in the Regular Corps of the United States Public Health Service, effective on date of oath; and

Sundry senior surgeons, surgeons, passed assistant surgeons, assistant surgeons, a senior dental surgeon, and a passed assistant dental surgeon, all for temporary promotion in the United States Public Health Service

By Mr. WALSH, from the Committee on Naval Affairs:

Capt. Laurance T. BuBose to be a rear admiral in the Navy, for temporary service, to rank from September 21, 1942; and

Rear Admiral Charles P. Snyder, United States Navy, when retired on August 1, 1943,

to be placed on the retired list with the rank of admiral pursuant to an act of Congress approved June 16, 1942.

By Mr. HAYDEN, from the Committee on Post Offices and Post Roads:  
Sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

#### COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Harry M. Brennan to be collector of customs for customs collection district No. 42.

Mr. CHANDLER. Mr. President, I move that the nomination of Harry M. Brennan, a citizen of Louisville, Commonwealth of Kentucky, to be collector of customs for customs collection district No. 42, with headquarters at Louisville, Ky., be confirmed. It is a position which he has heretofore held and filled with distinction.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

Mr. CHANDLER. I ask that the President be immediately notified of the confirmation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be forthwith notified.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. HILL. I ask unanimous consent that the postmaster nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

Mr. HILL. I ask that the President be notified forthwith of all confirmations of today.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be immediately notified.

#### RECESS

Mr. HILL. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 12 minutes p. m.) the Senate took a recess until tomorrow, Friday, May 14, 1943, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate May 13 (legislative day of May 12), 1943:

##### UNITED STATES ATTORNEY

Charles H. Carr of California to be United States attorney for the southern district of California, vice William Fleet Palmer, deceased.

##### IN THE NAVY

Capt. Charles E. Rosendahl to be a rear admiral in the Navy, for temporary service, to rank from the 9th day of July 1942.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate May 13 (legislative day of May 12), 1943:

#### COLLECTOR OF CUSTOMS

Harry M. Brennan to be a collector of customs for customs collection district No. 42, with headquarters at Louisville, Ky.

#### POSTMASTERS

##### ALABAMA

Frances R. Gresham, Autaugaville.

##### COLORADO

Louis M. French, Norwood.  
Leah M. Kesecker, Redcliff.

##### MICHIGAN

Bernice S. Tiedeman, Washington.

##### MISSOURI

Helen K. Bridges, Arbyrd.

##### NEBRASKA

Darwin T. Murfin, Cairo.

##### NEW JERSEY

Henry G. Roberts, Bay Head.  
Louis A. Reilly, Newark.

##### TEXAS

Hugh L. Williams, Blanket.  
Horace Hamilton, Franklin.  
Fountain Pitts Shrader, Frisco.  
Clyde E. Perkins, Kirkland.  
J. O. McBride, Leander.  
Grace L. Fowler, Pflugerville.  
Charles G. Conley, Quanah.  
Vernon E. Newman, Tolar.

##### VERMONT

Ward L. Lyons, Bennington.  
Kenneth A. Tudhope, North Hero.  
John J. Cain, Orwell.  
Patrick J. Candon, Pittsford.  
Ethel B. Wilkins, Reading.  
Mary E. Gover, Sheldon Springs.  
Cecelia S. Joslyn, South Hero.  
Irving E. Bronson, Swanton.

## HOUSE OF REPRESENTATIVES

THURSDAY, MAY 13, 1943

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most loving Father in heaven, whose mercies are exceedingly rich and abundant, Thou hast never forsaken the trusting soul in need. He who bears witness with calm and undaunted will against the wrong, need never count the battle lost. Above the expanse of problems make us humbly eager to serve our fellow men, fair and resolute in criticism and triumphant in faith.

O Christ, breathe into every motive and desire and prune the overaffections of the soul that we may learn how sweet the bitter and how strong our weakness. We pray that courtesy may be the aroma of our conduct, so helpful that it will lift us above the strata of strife. In our waking hours and daily tasks, in voiceless wonder let us come to Thee without fear, rejoicing that we are within the circuit of Thy being; O gather within Thy fatherly hands our time, our lives, and our souls. Wilt Thou bring to an end the dire works of darkness which have been thrust upon Thy appealing children? Bring them release, O Lord, from their prison walls and crush the black hands of spiritual anarchy. Almighty God, grant to our President and