



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 80<sup>th</sup> CONGRESS, FIRST SESSION

## SENATE

WEDNESDAY, MAY 21, 1947

(Legislative day of Monday, April 21, 1947)

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

Rev. Charles W. Sheerin, D. D., rector of the Church of the Epiphany, Washington, D. C., offered the following prayer:

O God, our Heavenly Father, guide, we beseech Thee, this body in its deliberations and work. In these days of confusion and doubt, we pray Thee that, as we seek for truth, we may find that the search leads us to Thyself. Give us courage to speak honestly and reverence to speak humbly; and when our minds are perplexed and we cannot find Thee, give us patience to go on with our daily duties.

Thou hast taught us that Thou wilt require much from those to whom much is given; grant that we in this country, whom Thou hast called to so goodly a heritage, may extend more abundantly that which we so richly enjoy in learning to serve our fellow men, and thus may we know the glory of serving Thee. May men everywhere learn that with mutual forbearance and good will Thy paths may be discovered. When we are weary, comfort us with the remembrance that we have not shirked. When we are ill rewarded, save us from bitterness and give us sympathy with all who suffer wrong. Lead us ever more deeply into the knowledge of Thy life and ours, and make us faithful interpreters of life to our fellow men and an example to all who love liberty in government and the welfare of mankind.

We ask this through Jesus Christ our Lord. Amen.

### THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, May 20, 1947, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT

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

### MESSAGE FROM THE HOUSE

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

XCIII—351

had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 193. An act to amend section 35 of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U. S. C., sec. 191), as amended;

H. R. 1584. An act authorizing the erection and operation of a memorial museum and shop on the Fort Hall Reservation, Idaho; and

H. R. 2123. An act to amend the Locomotive Inspection Act of February 17, 1911, as amended.

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

H. R. 261. An act conferring jurisdiction upon the District Court of the United States for the Northern District of California, Northern Division, to hear, determine, and render judgment upon the claims of all persons for reimbursement for damages and losses sustained as a result of a flood which occurred in December 1937 in levee district No. 10, Yuba County, Calif.;

H. R. 408. An act for the relief of Lawson Ashby; Mrs. Ora Ashby; and Lawson Ashby, the legal guardian of Betty Mae Ashby, a minor; Darrel Ashby, a minor; Kenneth Ashby, a minor; and Vernon Ashby, a minor;

H. R. 436. An act for the relief of Roger Edgar Lapiere;

H. R. 651. An act for the relief of the estate of Rubert W. Alexander;

H. R. 836. An act for the relief of Mrs. Augusta McCall;

H. R. 888. An act for the relief of certain owners of land who suffered loss by fire in Lake Landing Township, Hyde County, N. C.;

H. R. 893. An act for the relief of Myron R. Leard;

H. R. 984. An act for the relief of A. J. Crozat, Jr.;

H. R. 989. An act for the relief of the estate of Mathew C. Cowley, deceased, and the estate of Louisa Cowley, deceased;

H. R. 1408. An act for the relief of August W. Dietz;

H. R. 1513. An act for the relief of John C. Garrett;

H. R. 1523. An act for the relief of the estate of Marion S. Griggs, deceased;

H. R. 1585. An act for the relief of Adolph Pfannenstiehl;

H. R. 1586. An act for the relief of Mrs. Leslie Price, Philip C. Price, Mrs. Louise Keyton, Annie Curry, and James Curry;

H. R. 2915. An act for the relief of Mrs. Frederick Faber Wesche (formerly Ann Maureen Bell); and

H. R. 3493. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1948, and for other purposes.

### ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they

were signed by the President pro tempore:

H. R. 193. An act to amend section 35 of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U. S. C., sec. 191), as amended;

H. R. 1584. An act authorizing the erection and operation of a memorial museum and shop on the Fort Hall Reservation, Idaho; and

H. R. 2123. An act to amend the Locomotive Inspection Act of February 17, 1911, as amended.

### CALL OF THE ROLL

Mr. MILLIKIN obtained the floor.

Mr. WHITE. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. MILLIKIN. I yield for that purpose.

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

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

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

Alken	Hawkes	O'Connor
Baldwin	Hayden	O'Daniel
Ball	Hickenlooper	Pepper
Barkley	Hill	Reed
Brewster	Hoey	Revercomb
Bricker	Holland	Robertson, Va.
Bridges	Ives	Robertson, Wyo.
Brooks	Jenner	Russell
Bushfield	Johnson, Colo.	Saltonstall
Butler	Johnston, S. C.	Smith
Byrd	Kem	Sparkman
Cain	Kilgore	Stewart
Capehart	Knowland	Taft
Capper	Lodge	Taylor
Chavez	Lucas	Thomas, Okla.
Connally	McCarthy	Thye
Cooper	McClellan	Tobey
Cordon	McFarland	Tydings
Donnell	McGrath	Umstead
Downey	McKellar	Vandenberg
Dworshak	McMahon	Wagner
Ecton	Magnuson	Watkins
Ellender	Malone	Wherry
Ferguson	Martin	White
Flanders	Maybank	Wiley
Fulbright	Millikin	Williams
George	Moore	Wilson
Green	Morse	Young
Gurney	Murray	
Hatch	Myers	

Mr. WHERRY. I announce that the Senator from Delaware [Mr. BUCK] is necessarily absent, and the Senator from North Dakota [Mr. LANGER] is absent by leave of the Senate.

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Nevada [Mr. McCARRAN], the Senator from Louisiana [Mr. OVERTON], and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

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

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

The Senator from Colorado [Mr. MILLIKIN] has the floor.

#### TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine and other business was transacted:

#### PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

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

#### "Senate Joint Resolution 6

"Joint resolution memorializing and petitioning the President and Congress of the United States to pass appropriate legislation to enable veterans who obtained guaranteed loans prior to December 28, 1945, to come within provisions of Public Law 268

"Whereas the Seventy-eighth Congress of the United States passed Public Law 346 cited as Servicemen's Readjustment Act of 1944, a section of which enabled veterans to obtain loans for the purchase of homes, farms and business property, which loans were guaranteed up to 50 percent by the Veterans' Administration provided the aggregate amounts did not exceed \$2,000, with an interest rate not exceeding 4 percent per annum, as provided in title III, chapter V, of said law; and

"Whereas the Seventy-ninth Congress passed Public Law 268, an amendment to the Servicemen's Readjustment Act of 1944, which among other amendments, provided the guaranty up to 50 percent by the Government on veterans' loans for homes, farms, and business, provided that the aggregate amount guaranteed shall not exceed \$2,000 in case of non-real-estate loans, nor \$4,000 in case of real-estate loans; or a prorated portion on loans of both types or combinations thereof, with an interest rate not exceeding 4 percent per annum, as provided in title III, chapter V, of said law; and

"Whereas no provision was made for veterans who obtained such loans prior to the aforesaid amendment to take advantage of the increased Government guaranty and more liberal interest rate: Now, therefore, be it

*"Resolved by the Senate and the Assembly of the State of California (jointly),* That the President and the Congress of the United States are hereby respectfully memorialized and requested to take such steps as may be necessary by legislation or otherwise, to enable all veterans to have the opportunity of coming within the provisions of the aforesaid amendment; and be it further

*"Resolved,* That the secretary of the senate prepare and transmit copies of this resolution to the President of the United States, to the President pro tempore of the Senate, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Public Lands:

#### "Senate Joint Resolution 17

"Joint resolution relative to the development of deposits of mineral ores in the United States

"Whereas the discovery and development of mineral ores has been a major factor in the industrial growth of the western portion of the United States; and

"Whereas although many surveys and other works have been accomplished by men of

ability and integrity in the United States Geological Survey and the Bureau of Mines, it remains a fact that the mineral resources of this country have been discovered and developed largely by the adventurous resident population of these Western States, their efforts having been spurred on under our traditional mining laws by the knowledge that discovery of ore deposits on the public domain could lead to ownership and development of the deposit by the discoverer; and

"Whereas in recent years the policy of the Department of the Interior has been to modify this traditional right to enter upon the public domain for the purpose of search for and discovery of ore deposits, and to restrict the right of development by the discoverer to a mere leasehold from the Government; and

"Whereas this policy is inimical to the development of the Western States in that it robs the individual mining man of his incentive to undergo the hardships and privations incident to discovery and development of the ore deposits which under private ownership create new wealth and develop the community, and instead builds up in the Government of the United States an absentee landlordism in powerful bureaucratic authority contrary to democratic government and the American way of life; and

"Whereas depletion of known ore deposits progressed rapidly during the unprecedented production of the war years, and it is now imperative that new ore deposits be discovered and developed immediately: Now, therefore, be it

*"Resolved by the Senate and Assembly of the State of California (jointly),* That the President of the United States and the Secretary of the Interior are hereby memorialized to abandon the policy of prohibiting entry upon large areas of the public domain, and to abandon also the policy of restricting to leasing right only the development of ore deposits discovered on the public domain, and to follow the intent of Congress as expressed in the traditional mining laws of the United States, by encouraging entry upon the public domain for the purpose of searching for ore deposits, and giving assurance that the discoverer of such ore deposits may acquire title and develop such deposits under private ownership; all to the end that the greatest possible impetus may be given to the search for new ore deposits and the most rapid development of such properties, in order that needed deposits may early be made available for industrial use throughout the United States and that throughout the western United States new and stable communities may continue to grow up in the course of development of such properties, to the greater development of California and the other Western States, to the strengthening of our democratic way of life, and to the enrichment of the whole United States; and be it further

*"Resolved,* That the secretary of the senate transmit copies of this resolution to the President of the United States, to the Secretary of the Interior, to the President pro tempore of the United States Senate, to the Speaker of the House of Representatives, and to each Senator and Representative from the State of California in the Congress of the United States."

A petition of the members of the Tampa (Fla.) Townsend Club, No. 3, praying for the enactment of the so-called Townsend plan to provide old-age assistance; to the Committee on Finance.

By Mr. CAPPER:

A petition signed by 423 citizens of San Juan, Puerto Rico, praying for the enactment of Senate bill 265, to prohibit the transportation of alcoholic-beverage advertising in interstate commerce; to the Committee on Interstate and Foreign Commerce.

#### REPORT OF A COMMITTEE

The following report of a committee was submitted:

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

S. 1230. A bill to amend sections 2 (a) and 603 (a) of the National Housing Act, as amended; without amendment (Rept. No. 195).

#### INCREASE IN EXPENDITURES OF COMMITTEE ON RULES AND ADMINISTRATION

Mr. BROOKS. Mr. President, I report favorably from the Committee on Rules and Administration Senate Resolution 114, submitted on May 19 by me. The resolution is reported unanimously by the committee, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The clerk will read the resolution for the information of the Senate.

The legislative clerk read the resolution, as follows:

*Resolved,* That the limit of expenditures authorized under Senate Resolution 54, Eightieth Congress, agreed to January 17, 1947 (authorizing the expenditure of funds and the employment of assistants by the Committee on Rules and Administration in carrying out the duties imposed upon it by subsection (c) (1) (D) of rule XXV of the Standing Rules of the Senate), is hereby increased by \$85,000.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. BARKLEY. Reserving the right to object, may I ask the Senator whether the report from the Committee on Rules and Administration is unanimous?

Mr. BROOKS. It is unanimous.

Mr. BARKLEY. As I understand, it provides additional funds in connection with some duties in regard to contested elections?

Mr. BROOKS. The Senator is correct.

Mr. BARKLEY. I have no objection.

There being no objection, the resolution was considered and agreed to.

#### CROP INSURANCE—REPORT OF A COMMITTEE

Mr. AIKEN, from the Committee on Expenditures in the Executive Departments, submitted a report (No. 196) and recommendations on the audit report of the Comptroller General of the Federal Crop Insurance Corporation for the fiscal year ended June 30, 1945.

#### BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. MAGNUSON:

S. 1323. A bill to exclude certain lands from becoming a part of the Colville Indian Reservation; to the Committee on Public Lands.

By Mr. SALTONSTALL:

S. 1324. A bill to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the National Library for the Blind; to the Committee on Civil Service.

By Mr. WILEY:

S. 1325. A bill to encourage employment of veterans with pensionable or compensable service-connected disabilities through Fed-

eral reimbursement to any employer, insurer, or fund, of amounts of workmen's compensation paid on account of disability or death arising out of such employment; to the Committee on Finance.

By Mr. AIKEN (for himself and Mr. McCLELLAN):

S. 1326. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture and Forestry.

By Mr. MORSE:

S. 1327. A bill to provide automobiles and other conveyances for disabled veterans; to the Committee on Labor and Public Welfare.

S. 1328. A bill to increase the number of copies of the daily CONGRESSIONAL RECORD furnished to the Vice President and each Senator; to the Committee on Rules and Administration.

By Mr. THOMAS of Utah (for himself and Mr. LONGE):

S. J. Res. 117. Joint resolution providing for acceptance by the United States of America of the constitution of the International Labor Organization instrument of amendment, and further authorizing an appropriation for payment of the United States share of the expenses of membership and for expenses of participation by the United States; to the Committee on Foreign Relations.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 261. An act conferring jurisdiction upon the District Court of the United States for the Northern District of California, Northern Division, to hear, determine, and render judgment upon the claims of all persons for reimbursement for damages and losses sustained as a result of a flood which occurred in December 1937 in levee district No. 10, Yuba County, Calif.;

H. R. 408. An act for the relief of Lawson Ashby; Mrs. Ora Ashby; and Lawson Ashby, the legal guardian of Betty Mae Ashby, a minor; Darrel Ashby, a minor; Kenneth Ashby, a minor; and Vernon Ashby, a minor;

H. R. 436. An act for the relief of Roger Edgar Lapiere;

H. R. 651. An act for the relief of the estate of Rubert W. Alexander;

H. R. 836. An act for the relief of Mrs. Augusta McCall;

H. R. 888. An act for the relief of certain owners of land who suffered loss by fire in Lake Landing Township, Hyde County, N. C.;

H. R. 893. An act for the relief of Myron R. Leard;

H. R. 984. An act for the relief of A. J. Crozat, Jr.;

H. R. 989. An act for the relief of the estate of Mathew C. Cowley, deceased, and the estate of Louisa Cowley, deceased;

H. R. 1408. An act for the relief of August W. Dietz;

H. R. 1513. An act for the relief of John C. Garrett;

H. R. 1523. An act for the relief of the estate of Marion S. Griggs, deceased;

H. R. 1585. An act for the relief of Adolph Pfannenstiel;

H. R. 1586. An act for the relief of Mrs. Leslie Price, Philip C. Price, Mrs. Louise Keyton, Annie Curry, and James Curry; and

H. R. 2915. An act for the relief of Mrs. Frederick Faber Wesche (formerly Ann Maureen Bell); to the Committee on the Judiciary.

H. R. 3493. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1948, and for other purposes; to the Committee on Appropriations.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting

sundry nominations, which were referred to the appropriate committees.

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

#### ANNOUNCEMENT OF ST. LAWRENCE SEAWAY HEARINGS

Mr. WILEY. Mr. President, a week from today, May 28, in the Senate Office Building caucus room, a subcommittee of the Senate Foreign Relations Committee, consisting of Senators SMITH, HICKENLOOPER, THOMAS of Utah, and HATCH, and myself as chairman, will open hearings on the St. Lawrence seaway project, Senate Joint Resolution 11, which was introduced by the Senator from Michigan [Mr. VANDENBERG] on behalf of himself and 15 other Senators, including myself.

Prior hearings on this very subject before the Foreign Relations Committee were held in 1933 and 1946. In the latter years they covered 1,400 printed pages of testimony. In 1941 the House Rivers and Harbors Committee held hearings on this subject, and they covered 2,400 pages of testimony. The issues of the seaway project have been long and widely debated in public forums and the press.

In view of this extensive consideration of the matter, I feel that it is unnecessary and inadvisable to rehash the issues already discussed, to go over ground that has already been covered, and to waste thereby the precious time of legislators and of witnesses, as well as to expend the money of taxpayers.

#### PHASES NOW TO BE CONSIDERED

I have, therefore, indicated that the hearings will be confined largely, until the subcommittee determines otherwise, to two phases of the legislation:

- (a) The self-liquidation phase; and
- (b) The national defense phase.

Under (a) there will be considered that entirely new provision of the bill which provides for placing the project on a self-sustaining basis by tolls on vessels using it, which are to defray the costs of operation, maintenance, repairs, and interest, so that the project will not be a burden on the taxpayer. The subcommittee will secure the most accurate statistics and estimates available from the finest type of engineering personnel and other qualified experts as to the currently expected cost of the project, the expected traffic, and related matters.

#### NATIONAL DEFENSE

Under (b), the national defense part, I expect testimony to develop, for instance, for the affirmative, which will demonstrate that this project is necessary, in this atomic age, as a means of national security. Included in this matter is the question of the ore and power facilities that will be vital in this age to furnish matériel for our armed forces, as well as our private needs.

#### IMPARTIAL TREATMENT OF BILL

Mr. President, I am a cosponsor of the bill, but I want to make it absolutely clear that the subcommittee is going to seek light on this matter with complete impartiality, and with complete equality of opportunity afforded to both sides of the controversy.

I feel that it is necessary, however, that we take as short a time as possible in evaluating this legislation, and that we

then report it to the full committee, and I trust soon thereafter to the full Senate, in order that, if it is at all possible, the Senate may take action on it one way or another at this session.

The Senate of the Eightieth Congress I believe is confronted, in this issue, with a challenge to show how speedily and adequately it can handle a long-standing, much-debated problem.

#### INVITATION OF WITNESSES

I, therefore, invite all those of my colleagues and others who may be interested in testifying on this subject, and specifically on the two phases which I have mentioned above, to communicate with this subcommittee of the Foreign Relations Committee. The testimony will, as I have indicated, however, be strictly limited in time—15 minutes, usually, at the most—and limited in nature. All witnesses will be asked to confine their remarks to concise, factual presentations, with as few generalities as possible, and as much statistical support as possible.

We expect to hear orally from very prominent witnesses from Federal, State, and local governments, as well as from private life.

I am issuing invitations to many of those who cannot be heard in the hearings, but who have previously indicated an interest in this subject, to convey to me briefly in writing their current views on the project, particularly on the two phases of it that I have specified above. I regret that all the well-qualified individuals who are deeply interested in this legislation will not have the opportunity to be heard because of the time limitation we are placing on the hearings, but I am sure that they will understand the reasons therefor in the public interest.

Mr. WHITE subsequently said: Mr. President, I wish to say a very brief word in response to what the Senator from Wisconsin [Mr. WILEY] has said in the way of notice to Members of the Senate. I can only gather from his statement that it is the purpose of the majority of a subcommittee of the Senate Foreign Relations Committee to make short shrift in the hearings of any opposition there may be. We have been told in effect that we are to be limited in time, and we are told in effect that we are to be limited in our interrogations of those who may be in favor of this new proposal and as to the substance of testimony which may be offered by those opposed to this waterway project.

I want this to be a matter of protest from me as to any such proceeding. I think a Senator of the United States on a question of this importance has a right to have something to say about the testimony that shall be taken before a committee. I think a Senator of the United States has a right to express his views before a committee. We should not in this arbitrary manner and in advance of any meeting where the matter has been discussed by the full committee be advised of the proposed limitations. I think there is no possible justification for the notice which has just been given to the Senate and to those of us who hold contrary views about this hearing.

## PRESENTATION OF AWARD TO J. EDGAR HOOVER

Mr. FERGUSON. Mr. President, Mr. G. A. Richards, president of radio stations WJR, Detroit; WGAR, Cleveland; and KMPC, of Los Angeles, yesterday announced the presentation in Washington of the G. A. Richards 1946 WJR good will award for the outstanding speech on Americanism broadcast on the radio, to Mr. J. Edgar Hoover, Director of the FBI.

In conferring this award on Mr. Hoover in Washington, Mr. Richards observed that the address delivered by Mr. Hoover at the annual convention of the American Legion in San Francisco on September 30, 1946, struck the keynote of the day in building the defenses of Americanism against the insidious advances of communism which have penetrated our shores.

Mr. Hoover, in accepting the award, commended Mr. Richards for his civic consciousness and his desire to focus widespread public attention upon the theme of Americanism and the responsibilities of citizenship.

I think Mr. Richards is to be commended for establishing the G. A. Richards award, to be conferred annually on the American citizen who makes the outstanding radio speech on the subject of Americanism and the preservation of our constitutional form of government, to which principles, of course, he and his stations are dedicated. In addition to the award for the outstanding speech on Americanism, he advises us that in the future awards will be made for speeches selected by a board of judges which will be announced later, to receive second, third, fourth, and fifth recognition. Besides the plaques, the awards in the future will consist of cash prizes.

Mr. President, I know that all Members of the Senate have read the two addresses delivered by Mr. Hoover. I certainly hope that every citizen, and particularly those of school age and in our colleges will read these outstanding speeches on Americanism as Mr. Hoover sees it. I agree with what Mr. Hoover stated in them.

THE REPUBLICAN PARTY TODAY—  
ADDRESS BY SENATOR GREEN

[Mr. McGRATH asked and obtained leave to have printed in the RECORD a radio address entitled "The Republican Party Today—A Reply to the Chairman of the Republican National Committee," delivered by Senator GREEN at Providence, R. I., on May 19, 1947, which appears in the Appendix.]

ADDRESS BY THE CHIEF JUSTICE AT  
PRESENTATION OF INTERNATIONAL  
HUMANITARIAN AWARD TO JAMES F.  
BYRNES

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD the address delivered by the Chief Justice of the United States on the occasion of the presentation to former Secretary of State Byrnes of the Variety Club International's humanitarian award, which appears in the Appendix.]

WHAT LABOR WANTS—ARTICLE FROM  
THE AMERICAN LEGION MAGAZINE BY  
DAVE BECK

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an article entitled "What Labor Wants," by Dave Beck, appearing in the American Legion Magazine

for May 1947, which appears in the Appendix.]

THE WEST IN REVOLT—EDITORIAL FROM  
THE RALEIGH (N. C.) NEWS AND  
OBSERVER

[Mr. HATCH asked and obtained leave to have printed in the RECORD an editorial entitled "The West in Revolt," published in the May 10, 1947, issue of the Raleigh (N. C.) News and Observer, which appears in the Appendix.]

THE HOUSE AND SENATE LABOR BILLS—  
ARTICLE BY DONALD R. RICHBERG

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article entitled "The House and Senate Labor Bills," by Donald R. Richberg, published in the May 15, 1947, issue of the Washington Daily News, which appears in the Appendix.]

FOOD PRICES—EDITORIAL FROM THE  
BOSTON POST

[Mr. LODGE asked and obtained leave to have printed in the RECORD an editorial entitled "Why Food Stays High," published in the Boston Post, which appears in the Appendix.]

JUVENILE DELINQUENCY: ITS CAUSE  
AND CURE—ADDRESS BY HERBERT  
GARRETT, JR.

[Mr. JOHNSTON of South Carolina asked and obtained leave to have printed in the RECORD an address entitled "Juvenile Delinquency: Its Cause and Cure," delivered by Herbert Garrett, Jr., of Woodruff, S. C., in the South Carolina speech contest of the Knights of Pythias, which appears in the Appendix.]

BOARD OF VISITORS TO THE COAST  
GUARD ACADEMY

Mr. WHITE. Mr. President, under authority of the standing rules of the Senate, some days ago I appointed, acting as chairman of the Committee on Interstate Commerce, two Senators as a Board of Visitors to the Coast Guard Academy at New London. Because of the pendency of the present tax bill and its importance and its interest to all Members of the Senate, the Senators designated by me find it impossible to go at the time originally contemplated. I am giving notice that by arrangement with those two Senators, they will visit the Coast Guard Academy, in their capacity as a Board of Visitors, at a later time, to be arranged.

NATIONAL SCIENCE FOUNDATION—MAG-  
NUSON-FULBRIGHT AMENDMENT

Mr. MAGNUSON. Mr. President, I desire, for the information of the Senate, to submit a brief statement regarding a matter that took place yesterday. At that time, I submitted an amendment to the bill passed yesterday by the Senate, the amendment relating to the appointment of the so-called Director of the National Science Foundation. The amendment contained a provision that the Director might be removed by the President or the Foundation.

The amendment was originally submitted in that manner, but, before its actual presentation, I went to the distinguished Senator from New Jersey and said that I was first going to attempt to submit the amendment with the words "or the Foundation" stricken from the amendment. That meant that the Director would be removable by the President. There were two copies of

the amendment at the desk, one a carbon copy and the other an original, which included the three words "or the Foundation." I took the carbon copy and submitted that. That was the copy that was read by the clerk, and that was the copy obviously that today's RECORD shows was voted on by the Senate.

About 5 minutes later, while I was busy, the Senator from Wyoming [Mr. ROBERTSON] asked that the amendment be read again, but I did not hear his request. Inadvertently, the clerk read the original copy, which included the words "or the Foundation." The Senator from West Virginia changed his vote upon finding those words to be in the amendment; and I am sure that but for the confusion which existed in the Senate at that time, during the vote, probably the Senator from New Jersey himself would have voted against the amendment.

I regret what happened, but I intended to submit the original amendment, omitting the three words. The amendment in that form was submitted, and that is what was voted on by the Senate. I merely wanted to make this explanation.

Mr. REVERCOMB. Mr. President, the Senator from Washington [Mr. MAGNUSON] has called the attention of the Senate to a situation which arose yesterday during consideration of and voting on the National Science Foundation bill. As stated by him, the vote which concerns the situation I now speak of had to do with the method of appointing the Director. The amendment as originally drawn and offered by the Senator from Washington provided that the Director could be removed by the President or the Foundation. The Senator from Washington struck out the words "or the Foundation," leaving the removal of the Director solely within the discretion and power of the President. I am informed there were two copies of the amendment at the desk, one copy not containing the deletion of the words "or the Foundation." When the amendment was read the second time and prior to the vote, through a mistake it was read containing the words "or the Foundation." The President pro tempore will recall that I changed my vote. I voted in favor of that amendment at first because I believed that when I voted it contained the power in the Foundation to remove the Director. Before the vote was announced I was advised of the change that had been made in the amendment, and I changed my vote.

I make this statement, Mr. President, because I feel that other Senators—in fact one so stated to me this morning—voted on the amendment under the misapprehension that the words "or the Foundation" were still in the amendment. I think the RECORD ought to be clear upon the subject. For that reason, I make the statement at this time.

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

Mr. REVERCOMB. I yield.

Mr. FERGUSON. Has the Senator considered a motion to reconsider first the bill, and then the vote by which the amendment was agreed to?

Mr. REVERCOMB. I have considered it, and desire to take up the question later, if it is proper to do so.

Mr. FERGUSON. Does not the rule require that a motion for reconsideration be made the following day?

Mr. REVERCOMB. That is a question about which I wish to inquire.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. FERGUSON. What is the time limit within which a motion to reconsider may be filed in the ordinary course?

The PRESIDENT pro tempore. The motion may be made today or tomorrow, under the rule.

Mr. SMITH. Mr. President, following up what the distinguished Senator from West Virginia has said, I should like to state that I have talked with several Members of the Senate this morning. I myself was laboring under a misapprehension as to the words in controversy yesterday. Had I known that the words "or the Foundation" were definitely out of the amendment I would have voted differently than I did. Had it not been for the fact that my vote as a sponsor of the bill was determinative of that question I would not raise the point now; but it is a fact that if I had been informed, as I should have been, I would have voted differently. I am not trying to evade any responsibility. I should have known what I was voting on. However, the fact remains that without the discretion in the Foundation I would not have voted for the amendment. Therefore, I shall move that the vote be reconsidered. I am advised that I must first move that the vote by which the bill was passed be reconsidered and then move to reconsider the vote on this particular amendment. I ask the parliamentary question whether the motion is in order. If so, as a proponent of the bill, I am glad to make both motions.

The PRESIDENT pro tempore. The motion is privileged and is in order. The Senator can enter the motion and call it up later or he can pursue the subject now.

Mr. SMITH. I prefer to enter the motion now and call it up later, because I do not wish to interfere with the Senator from Colorado [Mr. MILLIKIN] in the matter which he is to present to the Senate today. I wish to enter the motion and call it up later.

The PRESIDENT pro tempore. The motion will be entered.

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

The PRESIDENT pro tempore. The Senator will state it.

Mr. LUCAS. What is the motion?

The PRESIDENT pro tempore. The motion is to reconsider the vote on the passage of the National Science Foundation bill for the purpose, as the Chair understands, of subsequently moving to reconsider the vote by which the so-called Magnuson-Fulbright amendment was agreed to.

Mr. LUCAS. Was not a motion made to reconsider the vote on the very amendment we are discussing, and was not a

motion to lay on the table the motion to reconsider agreed to? I make the inquiry whether, in connection with a motion to reconsider the vote by which the bill was passed, it is in order to move to reconsider the vote on an amendment with respect to which a motion to reconsider was laid on the table.

The PRESIDENT pro tempore. The Chair is unable to answer the Senator's question until he consults the RECORD to see precisely what happened.

Mr. LUCAS. As I recall, I made a motion to reconsider the vote as the result of a division, with respect to this very amendment. Then there was a ye-and-nay vote on the amendment, and it was agreed to. I made a motion to reconsider that vote, and that motion was laid on the table. After that the bill was passed, and no motion was made to reconsider it after it was passed. I think I am correct. If so, I make a point of order against the reconsideration of any amendment with respect to which a motion to reconsider was laid on the table.

The PRESIDENT pro tempore. The Chair understands that the Senator from New Jersey is not pursuing the matter at the present time. He is merely entering the motion. The Chair wishes to consult the RECORD at first hand before passing upon the question raised by the Senator from Illinois. The Chair will do so, and rule later.

Mr. HILL. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. HILL. Do I correctly understand that the Senator from New Jersey has entered a motion to reconsider the vote by which the National Science Foundation bill was passed?

The PRESIDENT pro tempore. The Senator is correct.

The PRESIDENT pro tempore subsequently said: The Chair is now prepared to rule on the point of order raised by the Senator from Illinois [Mr. LUCAS]. The Chair has examined the RECORD, and finds that no motion to table occurred in connection with the treatment of the Magnuson-Fulbright amendment. The history of the situation is as follows:

The Magnuson-Fulbright amendment was disagreed to by the Senate on a division. The Senator from Illinois moved to reconsider the vote, which motion was agreed to by a vote of 40 to 39. The question then recurred on agreement to the amendment, and the Senate agreed to the Magnuson-Fulbright amendment by a vote of 42 to 41. That is the end of the RECORD with respect to that amendment. Therefore there was no motion to lay on the table involved in the record of the Magnuson-Fulbright amendment.

Mr. LUCAS. Mr. President, the able Presiding Officer is correct. I have consulted the RECORD. My motion to lay on the table was in connection with the vote on a division. It was not made following the ye-and-nay vote. The Chair is quite correct.

Mr. MCFARLAND. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. MCFARLAND. How many times can the Senate reconsider a question?

The PRESIDENT pro tempore. Only once.

Mr. MCFARLAND. Has not this question been reconsidered once?

The PRESIDENT pro tempore. Not this amendment.

Mr. MCFARLAND. As I understand, the amendment was reconsidered. It was lost on a division.

The PRESIDENT pro tempore. The vote which was reconsidered was the vote by which the amendment was rejected. The vote by which the amendment was agreed to has never been reconsidered.

#### REDUCTION OF INDIVIDUAL INCOME TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income tax payments.

Mr. MILLIKIN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point the bill, House bill 1, showing the Senate committee amendments, followed by the report of the Senate Committee on Finance.

There being no objection, the bill and report (No. 173) were ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That this act may be cited as the "Individual Income Tax Reduction Act of 1947."

SEC. 2. Reduction in normal tax and surtax on individuals.

(a) Reduction in normal tax on individuals: Section 11 of the Internal Revenue Code (relating to the normal tax on individuals) is hereby amended to read as follows:

"Sec. 11. Normal tax on individuals.

"There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax determined by computing a tentative normal tax of 3 percent of the amount of the net income in excess of the credits against net income provided in section 25, and by reducing such tentative normal tax as provided in section 12 (g). For alternative tax which may be elected if adjusted gross income is less than \$5,000, see Supplement T."

(b) Reduction in surtax on individuals: Section 12 (b) of the Internal Revenue Code (relating to the rate of surtax on individuals) is hereby amended by striking out "by 5 percent thereof" and inserting in lieu thereof "as provided in subsection (g) of this section."

(c) Reduction of tentative normal tax and tentative surtax: Section 12 (g) of the Internal Revenue Code is hereby amended to read as follows:

"(g) Reduction of tentative normal tax and tentative surtax.—

"(1) In the case of taxable years beginning after December 31, 1947, the combined normal tax and surtax under section 11 and subsection (b) of this section shall be the aggregate of the tentative normal tax and tentative surtax, reduced as follows:

	The reduction shall be:
If the aggregate is:	Not over \$200.....
Not over \$200.....	33½ percent of the aggregate.
Over \$200 but not over \$279.17.....	\$67.
Over \$279.17 but not over \$50,000.....	24 percent of the aggregate.
Over \$50,000 but not over \$250,000.....	\$12,000, plus 19¼ percent of excess over \$50,000.
Over \$250,000.....	\$50,500, plus 15 percent of excess over \$250,000.

In no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year.

"(2) In the case of taxable years beginning in 1947, the combined normal tax and surtax under section 11 and subsection (b) of this section shall be the aggregate of the tentative normal tax and tentative surtax, reduced as follows:

Table with 2 columns: Income level and Reduction rate. Rows include: Not over \$200 (19 1/4 percent), Over \$200 but not over \$265.52 (\$38.50), Over \$265.52 but not over \$50,000 (14 1/2 percent), Over \$50,000 but not over \$250,000 (\$7,250 plus 12 percent), Over \$250,000 (\$31,250 plus 10 percent).

In no event shall the combined normal tax and surtax exceed 81 percent of the net income of the taxpayer for the taxable year.

"(3) Whenever it is necessary to ascertain the normal tax and the surtax separately, the surtax shall be an amount which is the same proportion of the combined normal tax and surtax as the tentative surtax is of the aggregate of the tentative normal tax and tentative surtax; and the normal tax shall be the remainder of such combined normal tax and surtax.

"(4) In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(d) Taxable years to which applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For

treatment of taxable years beginning in 1946 and ending in 1947, or beginning in 1947 and ending in 1948, see section 6.

Sec. 3. Individuals with adjusted gross incomes of less than \$5,000.

(a) In general: Section 400 of the Internal Revenue Code (relating to optional tax on individuals with adjusted gross incomes of less than \$5,000) is hereby amended to read as follows:

"Sec. 400. Imposition of tax.

"In lieu of the taxes imposed by sections 11 and 12, there shall be levied, collected, and paid for each taxable year upon the net income of each individual whose adjusted gross income for such year is less than \$5,000, and who has elected to pay the tax imposed by this supplement for such year, a tax as follows:

"Taxable years beginning after 1947"

Large table with multiple columns: Income levels (e.g., \$0 to \$2,250), number of exemptions (1 to 9 or more), and tax amounts. It details the tax liability for various income brackets and exemption counts.

"Taxable years beginning in 1947"

Table with multiple columns: 'If adjusted gross income is--', 'And the number of exemptions is--', 'At least', 'But less than', 'The tax shall be--'. It contains numerical data for various income and exemption levels.

(b) Taxable years to which applicable: The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, or beginning in 1947 and ending in 1948, see section 6.

Sec. 4. Additional credit against net income for normal tax and surtax.

(a) Exemption for age: Section 25 (b) (1) of the Internal Revenue Code (relating to credits against net income for normal tax and surtax) is hereby amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and by adding after subparagraph (C) the following:

"(D) an additional exemption of \$500 for the taxpayer if he has attained the age of 65 on or before the last day of his taxable year;

"(E) an additional exemption of \$500 for the spouse of the taxpayer if—

"(1) a joint return is made by the taxpayer and his spouse under section 51 and the spouse has attained the age of 65 on or before such last day, in which case the aggregate exemption of the spouses under subparagraph (D) and this subparagraph shall not exceed \$500 with respect to each spouse who has attained the age of 65 on or before such last day; or

"(ii) a separate return is made by the taxpayer, and his spouse has attained the age of 65 on or before such last day and has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer."

(b) Technical amendments.— (1) Section 58 (a) (1) of the Internal Revenue Code (relating to requirement of declaration of estimated tax) is hereby amended to read as follows:

"(1) His gross income from wages (as defined in section 1621) can reasonably be expected to exceed the sum of \$4,500, plus \$500

with respect to each exemption provided in section 25 (b); or"

(2) Section 1622 (h) (1) of the Internal Revenue Code (relating to withholding exemptions) is hereby amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) An exemption for himself, and an additional exemption for himself if he has attained the age of 65 or will attain such age before the expiration of the taxable year under chapter 1 in respect of which amounts deducted and withheld under this subchapter in the calendar year in which such day falls are allowed as a credit.

"(B) If the employee is married, any exemption to which his spouse is entitled under subparagraph (A), but only if such spouse does not have in effect a withholding exemption certificate claiming such exemption."

(3) In the case of an individual entitled to an additional withholding exemption under

section 1622 (h) (1) of the Internal Revenue Code by reason of the amendment made thereto by paragraph (2) of this subsection, the term "status determination date" as used in section 1622 (h) (3) (B) of such Code includes also the ninetieth day after the date of the enactment of this act.

(4) Section 23 (x) of the Internal Revenue Code (relating to deduction of medical, etc., expenses) is hereby amended by striking out the second and third sentences thereof and inserting in lieu thereof the following: "The maximum deduction for the taxable year shall be \$1,250, except that if more than one exemption is allowed under section 25 (b) for the taxable year (exclusive of an exemption under section 25 (b) (1) (D)) the maximum deduction for the taxable year shall be \$2,500."

(c) Taxable years to which applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

Sec. 5. Reduction in withholding of tax at source on wages.

(a) Percentage method: Section 1622 (a) and section 1622 (b) (1) of the Internal Revenue Code (relating to percentage method of withholding) are hereby amended to read as follows:

"(a) Requirement of Withholding.—Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the sum of the following:

"(1) 12 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); or

"(B) the amount shown in the second column in the table in subsection (b) (1);

"(2) 18 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the sum of—

"(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(ii) the amount shown in the second column in the table in subsection (b) (1); or

"(B) the amount shown in the third column in the table in subsection (b) (1);

"(3) 14 percent of the amount by which the wages exceed the sum of—

"(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(B) the sum of the amounts shown in the second and third columns in the table in subsection (b) (1).

