

ment (Rept. No. 813). Referred to the House Calendar.

Mr. VORYS: Committee on Foreign Affairs. House Resolution 258. Resolution requesting the Secretary of State to furnish the House of Representatives full information relative to food and meat being shipped from Greece and the Mediterranean area to the United States; without amendment (Rept. No. 814). Referred to the House Calendar.

Mr. ANDERSON of California: Committee on Armed Services. H. R. 774. A bill to amend an act to authorize the Secretary of War and the Secretary of the Navy to make certain disposition of condemned ordnance, guns, projectiles, and other condemned material in their respective Departments; with amendments (Rept. No. 815). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 2744. A bill to provide for the selection for elimination and retirement of officers of the Regular Army, for the equalization of retirement benefits for members of the Army of the United States, and for other purposes; with amendments (Rept. No. 816). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBISON: Committee on the Judiciary. S. 564. An act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President; without amendment (Rept. No. 817). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mrs. ROGERS of Massachusetts:

H. R. 4119. A bill to amend subsection 602 (d) (5) of the National Service Life Insurance Act of 1940, as amended, to extend for 2 years the time within which eligible persons may apply for gratuitous insurance benefits; to the Committee on Veterans' Affairs.

By Mr. HUGH D. SCOTT, JR.:

H. R. 4120. A bill to promote fundamental research in the sciences by allowing for income-tax purposes an additional deduction to individuals and corporations; to the Committee on Ways and Means.

By Mr. TOWE:

H. R. 4121. A bill to enact the National Security Training Act of 1947; to the Committee on Armed Services.

By Mr. ANDREWS of New York:

H. R. 4122. A bill to authorize the Secretary of War to proceed with construction at military installations, and for other purposes; to the Committee on Armed Services.

By Mr. CLASON:

H. R. 4123. A bill to authorize for a limited period of time the admission of certain displaced persons into the United States for permanent residence; to the Committee on the Judiciary.

By Mr. HARDY:

H. R. 4124. A bill to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. RAINS:

H. R. 4125. A bill relating to loans by Federal agencies for the construction of certain public works; to the Committee on Public Works.

By Mr. RAMEY:

H. R. 4126. A bill to include the Howard Farms Reno area, Lucas County, Ohio, within the provisions of the Flood Control Act of June 22, 1936, as amended; to the Committee on Public Works.

By Mr. STEVENSON:

H. R. 4127. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on Post Office and Civil Service.

By Mr. JUDD:

H. Con. Res. 59. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. HAYS:

H. Con. Res. 60. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. RICHARDS:

H. Con. Res. 61. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. KEFAUVER:

H. Con. Res. 62. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. BYRNE of New York:

H. Con. Res. 63. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. MANSFIELD of Montana:

H. Con. Res. 64. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. MUNDT:

H. Con. Res. 65. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. HALE:

H. Con. Res. 66. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. MUHLENBERG:

H. Con. Res. 67. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. NIXON:

H. Con. Res. 68. Concurrent resolution to call a conference for the revision and strengthening of the United Nations Charter; to the Committee on Foreign Affairs.

By Mr. PATMAN:

H. Res. 277. Resolution providing for the printing of additional copies of the pamphlet entitled "Fascism in Action"; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BARDEN:

H. R. 4128. A bill for the relief of Carlton C. Grant and others; to the Committee on the Judiciary.

By Mr. CHAPMAN:

H. R. 4129. A bill for the relief of Jerline Floyd Givens and the legal guardian of William Earl Searight, a minor; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 4130. A bill for the relief of Dennis (Dionesio) Fernandez; to the Committee on the Judiciary.

By Mr. JOHNSON of Indiana:

H. R. 4131. A bill for the relief of the La Fayette Brewery, Inc., of La Fayette, Ind.; to the Committee on the Judiciary.

By Mr. KEAN:

H. R. 4132. A bill for the relief of Anna Kreuger, Tema Kreuger, Gina Kreuger, and Ita Kreuger; to the Committee on the Judiciary.