"(b) (1) The table referred to in subsection (a) is as follows:

"Percentage method withholding table

"Pay-roll period	1	2	3
	Amount of one withholding exemption	Maximum amount subject to 12 percent rate	Maximum amount subject to 18 percent rate
Weekly.....	\$11.00	\$21.00	\$9.00
Biweekly.....	22.00	43.00	17.00
Semimonthly.....	23.00	46.00	19.00
Monthly.....	46.00	93.00	36.00
Quarterly.....	139.00	278.00	110.00
Semiannual.....	278.00	556.00	219.00
Annual.....	556.00	1,111.00	440.00
Daily or miscellaneous (per day of such period).....	1.50	3.00	1.00"

(b) Wage bracket withholding: The tables contained in section 1622 (c) (1) of the Internal Revenue Code (relating to wage bracket withholding) are hereby amended to read as follows:

"If the pay-roll period with respect to an employee is weekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
12% of wages		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0.....	\$11.....	\$1.40	.10	0	0	0	0	0	0	0	0	0
\$11.....	\$12.....	1.50	.20	0	0	0	0	0	0	0	0	0
\$12.....	\$13.....	1.60	.30	0	0	0	0	0	0	0	0	0
\$13.....	\$14.....	1.70	.40	0	0	0	0	0	0	0	0	0
\$14.....	\$15.....	1.80	.50	0	0	0	0	0	0	0	0	0
\$15.....	\$16.....	1.90	.60	0	0	0	0	0	0	0	0	0
\$16.....	\$17.....	2.00	.70	0	0	0	0	0	0	0	0	0
\$17.....	\$18.....	2.10	.80	0	0	0	0	0	0	0	0	0
\$18.....	\$19.....	2.20	.90	0	0	0	0	0	0	0	0	0
\$19.....	\$20.....	2.30	1.10	0	0	0	0	0	0	0	0	0
\$20.....	\$21.....	2.50	1.20	0	0	0	0	0	0	0	0	0
\$21.....	\$22.....	2.60	1.30	0	0	0	0	0	0	0	0	0
\$22.....	\$23.....	2.80	1.40	.10	0	0	0	0	0	0	0	0
\$23.....	\$24.....	2.90	1.50	.30	0	0	0	0	0	0	0	0
\$24.....	\$25.....	3.10	1.70	.40	0	0	0	0	0	0	0	0
\$25.....	\$26.....	3.30	1.80	.50	0	0	0	0	0	0	0	0
\$26.....	\$27.....	3.50	1.90	.60	0	0	0	0	0	0	0	0
\$27.....	\$28.....	3.70	2.00	.70	0	0	0	0	0	0	0	0
\$28.....	\$29.....	3.80	2.10	.80	0	0	0	0	0	0	0	0
\$29.....	\$30.....	4.00	2.30	1.00	0	0	0	0	0	0	0	0
\$30.....	\$31.....	4.20	2.40	1.10	0	0	0	0	0	0	0	0
\$31.....	\$32.....	4.30	2.50	1.20	0	0	0	0	0	0	0	0
\$32.....	\$33.....	4.40	2.60	1.30	.10	0	0	0	0	0	0	0
\$33.....	\$34.....	4.60	2.80	1.50	.20	0	0	0	0	0	0	0
\$34.....	\$35.....	4.70	3.00	1.60	.30	0	0	0	0	0	0	0
\$35.....	\$36.....	4.90	3.20	1.70	.40	0	0	0	0	0	0	0
\$36.....	\$37.....	5.00	3.40	1.80	.50	0	0	0	0	0	0	0
\$37.....	\$38.....	5.10	3.50	1.90	.70	0	0	0	0	0	0	0
\$38.....	\$39.....	5.30	3.70	2.10	.80	0	0	0	0	0	0	0
\$39.....	\$40.....	5.40	3.90	2.20	.90	0	0	0	0	0	0	0
\$40.....	\$41.....	5.50	4.10	2.30	1.00	0	0	0	0	0	0	0
\$41.....	\$42.....	5.70	4.20	2.40	1.10	0	0	0	0	0	0	0
\$42.....	\$43.....	5.80	4.40	2.50	1.30	0	0	0	0	0	0	0
\$43.....	\$44.....	6.00	4.50	2.70	1.40	.10	0	0	0	0	0	0
\$44.....	\$45.....	6.10	4.60	2.90	1.50	.20	0	0	0	0	0	0
\$45.....	\$46.....	6.20	4.80	3.10	1.60	.30	0	0	0	0	0	0
\$46.....	\$47.....	6.40	4.90	3.20	1.70	.50	0	0	0	0	0	0
\$47.....	\$48.....	6.50	5.00	3.40	1.80	.60	0	0	0	0	0	0
\$48.....	\$49.....	6.60	5.20	3.60	2.00	.70	0	0	0	0	0	0
\$49.....	\$50.....	6.80	5.30	3.80	2.10	.80	0	0	0	0	0	0
\$50.....	\$51.....	6.90	5.40	4.00	2.20	.90	0	0	0	0	0	0
\$51.....	\$52.....	7.00	5.60	4.10	2.30	1.00	0	0	0	0	0	0
\$52.....	\$53.....	7.20	5.70	4.30	2.40	1.20	0	0	0	0	0	0
\$53.....	\$54.....	7.30	5.90	4.40	2.60	1.30	0	0	0	0	0	0
\$54.....	\$55.....	7.50	6.00	4.50	2.80	1.40	.10	0	0	0	0	0
\$55.....	\$56.....	7.60	6.10	4.70	2.90	1.50	.20	0	0	0	0	0
\$56.....	\$57.....	7.70	6.30	4.80	3.10	1.60	.40	0	0	0	0	0
\$57.....	\$58.....	7.90	6.40	4.90	3.30	1.80	.50	0	0	0	0	0
\$58.....	\$59.....	8.00	6.50	5.10	3.50	1.90	.60	0	0	0	0	0
\$59.....	\$60.....	8.10	6.70	5.20	3.70	2.00	.70	0	0	0	0	0
\$60.....	\$62.....	8.30	6.90	5.40	3.90	2.20	.90	0	0	0	0	0
\$62.....	\$64.....	8.60	7.20	5.70	4.20	2.40	1.10	0	0	0	0	0
\$64.....	\$66.....	8.90	7.40	6.00	4.50	2.70	1.40	.10	0	0	0	0
\$66.....	\$68.....	9.20	7.70	6.20	4.80	3.10	1.60	.30	0	0	0	0
\$68.....	\$70.....	9.40	8.00	6.50	5.10	3.40	1.90	.60	0	0	0	0
\$70.....	\$72.....	9.70	8.30	6.80	5.30	3.80	2.10	.80	0	0	0	0
\$72.....	\$74.....	10.00	8.50	7.10	5.60	4.10	2.30	1.10	0	0	0	0
\$74.....	\$76.....	10.30	8.80	7.30	5.90	4.40	2.60	1.30	0	0	0	0
\$76.....	\$78.....	10.50	9.10	7.60	6.10	4.70	3.00	1.50	.30	0	0	0
\$78.....	\$80.....	10.80	9.30	7.90	6.40	5.00	3.30	1.80	.50	0	0	0
\$80.....	\$82.....	11.10	9.60	8.20	6.70	5.20	3.70	2.00	.70	0	0	0



"If the pay-roll period with respect to an employee is weekly—Continued

Table with columns: And the wages are— (At least, But less than) and And the number of withholding exemptions claimed is— (0 to 10 or more). It lists tax amounts for weekly pay-roll periods from \$82 to \$190 and for amounts \$200 and over.

"If the pay-roll period with respect to an employee is biweekly—

Table with columns: And the wages are— (At least, But less than) and And the number of withholding exemptions claimed is— (0 to 10 or more). It lists tax amounts for biweekly pay-roll periods from \$0 to \$136, including a '12% of wages' column for the first few rows.









TABLE I.—A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill—Continued

Net income before personal exemptions	Single person, no dependents				Married person, no dependents			
	Present law		Finance Committee bill for—		Present law		Finance Committee bill for—	
	H. R. 1 as passed by House		1948 and subsequent years		Present law		Finance Committee bill for—	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
\$13,000	26.42	21.13	23.78	21.13	24.85	19.88	22.36	19.88
\$14,000	27.45	21.96	24.70	21.96	25.99	20.79	23.39	20.79
\$15,000	28.47	22.77	25.62	22.77	26.98	21.58	24.28	21.58
\$20,000	33.23	26.58	29.90	26.58	31.97	25.57	28.77	25.57
\$25,000	37.45	29.96	33.70	29.96	35.33	29.06	32.70	29.06
\$30,000	40.88	32.71	36.79	32.71	39.90	31.92	35.91	31.92
\$40,000	46.06	36.85	41.46	36.85	45.26	36.40	42.36	36.40
\$50,000	50.27	40.22	45.25	40.22	49.59	39.67	46.33	39.67
\$60,000	53.75	43.00	48.37	43.00	53.15	42.52	47.84	42.52

TABLE I.—A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill—Continued

Net income before personal exemptions	Single person, no dependents				Married person, no dependents			
	Present law		Finance Committee bill for—		Present law		Finance Committee bill for—	
	H. R. 1 as passed by House		1947		Present law		Finance Committee bill for—	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
\$70,000	56.63	45.31	50.97	45.31	56.10	44.88	50.47	44.88
\$80,000	59.16	47.32	53.24	47.32	58.67	46.94	52.81	46.94
\$90,000	61.43	49.15	55.52	49.15	60.99	48.79	55.11	48.79
\$100,000	63.54	50.83	57.61	50.83	63.13	50.57	57.23	50.57
\$150,000	70.54	56.43	64.51	56.43	70.26	56.26	64.25	56.26
\$200,000	74.28	59.42	68.18	59.42	74.06	59.25	68.98	59.25
\$250,000	76.71	61.37	70.56	61.37	76.54	61.23	70.40	61.23
\$300,000	78.33	62.67	72.14	62.67	78.19	62.55	72.01	62.55
\$400,000	80.36	66.28	74.57	66.28	80.25	66.18	74.67	66.18

TABLE I.—A comparison of the effective individual income-tax rates under present law, under H. R. 1 as passed by the House, and under the Senate Finance Committee bill—Continued

Net income before personal exemptions	Single person, no dependents				Married person, no dependents			
	Present law		Finance Committee bill for—		Present law		Finance Committee bill for—	
	H. R. 1 as passed by House		1947		Present law		Finance Committee bill for—	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
\$500,000	81.58	68.49	76.04	68.49	81.49	68.41	75.95	70.31
\$750,000	83.20	71.44	77.99	71.44	83.15	71.39	77.94	72.66
\$1,000,000	84.01	72.92	78.96	72.92	83.97	72.88	78.93	73.83
\$2,000,000	85.23	75.14	80.43	75.14	85.21	75.12	80.41	75.59
\$5,000,000	85.50	76.46	81.00	76.46	85.50	76.46	81.00	76.50

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

TABLE II.—A comparison of the reduction in individual income taxes provided by H. R. 1 as it passed the House and as amended by the Senate Finance Committee

Persons with surtax net income of—	Reduction in tax under H. R. 1	
	As passed by House, calendar years 1947 and 1948	As amended by the Senate Finance Committee
		Calendar year 1947
\$0 to \$1,000	30 percent	15 percent
\$1,000 to \$1,400 <sup>1</sup>	30 percent to 20 percent	15 percent to 10 percent
\$1,400 <sup>1</sup> to \$79,700 <sup>2</sup>	20 percent	10 percent
\$79,700 <sup>2</sup> to \$302,400 <sup>3</sup>	20 percent	7.5 percent <sup>3</sup> above \$79,700 <sup>2</sup>
\$302,400 <sup>3</sup> and over	10.5 percent <sup>4</sup> above \$302,400 <sup>3</sup>	5.3 percent <sup>4</sup> above \$302,400 <sup>3</sup>

<sup>1</sup> The exact breaking point in surtax net income under the House bill and as provided by your committee for 1948 is \$1,395.83 and for 1947 under the bill as amended by your committee it is \$1,327.60.  
<sup>2</sup> The exact breaking point in surtax net income under the bill as amended by your committee is \$79,728.40.  
<sup>3</sup> The exact breaking point in surtax net income under both the House bill and the bill as amended by your committee is \$302,395.60.  
<sup>4</sup> The exact percentage is between 10.52 percent and 10.53 percent.  
<sup>5</sup> The exact percentage is between 7.36 percent and 7.37 percent.  
<sup>6</sup> The exact percentage is between 5.26 percent and 5.27 percent.  
 Source: Staff of the Joint Committee on Internal Revenue Taxation.

The changes in existing individual income-tax law provided by H. R. 1 as amended by your committee are listed below. A somewhat more detailed description can be found in part VI of this report.

A. The present tax burdens of individuals are reduced as shown below. The great mass of wage earners will experience the benefit of the full reduction during the whole of the second half of the calendar year 1947, since under your committee bill withholding from wages at rates reflecting the full reduction starts on July 1, 1947. The committee bill will thus obviate the necessity for making refunds on that part of the 1947 tax which was collected or will be collected during the first 6 months of the calendar year 1947. However, since it is impracticable to split an income-tax year, the reductions actually computed under the bill for the full calendar year 1947 are approximately one-half those of subsequent years.

1. The tax on surtax net incomes of \$1,000 or less is reduced in the calendar year 1947 by 15 percent and in the calendar year 1948 by 30 percent. The reduction provided by the House amounted to 30 percent for both 1947 and 1948.

2. The tax on surtax net incomes of \$1,000 to about \$1,400 is reduced for the calendar year 1947 by an amount varying from 15 percent to 10 percent and for the calendar year 1948 by an amount varying from 30 percent to 20 percent. The reduction provided by the House varied from 30 percent to 20 percent for both 1947 and 1948.

3. The tax on surtax net incomes of about \$1,400 to about \$80,000 is reduced for the calendar year 1947 by 10 percent and for the calendar year 1948 by 20 percent. The reduction provided by the House amounted to 20 percent for both 1947 and 1948.

4. The tax on surtax net incomes of about \$80,000 to about \$302,000 is reduced for the calendar year 1947 by 10 percent on approximately the first \$80,000 for surtax net income and by about 7.5 percent on the remainder; for the calendar year 1948 by 20 percent on approximately the first \$80,000 of surtax net income and by 15 percent on the remainder. The reduction provided by the House amounted to 20 percent for both 1947 and 1948, the same reduction as that provided for persons with incomes between \$1,400 and \$80,000.

5. The tax on surtax net incomes of about \$302,000 and over is reduced for the calendar year 1947 by 10 percent on approximately the first \$80,000 of surtax net income, by about 7.5 percent on approximately the next \$223,000 of surtax net income, and by about 5.25 percent on the remainder; for the calendar year 1948 by 20 percent on approximately the first \$80,000 of surtax net income, by 15 percent on approximately the next \$223,000 of surtax net income, and by about 10.5 percent on the remainder. The reduction provided by the House for both 1947 and 1948 amounted to 20 percent on about the first \$302,000 of surtax net income and about 10.5 percent on the remainder.

B. Persons of 65 or over are given an additional exemption of \$500 beginning in 1947. The House bill provided a similar exemption for taxpayers 65 and over but required individuals who qualified for it to include in their gross income the first \$500 of any pensions, annuities, or officers' retirement pay which otherwise would not have been subject to tax under existing law. The latter requirement was omitted from the Senate bill.

III. THE FISCAL OUTLOOK FOR THE FEDERAL GOVERNMENT IN 1947 AND 1948

1. Fiscal year 1947

The fiscal outlook of the Federal Government for the year ending June 30, 1947, has undergone considerable change since the President submitted his budget message on January 3. That message contained a forecast of receipts for the fiscal year 1947 of \$40,230,000,000, expenditures of \$42,523,000,000, and a deficit of \$2,293,000,000. However, subsequent collection and expenditure experience made it clear that in the budget message revenues had been underestimated and expenditures overestimated. This was confirmed by the President in a press release on April 19, 1947, containing the prediction that there would be a surplus of \$1,250,000,000. In going from a deficit of \$2,293,000,000 to a surplus of \$1,250,000,000, the President revised his revenue estimates upward by \$2,270,000,000 to \$12,500,000,000 and his expenditures downward by \$1,273,000,000 to

\$41,250,000,000. The committee requested the staff of the Joint Committee on Internal Revenue Taxation to make an independent estimate of collections in the fiscal year 1947. The results indicated that even the revised Treasury estimate of receipts is probably about \$1,000,000,000 too low and that the surplus for the fiscal year 1947 is likely to be about \$2,300,000,000.

The surplus in 1947 is significant for at least two reasons. First, it has been argued that tax reduction should be postponed until it is possible to balance the budget and make some payment on the debt. The estimated surplus for 1947 indicates that these conditions will be met even before the fiscal year 1948 begins.

Second, the conditions which produced the high level of receipts for fiscal 1947 will favorably affect collections in the fiscal year 1948. The administration has indicated that a record high level of income payments in the latter part of the calendar year 1946 and forepart of calendar 1947 was a major reason for the unanticipated increase in receipts in the fiscal year 1947. Since a substantial portion of the receipts from the individual income tax and a still larger portion of those from the corporate income tax for any given year are based on the tax liabilities of the prior year, it is clear that even if income levels in the fiscal year 1948 are no higher than estimated by the Treasury, receipts in the fiscal year 1948 are certain to be above the Treasury's estimate as submitted in the budget message. That estimate was based upon the assumption that income payments for the calendar year 1947 were \$166,000,000,000. As a matter of fact the official estimate of income payments for the first quarter of the calendar year 1947 is \$176,900,000,000. This does not take into account the wage adjustments which are now being made. It therefore appears unlikely that the April, May, and June levels will be much lower. Hence the Treasury forecast of \$166,000,000,000 for the calendar year 1947 appears to be considerably too low.

This bill as amended will have no significant effect on tax collections in the fiscal year 1947.

#### 2. Fiscal year 1948

Table III shows the effects of H. R. 1 as passed by the House and as amended by your committee upon the budget of the Federal Government in the fiscal year 1948, under two different assumptions concerning income payments:

TABLE III.—The effect of H. R. 1 on the budget of the Federal Government in the fiscal year 1948

	[In billions of dollars]	
	\$165 billion <sup>1</sup>	\$170 billion <sup>1</sup>
1. Net receipts.....	40.3	41.4
2. Expenditures under Senate ceiling.....	33.0	33.0
3. Estimated surplus (No. 1 minus No. 2).....	7.3	8.4
4. Effect of H. R. 1 as passed by the House.....	4.8	4.9
5. Estimated surplus after effect of House bill (No. 3 minus No. 4).....	2.5	3.5
6. Effect of Senate Finance Committee bill.....	3.1	3.2
7. Estimated surplus after effect of Senate Finance Committee bill (No. 3 minus No. 6).....	4.2	5.2

<sup>1</sup> Income payments in the first 6 months of calendar 1947 are assumed to be \$176,000,000,000.

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

For purposes of the legislative budget the Senate expenditure ceiling for the fiscal year 1948 is \$33,000,000,000. With income payments at \$170,000,000,000, receipts under present law are estimated at \$41,400,000,000. This leaves a surplus of \$8,400,000,000. With income payments of \$170,000,000,000, H. R. 1 as amended by your committee will reduce revenues by \$3,200,000,000, leaving \$5,200,000,000 for debt retirement and contingencies. H. R. 1 as passed by the House would leave \$3,500,000,000 for these purposes.

With the expenditure ceiling of \$33,000,000,000 fixed by the Senate, substantial debt retirement and the tax reduction provided by your committee would be possible even if income payments in the fiscal year 1948 should be as low as \$165,000,000,000. At this level of income payments, receipts under present law would be \$40,300,000,000. The loss under H. R. 1 as amended would be \$3,100,000,000, leaving \$4,200,000,000 for debt retirement and contingencies. On this same basis H. R. 1 as it passed the House would leave \$2,500,000,000 for these purposes.

By unanimous action the Senate has endorsed a debt reduction of \$2,600,000,000 for the fiscal year 1948. Your committee believes that H. R. 1 as amended will give more adequate assurance that the debt reduction of \$2,600,000,000 will be realized. The bill is fashioned to meet the Senate view on debt and expenditure reduction.

Your committee believes that the estimate of the receipts for the fiscal year 1948 should be based upon a level of income payments of \$170,000,000,000. This represents a decrease of about \$7,000,000,000 from the current level. The estimate of \$170,000,000,000 represents a conservative position. Allowances are made for some downturn in business, moderate price reductions, and some reduction in employment.

This forecast of \$170,000,000,000 for income payments in the fiscal year 1948 can be compared with an estimate of \$168,000,000,000 used by the Treasury Department in the preparation of its revenue estimates for this year. However, there is a great difference between your committee's judgment of what \$170,000,000,000 would mean in terms of business conditions and the Treasury's interpretation of its \$168,000,000,000 figure. The Treasury believes the latter represents full employment in an absolute sense. This is indicated by the Secretary's statement that there will be no room for expansion in the volume of output of goods and services during the fiscal year 1948.

As noted above, income payments during the first quarter of the calendar year 1947 were \$176,900,000,000. When confronted with the question as to why a continuance of the present levels of employment and output would not produce income payments in the fiscal year 1948 of at least \$176,000,000,000, the Secretary replied that price reductions were anticipated. This reduction in selling prices, combined with the Secretary's assumption that no expansion in volume of output was possible, enabled him to conclude that a level of income payments of \$168,000,000,000 was consistent with a forecast of full employment and maximum production.

Other statements inserted in the testimony of Dr. Haas, Director of the Division of Research and Statistics of the Treasury Department, imply that the price cuts which the Secretary has in mind will take place before the end of the present fiscal year. On page 58 of the hearings the following statement appears:

"The income level in June 1948 was assumed to reach an annual rate of \$169,000,000,000, rising gradually through the fiscal year."

If income payments are to reach an annual rate in June 1948 of \$169,000,000,000, and

average \$168,000,000,000 for the period July 1947 to June 1948, and "rise gradually" during this same period, it is inevitable that the level in July 1947 must be \$167,000,000,000. This means that the level of income payments must drop by about \$10,000,000,000 between May 1947 and July 1947. The Secretary's testimony indicates that this will take place as a result of price cuts and that there will be no untoward repercussions in employment or the volume of business activity.<sup>1</sup>

In the opinion of your committee the Secretary's forecast has certain weaknesses. The economy is not as fully employed as the Secretary seems to believe. Unemployment as reported by the Department of Commerce is running now at about 2,400,000 persons. This compares with 650,000 persons during the autumn of 1944, when it can reasonably be said that the economy was fully employed in a fairly absolute sense. Moreover, since the fall of 1944, the average weekly hours of workers in manufacturing industry have dropped from 45 to 40. In the opinion of your committee there is more room for expansion in the volume of output than the Secretary seems to believe.

The Secretary's assumption that substantial cuts in prices will take place in the immediate future is open to question on several grounds. First the price-cut program is a voluntary one which to date at least has not been generally accepted. Therefore its future effectiveness certainly is not assured. Second, the Secretary seems to believe that the price-cutting program can be realized in spite of the wage increases which are now being made. The validity of this assumption is by no means obvious. Third, the Secretary's belief that a general price reduction can occur without raising the level of production is based on what your committee considers an unsound premise; namely, that we have reached an absolute maximum volume of output. Fourth, if general price reduction should be accomplished without increasing the volume of output, it appears likely that the additional funds in the hands of the consumers, would result in prices being bid up again. The committee is unwilling to rely exclusively on price cutting in trying to prevent deflation.

If your committee believed it advisable to base its estimates for the fiscal year 1948 on the continuance of the present levels of employment and output, as the Secretary of the

<sup>1</sup> Your committee has difficulty reconciling the Secretary's opinion that this price adjustment can take place without a recession with certain other implications of his testimony. The Secretary forecast a level of income payments of \$166,000,000,000 for the calendar year 1947. Income payments during the first quarter of this calendar year were about \$177,000,000,000 at an annual rate. Therefore the remaining three quarters must average \$162,000,000,000. Dr. Haas' statement cited above implies that the income payments during the last half of this calendar year must average between \$167,000,000,000 and \$168,000,000,000. This leaves only the second quarter of the year unaccounted for. To arrive at the average of \$166,000,000,000 for the full year, it is necessary to have an average level of income payments during the second quarter of about \$153,000,000,000. Since the quarter will begin at a level around \$177,000,000,000, an average for the quarter of \$153,000,000,000 requires a low point during the quarter of between \$120,000,000,000 and \$130,000,000,000. The drop from \$177,000,000,000 to \$120,000,000,000, or \$130,000,000,000 within the space of 1 or 2 months is clearly inconsistent with the Secretary's notion that the only readjustment called for is in selling prices.

Treasury has done, it would forecast income payment estimates for the fiscal year 1948 of between \$175,000,000,000 and \$180,000,000,000.

IV. SUMMARY OF ESTIMATED REVENUE EFFECT OF TAX REDUCTION

With an income payment level of \$170,000,000,000, individual income tax liabilities under your committee's bill are estimated at about \$13,700,000,000 on the basis of the full-rate reduction, or \$15,600,000,000 with half of the full-rate reduction.<sup>2</sup> The "half" reduction is effective for calendar year 1947 and the "full" reduction for 1948 and subsequent calendar years. This represents a liability reduction from present law of about \$2,100,000,000 in the case of the "half" reduction and \$4,000,000,000 with the "full" reduction.<sup>3</sup> On the basis of income payments of \$170,000,000,000, H. R. 1 as it passed the House would reduce the liabilities under present law by about \$4,000,000,000. Table IV shows the changes in liabilities resulting from the House and Finance Committee bills with income payments of \$170,000,000,000 and \$165,000,000,000. Tables showing the distribution of liabilities among different income groups are shown in part VII of this report.

TABLE IV.—Estimated individual income-tax liability under present law, H. R. 1 as it passed the House, and the Senate Finance Committee bill

[In billions of dollars]

Level of income payments assumed <sup>1</sup>	Estimated liability under—				Reduction in liability under—			
	Present law		Senate Finance Committee bill		Present law		Senate Finance Committee bill	
	H. R. 1 as passed by the House <sup>2</sup>	Half-rate reduction <sup>3</sup>	Full-rate reduction <sup>4</sup>	H. R. 1 as passed by the House <sup>2</sup>	Half-rate reduction <sup>3</sup>	Full-rate reduction <sup>4</sup>	H. R. 1 as passed by the House <sup>2</sup>	Half-rate reduction <sup>3</sup>
\$165.....	\$16.9	\$13.0	\$14.9	\$13.0	\$3.8	\$2.0	\$3.8	\$2.0
\$170.....	17.8	13.7	15.6	13.7	4.0	2.1	4.0	2.1

<sup>1</sup> The liability estimates are shown uniformly on income payment levels of \$165,000,000,000 and \$170,000,000,000 for comparative purposes only. They do not represent forecasts for the periods involved.

<sup>2</sup> Effective in 1947 and subsequent years.

<sup>3</sup> About one-half of the rate reduction and all of the increase in exemptions is made effective in the calendar year 1947.

<sup>4</sup> The full reduction in rates is effective in calendar year 1948 and subsequent years. This reduction is somewhat smaller than that provided under H. R. 1 as passed by the House, but when the data are rounded the differences disappear.

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

The proposed tax reduction expressed on a liability basis indicates the decrease in the obligations incurred by taxpayers during the year. The reduction expressed on a collection basis indicates the actual loss in the receipts of the Government during that year. The former is useful in illustrating the ultimate effect of the reduction. The latter is necessary to determine the immediate effect of the reduction on the Federal Budget.

Table V presents the effects of the tax reduction proposed by the House and by your committee on a collection basis for the fiscal year 1948 under different assumptions of income payments. For the purposes of this

report it is assumed that the level of income payments in the first half of the calendar year 1947 will be \$176,000,000,000, and in the fiscal year 1948, \$170,000,000,000. On this basis, it is estimated that your committee's bill will reduce collections in the fiscal year 1948 by \$3,200,000,000. The bill as passed by the House would reduce collections (or increase refunds) by \$4,900,000,000.

TABLE V.—Comparison of the effect of H. R. 1 as it passed the House with the Senate Finance Committee bill on fiscal year 1948 collections

[In billions of dollars]

Level of income payments in billions of dollars in—	Reduction in collections and increase in refunds in the fiscal year 1948 under—		Excess of budgetary loss under H. R. 1 as it passed the House over loss under Senate Finance Committee bill
	H. R. 1 as it passed the House	Senate Finance Committee bill	
The first half of calendar 1947			
\$165.....	\$165.....	\$4.6	\$2.9
\$176.....	\$165.....	4.8	3.1
\$176.....	\$170.....	4.9	3.2

Source: Staff of the Joint Committee on Internal Revenue Taxation

The chief reason for the greater reduction in collections (or increase in refunds) under the House bill is the fact that it makes the full reduction effective for the entire calendar year 1947. Your committee's bill has approximately the same effect as providing the reduction for only the last half of the calendar year 1947.

With minor exceptions, the collections made in the fiscal year 1948 are composed of part of the liabilities incurred in the fiscal year 1947, and part of the liabilities incurred in the fiscal year 1948. Similarly, part of the reduction in the fiscal year 1947 liabilities, and part of the reduction in the fiscal year 1948 liabilities, are reflected in lower collections in the fiscal year 1948. On the other hand, part of the reduction in liability in the fiscal year 1947 is reflected in lower collections in the fiscal year 1947, and part of the reduction in the fiscal year 1948 liabilities is reflected in lower collections in the fiscal year 1949.

The estimates presented above do not take into consideration the stimulating effect which this bill will have upon the economy. As a result, it appears likely that the revenue losses involved have been overstated.

V. GENERAL DISCUSSION OF RECOMMENDED INDIVIDUAL INCOME-TAX REDUCTIONS

1. Why a tax reduction is needed now

Much of the discussion in your committee's hearings was concerned with the problem of whether a tax reduction is appropriate at the present time. This discussion was concerned with the economic effects of a tax reduction and its implications with respect to debt retirement.

A tax reduction at the present time should appear particularly desirable to those who hold the view that a down-turn in business conditions is likely during the fiscal year 1948.

There is a good deal of uncertainty among those holding this view as to whether the downturn will begin shortly or whether some time will elapse before the turning point is reached. In any case a tax reduction will be a hedge against recession and cumulative deflation, and should be enacted now. A tax reduction cannot become fully effective until some time after the legislation is enacted. In the hearings before the House Ways and

Means Committee, the Secretary of the Treasury suggested that it takes 12 months for the full economic effects of a tax reduction to be realized. It should be noted that this lag in the economic effectiveness of a tax reduction means that even if inflationary factors, due to temporary shortages of materials and manpower, should continue to be important in the next few months, they would not be aggravated by a tax reduction now.

Moreover, those who predict some recession should keep in mind that Congress might not be in session if the downturn in business conditions occurred or action by Congress might of necessity be delayed. This, combined with the lag in the economic effectiveness of a tax reduction, suggests that its postponement might well mean that no counteractive tax measures could be taken until a drastic deflation was well under way.

It is argued by some that no matter how large the surplus in the fiscal year 1948 turns out to be, all of it should be used for debt-retirement purposes. Your committee attempted vainly to obtain an expression of opinion from the Secretary of the Treasury on this issue. While debt retirement is highly desirable from the point of view of maintaining the credit status of the Government, it must not be forgotten that one short-run effect of this action is to reduce consumer purchasing power. When the economy appears to be in danger of receding from a high level of operation, a very large debt retirement carried out during a short period of time may well be a major factor in precipitating a recession. For this reason it appears desirable to make a contribution to the credit status of the Government by carrying out a substantial amount of debt retirement in the fiscal year 1948, and also to provide against a recession in business conditions by a concurrent tax reduction. The latter will not only offset the loss of consumer purchasing power inherent in the debt-retirement process, but also stimulate the investment and managerial efforts of the business community which are essential to the continuance of the present levels of production and employment.

2. Why the reduction should be made in the industrial income tax

Your committee agrees with the House Ways and Means Committee that it is desirable to concentrate any reduction which can be made at this time in the individual income tax. Only through the individual income tax is it possible to give relief to all persons bearing heavy tax burdens.

Furthermore, a reduction in the individual income tax is the only way in which a reduction can be made in a single tax which will both increase consumer purchasing power and stimulate investment and managerial initiative.

3. Why the type of reduction provided in this bill was selected

The reduction in the individual income tax should be made in a fashion which is economically desirable. It should be effective in increasing purchasing power and stimulating venture capital and managerial initiative.

The additional income placed in the hands of the consumers by this bill will act as a check on any recession that may be forecast for the fiscal year 1948, and will tend to offset the reduction in consumer purchasing power which is involved in the debt-retirement operation. The importance of the effect of this bill on consumer purchasing power is shown in table VI, which indicates that 64 percent of the reduction will be given to persons with incomes of \$5,000 or less, the primary source of consumer purchasing power.



TABLE VI.—Estimated percentage distribution of the individual income-tax liability and taxpayers under present law, and of total tax reduction under the House bill, and your committee's bill with a full year's reduction in tax (with assumed income payments of \$170,000,000,000)

Net income class	Percentage distribution of—			
	Total taxpayers	Total tax paid under present law	Total reduction under—	
			House bill	Finance Committee bill
\$0 to \$2,000.....	52.7	17.5	24.0	24.5
\$2,000 to \$5,000.....	43.4	39.3	38.5	39.5
\$5,000 to \$10,000.....	2.6	8.2	7.5	7.6
\$10,000 to \$25,000.....	1.1	12.0	10.6	10.7
\$25,000 and over.....	.2	23.0	19.4	17.7
Total.....	100.0	100.0	100.0	100.0

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

Your committee also is impressed with the long-run need for a stimulus to investment and managerial initiative. The extent of the stimulus provided by H. R. 1 as amended can best be seen by examining the proposed reduction in marginal tax rates; i. e., the rates on the top dollar of income received. In deciding whether or not to make a new investment or to take on added managerial responsibilities, it is these marginal rates with which the investor or manager will be concerned. They determine the additional tax he will have to pay on any additional income which he receives.

Table VII shows that the marginal tax rates are substantially lower under the bill than under existing law. For example, in 1948 an individual already having surtax net income of \$18,000 will be taxed at 40 percent on additional income under the bill, rather than 50 percent as under present law. It is believed that this will make him less hesitant in assuming the risks of new investment. Similarly, an individual with a surtax net income of \$100,000 will be more likely to make an investment if the additional return is taxed at 72 percent rather than at the 85 percent provided by existing law. It is believed that the reduced marginal rates also will have the effect of encouraging business managers to take on added responsibilities and work harder to make their businesses a success.

The amount of spendable income remaining after paying taxes is another measure of the effect of taxes on investment and managerial incentives. Table XI in part VII shows the spendable income left after taxes at various levels and the percent this is of income before taxes under both present law and your committee's bill. For example, a single individual with a net income of \$20,000 under present law retains about 67 percent of this income after paying taxes, and in 1948 under your committee's bill about 73 percent. A single individual with a net income of \$70,000 under present law has about 43 percent of his income left after paying his taxes, and in 1948 under your committee's bill 55 percent. The small percentage of net income left after taxes under existing law so reduces the advantage of making risky new investments or exercising managerial initiative as to serve as a strong deterrent to the maintenance of a high level of business activity. Under your committee's bill the taxpayer retains a larger portion of his income after taxes. This constitutes the first major step toward the removal of the deterrents to investment and initiative in present law.

TABLE VII.—Comparison between the marginal rates of the individual income tax under present law, the House bill, and the Senate Finance Committee bill

Surtax net income		Marginal rates			
From—	To—	Present law	House bill	Finance Committee bill	
				1947	1948 and subsequent years
\$0.....	\$1,000.....	19.0	13.3	16.1	13.3
\$1,000.....	\$1,400 <sup>1</sup> .....	19.0	(3)	(3)	(3)
\$1,400 <sup>1</sup> .....	\$2,000.....	19.0	15.2	17.1	15.2
\$2,000.....	\$4,000.....	20.9	16.7	18.8	16.7
\$4,000.....	\$6,000.....	24.7	19.8	22.2	19.8
\$6,000.....	\$8,000.....	28.5	22.8	25.6	22.8
\$8,000.....	\$10,000.....	32.3	25.8	29.1	25.8
\$10,000.....	\$12,000.....	36.1	28.9	32.5	28.9
\$12,000.....	\$14,000.....	40.9	32.7	36.8	32.7
\$14,000.....	\$16,000.....	44.7	35.8	40.2	35.7
\$16,000.....	\$18,000.....	47.5	38.0	42.8	38.0
\$18,000.....	\$20,000.....	50.4	40.3	45.3	40.3
\$20,000.....	\$22,000.....	53.2	42.6	47.9	42.6
\$22,000.....	\$26,000.....	56.1	44.8	50.4	44.8
\$26,000.....	\$32,000.....	58.9	47.1	53.0	47.1
\$32,000.....	\$38,000.....	61.8	49.4	55.6	49.4
\$38,000.....	\$44,000.....	65.6	52.5	59.0	52.4
\$44,000.....	\$50,000.....	68.4	54.7	61.6	54.7
\$50,000.....	\$60,000.....	71.3	57.0	64.1	57.0
\$60,000.....	\$70,000.....	74.1	59.3	66.7	59.3
\$70,000.....	\$79,700 <sup>4</sup> .....	77.0	61.6	69.3	61.6
\$79,700 <sup>4</sup> .....	\$80,000.....	77.0	61.6	71.3	65.4
\$80,000.....	\$90,000.....	79.8	63.8	73.9	67.8
\$90,000.....	\$100,000.....	82.7	66.2	76.6	70.3
\$100,000.....	\$150,000.....	84.6	67.7	78.3	71.9
\$150,000.....	\$200,000.....	85.5	68.4	79.2	72.7
\$200,000.....	\$302,400 <sup>5</sup> .....	86.5	69.2	80.1	73.5
\$302,400 <sup>5</sup> and over <sup>6</sup> .....		86.5	77.3	81.9	77.3

<sup>1</sup> The exact breaking point in surtax net income under the House bill and as provided by your committee for 1948 is \$1,395.83. Under the bill as amended by your committee the breaking point for 1947 is \$1,327.60.

<sup>2</sup> Incomes in this bracket receive a flat reduction of 167 from the tentative tax.

<sup>3</sup> Incomes in this bracket receive a flat reduction of \$38.50 from the tentative tax.

<sup>4</sup> The exact breaking point in surtax net income under the bill as amended by your committee is \$79,728.40.

<sup>5</sup> The exact breaking point in surtax net income under both the House bill and the bill as amended by your committee is \$302,395.60.

<sup>6</sup> It should be borne in mind that the tax is subject to a ceiling of 81.5 percent of surtax net income under existing law, 76.5 percent under the House bill and under the Finance Committee's bill in 1948 and subsequent years, and 81 percent in 1947 under the Finance Committee bill.

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

The need for stimulating managerial incentives and the investment of venture capital is a major reason for the proposed reduction in the taxes of individuals in the middle and upper brackets. The decisions of the executives who receive relative large salaries are of greatest importance with reference to the development of industrial production. The savings of the middle and upper-bracket-income recipients are the principal sources of the venture capital for business expansion.

A study by the Bureau of Labor Statistics for the year 1941<sup>4</sup> brings out the fact that the great bulk of the relatively speculative business investments are made by individuals with incomes of \$10,000 and over. Individuals with such incomes accounted for no less than 89 percent of the investments in stocks, bonds, and unincorporated business made by the entire group covered in the study. Persons with smaller incomes not only save relatively little,<sup>5</sup> but are apt to keep what they do save in cash, Government bonds, insurance policies, savings accounts, etc. They cannot

<sup>4</sup> U. S. Bureau of Labor Statistics bulletin No. 822, Family Spending and Saving in Wartime.

<sup>5</sup> The BLS study indicated that 74 percent of the total saving was done by persons with incomes of \$10,000 and over.

afford to assume the additional risks which speculative investments entail.

4. Why the full reduction was not allowed for the calendar year 1947

H. R. 1 as it passed the House provided for a retroactive tax reduction effective January 1, 1947. Your committee has amended the bill in a manner which roughly has the same effect as making the reduction on July 1, 1947. Stated more accurately your committee amended the bill to provide a reduction for the entire calendar year 1947 which is one-half as large as the reduction provided for the calendar year 1948. It is provided that the withholding tables set up in the House version of this bill shall go into effect July 1, 1947.

The principal reason for this amendment to the House bill is that it reduces the budgetary effect of H. R. 1 in the fiscal year 1948. Under the House version of the bill the revenue loss, in the form of reduced collections and increased refunds, would amount to \$4,900,000,000 with income payments at \$170,000,000,000. Under the bill as amended by your committee, the reduction for the fiscal year 1948 with the same income payments, will amount to \$3,200,000,000.

This amendment will also eliminate the necessity for most of the tax refunds which would have occurred in the fiscal year 1948 as a result of the enactment of the House bill. A reduction which is retroactive to January 1, 1947, results in an overpayment of the tax due during the time intervening between January 1 and the date when the new withholding tables used in collecting the tax go into effect. It has been estimated that the resulting additional refunds would amount to \$450,000,000. The method of reduction recommended by your committee would practically eliminate such refunds.

The stimulus to business which this bill brings results from the additional incentive to managerial initiative and the investment of venture capital. This stimulus consists primarily of the knowledge that from now on the net return allowed on a successful venture and the net reward paid for outstanding managerial achievement is going to be substantially greater than in the past. While the refunds provided by the retroactive feature are considerable, they occur only once and hence offer no continuing stimulus to plans for future investment or managerial action.

5. Why an exemption is needed for persons aged 65 and over

Your committee's bill introduces an additional exemption of \$500 for each person who attained the age of 65 before the end of the taxable year. The exemption will benefit 3,700,000 taxpayers and will remove 1,400,000 persons from the rolls. The heavy concentration of small incomes among such persons reflects the fact that as a group they are handicapped in an economic if not in a physical sense. They have suffered with unusual severity as a result of the 54-percent rise in the cost of living and the changes in the tax system which have occurred since the beginning of the war. Unlike younger persons, the bulk of those who have attained the age of 65 were unable to compensate for price and tax changes during recent years by accepting full-time jobs at prevailing high rates of wages. For these reasons your committee believes that special relief is warranted at this time for persons who have attained the age of 65.

At the hearings on this bill the Secretary of the Treasury did not oppose the giving of special relief to persons aged 65 or over but argued that the appropriate method of doing so would be action under the Social Security Act. It is worth noting that the coverage of the social-security legislation is by no means universal. Relief under it would not

extend to a great number of the people over 65 who now find themselves in an unusually straitened condition.

The Treasury has taken exception to the special exemption for persons aged 65 or over on the ground that it constitutes class legislation. It is difficult to see how the Treasury can take this view after having indicated it is studying the following types of class legislation: individual income tax exemptions, the treatment of family incomes, the taxation of pensions and annuities, the earned income credit, the special taxation of capital gains and losses, the taxation of small business, the double taxation of dividends, the taxation of American corporations doing business abroad, the taxation of co-operatives and other tax-exempt organizations, the 2-percent tax on consolidated returns, and the 85-percent credit for inter-corporate dividends received.

The \$500 exemption for all persons in this age group appears to be a more appropriate method of bringing relief than an extension of the system of exclusions for the benefit of particular types of income used under existing law. Certain persons who have attained the age of 65 are already benefiting by these exclusions. For instance, the annuities under the Railroad Retirement Act and the pay of Army and Navy officers retired by reason of medical survey have been excluded from gross income in full by statutory enactment. Benefits under the old-age and survivors' insurance system or the Social Security Act have been excluded by a Treasury decision. The presence of exclusions of this type has brought an insistent demand for the exten-

sion of similar treatment to other types of retirement income, such as the pensions and annuities received by former employees of State and local governments, retired school teachers, and beneficiaries under the civil-service retirement fund of the Federal Government. Your committee recognizes that existing exclusions work a discrimination against persons having attained the age of 65 who are receiving other types of income, but, believes that a general exemption of \$500 for all taxpayers in this group is preferable to the piecemeal extension of exclusions for the benefit of particular types of income.

H. R. 1 as passed by the House contained a provision which in effect was intended to keep persons receiving more than \$500 of certain types of excludable income from obtaining the benefits of the new \$500 exemption. The House bill required a taxpayer who qualified for the new \$500 exemption to include in his gross income an amount up to \$500 received during the taxable year from certain pensions, annuities, or retirement pay which, but for this bill, would have been excluded in full from gross income. Your committee is in complete accord with the general objective of this provision.

However, due to the difficulty of determining the types of exempt income covered by this provision and the administrative difficulties raised by the Treasury, it was deemed advisable to defer action on this problem to a later bill. The committee is of the opinion that some remedy for the dis-

crimination now existing between recipients of various types of retirement income must be found, and will consider this matter fully in connection with the next general revenue bill. The allowance of the additional \$500 exemption for persons over 65 may well constitute a sufficient basis for removing the exclusions provided under existing law and Treasury rulings.

H. R. 1, as it passed the House, provided that the special exemption for persons aged 65 or over was to be allowed only with respect to persons whose gross income was \$500 or more. This feature of the House bill involves substantial inequity. This can be shown most clearly by comparing two couples where both husband and wife are over 65 but where one wife has gross income in excess of \$500 while the other wife's income is slightly less than \$500. The House bill would bring the first couple an extra exemption of \$1,000, the second couple one of \$500. This would occur, even though the joint incomes of the two couples were the same.

To eliminate this inequity your committee has amended the House bill so as to allow the \$500 deduction with respect to all persons 65 years of age or more regardless of the amount of their gross income.

VI. CHANGES IN EXISTING LAW

Table VII compares the reduction in tentative tax and in actual tax payable under present law with that under H. R. 1 as amended by your committee. The changes in present individual income-tax law provided under H. R. 1 are discussed below.

TABLE VIII.—The reductions in tentative taxes and actual taxes under H. R. 1, as amended by the Senate Finance Committee

Surtax net income	Tentative tax	Reduction in tentative tax under present law	Reduction in tentative tax under H. R. 1 as amended by Senate Finance Committee		Actual tax reduction under H. R. 1 as amended by Senate Finance Committee	
			Calendar year 1947	Calendar year 1948	Calendar year 1947	Calendar year 1948
\$0 to \$1,000	\$0 to \$200	5	19.25 percent	33.5 percent	15 percent	30 percent
\$1,000 to \$1,400 <sup>1</sup>	\$200 to \$265.52 or \$279.17 <sup>2</sup>	5	\$38.50	\$67	15 percent to 10 percent	30 percent to 20 percent
\$1,400 <sup>1</sup> to \$79,700 <sup>3</sup>	\$279.17 to \$50,000	5	14.5 percent	24 percent	10 percent	20 percent
\$79,700 <sup>3</sup> to \$302,400 <sup>4</sup>	\$50,000 to \$250,000	5	14.5 percent on first \$50,000 and 12 percent on remainder.	24 percent on first \$50,000 and 19.25 percent on remainder.	10 percent on first \$79,700 <sup>3</sup> of income, and 7.5 percent <sup>5</sup> on remainder.	20 percent on first \$79,700 <sup>3</sup> of income and 15 percent on remainder.
\$302,400 <sup>4</sup> and over	\$250,000 and over	5	14.5 percent on first \$50,000, 12 percent on next \$200,000, and 10 percent on remainder.	24 percent on first \$50,000, 19.25 percent on next \$200,000, and 15 percent on remainder.	10 percent on first \$79,700 <sup>3</sup> of income, 7.4 percent <sup>6</sup> on the next \$223,000 <sup>7</sup> and about 5.3 percent <sup>7</sup> on remainder.	20 percent on first \$79,700 <sup>3</sup> of income, 15 percent on the next \$223,000 and 10.5 percent <sup>8</sup> on remainder.

<sup>1</sup> The exact breaking point in surtax net income under the House bill and as provided by your committee for 1948 is \$1,395.83 and for 1947 under the bill as amended by your committee is \$1,327.60.

<sup>2</sup> The maximum tentative tax in the "notch" is \$265.52 in calendar year 1947 and \$279.17 in calendar year 1948.

<sup>3</sup> The exact breaking point in surtax net income under the bill as amended by your committee is \$79,728.40.

<sup>4</sup> The exact breaking point in surtax net income under both the House bill and the bill as amended by your committee is \$302,395.60.

1. A reduction in 1947 of 15 percent and in 1948 of 30 percent of the tax for individuals with surtax net income of \$1,000 or less

Under the bill the combined tentative normal tax and surtax of individuals having a tentative tax of \$200 or less is reduced by 19.25 percent for the calendar year 1947, and 33.5 percent for the calendar year 1948 and subsequent years. These reductions are in lieu of the 5-percent reduction provided by present law. They, in effect, reduce the tax burden for individuals with \$1,000 of surtax net income or less by 15 percent in 1947, and by 30 percent in 1948. The tax on \$1,000 of surtax net income under the bill would be \$161.50 in 1947 and \$133 in 1948 and subsequent years, in place of the present tax of \$190. Thus the maximum reduction for any individual as a result of the 15-percent cut in 1947 is \$28.50, and in the case of the 30-percent cut in 1948 and subsequent years, \$57.

For example, a single person with no dependents having a net income of \$1,200 would compute his tax as follows, if he were one of the few required to compute his own tax:

	1947	1948 and subsequent years
1. Net income	\$1,200.00	\$1,200.00
2. Personal exemption	500.00	500.00
3. Surtax net income (No. 1-No. 2)	700.00	700.00
4. Tentative tax (20 percent of No. 3)	140.00	140.00
5. Reduction in tentative tax under bill (19.25 percent in 1947 and 33.5 percent in 1948)	26.95	46.90
6. Tax under bill (No. 4-No. 5)	113.05	93.10

The reduction for surtax net incomes of \$1,000 or less provided by your committee for 1948 and subsequent years is the same as

that provided in H. R. 1 as it passed the House. However, the reduction provided in your committee's bill for 1947 is one-half the reduction provided for 1947 in H. R. 1 as it passed the House.

2. A reduction in 1947 varying from 15 percent to 10 percent and in 1948 varying from 30 percent to 20 percent of the tax on surtax net income between \$1,000 and about \$1,400

Under the bill if the combined tentative normal tax and surtax of an individual in the calendar year 1947 is between \$200 and \$265.53, his tentative tax is reduced by \$38.50. In the calendar year 1948 and subsequent years if his combined normal tax and surtax is between \$200 and \$279.18, his tentative tax is reduced by \$67. These decreases in tax reduction, as income increases, arise from the fact that flat reductions are given in lieu of the 5-percent reduction in tax. In effect, tax reductions are given to

<sup>5</sup> The exact amount of tax reduction on surtax net income between \$79,728.40 and \$302,395.61 for the calendar year 1947 is between 7.36 and 7.37 percent.

<sup>6</sup> The exact amount is \$222,667.20, the difference between \$302,395.60 and \$79,728.40.

<sup>7</sup> The exact percentage reduction in 1947 on surtax net income in excess of \$302,395.60 is between 5.26 and 5.27 percent.

<sup>8</sup> The exact percentage reduction in 1948 and subsequent years on surtax net income in excess of \$302,395.60 is between 10.52 and 10.53 percent.

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

individuals which in 1947 range from 15 percent for those with surtax net incomes of \$1,000 to 10 percent for those with surtax net incomes of \$1,327.60, and in 1948 range from 30 percent for those with surtax net incomes of \$1,000 to 20 percent for those with surtax net incomes of \$1,395.83. For example, a married person with no dependents having a net income of \$2,200 would compute his tax as follows, if he is one of the few required to compute his own tax:

	1947	1948 and subsequent years
1. Net income.....	\$2,200.00	\$2,200.00
2. Personal exemptions.....	1,000.00	1,000.00
3. Surtax net income (No. 1—No. 2).....	1,200.00	1,200.00
4. Tentative tax (20 percent of No. 3).....	240.00	240.00
5. Reduction in tentative tax under bill.....	38.50	67.00
6. Tax under bill (No. 4—No. 5).....	201.50	173.00

The reduction for surtax net incomes between \$1,000 and \$1,395.84 provided by your committee for 1948 and subsequent years is the same as that provided in H. R. 1 as it passed the House. However, the reduction provided in your committee's bill for 1947 for similar surtax net incomes is about one-half the reduction provided for 1947 in H. R. 1 as it passed the House.

3. A reduction in 1947 of 10 percent and in 1948 of 20 percent for individuals with surtax net incomes between about \$1,400 and about \$80,000

Under the bill in the calendar year 1947 an individual with a combined tentative normal tax and surtax between \$265.52 and \$50,000 receives a 14.5-percent reduction in his tentative tax. In the calendar year 1948 and subsequent years an individual with a combined tentative normal tax and surtax between \$279.17 and \$50,000 receives a 24-percent reduction in his tentative tax. These reductions are in lieu of the 5-percent reduction allowed under present law. Individuals with surtax net incomes in 1947 between \$1,327.60 and \$79,728.41 receive a 10-percent reduction in their tax burden. In 1948, if their surtax net incomes are between \$1,395.83 and \$79,728.41, they receive a 20-percent reduction in their tax burden.

For example, a married person with no dependents having a net income of \$4,000 would compute his tax as follows, if he were one of the few required to compute his own tax:

	1947	1948 and subsequent years
1. Net income.....	\$4,000.00	\$4,000.00
2. Personal exemption.....	1,000.00	1,000.00
3. Surtax net income.....	3,000.00	3,000.00
4. Tentative tax (\$2,000 of surtax net income at 20 percent and \$1,000 at 22 percent).....	620.00	620.00
5. Reduction in tentative tax under bill (14.5 percent in 1947 and 24 percent in 1948).....	89.90	148.80
6. Tax under bill (No. 4—No. 5).....	530.10	471.20

The reduction for surtax net incomes between \$1,395.83 and \$79,728.41 provided by your committee for 1948 and subsequent years is the same as that provided in H. R. 1 as it passed the House, although the House bill continued the 20-percent reduction on up to surtax net incomes of \$302,395.60. The reduction provided in your committee's bill for 1947 is one-half the reduction provided for 1947 in H. R. 1 as it passed the House.

4. A reduction in 1947 of about 7.5 percent and in 1948 of 15 percent of the tax on that portion of the surtax net income which is between about \$80,000 and about \$302,000

In the calendar year 1947, in addition to the reduction of 14.5 percent in the tenta-

tive tax on the first \$79,728.40 of surtax net income, individuals with surtax net incomes between \$79,728.40 and \$302,395.61 receive a 12-percent reduction on that portion of their tentative tax which is between \$50,000 and \$250,000. In the calendar year 1948 and subsequent years in addition to the reduction of 24 percent in the tentative tax on the first \$79,728.40 of surtax net income, individuals with surtax net income between \$79,728.40 and \$302,395.61 receive a 19.25-percent reduction in that portion of their tentative tax which is between \$50,000 and \$250,000. These reductions are in lieu of the 5-percent reduction in tentative tax allowed under present law. Thus an individual with surtax net income of between \$79,728.40 and \$302,395.61 in 1947 receives a reduction of 10 percent in the tax on his first \$79,728.40 of surtax net income and about a 7.4-percent reduction in the tax on his remaining income.<sup>6</sup> In 1948 he receives a reduction of 20 percent in the tax on the first \$79,728.40 of surtax net income, and a 15-percent reduction in the tax on the remaining income.

The tax reduction for surtax net incomes between \$79,728.40 and \$302,395.61 provided by your committee is smaller than that provided in H. R. 1 as it passed the House. The latter provided a 20-percent reduction in the tax on such incomes in both 1947 and subsequent years.

5. A reduction in 1947 of about 5.25 percent and in 1948 of about 10.5 percent of the tax on that portion of the surtax net income which is in excess of about \$302,000

In addition to the reductions on the tax attributable to the first \$302,395.60 of surtax net income or \$250,000 of tentative tax, individuals with surtax net incomes or tentative taxes in excess of this amount receive a 10-percent reduction in 1947 and a 15-percent reduction in 1948, in lieu of the present 5-percent reduction, on that portion of the tentative tax which exceeds \$250,000. Thus in 1947 an individual with surtax net income of more than \$302,395.60 receives a 10-percent reduction in the tax on the first \$79,728.40 of surtax net income, about a 7.4-percent reduction in the tax on surtax net income between \$79,728.40 and \$302,395.61, and about a 5.26-percent<sup>7</sup> reduction in the tax on any remaining surtax net income. In 1948 and subsequent years an individual with surtax net income of more than \$302,395.60 receives a 20-percent reduction in the tax on the first \$79,728.40 of surtax net income, a 15-percent reduction in the tax on surtax net income between \$79,728.40 and \$302,395.61 and about a 10½-percent<sup>8</sup> reduction in the tax on any remaining surtax net income.

The effective tax reduction in the calendar year 1948 and subsequently for individuals with surtax net incomes in excess of \$302,395.60 provided by your committee's bill is smaller than that in H. R. 1 as it passed the House because of the smaller reduction provided for that proportion of the surtax net incomes between \$79,728.40 and \$302,395.61. H. R. 1 as it passed the House provided a reduction of 20 percent in the tax for that portion of the surtax net incomes under \$302,395.61 and a reduction of about 10.5 percent in the tax on that portion of surtax net incomes in excess of that amount. Your committee's bill provides a reduction of 20 percent in the tax on the first \$79,728.40 of surtax net income, a reduction of 15 percent in the tax on surtax net incomes between \$79,728.40 and \$302,395.61, and a reduction of

<sup>6</sup> The exact amount of tax reduction on surtax net income between \$79,728.40 and \$302,395.61 for the calendar year 1947 is between 7.36 percent and 7.37 percent.

<sup>7</sup> The exact percentage reduction in 1947 on surtax net income in excess of \$302,395.60 is between 5.26 percent and 5.27 percent.

<sup>8</sup> The exact percentage reduction in 1948 and subsequent years on surtax net income in excess of \$302,395.60 is between 10.52 percent and 10.53 percent.

about 10.5 percent in the tax on surtax net income in excess of \$302,395.60.

H. R. 1 as it passed the House made the same provision for the calendar year 1947 as for 1948 and subsequent years. The bill as amended by your committee provides reductions in 1947 of about one-half those applying to subsequent years.

6. An additional exemption for individuals 65 years of age or over

An additional exemption of \$500 is granted to individuals who have attained the age of 65 by the end of the taxable year. This feature of the bill is effective January 1, 1947. Your committee's bill allows the exemption to both a husband and a wife who have attained the age of 65 irrespective of the amount of the gross income received by either spouse. The House bill would have denied the exemption with respect to a spouse whose gross income was less than \$500. Your committee's bill also differs from the House measure in that it does not include a provision which would have offset against the new \$500 exemption the first \$500 received on the account of certain pensions, annuities,<sup>9</sup> or officers' retirement pay excluded in full from taxable income under existing law.

VII. STATISTICAL DATA SHOWING TAX BURDENS, SPENDABLE INCOME AFTER TAX, AND TAX LIABILITY BY INCOME CLASSES UNDER PRESENT LAW, HOUSE BILL AND COMMITTEE BILL

Table IX shows for various net-income levels (after deductions but before exemptions), the amount of tax payable under present law, under the House bill, and under your committee's bill; and the amount and the percentage of the reduction and the effective (or average over-all) rates under the House bill and your committee's bill. For each of the above types of information the effects of your committee's bill in the calendar years 1947 and 1948 and subsequent calendar years are shown separately. Part A of table IX relates to a single person with no dependents; part B, to a married person with no dependents; and part C, to a married person with two dependents.

Since individuals of age 65 and over receive not only the rate reductions but also an additional \$500 exemption, their tax burden cannot be derived from table IX. Table X shows for such persons the same type of information shown in table IX for persons under age 65. Again, part A relates to a single person with no dependents, part B to a married couple both over 65 but having no dependents; and part C to a married couple both over 65 and having two dependents.

Table XI shows the amount of spendable income remaining after tax and the percent such income is of net income (after deductions but before exemptions). This is given for present law, the House bill, and your committee's bill in both 1947 and 1948. Part A presents this information for a single person with no dependents, and part B, for a married person with no dependents.

Table XII shows the estimated distributions among various income classes of taxable returns; net income; tax liability under present law, the House bill, and your committee's bill; and the decrease in tax liability under the House bill and your committee's bill. Since your committee's bill grants in the calendar year 1947 only half the reduction in tax provided for 1948 and subsequent calendar years, it is necessary to have two separate distributions of the above information. Part A shows the above information for the year in which the half reduction is effective, and part B, for the years in which the full reduction is effective. An assumed level of income payments of \$170,000,000,000 is used for both parts to make comparisons possible although estimates of income payments for the periods involved differ somewhat.

<sup>9</sup> Such as those paid under the Railroad Retirement Act or the Old-Age and Survivors Insurance System of the Social Security Act.

TABLE IX-A.—Comparison of individual income tax under present law, House bill, and Finance Committee bill

SINGLE PERSON—NO DEPENDENTS

Table with 14 columns: Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill). Rows range from \$500 to \$50,000.

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

TABLE IX-B.—Comparison of individual income tax under present law, House bill, and Finance Committee bill

MARRIED PERSON—NO DEPENDENTS

Table with 14 columns: Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill). Rows range from \$1,000 to \$25,000.



TABLE X-A.—Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over

Table X-A: Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over. Includes sub-header SINGLE PERSON—NO DEPENDENTS. Columns include Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill).

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

TABLE X-B.—Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over

MARRIED PERSONS (BOTH OVER 65)—NO DEPENDENTS

Table X-B: Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over. Includes sub-header MARRIED PERSONS (BOTH OVER 65)—NO DEPENDENTS. Columns include Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill).

TABLE X-B.—Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over—Continued

MARRIED PERSONS (BOTH OVER 65)—NO DEPENDENTS—continued

Table with columns for Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill).

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

TABLE X-C.—Comparison of individual income tax under present law, under the House bill, and Finance Committee bill for persons 65 years of age and over

MARRIED PERSONS (BOTH OVER 65)—2 DEPENDENTS

Table with columns for Net income before personal exemption, Amount of tax (Present law, House bill, Finance Committee bill), Amount of tax reduction (House bill, Finance Committee bill), Percent tax reduction (House bill, Finance Committee bill), and Effective rates (Present law, House bill, Finance Committee bill).

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

TABLE XI-A.—Comparison of spendable income under present law, House bill, and Finance Committee bill

SINGLE PERSON—NO DEPENDENTS

Net income before personal exemption	Spendable income after tax				Percent of spendable income after tax to net income before personal exemption			
	Present law	House bill	Finance Committee bill		Present law	House bill	Finance Committee bill	
			For 1947	For 1948 and subsequent years			For 1947	For 1948 and subsequent years
					Percent	Percent	Percent	Percent
\$500	\$500.00	\$500.00	\$500.00	\$500.00	100.00	100.00	100.00	100.00
\$600	581.00	586.70	583.85	586.70	96.83	97.78	97.31	97.78
\$700	662.00	643.40	607.70	643.40	94.57	96.20	95.39	96.20
\$750	702.50	716.75	709.63	716.75	93.67	95.57	94.62	95.57
\$800	743.00	76.010	751.55	760.10	92.88	95.01	93.94	95.01
\$900	824.00	846.80	835.40	846.80	91.76	94.09	92.82	94.09
\$1,000	905.00	933.50	919.25	933.50	90.50	93.35	91.93	93.35
\$1,200	1,067.00	1,106.90	1,086.95	1,106.90	88.92	92.24	90.58	92.24
\$1,500	1,310.00	1,367.00	1,338.50	1,367.00	87.33	91.13	89.23	91.13
\$1,800	1,533.00	1,607.00	1,578.50	1,607.00	86.28	89.28	87.69	89.28
\$2,000	1,715.00	1,772.00	1,743.50	1,772.00	85.75	88.60	87.18	88.60
\$2,500	2,130.00	2,196.00	2,158.00	2,196.00	84.80	87.84	86.32	87.84
\$3,000	2,515.50	2,612.40	2,563.95	2,612.40	83.85	87.08	85.47	87.08
\$4,000	3,306.50	3,445.20	3,375.85	3,445.20	82.66	86.13	84.40	86.13
\$5,000	4,078.50	4,262.80	4,170.65	4,262.80	81.57	85.26	83.41	85.26
\$6,000	4,831.50	5,065.20	4,948.35	5,065.20	80.53	84.42	82.47	84.42
\$7,000	5,565.50	5,852.40	5,708.95	5,852.40	79.51	83.61	81.56	83.61
\$8,000	6,280.50	6,624.40	6,452.45	6,624.40	78.51	82.81	80.66	82.81
\$9,000	6,976.50	7,381.20	7,178.85	7,381.20	77.52	82.01	79.77	82.01
\$10,000	7,653.50	8,122.80	7,888.15	8,122.80	76.54	81.23	78.88	81.23
\$11,000	8,311.50	8,849.20	8,580.35	8,849.20	75.56	80.45	78.00	80.45
\$12,000	8,950.50	9,560.40	9,255.45	9,560.40	74.59	79.67	77.13	79.67
\$13,000	9,565.75	10,252.60	9,909.17	10,252.60	73.58	78.87	76.22	78.87
\$14,000	10,157.25	10,925.80	10,541.52	10,925.80	72.55	78.04	75.30	78.04
\$15,000	10,729.75	11,583.80	11,166.77	11,583.80	71.53	77.23	74.38	77.23
\$20,000	13,354.75	14,683.80	14,019.27	14,683.80	66.77	73.42	70.10	73.42
\$25,000	15,637.75	17,510.20	16,573.97	17,510.20	62.55	70.04	66.30	70.04
\$30,000	17,735.50	20,188.40	18,961.95	20,188.40	59.12	67.29	63.21	67.29
\$40,000	21,574.75	25,259.80	23,417.27	25,259.80	53.94	63.15	58.54	63.15
\$50,000	24,863.00	29,890.40	27,376.70	29,890.40	49.73	59.78	54.75	59.78
\$60,000	27,732.25	34,201.80	30,977.02	34,201.80	46.25	57.00	51.63	57.00
\$70,000	30,356.50	38,285.20	34,320.85	38,285.20	43.37	54.69	49.03	54.69
\$80,000	32,675.75	42,140.60	37,408.17	42,140.60	40.84	52.68	46.76	52.68
\$90,000	34,710.00	45,768.00	40,034.00	45,768.00	38.57	50.85	44.48	50.85
\$100,000	36,459.25	49,167.40	42,391.20	49,167.40	36.46	49.17	42.39	49.17
\$150,000	44,193.75	65,355.00	58,240.00	65,355.00	29.46	43.57	35.49	43.57
\$200,000	51,448.50	81,158.80	63,644.40	81,158.80	25.72	40.58	31.82	40.58
\$250,000	58,228.25	96,582.60	73,608.80	96,582.60	23.29	38.63	29.44	38.63
\$300,000	65,003.25	112,002.60	83,568.80	112,002.60	21.67	37.33	27.86	37.33
\$400,000	78,553.25	134,880.75	101,721.50	134,880.75	19.64	33.72	25.43	33.72
\$500,000	92,103.25	157,539.75	119,821.50	157,539.75	18.42	31.51	23.96	31.51
\$750,000	125,978.25	214,164.75	165,071.50	214,164.75	16.80	28.56	22.01	28.56
\$1,000,000	159,853.25	270,789.75	210,321.50	270,789.75	15.99	27.08	21.03	27.08
\$2,000,000	295,353.25	497,289.75	391,321.50	497,289.75	14.77	24.86	19.57	24.86
\$5,000,000	725,000.00	1,176,789.75	950,000.00	1,176,789.75	14.50	23.54	19.00	23.54

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

TABLE XI-B.—Comparison of spendable income under present law, House bill, and Finance Committee bill

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Spendable income after tax				Percent of spendable income after tax to net income before personal exemption			
	Present law	House bill	Finance Committee bill		Present law	House bill	Finance Committee bill	
			For 1947	For 1948 and subsequent years			For 1947	For 1948 and subsequent year
					Percent	Percent	Percent	Percent
\$1,000	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	100.00	100.00	100.00	100.00
\$1,200	1,162.00	1,173.40	1,167.70	1,173.40	96.83	97.78	97.31	97.78
\$1,500	1,405.00	1,433.50	1,419.25	1,433.50	93.67	95.57	94.62	95.57
\$1,800	1,648.00	1,693.50	1,670.80	1,693.50	91.56	94.08	92.82	94.08
\$2,000	1,810.00	1,867.00	1,838.50	1,867.00	90.50	93.35	91.93	93.35
\$2,500	2,215.00	2,272.00	2,243.50	2,272.00	88.60	90.88	89.74	90.88
\$3,000	2,620.00	2,696.00	2,658.00	2,696.00	87.33	89.87	88.60	89.87
\$4,000	3,411.00	3,528.80	3,469.90	3,528.80	85.28	88.22	86.75	88.22
\$5,000	4,202.00	4,361.60	4,281.80	4,361.60	84.04	87.23	85.64	87.23
\$6,000	4,955.00	5,164.00	5,059.50	5,164.00	82.58	86.07	84.33	86.07
\$7,000	5,708.00	5,966.40	5,837.20	5,966.40	81.54	85.23	83.39	85.23
\$8,000	6,420.00	6,738.40	6,580.70	6,738.40	80.29	84.23	82.26	84.23
\$9,000	7,138.00	7,510.40	7,324.20	7,510.40	79.31	83.45	81.38	83.45
\$10,000	7,815.00	8,252.00	8,033.50	8,252.00	78.15	82.52	80.34	82.52
\$11,000	8,492.00	8,993.60	8,742.80	8,993.60	77.20	81.76	79.48	81.76
\$12,000	9,131.00	9,704.80	9,417.90	9,704.80	76.09	80.87	78.48	80.87
\$13,000	9,770.00	10,416.00	10,093.00	10,416.00	75.15	80.12	77.64	80.12
\$14,000	10,361.50	11,089.20	10,725.35	11,089.20	74.01	79.21	76.61	79.21
\$15,000	10,953.00	11,762.40	11,357.70	11,762.40	73.02	78.42	75.72	78.42
\$20,000	13,606.50	14,885.20	14,245.85	14,885.20	68.03	74.43	71.23	74.43
\$25,000	15,918.00	17,734.00	16,826.20	17,734.00	63.67	70.94	67.30	70.94
\$30,000	18,030.00	20,424.00	19,227.00	20,424.00	60.10	68.08	64.09	68.08
\$40,000	21,902.50	25,322.00	23,712.25	25,322.00	54.76	63.81	59.28	63.81
\$50,000	25,205.00	30,164.00	27,684.50	30,164.00	50.41	60.33	55.37	60.33
\$60,000	28,108.50	34,486.80	31,297.63	34,486.80	46.85	57.48	52.16	57.48



TABLE XI-B.—Comparison of spendable income under present law, House bill, and Finance Committee bill—Continued

MARRIED PERSON—NO DEPENDENTS—CONTINUED

Net income before personal exemption	Spendable income after tax				Percent of spendable income after tax to net income before personal exemption			
	Present law	House bill	Finance Committee bill		Present law	House bill	Finance Committee bill	
			For 1947	For 1948 and subsequent years			For 1947	For 1948 and subsequent years
\$70,000.....	\$30,727.00	\$38,581.60	\$34,654.30	\$38,581.60	Percent 43.90	Percent 55.12	Percent 49.51	Percent 55.12
\$80,000.....	33,060.50	42,448.40	37,754.45	42,448.40	41.33	53.06	47.19	53.06
\$90,000.....	35,109.00	46,087.20	40,403.60	45,717.65	39.01	51.21	44.80	50.80
\$100,000.....	36,872.50	49,498.00	42,774.00	48,716.62	36.87	49.50	42.77	48.72
\$150,000.....	44,616.50	55,093.20	53,631.60	62,799.02	29.74	43.80	35.75	41.87
\$200,000.....	51,876.00	81,500.80	64,040.40	76,469.60	25.94	40.75	32.02	38.23
\$250,000.....	58,660.50	96,928.40	74,009.20	89,736.42	23.46	38.77	29.60	35.89
\$300,000.....	65,435.50	112,348.40	83,969.20	102,995.17	21.81	37.45	27.99	34.33
\$400,000.....	78,985.50	135,276.50	102,131.00	125,776.50	19.75	33.82	25.53	31.44
\$500,000.....	92,535.50	157,926.50	120,231.00	148,426.50	18.51	31.59	24.05	29.69
\$750,000.....	126,410.50	214,551.50	165,481.00	205,051.50	16.85	28.61	22.06	27.34
\$1,000,000.....	160,285.50	271,176.50	210,731.00	261,676.50	16.03	27.12	21.07	26.17
\$2,000,000.....	295,785.50	497,676.50	391,731.00	488,176.50	14.79	24.88	19.59	24.41
\$5,000,000.....	725,000.00	1,177,176.50	950,000.00	1,175,000.00	14.50	23.54	19.00	23.05

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

TABLE XII-A.—The estimated individual income-tax liability under present law, H. R. 1 as passed by the House, and the Senate Finance Committee bill with the half reduction in tax<sup>1</sup> (with assumed income payments of \$170,000,000,000<sup>2</sup>)

[Money amounts in millions]

Net income classes (in thousands)	Taxable returns		Net income		Tax liability under <sup>3</sup>						Decrease in tax over present law							
	Number	Percent distribution	Amount	Percent distribution	Present law		H. R. 1 as passed by the House		Senate Finance Committee bill		H. R. 1 as passed by the House		Senate Finance Committee bill		H. R. 1 as passed by the House		Senate Finance Committee bill	
					Amount	Percent distribution	Amount	Percent distribution	Amount	Percent distribution	Simple distribution	Cumulated from smallest income class	Simple distribution	Cumulated from smallest income class	Simple distribution	Cumulated from smallest income class	Simple distribution	Cumulated from smallest income class
\$0 to \$1.....	6,989,303	14.07	\$5,417	4.47	\$365	2.05	\$252	1.84	\$303	1.94	\$113	\$113	\$62	\$62	2.79	2.79	2.94	2.94
\$1 to \$2.....	19,201,704	38.66	28,731	23.71	2,746	15.47	1,889	13.78	2,287	14.62	856	969	459	521	21.17	23.96	21.72	24.66
\$2 to \$3.....	13,519,423	27.22	33,479	27.63	3,368	18.97	2,565	18.71	2,939	18.79	803	1,772	429	950	19.86	43.82	20.29	44.95
\$3 to \$4.....	6,108,173	12.29	20,843	17.20	2,384	13.43	1,867	13.62	2,089	13.36	517	2,289	295	1,245	12.78	56.60	13.95	58.90
\$4 to \$5.....	1,909,500	3.84	8,440	6.97	1,136	6.40	898	6.55	1,007	6.44	238	2,527	129	1,374	5.89	62.49	6.10	65.00
Total under 5.....	47,723,103	96.08	96,900	79.98	9,999	56.32	7,472	54.50	8,625	55.15	2,527	-----	1,374	-----	62.49	-----	65.00	-----
\$5 to \$10.....	1,265,839	2.55	8,450	6.98	1,453	8.18	1,151	8.39	1,291	8.25	302	2,829	162	1,536	7.47	69.96	7.66	72.66
\$10 to \$25.....	530,578	1.07	7,850	6.48	2,125	11.97	1,698	12.38	1,907	12.19	427	3,256	218	1,754	10.55	80.51	10.31	82.97
\$25 to \$50.....	105,950	.21	3,580	2.96	1,501	8.45	1,205	8.79	1,350	8.63	296	3,552	151	1,905	7.32	87.83	7.14	90.11
\$50 to \$100.....	36,593	.07	2,537	2.09	1,385	7.80	1,116	8.14	1,272	8.13	269	3,821	113	2,018	6.65	94.48	5.35	95.46
\$100 to \$300.....	8,158	.02	1,260	1.04	857	4.83	695	5.07	787	5.03	162	3,983	70	2,088	4.01	98.49	3.31	98.77
\$300 to \$500.....	570	(4)	216	.18	161	.91	133	.97	150	.96	28	4,011	11	2,099	.69	99.18	.52	99.29
\$500 to \$1,000.....	290	(4)	197	.16	145	.82	126	.92	137	.88	19	4,030	8	2,107	.47	99.65	.38	99.67
\$1,000 and over.....	82	(4)	163	.13	129	.72	115	.84	122	.78	14	4,044	7	2,114	.35	100.00	.33	100.00
Total over 5.....	1,948,060	3.92	24,253	20.02	7,756	43.68	6,239	45.50	7,016	44.85	1,517	-----	740	-----	37.51	-----	35.00	-----
Grand total.....	49,671,163	100.00	121,153	100.00	17,755	100.00	13,711	100.00	15,641	100.00	4,044	-----	2,114	-----	100.00	-----	100.00	-----

<sup>1</sup> The half reduction in tax is effective under the Finance Committee bill in the calendar year 1947 only.

<sup>2</sup> This and the following table are for comparative purposes presented on the basis of income payments of \$170 billion. This does not represent a forecast for the calendar year 1947.

<sup>3</sup> Normal tax, surtax, and alternative tax on capital gains.

<sup>4</sup> Less than 0.01.

NOTE.—Figures do not necessarily add to totals because of rounding.

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

TABLE XII-B.—The estimated individual income tax liability under present law, H. R. 1 as passed by the House, and the Senate Finance Committee bill with the full reduction in tax<sup>1</sup> (with assumed income payments of \$170,000,000,000<sup>2</sup>)

[Money amounts in millions]

Net income classes (in thousands)	Taxable returns		Net income		Tax liability under <sup>3—</sup>						Decrease in tax over present law							
	Number	Percent distribution	Amount	Percent distribution	Present law		H. R. 1 as passed by the House		Senate Finance Committee bill		H. R. 1 as passed by the House		Senate Finance Committee bill		H. R. 1 as passed by the House		Senate Finance Committee bill	
					Amount	Percent distribution	Amount	Percent distribution	Amount	Percent distribution	Amount		Percentage distribution					
											Simple distribution	Cumulated from smallest income class	Simple distribution	Cumulated from smallest income class				
\$0 to \$1.....	6,989,303	14.07	\$5,417	4.47	\$365	2.05	\$252	1.84	\$251	1.83	\$113	\$113	\$114	\$114	2.79	2.79	2.84	2.84
\$1 to \$2.....	19,201,704	38.66	28,731	23.71	2,746	15.47	1,880	13.78	1,877	13.66	856	699	869	983	21.17	23.96	21.62	24.46
\$2 to \$3.....	13,519,423	27.22	33,479	27.63	3,368	18.97	2,565	18.71	2,552	18.58	803	1,772	816	1,799	19.86	43.82	20.30	44.76
\$3 to \$4.....	6,103,173	12.29	20,843	17.20	2,384	13.43	1,867	13.62	1,853	13.49	517	2,289	531	2,330	12.78	56.60	13.21	57.97
\$4 to \$5.....	1,909,500	3.84	8,440	6.97	1,136	6.40	898	6.55	894	6.51	238	2,527	242	2,572	5.89	62.49	6.03	64.00
Total under 5.....	47,723,163	96.08	96,900	79.98	9,999	56.32	7,472	54.50	7,427	54.07	2,527	2,572	2,572	2,572	62.49	64.00	64.00	64.00
\$5 to \$10.....	1,265,839	2.55	8,450	6.98	1,453	8.18	1,151	8.39	1,147	8.35	302	2,829	306	2,878	7.47	69.96	7.61	71.61
\$10 to \$25.....	530,578	1.07	7,850	6.48	2,125	11.97	1,698	12.38	1,697	12.35	427	3,552	428	3,306	10.55	80.51	10.65	82.26
\$25 to \$50.....	105,950	.21	3,580	2.96	1,501	8.45	1,205	8.79	1,204	8.77	296	3,552	297	3,603	7.32	87.83	7.39	89.65
\$50 to \$100.....	36,593	.07	2,537	2.09	1,385	7.80	1,116	8.14	1,162	8.46	269	3,821	223	3,826	6.65	94.48	5.55	95.20
\$100 to \$300.....	8,158	.02	1,260	1.04	857	4.83	695	5.07	716	5.21	162	3,983	141	3,967	4.01	98.49	3.51	98.71
\$300 to \$500.....	570	(1)	216	.18	161	.91	133	.97	138	1.01	28	4,011	23	3,990	.69	99.18	.57	99.28
\$500 to \$1,000.....	290	(1)	197	.16	145	.82	126	.92	129	.94	19	4,030	16	4,006	.47	99.65	.40	99.68
\$1,000 and over.....	82	(1)	163	.13	129	.72	115	.84	116	.84	14	4,044	13	4,019	.35	100.00	.32	100.00
Total over 5.....	1,948,060	3.92	24,253	20.02	7,756	43.68	6,239	45.50	6,309	45.93	1,517	1,447	1,447	1,447	37.51	36.00	36.00	36.00
Grand total.....	49,671,163	100.00	121,153	100.00	17,755	100.00	13,711	100.00	13,736	100.00	4,044	4,019	4,019	4,019	100.00	100.00	100.00	100.00

<sup>1</sup> The full reduction in tax is effective under the Finance Committee bill in 1948 and subsequent calendar years.  
<sup>2</sup> This and the prior table are for comparative purposes presented on the basis of income payments of \$170 billion. This does not represent a forecast for the calendar year 1948.  
<sup>3</sup> Normal tax, surtax, and alternative tax on capital gains.  
<sup>4</sup> Less than 0.01.

NOTE.—Figures do not necessarily add to totals because of rounding.  
 Source: Staff of the Joint Committee on Internal Revenue Taxation.

DETAILED DISCUSSION OF THE TECHNICAL PROVISIONS OF THE BILL  
 SECTION I. SHORT TITLE

Section 1 provides that the act may be cited as the "Individual Income Tax Reduction Act of 1947."

SECTION 2. REDUCTION OF NORMAL TAX AND SURTAX ON INDIVIDUALS

Under existing law the income tax on individuals is determined by first computing tentative taxes at the rates specified in sections 11 and 12 of the code and then reducing the tentative taxes by 5 percent thereof. Section 2 of the House bill provided reductions in the normal tax and surtax on individuals by substituting a larger percentage reduction than 5 percent of the tentative taxes.

With respect to taxable years beginning after December 31, 1946, the House bill reduced the aggregate of the tentative normal tax and the tentative surtax, as follows:

1. If the aggregate of the tentative taxes is \$200 or less, such aggregate is reduced by 33½ percent thereof, a reduction of 30 percent of the tax under existing law;
2. If the aggregate of the tentative taxes is over \$200 but not over \$279.17, such aggregate is reduced by \$67, a reduction varying from 30 percent to 20 percent of the tax under existing law;
3. If the aggregate of the tentative taxes is over \$279.17 but not over \$250,000, such aggregate is reduced by 24 percent thereof, a reduction of 20 percent of the tax under existing law;
4. If the aggregate of the tentative taxes is in excess of \$250,000, the first \$250,000 thereof is reduced by 24 percent (a 20-percent reduction of such portion of the aggregate of tentative taxes after its 5-percent reduction under existing law), and the amount of such aggregate in excess of \$250,000 is reduced by 15 percent, a reduction of approximately 10.5 percent of such portion after its 5-percent reduction under existing law.

Your committee recommends the adoption of the reductions of the House bill for taxable years beginning after December 31, 1947 (with the exception of the introduction of a new bracket covering the aggregate of tentative normal tax and tentative surtax over \$50,000 and not over \$250,000), but recommends that for taxable years beginning in 1947 the reduction should be approximately one-half the reductions recommended for future taxable years.

With respect to taxable years beginning after December 31, 1947, the committee amendment—

- (a) retains the reductions provided in the House bill stated in paragraphs 1 and 2 above;
- (b) in cases where the aggregate of tentative taxes is over \$279.17 but not over \$50,000 retains the rule of paragraph 3 above;
- (c) in cases where the aggregate of tentative taxes is in excess of \$50,000 but not in excess of \$250,000, retains the rule of paragraph 3 above as to the first \$50,000, but provides a reduction with respect to such excess over \$50,000 of 19¼ percent (instead of 24 percent as provided in the House bill), equivalent to a reduction of 15 percent of such portion of the aggregate of tentative taxes after its 5 percent reduction under existing law, as opposed to a comparable reduction of 20 percent under the House bill;
- (d) in cases where the aggregate of tentative taxes is in excess of \$250,000, while still retaining the rule of paragraph 3 above as to the first \$50,000—

- (1) provides, with respect to the portion in excess of \$50,000 and not in excess of \$250,000, the rule stated in paragraph (c), and
- (2) adopts as to the portion of such aggregate of tentative taxes over \$250,000 the same rule as under the House bill (stated in paragraph 4 above) namely: a reduction of 15 percent, equivalent to a reduction of approximately 10.5 percent of such portion of the aggregate of tentative taxes after its 5 percent reduction under existing law.

With respect to taxable years beginning in 1947, your committee amendment provides a

reduction in tax equivalent to approximately half the reduction which your committee would provide in the case of taxable years beginning after 1947. Under the committee amendment—

- (a) if the aggregate of the tentative normal tax and tentative surtax is \$200 or less, such aggregate is reduced by 19¼ percent thereof, a reduction of 15 percent of the tax under existing law;
- (b) if the aggregate of the tentative taxes is over \$200 but not over \$265.52, such aggregate is reduced by \$38.50, a reduction varying from 15 percent to 10 percent of the tax under existing law;
- (c) if the aggregate of the tentative taxes is over \$265.52 but not over \$50,000, such aggregate is reduced by 14.5 percent thereof, a reduction of 10 percent of the tax under existing law;
- (d) if the aggregate of the tentative taxes exceeds \$50,000 but does not exceed \$250,000, the aggregate is reduced by \$7,250 plus 12 percent of the excess of such aggregate over \$50,000. This reduction, with respect to the portion of the aggregate of tentative taxes not over \$50,000, is equivalent to a reduction of 10 percent of such portion after its 5-percent reduction under existing law. With respect to the portion of such aggregate in excess of \$50,000, this reduction is equivalent to a reduction of approximately 7.5 percent of such portion after its 5-percent reduction under existing law;
- (e) if the aggregate of such tentative taxes exceeds \$250,000, the aggregate is reduced by \$31,250 plus 10 percent of the excess of such aggregate over \$250,000. This reduction, with respect to the portion of such aggregate of tentative taxes not in excess of \$50,000, is a reduction of 10 percent of such portion after its 5-percent reduction under existing law. With respect to the portion of such aggregate of tentative taxes in excess of \$50,000 but not in excess of \$250,000, the reduction is equivalent to a reduction of approximately 7.5 percent of such portion after its 5-percent reduction under existing law. With respect to the portion of such aggregate of tentative

taxes in excess of \$250,000, the reduction is equivalent to a reduction of approximately 5.3 percent of such portion after its 5-percent reduction under existing law.

Section 12 (g) of the code provides, as an over-all limitation upon the combined normal tax and surtax in the case of individuals, that such combined tax shall not exceed 85½ percent of the next income of the taxpayer. The House bill substituted for this percentage figure 76½ percent to be applicable with respect to taxable years beginning after December 31, 1946. The committee amendment retains the House figure, but limits its application to taxable years beginning after 1947. With respect to taxable years beginning in 1947, your committee, in order to conform with the revised reductions for 1947, provides that the over-all limitation shall be 81 percent.