By Mr. KEATING:

H. R. 4133. A bill for the relief of Leslie A. Harber; to the Committee on the Judiciary.

By Mr. OWENS:

H. R. 4134. A bill for the relief of Wpan Jan Koperny; to the Committee on the Judiciary.

By Mr. ROGERS of Florida:

H. R. 4135. A bill for the relief of Archie Lorne Learn; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

738. Mrs. NORTON presented a petition of the Board of Commissioners of the city of Newark, N. J., urging the Congress to restore to the appropriation for the Federal Public Housing Authority the amounts recommended by the Bureau of the Budget, which was referred to the Committee on Appropriations.

SENATE

THURSDAY, JULY 10, 1947

Rev. Albert Joseph McCartney, D. D., minister emeritus, Covenant-First Presbyterian Church, Washington, D. C., offered the following prayer:

O God, by whose providence this Republic was established, in these days when the integrity of some of our fellow citizens is being questioned and their loyalty challenged, incline each of us to turn searching eyes into our own hearts to see whether there be anything in our personal lives that might prove hindering to the processes of true government or expose our own loyalty to suspicion. Help us to be sensitive to all the little notes in our eyes that may interfere with our correct vision so that we may the more consistently and conscientiously deal with the beams in other people's eyes. O God, we pray for a revival of real love for our country, a reverence for so much that is good and fine in our Nation's past, respect for the tremendous advantages of the present, and unfaltering confidence in its future.

In Jesus' name. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 9, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 9, 1947, the President had approved and signed the act (S. 53) conferring United States citizenship posthumously upon Harold Turcean.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had severally agreed to the

amendment of the Senate to the following bills of the House:

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

H. R. 1954. An act for the relief of Robert Hinton; and

H. R. 1956. An act for the relief of Hugh C. Gilliam

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1658) for the relief of Norman Thoreson.

The message further announced that the House had passed a bill (H. R. 4106) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1948, and for other purposes, in which it requested the concurrence of the Senate.

SUBSISTENCE ALLOWANCE TO VETERANS

Mr. MORSE. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 430. Senate bill 1394, to provide increased subsistence allowance to veterans pursuing certain courses under the Servicemen's Readjustment Act of 1944, as amended, and for other purposes.

The PRESIDENT pro tempore. The Senator's motion is not in order at this time, because the Senate adjourned yesterday, and the rules require a morning hour today.

Mr. MORSE. The RECORD will show that the Senator from Oregon tried to have the bill considered, will it not?

The PRESIDENT pro tempore. The RECORD will so show.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

UNITED NATIONS OFFICIAL SEAL, EMBLEM, AND NAME

A letter from the Secretary of State, transmitting a draft of proposed legislation to prohibit and punish the unauthorized use of the official seal, emblem, and name of the United Nations, and for other purposes (with accompanying papers); to the Committee on Foreign Relations.

HENRY HILL

A letter from the Acting Postmaster General, transmitting a draft of proposed legislation for the relief of Henry Hill (with accompanying papers); to the Committee on the Judiciary.

TRANSFER BY NAVY DEPARTMENT OF CERTAIN NAVAL VESSELS TO UNIVERSITY OF CALIFORNIA

A letter from the Acting Secretary of the Navy, reporting, pursuant to law, that the University of California had requested the Navy Department to transfer three vessels for use by the Scripps Institution of Oceanography in connection with a State-sponsored fisheries research program; to the Committee on Armed Services.

AMENDMENT OF STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act of July 23, 1946 (60 Stat. 596), entitled "Strategic and Critical Materials Stock Piling Act" (with an accompanying paper); to the Committee on Armed Services.

MEMORIAL

The PRESIDENT pro tempore laid before the Senate a letter in the nature of

a memorial from Nathalie R. Witt, of Bedford, Ohio, remonstrating against the enactment of legislation providing socialized medicine; to the Committee on Labor and Public Welfare.

UNIFICATION OF ARMED SERVICES

Mr. THOMAS of Oklahoma. Mr. President, at its first postwar national convention, the Air Reserve Association of the United States placed itself squarely on record in vigorous support of unification of the armed services with the unanimous adoption of a resolution which concisely states the case for unification. Because of the concise accuracy of that resolution representing another strong evidence of the American public's support of the proposal of unification, I ask unanimous consent that it may be appropriately referred and printed in the RECORD.

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

RESOLUTIONS ADOPTED AT THE NATIONAL CONVENTION OF THE AIR RESERVE ASSOCIATION OF THE UNITED STATES AT MEMPHIS TENN., NOVEMBER 18-20, 1946

Whereas the strength of national security forces under present unsettled war conditions is of extreme importance; and

Whereas it appears that there is a growing tendency in some quarters to economize at the expense of national safety requirements: Now be it

Resolved, That the Air Reserve Association place itself on record as favoring a strong air force in being, supported by a strong air reserve, maintenance of a research and development program adequate for development of weapons superior to those of any possible enemy, and maintenance of an aircraft industry capable of proper expansion during wartime; and the Air Reserve Association requests that the United States Government take the action necessary to maintain a defense program and a sufficient air force to meet all foreseeable emergencies; and

Whereas unification of the armed forces is a question that should be decided on its own merits; and

Whereas it is unthinkable to attempt adequate national defense under the present uncoordinated command; and

Whereas the effective strategic employment of air power during World War II is justifying its recognition as military power in its own right; and

Whereas an adequate defense set-up demands the establishment of an autonomous air force; and

Whereas the formulation of an adequate air defense program has been delayed due to the inability of the air forces to act independently in their present subordinate position: Now, therefore, be it

Resolved, That the Air Reserve Association favors the immediate establishment of an autonomous air force; and

Whereas economy in military organizations is necessary in order to obtain maximum defense per dollar invested; and

Whereas the experience in World War II has shown the necessity for one supreme coordinated command of military services: Now, therefore, be it

Resolved, That the Air Reserve Association favors a single department of defense with coordinated land, sea, and air components; and furthermore be it

Resolved, That action be taken by Congress at the earliest possible moment in order to eliminate the present delays in the reorganization of the Army Air Forces.

SALE OF TIMBER WITHIN TONGASS NATIONAL FOREST

Mr. THOMAS of Oklahoma. Mr. President, I present a statement of

grounds of opposition by the inhabitants of Alaskan native villages to Senate Joint Resolution 118, to authorize the Secretary of Agriculture to sell timber within the Tongass National Forest, and I ask unanimous consent that it may be appropriately referred and printed in the RECORD.

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

JULY 5, 1947.

STATEMENT OF GROUNDS FOR OPPOSITION OF ALASKA NATIVE VILLAGES TO SENATE JOINT RESOLUTION 118

The following is a concise statement of our objections to Senate Joint Resolution 118, which was reported out on July 3 by the Senate Committee on Public Lands. The title says it is a joint resolution "to authorize the Secretary of Agriculture to sell timber within the Tongass National Forest." But the text authorizes such sales from any land "within the exterior boundaries" of the forest.

This discrepancy represents an attempt to authorize the sale not only of timber which is part of the national forest but also of timber which is the private property of Indian communities and individuals of certain non-Indians. This private property was specifically excluded from the national forest by the Executive order establishing it. Objections to the bill are stated at length in a statement of Attorney James E. Curry to the House Committee on Agriculture regarding House Joint Resolution 205 (a companion resolution) dated June 14, 1947. Mimeographed copies of his statement are available from Mrs. Ruth M. Bronson, secretary of the National Congress of American Indians, 1426 Thirty-fifth Street NW., Washington, D. C. In summary, the grounds of opposition are as follows:

1. THE PROPOSAL VIOLATES EXPRESS PROMISES TO PROTECT INDIAN PROPERTY AND OTHER POSSESSORY RIGHTS

The excuse given for this invasion of private property rights is its alleged necessity to aid industrial development in the Territory by the establishment of a newsprint pulp industry. By a long series of statutes, judicial decisions, and administrative actions, the Government has recognized the private-property rights that exist within the Tongass National Forest area and has promised to protect them. These promises culminated in a decision by the Interior Department less than 2 years ago specifically defining areas owned by the natives and guaranteeing them against encroachment. These promises have been reiterated by various actions taken since Mr. Krug became Secretary. The decision followed a long public hearing, which the natives attended at great expense because it was supposed to define and protect their boundaries. It would be utterly dishonest for the Government now to disregard this pledge to a group of loyal American citizens. These citizens could not be blamed for resenting this as an unjustified and unnecessary violation of their rights.