For purposes of clarity your committee has combined the various percentage reductions in the tentative taxes into two tables, one applicable for taxable years beginning in 1947 and the other applicable for taxable years beginning after 1947. Section 2 (c) of your committee bill incorporates these tables in section 12 (g) of the code. Sections 11 and 12 of the code are amended by sections 2 (a) and 2 (b), respectively, of your committee bill to provide that the tentative normal tax and tentative surtax computed under such sections shall be reduced as provided in the tables under section 12 (g) of the code as amended by your committee.

The tables provided under the committee amendment to section 12 (g) of the code are designed to apply to the aggregate of the tentative normal tax and tentative surtax, and to provide for a reduction in the combined normal tax and surtax. In view of the fact that there are certain provisions of the code, such as sections 105 and 106, which make it necessary to determine the surtax separately from the normal tax, your committee has provided in section 12 (g) a special rule for making such computations. Under this rule, the surtax shall be an amount which is the same proportion of the combined normal tax and surtax as the tentative surtax is of the aggregate of the tentative normal tax and tentative surtax.

Special provision is made in section 6 of the bill for taxable years beginning in 1946 and ending in 1947, or beginning in 1947 and ending in 1948.

#### SECTION 3. INDIVIDUALS WITH ADJUSTED GROSS INCOME OF LESS THAN \$5,000

Section 3 of the House bill amended the tax table contained in section 400 of the code, relating to the optional tax on individuals with adjusted gross incomes of less than \$5,000. The bill as reported by your committee limits the application of the tax table in the House bill to taxable years beginning after 1947, and provides an additional tax table to be applicable to taxable years beginning in 1947 to reflect the reductions provided by your committee in section 2 of the bill with respect to taxable years beginning in 1947. Special provision is made in section 6 of the bill for taxable years beginning in 1946 and ending in 1947, or beginning in 1947 and ending in 1948.

#### SECTION 4. ADDITIONAL CREDIT AGAINST NET INCOME FOR NORMAL TAX AND SURTAX

Section 25 (b) (1) of the code now provides certain exemptions which are allowable as credits against net income in computing the normal tax and surtax. Section 4 of the House bill amended section 25 (b) (1) of the code by introducing an additional exemption of \$500 for a taxpayer who attains the age of 65 before the end of the taxable year. The House bill provided that in the case of a joint return the additional exemption of \$500 is allowed each spouse who has attained the age of 65 and whose gross income for the taxable year is \$500 or more. The bill as reported by your committee re-

tains the provision of the House bill respecting the additional exemption of \$500 for a taxpayer who has attained the age of 65 and the additional exemption of \$500 for the taxpayer's spouse who has attained the age of 65, but removes the requirement that the spouse must have gross income for the taxable year of \$500 or more. Where a joint return is filed and both the husband and wife have attained the age of 65, the additional exemption for old age will be \$500 for each such taxpayer.

The additional exemptions provided by section 4 of your committee bill, as in the corresponding provision of the House bill, do not apply to a nonresident alien who is not a resident of a contiguous country, to a citizen of the United States who is entitled to the benefits of section 251 of the code, relating to income from sources within possessions of the United States, or to a citizen of a possession of the United States (other than the Virgin Islands) not otherwise a citizen of the United States and not a resident of the United States.

Subsection (b) of section 4 of the House bill amended section 25 (b) (2) of the code to provide that for the purposes of the additional exemption for old age the determination of whether or not an individual has attained the age of 65 shall be made as of the last day of the taxable year. Your committee bill amends section 25 (b) (1) of the code to incorporate this provision, and subsection (b) of section 4 of the House bill has, therefore, been eliminated. In determining the age of an individual for the purposes of the exemption for old age the last day of the taxable year of the taxpayer is the controlling date. Thus, in the event of a separate return by a husband no additional exemption for old age may be claimed for his spouse unless such spouse has attained the age of 65 on or before the last day of the taxable year of the husband. Nor will the husband filing a separate return be entitled to such exemption for said spouse if during the calendar year in which his taxable year begins, he received over half of her support from another taxpayer. In no event shall the additional exemption for old age be allowed with respect to a spouse who dies before attaining the age of 65, even though such spouse would have attained the age of 65 before the close of the taxpayer's taxable year. For the purposes of the old-age exemption, an individual attains the age of 65 on the first moment of the day preceding his sixty-fifth birthday. Accordingly, an individual whose sixty-fifth birthday falls on January 1 in a given year attains the age of 65 on the last day of the calendar year immediately preceding.

Your committee has eliminated subsection (c) of section 4 of the House bill. This subsection amended section 22 of the code (relating to gross income) by adding a new subsection (o) to require an individual entitled to the old-age exemption to include in gross income for the taxable year the first \$500 of certain tax-exempt pensions, annuities, etc. Subsection (d) of section 4 of the House bill which made a technical amendment to section 22 (b) (5) of the code has likewise been eliminated in view of the removal of the provision which originally necessitated its inclusion.

Subsection (b) of section 4 of the bill as reported by your committee contains four technical amendments, not found in the House bill, necessitated by the insertion in the code of the old-age exemption.

Paragraph (1) of section 4 (b) amends section 58 (a) (1) of the code. Existing law requires a declaration of estimated tax if the taxpayers' gross income from wages subject to withholding may be expected to exceed \$5,000 plus \$500 for each exemption to which he is entitled except his own exemption. Your committee amends section 58 (a) (1) to give effect to the old age exemption provided in the bill. Under the amendment a

declaration will be required if the anticipated wage exceeds \$4,500 plus \$500 for each exemption to which the taxpayer is entitled, including his own exemption. Under existing law a single person who has no dependents and is under 65 years of age and who derives his income solely from wages subject to withholding is required to file a declaration if his anticipated wages for the calendar year exceed \$5,000. Under the committee amendment the same result will follow (\$4,500 plus \$500 for his own exemption). Under the committee amendment if the same individual is over the age of 65 the declaration would not be required unless his anticipated wages for the calendar year exceeded \$5,500 (\$4,500 plus \$500 for his own exemption plus \$500 for his old-age exemption). Similarly under existing law, a single person under the age of 65 who has one dependent is not required to file a declaration unless his anticipated wages exceed \$5,500 (\$5,000 plus \$500 for the dependent). The same result would follow under the committee amendment (\$4,500 plus \$500 for his own exemption plus \$500 for his dependent).

The House bill does not make available for withholding purposes the additional exemption allowed to individuals who have attained the age of 65. Paragraph (2) of section 4 (b) would amend section 1622 (h) (1) of the code to authorize the allowance of the old-age exemption for withholding purposes. Paragraph (3) would require employers to give effect to the additional exemption with respect to the first payment of wages made on or after the ninetieth day after the date of the enactment of the bill, if a withholding exemption certificate is filed at least 30 days before such ninetieth day. This will allow employees approximately 60 days from the date of enactment within which to furnish new exemption certificates and will allow employers a minimum of 30 days to give effect to such certificates.

Paragraph (4) of section 4 (b) amends section 23 (x) of the code relating to deduction of medical, etc., expenses. Under the House bill the amendment providing for the additional exemption for old age had the effect of increasing from \$1,250 to \$2,500 the maximum deduction provided for medical expenses by section 23 (x) of the code in the case of a single individual over 65 years of age having no dependents. Under the committee amendment the maximum deduction provided for medical expenses by section 23 (x) of the code will not be increased by the additional exemption provided for old age.

Subsection (c) of this section of your committee bill is identical with subsection (e) of section 4 as passed by the House, and provides that the amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. Special provision is made in section 6 of the bill for taxable years beginning in 1946 and ending in 1947.

#### SECTION 5. REDUCTION IN WITHHOLDING OF TAX AT SOURCE ON WAGES

Section 5 (a) of the House bill amended section 1622 (a) of the code, relating to the percentage method of withholding, to reflect the reductions in tax provided in section 2 of that bill. The House bill required the application of four rates in computing the amount to be withheld under the percentage method instead of the two rates provided in existing law. Your committee amendment simplifies the computation under the percentage method of withholding by substituting three rates for the four provided in the House bill. The wage bracket withholding tables contained in section 5 (b) of the House bill are also adjusted to conform to the above change.

Under your committee amendment section 5 of the bill is made applicable with respect to wages paid on or after July 1, 1947, instead of June 1, 1947, as provided in the House bill.

## SECTION 6. FISCAL YEAR TAXPAYERS

The bill as reported by your committee retains the provision of the House bill respecting the computation of the tax for fiscal years beginning in 1946 and ending in 1947, and adds a new subsection to section 108 to provide for the computation of the tax imposed by sections 11, 12, and 400 for taxable years beginning in 1947 and ending in 1948. This new subsection is necessitated by your committee amendments providing tax reductions for 1947 different from those provided for subsequent years.

Mr. MILLIKIN. Mr. President, the Senate has before it House bill 1, which is cited as the Individual Income Tax Reduction Act of 1947. This bill was reported by the Senate committee with amendments after 9 days of open hearings. Representatives of labor, management, and other groups were heard. The testimony covers 582 printed pages. The record and the report of the committee are on the desks of Senators.

When viewed most conservatively, the present outlook indicates that revenues for the fiscal year 1948 will run well ahead of the budget estimate made last December. This is shown by the increased receipts in the March 1947 returns, and by the fact that income payments in January, February, and March were higher than anticipated. The income level of \$177,000,000,000 during these months is all the more impressive because it does not reflect the wage increases now being made. Because of these wage changes it is likely that the income payments in April, May, and June will be at least as high as those earlier in the year.

The tax collections in the fiscal year 1948 depend to a considerable extent upon the economic conditions prevailing in the earlier years. In taxation, as in other fields, collections lag behind obligations. For this reason the Treasury's estimate of receipts for the fiscal year 1948 is too low. This estimate was submitted on January 3 on the basis of calculations made in December 1946. The level of income payments for the calendar year 1947 used in that estimate was about \$10,000,000,000 less than the level experienced to date in the calendar year 1947.

The Treasury's underestimate of income payments during the first 6 months of the calendar year 1947 means that its estimate of 1948 collections is too low, even though the level of income payments assumed by the Treasury for the fiscal year 1948 itself should turn out to be correct.

An independent estimate prepared recently by the staff of the Joint Committee on Internal Revenue Taxation indicates that receipts in 1948 will be substantially larger than those shown in the Budget message. The extent of the difference between the staff and Treasury estimates depends on the level of income payments assumed for the fiscal year 1948. At the levels which are most likely to appear, an ample surplus will remain to provide for debt retirement and contingencies even after making due allowance for the loss of revenue; if this should develop, resulting from the enactment of H. R. 1. I will discuss this point in detail later.

If we are going to maintain our production and employment at their present

high levels, a tax reduction at this time is most important. This bill is designed primarily to relieve our individual taxpayers from the oppressive tax rates which constitute so great an obstacle to the efficient operation of our peacetime economy. This tax reduction will increase the incentives upon which our system of free private enterprise depends. It will help to stimulate managerial effort. It will encourage the release of venture capital needed to finance the expansion of business and employment basic to the maintenance of our present high level of economic activity.

Because it brings relief to all individual income taxpayers, this bill will be effective in increasing consumer purchasing power. This also will contribute to the maintenance of the existing high levels of income and employment.

Let us examine H. R. 1 and see exactly what it does. While this bill gives all of the 49,500,000 taxpayers filing returns a reduction in taxes, the largest part of the relief goes to those with surtax net incomes of \$1,000 or less. This group includes single persons making up to \$1,667 per year, married couples making up to \$2,222 per year, and married couples with two dependents making up to \$3,333 per year.

These taxpayers will receive a 30-percent reduction in their tax liability in 1948 and subsequent years. In 1947, the reduction will be 15 percent on a full-year basis. However, since new withholding rates with the full 30-percent reduction will be put into operation July 1, 1947, the great mass of these taxpayers will begin to feel the 30-percent reduction immediately after July 1. This group comprises over 26,000,000 taxpayers, or 53 percent of the total number filing returns.

The group receiving the next largest reduction consists of taxpayers with surtax net incomes between \$1,000 and approximately \$1,400. This group numbers around 7,000,000 taxpayers. The bill will reduce their tax by a flat amount of \$67 in 1948 and subsequent years. This \$67 includes the 5-percent reduction allowed under existing law. For 1947 the reduction is \$38.50. This also takes into account the existing 5-percent reduction. However, the full reduction of \$67 has been incorporated in the withholding tables which go into operation July 1, 1947.

The third group consists of taxpayers whose surtax net incomes are between \$1,400 and \$80,000. There are sixteen and one-half million taxpayers in this group, or about one-third of the total. H. R. 1 will reduce their tax by 20 percent in 1948 and subsequent years and by 10 percent in 1947.

The fourth group consists of taxpayers with surtax net incomes between \$80,000 and \$302,000. Approximately 15,000 taxpayers are in this group. This is about three-tenths of 1 percent of the total number of taxpayers. For 1948 and subsequent years this group is given a 15-percent reduction on that part of the tax attributable to income in excess of \$80,000 and 20 percent on that part of the tax attributable to the income below \$80,000. The House bill allowed this group a full 20-percent reduction on their

entire tax. For 1947 this group receives a reduction which is approximately one-half that allowed in 1948.

Those with surtax net incomes above \$302,000 comprise the final group. There are only 577 taxpayers in this group. These receive the same reduction as the previous group on that part of the tax attributable to their surtax net income up to about \$302,000. On that part of the tax attributable to the income in excess of that amount the committee retains the House reduction of 10½ percent for 1948 and subsequent years. For 1947 the reduction on that part of the tax applicable to the income above \$302,000 is approximately 5 percent.

The Treasury has estimated that out of 48,000,000 taxpayers 22,000,000 will not have to compute their tax at all. Their tax will be computed by the collector.

About sixteen and one-half million will use the tax table in which their tax is automatically computed for them. Only about 10,000,000 will compute their tax on Form 1040.

Of these 10,000,000, half will compute their tax exactly as they do under existing law, except that for 1947 they will reduce their tax by 19¼ percent instead of 5 percent, and for 1948 by 33½ percent instead of the present 5 percent. I cannot help feeling that in view of the tax reduction which they receive they will be very happy to do this.

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

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

Mr. LUCAS. The Senator has been discussing House bill 1. I am not sure that I understand fully whether he is discussing the bill which has been reported to the Senate by the Committee on Finance, or whether he is discussing the bill (H. R. 1) which came to the Senate Committee on Finance from the House of Representatives.

Mr. MILLIKIN. I am discussing the Senate version of the bill as amended by the committee.

Mr. President, 1,666,000 taxpayers will reduce their tax by \$38.50 for 1947 and a flat \$67 for 1948. The procedure for these taxpayers will be much simpler than under existing law. Instead of reducing their tax by 5 percent, they will reduce it by the flat amount referred to above.

Approximately 3,300,000 taxpayers remain. The procedure which they will follow will also be simple. Most of these taxpayers will reduce their tax by 14½ percent for 1947 and 24 percent for 1948 instead of the present 5 percent. This group will find it just as simple to use the reduction in this bill as the present 5-percent reduction.

One way of seeing how the tax reductions provided by this bill operate is to see what happens to spendable income.

I ask unanimous consent to insert in the RECORD at this point a table which shows the relation between the spendable income of a married person with no dependents, under existing law, and under the bill as reported by the Committee on Finance.

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

TABLE I.—Comparison of spendable income under present law and Finance Committee bill

MARRIED PERSON—NO DEPENDENTS

Net income before personal exemption	Spendable income after tax			Percent of spendable income after tax to net income before personal exemption		
	Present law	Finance Committee bill		Present law	Finance Committee bill	
		For 1947	For 1948 and subsequent years		For 1947	For 1948 and subsequent years
\$1,000	\$1,000.00	\$1,000.00	\$1,000.00	100.00	100.00	100.00
\$1,200	1,162.00	1,167.70	1,173.40	96.83	97.31	97.78
\$1,500	1,405.00	1,419.25	1,433.50	93.67	94.62	95.57
\$1,800	1,648.00	1,670.80	1,693.60	91.56	92.82	94.08
\$2,000	1,810.00	1,838.50	1,867.00	90.50	91.93	93.35
\$2,500	2,215.00	2,243.50	2,272.00	88.60	89.74	90.88
\$3,000	2,620.00	2,658.00	2,696.00	87.33	88.60	89.87
\$4,000	3,411.00	3,460.90	3,528.80	85.28	86.75	88.22
\$5,000	4,202.00	4,281.00	4,361.00	84.04	85.64	87.23
\$6,000	4,955.00	5,059.50	5,164.00	82.58	84.33	86.07
\$7,000	5,708.00	5,837.20	5,966.40	81.54	83.39	85.23
\$8,000	6,420.00	6,580.70	6,738.40	80.29	82.26	84.23
\$9,000	7,138.00	7,324.20	7,510.40	79.31	81.88	83.45
\$10,000	7,815.00	8,033.50	8,252.00	78.15	80.34	82.52
\$11,000	8,492.00	8,742.80	8,993.60	77.20	79.48	81.76
\$12,000	9,131.00	9,417.90	9,704.80	76.09	78.48	80.87
\$13,000	9,770.00	10,093.00	10,416.00	75.15	77.64	80.12
\$14,000	10,361.50	10,725.35	11,089.20	74.01	76.61	79.21
\$15,000	10,953.00	11,357.70	11,762.40	73.02	75.72	78.42
\$20,000	13,606.50	14,243.85	14,885.20	68.03	71.23	74.43
\$25,000	15,918.00	16,526.20	17,734.00	63.67	67.30	70.94
\$30,000	18,030.00	19,227.00	20,424.00	60.10	64.09	68.08
\$40,000	21,992.50	23,712.25	25,622.00	54.76	59.28	63.81
\$50,000	25,205.00	27,684.60	30,164.00	50.41	55.37	60.33
\$60,000	28,108.50	31,297.65	34,486.80	46.85	52.16	57.48
\$70,000	30,727.00	34,654.30	38,581.60	43.90	49.51	55.12
\$80,000	33,060.50	37,754.45	42,448.40	41.33	47.19	53.06
\$90,000	35,109.00	40,403.60	45,717.65	39.01	44.89	50.80
\$100,000	36,872.50	42,774.00	48,716.62	36.87	42.77	48.72
\$150,000	44,616.50	53,631.60	62,799.02	29.74	35.75	41.87
\$200,000	51,876.00	64,040.40	76,469.60	25.94	32.02	38.23
\$250,000	58,660.50	74,009.20	89,736.42	23.46	29.60	35.89
\$300,000	65,435.50	83,969.20	102,995.17	21.81	27.99	34.33
\$400,000	78,985.50	102,131.00	125,776.50	19.75	25.53	31.44
\$500,000	92,535.50	120,231.00	148,426.50	18.51	24.05	29.69
\$750,000	126,410.50	165,481.00	205,051.50	16.85	22.06	27.34
\$1,000,000	160,285.50	210,731.00	261,676.50	16.03	21.07	26.17
\$2,000,000	295,785.50	391,731.00	488,176.50	14.79	19.59	24.41
\$5,000,000	725,000.00	950,000.00	1,175,000.00	14.50	19.00	23.05

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

Mr. MILLIKIN. It will be seen from this table that under existing law a married person with a \$1,200 income has 96.8 percent of his total income left after tax and about 98 percent left under the bill. However, as the income increases the percentage retained becomes smaller and smaller. For example, the \$12,000 man has only 76 percent left under existing law, and about 81 percent left under the bill; the \$25,000 man has 64 percent left under existing law, and 71 percent under the bill; the \$100,000 man has 37 percent left under existing law, and 49 percent under the bill; and the \$1,000,000 man has 16 percent left under existing law, and 26 percent under the bill.

One of the chief differences between your committee's bill and that which passed the House is the fact that the latter provided for a retroactive tax reduction to January 1, 1947. Your committee's bill has roughly the effect of making the reduction on July 1.

The principal reason for this amendment of the House bill was the effect of the latter on the budget for the fiscal year 1948. The revenue loss resulting from the House version would be \$4,900,000,000, with income payments at \$170,000,000,000. Under the bill as amended by your committee, the reduction for the fiscal year 1948, with the same income payments, will be \$3,200,000,000. Your committee believes that

its bill gives greater assurance that the desired volume of debt retirement will take place, and that adequate provision will be made for such contingencies as might arise.

This amendment to the House bill will also eliminate most of the tax refunds which would have occurred in the fiscal year 1948 under the House bill.

Your committee believes that the refunds resulting from the retroactive feature of the House bill would be of little value from the point of view of stimulating managerial incentive and investment.

The bill provides a special exemption for all persons 65 or over. This group is particularly in need of relief at the present time. It includes a great many retired school teachers, policemen, municipal workers, and persons who have retired from private industry, whose sole source of livelihood is the small amount which they receive as a pension or annuity or as retirement pay.

The concentration of small incomes among persons 65 or over is unusually great. A study by the Bureau of Labor Statistics relating to the year 1944, showed that 45 percent of single males aged 60 or over had incomes below \$1,000, as compared with only 13.6 percent of the single males between 30 and 60. The same study showed that 27 percent of the families of two, with a male head, fell in this income class—namely, the

group having incomes of less than \$1,000—when the head of the family was 60 or over, while less than 3 percent did so when the age of the head of the family was between 30 and 60. Similar results appear in another Bureau of Labor Statistics investigation relating to 1941. The recent national survey of liquid-asset holdings, spending, and saving, conducted by the Bureau of Agricultural Economics, bears out the heavy concentration of small incomes among persons aged 60 or more.

Available statistical data also show that persons aged 65 or more suffered unusually as a result of the increases in cost of living and taxes during recent years. Their incomes did not increase in proportion to the rise in prices and the increase in taxes. Unlike younger persons, most of those now over 65 were unable to supplement their regular incomes by engaging in a gainful occupation at prevailing high rates of wages. Hence, their economic position deteriorated, relative to that of the rest of the community.

The special exemption for all persons aged 65 or over will benefit 3,700,000 taxpayers and will remove 1,400,000 from the tax rolls.

Certain persons 65 and over are already benefiting by a system of exclusions of particular types of income which is a part of existing law. For instance, recipients of annuities under the Railroad Retirement Act and retirement pay of Army or Navy officers discharged by reason of medical survey are excluded in full from gross income by statutory enactment. Annuities under the old-age and survivors insurance system of the Social Security Act have been excluded by Treasury decision.

Of course, these exclusions work a discrimination against recipients of other types of income. The result has been an insistent demand for the extension of similar treatment to other types of retirement income, such as the pensions and annuities paid to former employees of State and local governments, retired school teachers, and former civil-service employees in the Federal Government. The general exemption for all taxpayers 65 and over seems to be a more satisfactory answer to this problem rather than an extension of the system of exclusions of particular types of income.

The House bill contained a provision intended to keep persons who were receiving the fully excluded types of retirement income from obtaining the full benefit of the new \$500 exemption for persons aged 65 and over. That was done by requiring a taxpayer who qualified for the new exemption to include in his gross income the first \$500 received on the account of pensions, annuities, or retirement pay which, but for this bill, would have been excluded in full from gross income.

The principle upon which this provision is based is sound. However, representatives of the Treasury Department have pointed out that this particular section of the House bill involves unusual difficulties of interpretation and administration. Hence it seemed advisable to delete the provision in question from

House bill 1 in order to permit a thorough study of the problem at hand to be made.

Your committee is of the opinion that some remedy for the existing discrimination between various types of retirement income must be found. This problem will be dealt with in connection with the next general tax bill. Meanwhile it should be pointed out that the additional \$500 exemption for persons 65 and over, allowed under House bill 1, may constitute sufficient basis for removing entirely the exclusions of particular types of retirement incomes enjoyed under existing law and Treasury rulings.

One further amendment was made in the portion of the House bill which dealt with this special \$500 exemption. As passed by the House, this exemption was limited to persons aged 65 or over who received gross income of \$500 or more. When the tax is calculated on the basis of a joint return of husband and wife, both of whom are in the appropriate age group, this feature of the House bill involves a substantial inequity. If the wife had, let us say, only \$499 of gross income, under the House bill the couple would receive an additional exemption of \$500. If she had a gross income of \$501, the couple would receive an additional exemption of \$1,000. This difference would appear, even though the total income of the couple remained the same.

To eliminate this inequity the committee amended the House bill so as to allow the \$500 deduction with respect to all persons 65 years of age or over.

As heretofore stated, the bulk of the tax reduction provided by the bill will go to persons with income of \$5,000 or less. I ask unanimous consent to insert at this point in the RECORD a table showing the percentage of reductions which go to persons in specific income brackets.

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

*Estimated percentage distribution of the individual income-tax liability and taxpayers under present law, and of total tax reduction under your committee's bill with a full year's reduction in tax (with assumed income payments of \$170,000,000,000)*

Net income class	Percentage distribution of—		
	Total taxpayers	Total tax paid under present law	Total reduction under Senate Finance Committee bill
\$0 to \$2,000.....	52.7	17.5	24.5
\$2,000 to \$5,000.....	43.4	39.3	39.5
Total below \$5,000.....	96.1	56.8	64.0
\$5,000 to \$10,000.....	2.6	8.2	7.6
\$10,000 to \$25,000.....	1.1	12.0	16.7
\$25,000 and over.....	.2	23.0	17.7
Total over \$5,000.....	3.9	43.2	36.0
Total.....	100.0	100.0	100.0

Mr. MILLIKIN. Mr. President, this table shows that nearly 65 percent of the benefits of the full rate reduction provided by the bill will go to individuals having net incomes of \$5,000 or less. These individuals pay 56.8 percent of the total taxes levied under existing law.

Those with incomes of \$2,000 or less will receive about 25 percent of the total tax reduction provided by the bill. These people now pay 17.5 percent of the tax levied under existing law.

Persons with incomes of \$10,000 and over will receive about 28 percent of the tax reduction. These people are paying 35 percent of the taxes imposed by existing law. These facts reveal the fallacy of any complaint that H. R. 1 brings inadequate relief to the recipients of smaller incomes.

Some critics of the bill allege that the percentage of the relief given to those in the lower brackets should be even greater. Usually this conclusion is reached by pointing out that the percentage reductions provided under H. R. 1 as amended are not the same as the percentage increases which took place in the individual income tax burdens between 1939 and 1945. It is alleged that tax rates should go down in the same manner as they went up during the war.

Behind this argument lurks the assumption that the rate structure of 1939 was an ideal one. This is highly questionable. The rates applied to upper bracket incomes in 1939 were extremely high. They represented the end product of a determined effort to convert the individual income-tax into a device for the redistribution of wealth. In their desire to attain this objective, the proponents of the rate structure developed during the 1930's tended to pay far too little attention to the problem of maintaining managerial initiative and an adequate flow of venture capital. For this reason it is not supportable to use the 1939 rate structure as a basis for comparison.

The real factor limiting the amount of the reduction which can be granted to lower-bracket incomes in the pending bill is the present size of the budget, and the large amount of the total revenue which comes from the lower brackets. Out of an estimated total taxable income of \$121,000,000,000 in 1947, no less than \$97,000,000,000, or 80 percent, is received by persons with net income of \$5,000 or less; \$68,000,000,000, or 56 percent, is received by persons with incomes of \$3,000 or less. Because of this concentration of incomes in the lower brackets, rate reductions in that area are very expensive. To provide a materially greater reduction in these brackets at this time would require a considerable additional reduction in the Federal budget. We could adopt the extremely high tax rates and confiscate all the incomes of these persons, and the result would not be a drop in our revenue bucket.

A bill which concentrated relief exclusively among incomes of \$5,000 or less would do nothing to alleviate the very heavy burdens now imposed upon the people who make the key decisions in our industrial organization. It would do nothing to encourage the persons who are expected to assume the risks of developing the new products and the new enterprises upon which a continued advance in the standard of life of the Nation so largely depends.

A great many people are unaware of the extent of the burdens now imposed. Many do not appreciate the discouragement

to effort, enterprise and risk-taking which results from the existing rate schedule.

The easiest way to show what I mean is to refer to the so-called marginal rates used under the present law.

Mr. President, I ask unanimous consent to insert a table on the subject at this point in the RECORD.

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

TABLE III.—Comparison between the marginal rates of the individual income tax under present law and the Senate Finance Committee bill

Surtax net income		Marginal rates	
From—	To—	Present law	Finance Committee bill
			1947 and subsequent years
\$0	\$1,000	18.8	18.1
\$1,000	\$1,400 <sup>1</sup>	19.0	( <sup>2</sup> )
\$1,400	\$2,000	19.0	17.1
\$2,000	\$4,000	20.9	18.8
\$4,000	\$6,000	24.7	22.2
\$6,000	\$8,000	28.5	25.6
\$8,000	\$10,000	32.3	29.1
\$10,000	\$12,000	36.1	32.5
\$12,000	\$14,000	40.9	36.8
\$14,000	\$16,000	44.7	40.2
\$16,000	\$18,000	47.5	42.8
\$18,000	\$20,000	50.4	45.3
\$20,000	\$22,000	53.2	47.9
\$22,000	\$26,000	56.1	50.4
\$26,000	\$32,000	58.9	53.0
\$32,000	\$38,000	61.8	55.6
\$38,000	\$44,000	65.6	59.0
\$44,000	\$50,000	68.4	61.6
\$50,000	\$60,000	71.3	64.1
\$60,000	\$70,000	74.1	66.7
\$70,000	\$79,700 <sup>4</sup>	77.0	69.3
\$79,700	\$80,000	77.0	71.3
\$80,000	\$90,000	79.8	73.5
\$90,000	\$100,000	82.7	76.6
\$100,000	\$150,000	84.6	78.3
\$150,000	\$200,000	85.5	79.2
\$200,000	\$302,400 <sup>5</sup>	86.5	80.1
\$302,400 <sup>6</sup> and over		86.5	81.9

<sup>1</sup> The exact breaking point in surtax net income under the House bill and as provided by your committee for 1948 is \$1,395.83. Under the bill as amended by your committee the breaking point for 1947 is \$1,327.00.

<sup>2</sup> Incomes in this bracket receive a flat reduction of 87 from the tentative tax.

<sup>3</sup> Incomes in this bracket receive a flat reduction of 38.50 from the tentative tax.

<sup>4</sup> The exact breaking point in surtax net income under the bill as amended by your committee is \$79,728.40.

<sup>5</sup> The exact breaking point in surtax net income under both the House bill and the bill as amended by your committee is \$302,395.00.

<sup>6</sup> It should be borne in mind that the tax is subject to a ceiling of 81.5 percent of surtax net income under existing law, 76.5 percent under the House bill and under the Finance Committee's bill in 1948 and subsequent years, and 81 percent in 1947 under the Finance Committee bill.

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

Mr. MILLIKIN. Mr. President, a person receiving a surtax net income of \$10,000, who obtains an additional income of a thousand dollars, must pay 36 percent of it to the Government. In other words, so far as that bracket is concerned, such a person works more than 2 days a week for the Federal Government alone on his new income. A person whose surtax net income is \$25,000 and who earns an additional \$1,000, must pay the Government 56 percent, or \$560. A person whose surtax net income is \$50,000, who earns an additional \$1,000, must pay 71.3 percent of it, or \$713, to the Government.

The willingness of individuals to put forth additional managerial effort and to take additional business risks depends very largely

upon the portion of their additional earnings which they will be permitted to retain as their own. When 36, or 56, or 71 percent of this additional income is taken from them by the income tax, it is only too obvious that their initiative to exert additional efforts and take additional risks is blunted.

The situation is serious, not merely from the point of view of the individuals involved, but from the point of view of the economy as a whole. So long as our economic system is primarily of a capitalistic character, the material progress which is possible under it depends upon the intelligent and aggressive development of individual business enterprises. If the managers and the owners relax, and fail to put forth their best efforts, the rate of progress in the economy will, at the very least, slow down. If the efforts of the persons who are in control of the private enterprises of our country are inadequate, volume of output will tend to fall, and unemployment will result. If the investors of the country are unwilling to take the risks of developing new enterprises and of bringing new products into the market place, the tempo of business will decline, to the detriment of all the persons who make up our society.

The bill which is now before the Senate would reduce the rates imposed upon the middle and upper as well as the lower bracket incomes.

I wish now to make a few observations on the relation of the pending income-tax reduction bill to the provisions of section 138 (a) of the reorganization Act of 1946 for a legislative budget.

It will be recalled that this act was passed in the closing days of the last session of the preceding Congress and was approved by the President on August 2, 1946.

It calls for the creation of a Joint Congressional Budget Committee which is to meet at the beginning of each regular session of Congress and by the succeeding February 15 is to make budget recommendations in the form of a report to the respective Houses for the ensuing fiscal year including estimated over-all Federal receipts and expenditures for such fiscal year.

The report is to be accompanied by a covering resolution.

The shortness of the time elements involved posed obvious difficulties during the first year of the operation of these provisions for a legislative budget. There was no legislative budget staff and there were no provisions for one. Opportunity was lacking for long and thorough preparatory ground work in the agencies of the Federal Government. In this connection I would remind Senators that the staff of the executive budget numbers about 600 persons and works on a full-time basis.

Nevertheless, following the convening of the Congress on January 3 of this year the joint committee was organized and its budget report was made by February 15. It was accompanied by a covering concurrent resolution.

This resolution was introduced in the Senate on February 15 as Senate Concurrent Resolution 7 and in the House on the same day as House Concurrent Resolution 20. It is brief, and it would

be well to bring it back to mind. It reads:

*Resolved by the Senate (the House of Representatives concurring), That it is the judgment of the Congress, based upon presently available information, that revenues during the period of the fiscal year 1948 will approximate \$39,100,000,000 and that expenditures during such fiscal year should not exceed \$33,000,000,000, of which latter amount not more than \$25,100,000,000 would be in consequence of appropriations hereafter made available for obligation in such fiscal year. It is the further judgment of the Congress that sound fiscal policy requires that not less than \$2,600,000,000 of the excess of revenues over expenditures be applied toward reduction of the public debt during said fiscal year.*

I am now reading from the Senate policy on the budget.

It is further declared to be the judgment of the Congress that all proceeds from the transfer or disposition of property under the Surplus Property Act of 1944, as amended, which are covered into the Treasury as miscellaneous receipts should be applied toward reduction of the public debt.

Those are the Senate's budget running orders.

On February 19, the Senate concurrent resolution came up for action. On March 3, 1947, it was adopted as amended, by the Senate, by a vote of 64 to 20.

The amendment setting the maximum goal of expenditure for the fiscal year of \$33,000,000,000 was carried by a vote of 51 to 33. The amendment providing for debt reduction of not less than \$2,600,000,000 during the same fiscal year was unanimously adopted.

The amended version of the Senate's concurrent resolution went to conference, and the conferees have been unable to agree.

The Senate version was not reached in cavalier fashion. The expenditure-reduction goal of not less than \$4,500,000,000, the debt-reduction goal of \$2,600,000,000 and the other features of the resolution, as amended, were adopted after lengthy debate on February 19, 21, 24, 26, 28, and on March 3, 1947.

A strong majority of the Senators were of the opinion that an expenditure reduction of \$6,000,000,000 at this time might require excessive curtailment of essential governmental activities.

In my opinion, the conferees could have agreed had the representatives of the Senate been willing to split the difference in the conflicting figures of the two Houses. In other words, I believe that had we been willing to commit ourselves to a debt-reduction goal of \$1,300,000,000 instead of two and six-tenths billions, and an expenditure-reduction goal of five and twenty-five one-hundredths billions instead of the Senate's goal of four and five-tenths billions, we could have gotten an agreement.

Speaking for myself, I have been unwilling as a conferee to come back here with that kind of result. It seemed to me that it would have been an affront to my colleagues had we returned with a debt-reduction objective of one-half of that unanimously desired by Members of the Senate. It seems to me it would have been an affront to the Senate, had we come back with a compromise on

debt reduction against our own figure on debt reduction, which has been, in my opinion, becoming more warranted by the passing of time, and, in my opinion, has also become more achievable; indeed, it is now, I think, certain through the operation of H. R. 1, as amended, which is before the Senate.

Moreover, a revenue estimate of thirty-nine and one-tenth billions made in February, when national income payments were estimated for the fiscal year 1948 on the basis of one hundred and sixty-five billions, could not stand as valid against the unfolding facts which now make conservative the present estimate of revenue for fiscal 1948 adopted by the Senate Committee on Finance of forty-one and four-tenths billions.

With the passing weeks, the Senate's four and five-tenths billions expenditure-reduction goal seemed more realistic, as I have said, than the six-billion goal of the House. I could see no point in yielding on this in any substantial respect while our own view of it was gaining strength by experience.

I think it may fairly be said that had we agreed upon a compromise along the lines which might have been available, that is, to have cut the debt-reduction proposal in half and to have raised the expenditure reduction to \$5,250,000,000, every Senator, so far as the consideration of this bill is concerned, would have known it for what it was and would have continued to follow the Senate version or his independent judgment.

Mr. LUCAS. Mr. President, will the Senator yield at that point in his remarks?

Mr. MILLIKIN. Certainly.

Mr. LUCAS. Am I to understand, from the statement made by the distinguished Senator, that there is now no possibility whatever of reaching an agreement with the House conferees on the legislative budget proposal?

Mr. MILLIKIN. I do not say that at all. I am stating the reasons, so far as I am concerned, why we have not come back to the Senate with the compromise.

Mr. LUCAS. What is the opinion of the Senator with respect to the possibility of the conferees reaching an agreement? In other words, the Senator has made a very dynamic statement of his own position with respect to the legislative proposal, and I was wondering whether, from the conferences he has attended, the Senator has any opinion relating to whether or not it is possible for the conferees to get together, and to submit to the Senate any kind of conference report upon the important legislative budget?

Mr. MILLIKIN. I am not without hope on that subject.

Mr. LUCAS. The Senator still has hope—

Mr. MILLIKIN. I have hope.

Mr. LUCAS. But little faith, I take it?

Mr. MILLIKIN. I have hope. I am trying to explain to the Senator why I have not agreed, and perhaps why others have not agreed to a compromise, which they might think would be unrealistic, and which could not be brought back to the Senate.

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

Mr. MILLIKIN. Yes; I yield.

Mr. LUCAS. Will the Senator agree that that ought to be done, that an agreement of some kind between the House and the Senate should be reached upon what is directly laid down for us to do in the Legislative Reorganization Act?

Mr. MILLIKIN. I am coming to that in a moment.

Mr. LUCAS. I am sorry if I interrupted the continuity of the Senator's remarks.

Mr. MILLIKIN. Moreover, since the conferees must come from the Budget Committee, I doubt whether another team taken from the same committee would have achieved any more acceptable results.

Does it take the action of the House to give validity to our own viewpoints when we are working as the Senate? Does not the action of the Senate in setting a four and one-half billion reduction goal bind our consciences just as much as though the same figure had been reached by both Houses?

Can it be said that our Senate Appropriations Committee is not impressed with the Senate viewpoint of the reduction goal set out in the Senate's amended resolution but that it would be impressed if we brought back a phony compromise?

When the Senate Appropriations Committee processes these appropriation bills and brings them before the Senate for our decision will our individual consciences gain any acquittal from duty because our Senate goal has not been approved by the House?

I should add that because of a technical parliamentary situation in the House, the conferees would not be able to bring back a higher estimate of revenue than the new unrealistic one contained in the resolutions before the conference. This comes about through a rule of the House which would subject such a raise in estimate to a point of order. I have been so advised by our parliamentarian who has conferred on the subject with the House parliamentarian.

Will anyone say that we here in the Senate in the process of making a tax bill where estimated revenues are just as important as estimated expenditures, should govern our action by a figure which has become unreal and which cannot be revised because of a parliamentary rule of the House?

I wish that we could have agreed prior to bringing this bill before the Senate. I wish that we could have brought back something reasonably close to the Senate's viewpoints. Let me remind the Senate that consideration of this tax bill was delayed in an effort to reach such an agreement and hoping for such an agreement.

I must disagree, however, with anyone who may contend that we could help the consideration of the matter before us by formal adherence to a compromise which in our hearts we would regard as a sham.

The amount of money that is to remain in the citizen's pocketbook as a re-

sult of our action here, is a very real matter to him, and he is not apt to be interested in mirage diversions.

There will be an effort to delay consideration of the bill until June 10 on the ground that we do not have sufficient information on which to proceed at this time.

This argument will receive more extensive attention after it has been made. At this time, I merely wish to bring it into the perspective afforded by our actions and our fiscal policies in connection with the last tax reduction bill.

This was the Revenue Act of 1945. By that law, we took about 12,000,000 people off of the tax rolls; we abolished excess-profits taxes; we made a flat 5-percent tax reduction.

The then estimated cost of that bill to the revenues was about \$6,000,000,000. At the present rate of national individual income payments a similar bill would carry a cost estimate of about \$9,000,000,000.

The Revenue Act of 1945 came before the Senate for consideration on October 24, 1945. What was the state of the budget at that time? The budget deficit estimated for the fiscal year ending June 30, 1945—we passed the bill in October of that year—was \$53,941,000,000. The budget deficit estimated for the fiscal year June 30, 1946, was \$20,976,000,000.

We were reducing taxes \$6,000,000,000 with an estimated \$53,000,000,000 deficit for the preceding fiscal year staring us in the face and a \$20,000,000,000 estimated deficit ahead of us. From certain conventional standpoints this was the ultimate in fiscal irresponsibility.

Well, surely, there must have been many days of debate; the RECORD must have been full of anguished soul-searching.

How much debate was there? The bill came before the Senate for consideration on October 24, 1945, and was passed on the same day without even a roll-call vote.

The bill went to conference, came back to the Senate on November 1, 1945, and on the same day the conference report was agreed to without a roll-call vote.

But we were not acting irresponsibly. We passed that bill in 1945 because we were anxious to stimulate by tax reduction the transition of our economy from war to peace and we adopted a remedy suited to the purpose. The bill before us is in aid of the same general objective.

Now to contrast the situations. We are not proposing a \$6,000,000,000 tax reduction. The bill before us contemplates \$3,200,000,000 of reduction. We are not offering our bill under the cloud of a \$53,000,000,000 deficit. Under all of the estimates before us, including those of the administration, we will have balanced budgets with surpluses in the fiscal years 1947 and 1948.

We who sponsor this bill accept the estimates of the Joint Committee on Internal Revenue Taxation that the income payments for the fiscal year 1948 will be \$170,000,000,000; that this will yield net receipts of \$41,400,000,000. From this we subtract the Senate's estimate of expenditures for the fiscal year of thirty-three billions. This leaves an estimated surplus for the fiscal year of

\$8,400,000,000. We subtract from this the effect on the revenue if any should develop—of the bill before us, to wit, \$3,200,000,000, which leaves an estimated surplus for debt reduction and contingencies of \$5,200,000,000.

The conservative nature of the \$170,000,000,000 estimate of national-income payments from which follows the estimate of receipts of \$41,400,000,000 is appreciated when we recall that under information released a few days ago by the Department of Commerce, the national-income payments for the first quarter of this year were running at the annual rate of \$176,700,000,000. Not overlooking price reductions which may occur, it is reasonable to believe that these income payments are not apt to decline very much for some time to come in view of the expanding pattern of increased wages over the United States and large corporate profits not yet reflected.

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

Mr. MILLIKIN. I yield.

Mr. AIKEN. In estimating the income of \$41,400,000,000, does the Senator make allowance for any possible income from Government corporations or public-debt accounts or special accounts of trust funds? Has the Senator been able to secure any information as to the possible income from those sources?

Mr. MILLIKIN. The estimate of \$41,400,000,000 proceeds from the estimate of \$170,000,000,000 in national income. I should say that some of those factors enter into the calculation of national income, and I shall be glad to try to secure the exact figures.

Mr. AIKEN. I thank the Senator.

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

Mr. MILLIKIN. I yield.

Mr. TAFT. I think the figures used for the purposes of this agreement are the same as those which are calculated in the President's budget. They were included in the \$39,100,000,000 figure.

Mr. MILLIKIN. Yes. Let me repeat that the Department of Commerce has just told us that the national income for the second quarter of this year is running at an annual rate of \$176,700,000,000. Remember that we are basing our estimates on \$170,000,000,000. Let me suggest again that any tendency to lag, if there should be one, will be held up for some time to come by increased wages the pattern of which is spreading over the country, and by corporate profits which have not yet been fully reflected.

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

Mr. MILLIKIN. I yield.

Mr. HAWKES. Does the Senator remember the month represented by the figure 176.7?

Mr. MILLIKIN. I think it was in the month of March.

Mr. HAWKES. I wish to say to the Senator that I have heard that at the present time the national income is running on an even higher basis than that.

Mr. MILLIKIN. I should not be at all surprised, for the reasons just mentioned, namely, wage increases and unreflected corporate profits.

Mr. HAWKES. I think this might be a good place to interrupt the Senator—



Mr. MILLIKIN. National income, as distinguished from national income payments, is in excess of \$180,000,000,000.

Mr. HAWKES. That was the point. I wished to bring out at this place in the Senator's remarks the fact that the Secretary of the Treasury, Mr. Snyder, when asked a number of times on the witness stand if he saw any recession from the present rate of national income, left the definite impression, as I recall, that he saw no recession in sight. Am I correct?

Mr. MILLIKIN. He made it very clear that there is no serious recession in the contemplation of the Treasury's estimates.

Mr. HAWKES. I thank the Senator.

Mr. MILLIKIN. If I may supplement my answer to the Senator, the Department of Commerce gives total income payments, adjusted seasonally at the annual rate, for January of \$177,100,000,000; for February, one hundred and seventy-seven billion, and for March, one hundred and seventy-six billion seven hundred million which is the figure I used.

Mr. HAWKES. I thank the Senator.

Mr. MILLIKIN. Those who do not believe that an expenditure reduction of \$4,500,000,000 can be made, or that national income payments for the fiscal year 1948 will not average \$170,000,000,000 can cut a billion dollars off at both ends, or \$2,000,000,000 at either end, and there will be sufficient left to meet the Senate's plan of \$2,600,000,000 of debt reduction.

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

Mr. MILLIKIN. I yield.

Mr. DONNELL. I observe at page 70 of the hearings the following colloquy between the chairman and Secretary Snyder:

The CHAIRMAN. In your statement yesterday on page 1, you said, "Nor do I believe that a tax reduction is necessary at this time to assure a continued high level of production."

We had quite a few questions and answers yesterday with the objective of probing your opinion as to whether we were in for a recession, and as I got the burden of your remarks, you are not predicting a recession for fiscal year 1948; am I correct in that?

Secretary SNYDER. That is correct.

I take it that at least in part the Senator bases his comment on Secretary Snyder's utterances in the testimony which I have just quoted.

Mr. MILLIKIN. Yes. I may say to the distinguished Senator that the same thought was reiterated at a number of points in the testimony.

These points will be expanded in due course. I only wish to remind Senators, in aid of a further preliminary perspective, that the proposed income-tax reduction may not result in any revenue reduction. Our past history indicates that in an economy similar to that now existing, income-tax reduction may go hand-in-hand with increased revenue. This was well stated during the consideration in the Senate of the Revenue Act of 1945. I quote from the CONGRESSIONAL RECORD, volume 9, part 8, page 9948:

The rate of tax does not determine what comes into the Treasury. The bill, so far as it affects corporations, is properly a tax

rate-reducing bill. It will not necessarily reduce the amount of revenue coming in. Indeed, if it has the effect which it is hoped it will have, it will so stimulate the expansion of business as to bring in a greater total revenue. I think if one will look back to World War I, he will understand precisely what I am now trying to say.

Mr. President, while it is somewhat aside, I shall pause in the presentation of my prepared statement to emphasize this fact: The Revenue Act of 1918 was approved February 24, 1919, some months after the actual cessation of hostilities. In a sense, that act was both a war-tax act and an immediate post-war tax rate-reduction act, since it provided one schedule of rates for 1918 and a somewhat lower schedule for 1919, 1920, and 1921. The act of November 23, 1921, made more substantial reductions in rates. The recovery of the country from a state of depression in 1920 and 1921 was rapid. The Revenue Acts of 1924 and 1926 made still further tax reductions, but the income from tax revenues of the Government increased through all of that period.

Those were the remarks of the Senator from Georgia [Mr. GEORGE], the distinguished ranking minority member of the Senate Committee on Finance, and then its superb chairman.

Is it possible that, confronted with a balanced budget and surpluses—a consummation for which we have looked with anxious yearning for all these years—we shall dissipate our thoroughly supportable resolution to reduce individual income taxes and yield instead to indecision and delay, so that we may have a further period within which to flagellate ourselves, on the assumption—which should be completely unacceptable and which should be indignantly rejected—that this is necessary to hold us to Senate policies to which we already have committed ourselves?

I hope that we have not been steeped in deficits and despair so long that we simply cannot believe good news, and must meet it with dolorous misgivings. I hope that on further reflection Members of the minority will join us in this effort to restore without delay to 49,000,000 income taxpayers \$3,200,000,000 of their own money.

Mr. President, I have agreed to yield to the Senator from Georgia.

The PRESIDENT pro tempore. The question is on agreeing to the first committee amendment.

Mr. GEORGE obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. GEORGE. I yield.

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

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

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

Alken	Capper	George
Baldwin	Chavez	Green
Ball	Connally	Gurney
Barkley	Cooper	Hatch
Brewster	Cordon	Hawkes
Bricker	Donnell	Hayden
Bridges	Downey	Hickenlooper
Brooks	Dworshak	Hill
Bushfield	Ecton	Hoyer
Butler	Ellender	Holland
Eyrd	Ferguson	Ives
Cain	Flanders	Jenner
Capehart	Fulbright	Johnson, Colo.

Johnston, S. C.	Moore	Taylor
Kem	Morse	Thomas, Okla.
Kilgore	Murray	Thye
Knowland	Myers	Tobey
Lodge	O'Connor	Tydings
Lucas	O'Daniel	Umstead
McCarthy	Pepper	Vandenberg
McClellan	Reed	Wagner
McFarland	Revercomb	Watkins
McGrath	Robertson, Va.	Wherry
McKellar	Robertson, Wyo.	White
McMahon	Russell	Wiley
Magnuson	Saltonstall	Williams
Malone	Smith	Wilson
Martin	Sparkman	Young
Maybank	Stewart	
Millikin	Taft	

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

Mr. GEORGE. Mr. President, I shall not detain the Senate at any great length in connection with this matter. Before I take my seat I wish to lodge a motion, not to postpone indefinitely, but to postpone to a day certain, the consideration of the bill. My remarks will necessarily be brief.

I wish to say at the outset that I am not in disagreement with the distinguished chairman of the Senate Finance Committee as to the desirability of reducing individual income-tax rates. I am not in disagreement with the distinguished Senator or with the majority members of the committee respecting the method of reduction adopted in the bill. As a tax-reduction bill, it seems to me that it is a fairly good approach. The same result might be reached by other methods, but that seems to me to be immaterial, because I am, and have been for a long time, thoroughly committed to a reduction of our wartime taxes. Only the initial step is being taken at this time. If we are eventually to sustain our economy, tax rates must be very greatly reduced, beyond the reduction which will be made effective by the approval of either the House or the Senate bill or of some compromise between them.

With that statement, Mr. President, I wish also to give assurance that I have no desire to postpone the decision upon this bill to a date too late for the setting up of the necessary machinery to put the bill into operation if it shall pass and become law.

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

Mr. GEORGE. I yield.

Mr. KNOWLAND. I could understand and I might be inclined to agree with the remarks of the able Senator from Georgia, the former chairman of the Finance Committee, relative to postponement to June 10, if I felt that we would know any more on June 10 than we know at this time. But I wish respectfully to call to the attention of my colleague from Georgia the fact that last year the Department of Agriculture appropriation bill did not finally become law until June 22, the District of Columbia appropriation bill until July 9, the Interior Department appropriation bill until July 1, the Labor and Federal Security appropriation bill until July 26, the legislative appropriation bill until July 1, the War Department appropriation bill until July 16, the Navy Department appropriation bill until July 8, and

the State-Justice-Commerce appropriation bill until approximately July 1. So it seems to me that we shall not have the final figures or shall not know what the final figures will be in respect to the appropriation bills until they have run the gamut of both Houses of Congress, the conference committees, and have actually gone to the President.

Based on past experience—and last year was not an unusual year—the fact remains, in my opinion, that on June 10 we shall not be any better able to judge what the final figures will be than we are at the present time. For that reason, it seems to me that the fundamental question we have to decide here is whether we shall pass any tax legislation at all which will be effective as of July 1. Certainly if I did not feel that we were going to make a substantial reduction in the Federal debt—a reduction of at least \$2,600,000,000—I would not have supported and would not support the motion of the Senator from Colorado. But the figures seem to indicate that not only can the tax reduction of \$3,200,000,000 be made, but also a considerably greater amount than the debt reduction of \$2,600,000,000.

Since those figures seem to be borne out on the record, and inasmuch as we shall not know any more on June 10 than we know today, I question very much the advisability of postponing action until June 10.

Mr. GEORGE. I thank the Senator from California for his observations. I confess that on June 10 we shall not have absolute knowledge of what the final appropriations will be; but I shall come to that point in the course of my discussion, if I may be permitted to proceed for a few minutes.

Mr. President, in addition to the preliminary remarks which I have already made, I should like to say why I now think we should postpone the consideration of this bill until at least June 10. I am speaking on the basis of the best information which I have been able to obtain—I say to the Senator from California, although it seems he is about to leave the Chamber—and I say that all the major appropriation bills probably will be reported to the House of Representatives by June 12. I have that information upon authority which I regard as authentic. Even in advance of the actual reporting of the appropriation bills, we shall know substantially the pattern set by the House Appropriations Committee. It is true that the House may not agree to the recommendations of its Appropriations Committee, and will not entirely do so. It is also true that the appropriations may be changed by the Senate; undoubtedly that will prove to be true. Finally, in the conference some amounts different from the amounts actually recommended by the House of Representatives Appropriations Committee will no doubt be agreed upon. But when the major appropriation bills clear the House Appropriations Committee, we can begin to get a picture of the expenditures for the fiscal year 1948.

Mr. President, I am very much in agreement with the Senator from Colorado in respect to the legislative budget; I do not think the legislative budget in

and of itself would be very helpful to me. Other Senators take a different view of that matter.

What I am primarily concerned about is the appropriations which finally will be made by this Congress. The acid test of what the Congress is going to do is to be found in the appropriation bills themselves, not in the covering resolution in regard to the over-all legislative budget, which now is quietly asleep, or at rest, I should say, in the conference committee of the House and the Senate.

I invite the Senate simply to look at the facts as they stand today. One or two of the appropriation bills have passed both Houses of Congress. Some have only been reported by the House committee and have passed the House of Representatives. The actual reductions made in the Interior Department appropriation bill are, in round figures, in the amount of \$134,000,000. The appropriations carried in the Labor-Federal Security appropriation bill have been actually reduced by \$103,415,000. I give only the round numbers. The Navy Department appropriation bill, which passed the House of Representatives yesterday, makes cuts under the budget estimates by \$377,519,000. The items in the State-Justice-Commerce-Judiciary appropriation bill reduce the budget estimates by \$159,650,000, in round numbers. The Treasury-Post Office Departments appropriation bill reduces the budget estimates by \$897,072,000. All those reductions constitute a total reduction, as thus far made, of only \$1,671,665,267—to give the exact figure.

Included in that figure is an item of \$800,000,000 for tax refunds. The \$800,000,000 for tax refunds is a very doubtful or dubious cut under the budget estimates. At best, we must pay whatever refunds are finally approved by the taxing authorities or by the courts or by both. Those refunds may not run as high as they have been estimated in the budget, or they may run as high as they have been estimated in the budget. I submit that the reduction made in the Treasury Department appropriation bill by this item of \$800,000,000 is almost a figure out of the air; it has very little to commend itself. If that is taken from the actual reductions already made, we have reductions, as thus far accomplished, amounting to a little more than \$871,000,000.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point for a question?

Mr. GEORGE. Yes; I yield.

Mr. KNOWLAND. As a matter of fact, even assuming that the tax refund item is a debatable one, as the Senator has quite correctly stated that it is, is not that more than offset by the action taken by the Senate 2 days ago in including in the deficiency appropriation bill an amount to make up the losses of the Commodity Credit Corporation on subsidies, which was set up in the President's budget for next year, and amounted to \$830,000,000? The losses themselves only amount, as I recall, to approximately \$600,000,000, but the saving in the budget for 1948, under the budget figure, will be \$830,000,000. So by paying that this year, that will reduce the necessity of having such an item

in the 1948 budget; and that action has already been taken by the Senate.

Mr. GEORGE. That was in the 1948 budget, I may say to the Senator, and we are dealing now with the 1948 budget, so far as the expenditure budget is concerned.

Mr. President, I have some information which would lead me to believe that the House Committee on Appropriations will include some further, and perhaps severe, cuts in the expenditure budget. The best information I have been able to obtain thus far—by June 10 we should be able to secure more accurate information—is that the agricultural appropriations will be reduced by around \$300,000,000. That is a cut which may not stand in both the House and the Senate. It is not likely that the recommendations of the committee will stand insofar as the agricultural appropriation bill is concerned.

Mr. LUCAS. Mr. President, will the Senator yield on that point?

Mr. GEORGE. I yield.

Mr. LUCAS. I presume the Senator has this information with respect to the cut in the agricultural appropriation, only through some individual Member of the House. It is only a guess, is it not?

Mr. GEORGE. That is true, and I am so saying. I am merely estimating what would happen if there were a cut of that amount.

Mr. LUCAS. The question I wish to ask is whether or not the Senator knows the break-down in connection with the suggested \$300,000,000 cut in agricultural appropriations.

Mr. GEORGE. Not fully. A great many of the provisions relate to soil conservation and certain types of subsidies, but I do not know that the information I have received is correct. I do know, however, that of the estimated savings, as best I can gather information as to them, there may be a report at least from the Committee on Appropriations of the House of a saving of \$350,000,000 in the agricultural appropriation bill.

The War Department appropriation, of course, constitutes a considerable item in the President's budget. I should think that if a cut of \$900,000,000 were made in that item that would be about all the Congress would sustain.

When we come to the Veterans' Administration and independent offices bill it is almost anybody's guess as to what may be cut in that appropriation; but it would be a miracle if the House and Senate sustained a cut of as much as \$700,000,000 in all the items carried in that bill.

Mr. President, we would have an actual cut, as matters now stand, and as I estimate, of not more than \$2,786,000,000.

There will be a Treasury surplus at the end of this fiscal year, on July 1, as admitted by the Treasury, of \$1,250,000,000. That, added to what it now looks as though we may be able to cut the budget, would total a little better than \$4,000,000,000. If the cost of the tax bill is taken off, it seems to me that our surplus will be reduced to about \$800,000,000.

Mr. President, I hop I am wrong in these figures, but I wish to see at least what the House Committee on Appro-

provisions intends to do with the important supply bills which are still before it. There is no Member of this body more willing than I to go along with tax reduction, if the indicated reduction in the expenditure budget seems to justify it.

Mr. AIKEN. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to ask the Senator the source of his information that there will be a surplus in the Treasury on July 1 of approximately a billion dollars. I understood the Senator to say that was his estimate.

Mr. GEORGE. The Secretary of the Treasury himself estimated that at the beginning of the fiscal year 1948, that is, July 1, 1947, there would be a surplus of \$1,200,000,000. I believe I am correct in that statement.

Mr. AIKEN. My reason for asking was that certain information I had received led me to believe that there would be a surplus of about \$3,000,000,000.

Mr. GEORGE. I am speaking of the Treasury estimate, and we are so near the end of the fiscal year that it should not be too much of a guess. So I am figuring on a surplus at the beginning of the fiscal year 1948 of \$1,250,000,000. What the surplus would be at the end of the fiscal year 1948, if any, with the present tax rates in effect, would depend entirely on the level of business activity, the national income, and so forth. I do not care to guess about that, because I am not able to guess, and I should be the last one to suggest that we are going into a depression; but I do call attention to one fact, namely, that at this time the deterioration of the economy of the whole world, outside the United States, and possibly Canada and some of the South American countries, is definitely marked.

I also wish to call attention to the fact that we cannot remedy the repercussion of a rapid deterioration of the economy of the whole of Europe and of all Asia. I recall very vividly, as I think every other Senator will recall, that the stock market went into a tailspin in October 1929, and there was a tremendous collapse. We might have pulled out of that, I think we would have pulled out of it, but in 1931 the Rothschild Bank of Austria failed, the repercussions of that failure were felt all over Europe, and it was utterly impossible to escape the long depression period which ensued. Our economy is affected, and always will be affected, and especially at this time, by what happens abroad.

I hope we will not be called upon to make further appropriations to aid and assist the European economy, but I do not know what we may have to do to arrest the deterioration in the economy of Europe. If we have to meet an issue of that kind, whether we like it or not, we will be compelled to do so.

I have not given any consideration whatever to the Greek loan, or to other loans we have recently made, in connection with this statement.

Mr. BREWSTER. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Maine.

Mr. BREWSTER. I gather, then, from the Senator's statement regarding the 1929-1931 episode, that he does not subscribe to what was a rather widespread theory that the conditions then were due entirely to our domestic policies.

Mr. GEORGE. Oh, no, I do not; but I do not want to go back and rehash those old political issues.

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

Mr. GEORGE. I yield to the Senator from Ohio.

Mr. TAFT. As I understand, the Senator is objecting to guessing what the revenue will be; but do we not always have to guess what it will be? Are the revenues not always uncertain, and can we base our guess on anything better than what we are basing it on today?

Mr. GEORGE. I think we can.

Mr. TAFT. We are conservative—

Mr. GEORGE. If the Senator will bear with me a moment, I will tell him why I think we can.

Mr. TAFT. In the last analysis, of course, the estimate of revenues for the next 18 months, or next 15 months—

Mr. GEORGE. Thirteen months.

Mr. TAFT. Is bound to be a guess. It cannot be anything but a guess. We may have a depression, we may have a boom, certain things may happen in Europe, they may not happen in Europe. It seems to me there cannot be an objection to taking a figure on the ground that it is based on a guess, because every estimate of revenue is based on a guess.

Mr. GEORGE. It is based on an estimate; though I concede, of course, that an estimate is more or less of a guess. I do not want the Senator from Ohio to misinterpret what I am saying. I am speaking of conditions that now exist. If there is any man alive who can look at the economy of all Europe and say that it is good, then I should like to see him. I know that it is going to make our task a bit more difficult. I do not say that it necessarily controls us in making our revenue laws; but I do say, and I repeat, that if by June 10 or 12, through the House Appropriation Committee, we can have an actual pattern of what cuts in the expenditure budget will be made, we can proceed with a great deal more confidence and certainly with the consideration of the tax bill.

Mr. President, I know very well that even when the tax bills are passed, both House and Senate, we may be confronted in January or in February with emergency bills to make up a deficit here and there; I understand that; but at the same time I think it is necessary to take certain chances, and I am perfectly willing to concede that it is necessary to take certain chances. At this time, we are looking at conditions as they exist. At the moment, they seem very promising in our own country, and I do not want to say anything that would have even the slightest tendency to undercut whatever business activity or degree of prosperity we hope may grow through 1948; but, on that point, I want to make the observation that the tax cut that is being made will continue beyond 1948. If we

were guessing on that one year only; I should be willing to guess at this moment and not wait until the House committee acts. But the cut that is being made in individual income tax rates is going to remain permanently in our revenue laws; at least those cuts will continue through the fiscal year 1948, the fiscal year 1950, and right on. I grant that they are not too great; they are not so great as I think they must ultimately be made; but that brings me back to our present condition, and to the facts that we actually know to exist at this time.

What is the state of our business, Mr. President? How would any Member of the Senate, in a comparable position, act with reference to the reduction of his revenue, before he had ascertained to what extent his expenditures could be cut? As of the first day of this month, the Treasury had outstanding 90-day bills amounting to \$16,600,000,000. Bear that figure in mind. It had outstanding other maturities, due or callable by June 30, 1948, the end of the next fiscal year, of \$37,600,000,000, or a total of more than \$54,000,000,000. Of course, the Treasury has other maturities, in addition to the 90-day bills and in addition to those due or callable by June 30, 1948, due and callable by June 30, 1952, totaling an additional \$42,500,000,000, making a total of debt maturing or callable between now and June 30, 1952, of \$96,700,000,000. Of course, we also had, over and above these short-terms, obligations which include Treasury notes and Treasury bills and certificates, both the special and the general type, an additional indebtedness of \$161,000,000,000. Bear this in mind—it is important—that included in the \$161,000,000,000 is \$50,000,000,000 of E, F, and G bonds. E bonds are demand notes upon the Treasury, and so are F, and so are G bonds, practically demand notes upon the Treasury.

Therefore, sitting in the place of the Secretary of the Treasury, or sitting in the place of the owner of one's own business, if there existed a situation such as I have described, would not a person in that position want to wait before actually cutting his income, especially when he is asked now, by my motion, to wait only about 20 or 25 days, to see what the picture of his expenditures will actually be, by action of the House Committee on Appropriations, a committee that carries a great deal of weight with respect to expenditures. I want to compliment the House committee. I am anxious for the House committee to cut our expenditure budget. I think, on the whole, they have done a very good job. I do not say that they can reach, as my distinguished friend from Colorado, the chairman of the committee, has assumed, \$4,500,000,000. If the expenditure budget is cut \$4,500,000,000, or even somewhat less than that, then a tax reduction can be made, and the national debt can also be reduced by the amount of the \$2,600,000,000 that was ordered in the Senate.

But, Mr. President, there are the short-term 90-day notes falling due within the next 3 months, in the sum of \$16,600,000,000; there are falling due other obligations within the fiscal year 1948 of \$37,600,000,000. There are E, F, and G bonds of \$50,000,000,000, included in the

\$161,000,000,000; which may, almost overnight, become a charge on the Treasury.

I am speaking of a condition. I do not know what will happen in the fiscal year 1948. As the distinguished Senator from Ohio says, it is, of course, anybody's guess as to what may happen. I concede that. But I am speaking of the conditions that now exist. I am also speaking of the condition that exists throughout the world, which we now know. We know that it is not going to improve materially within the immediate future. That seems to me to make it imperative to wait until June 10, before finally completing the bill.

The distinguished Senator from Colorado has pointed out that the cut in individual income taxes may not actually result in a decline or a reduction in revenue. That is ordinarily true, but I do not believe that a cut of \$3,200,000,000 in individual income taxes will have very great effect upon our revenue income, as a stimulant. I cannot see how it can. It might check or tend to check a decline in revenue, but it is altogether too little, as I see it, to suggest that it could increase very greatly our revenue.

In 1945, when the war ended, I favored tax reduction. I favored it very strongly. Although there are a great many people in the country, some Members of the Senate, who have protested against the cuts that were then made in taxes, I am as confident as I am of anything that if we had retained the excess-profits tax, the capital-stock tax, and the high corporate normal and surtax rates, we would not have passed through the transition period without a crash. I have never been afraid to assume my responsibility for that cut. At that time we entirely relieved 12,000,000 taxpayers in the lowest brackets, and we also relieved all taxpayers by a 5-percent cut, which was not, of course, very substantial. I then hoped, and I now hope, that we might be able now or in the very near future to make a further tax cut in the individual income rates.

I agree as thoroughly as does anyone with what the distinguished chairman of the Finance Committee has said, which the majority has often repeated, that it is necessary to reduce individual tax rates. I personally do not quarrel with the method applied in the reduction of these rates in the pending bill if we are to have a reduction of \$3,200,000,000. There are other Senators who think that the reduction should come by way of increasing the exemptions and relieving a great many people in the lower income brackets.

The defect, the hardship, the weakness in our present revenue law, as I see it, lies, so far as individual rates are concerned, in the high surtaxes, from the lowest bracket to the topmost bracket, and, therefore, I have not quarreled and do not intend to quarrel with the method employed in making the cuts.

There is one thing I believe would be advisable, but failure to adopt it will not restrain me from voting for and supporting a tax cut, if when the House has acted on appropriations we can see how we can make the cut, and that is that I believe it would be advisable to put into

effect, whatever reductions are made, the 1st day of January 1948, rather than July 1, 1947. But that point I do not regard as controlling. The question is whether we can safely now proceed, without the knowledge which can come to us within 20 or 25 days which, although when it comes to us will be subject to certain modifications and some changes, will nevertheless give us a very clear picture of what the cut in the expenditures is going to be.

Mr. President, I lay down as a sound principle that we cannot, in our present circumstances, afford to cut taxes based upon the prospect of an increased income; that we cannot, in present circumstances, predicate a sound tax bill upon what we think—projecting ourselves into the future—is going to be the economic condition of this country and our national income. The only sound basis is to reduce the expenditure budget, and the moment the cut in the expenditure budget goes down even to \$3,000,000,000 then I could, with some degree of confidence, say that we could proceed with a tax-reduction bill, because we could be assured that the surplus already accumulated, and which will be realized, of course, on July 1, just ahead of us, would enable us to make some payments upon our debt.

Mr. President, let me say—and I do not speak as a partisan on tax matters at all—that I think the Congress of the United States could make no greater mistake now than to cut taxes, knowing that it will not be able to restore them to the old level whatever happens. No greater calamity could befall the American economy than to have a balanced budget as of now, and, then perhaps in fiscal 1949, or in fiscal 1950, find ourselves with an unbalanced budget and another period of deficit spending. That would take the heart out of American business; it would take the life out of the American taxpayers. Although the payment of taxes is always hard, so long as the income remains at its present high level we can somehow at least struggle along if we were to defer the tax cut until January 1 next.

The motion which I now make, Mr. President, is for the postponement of the consideration of the bill to a day certain, and I designate that day as June 10, because I believe that will give us an opportunity to obtain the pattern of the appropriations which will be made for the fiscal year 1948.

Mr. President, this is all I have to say at the present time. With respect to the reduction of taxes generally and with respect to the general principle of taxation, I myself am not out of step with what is desired by the chairman of the Finance Committee in the pending bill. I simply believe that it would be the part of wisdom and would enable us to proceed more intelligently if we could postpone the consideration of the bill until June 10.

Mr. President, of course, there are other Senators who wish to discuss the matter, but so far as I am concerned, I have no further remarks to make on the question. I have no desire to delay unduly consideration of the bill. I say that to the Senator from Colorado.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Georgia [Mr. GEORGE] to postpone further consideration of H. R. 1 until June 10.

#### THE ALTERNATIVES TO INTERNATIONAL CONTROL OF ATOMIC ENERGY

Mr. McMAHON. Mr. President, for many months I have been asserting that the overshadowing problem of making a lasting peace rests in the conclusion of a successful control of the murderous use of atomic energy.

Harry Truman, Clement Attlee, and Mackenzie King comprehended this when they declared to the world on November 15, 1945, their determination to share the peaceful and fruitful products of the energy with all mankind and their determination to seek effective prohibitions against its deadly use.

The United States has taken the lead in the formulation of an international program to implement this policy. I take considerable satisfaction that I in a small way contributed to the formulation of that policy. On September 6, 1945, I said on the floor of the Senate that the national and international control of this force must be brought about. On December 5, 1945, I stated my belief that an international authority, internationally owned and inspected, was the medium of such control.

It was because I firmly believed this that I welcomed with a peculiar satisfaction the Acheson-Lillenthal report and the Baruch program. I have, Mr. President, honestly endeavored to test for objective truth and fairness those proposals. I am not ashamed to confess that I have examined and reexamined them in the early hours of the dawn on many occasions. This is a problem which at all hazards must be avoided by insomniacs. But examine them as I would, in consultation and reexamination the answer was the same. Our proposals stand the acid test of logic and conscience and good ethics. I am more than ever convinced that in their acceptance lies the hope of peace.

Some of us make the mistake of believing that the world's peoples know what the United States has proposed. Mr. President, I dare say that they do not know. In a trip I made abroad last fall, I ascertained that what we had proposed was scarcely known in Europe, and the few who pretended to some knowledge on the subject were in error as to what we had proposed. Mr. President, what is our plan? What have we proposed? If our plan is not righteous—if we have not proposed a sound moral and ethical solution of this problem, we shall stand indicted before God and man.

In the American Proposals for International Control of Atomic Energy we have proposed that—

When an adequate system for control of atomic energy including the renunciation of the bomb as a weapon has been agreed upon and put into effective operation and condign punishments set up for violations of the rules of control which are to be stigmatized as international crimes, we propose that (1) manufacture of atomic bombs shall stop; (2) existing bombs shall be disposed of pursuant to the terms of the treaty, and (3) the (International Development) Au-

thority shall be in possession of full information as to the know-how for the production of atomic energy.

In other words, Mr. President, we who possess the most effective military weapon created by man have voluntarily offered to do away with its use if other nations will also refrain from using it. We who possess the secret of the world's most powerful force for the betterment of man's conditions of living voluntarily offer to share that secret with the peoples of the earth, regardless of creed, color, or cash, provided only they agree—and implement that agreement in action—to use it for good and not for evil. On Monday night last, Mr. Gromyko challenged the justice and generosity of that offer. A careful reading of his address indicates that his country has not essentially altered its position on any major point since he announced 11 months ago that our plan was "unacceptable in whole or in part." Mr. Gromyko in his latest speech has strongly reiterated his criticism of the American plan.

He said that the plan envisioned by the American proposals would interfere with the sovereignty and economy of independent states, secure America's atomic monopoly, and impede the development of international confidence and friendship. He reiterated his previous position that the prohibition of atomic weapons must be the first step in any control system, that the elimination of such weapons must begin immediately upon the conclusion of a convention, and that the prohibition of atomic arms should be a concurrent part of a general disarmament.

Mr. President, what is wrong with this position? Do we declare it to be unacceptable simply because we wish to be arbitrary, domineering, and uncooperative? No, Mr. President, we regretfully find the Russian plan unacceptable for the very sufficient reason that it will not give the world the kind of safety and complete security which the world desperately needs in this atomic age.

Let us examine the Russian position in greater detail. In essence, what they propose is an immediate convention outlawing atomic weapons without waiting for agreement on measures of control and punishment; that punishment be left to the Security Council, where there is to be no curbing of the right of veto; and that the International Agency have very limited powers of inspection and no proprietary right of operation.

Under the Russian proposals America would be forced to disarm unilaterally. Limited inspection would give no security against secret violations and national rather than international production and control of atomic energy would increase, rather than diminish, national rivalry and antagonism. It could not promise the peoples of the world freedom from atomic warfare. It would withhold the abundant blessings inherent in atomic energy.

Mr. Gromyko says that the American plan would mean interference with national sovereignty. Certainly that is correct. But will not the United States, with its vast atomic development, be giv-

ing up more and enduring greater interference to its sovereignty than will any other nation?

It is strange the way nations, as well as individuals, cling to definitions and to terms that modern science and invention have made meaningless. Gromyko emphasizes sovereignty, and thereby confesses that he does not have sufficient comprehension of the force of atomic energy. He talks about sovereignty in outworn and obsolete terms. It will do us no good to worship a 1944 definition of sovereignty if in doing so we find ourselves despoiled upon its altar. It is precisely because Gromyko does not realize that his concept of sovereignty has been destroyed as surely as Hiroshima and Nagasaki were destroyed, that he falls into error.

Mr. Gromyko says that the American plan seeks to preserve our atomic monopoly. Mr. President, our purpose, made plain for all to see, is diametrically the opposite. It was made plain in the Truman-King-Attlee declaration which, under American initiative declared:

We are prepared to share, on a reciprocal basis with others of the United Nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.

It was made plain again in our domestic act which, after providing for the common defense and security, provides in section 10 (a) (2)—

That the dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticisms which is so essential to scientific progress.

This, after effective safeguards have been secured.

It was again made plain in the Acheson-Lilienthal plan and the Baruch proposals by the provisions for the establishment of an internationally controlled Atomic Development Authority.

What kind of monopoly is this, Mr. President, which stretches forth the hand, not to take, but to give? What kind of monopoly is this which would reach into the far and undeveloped places of the earth not to exploit and enslave, but to bring freedom from fear and freedom from want? And let there be no mistake. There is inherent in atomic energy the means to the highway of freedom from want. Byproducts of atomic energy used in the study of plant life may eventually reveal nature's secret of photosynthesis and soil fertility and lead to the improvement and the replenishing of the world's food supply. This is something not for the far distant future but for our own times. It is because we want to bring these things to mankind everywhere as well as because we want to remove fear that we have made our proposals.

Yet, Mr. President, Mr. Gromyko finds in this generosity only selfishness; and the American plan he finds entirely unacceptable.

I think it should be stated firmly and quickly that the Russian plan cannot be considered by us, not because we wish to

be arbitrary or uncooperative, but simply because the plan does not furnish the world with the kind of security that is so desperately needed in the age of atomic weapons.

There are many of us, Mr. President, who have given much thought and study to the terrible situation that would arise in the event that no agreement could be reached for the successful control of atomic energy. To anyone who has reflected upon the facts of Hiroshima and Nagasaki, consideration of the alternatives is productive of a state of profound sorrow. God knows the world needs peace. God knows the world wants peace, and yet we must somehow convince the peoples of the world that war, however unnecessary and however unwanted, is not beyond the realm of possibility in the event of failure to agree on a system for controlling atomic energy.

Mr. President, God forbid we should finally fail in our endeavors; but suppose we do. Suppose we are finally driven to admit that it has become impossible to achieve agreement, what then? What are the conditions which will then confront the world? What are the alternative courses of action from which we shall then be forced to choose? Mr. President, to assume the worst is not to exercise it into being. To consider the alternatives is not to prefer them. In the light of the realities of world conditions is it not the better part of wisdom to prepare for the worst while continuing to hope for the best?

Mr. President, on that awesome day, should it come to pass, when the negotiations break down and the negotiators hurry back to their homelands to warn their people, I would not want my country to be taken by surprise. I would not want my people to be left stunned and unprepared for the kind of world we shall then find ourselves living in.

On that day, Mr. President, the destiny of civilization will hang in the balance. Men will look upon the raw and evil face of death and destruction and fear to breathe lest the scales be tipped. When all is hushed the trembling of a leaf may echo like the roar of cannon and a single word may send the Four Horsemen of the Apocalypse charging over the earth like the whirlwind of doom. How shall we then face up to the future? What shall we then be able to do?

Mr. President, when the world can agree only on disagreement, we will, in my considered opinion, have left to us only four alternatives; none satisfactory and all fraught with danger.

First, we could then frankly, openly, and fearfully launch ourselves upon an atomic arms race against Russia; seeking to make even bigger and better atomic bombs and other weapons; striving to keep ahead; hoping to be able to retaliate in case of attack but living from moment to moment under the ministry of fear because of the impossibility of knowing when or where an attack might hit us. It is true we might disperse our cities and relocate our industries, but to be effective such dispersal and relocation

would cost approximately \$300,000,000,000 which is more than half the estimated value of every man-made improvement in the United States.

The cost of such a program added to the financial burden of our present debt would certainly disrupt our entire social and economic system and could result in a Fascist type of rule by edict.

Of all the nations of the earth we are the most vulnerable to atomic attack, because our concentrated industries and crowded cities make excellent targets. Because we are not a police state, it would be impossible for us to evacuate our cities and relocate our industries secretly.

Behind the iron curtain Russia could move her industries and her people as she did in the last war, without the rest of the world knowing a thing about it. Because of the vast untenanted lands to the east, because of the still rich cities to the west in Europe, she could afford to consider a few of her own cities expendable. It has been said that an aggressor would not use atomic bombs because destroyed cities constitute poor booty. But the sacrifice of American cities, or even of the whole country, might be considered none too high a price for the conquest of the rest of the world.

It would not even be necessary for an enemy to destroy our cities in order to destroy us. By the use of radioactive particles, or death dust, as it has been called, in combination with disease germs, every living thing in our cities could be annihilated and the cities themselves left standing and empty of resistance to an invader. With America out of the way, who would be left to stop an aggressor intent on world domination?

Some of my friends take comfort in the thought that since gas was prohibited in the last war and was not used, a simple convention or treaty outlawing the use of the atomic bomb will protect us in the next war. This fallacy is based on the belief that the gang that wiped out Lidice and operated the human furnaces at Buchenwald were restrained in the use of poison gas because of their plighted word. They were restrained from the use of gas because they realized that gas was not the controlling weapon, that there was a defense against it, and that it could be turned against them more successfully than they could use it offensively. But the atomic bomb is the controlling weapon of war. If used in sufficient quantities and without notice all counter strokes of significance can be discounted and written off. Dictators have never in the course of human history been restrained by a treaty. Certainly a nation which relied on one for its defense against atomic attack would erect a Maginot line of paper that would have more fatal and catastrophic effects than the steel one for which it could be named.

No, a unilateral arms race with Russia will bring neither safety nor peace. It is no satisfactory alternative to an international agreement.

A second alternative is to let Russia go her own way if she prefers that and to proceed without her. But an international control plan without Russia would give us no control where we most need it. It would leave unaccomplished that

thing which most needs accomplishment. It would make it easier and quicker for Russian espionage to discover the secrets of bomb production without any restraints, by way of inspection and control over her own activities. No, a control system which does not control Russia in this field will bring neither safety nor peace. It is no satisfactory alternative to a world-wide control system.

Another alternative which has been suggested is based on this type of reasoning: If an atomic war is inevitable, and there is no adequate defense against the atomic attack, since the first assault may be the last, then the best defense is offense. I have long contended that the necessity for atomic control has made obsolete our old definitions of aggression. I assert that for the first time in human history the failure to agree to a sane, effective, and righteous control of a weapon of war constitutes in and of itself an act of aggression. The holding of such an instrument of death over the heads of mankind is a species of assault far more productive of a state of fear and its paralyzing consequences than actual battery itself. The more imaginative, the more creative, the more cultured and sensitive a person is, the more horrible would be his perception of an impending oblivion. Away would go all the values that make life in a democracy worth the candle.

The last thing in the world we want to have happen is to be forced to throw the first atomic bomb in a war of total destruction. I correct myself; it is the last thing but one we want to have happen. The last thing we want to have happen is to have someone else throw such a bomb at us.

Mr. President, we thank God that we would shrink from imposing an atomic Pearl Harbor. It is not our way of doing things. Once launched on such a course, we would have to rule the world to maintain our safety, and we might have to sacrifice our democratic form of government in the attempt. It is certainly not a satisfactory alternative to an international agreement.

The last alternative, and the fourth, which suggests itself is this: Let the nations of the world, in convention assembled, vote on a resolution making the United Nations Atomic Energy Commission proposals the world plan. Invite all peace-loving nations to adhere to the plan and to declare that any nation which refuses by a specified date to accept a plan which has been democratically approved by the majority of the nations of the world is thereby denominated an aggressor. By such action the nations would be seeking only to assure the peace of the world in a most dangerous situation. Failure by even one nation to give such assurance forces the whole world to remain postured for war, when the overwhelming universal desire of all mankind is that the world be postured for peace.

No overt act is necessary to commit aggression when it comes to atomic energy. If I but have a dangerous dog and I fail to keep him in restraint, my neighbors can hale me into court and the law will punish me. To argue that atomic energy is inherently dangerous to

the peace of the world is to belabor the obvious. Failure to show evidence of peaceful intentions with regard to it, is of itself evidence of aggressive intentions. The peace and safety of the world demand that aggression be stopped before it becomes overt and before it is too late.

The moral consciousness of the world, the war-weary bodies and the peace-loving hearts of the peoples of the world, cry out for an end to covert, as well as overt, acts of aggression. To refuse to cooperate with the rest of the world in the search for universal peace, denies to the world the possibility of living and working free from the fear of war. A colossus striding across the international scene with a chip on his shoulder menaces the peace and security of every home and every hut throughout the world. There can be no escape from the contagion of fear; it threatens us, one and all.

At this point I can do no better than to quote the immortal words of Franklin Roosevelt:

When an epidemic of physical disease starts to spread, the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease.