2. THIS PROPOSED ENCROACHMENT ON PRIVATE PROPERTY IS NOT NECESSARY FOR THE PURPOSES STATED

The fact is that a compromise bill has been drafted by the Solicitor of the Department of the Interior which serves the purposes of the bill without destroying property rights. In this draft the rights of the natives are recognized by the Government and the natives, in turn, consent to administration of the timber by the Forest Service. The attorneys for the Agriculture and Interior Departments and for the natives have agreed that this compromise affords adequate legal protection for investors in the pulp industry. Thus the Indians are willing to make all

reasonable concessions that may be necessary to permit the establishment of this new industry. The Government departments and the pulp industry should be satisfied with this and not block the passage of a bill adequate for their stated purposes merely because it preserves, rather than destroys private property rights. This attitude shows a desire on the part of the Forest Service to use the universal enthusiasm for the pulp development as a vehicle for extension of their bureaucratic control at the expense of private rights.

3. THE PROPOSAL VIOLATES THE CONSTITUTION OF THE UNITED STATES

While the text does not so indicate, this resolution, as admitted by the Department of Justice, provides for condemnation of private property. Since the property taken under it is to be turned over immediately to the pulp operators, the resolution authorizes a taking of property for private use. This is a violation of basic constitutional guarantees. Furthermore, the proposal fails to provide for a prompt determination of compensation and for the payment thereof as required by our Constitution.

4. THE RESOLUTION WOULD NOT PROVIDE LEGAL PROTECTION FOR INVESTORS IN THE INDUSTRY

The bill in its present form is unconstitutional for the reasons above stated. It would be subject to court attacks that might embarrass the development of the pulp industry or prevent it from ever being established. On the other hand, if the alternative bill prepared by the Solicitor of the Interior Department were adopted, the lawyers for the Interior Department, for the Department of Agriculture, and for the Indians agree that it would provide adequate protection for the industry from any legal attack on their title to the timber. If the proponents of the bill really desire to establish a pulp industry and not merely to extend bureaucratic control, they should accept the alternative measure.

5. THIS PROPOSAL MIGHT COST THE GOVERNMENT VAST SUMS OF MONEY

The bill attempts to take private property without providing adequately for compensation. But the courts will eventually protect parties despoiled of their property and the Government may be held liable to pay for millions of acres of land, together with all the mineral and forest resources located thereon or thereunder. This tremendous drain upon the Public Treasury should not be risked for the sole benefit of private corporations. And it is unnecessary because the same purpose could be attained by recognizing the right of the Indians to the land involved and by purchasing from them the timber needed, as provided in the alternative draft.

6. THE PROPOSAL VIOLATES OUR TRADITIONAL POLICY OF FAIR PLAY TO INDIANS

Americans and their colonial ancestors have always followed the policy, as stated in the Northwest Ordinance, of not taking Indian lands without their consent except in just wars waged against them. This bill unnecessarily takes Indian lands without consent; the Indians are willing, if their rights are recognized, to make convenient arrangements to sell the timber that is needed upon the Government's own terms. Such an aggression could be justified under our traditional policy only as a "taking by the sword," and would be, in effect, declaration of war against these loyal American citizens. This is entirely unjustified if only because they, unlike other Indian groups, have never waged war against our Government at any time in their history.

7. THIS PROPOSAL WOULD PAUPERIZE THE NATIVES

The resolution would deprive the Indians of land which is sorely needed by them in order to make a decent living. It provides exceptions only for "town sites, smokehouses,

gardens, hunting or fishing cabins, or other buildings and structures, missionary stations, or burial grounds, or any timber actually possessed and used." The effect would be to bottle them up on little tracts of land only large enough to live on but not large enough to provide them with a subsistence. The resolution would deprive them of all means of livelihood, except fishing. This is not sufficient, since it provides employment for only a few months of the year.

The tracts of land awarded to the Indians 2 years ago average only about 160 acres per capita, which, for this type of land, is barely sufficient for a livelihood. The Indians have been gradually driven off of much larger tracts of land which rightfully belonged to them; they should not be deprived of this last small area that still remains in their possession. If they are disinherited in this way they will be unable to support themselves and will have to be provided for by the Government.