In 1937, when President Roosevelt uttered those far-sighted words, the Hitler aggression might have been stopped by a world quarantine. That costly lesson must profit the world should any nation refuse to adhere to the agreed plan by the specified date.

While this alternative may prove to be the best way to deal with such a desperately dangerous situation, it would of course be indeed preferable for all the nations of the earth to reach agreement.

May God grant it will never be necessary to us to choose among the alternatives. May He make it possible for the nations of the world to come to agreement, so that they may stand, not arm against arm, but eye to eye, looking to a world of peace, of prosperity, and of freedom. God willing and man striving, that can be possible for us all.

#### CONFIRMATION OF NOMINATIONS IN THE ARMED SERVICES

Mr. BREWSTER obtained the floor.

Mr. GURNEY. Mr. President, will the Senator yield to me?

Mr. BREWSTER. I yield.

Mr. GURNEY. Mr. President, it is my intention at this time to report to the Senate certain nominations which have been approved by the Committee on Armed Services. It is urged that these nominations be confirmed promptly, for the reason that in the list of nominations are those of cadets at the West Point Military Academy and midshipmen at Annapolis. Graduation time is approaching, and in order to provide time for the printing of diplomas, and so forth, it will be necessary to have the nominations confirmed by the Senate immediately.

Let me say further that the committee has also approved and has authorized me to report to the Senate certain other nominations involving promotions and transfers, all of which are routine. A large number of them relate to the Naval Reserve, such as appointments in the

Regular Navy, as ensigns, of Naval Reserve midshipmen.

There are also some transfers in the Regular Army, without promotion. I further call the attention of the Senate to the fact that included in the list is the nomination of a new Surgeon General, Brig. Gen. Raymond W. Bliss, to be Surgeon General of the Army, and the nomination of his assistant, Colonel Armstrong. Also there is the matter of placing one vice admiral on the retired list, as a vice admiral.

Now, Mr. President, with this brief explanation, and with the further statement that the nominations were ordered reported from the Committee on Armed Services, I ask unanimous consent that, as in executive session for this purpose only, the Senate receive these nominations, and consider them en bloc, and I move that they be confirmed.

The PRESIDENT pro tempore. Is there objection to the request submitted by the Senator from South Dakota?

Mr. LUCAS. Reserving the right to object, Mr. President, I did not quite understand the urgency of the unanimous-consent request.

Mr. GURNEY. The urgency is that included in all these nominations—and they were considered en bloc by the committee—they are this year's graduates of West Point and Annapolis. June week is approaching, certain papers must be ready, and the authorities would like to have time to have the diplomas printed and to have the necessary preliminary work done in connection with the graduations at the two Academies.

Mr. LUCAS. As I understand the Senator's remarks, what is requested is absolutely necessary before the students at Annapolis and West Point can get their diplomas.

Mr. GURNEY. Oh, yes.

Mr. LUCAS. And it is urgent to that extent?

Mr. GURNEY. I think so.

Mr. LUCAS. I shall not object, but a great number of postmaster nominations have been sent to the Senate, some 800, which have been held up from the time they were received.

Mr. GURNEY. I understand that, but my unanimous-consent request is that, because of the conditions regarding the cadets at West Point and the midshipmen at Annapolis, the Senate, as in executive session, consider only their nominations.

Mr. TYDINGS. Mr. President, will the Senator from South Dakota yield?

Mr. GURNEY. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to suggest to my colleague from Illinois, in

whose effort regarding the post-office nominations I joined a few days ago, that as a member of the Committee on the Armed Services, of which the distinguished Senator from South Dakota is the chairman, I know these nominations were reported unanimously by the committee with the distinct understanding that the chairman would as soon as possible make the request he has submitted, because unless the matter is disposed of very quickly, the men in the Academies will not be graduated in the regular legal and routine way. So I shall ask the Senator from Illinois if he will not let these nominations go through without further objection, although I share the sentiments he has expressed. However, I believe that in view of the circumstances as outlined by the Senator from South Dakota, a special case is made out, and we do not want to penalize some other nominees while trying to get justice for some in whose behalf I know the Senator from Illinois has worked diligently.

Mr. LUCAS. Mr. President, will the Senator from South Dakota yield?

Mr. GURNEY. I yield.

Mr. LUCAS. I am not going to enter a formal objection to the present consideration of the nominations, but I hope that, at the proper time, the Senator from South Dakota will join the Senator from Illinois and others in seeing that action is had on the postmaster nominations which have been sent to the Senate by the President of the United States, and who are now standing by awaiting action on the part of the Senate. I appreciate that the young men graduating from the Naval Academy and the Academy at West Point are entitled to consideration by the Senate, but, at the same time, a great number of disabled veterans, who went forth and fought for their country in World War I and World War II, are standing by at this moment, at the crossroads in every State in the Union, waiting for the Senate to take the same generous action the Senator from South Dakota is asking it to take on behalf of the cadets and midshipmen, in order that these veterans, too, may have an opportunity to make a livelihood in their own communities, and in order that they may get the recognition to which they are justly entitled under the laws of the land, and under what should be every senatorial privilege and courtesy.

Mr. GURNEY. I thank the Senator.

The PRESIDENT pro tempore. If there is no objection to the request of the Senator from South Dakota, the nominations in the Army, Navy, and Marine Corps reported favorably from the Committee on Armed Services by the Senator from South Dakota will be

considered en bloc, and, without objection, the nominations are confirmed, and the President will be notified immediately.

#### REDUCTION OF INDIVIDUAL INCOME TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income tax payments.

Mr. BREWSTER. Mr. President, I wish to speak briefly about the proposed delay in the consideration of the revenue bill. As a member of the committee which considered the bill, it is my hope that what I understand to be the pending question, namely, a motion to delay consideration of the bill to June 10, shall not be favorably acted upon, since if there is to be tax reduction effective July 1, I think all are agreed that we must proceed forthwith to the consideration of the bill.

I am somewhat puzzled by the logic of the Senator from Georgia in view of what has hitherto taken place, since in the Senate committee, when this matter was being considered, there was, as I recall—and I want to do the Senator full justice—a motion by the Senator from Georgia to fix the date of the tax reduction as of January 1, 1948. How it is possible to pass upon the fiscal state of the Treasury on January 1, 1948, and yet have very serious doubt as to the fiscal state of the Treasury on July 1, 1947, is one of the questions I have been unable to resolve.

It seems to me that if we are able to forecast our situation for 7 months, we certainly should be able to forecast it for the intervening month, which is the only difference between us, so far as the period involved is concerned, in the proposal presented by the bill as reported by the Senate committee.

In order to have before us clearly the precedents in this matter, I have had compiled a history of the major tax legislation covering the period of the last 20 years, and I shall ask that there be included in the RECORD at this point a transcript of this analysis, showing that in 9 out of 19 cases of revenue legislation, the bills have been passed far earlier in the session of Congress than is now contemplated, so that in every one of those instances the Congress must not only have been proceeding upon estimates, but upon estimates far in advance of the conditions which we are now able seriously to consider.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Maine?

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

Major tax legislation 1926-46 (inclusive)

Bill No.	Congress	Title of act	Date passed House	Date passed Senate	Date became law	Public law or public resolution number	Session and date
H. R. 1	69th	Revenue Act, 1926	Dec. 18, 1925	Feb. 12, 1926	Feb. 26, 1926	Public Law 20	69th Cong., 1st sess., Dec. 7, 1925, to July 3, 1926.
H. R. 1	70th	Revenue Act, 1928	Dec. 15, 1927	May 21, 1928	May 29, 1928	Public Law 532	70th Cong., 1st sess., Dec. 5, 1927, to May 29, 1928.
H. J. Res. 133	71st	Tax Reduction	Dec. 5, 1929	Dec. 14, 1929	Dec. 16, 1929	Public Resolution 23	71st Cong., 2d sess., Dec. 2, 1929, to July 3, 1930.
H. R. 10236	72d	Revenue Revision 1932	Apr. 1, 1932	June 1, 1932	June 6, 1932	Public Law 154	72d Cong., 1st sess., Dec. 7, 1931, to July 16, 1932.
H. R. 7835	73d	Revenue Act, 1934	Feb. 21, 1934	Apr. 17, 1934	May 10, 1934	Public Law 216	73d Cong., 2d sess., Jan. 3, 1934, to June 18, 1934.
H. J. Res. 324	74th	Revenue	June 17, 1935	June 26, 1935	June 28, 1935	Public Resolution 36	74th Cong., 1st sess., Jan. 3, 1935, to Aug. 26, 1935.

## Major tax legislation 1926-46 (inclusive)—Continued

Bill No.	Congress	Title of act	Date passed House	Date passed Senate	Date became law	Public law or public resolution number	Session and date
H. R. 8974.....	74th.....	Revenue Act of 1935.....	Aug. 5, 1935	Aug. 15, 1935	Aug. 30, 1935	Public Law 407....	74th Cong., 1st sess., Jan. 3, 1935, to Aug. 26, 1935.
H. R. 12395.....	74th.....	Revenue Act of 1936.....	Apr. 29, 1936	June 6, 1936	June 22, 1936	Public Law 740....	74th Cong., 2d sess., Jan. 3, 1936, to June 20, 1936.
H. R. 9682.....	75th.....	Revenue Act of 1938.....	Mar. 11, 1938	Apr. 9, 1938	May 28, 1938	Public Law 554....	75th Cong., 3d sess., Jan. 3, 1938, to June 16, 1938.
H. R. 6851.....	76th.....	Revenue bill, taxation.....	June 19, 1939	June 22, 1939	June 29, 1939	Public Law 155....	76th Cong., 1st sess., Jan. 3, 1939, to Aug. 5, 1939.
H. R. 10039.....	76th.....	Taxation.....	June 11, 1940	June 19, 1940	June 25, 1940	Public Law 656....	76th Cong., 3d sess., Jan. 3, 1940, to Jan. 3, 1941.
H. R. 10413.....	76th.....	Taxation, national defense.....	Aug. 29, 1940	Sept. 19, 1940	Oct. 8, 1940	Public Law 801....	Do.
H. R. 3531.....	77th.....	Taxation, excess-profits tax.....	Feb. 25, 1941	Mar. 3, 1941	Mar. 7, 1941	Public Law 10.....	77th Cong., 1st sess., Jan. 3, 1941, to Jan. 2, 1942.
H. R. 5417.....	77th.....	Taxation, Revenue Act of 1941.....	Aug. 4, 1941	Sept. 2, 1941	Sept. 20, 1941	Public Law 250....	Do.
H. R. 7378.....	77th.....	Taxation, Revenue Act of 1942.....	July 20, 1942	Oct. 10, 1942	Oct. 21, 1942	Public Law 753....	77th Cong., 2d sess., Jan. 5, 1942, to Dec. 16, 1942.
H. R. 2750.....	78th.....	Taxation, collection method.....	May 4, 1943	May 14, 1943	June 9, 1943	Public Law 68.....	78th Cong., 1st sess., Jan. 6, 1943, to Dec. 21, 1943.
H. R. 3687.....	78th.....	Taxation, revenue.....	Nov. 24, 1943	Jan. 21, 1944	Feb. 25, 1944	Public Law 235....	78th Cong., 2d sess., Jan. 10, 1944, to Dec. 19, 1944.
H. R. 4646.....	78th.....	Taxation, simplification.....	May 5, 1944	May 20, 1944	May 29, 1944	Public Law 315....	Do.
H. R. 4309.....	79th.....	Taxation, reduce.....	Oct. 11, 1945	Oct. 24, 1945	Nov. 8, 1945	Public Law 214....	79th Cong., 1st sess., Jan. 3, 1945, to Dec. 21, 1945.

Mr. BREWSTER. Mr. President, this exhibit shows the approximate date, during the session of the Congress when the tax bills were passed, under three categories—early in the session, the middle of the session, and late in the session—and I think it will be very useful in the consideration of the motion made by the Senator from Georgia, for whose views in fiscal matters I continue to entertain the very highest regard.

I wish to call attention to the history of this period, beginning in 1926, to show that at all times, under all administrations, in both Houses, it has always been recognized that Congress, in passing revenue legislation, must proceed upon estimates. I understand the Senator from Georgia recognizes this practice, but prefers that certain of the clouds in the sky shall be dissolved before we proceed further.

The result, however, must be that any possible reduction on July 1, 1947, would be rendered illusory by such action, and it is for that reason I feel very strongly, and in full accord with the many members of the committee and of the Senate and of the House, that we should proceed with this matter forthwith.

I cite from the RECORD for December 10, 1925, when the revenue legislation of that year was being considered in the House of Representatives, a comment on the situation by Mr. Collier, of Mississippi, a Democratic Member. I trust Senators will notice that throughout this history there runs the constant conflict between Treasury estimates and congressional estimates, that the current issue with which we are concerned here, and which the Senator from Colorado has so ably presented, is nothing at all new, that it was not discovered in this session, that perhaps the Treasury experts are too conservative or too optimistic, that the House and Senate have always found it necessary to exercise a certain degree of independent judgment, and that the results in many instances have completely vindicated their conclusions. And so I quote Mr. Collier, Democrat, from Mississippi, to the following effect:

Now, why do I make the statement that I am willing to vote for the repeal of special taxes which will cost nearly \$150,000,000—

In those days, I may interpolate, they were discussing comparatively moderate sums—

When we have heard from the chairman of the committee that the advice from the Treasury is that \$325,000,000 is as far as we could go without danger. I make it for two reasons—one may be political and the other a common-sense mathematical one. One is because I have no confidence in these estimates.

We all remember that the 1924 bill was in the hands of the President some time before it was finally signed, and there were many vague rumors that it might meet with a veto because the Treasury experts, headed by Mr. McCoy, their chief expert and statistician, had told us that the bill would not only give no substantial relief, but the repeal of certain special taxes together with the unscientific lowering of the surtax rates would result in an annual deficit of nearly \$300,000,000. But Congress had heard the prophecies of these experts before and insisted on the 40 percent rate.

I do not wish to make a reflection on Mr. McCoy. I believe he is an able and conscientious statistician, but he made an awful poor guess in 1924. He made an even poorer guess in 1922.

In January 1922, the Treasury Department through its actuaries came before the Committee on Ways and Means and told us that there would be a deficit of \$279,000,000 for the year 1923. Instead of a deficit there was a surplus of over \$300,000,000. These actuaries' opinions were estimated only on the current year, when they had full information of the condition of business before them.

When prophets make prophecies and I find they turn out so differently from what they said, then I lose confidence. Did the 1924 bill give relief? Under the heavy surtaxes of 1924, paid under the 1921 act, we presented to the American people \* \* \* a rebate of 25 percent. That was some relief. At the same time, instead of that deficit of over \$200,000,000 as stated by Mr. McCoy and \$320,000,000 as stated by Mr. Mills, there was a surplus of \$290,000,000. When we are confronted with a mistake of \$400,000,000, when less than \$2,000,000,000 were intended to be collected, I think we can safely say that we may regard with some doubt future statements coming from the same source. Again, that is not all. I do not believe I am divulging any of the executive sessions of the committee when I say that it is the belief of all of us on the committee \* \* \* that practically every estimate of expenditures from the Department was an overestimate and every estimate for collection of taxes was an underestimate. I do not criticize

the Treasury Department for being careful, but they are overcautious.

That quotation from the remarks of Mr. Collier is found in the CONGRESSIONAL RECORD, volume 67, Sixty-ninth Congress, first session, pages 644 and 645. I may point out that this was in the period following the close of World War I; somewhat later than the present period, but in the same period of reconstruction.

We now come to a statement on December 8, 1925, by Mr. Green, of Iowa, chairman of the Ways and Means Committee, introducing on the floor of the House the revenue bill which later became law in 1926, 6 months before the end of the session and 5 months before the estimates went into effect. In introducing this bill, Mr. Green said:

Last spring, during the Sixty-eighth Congress, it became evident that the revenues which would be received under the act of 1924 would be far larger than were necessary to carry on the proper functions of the Government. The Treasury then estimated, as I recollect, that \$250,000,000 surplus would be produced for the fiscal year 1925, although the original estimate has been only \$67,884,000 and a surplus of about \$250,000,000 for the fiscal year 1926.

That is cited, again, from the same CONGRESSIONAL RECORD, volume 67, page 519.

In the debate in the Senate on the revenue bill of 1926, the late Senator Harrison of Mississippi expressed his doubt as to the accuracy of Treasury estimates of Government income and expenditures in the past. I think we all recall the position which Senator Harrison occupied in the consideration of fiscal matters throughout his distinguished public career. He said:

The Secretary of the Treasury said at that time (when the revenue bill of 1924 was being considered) that the Treasury would stand for only a reduction of \$325,000,000. The Democrats contended that it would stand a still greater reduction.

It is interesting to note that here we have the other side of the aisle contending for the very principle which they oppose today.

Events have proved that the minority was correct. Even in 1924 we gave to the country a \$400,000,000 reduction instead of \$325,-



000,000 over the protest of the present Secretary of the Treasury.

The Secretary of the Treasury having been wrong both times previously when he made an estimate and asked for the passage of a tax reduction bill, and having been mistaken anywhere from \$200,000,000 to \$300,000,000 it is reasonable to assume that he is wrong this time. He is merely guessing now, as he guessed twice before. (CONGRESSIONAL RECORD, vol. 67, 69th Cong., 1st sess., p. 2882.)

So that it is not new for a Secretary of the Treasury apparently not to possess infallibility in his estimates. We have seen the variance in the estimates under the present Secretary of the Treasury, by billions of dollars in the developments of recent months.

Coming down to the later date of 1932, we have a distinguished sponsor of a distinctly different ideological point of view in Representative Fiorello LaGuardia. I think it may be of some significance, because I think certain of Mr. LaGuardia's comrades have been most critical of any attempts at tax reduction at this time.

Speaking on March 18, 1932, in the House debate regarding the revenue bill of 1932, Mr. LaGuardia said:

There seems to have been a rather deliberate attempt to confuse the membership on anticipated revenues for the year 1931. Of course the revenue from income of 1931 at its best can be only an estimate. Whether or not these estimates were officially considered by the Committee on Ways and Means, of course I do not know, but I do know that a very conservative estimate has been made—

I think that certainly applies to the figures of the very conservative chairman of the Finance Committee, the Senator from Colorado, today—

and that the information was known and available to the membership of the committee. They are based on a most drastic reduction from the last available returns after proper comparisons were made. The estimate is most conservative.

There followed a comparison of income in 1930, based on returns filed August 31, 1931, and estimates for 1932. Representative LaGuardia then continued:

Surely all must admit that sufficient allowance has been made for reduced incomes.

That is from the CONGRESSIONAL RECORD of March 18, 1932, volume 75, part 6, page 6468, the Seventy-second Congress, first session.

I come down to 1935; and again I call to the witness stand the distinguished chairman of the Finance Committee at that time, the Honorable Pat Harrison, of Mississippi, who, in reporting the Revenue Act of 1935, explained the changes made in the House version of the bill. Throughout his explanation runs the admission that the amounts reported are based on estimates by Treasury experts and committee experts. He spoke as follows:

It is quite interesting to note that according to the estimates of both the Treasury experts and the committee experts, by virtue of the increase in surtaxes in the Finance Committee proposal only \$4,000,000 will be derived from those very great increases. That answers some of the questions

as to how much money we can get for the Government by drastic increase of rates on incomes in the higher brackets.

The excess-profits-tax provisions of the House bill, it is estimated, should provide \$100,000,000; but in the Senate committee bill we made the tax milder and more liberal, so that we propose to raise only \$10,000,000 of increased revenue from excess profits.

In lieu of the inheritance tax the Committee on Finance has recommended an increase of the rates in the present estate-tax structure. From that source there should be derived approximately the same amount which it is estimated would be obtained from the inheritance tax carried by the House bill; that is, the Senate committee proposal would raise \$80,000,000 of increased revenue.

From the gift tax, which is a corollary to the increased inheritance tax of the House bill, or to the estate tax in the Senate committee proposal, we should receive \$24,000,000 under the House bill from the increased rates on gift taxes, while under the Senate committee proposal the increase, it is estimated, would be \$21,000,000. (CONGRESSIONAL RECORD, vol. 79, pt. 12, 74th Cong., 1st sess., August 14, 1935, pp. 13041 and 13042.)

Mr. MILLIKIN. Mr. President—  
The PRESIDING OFFICER (Mr. DONNELL in the chair). Does the Senator from Maine yield to the Senator from Colorado?

Mr. BREWSTER. I am very happy to yield to the Senator from Colorado.

Mr. MILLIKIN. On the subject of erroneous estimates, may I invite the attention of the distinguished Senator to page 158 of the hearings before the committee. Mr. Lawton was the witness. He was the acting Assistant Director of the Budget. He was asked:

The CHAIRMAN. How much did you miss your budget estimate for the fiscal year 1947?  
Mr. LAWTON. From the original?

The CHAIRMAN. Comparing the original with what you now believe will be the results at the end of the year, how much will you have missed your budget estimate?

Mr. LAWTON. The original estimate for the fiscal year 1947 which was contained in the budget document in January 1946 was 31.5. The present estimate is 42.5.

I might say that that estimate had been revised in connection with the budget summation last year, last August, and it was revised in the January budget.

The CHAIRMAN. What will your surplus be at the end of this fiscal year?

Mr. LAWTON. \$1,250,000,000.

The CHAIRMAN. \$1,250,000,000?

Mr. LAWTON. Yes.

The CHAIRMAN. And what was your predicted deficit?

Mr. LAWTON. The original estimate was 4.5 billion?

The CHAIRMAN. And the original estimate you predicted a deficit for the fiscal 1947 of 4.5 billion?

Mr. LAWTON. That is right.

The CHAIRMAN. And you will wind up with a surplus of \$1,250,000,000.

Mr. LAWTON. Yes. Those estimates have been revised twice in the intervening period.

The CHAIRMAN. As of the present time, from the time of your first estimate, you have missed it \$5,750,000,000; is that correct?

Mr. LAWTON. That is the difference between expenditures and receipts; yes.

The CHAIRMAN. A total miss of \$5,750,000,000; is that right?

Mr. LAWTON. Yes.

That throws an interesting perspective, I suggest, on all the quarreling they used to have over a \$300,000,000 miss.

Mr. BREWSTER. I think it is very revealing as indicating the very great difference in our fiscal situation, as they used to be most meticulous over a few million dollars or a hundred million dollars, and now they miss by \$5,000,000,000 and are very complacent about the situation.

Mr. President, the matter of estimates seems to be a source of some perturbation to our friends on the other side of the aisle.

I come now to 1936, and again to a distinguished Democrat, Representative Samuel B. Hill, Democrat, of Washington, who has this to say in discussing tax bill procedures on April 23, 1936:

It has been the practice of the Ways and Means Committee as far back as I know anything of its procedure, first, to get the information through study and through hearings, and then write the bill. I recall in 1932 \* \* \* with hearings on a tax bill before the Ways and Means Committee. \* \* \* The Ways and Means Committee regardless of partisanship, undertook to meet the revenue requirements as outlined by the \* \* \* Secretary of the Treasury. Not only did the Secretary of the Treasury not bring a bill already prepared for the Ways and Means Committee but he came back repeatedly revising his estimates and asking for more money and asking the Committee on Ways and Means to find sources of additional revenue.

In every revenue bill since that time the same procedure has been followed. I am advised that the same procedure was followed prior to that time.

I am not criticizing \* \* \* but simply pointing out this is the practice of the Republican Members when they are in control and it is the practice of the Democratic Members when they are in control, especially when they have been forewarned that the minority Members are opposed to every part of the measure and every part of the proposed legislation.

It is true that we rely upon the (committee) experts, including the drafting service; and we have, I think, as able men in this service as can be found, and we are glad to rely upon them.

This statement is to be found in the CONGRESSIONAL RECORD, volume 80, part 6, Seventy-fourth Congress, second session, April 23, 1936, at page 3998.

I come now to the statement of Representative Allen T. Treadway, Republican, of Massachusetts, on the same revenue bill:

The Treasury itself has not furnished a definite estimate of what the bill is expected to produce in the way of revenue, and even if it did the estimate would be no more than a guess. The Federal revenue is actually jeopardized by the bill when it abandons an assured collection of \$1,132,000,000 from corporations in favor of a yield which at most is pure conjecture and which will undoubtedly be disappointing in amount. (CONGRESSIONAL RECORD, vol. 80, pt. 6, 74th Cong., 2d sess., April 23, 1936, p. 5990.)

That was when a Republican was questioning the Democratic step in that direction.

Coming to 1936, Senator King, Democrat, of Utah, in presenting the Senate

version of the Revenue Act of 1936, spoke as follows:

I wish to say something about the estimates of the bill. Conservative estimates indicate that the committee bill will yield about \$829,000,000 as compared with the yield of \$803,000,000 claimed under the House bill.

In reaching the conclusions respecting the revenue yield, due consideration was given to the Treasury estimates. The committee also gave consideration to the estimates submitted by its own experts. \* \* \* In the report submitted by the committee the Senators will find a statement based upon the Treasury estimates indicating that they were made in an abundance of caution, and that reasonably we may expect, if the Senate bill shall be enacted into law, that the full amount of at least \$829,000,000 will be raised in addition to the existing revenue.

We now come to the Revenue Act of 1937; and again we find estimates. Representative Thomas E. Jenkins, of Ohio, a Republican, had this to say in discussing the bill:

I expect to vote for this bill because I think it will call a halt on the tendency of a few wealthy people who are not fair and square with the Government and who do not want to assume to pay the taxes which they really should pay under the law. \* \* \* As to the amount of money this bill will produce even the experts who testified before the Ways and Means Committee, of which I am a member, were not able to make any definite estimate. The best they could do was to offer a guess. These guesses ran all the way from \$40,000,000 to \$100,000,000 per year. Probably \$60,000,000 or \$70,000,000 would represent a fair average between them and would probably represent the amount that will be saved to the Government by this legislation. This amount of money in these days of terrific spending is well worth going after. I repeat that I expect to vote for this bill for this reason. (CONGRESSIONAL RECORD, vol. 81, pt. 8, 75th Cong., 1st sess., August 16, 1937, p. 9020.)

In connection with the Revenue Act of 1938, Representative CLARENCE CANNON, Democrat, of Missouri, acting chairman of the Committee on Appropriations, in extending his remarks on the total of appropriations, Seventy-fifth Congress, third session, declared:

It is impossible to say now with certainty what the situation with respect to Federal expenditures and revenues will be for the next fiscal year. (CONGRESSIONAL RECORD, vol. 83, pt. 11, 75th Cong., 3d sess., June 16, 1938, Appendix, p. 3106.)

I come now to the Senate discussion of the excess-profits tax estimates of 1940. On September 13, 1940, Hon. Pat Harrison, Democrat, of Mississippi, had this to say:

Mr. HARRISON. The Senator, of course, recalls that the chief of our staff, in presenting the estimates for 1941 under the Senate bill, estimated the amount of revenue at \$882,500,000.

Mr. VANDENBERG. Yes; I think the Senator is correct.

Mr. HARRISON. And the Senator recalls that when the Treasury experts were asked for an estimate they said they did not have the figures, but could only give us those for this year, in which we all know we could not raise much—the amount of \$355,000,000—I believe—but that in that instance Mr. Stam said that he estimated the revenue for 1940 at \$482,000,000. (CONGRESSIONAL RECORD, vol. 86, pt. 11, September 13, 1940, p. 12062.)

Mr. Stam is still the expert of the Finance Committee.

I add that there is a wide difference in the estimates obtained from various sources on the revenue the excess-profits tax would provide. Nevertheless, estimates, and only estimates, were used as the basis for the tax.

Again, in 1940, Senator Harrison, in presenting the excess-profits-tax bill, said:

All estimates are guesses to some extent; but if the Senator will look into the guesses made by the experts of the Treasury and those made by the experts of the joint committee, he will find that our experts have been in some instances more correct than the Treasury experts. (CONGRESSIONAL RECORD, vol. 86, pt. II, September 13, 1940, p. 12062.)

That was the comment of a distinguished and most experienced Democratic Senator in dealing with this very situation in 1940.

The 1942 tax bill which inaugurated pay-as-you-go taxes was the largest single piece of revenue legislation ever undertaken by our Government. Introducing the bill into the House on July 16, 1942, Mr. DOUGHTON, Democrat, of North Carolina, outlined the various estimates used by the Treasury and the Ways and Means Committee in framing the bill. He stated:

Treasury actuaries estimate the bill will produce about \$6,000,000,000 of additional revenue. This estimate from certain studies I have made, is in my opinion too conservative. From many years of experience with tax legislation and observing and comparing the results of estimates with actual tax collections, I am willing to venture an estimate of my own, although, of course, I do not pretend to compare myself with the actuaries of the Treasury Department

There were two revenue acts, as you will remember, in 1940, which were estimated at the time to yield about \$2,000,000,000 of added revenue annually. Then followed the Revenue Act of 1941, estimated then to produce more than \$3,500,000,000 of additional revenue. Thus, while these three bills were estimated at the time of their enactment to produce about \$6,000,000,000 annually, our revenues since 1939 have actually increased by \$11,500,000,000—that is, from \$5,500,000,000 in 1939 to \$17,000,000,000, which the existing law is yielding currently. (CONGRESSIONAL RECORD, vol. 88, pt. 5, July 16, 1942, p. 6262.)

That was a pretty decisive demonstration, within the past 4 years, of how widely the estimates have departed from the results.

I again quote Representative DOUGHTON, who for a long time was chairman of the House Ways and Means Committee who stated, in reporting the revenue bill of 1942:

I feel safe in predicting that this bill, under present business conditions, will yield in excess of \$7,000,000,000 annually. I say "under present business conditions," because no one can tell with certainty what any bill will produce, not knowing what business conditions the future may bring about.

I give the Senate this record of 20 years of tax legislation, demonstrating that without a single exception our tax bills have always been passed upon the basis of estimates by the Treasury, of estimates of experts on business, or,

finally, on conclusions of members of the Senate Committee on Finance and the Members of the Senate as to what it is estimated the future may hold, and that if any tax reduction is to occur on July 1, 1947, it is absolutely imperative, in the light of all the conditions, figures, and estimates which have been accumulated in the studies of the past months and in the light of the business experience of recent months, that the Senate now proceed to the consideration of this matter. I hope that every Member of the Senate will bear in mind that if it be deemed advisable to accomplish this tax reduction at the beginning of the fiscal year 1948—and there is much to be said for our carrying it out within the period of 12 months which is the period of time for which we make the appropriations, as well as the estimates—it is absolutely essential that we proceed forthwith to its consideration, and that in doing so we shall simply be following the course charted by every committee and every Congress throughout the entire history of the Government of the United States.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 153) providing for relief assistance to the people of countries devastated by war.

#### RELIEF ASSISTANCE FOR COUNTRIES DEVASTATED BY WAR—CONFERENCE REPORT

Mr. VANDENBERG. Mr. President, the House has adopted the conference report on the European relief bill. The bill is in practically the form in which it passed the Senate. The only substantial difference is that out of the \$350,000,000 figure in the Senate bill a portion, running from \$15,000,000 to \$40,000,000, is earmarked for the children's fund in the event the President exercises an option to use it for that purpose.

I think the only other important difference is that the conference bill yields to the House's desire to identify the countries to which the relief is to go, the identification being precisely the same as that which was presented to the Senate in the letter from the Secretary of State.

The conference report is signed by all the Senate conferees, and I think there is no disagreement whatever about it. Under the circumstances, I feel that it is appropriate for me to ask that the conference report be now considered.

I submit the conference report on House Joint Resolution 153 providing for relief assistance to the people of countries devastated by war, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DONNELL in the chair). The conference report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint reso-

lution (H. J. Res. 153) providing for relief assistance to the people of countries devastated by war, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That there is hereby authorized to be appropriated to the President not to exceed \$350,000,000 for the provision of relief assistance to the people of countries devastated by war, such relief assistance to be limited to the following: Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed: *Provided*, That from the funds authorized under this section the President shall make contributions to the International Children's Emergency Fund of the United Nations for the special care and feeding of children, and such contributions shall not be subject to the limitations and requirements provided in this joint resolution, but after \$15,000,000 has been so contributed, no further contributions shall be made which would cause the aggregate amount so contributed by the United States (1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments not receiving assistance from said fund, including the United States; or (2) to exceed \$40,000,000, whichever is the lesser.

"There shall be established and maintained, out of the funds authorized under this joint resolution, a relief distribution mission for each of the countries receiving aid under this joint resolution. Such missions shall be comprised solely of American citizens who shall have been investigated as to loyalty and security by the Federal Bureau of Investigation. Such missions shall have direct supervision and control, in each country, of relief supplies furnished or otherwise made available under this joint resolution, and, when it is deemed desirable by the field administrator provided for in section 4, such missions shall be empowered to retain possession of such supplies up to the city or local community where such supplies are actually made available to the ultimate consumers.

"Not more than \$15,000,000 of the funds authorized under this joint resolution shall be available for relief in any countries or territories other than Austria, Greece, Hungary, Italy, Poland, Trieste, and China. This provision shall not imply any obligation to give relief to any of the countries mentioned.

"Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$75,000,000, to carry out the provisions of this joint resolution, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid to the Reconstruction Finance Corporation the advances made by it under the authority contained herein.

"Sec. 2. (a) Under the direction of the President, such relief assistance shall be provided in the form of transfers of supplies, or the establishment in this country of credits subject to the control of the President, in such quantities and on such terms as the President may determine; except that no such transfers of supplies or establishment of credits may be made after June 30, 1948, and except that not more than 6 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions.

"(b) In carrying out this joint resolution, funds authorized herein may be used to pay necessary expenses related to the providing

of such relief assistance, including expenses of or incident to the procurement, storage, transportation, and shipment of supplies transferred under subsection (a) or of supplies purchased from credits established under subsection (a).

"(c) Funds authorized under this joint resolution may be allocated for any of the purposes of this joint resolution to any department, agency, or independent establishment of the Government and such sums shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment, or organizational unit thereof concerned, and without regard to, sections 3709 and 3648 of the Revised Statutes, as amended (U. S. C., 1940 edition, title 41, sec. 5, and title 31, sec. 529).

"(d) Such additional civilian employees as may be required by the War Department in connection with the furnishing of procurement, storage, transportation, and shipping services under this joint resolution and which services are paid for from funds herein authorized, shall not be counted as civilian employees within the meaning of section 607 of the Federal Employees Pay Act of 1945, as amended by section 14 of the Federal Employees Pay Act of 1946.

"(e) When any department, agency, or independent establishment of the Government receives request from the government of any country for which credits have been established under subsection (a) and receives, from credits so established, advances or reimbursements for the cost and necessary expenses, it may furnish, or procure and furnish (if advancements are made), supplies within the category of relief assistance as defined in section 1 and may use sums so received for the purposes set forth in subsection (b) of this section. When any such reimbursement is made it shall be credited, at the option of the department, agency, or independent establishment concerned, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account which is current at the time of such reimbursement.

"(f) In order to supplement the general relief assistance made available under the terms of section 1 and to effect the economical and expanded use of American voluntary relief contributions, funds authorized under this joint resolution, not to exceed \$5,000,000, may be used to pay necessary expenses related to the ocean transportation of supplies donated to or purchased by American voluntary and nonprofit relief agencies, and in such quantities and kinds and for such purposes as the President may determine to be essential supplements to the supplies provided for such general relief assistance.

"(g) The relief supplies provided under the terms of this joint resolution shall be procured and furnished by the appropriate United States procurement agencies unless the President shall determine otherwise.

"Sec. 3. No relief assistance shall be provided under the authority of this joint resolution to the people of any country unless the government of such country has given assurance satisfactory to the President that (a) the supplies transferred or otherwise made available pursuant to this joint resolution, as well as similar supplies produced locally or imported from outside sources, will be distributed among the people of such country without discrimination as to race, creed, or political belief; (b) representatives of the Government of the United States and of the press and radio of the United States will be permitted to observe freely and to report fully regarding the distribution and utilization of such supplies; (c) full and continuous publicity will be given within such country as to the purpose, source, character, scope, amounts and progress of the United

States relief program carried on therein pursuant to this joint resolution; (d) if food, medical supplies, fertilizer, or seed is transferred or otherwise made available to such country pursuant to this joint resolution, no articles of the same character will be exported or removed from such country while need therefor for relief purposes continues; (e) such country has taken or is taking, insofar as possible, the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction; (f) upon request of the President, it will furnish promptly information concerning the production, use, distribution, importation, and exportation of any supplies which affect the relief needs of the people of such country; (g) representatives of the Government of the United States will be permitted to supervise the distribution among the people of such country of the supplies transferred or otherwise made available pursuant to this joint resolution; (h) provision will be made for a control system so that all classes of people within such country will receive their fair share of essential supplies; and (i) all supplies transferred pursuant to this joint resolution or acquired through the use of credits established pursuant to this joint resolution and any articles processed from such supplies, or the containers of such supplies or articles, will, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such supplies, articles, or containers will permit in such manner as to indicate to the ultimate consumer in such country that such supplies or articles have been furnished by the United States of America for relief assistance; or if such supplies, articles, or containers are incapable of being so marked, stamped, branded, or labeled, that all practicable steps will be taken to inform the ultimate consumers thereof that such supplies or articles have been furnished by the United States of America for relief assistance.

"Sec. 4. When supplies are transferred or otherwise made available to any country pursuant to this joint resolution, the President shall cause representatives of the Government of the United States (1) to supervise the distribution of such supplies among the people of such country, (2) to observe and report with respect to the carrying out of the assurances given to the President pursuant to section 3, and (3) to seek arrangements that reparations payable from current production by any such country to any other country by treaty be postponed during the period of such relief.

"With respect to the furnishing of relief assistance pursuant to this joint resolution, the President shall appoint, by and with the advice and consent of the Senate, a field administrator who shall direct the supervision of such relief assistance. Such administrator shall receive compensation at a rate not to exceed \$12,000 per annum, and any necessary expenses, as the President shall determine. He shall act in accordance with the instructions of the President.

"The authority of the President under sections 2 and 3 and under this section may, to the extent the President directs, be exercised by the Secretary of State.

"Sec. 5. (a) The President shall promptly terminate the provision of relief assistance to the people of any country whenever he determines (1) that, by reason of changed conditions, the provision of relief assistance of the character authorized by this joint resolution is no longer necessary, (2) that any of the assurances given pursuant to section 3 are not being carried out, (3) that an excessive amount of any supplies transferred or otherwise made available pursuant to this joint resolution, or of similar supplies produced locally or imported from outside sources, is being used to assist in the maintenance of armed forces in such country, or (4) that supplies transferred or otherwise

made available pursuant to this joint resolution, or similar supplies produced locally or imported from outside sources, are being exported or removed from such country.

"(b) Relief assistance to the people of any country, under this joint resolution, shall, unless sooner terminated by the President, be terminated whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

"Sec. 6. To the extent that relief supplies procured with funds authorized under this joint resolution are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such relief supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only upon the approval of the duly authorized representative of the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of relief; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the United States Government, pursuant to Act or joint resolution of the Congress, may determine.

"Sec. 7. The President shall submit to the Congress quarterly reports of expenditures and activities under authority of this joint resolution."

And the Senate agree to the same.

A. H. VANDENBERG,  
ALEXANDER WILEY,  
H. ALEXANDER SMITH,  
TOM CONNALLY,  
WALTER F. GEORGE,

*Managers on the Part of the Senate.*

CHARLES A. EATON,  
KARL E. MUNDT,  
SOL BLOOM,  
JOHN KEE,

*Managers on the Part of the House.*

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the conference report.

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

Mr. VANDENBERG. I yield.

Mr. LUCAS. I have learned, by rumor only, that the amount of money which is contained in the relief bill is also contained in the President's estimated budget which was sent to Congress. I have also learned that it is not contained in the budget. I wonder whether or not the Senator from Michigan could give me information on that subject.

Mr. VANDENBERG. I hesitate to answer the question. My impression is that it is in the budget, but I am not able to underwrite that statement.

Mr. LUCAS. I thought perhaps the Senator might know.

Mr. VANDENBERG. That question never arose, of course, in connection with our consideration of the matter.

Mr. LUCAS. I had occasion to learn about that, and it seemed to be rather important in view of the subject we are discussing here today. I shall take the time to look it up and consult the proper department.

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

Mr. VANDENBERG. I yield.

Mr. PEPPER. Are these funds to be administered in conjunction with similar funds contributed from any other countries?

Mr. VANDENBERG. There is a coordinating group in the United Nations set up under order of the General Assembly to coordinate the independent contributions which are made by various countries which are cooperating. But each country, as indicated in great detail in the debate itself, is in control of its own contributions.

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

Mr. VANDENBERG. Yes.

Mr. PEPPER. Are we using any of the UNRRA personnel—I am speaking only, of course, of American personnel associated with UNRRA—in the administration of these funds in any of the countries where they are to be distributed?

Mr. VANDENBERG. The organization to administer the new relief bill has not yet been fully developed. Indeed, the Administrator himself has not yet been appointed, because it is only this afternoon that we have been on our way to have the fund available. It is my understanding that there is a new Administrator contemplated, and if the one expected to be chosen shall be actually selected, he will be an administrator of very wide experience in the international administration of Red Cross affairs during the past 20 years.

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

Mr. VANDENBERG. I yield.

Mr. PEPPER. Will the administrator in charge of the administration of these funds be a distinct person from the administrator who will be in charge of the administration of the Greek relief?

Mr. VANDENBERG. Oh, entirely and totally distinct. There is no relationship between the two administrations at all, except, of course, that a portion of the relief fund is earmarked for expenditure in Greece.

Mr. PEPPER. That is what I was going to ask. Would the \$50,000,000 that is earmarked in the relief bill for expenditure in Greece be administered by the administrator of the \$300,000,000 provided for Greece under the Greco-Turkish loan measure?

Mr. VANDENBERG. No; the two are to be separately administered.

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

Mr. VANDENBERG. I yield.

Mr. McMAHON. I should like to inquire of the Senator whether the provision that was adopted in the House for investigation of the personnel by the FBI appears in the conference report?