FRED GRANT,
*Representative of the Village of
Hydaburg, Alaska.*

ANDREW HOPE,
*Sitka, Alaska, Member of the House
of Representatives of Alaska.*

FRANK JOHNSON,
*Kake, Alaska, Member of the House
of Representatives of Alaska.*

FRANK PERATROVICH,
*Klawock, Alaska, Member of the Sen-
ate of Alaska.*

JAMES E. CURRY,
*Attorney for the Indians of the
Towns of Angoon, Craig, Douglas,
Haines, Hoonah, Juneau, Kake,
Klawock, Saxman, Sitka, Wrangell,
and Yakutat, Alaska.*

N. B. JOHNSON,
*Judge, District Court of Oklahoma,
and President of the National
Congress of American Indians.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 1433. A bill to provide for the establishment of a Temporary National Air Policy Board; with amendments (Rept. No. 469).

By Mr. HATCH, from the Committee on Foreign Relations:

S. J. Res. 46. Joint resolution authorizing appropriations for the construction, operation, and maintenance of the western land boundary fence project and the Rio Grande border fence project, and for other purposes; with amendments (Rept. No. 470).

By Mr. VANDENBERG, from the Committee on Foreign Relations:

S. J. Res. 143. Joint resolution authorizing the President to approve the trusteeship agreement for the territory of the Pacific islands; without amendment (Rept. No. 471).

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. CAPPER:

S. 1594. A bill to provide for the liquidation of the trusts under the transfer agreements with State Rural Rehabilitation Corporations and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McMAHON:

S. 1595. A bill for the relief of the Pomperaug Council of the Boy Scouts of America; to the Committee on the Judiciary.

S. 1596. A bill to prohibit for a period of 1 year the taking of any action by the Federal Public Housing Authority to recover, or to require local public housing agencies to recover, the possession of low-rent housing ac-

commodations occupied by occupants whose incomes exceed the allowable maximum for occupation of such accommodations; and

S. 1597. A bill to prohibit the Federal Public Housing Authority from taking any action to recover, or to require local public housing agencies to recover, the possession of low-rent housing accommodations in those cases in which the income of the occupants is not at least 155 percent of the allowable maximum for occupation of such accommodations; to the Committee on Banking and Currency.

By Mr. MAYBANK:

S. 1598. A bill to provide for the elimination of Regular Army officers and for the retirement of officers, warrant officers, and enlisted men of the Regular Army, and to provide retirement benefits for members of the Reserve components of the Army of the United States, United States Navy and Marine Corps, and Coast Guard; to the Committee on Armed Services.

By Mr. GURNEY (by request):

S. 1599. A bill to prescribe the pay and allowances of aviation cadets in the Air Corps, Regular Army, and for other purposes; to the Committee on Armed Services.

By Mr. MARTIN:

S. 1600. A bill for the relief of Clifford N. MacLloyd; and

S. 1601. A bill for the relief of Sebastiano Lobo Pina; to the Committee on the Judiciary.

S. 1602. A bill granting the consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey concerning the Delaware River Joint Toll Bridge Commission, and for other purposes; to the Committee on Public Works.

(Mr. MURRAY introduced Senate bill 1603, to provide Government loans on fair terms to the victims of the Midwest river floods, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. ECTON:

S. 1604. A bill to authorize the State of Montana to lease her State lands for the production of oil, gas and other hydrocarbons for such term of years and on such conditions, as may be from time to time provided by the Legislative Assembly of the State of Montana; to the Committee on Public Lands.

By Mr. VANDENBERG (by request):

S. 1605. A bill to provide for payment of compensation to the governments of foreign countries for losses and damages inflicted on neutral territory during World War II by United States armed forces in violation of neutral rights, and authorizing appropriations therefor; to the Committee on Foreign Relations.

By Mr. MYERS:

S. 1606. A bill for the relief of Wladyslaw Plywacki; to the Committee on the Judiciary.

By Mr. BARKLEY (for himself and Mr. COOPER):

S. 1607. A bill for the relief of Jerline Floyd Givens and the legal guardian of William Earl Searight, a minor; to the Committee on the Judiciary.

By Mr. BUTLER:

S. 1608. A bill to amend the Reclamation Project Act of 1939; to the Committee on Public Lands.

By Mr. VANDENBERG (by request):

S. J. Res. 146. Joint resolution providing for membership and participation by the United States in the South Pacific Commission and authorizing an appropriation therefor; and

S. J. Res. 147. Joint resolution providing for membership and participation by the United States in the Caribbean Commission and authorizing an appropriation therefor; to the Committee on Foreign Relations.

MIDWEST RIVER FLOODS—MISSOURI VALLEY AUTHORITY

Mr. MURRAY. Mr. President, great floods are still moving down our principal Midwest rivers, leaving devastation in their wake. There is only one solution for these chronically rampaging rivers. They must be harnessed totally. The Federal Government must promptly undertake that urgent task in the only effective way possible—through a Missouri Valley Authority patterned after the TVA.

This very same area was flooded in 1942, 1943, and 1944, and suffered direct property damage during those years totaling \$150,000,000. But that estimate of direct damage hardly begins to tell the story of the chronic and permanent losses caused by these floods. Additional hundreds of millions of dollars were lost in wages, farm income, and economic opportunities.

This important area of the Nation has been losing population while the rest of the Nation shows a gain of more than 7 percent. In the single decade of the thirties the Missouri Valley lost a total of 3,000 manufacturing plants.

Our citizens in the Missouri Valley have had enough of the piecemeal, disorganized patchwork approach to the problem—the single, indivisible problem—of floods, drought, soil erosion, navigation, resources development, and hydroelectric power. That is why they insist upon a Missouri Valley Authority—a total solution for the total problem of our greatest river system.

Meanwhile we are confronted with a more immediate emergency—the relief and rehabilitation of the homeless and dispossessed people of the Missouri Valley. This problem admits of no delay. It calls for full, speedy, and generous action by the Federal Government.

The recent floods have taken many lives. They have inundated more than 2,000,000 acres of croplands. They have destroyed homes, crops, livestock, equipment, and household goods, business establishments, and stocks, valued at \$250,000,000. Again the estimate does not include lost wages, farm income, and business opportunities. Nor does it include the long-term losses in the economic potentials of the flooded area. To take one example, permanent losses through erosion during the current floods have been estimated to exceed a quantity of top soil sufficient to cover 300,000 acres to a depth of 6 inches.

Mr. President, we must help these homeless and propertyless people to rebuild the shattered remnants of their economic lives. We must help them recover homes and household goods. We must help them recover farms and businesses—the means to reestablish their livelihoods.

At this moment the only Federal agency equipped to finance such a rehabilitation program is the Reconstruction Finance Corporation. But the present resources and policies of that Corporation are inadequate to meet the present emergency.

Until 1945 the Reconstruction Finance Corporation had a subsidiary corporation, the Disaster Loan Corporation, to handle the lending operations in disaster

visited areas. Presumably this subsidiary corporation was staffed with personnel who did not slavishly follow the private banking criteria that obtained in the regular activities of RFC. Today the disaster loan function of RFC is merged with the rest of its lending operations, and is presumably handled by officials whose main function and concern are the making of so-called bankable loans to industry. I think we will all agree that the current flood situation warrants a separate and special approach and treatment.

The funds at present available to the Corporation for disaster relief are only \$25,000,000, and the interest rate charged, namely, 3 percent, is too high, when we consider that in the present case the applicants are the victims of a catastrophe that could have been avoided by a far-seeing Congress.

I am sending to the desk a bill amending the Reconstruction Finance Corporation Act to provide for more effective Federal aid for the flood victims.

The bill provides for an increase in the funds available to disaster victims to \$100,000,000. Of this sum, \$75,000,000 is earmarked for the victims of the present floods. It limits the interest rate to 1 percent. Interest is waived and amortization may be postponed during the first year of the loan. Certainly, the Government's interest rate should not be so high as to earn a profit from lending to flood victims. Regional lending offices must be set up in every county in the flood area, and these regional offices are authorized to approve loans up to \$20,000 without reference to Washington, provided the amount loaned shall not exceed the uninsured damage sustained by the applicant. Borrowers may have up to 10 years for repayment. The regional offices must appoint advisory committees, which shall be representative of the elected public officials, businessmen, farmers, and labor of the local community.

The Missouri Valley has been struck by a catastrophe that calls for bold and generous action by the Federal Government. The loan provisions of my bill will enable the Government to discharge its debt to the innocent flood victims.

Mr. President, the bill to relieve the distress of the flood victims in the Mississippi-Missouri area, which I am now introducing, requires immediate attention of the Congress. If we adjourn leaving it on the calendar of unfinished business, we will have been most derelict in the discharge of our duty toward a great number of our fellow citizens in their hour of suffering.