Mr. VANDENBERG. It is in the conference report with the verb changed. The House required approval by the FBI. The conference report requires investigation by the FBI and approval by the President and the State Department.

Mr. McMAHON. That is a very important change.

Mr. VANDENBERG. It is a very important change.

Mr. McMAHON. I congratulate the Senator on having brought it about.

I should like to ask a further question. In view of the present heavy burden which the FBI has to carry, will the necessity for investigation by the FBI slow up, in the Senator's opinion, the process of getting this relief work under way?

Mr. VANDENBERG. I think not, because it is applied only to policy-makers at the top level. That point is specifically explained in the statement of the House and Senate conferees. Clerical help, custodial help, and personal service at the lower levels are not included.

Mr. McMAHON. In other words, it may mean an investigation of from 25 to 50 persons?

Mr. VANDENBERG. I do not know the number, but the formula is practical.

Mr. McMAHON. The number will be manageable.

Mr. VANDENBERG. That is correct. The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. BREWSTER. Mr. President, I may supplement the reply to the question of the Senator from Illinois [Mr. LUCAS] regarding the allowance in the budget, as I have the budget in my hands. There is an item of \$3,510,000,000 for international affairs and finance. I do not, of course, know the break-down, but that is a great deal of money, and I hope it may include the item to which the Senator has modestly referred.

Mr. VANDENBERG. That was the basis of my response to the Senator from Illinois. I know that there is an overall figure in the President's budget in excess of \$3,000,000,000 covering all these various enterprises.

Mr. BREWSTER. Three billion five hundred and ten million dollars.

Mr. VANDENBERG. I cannot say categorically that this item is included, but I think it is.

#### REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1), to reduce individual income-tax payments.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia [Mr. GEORGE] to postpone consideration of the pending bill, House bill No. 1, until June 10, 1947.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Cordon	Hoey
Baldwin	Donnell	Holland
Ball	Downey	Ives
Barkley	Dworshak	Jenner
Brewster	Ecton	Johnson, Colo.
Bricker	Ellender	Johnston, S. C.
Bridges	Ferguson	Kem
Brooks	Flanders	Kilgore
Bushfield	Fulbright	Knowland
Butler	George	Lodge
Byrd	Green	Lucas
Cain	Gurney	McCarthy
Capehart	Hatch	McClellan
Capper	Hawkes	McFarland
Chavez	Hayden	McGrath
Connally	Hickenlooper	McKellar
Cooper	Hill	McMahon

Magnuson	Revercomb	Tydings
Malone	Robertson, Va.	Umstead
Martin	Robertson, Wyo.	Vandenberg
Maybank	Russell	Wagner
Millikin	Saltonstall	Watkins
Moore	Smith	Wherry
Morse	Sparkman	White
Murray	Stewart	Wiley
Myers	Taft	Williams
O'Connor	Taylor	Wilson
O'Daniel	Thomas, Okla.	Young
Pepper	Thye	
Reed	Tobey	

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. LUCAS. Mr. President, as a member of the Committee on Finance of the United States Senate, I shall detain the Senate for only a short time while I speak in support of the motion which has been made by the distinguished Senator from Georgia [Mr. GEORGE], namely, to postpone until June 10, further consideration of the tax measure which now is before the Senate.

Before speaking briefly on that subject, I should like to take this opportunity to compliment and to congratulate the able Senator from Colorado [Mr. MILLIKIN], who is chairman of the Finance Committee for his fairness and impartiality in the hearing which was held for some 2 weeks or more before the Finance Committee. They were no star-chamber sessions, Mr. President, all persons who had something constructive or worth while to say, and even some persons who did not have much to say, were permitted to testify before that committee. The proceedings before that committee were so different from the short hearings in the House of Representatives when House bill 1, known as the Knutson bill, was reported, that I think the Senator from Colorado is entitled to these kind words from a Senator on this side of the aisle.

Mr. President, when we consider the history of H. R. 1 as it was originally conceived by those who were responsible for its introduction in the House of Representatives, we learn that H. R. 1 as first drawn and introduced was a bill which sought the reduction of taxes by 20 percent "straight across the board." That phrase has a pleasing sound, a pleasant ring. But upon a careful analysis of that type of tax reduction one will immediately discover that such a tax bill, if it had been followed out as originally introduced in the House of Representatives, would have placed those in the higher income groups in the United States in approximately the same position in which they found themselves preceding the war while doing little for those in the low-income bracket. So as time went on the bill was amended, and when it came to the Senate as amended it was further amended by the Senate Committee on Finance, and it is now before the Senate as so amended.

Mr. President, the bill in its present form does give relief to taxpayers in every bracket, but I undertake to say that before we write the over-all tax bill which everyone is talking about, since there is a determination to pass some kind of a tax measure in the Eightieth Congress, we should follow the same methods Congress used to increase taxes for war purposes. When we started to

raise revenue for war purposes we decreased the exemptions of those in the lower income brackets, until thousands upon thousands, yes, millions, who never saw an income-tax schedule before 1939 and 1940, were required to pay income taxes to the Government, and they are paying them today.

If we are to do anything in the way of reducing taxes, in the final analysis we should increase exemptions, not to the same extent they were decreased for war purposes, but we should start at least in the inverse order and give to those in the lower income groups what they are rightfully entitled to in the way of tax reduction.

Mr. President, I shall have more to say about that perhaps later, either while we are discussing the pending bill, or if the motion made by the Senator from Georgia should prevail, I shall speak at some length upon a substitute bill I shall offer at the proper time.

I wish to point out distinctly to the Senate and to the country that H. R. 1 as reported by the Committee on Finance, which is now the unfinished business of the Senate, does not take a single taxpayer in the lower brackets off the roll, and today there are 47,700,000 individuals paying income taxes into the Federal Treasury. In other words, what I inveigh against heavily in connection with the bill is the fact that, unless he is over 65 years of age, the taxpayer now paying \$1 will pay the sum of 70 cents under H. R. 1, as amended by the Senate Finance Committee.

Mr. President, I do not think that is right. I am not one of those who believe that we can make a better citizen out of an American simply by compelling him to file an income-tax schedule. I do not believe he is going to have a greater stake in his Government if he is compelled to file an income-tax schedule for a dollar or a dollar and a half or two dollars; and that is exactly what is required under the pending bill.

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

Mr. LUCAS. I yield to the Senator from New Mexico.

Mr. HATCH. I am not a member of the committee, but I am interested in what the Senator just said about making a better citizen out of a man who is compelled to file an income tax return and pay from 70 cents to a dollar or a dollar and a half. I am wondering if the taxpayer paying that small sum would not fully realize that, in his making that return, the expense to the Government would be far greater than the amount he pays, and if he might not logically get the idea that he is being compelled to pay a tax from which the Government derives no benefit whatever, and he is simply paying something in the nature of a penalty.

Mr. LUCAS. I will say to the able Senator from New Mexico that the benefit the Government derives is very slight in thousands upon thousands of cases. In fact, in my judgment, in thousands upon thousands of cases it will cost the Government more to collect the small sums paid than will be obtained by the Government through compelling the taxpayers to pay these small amounts.

I submit, with sincerity, that the individual who has to pay the small income tax, instead of being made a better citizen, more or less will lose faith in his Government because of the trouble to which he must go to pay his dollar into the Treasury of the United States. The income tax collectors are rounding him up to see if he has paid his dollar, and sometimes he has to go to a lawyer to ascertain whether he has made out his income tax schedule correctly.

It is said, "The person in the lower income tax groups does not have any trouble with his schedule, because the directions are all written out for him, and all he has to do is to read them and make out his check for 70 cents, or \$1.50, and send it to the collector." The trouble with the individual who makes that kind of a statement is that he fails to understand that the average person at the crossroads throughout America does not understand the implications and the complications of income tax payments. In fact, sometimes when I hear some of the debates which take place in the Senate, I wonder whether the Members of the Senate of the United States understand them.

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

Mr. LUCAS. I yield.

Mr. HATCH. I know the Senator does not intend to discuss the substitute bill he proposes to offer, and I am quite interested in what the Senator has been saying about the subject to which he is now animadverting and I rise to inquire whether the substitute he proposes to offer later will cover the situation about which he is now talking.

Mr. LUCAS. If and when we reach that point, I shall develop that question to a somewhat greater extent than I have done thus far. I do have a provision in the substitute bill which I propose to offer at the proper time, which will increase the exemptions for dependents and for the married man. I do not wish to discuss it now, but since the Senator raised it, I will say that, for instance, under the bill I propose to offer, I would increase individual exemptions merely from \$500 to \$600, and those of married persons, from \$1,000 to \$1,200. That slight increase in exemptions would cost the Treasury of the United States \$1,500,000,000.

In addition to that, it would take 4,800,000 people off the tax rolls—the small taxpayers I am talking about who are entitled to be taken from the rolls. In other words, while we are doing the tax work by piecemeal at this time—and everybody admits it is only a temporary expedient for tax relief—we should not under any circumstances go across the board 20 percent, 30 percent, or 10 percent, as H. R. 1 does, but we should follow the same pattern for tax legislation followed by the Congress for years. If an over-all tax bill is to be written, that would be another matter. One of the reasons I would like to see the tax bill postponed until January 1 is because the Ways and Means Committee of the House has started hearings to consider at least 50 different phases of the revenue law needing attention at this time, in order

that next year that committee may report a complete tax bill, overhauling the revenue acts as they now stand.

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

Mr. LUCAS. I yield.

Mr. KILGORE. I do not want to divert the Senator entirely from the line of his prepared remarks, but his reference to increasing the exemptions reminds me of something I heard recently about the Senator from Illinois. I was told the Senator is opposed to any tax reduction whatever. What the Senator has said he intends to propose, to increase or enlarge the exemptions, indicates that he is not opposed to tax reductions.

Mr. LUCAS. Let me say to the Senator, the bill that I have would take effect on January 1, 1948. I have excellent reasons, that I shall present at the proper time, as to why I think no tax reduction should be made at this time; but I do not want to go into that now.

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

Mr. LUCAS. I yield.

Mr. KILGORE. The Senator, as a lawyer, knows that it costs a certain definite amount of money to mail even a form letter, including the cost of addressing and sealing the envelope. It takes a certain amount of money to handle the answer thereto, when it comes into an office. Has the Senator discussed yet the amount of savings that will be entailed in the cost of operating the Bureau of Internal Revenue, by getting rid of small tax payments which do not justify the cost of sending out bills and receiving reports and doing the bookkeeping entailed in the payment? I think it would effect a saving to the taxpayer, but it would also largely offset the cost to the Government of that work.

Mr. LUCAS. The Senator is correct. The majority has been talking about cutting people off the pay rolls; and I am in favor of that. I say that anybody that can be spared from the pay roll without impairing the essential services of the Government, should go. Here is an opportunity to take 4,800,000 people off the tax rolls. There will certainly be an opportunity to take some people off the pay rolls, which I think follows as a matter of common ordinary horse sense; and yet those who are talking loudest about cutting people off the pay rolls are not taking a single individual off the tax rolls; thereby saying, by inference, "We want everybody to remain on the pay rolls, in order to collect from those who are on the tax rolls."

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

Mr. LUCAS. I yield.

Mr. KILGORE. My question was impelled by the fact that I well remember, when we lowered the brackets and lowered exemptions, as at the present time, it became necessary to put a tremendous number of people in various district offices—my recollection is it was an increase of something like 35 percent—to handle the vastly increased number of taxpayers, a large number of whom did not pay sufficient taxes to justify the expenditure for clerical help entailed in collection.

Mr. LUCAS. I am not completely familiar with the last conclusion the Senator makes.

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

Mr. LUCAS. Yes.

Mr. MILLIKIN. As I listened to the statement of the Senator from Illinois I thought he gave the impression that H. R. 1, as amended, does not take any taxpayers off the rolls. It takes 1,400,000 aged people off.

Mr. LUCAS. They are taken off by the increased exemptions?

Mr. MILLIKIN. That is correct.

Mr. LUCAS. That is, \$500, for those above the age of 65?

Mr. MILLIKIN. That is right.

Mr. LUCAS. I am talking primarily about those in the lower income tax brackets. The Senator is correct, so far as those above 65 years of age are concerned.

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

Mr. LUCAS. I yield.

Mr. HATCH. I did not understand the Senator from Colorado. How many people does the Senator say are to be taken off the roll?

Mr. MILLIKIN. One million four hundred thousand people, 65 years old or older.

Mr. LUCAS. Those are people 65 years of age and over; but since the Senator from Colorado has mentioned that I want to call the attention of the Senate and the country to the fact that the provision which helps people over 65 years of age does one of the most unusual things I have ever heard of since I have been in Congress and have been assisting in writing and in debating tax legislation. Why do I say that? In order to aid those who are administering the law, as the Senator from Colorado said, a \$500 tax exemption is given to every individual over 65 years of age. It does not make any difference who he may be.

Mr. HATCH. Is that regardless of income?

Mr. LUCAS. It is regardless of the income the elderly person may have. If he is 65 years of age, he gets a \$500 exemption. If the wife is over 65 years of age, she gets a \$500 exemption. Under this tax bill, even a man with three children, on a \$2,000 salary, could not get a \$100 flat exemption unless he was over 65.

Regardless of the task in the way of administration, the inequities of that situation are so great that the bill itself becomes unsound and ought to be defeated, if and when a final vote is taken on the floor of the Senate.

To say that a Member of the United States Senate who is 65 years of age—and there are a few of them—is entitled to a \$500 exemption, simply because he is 65, while some employee of the Senate, who is 35 years of age, who has three children, is not entitled to any exemption, to me simply does not make sense; it is inequitable, it is unfair, and it is unsound.

Mr. MILLIKIN and Mr. HATCH addressed the Chair.

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

Mr. HATCH. The Senator has already answered my question by the remarks just made.

Mr. LUCAS. I yield to the Senator from Colorado.

Mr. MILLIKIN. I should like to invite the distinguished Senator's attention to the fact that the exemptions under the present law are available to all, whether rich or poor. I think it might be unfortunate to apply the needs test to people, because they are 65 years old or over.

Mr. LUCAS. It is unnecessary to apply the needs test to those above 65 years of age. It is admitted that the provision for a \$500 exemption to all over 65 years of age, regardless of financial condition, was placed in the bill, simply because of administrative difficulties. I say that that is not fair. I say that the individual who is over 65 and who has plenty is not entitled to the \$500 exemption, unless the exemption is given to every taxpayer regardless of age, particularly in the lower-income groups. I do not say that the individual who is on a pension or those who have retired are not entitled to the \$500 exemption. That is not the point I am making. I am in favor of that phase of it, but I submit that it ought to be confined to such persons. We should not run amuck with legislation of this kind, by placing every individual in the United States of America in a certain classification, whether he is worth \$100 or \$10,000,000, and give him the benefit of the \$500 exemption, simply because he is 65 years of age.

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

Mr. LUCAS. I yield.

Mr. MILLIKIN. I understand the Senator's point thoroughly, but I want the RECORD to be clear that the exemptions already granted by existing law are available to all taxpayers, whether they are rich or whether they are poor. We have not drawn a distinction in granting exemptions on the basis of wealth.

Mr. LUCAS. That is true. Under the present law no distinction is made in exemptions on the basis of wealth. But I say that the Senator's committee is drawing the distinction with respect to persons who are 65 years old. I undertake to say that an individual who has plenty, who does not want for the necessities of life, who files an income tax schedule under which he pays \$15,000 or \$20,000, or perhaps \$10,000, certainly should not be entitled to a \$500 exemption simply because he is 65 years old. If discrimination is to be made in favor of anyone, do not discriminate in favor of those who can pay, because the Nation's tax structure is based upon ability to pay, and everyone knows it. Consequently, if it is proposed to dish out any favors to the American taxpayers, they ought to go to those who are in the lower income tax bracket groups.

Mr. President, I had not intended to debate that point at this time. I want to get back primarily to some of the points which have been raised with re-

spect to the motion made by the able Senator from Georgia. The Senator from Georgia made a statement which should command the respect of every Senator and of the American people as a whole. In the able address which he delivered, he stated that he could think of nothing worse than if, after a tax reduction this year, there should come a recession, resulting in nothing being paid on the national debt, and finally resulting in deficit financing for governmental expenses in 1949 and 1950. He said he could think of nothing worse from the standpoint of impairing a sound national economy.

I subscribe to that doctrine. If that should happen, I undertake to say that the individuals who have bonds which are cashable at that particular time will be going to the banks as fast as they can with their bonds. I can think of nothing which would more quickly destroy confidence and faith in this country than to have the country obliged to indulge in deficit financing in 1949 and 1950. I say it is not beyond possibility that that could happen if we go through with a program of \$3,500,000,000 tax reduction, if we go through with a program of paying \$2,800,000,000 to apply on the national debt, especially in view of present world conditions.

Already we have appropriated outside and beyond what the President of the United States requested in his budget, something like \$800,000,000, and I am assuming that the \$350,000,000 the Senate just voted on today is not included in the President's budget. I do not think it is. Some say it is, but I am not sure about it. If I am correct in my assumption there is something like \$800,000,000 already appropriated by the Congress which is not included in the President's budget—practically the same amount that has been saved so far by the House of Representatives, if we eliminate the \$800,000,000 tax refund, which, of course, is just a bookkeeping transaction—a phony of the worst kind.

Mr. President, H. R. 1 was presented in the beginning in the House of Representatives primarily on the theory of giving to the people of America an incentive to invest money in order to keep business concerns operating.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. The able Senator, being a member of the committee, I am sure has given considerable thought to this question. Under present conditions, in view of the first quarterly reports of our corporations, with which I am sure the Senator is familiar, it does not seem to me that the present great need is money for investment with a view of increasing productivity, or that the lack of such money presents a great danger in the next year or so. On the other hand, what should concern us more is the lack of consumptive power, and that therefore, so far as Congress can influence such matters by fiscal policy, the saving of money to those in the higher-tax brackets on order to encourage investment and production should not be the immediate goal, but the immediate goal should be the building up

of ability to consume. That, it seems to me, is the most important thing to be done in the next year. Our tax policy should be sufficiently flexible to meet the conditions of the moment. Conditions might change entirely in a year or 2 years, but under present conditions increase of consumptive power is the important goal to be attained.

Mr. LUCAS. In my opinion, the Senator is absolutely correct. There is not a single economic factor existing today which indicates there is any lack of ability on the part of industry to have risk capital invested. Why do I make that statement? Because the profits of corporations are the highest in all history of peacetime America. Individuals were never better off in America than they are at this very moment. I do not contend that taxes should remain high forever. I only make the argument against the theory of reduction in taxes as a necessary incentive to investment in industry at this time. Certainly there is no individual who understands sound economy in America who will undertake seriously to say that when a tax bill is made retroactive to January 1, 1947, that in itself will be an incentive for individuals to invest money. That sort of argument will not hold water. Yet that was one of the big talking points with respect to H. R. 1 when it was introduced in the House and was passed by the House of Representatives. The sponsors of H. R. 1 said that the enactment of the bill would stimulate incentive to build and to buy and to do the things that would necessarily be done with the money that is saved to the taxpayers of America.

Mr. President, I agree with the able Senator from Colorado on that particular point. He does not say that a retroactive tax measure provides a stimulation of that kind at all. But the point I am making is that the argument was made to the American people that a retroactive tax measure would provide incentive capital. It will not do any such thing, Mr. President.

I wish to speak briefly with respect to the budget. The Senator from Georgia has gone over that point very carefully. Some time ago I made a speech on the floor of the Senate upon this subject. The able Senator from Colorado [Mr. MILLIKIN] discussed it today. He candidly admitted the deadlock between the House and the Senate which has existed for some time.

It is most unfortunate that the Legislative Budget Committee was unable to agree upon a figure and report it back to the Senate and House. It seems to me that in view of all the turmoil which was raised over the question of reducing the President's budget \$6,000,000,000 or \$4,500,000,000, some sort of compromise should have been reached. I would not say that it would have been a "phony" compromise, as the Senator from Colorado said today. All legislation is based upon compromise. If the conferees could not agree upon one figure or the other they should have brought back some other figure. That is the important point. The American people were expecting something in the way of a figure on budget reform.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. Is it not pretty clear that the reasons why they cannot agree are the same reasons urged by the Senator from Georgia for deferring action upon this bill? They cannot agree on a figure, because they know they have not enough knowledge even to make an estimate on any reasonable basis. It would be a pure guess. That is why they have not been able to agree.

Mr. LUCAS. That may be partially the reason; but the further we go in the consideration of various appropriation bills, the more we are convinced that they cannot reach an agreement even on a \$4,500,000,000 cut. The more appropriation bills we consider, the less likely they are to reach any kind of agreement, because it cannot be done, considering what has occurred up to date. The Senator from Georgia covered that question.

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

Mr. LUCAS. I yield.

Mr. MILLIKIN. I should like to remind the distinguished Senator that the junior Senator from California [Mr. KNOWLAND] gave us a very interesting symposium of information with respect to appropriation bills, and especially the appropriation bills of 1946. I notice that in his list are eight great appropriation bills which did not become law until after the 10th of June, some of them running well into July, and one of them running to the end of July. So I am suggesting that we would not know any more on June 10 than we do on May 21 about the matter of expenditures.

Mr. LUCAS. I heard the able Senator from California make that suggestion; but what the able Senator from California overlooks is this: We have a Reorganization Act, which most Members of the majority supported last year. That Reorganization Act makes it mandatory under section 138 that the Legislative Budget Committee report by February 15 on a budget to be used as a yardstick for the Appropriations Committees of both the Senate and House. That is another reason why, in my opinion, they are unable to reach any figure. They cannot reach it, as I have said before. But we know that the appropriations approved are a pretty fair barometer of how much is to be cut from the appropriations. If anything, the Senate will add to them. The House appropriations can be used as a minimum, because when the Senate gets through with the appropriation bills which come from the House, 9 times out of 10 it will add to them. The House Members have to run every 2 years. They cut appropriations indiscriminately. They say, "We will cut off \$100,000,000 here, because it will look good back home," and the Senate will put it back, because Senators have to run only every 6 years.

Mr. MILLIKIN. So far this year the action of the Senate indicates that the Senate will make deeper cuts in expenditures than the House.

Mr. LUCAS. The Senate did so in connection with one bill, the bill for the

Labor Department and the Federal Security Agency. However, if I were a gambling man and wanted to make a little bet with the Senator—say a chocolate soda or something like that—I would be willing to wager that the Senate will definitely override the House on the appropriation bills. The Senator knows that.

Mr. MILLIKIN. Make mine sarsaparilla. [Laughter.]

Mr. LUCAS. It might be strawberry before we get through.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. Perhaps the able Senator from Georgia has set the date too soon. Following the suggestion—if I may use that term—of the Senator from Colorado in calling our attention to the lateness of the bills, perhaps it might be better to defer consideration of the pending bill until June 25 or June 28. Then we would have more knowledge about expenditures. Would that suggestion be more acceptable to the Senator than the date of June 10?

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

Mr. LUCAS. I yield.

Mr. MILLIKIN. Under the Reorganization Act Congress is supposed to adjourn sine die by the end of July. The Senator's suggestion would very effectively prevent that, and would also prevent passage of an income-tax reduction bill, or any other kind of tax-reduction bill this year.

Mr. LUCAS. It is strange to observe how some Senators like to conform to the Reorganization Act in connection with some questions, but with respect to others they do not pay much attention to it.

The question of adjournment, of which the able Senator from Colorado has spoken, is not so important to the American people. They do not care whether we adjourn or not, but they are very much interested in the budget. They have been interested in whether or not the Legislative Budget Committee would submit a \$4,500,000,000 cut or a \$6,000,000,000 cut.

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

Mr. LUCAS. I yield.

Mr. MILLIKIN. I admit that the American people are interested in the budget. I hope the Senator is not suggesting that they are not interested in a tax cut.

Mr. LUCAS. I would not say that they are not interested in a tax cut; but I will say to my able friend that there are many who are primarily interested in seeing sound economy in government. If they knew that a tax cut would ultimately result in deficit financing they would not be for tax reduction. I believe, if a Gallup poll were taken submitting that question over the country, it would be found that they would rather pay under the present tax rate than to have deficit financing.

Mr. MILLIKIN. Mr. President, I abhor deficit financing as much as does any other Member of the Senate.

Mr. LUCAS. I know the Senator does; and I admire him for it.

Mr. MILLIKIN. We have had 20 years of deficit financing. In fact, we have become more accustomed to deficit financing than to operating with a surplus. I hope that we shall not return to deficit financing; but if we should do so, it would not be entirely without precedent.

Mr. LUCAS. Of course not. The Senator is absolutely correct. The party to which the Senator belongs has constantly inveighed against deficit financing, and has called for sound financing in government. It has advocated making our bonds safe by balancing the budget. For the past 10 or 12 years I have listened to arguments along that line. But now it seems that the majority party is not so much in fear of red ink as it once was.

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

Mr. LUCAS. I yield.

Mr. MILLIKIN. I feel very much encouraged and hopeful this evening. I see that at long last we have brought the old sinner down the sawdust trail, and that he now believes in balancing the budget and in surpluses—good old Republican doctrine.

Mr. LUCAS. It may be that I am going along with Republican doctrine from the Senator's viewpoint; but he is about to become a good New Dealer with his tax bill, if it should ultimately prove to be the basis for deficit financing.

Mr. MILLIKIN. God forbid. If my previous remark created that impression, I am sorry I made it. [Laughter.]

Mr. LUCAS. Mr. President, a word or two further with reference to the budget. The House Appropriations Committee recently reported the appropriation bill for the Navy Department. The President requested \$3,513,000,000, and the committee recommended a reduction of \$377,519,200, or approximately 10.7 percent. The percentage of reduction in the appropriations for the Department of Labor and the Federal Security Agency, as compared with the President's budget, was 4.5 percent; that of the Interior Department, 45.4 percent. I imagine that the able Senator from Colorado will want to change that figure a little when the bill comes to the Senate. The total estimate in the President's budget was \$10,369,578,043. As recommended by the House Appropriations Committee the amount is \$9,519,260,153, or a saving of \$850,317,890 representing a percentage reduction of 8.2 percent. To effect a reduction in the budget of \$6,000,000,000, it would have to be cut an average of 16 percent. To reduce it \$4,500,000,000 it would have to be cut an average of 12½ percent. I undertake to say that there is approximately \$18,000,000,000 in the President's budget which is almost untouchable, representing items in the budget which will not be reduced very much. I have reference to the national debt, our international commitments, the Veterans' Administration item, and tax refunds.

The items which I have mentioned total approximately \$18,000,000,000. There is left approximately \$19,500,000,000 upon which to operate. On that basis, if we want to reach a saving of \$6,000,000,000 we would have to cut ap-

proximately 35 percent. In order to reach a saving of \$4,500,000,000, the cut would have to be approximately 25 percent.

In my judgment, Mr. President, it is impossible to do it; it cannot be done. Before we vote on any tax measure we ought to know exactly what the House Appropriations Committee will do with respect to the Agricultural Department appropriation. We ought to know what it will do regarding the appropriations for the Army. Evidence on the Army appropriation has been taken weeks ago, I am told. Why the committee does not make a report on the Army appropriation bill I do not know, unless it be that they are waiting for a tax bill to be passed. I am told that they recommend cutting \$300,000,000 from the Agricultural appropriation budget. The President requested, I think, \$1,400,000,000 in his budget. They are going to take away the essentials of the rural electrification service which has been so useful to the American farmer, especially in my section of the country. They intend to cut that appropriation to the bone. They are cutting the soil conservation appropriation; they are also applying the meat ax to the support program which Congress passed 2 years ago.

Mr. President, as one who comes from an agricultural section in the midwest, I want to know just what the Appropriations Committee intends to do with the agricultural appropriation bill, and I want to know whether they are using the ax on that bill in order to help put through a tax bill and still balance the budget. I think we will know by June 10. That is one of the primary and major reasons why I shall support the motion made by the able Senator from Georgia [Mr. GEORGE]. It certainly will not deter any tax measure at this session of Congress. It would give everyone an opportunity to ascertain between now and that time exactly what the Appropriations Committee of the House has done regarding appropriations; and there can be no harm in this slight delay in order that the Senate of the United States may ascertain exactly what the Appropriations Committee has done and in order that we may intelligently approach the question of tax legislation.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia, to postpone consideration of the pending bill until June 10, 1947.

#### INVESTIGATION OF FIFTH MISSOURI CONGRESSIONAL DISTRICT DEMOCRATIC PRIMARY—CHANGE OF REFERENCE

Mr. VANDENBERG. Mr. President, yesterday the junior Senator from Missouri [Mr. KEM] submitted Senate Resolution 116, to investigate the nonaction of the Department of Justice in connection with alleged irregularities in the Democratic primary election in the Fifth Missouri Congressional District on August 6, 1946, and it was referred to the Committee on Rules and Administration. The chairman of that committee, the Senator from Illinois [Mr. BROOKS], and the Senator from Missouri [Mr. KEM] desire that the resolution be referred to



the Committee on the Judiciary. Therefore, I ask unanimous consent that the Committee on Rules and Administration be discharged from the further consideration of the resolution and that it be referred to the Committee on the Judiciary.

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

#### LEAVE OF ABSENCE

Mr. BALDWIN. Mr. President, I should like to ask unanimous consent to be absent from the Senate tomorrow.

The PRESIDING OFFICER. Without objection, consent is granted.

#### RECESS

Mr. WHERRY. Mr. President, I now move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 22, 1947, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate May 21 (legislative day of April 21), 1947:

##### SECURITIES AND EXCHANGE COMMISSION

Edmond M. Hanrahan, of New York, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1952. (Reappointment.)

##### FEDERAL COMMUNICATIONS COMMISSION

Ray C. Wakefield, of California, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1947. (Reappointment.)

##### PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

James W. Lauderdale, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for a term of 3 years from July 1, 1947. (Reappointment.)

#### CONFIRMATIONS

Executive nominations confirmed by the Senate May 21 (legislative day of April 21), 1947:

##### IN THE ARMY

##### APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

Brig. Gen. Raymond Whitcomb Bliss, to be the Surgeon General, with the rank of major general, for a period of 4 years from date of appointment, vice Maj. Gen. Norman Thomas Kirk, United States Army, whose term of office expires May 31, 1947.

Col. George Ellis Armstrong, to be Assistant to the Surgeon General, with the rank of brigadier general, for a period of 4 years from date of appointment, vice Brig. Gen. Raymond Whitcomb Bliss, United States Army, nominated for appointment as the Surgeon General.

##### APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES

##### To Adjutant General's Department

Capt. Joseph Stephen Magrath, Jr.

##### To Judge Advocate General's Department

Lt. Col. Eugene Mead Caffey

##### To Quartermaster Corps

Capt. Frank Arthur Bogart

##### To Corps of Engineers

First Lt. Robert Howard Allan

##### To Signal Corps

Maj. Frank Glover Trew

##### To Infantry

Capt. Donald Kenneth Hughes

##### To Air Corps

Maj. William Frank Steer  
Maj. Richard David Wentworth  
Capt. George Lovelace Poor  
Capt. Jack Emmert Wert  
First Lt. John Robert Blunk  
First Lt. Nolan Edward Burch  
First Lt. Andrew Lacoock Cox  
First Lt. Roy Arthur Dix  
First Lt. Neil James Graham  
First Lt. James Porter King  
First Lt. Francis Carmel Lozito  
First Lt. Henry Bailey McDaniel, Jr.  
First Lt. Marvin Leroy Wells Peters  
First Lt. James Hiram Phifer, Jr.  
First Lt. Charles Ernest Tychsen  
First Lt. Arthur Brown Van Buskirk  
First Lt. Thomas Renan Waddleton

##### To Ordnance Department

Col. Ray Maxey Hare

##### To Coast Artillery Corps

Col. Wharton Girard Ingram

##### To Air Corps

Col. Henry Lester Barrett  
Maj. George Henry Dietz  
Maj. Wilson Turner Douglas  
Maj. Basil Littleton Riggs  
Capt. John Clifford McCawley  
First Lt. Roy William Ballard  
First Lt. Wesley Skilton Calverley  
First Lt. John Jay Easton  
First Lt. Robert William Griffin  
First Lt. George Mercer Higginson  
First Lt. Alden Dale Jacobson  
First Lt. John Arthur McDavid  
First Lt. Richard Magee Osgood  
First Lt. John Rose Richards  
First Lt. Lawrence Cutright Sheetz  
First Lt. James Wesley Smith  
First Lt. Joseph Walter Stephens, Jr.  
First Lt. Edward Verner  
First Lt. John Robert Wilbraham  
First Lt. Edward Patrick Wynne

##### APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

The following-named cadets, United States Military Academy, who are scheduled for graduation on June 3, 1947, for appointment in the Regular Army of the United States, under the provisions of sections 23 and 24e of the National Defense Act, as amended.

##### TO BE SECOND LIEUTENANTS WITH RANK FROM JUNE 3, 1947

##### Corps of Engineers

Richard Herman Allen  
Merlin Willard Anderson  
Calvin Leland Bass  
Roger Redmond Bate  
Arthur Andrew Becker  
Ralph Harold Beuhler  
Shelton Brant Biles, Jr.  
Junius Jay Bleiman  
Frank Coulter Boerger  
Phillip Thomas Boerger  
Jerome Boris Christine  
William Carl Clamprone  
Paul J. Curry  
James Franklin Fraser  
Bernard Michael Greenberg  
Edwin Borchard Greene  
Raymond Richard Hails, Jr.  
Kenneth Martin Hatch  
George LeRoy Haugen  
Carroll Christian Jacobson, Jr.  
James Allen Johnson  
Peter Karter  
James Byron Kennedy  
George Levenback  
Richard Freeman McAdoo  
John Wayne Mastin  
Milum Davis Perry, Jr.  
Melvin Alfred Rosen  
Norman Robert Rosen  
Howard Leroy Sargent, Jr.  
William Jackson Schuder

Sam David Starobin  
Richard Joseph Steinborn  
Marvin Henry Stock  
Jack Mathew Thompson  
Albert Archer Van Petten  
Carlton Juan Wellborn, Jr.

##### Signal Corps

Albert John Geraci  
Harold Walter Grossman  
Henry William Hill  
John Elwood Hoover  
Richard Motley Hutchinson, Jr.  
Graham Gunther Kent  
James Philip Mattern

##### Cavalry

Joseph John Addison  
Robert Jacob Baer  
Hugh James Bartley  
Theodore Chester Bielicki  
Jean Prosper Burner  
Donovan Finley Burton  
William Fortune Coghill  
James Christopher Cosgrove  
John Delistraty  
Jack Van Dunham  
James Eugene Edington  
James Betts Egger  
John Carter Faith  
Herschel Everett Fuson  
Robert Miller Garvin  
John Love Gerrity  
Warren Robert Gossett  
William Douglas Grant  
Alexander Meigs Haig, Jr.  
Roland Valentine Heiser  
Dandridge Featherston Hering  
Robert James Kennedy  
George Anthony Lynn  
William Gabriel McGee  
Robert James McNeil  
Arnold William Mahlum  
Robert DeWayne Peckham  
John Brooks Reese  
John Joseph Sullivan  
Frank Leonard Taylor  
William Loyd Webb, Jr.  
William Irvine West  
Meade David Wildrick, Jr.  
Richard Lytle Yates

##### Field Artillery

Thomas Edward Benson  
William Donald Brown  
Robert Thornton Curtis  
Bernard Figueredo de Gil, Jr.  
Donald Marvin Dexter, Jr.  
Richard Earl Dunlap  
Milton Leland Haskin  
Wayne Otis Hauck, Jr.  
Thomas Francis Hayes  
George Duane Heisser  
William Sylvester Henry, Jr.  
Willis Hickam Knipe  
Robert Joshua Koch  
Richard Alan Littlestone  
Robert Ewing McCord  
Charles Stuart Todd Mallett  
Robert Miller Montague, Jr.  
Wallace Eugene Nickel  
John Guilford Paules  
Tom Judson Perkins  
John Richard Rantz  
Kermit Dean Reel  
James Russell Robinson, Jr.  
Thomas Edmund Rogers  
Robert Warren Short  
Theodore Solomon Spiker  
William Michael Sullivan

##### Infantry

Bernard William Abrams  
Harry Folk Ball  
George Earl Bland  
Otis Evan Brannon, Jr.  
William Albert Carpenter, Jr.  
Robert Bernard Coleman  
William Edmond Conger, Jr.  
William Lambie Cooper  
William Bernard Cronin  
Stanley Warfield Crosby, Jr.  
John Edward Culin  
Glenn Woodward Davis

Robert Francis Draper  
Gordon James Duquemin  
Henry Everett Emerson  
Robert Bruce Fahs  
Stuart Gregory Force  
David Welty Gibson  
Robert Haldane  
William Donald Hirschfeld  
Julius Frederick Ickler  
Leon Joseph Jackques, Jr.  
Wilber Glenn Jones, Jr.  
Robert Adair King  
Donald Warren Krause  
Wells Brendel Lange  
John William Lauterbach, Jr.  
Melvin Vernon LeBlanc  
Alexander Lemberes  
Selby Francis Little, Jr.  
Walter Patrick Lukens  
John Warwick McCullough, Jr.  
Oliver Louis McDougell  
Henry Tomlinson MacGill  
Robert Anthony Mahowald  
LeRoy Emil Majeske  
George Aloysius Maloney  
Martin Michael Maloney  
John More Miller  
Charles Augustus Munford, Jr.  
John DuBose Nail, Jr.  
William Wallace Nairn, 3d  
Robert Lynn Ozier  
Carl Kamp Russell  
Norman Junior Salisbury  
James Emerson Smith, Jr.  
Gordon Malin Strong  
James Bernard Tatum  
Harold Stan Tavel  
Gerald Ross Toomer  
Wallace Francis Veaudry  
William Dawes Williams, Jr.

#### Quartermaster Corps

Thomas Long Flattery  
Bernard Jay Gardner  
Bennet Norman Hollander  
Burton Katz  
Robert Peter Lane  
Harrison Franklyn Meadows, III

#### Chemical Corps

Paul Charles Callan

#### Ordnance Department

James Lee Bushnell  
Willis Howell Clark  
John Griffin Gaddie  
Henry Cantzon Paul  
Louis Rachmeler  
Hal Clyde Richardson, Jr.  
Donald Verner Schnepf  
Richard Henry Storzini  
William Smith  
Ira Warren Snyder, Jr.  
Donald Harry Steininger  
Joseph John Williams

#### Air Corps

Anthony Allan Alfano  
John Jamison Anderson  
Leland George Anderson  
Howard Brown Arnold, Jr.  
Robert Paul Babbitt  
Earle LeRoy Bathurst, Jr.  
Robert Allan Beckelman  
Milton Bellovin  
Ralph Locker Bentley  
Buford Bernell Biggs  
Felix Anthony Blanchard, Jr.  
James Montgomery Breedlove  
Herbert Owen Brennan  
William Spencer Carpenter, Jr.  
Milton Jay Chamberlain  
Leland Dale Christensen  
Arthur Emmett Coates, Jr.  
Egbert Haldane Cofield, Jr.  
James Edward Colburn  
James Smith Coolbaugh  
John Edward Cottongim  
John Martin Coyne, Jr.  
Albert William Cretella, Jr.  
Forest Willard Crowe  
George Martin Dell  
Gordon Kendrick Dicker

David Michael Dunham  
Harold Jacob Eberle  
Robert Maxwell Ehrlich  
Angelo James Ellis, Jr.  
James Walter Enos  
Kenneth Howe Farrier, Jr.  
Gonzalo Fernandez  
John Frost  
Cecil Edward Fuchs  
Homer Perry Gainey, Jr.  
Edson Leonard Garrabrants  
Dean Stevens Gausche  
Jesse James Gilliam, Jr.  
George Joseph Goldsborough, Jr.  
Alan Henry Gould  
William Wright Gray  
Edmund Mortimer Gregorie, Jr.  
Robert Blake Griffith  
Wallace Hull Griffith  
John Thompson Guice  
Robert Maurice Haas  
Robert Fletcher Halligan  
George Fred Harrington  
James David Heironimus  
Donald Clement Helling  
Park Brown Herrick, Jr.  
Edwin Connery Hightower, Jr.  
Charles William Hill  
Robert Earl Hoffman  
Andrew Leon Hudgins  
Frederick Gray Hudson III  
Frederick Walter Jacoby  
David Jarvis  
Walter Edward Johnson  
Joe Dean Johnston  
Kermit Clifton Kaericher  
Harry Richard Kain  
Robert Edward Keck  
John Leroy Kennedy, Jr.  
Robert Eugene Kettner  
Marcos Emmet Kinevan  
John Jay Kirby, Jr.  
Frederick John Knauss  
Frank Joseph Kremser, Jr.  
William Thomas Kuykendall  
Conrad Norman Lajeunesse  
Frank Joseph Lamattina  
Kenneth Moore Landis  
Hewitt Chemnitz Larsen  
Allen Franklin Learmonth  
Charles Kennicott Leech  
John Kenneth Lerohl  
Hubert Horace Lewis  
J. Robert Lilley  
Donald David Litt  
John Joseph Lowry  
Einar Glenn Lundy  
Richard Alexis McClure  
James Crawford McKim  
John Stevenson Mallory, Jr.  
John Edwin Mock  
Thomas Vincent Monahan  
Robert Burns Moore  
Willard Noble Munroe, Jr.  
John James Murphy  
Ralph Calvin Murrin  
David Newcomb  
John Novomesky, Jr.  
Patrick Joseph O'Connell  
David Anicker Odell  
Jack Merrill Palmer  
Jack Vernon Pearce  
Francis Raymond Perry  
John Franklin Piepenbrink  
Jack Francis Pierce  
Herbert Carson Pinkerton, Jr.  
George Barney Poole  
Jack Harris Ray  
William John Reckmeyer  
Clyde Calvin Reynolds  
Donald Oren Robb  
Edwin Wales Robertson II  
James Edward Ryan  
Alan David Sapowith  
Robert Satten  
Lee Geoffrey Schlegel  
Winston Ousley Scoville  
Brent Scowcroft  
William Jennings Sharpe  
Charles Edward Shields  
King D. Simon  
Leonard Anthony Staszak  
Leslie Robert Stevens

Charles Carrington Stewart  
Daniel Lisle Tate II  
Young Arnold Tucker  
Stewart Meldred Vockel, Jr.  
Douglas Crowther Weaver, Jr.  
Robert Wilson White  
Gerald Joseph Wojciehoski  
William James Woldenberg  
Frederick Malcolm Wright  
John Mackay Young  
Clifford George Zimmer, Jr.

#### IN THE NAVY

##### APPOINTMENT ON THE RETIRED LIST

Vice Adm. Alexander Sharp, United States Navy, retired, to be placed on the retired list with the rank of vice admiral.

The following-named officers for appointment in the United States Navy in the corps, grades, and ranks hereinafter stated:

The following-named officers to the ranks indicated in the line of the Navy:

(\*Indicates officers to be designated for EDO and SDO subsequent to acceptance of appointment)

##### Lieutenants (junior grade)

\*Mather, Donald I. Thieriault, Harold J.  
\*Muller, Harry P. \*Young, Horace

##### Ensigns

Acton, William D. Garver, Richard E.  
Ambrosio, William Girard, Jean L.  
Andrich, Vincent J. Godfrey, Earl F.  
Askew, George V. Gohr, Robert B.  
Aydelott, William "L." Goodman, Louis R.  
Ayers, George "L", Jr. \*Graham, Archibald  
Balley, Ralston "G", Jr.  
Banks, Charles A. \*Groom, Ralph A.  
Barnes, Jerald D. Gullett, John H.  
Beatle, Ralph H. Hall, John C.  
\*Beck, Preston E. Hanley, Richard J.  
Becker, Terrill F. Harper, Horace D.  
Beckett, Philip E. Hartman, Richard V.  
Benson, William D. Hatheway, Valentine  
Burglund, Burton E. J., Jr.  
Berry, David P. L. Hedbawny, Edward J.  
Beyer, Delbert A. \*Henderson, James W.  
Blair, James A. Holbrook, Jack G.  
Botten, Ralph D. Hook, John C.  
Brown, Glenn H., Jr. Hough, William L.  
Canto, Joseph V. \*Howard, Cornelius S.,  
Carter, Frank B. Jr.  
Carroll, Charles J., Jr. \*Howard, Herbert B.  
Clark, Carroll D. Howard, Sam R.  
Collins, John J. Hulka, Edward H.  
Collins, Wayne D. \*Hunsicker, Charles,  
Corbett, James F. Jr.  
Corey, Richard A. \*Hutchinson, Harold  
Cover, John H. Huvall, Willard R.  
Coyle, Arthur J. \*Jacobs, Benjamin P.  
Coyne, Philip G. Jermann, Donald R.  
Cunningham, Patrick Johnson, Charles E.  
F. Johnson, Clarence R.  
D'Albora, Duilo Jones, Theodore  
Davenport, Herman P. Kauffman, Harry R.  
Jr. Kent, Robert B.  
David, Floyd J. Kiernan, Francis J.  
Davila, Daniel I. Kile, Newton A., Jr.  
De Baets, Donald J. Killingbeck, William  
Deffenbaugh, Robert E.  
M.  
Delaney, Henry L. Knudson, Angus J.  
Dickey, John L. Koons, Jack L.  
Dionne, Robert J. \*Kralik, William F.  
Dolan, Eugene F. \*Krouse, Gale E.  
Dorman, Alvin E. \*Kurtz, George P.  
Dorroh, Ray P. Lake, Jarrett T., Jr.  
\*Droz, John F. Laughlin, George W.  
Eaholtz, Galen M. Leslie, David A.  
Edrington, Frank R. Lewis, Frederick E.  
Eckman, Charles J. Lindgren, George B.  
Egli, Clayton J. Lococo, Salvatore  
Eldridge, Richard A. Loranger, Donald  
Essert, Antone Lynch, James  
Evans, Donald W. Malan, Max E.  
Evans, Thomas G., Jr. \*Margolf, Edgar L.  
\*Everett, Clayton F. Marks, Earl J., Jr.  
Fenby, Charles C. Martin, William H., Jr.  
Finke, Gordon R. Maxwell, Jack A.  
Finley, Howard B., Jr. McAdams, Robert B.  
\*Fisher, Robert E. McConnel, Joseph E.  
Forehand, Wendell C. McDaniel, Charles B.  
Fritsch, Edward C., Jr. \*McKinney, Harold W.

McVay, Kenneth M. Smith, Charles W.  
Melton, John B., Jr. Smith, Gordon C.  
Menconi, Harry E., Jr. Smith, John  
Merritt, John A., 3d Spaulding, John I.  
Miles, Bernard L. Stanley, George M.  
Miles, Neagle W. Steadley, William A.  
Mills, Allan W. Stecker, Kenneth W.  
Mix, Robert W. Stephens, Jerrel D.  
Moore, Willard H. Stevenson, Norman M.  
Moriarty, Norbert L. Stockstill, Peter T.  
Morris, Evan D. Storey, Richard E.  
Morris, John R. Stowitts, Emory V. P., Jr.  
Mottarella, Victor G. Swanson, Hjalmer E.  
Murphy, William F. Tefft, William V. 2d  
\*Nardone, Henry J. Thomas, John  
\*Neill, Eugene R. \*Thompson, James B., Jr.  
Neth, Robert L. A. Thomson, Robert G., Jr.  
Nicolais, Anthony L. Orton, Robert D.  
O'Connell, Thomas A. Parr, Charles W.  
Orton, Robert D. Perdue, Uley F.  
Parr, Charles W. \*Plattner, Francis B.  
Perdue, Uley F. Price, Kenneth W.  
\*Plattner, Francis B. Rapacz, Edwardus  
Price, Kenneth W. Ratliff, John "H"  
Rapacz, Edwardus \*Reed, Richard C.  
Ratliff, John "H" \*Rich, Charles A.  
\*Reed, Richard C. Rich, Harold G.  
\*Rich, Charles A. Rocke, William A.  
Rich, Harold G. Rose, Charles J.  
Rocke, William A. Schneider, Robert F. J.  
Rose, Charles J. Schnopp, Robert W.  
Schneider, Robert F. J. Schock, Robert E.  
Schnopp, Robert W. Shea, John  
Schock, Robert E. Small, Rufus C.  
Shea, John \*Zimmerman, Chester A.  
Small, Rufus C. Smith, Billie E.

The following-named officers to the grades and ranks indicated in the Medical Corps of the Navy:

*Assistant surgeons with the rank of lieutenants (junior grade)*

Bond, Victor P. McCann, Eugene C.  
Cleary, James F., Jr. McCarthy, Robert J.  
Conley, John L. Meyer, Frederick W., Jr.  
Gundelfinger, Benjamin F.  
Hegelstein, Arthur A. Scheffen, Albert E.

The following-named officers to the grades and ranks indicated in the Supply Corps of the Navy:

*Assistant paymasters with the rank of ensigns*

Arrigo, Anthony J. McMullen, Marvin E.  
Bevan, Loren R. Monahan, Edward F.  
Bigham, Robert G., Jr. Nunn, Enoch W.  
Cohen, John F. Ooyman, John G. 3d  
Dellinger, Charley P. Pierce, James M.  
Dorlon, William E. Pluto, Raymond J.  
Downey, James G. Reeves, James F., Jr.  
Duffie, Hubert W. Rocque, Paul F.  
Farrell, George 3d Ross, Joel E.  
Fitzpatrick, Julius W. Tice, "J" P.  
Hauck, Richard H. Tiffin, Jesse R.  
Hix, Charles F. Tripp, Charles J.  
Hiza, John Walker, Hinton C.  
Johnson, Karl A. Wasko, Andrew J.  
Keenan, Joseph I. Wilson, Robert W.  
Kolinsky, Jaromir J. Zielinski, William E.  
Larsen, Russell W. Bentley, William R.  
Martin, Donald V. Corley, James O.  
McDonald, Raymond Kurek, Edward L.  
O., Jr. Toll, David R.  
Wallis, Esle D.

The following-named officers to the grades and ranks indicated in the Civil Engineer Corps of the Navy:

*Assistant civil engineer with the rank of lieutenant (junior grade)*

Marra, Peter S.

*Assistant civil engineers with the rank of ensign*

Allen, Max H.  
Mallory, Charles W.  
Andrews, James D.

The following-named officers to the grades and ranks indicated in the Dental Corps of the Navy:

*Assistant dental surgeons with the rank of lieutenant (junior grade)*

Blackwood, Robert M. Siemer, Harold N.  
Gleisten, Howard P. Steinauer, Jerome J.  
Harwood, Richard C. Stoopack, Jerome C.  
Hudec, Ernest P. Van Damm, Vincent W.  
Mitchell, Edward C. Wemple, Clifton "L"  
Rumming, Ray C. Williams, Robert M.  
Secrest, Robert H.

The following-named officers to the rank of commissioned warrant officers in the Navy in the grades indicated:

*Chief boatswains*

Banks, Ned V. McMillan, Donald J.  
Eddy, Harold B. Proback, Nicholas  
Elder, David A. Robinson, Robert  
Hambly, Louis C. Schuhmacher, John E.  
Hima, Dennis Smith, Forrest E.  
Jones, Leslie Trapp, Robert I.

*Chief machinists*

Banks, Milton W. McGahee, Estli M.  
Howell, Gerald U. Ritter, Preston R.

*Chief pharmacists*

Kibsgaard, Henry  
Novak, Louis

The following-named officer to the rank indicated in the line of the Navy, to correct spelling of name as previously nominated and confirmed:

*Ensign*

Hannah, Glyde B.

The following-named officers to the ranks indicated in the line of the Navy:

*Lieutenant*

\*Awtrey, Hugh R.

*Lieutenants (junior grade)*

\*Hoch, John E.  
Leroy, James M.  
Murray, Budd M.

*Ensigns*

Anderson, Albert A. Kimpflen, Joseph F.  
Armstrong, Francis L. Knoche, John H.  
Beam, Jay K. Langfur, Joshua T.  
Brambilla, Marius G., Jr. Kuhns, Paul S.  
Branch, Henry S., Jr. Kujawa, Edwin A.  
Brown, Barry W. Langfur, Joshua A.  
Casler, James B. \*Larkin, Muri A.  
Cromer, Morris H. Leary, Lauris J.  
Deatherage, Benjamin Liebmann, Howard F.  
C. Maguire, Paul H.  
DeBlanc, Albert C. Matthews, William D.  
English, Thomas J. McConnell, James H.  
Epps, Charles W. McNeal, Cecil L.  
Featherstone, Thomas \*Moloney, Ralph T.  
A. Newman, Hubert F.  
Foltz, Robert L. O'Dougherty, Edwin F., Jr.  
\*Foster, John P.  
Franetovich, Francis L. Plowman, Edwin L.  
Gainnes, Donald M. Poynter, Drexel E.  
Gibbs, James T. Ramsey, William B.  
\*Gullette, George L. Reardon, Francis P.  
Halford, James A., Jr. Richardson, Dean C.  
Hall, Ozni D. Rider, Richard G.  
Hansen, John B. Robertson, Jack M.  
Harris, Donald W. Robertson, John A., Jr.  
Hawley, Edward R. Robinson, Marvin K.  
\*Hazelett, Samuel E. Roe, Charles R.  
Howe, Thomas Rumsey, James F.  
Huling, Harold E. Sampson, Richard A.  
H. Johnson, Arrol, Jr. H. Savage, Vann E.  
Johnson, Carl M. Scoggin, John L.  
Johnson, Donald W. \*Seifert, Jerry R.  
Johnston, Floyd M. Sheridan, Martin J.  
Jones, Alfred H. Smith, Richard F.  
Juhnke, Lyle A. Snider, Alfred C.  
Keenan, Raymond J., Jr. Sorenson, Richard C.  
Kennedy, Henry G. Spencer, Erwin J.

Stearns, Theodore H. Tuggle, Charles, M., Jr.  
Stern, Eugene "J", Jr. Twaddell, Miles E.  
Sutton, James C., Jr. Wasco, Michael F.  
Tarpey, John F. Weekley, Eugene K.  
Thompson, Harold R. Wheelless, John C.  
Jr. Yarbrough, John D.  
Tillen, Frank J., Jr. Ziegler, William F.  
Tkoch, Walter

The following-named officers to the grades and ranks indicated in the Medical Corps of the Navy:

*Surgeon with the rank of lieutenant commander*

Callaway, Raymond R.

*Passed assistant surgeon with the rank of lieutenant*

Gard, Perry W.

*Assistant surgeons with the rank of lieutenant (junior grade)*

Hague, James D.  
Losner, Irving  
Mattison, William L.

The following-named officers to the grades and ranks indicated in the Supply Corps of the Navy:

*Assistant paymasters with the rank of lieutenant (junior grade)*

Appleby, Charles A.  
Cryer, William E.  
Ragland, Thomas W.

*Assistant paymasters with the rank of ensign*

Abrams, Bernard Hoffman, Rex V.  
Bateman, Roger I. Keller, Bruce W.  
Bollens, Alfred P. Kennedy, Patrick F.  
Brown, Lowell E. Kenyon, Floyd O.  
Burnham, William W. Kiss, Richard C.  
Butchart, Robert L. Kruskow, Max E.  
Claussenius, Richard Lux, Donald A.  
Hatton, Roy E. McGuire, Henry W.  
Healy, Robert N. Sylvester, Nelson J.  
Hobkirk, Carl M.

The following-named officers to the grade and rank indicated in the Civil Engineer Corps of the Navy:

*Assistant civil engineers with the rank of ensign*

Gazda, Theodore E. Timberlake, Lewis G.  
Locke, Harry A. Hobson, Harold E.

The following-named officers to the grade and rank indicated in the Dental Corps of the Navy:

*Assistant dental surgeons with the rank of lieutenant (junior grade)*

Hattendorf, Derwood F.  
Sheppard, John R.  
Smith, Roland C.

The following-named officers to the rank of commissioned warrant officer in the Navy in the grades indicated:

*Chief boatswain*

Crocker, Ralph J.

*Chief gunners*

Harman, Walter E.  
Lawrence, Oscar O.

*Chief electricians*

Aalsey, Howard M. Hackett, Arthur E.  
Camp, Jack E. Rosier, Warren "W"  
Gaumer, Chester T. Yarbrough, Paschal R.

*Chief radio electricians*

LeCompte, James W. Myles, Clyde W.  
McMullen, Alton R. Phillips, William R.

*Chief machinists*

Grozler, Gaylord L.  
Hesson, James F.  
Orcutt, Lyle F.

*Chief carpenters*

Davis, George S. Hunt, Joe H.  
Harley, Douglas M. Judash, Joseph  
Howerton, Vance B. Smith, Frank M.

*Chief ship's clerks*

Daniel, Horace H. McClure, Phillip A.  
Eads, Lyle W. Olasky, Charles

*Chief pharmacist*

Williams, Lindley

*Chief pay clerks*

Bender, Merle D. Mattila, Martti  
Dunning, Gordon Patton, William A.  
Lucas, Frank J. Reinhold, Edgar D.

## APPOINTMENTS IN THE NAVY

*To be assistant paymaster with rank of ensign from June 6, 1947*

Roy S. Nunnally

*To be assistant paymasters with the rank of ensign from June 6, 1947, in lieu of appointment as ensigns as previously nominated*

James R. Ahern Thomas F. Murphy, Jr.  
Bruce A. Benson Gordon W. Phelps, Jr.  
William D. Crawford William J. Reynolds  
Gall L. Heasley Joseph E. Spalding  
Sheldon L. Hirsch Gerald H. Weyrauch  
Martin D. Marder Harry I. Zankman

*To be ensigns in the Navy from June 6, 1947*

George R. Lathan  
Neil E. Nelson, Jr.

*To be ensigns from June 6, 1947, in lieu of appointment as assistant paymasters in the Navy with the rank of ensign as previously nominated*

William E. Ainslie Harold A. McCauley  
Robert M. Bonk Thomas O. Nutt, Jr.  
Duane D. Borgert Edward A. Short  
Raymond E. Jeffery Samuel S. Stephens  
John R. Logan

*To be ensigns in the Navy from June 6, 1947, in lieu of appointment as assistant civil engineers in the Navy with the rank of ensign as previously nominated*

Joseph W. Neudecker, Jr.  
James L. Yates

*To be assistant paymasters with the rank of ensign from June 6, 1947, in lieu of appointment as ensigns in the Navy as previously nominated*

William Blanchard, Jr.  
Frank G. Simala

*To be assistant paymasters with the rank of ensign*

Robert R. Poitras  
Donald B. Small

*To be assistant civil engineers with the rank of lieutenant (junior grade)*

"W" "J" Elevins Bernard J. Isabella  
Richard L. Divoll John A. Mitchell  
David LaM. Flynn Herbert F.  
Robert H. Hartley Zinsmeister, Jr.

*To be ensigns in the Navy, from June 6, 1947*

Sigmund Abraham, James R. Borge  
Jr. Raymond L. Black  
Clayton R. Adams Ralph G. Blair  
James R. Ahern William P. Blandy  
Charles S. Alexander, Lloyd S. Blomeyer  
Jr. Charles H. Bloom  
Zeb D. Alford Daniel K. Bloomfield  
Thomas R. Allen James S. Bloomfield  
Lionel E. Ames, Jr. Arthur K. Blough, Jr.  
Donald S. Apple Robert O. Bonnell, Jr.  
Charles E. Arnold Paul V. Borlaug  
Alan Augenblick Frank L. Boushee  
Jack F. Ayers Paul H. Bowdre, Jr.  
Francis W. Bacon, Jr. John C. Bowers  
George F. Ball Ross K. Bramwell  
Earl deR. Barondes Benjamin Y. Brewster,  
Richard W. Bass, Jr. Jr.  
Fred H. Baughman Jack H. Bridges  
James M. Beggs Wharton H. Brooks, Jr.  
Ralph E. Behrends Charles H. Brown  
John H. Bell Robert C. Bryan  
Roland M. Bendel Richard E. Byran  
Bruce A. Benson Edward G. Buck  
Joseph H. Benton Randall O. Buck, Jr.  
John J. A. Berggren Donald P. Buhner  
Arthur C. Bigley, Jr. Nathaniel W. Bullard  
Paul T. Bishop John Bunganich, Jr.

William J. Byrd  
William J. Callahan  
David W. Cammack  
Roger Carlquist  
Dale E. Carlson  
William L. Carpenter  
David C. Carruth  
Robert C. Carter  
Robert S. Chadima  
John L. Chelgren  
Russell H. Christian  
Karl J. Christoph, Jr.  
William E. Clark  
Joseph H. Clagens 2d  
Harold S. Clay  
William H. Clegg  
William F. Clifford, Jr.  
Phillip LeR. Collins, Jr.  
Robert I. Conn  
Daniel Connolly  
Benjamin J. Conroy  
Jr.  
William E. Conway  
Frank W. Corley, Jr.  
Paul T. Corrigan  
Walter W. Cort, Jr.  
Joseph D. Costello  
William D. Crawford  
Robert E. Crispin  
Robert W. Crouter  
Frank L. Crump, Jr.  
Edward M. Cummings,  
Jr.  
Joseph H. Curl  
Robert S. Curl  
Nello A. Da Rodda  
Cabell S. Davis, Jr.  
Nicholas E. Davis  
Walter A. DeAndrade  
Tyler F. Dedman  
Harold P. Deeley, Jr.  
George E. DeLong  
Richard T. Dempsey  
Donald P. Dick  
Robert W. Dickleson  
Warren S. Dodd, Jr.  
Walter J. Donovan  
Robert C. Doxey  
Gene R. Dreher  
Peter Duncan  
John A. Dunn  
Robert H. P. Dunn  
James R. Duquette  
Robert E. Durfos  
John C. Dyer  
Paul J. Early  
Eurton I. Edelson  
Charles S. B. Edmondson, Jr.  
Maurice M. Edwards,  
Jr.  
John E. Ellert  
Claude P. Ekas, Jr.  
Robert E. Endebrock  
Robert F. Ennis  
Wesley D. Ennis  
Phillip W. Erickson  
Roger E. Errington  
John B. Fahey  
Harlow H. Falevsky  
John W. Fallon, Jr.  
Robert R. Fargo  
Gordon "H" Farmer  
Willard L. Felsen  
William A. Feltovic  
Richard W. Fenn  
Richard Ferguson  
John B. Ferris, Jr.  
John H. Fisher  
Robert H. Flood  
William H. Flynn, Jr.  
Melvin "M" Forman  
David G. Foxwell  
Edmond W. Freeman  
3d  
Peter H. Freeman  
Cloyd W. French  
John C. Fry  
Harrison C. Gaftskill  
3d  
James M. Gammon  
Bruce B. Garlinghouse

Alan S. Garner  
Irvin L. Gasser  
Seth C. Gatchell  
Robert K. Geiger  
Peter Gengor  
Julian Gewin  
James H. Gildard 3d  
Donald T. Giles, Jr.  
Peter J. Goldman  
Charles Gonia  
Ben Goodman, Jr.  
Charles F. Gorder  
Robert H. Gormley  
Walter Grechanik  
Herbert T. Green  
Norman K. Green  
Roger M. Gregory, Jr.  
Robert J. Grimsley  
Nicholas Guletsky  
Rowland I. Haines 3d  
Robert F. Hale  
Robert K. Hammann  
William D. Harkins  
Richard B. Harris  
James L. Harrison, Jr.  
Donald P. Harvey  
Arthur J. Haskell  
James W. Hawthorne  
Joseph R. Hawvermale  
James T. Hayes  
Thomas B. Hayward  
Gail L. Heasley  
Robert A. Hemmes  
William E. Henson, Jr.  
George A. Herbert  
Russell G. Herron  
Ivan Himmel  
Sheldon L. Hirsch  
Arthur J. Hodder, Jr.  
Richard A. Hoffman  
Bradley D. Hoffmann  
Henry A. Hoffmann  
Gordon McG. Hogg, Jr.  
John P. Holland  
Jesse A. Holshouser, Jr.  
Wallace C. Holton  
James M. Hornbrook  
Norman T. Hornsby  
Fred E. Horvath  
Walter P. Houk  
John C. Hufft  
Arthur N. Hull  
David H. Hunt  
"H" Reid Hunter  
Ralph J. Jaccodine  
Stanley A. Jacobs  
William H. Jagoe  
William E. Jarvis  
Harry P. Jefferson  
George G. Jeffries, Jr.  
Harold W. Jesse  
Joseph "B" Jochum  
Harvey J. Johnson  
James H. Johnson  
Jack D. Jones  
Robert S. Jones  
William F. Jones  
Robert F. Jortberg  
William H. Kanzler  
Paul C. Keenan, Jr.  
Bruce Keener 3d  
James P. Kelley  
Eugene F. Kelly  
Ralph A. Kennedy  
John S. Kern  
Stephen H. Kessler, Jr.  
Donald McL. Kirkpatrick  
Wilbur C. Klemm  
Franklin C. Knock  
Edwin H. Koester  
Richard E. Kosiba  
Joseph Kovacs  
Arthur L. Krasnow  
Dale L. Kratzer  
Francis X. Kuhn  
Frank E. Lally, Jr.  
Alphonse G. Lang, Jr.  
Judson D. Langston  
Humphrey B. Lansden  
Jerome E. Larson  
Kelvin K. Larson

John R. Lastova, Jr.  
Henry B. Latimer  
Kent W. Lawson  
William H. Layman  
John C. Le Douay  
Harry B. Lee  
George R. Lemmon  
Chantee Lewis  
William S. Lewis  
Robert A. Litke  
George L. Little 3d  
Raymond DeL. Lochner  
John R. Lucas  
William McK. Luckie  
Melville I. Macquarrie  
Francis F. Manganaro  
John F. Mangold, Jr.  
Martin D. Marder  
Lawrence D. Marsolais  
James K. Martin  
Robert S. Marts  
William McG. Mathew  
Richard C. Maurer, Jr.  
John W. McAdams, Jr.  
William J. McCabe  
John A. McCamont  
William J. McClain  
Robert B. McClinton  
John A. McCook  
Wayne S. McCord  
Kyle C. McCormick  
Wilson E. McDermut  
Carlton A. K. McDonald  
David B. McDowell  
William B. McGinty,  
Jr.  
William McKinley  
Stewart H. McLean  
James D. McNeil  
John B. Mencke  
Gordon K. Meriwether,  
Jr.  
Robert P. Metzger  
Charles R. Miko  
Robert L. Milholland  
Robert H. Miller  
Ross L. Miller  
Robert N. Mitchell, Jr.  
William E. Monaghan  
Girard W. Moore, Jr.  
Richard E. Moran  
Clifford L. Morgan  
Max K. Morris  
Wilbur M. Morrison  
Eugene W. Mulligan  
3d  
Richard E. Munly  
Thomas F. Murphy,  
Jr.  
Perry W. Nelson  
Roger M. Netherland  
William C. Newell, Jr.  
Samuel C. Newman  
George A. Nicholas  
Oliver LeG. Norman,  
Jr.  
William E. Nylan  
Charles H. Ogilvie  
Corwin A. Olds  
Lawrence A. O'Leary  
James C. Oliver, Jr.  
Robert C. Olson  
Albert G. Opitz  
Neri Osborn 3d  
James W. Osmer, Jr.  
James A. Ostiller  
George R. Parish, Jr.  
John S. Park  
Harry Partridge, Jr.  
Randolph F. Patterson  
Samuel S. Pennock 3d  
Anson C. Perkins  
John R. Pesavento  
Reuben W. Peterson,  
Jr.  
Gordon W. Phelps, Jr.  
Kenneth E. Phillips  
Edward B. Pickell  
Jackson R. Pickens

Frank R. Pirkey  
Clarence R. Plank  
Reuben P. Prichard, Jr.  
Robert E. Pyle  
Burton J. Rab  
Jerome W. Rabinowitz  
John E. Rasmussen  
Charles F. Rauch, Jr.  
Robert D. Rawlins  
Benton E. Reams  
William F. W. Reeve  
William J. Reynolds  
Robert G. Ricker  
Baylor G. Riddell  
William L. Rigot  
Paul A. Riley  
William D. Robertson,  
Jr.  
Charles H. Rockcastle  
Abraham Rockman  
Ralph C. Rodgers  
Duke J. Rose  
Meyer H. Rose  
Seymour N. Ross  
Robert G. Roth  
Thomas W. Routledge  
Russell A. Rowan, Jr.  
James C. Ruehrmund  
John K. Ryder  
Richard M. Ryder  
Hugh A. Sanders  
John B. Sangster, Jr.  
Bayard T. Sansom  
Glenn A. Savage  
Robert K. Schenkel  
James R. Schmolter  
Marvin C. Scoggins, Jr.  
Donald M. Shake  
John C. Shannon  
John W. Sharp  
Victor V. Sharpe, Jr.  
Daniel F. Shea, Jr.  
William L. Shea  
Daniel N. Shockey  
William J. Shoemaker  
William E. Shorr  
Kenneth L. Shugart, Jr.  
Arnold L. Silverman  
Willard E. Simon  
Jonathan A. Sisson  
James B. Sizer 3d  
Harold F. Skelly  
Charles R. Skord  
Robert W. Slater  
Charles P. Smith  
Deming W. Smith  
Harold A. Smith  
Robert P. Smith  
Samuel T. Smith, Jr.  
Francis M. Snyder  
Richard L. Sonne  
Joseph E. Spalding  
Walter Spangenberg,  
Jr.  
Spiro Spiron  
Warren L. Spry  
Henry L. Staples, Jr.  
Robert H. Stickel  
Troy E. Stone  
Arthur E. Strauss  
James T. Strong  
Willard L. Strong  
Jack M. Stufflebeam  
Hubert B. Sturtevant,  
Jr.  
Charles D. Summitt  
David "H" Swenson,  
Jr.  
Dean Taylor, Jr.  
Theodore R. Tenczar  
Milford S. Terrass  
Lee R. Thomas, Jr.  
Robert K. Thompson  
Sebastian Trusso  
Louis T. Urbanczyk, Jr.  
Robert L. Van Horn  
Raymond W. Vasquez  
Frank "J" Vermilya  
Jay J. Viehmann  
John R. Virtz  
Russell A. Vollertsen

John C. Waddell  
Dwight Wadsworth  
Edgar F. Ward  
Donald C. Warren  
Jonathan R. Warren  
Ronald D. Waugh  
Joseph E. Weatherly, Jr.  
Albert W. Weems, Jr.  
Robert M. Weidman, Jr.  
Edward F. Welch, Jr.  
Alfred G. Wellons, Jr.  
John T. Welsh  
William G. Wepfer  
Gerald H. Weyrauch  
Curtis R. Wick  
John G. Wick

John E. Wilkie  
Bernard P. Williams, Jr.  
Henry H. Wilson  
Kenneth E. Wilson, Jr.  
Robert E. Wilson  
Cornelis Winkler, Jr.  
Robert S. Wise  
Alan E. Wood  
John H. Wray  
Andrew J. Yates  
William K. Yates  
Floyd F. Young  
Harry I. Zankman  
William L. Zedaker, Jr.  
Louis J. Zeleznock  
Randolph D. Zelov

Eugene A. Dieckert, Jr.  
Joseph E. Dierkes  
Donald L. Dondero  
Robert M. Ducey  
Harry B. Ellis  
James E. Empting  
David L. English  
William Evans  
James V. Farley, Jr.  
Doc G. Faulkner, Jr.  
Robert Fedor  
John J. Fickers  
Albert O. Floyd  
Archie E. Floyd  
Isaac N. Franklin, Jr.  
John McA. Frye  
Peter Galimitakis  
Joseph J. Garside  
Gene F. Gauthier  
Michael Gaydos, Jr.  
George W. Gibson  
Robert F. Graves  
William D. Greene  
Galen M. Hallett, Jr.  
Charles R. Hannun  
Andrew U. Hassman, Jr.  
Millard F. Havener  
Kenneth G. Haynes  
Richard W. Haupt  
Robert L. Heinz  
Richard M. Hennigan  
William McG. Hepburn, Jr.  
Harold M. Hewell  
Alvin S. Hibbs  
Robert K. Hoffman  
Carl L. Hokenson, Jr.  
Philip C. Hollano  
Wallace J. L. Houde  
Lewis McN. Hough  
Richard H. Howe  
George E. Hubbell  
Ira J. Hudson 3d  
Bruce M. Jacobs  
William E. James  
Robert W. Johnson  
William N. Johnson  
Charles W. Jones  
Robert A. Keagy  
James D. Kearny  
Edward T. Keating  
Owen K. King  
Joseph M. Kitchen  
John L. Kline, Jr.  
Robert H. Koehler  
Robert P. Kolar  
Lee F. Kyle  
Eugene Lange  
Charles S. Leach  
Morris Levin  
Linus R. Litsey  
James F. Logan, Jr.  
Thomas Lorgo  
Lawrence R. Lowe  
Donald H. Lucas, Jr.  
Robert T. Maconie  
Patrick J. Madden  
Don McC. Martin  
Andrew J. Mashaw  
Joseph C. McCalley  
Raymond K. McDaniel

William L. McGonagle  
Robert M. McLaughlin  
Grover C. Miller  
Raymond T. Miller, Jr.  
William J. Miller  
Donald F. Milligan  
Samuel R. Misericordino  
Jack L. Morrow  
Robert C. Newcomb  
George E. Nuber, Jr.  
Eugene W. Ostlund  
Arthur M. Pastel  
Dale S. Perry  
Richard Porter  
Paul R. Powell  
William C. Powell, Jr.  
William L. Prange  
John F. Pritchard  
Robert W. Proctor  
Henry P. Quick  
Robert L. Quimby  
Robert B. Rausch  
Davis W. Reed  
William E. Reed  
Donald H. Reese  
Isaac P. Rehkopf  
Benjamin T. Richards  
Donald W. Richardson  
Joseph M. Rideout 3d  
David A. Robinson  
William B. Robinson  
Robert E. Rodes, Jr.  
Estel E. Rouch  
Clifford LeR. Sayre, Jr.  
Walter T. Schulthels  
Robert L. Scott  
Harold Scudder  
Aldo Serafin  
Lester L. Shade  
Frank G. Simala  
Richard S. Slawson  
Earl A. Sonnier  
Monroe B. Sorge  
George A. Souris  
Charles J. Stanback  
Jason K. Stewart  
Joseph V. Sweeney  
James Thomson  
Paul E. Trejo  
Edward "X" Tuttle  
John Van Tol  
Adelberta M. Von Almen, Jr.  
James W. Wallace  
Thomas C. Walsh  
Harold E. Weber  
David J. Werner  
Cleo Weschke  
John M. Westbrook  
Donald J. Weintraut  
Thomas R. Wilkinson  
Roy E. Williams  
Laurence W. Wilson  
Robert D. Wilson  
Gordon L. Wineman  
Richard G. Wisham  
Richard A. Yale  
McCaslin Yates  
George T. Youngren

Donald H. Lake  
John R. Logan  
Donald E. Mackin  
Donald S. Macoy  
Joseph L. Mahoney, Jr.  
William F. Mangan  
Noel D. Martin  
Alfred S. Maurstad  
Harold A. McCauley  
Thomas T. McGinnis  
David E. Moline  
Robert F. Morison  
Maurice A. Notch  
Thomas O. Nutt, Jr.  
Joseph F. Ouellette

Paul J. Pflueger  
Charles R. Pitchford  
Raymond Ramer  
Robert L. Reed  
Keith L. Robinett  
Edward A. Short  
John T. Snyder  
Samuel S. Stephens  
Jackson B. Strange  
Lawrence E. Sutherland, Jr.  
Edward J. Tuite  
William S. Waldron  
Carleton R. Williams

The following-named midshipmen to be assistant paymasters in the Navy, with the rank of ensign, from the 6th day of June, 1947:

Thomas J. Allshouse  
Harold R. Andrus, Jr.  
Bradley L. Baker  
James E. Ballard  
William C. Brewer  
Charles W. Butler  
John A. Chapman 2d  
Robert D. Darragh, Jr.  
Elliot A. Dewey  
Gordon M. Ehrman  
Richard M. Evans  
Nevin W. George  
James I. Gibson  
Charles C. Held, Jr.  
Marvin S. Hutchison  
Walter L. Kraus  
Peter N. Kyros  
Thomas F. Nealon

Thomas J. O'Connor  
William C. Olin  
Warren H. Ortland  
Thomas J. Pawlowski, Jr.  
Stephen W. Plarr  
John W. Porter  
Eugene M. Portner  
Richard L. Rainey  
William F. Reed, Jr.  
Frank Simpson 3d  
Jack C. Smith  
Ernest L. Truax, Jr.  
Willard H. Walker 3d  
David W. Whelan  
Thomas J. Wills 2d  
William D. Wilson

Millard F. Havener  
Kenneth G. Haynes  
Richard W. Haupt  
Robert L. Heinz  
Richard M. Hennigan  
William McG. Hepburn, Jr.  
Harold M. Hewell  
Alvin S. Hibbs  
Robert K. Hoffman  
Carl L. Hokenson, Jr.  
Philip C. Hollano  
Wallace J. L. Houde  
Lewis McN. Hough  
Richard H. Howe  
George E. Hubbell  
Ira J. Hudson 3d  
Bruce M. Jacobs  
William E. James  
Robert W. Johnson  
William N. Johnson  
Charles W. Jones  
Robert A. Keagy  
James D. Kearny  
Edward T. Keating  
Owen K. King  
Joseph M. Kitchen  
John L. Kline, Jr.  
Robert H. Koehler  
Robert P. Kolar  
Lee F. Kyle  
Eugene Lange  
Charles S. Leach  
Morris Levin  
Linus R. Litsey  
James F. Logan, Jr.  
Thomas Lorgo  
Lawrence R. Lowe  
Donald H. Lucas, Jr.  
Robert T. Maconie  
Patrick J. Madden  
Don McC. Martin  
Andrew J. Mashaw  
Joseph C. McCalley  
Raymond K. McDaniel

The following-named midshipmen, United States Naval Reserve, to be assistant civil engineers in the Navy, with the rank of ensign, from June 6, 1947:

Joseph W. Neudecker, Jr.  
Henry F. Peger

Maurice A. Person  
Donald R. Williams  
James L. Yates

#### IN THE MARINE CORPS

#### APPOINTMENTS IN THE MARINE CORPS

The below-named citizens to be second lieutenants in accordance with the provisions of Public Law 729, from June 6, 1947:

Peter W. Adams  
Ezra H. Arklund  
Albert F. Belbusti  
Charles A. Cothran  
James W. Epley  
Jesus R. Flores  
Harold D. Fredericks  
Cullen O. Henry  
Forest J. Hunt  
Robert E. Izzo  
George C. Kliefoth  
Arthur F. Larievy, Jr.  
Francis E. McDonald

Otto L. Marx  
Anthony V. Messina  
Bromley Palamontain  
Martin Pearson  
Robert H. Rea  
Parks H. Simpson  
Carl H. Smith, Jr.  
Robert E. Steed  
Joseph M. Vosmik  
David W. Walsh  
John J. Walsh

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 21, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou whose all-searching eye beholdest all things and weighest the motives of men, be with us and keep us above lower things. Come to us and give us the spirit which makes supreme the deeds of unselfishness and which conquers any forbidding purpose. In our hidden lives may there be found the secret of Thy presence, which brings the wisdom of the divine mind and the fervent desire to walk the highway which Thou hast appointed. Help us to do much that our country will approve, and to do much that our country will hold. Each day inspire us to give Thee our unquestioning loyalty and our impassioned love and hearty obedience. In all our tasks help us to be true and fearless in defense of the right, that genuine goodness may abound in our official circles.

In Thy Holy name. Amen.

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

#### SPECIAL ORDER GRANTED

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent that today, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The following-named midshipmen to be second lieutenants in the Marine Corps, from the 6th day of June 1947:

George W. Allen  
George A. Bacas  
Jack T. Baker  
Joseph S. Bartos, Jr.  
Bonner R. Bell  
Leon C. Bramlett, Jr.  
Francis B. Carlon  
Richard W. Crowley  
Floyd A. Cuff  
Thomas E. Dawson  
Charles H. Dean, Jr.  
George R. Earnest  
Thomas H. Galbraith  
Robert W. Holding  
Edgar A. Hollister  
Edward Y. Holt, Jr.  
Edmund W. Jaworski

William L. Jesse  
James H. Larson  
Baldomero Lopez  
Robert M. Lucy  
Thomas E. Murphree  
Robert B. Pohl  
William A. Reavis  
Charles J. Schneeman, Jr.  
Lloyd L. Seaward  
Philip D. Shutler  
Boyd B. Sibert, Jr.  
David A. Strausz  
Donald W. Tardif  
Thomas E. Vernon  
William F. Wagner  
Floyd H. Waldrop

George E. Hubbell  
Ira J. Hudson 3d  
Bruce M. Jacobs  
William E. James  
Robert W. Johnson  
William N. Johnson  
Charles W. Jones  
Robert A. Keagy  
James D. Kearny  
Edward T. Keating  
Owen K. King  
Joseph M. Kitchen  
John L. Kline, Jr.  
Robert H. Koehler  
Robert P. Kolar  
Lee F. Kyle  
Eugene Lange  
Charles S. Leach  
Morris Levin  
Linus R. Litsey  
James F. Logan, Jr.  
Thomas Lorgo  
Lawrence R. Lowe  
Donald H. Lucas, Jr.  
Robert T. Maconie  
Patrick J. Madden  
Don McC. Martin  
Andrew J. Mashaw  
Joseph C. McCalley  
Raymond K. McDaniel

The following-named midshipmen, United States Naval Reserve, to be ensigns in the Navy, from the 6th day of June 1947:

Robert A. Aiken  
Julian L. Alexander, Jr.  
James B. Allen  
Ray M. Allman  
Michelangelo Altieri  
Arthur H. Anderson  
Frank A. Anderson  
Kenneth L. Baker  
William E. Bardemeler  
Frederick J. Bear, Jr.  
Francis J. Beltzer  
Roy M. Bell  
Charles H. Black  
William Blanchard, Jr.  
William E. Boisvert, Jr.  
Myron E. Bond  
Lee H. Boyd  
Carl J. Bradley  
Charles C. Brisco, Jr.  
Elmer C. Broadwell  
John R. Brown  
Kenmore McM. Brown  
Orval W. Buell

Sidney M. Burnett  
Ossian R. Butterfield  
William A. Buttler  
Robert D. Buzzard  
Harold P. Cahill, Jr.  
Donald D. Campbell  
Robert V. Canosa, Jr.  
Earle W. Carder, Jr.  
Herbert V. Carr  
Robert W. Cauchon  
Joseph R. Childers  
Frederic J. Clawson  
Robert J. Cleary  
Robert W. Cohan  
Thomas A. Connor  
Frederick D. Cook  
Wayne H. Crawford, Jr.  
Harold W. Crozier  
John D. Cumalat  
John E. Cummings  
William E. Cunningham  
William S. Currie  
Richard J. Dermody  
Richard A. Derus

The following-named midshipmen, United States Naval Reserve, to be assistant paymasters in the Navy, with the rank of ensign, from June 6, 1947:

William E. Ainslie  
Michael Bat  
James M. Baumgardner  
Carl I. Bergkvist  
Robert M. Bonk  
Duane D. Borgert  
William H. Brownell  
Wright A. Burnham  
Ralph A. Buswell  
Ervin H. Cooper  
Howard R. Cottrell

Paul R. Ebling  
Richard B. Euchenhofer  
Malcolm E. Graham  
Normal A. Henry  
James D. Hereford, Jr.  
Leif A. Houkom  
Raymond E. Jeffery  
Carroll R. Keyser  
"J" Scott Kirkwood  
John W. Kline  
Francis A. Kocourek