The speedy passage of this relief and rehabilitation act will not do more than satisfy an emergency condition. It is no answer to the continuing, recurring cycles of flood and drought which either drown out the people, their livestock and crops, or blow the life-giving top soil away in blinding dust storms. Only an inclusive, unified program of river-basin development will provide the answer.

This is a national issue, touching directly the lives of all Americans, for the area affected is the very heart of food-growing America. The national

press has been quick to recognize this fact.

From time to time, I have offered for the RECORD articles and editorials appearing in the leading newspapers of the country. Today, I ask permission to have printed in the RECORD additional material on this vital subject.

Let me call the attention of the Members of the Senate to an article appearing in the Gazette and Daily of York, Pa., with its heart-rending headline:

Flood homeless hit 40,429 total, most since 1937.

I also direct attention to the feature article appearing in the New York Times for Sunday, July 6, 1947, from which I quote as follows:

Preliminary estimates of the damage to this great region which has been counted upon to feed a large part of the world have been placed at upwards of \$250,000,000. * * * This figure applies only to the tangible things such as agricultural land, property, railroad, highways, and machinery. * * * The consensus in this region is that there will be no control of the rivers until man impounds the potential flood water and harnesses it to his will for irrigation, navigation, and electric power.

A most careful and statesmanlike discussion of this great problem of unified river basin development is given by the eminent journalist Thomas L. Stokes, in his recent editorial Floods and Consciences, from which I quote the following:

The rampaging Missouri and Mississippi and their tributaries not only are sweeping over the levees in their path, but are slopping over in little rivulets that figuratively are sweeping into the consciousness of the Capitol. * * * An all-purpose plan for flood control, power development, irrigation, and navigation that is embodied in the Missouri Valley Authority, which was envisioned many years ago by President Theodore Roosevelt for the Missouri as well as for other watersheds, was submitted to Congress 3 years ago in the MVA plan by another Roosevelt—Franklin D. There it slumbers. * * * The Missouri River is lapping at the levees of neglect and indifference erected here by selfish private interests which include among others, utility interests.

In the St. Louis Post-Dispatch for July 1, 1947, there appears a most thorough discussion of the origin and course of the floods, and the alternative proposals for preventing their recurrence.

My last item for insertion in the RECORD is an editorial from the Chicago Sun, which closes with this prediction in which I, for one, heartily concur:

The Missouri Valley will come to an MVA in time. Every year of delay before that inevitable decision only increases the social cost of an untamed river system.

Mr. President, this great problem of alleviating the distress caused by the current floods, and of preventing their occurrence in the future, has so aroused leading citizens and members of the Congress that a sponsoring committee has called a conference to take place in Washington next week, Thursday and Friday, July 17 and 18, at which leading authorities will examine the issues and proposals for solving them. The attendance and participation of Members of this body would be most welcome. Out of these meetings should come a further

clarification of the situation, and a crystallizing of public opinion which will lead us toward the enactment of appropriate legislation to harness the great rivers of the Nation in the interest of all our people.

Mr. President, I renew my request that various articles and editorials relating to the subject I have been discussing be printed in the RECORD at this point.

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

[From the York (Pa.) Gazette and Daily] FLOOD HOMELESS HIT 40,429 TOTAL; MOST SINCE 1937—RAMPAGING MISSOURI REACHES HIGHEST PEAK IN 103 YEARS—WATERS RECEDE IN DES MOINES, BUT DOWNSTREAM COMMUNITIES FACE THIRD MAJOR FLOOD IN MONTH—EARLIER DEVASTATION IN IOWA PLACED AT \$107,000,000

DES MOINES, June 26.—Flood waters of two major streams merged at record levels today at their junction near the heart of this capital city of 170,000 and left 1,800 homeless and 2 given up for dead.

Along with the devastation elsewhere in Iowa and in parts of Nebraska, Missouri, and Illinois the growing toll of midwestern flood refugees soared to a total estimated by Red Cross area headquarters in St. Louis at 40,429—highest since 1937.

As the flood waters began to recede slowly in Des Moines, the downstream communities of Red Rock, Eddyville, Ottumwa, and Keosauqua, already battered twice this month by the worst floods in their history, prepared for a third crisis this week end.

Elsewhere in the Midwest the rampaging Missouri River reached 31.3 feet at Boonville, Mo., in the greatest flood in 103 years, and along the Mississippi 2,000 persons were homeless between Alton and Cairo, Ill.

In Nebraska, the Missouri was flooding thousands of acres near Rulo and flooding occurred on the Elkhorn River between Norfolk and Winslow.

In Des Moines, several residential areas, totaling 63 blocks, were inundated up to a depth of 8 feet by the angry waters of the Des Moines and Raccoon Rivers.

Half of this area was engulfed swiftly when the Des Moines tore a 600-foot breach in the levee protecting the Franklin area a dozen blocks northwest of State capitol hill. Coast Guard men said all residents got out safely.

An army of volunteers, public employees, sailors, and Coast Guard men had toiled throughout the night removing lowland residents and reinforcing levees with 25,000 sandbags. The power plant was saved and the business district escaped damage.

Even as new flood devastation hit Iowa, the United States Soil Conservation Service estimated at \$107,000,000 the damage to soil and crops from the State's rains and floods earlier this month.

[From the New York Times of July 6, 1947] MIDWEST LOOKING TO FLOOD CONTROL—REGION IS NOW CONVINCED THAT WATERS MUST BE IMPOUNDED, RIVERS PUT TO WORK

(By William M. Blair)

OMAHA, NEBR., July 5.—The most destructive floods in more than 100 years which have been rolling down the vast Mississippi and Missouri River Valleys have been caused almost wholly by extremely heavy rains.

Five successive major rainstorms of great intensity in June followed one another so closely that the ground could not absorb the near-record falls. As a result the main rivers and their tributaries surged upward until floodwaters covered more than 3,000,000 acres of fertile land.

Preliminary estimates of the damage to this great region which has been counted upon to feed a large part of the world have

been placed at upward of \$250,000,000 by the Army engineers and other sources. This figure applies only to the tangible things such as agricultural land, property, railroads, highways, and machinery.

There is no doubt that overcutting of the mountain forests and overgrazing at the headwaters of the big rivers, particularly along the upper reaches of the Missouri Basin, have created conditions favorable to floods, but these excesses are not the major factors. This is borne out by the fact that the current floods were limited to less than 600 miles of the Missouri and less than 300 miles of the Mississippi.

Roughly, the flooding began just below Keokuk, Iowa, and Rock Island, Ill., when the Rock, Iowa, and Des Moines Rivers emptied floodwaters into the Mississippi, and below Sioux City, Iowa, when the Platte, Republican, and other big tributaries poured their swollen output into the Missouri.

THE REGION'S VIEWPOINT

The consensus in the region is that there will be no control of the rivers until man impounds the potential floodwater and harnesses it to his will for irrigation, navigation, and electric power. To do this the only means advanced to date is a vast system of dams and reservoirs.

This means that differences between States must be resolved and conflict over electric power settled. The latter issue is still a hush-hush proposition in the region.

It also means huge sums of money and the consent of all the States involved; it means convincing farmers and others whose lands may be inundated by the reservoirs that they will benefit in the long run, and that the further agricultural and industrial development of the region is dependent upon absolute control of the rivers and their feeder streams.

Indicative of the attitude of many down at the grass roots is the remark of a Missouri farmer in the upper Mississippi Valley. He stood on a small rise overlooking some 300 acres of his flooded farm land.

His wheat was choked off and dying from lack of air. His corn seed was washed out. It was too late to replant. With market prices at new highs, he stood to lose a lot of money.

PHILOSOPHICAL VICTIM

Would he go back to the land, would he clean up and repair for another year?

"Sure," he told this correspondent. "A little water never hurt anybody."

The bottom lands along the rivers are so rich that many farmers rely on two bumper crops every 5 years to make money.

Congress recently appropriated \$12,000,000 for flood-control emergency work in the country. Less than half of it is for the Missouri and upper Mississippi Basins. More important, however, is the fact that this money is for work on levees, most of which are private barriers, with the engineers being authorized only to rebuild them.

There has been a great unanimity displayed by the Governors of the 10 Missouri Basin States in support of the Army engineers' program for harnessing the river.

This program combines the plans of the Army engineers and the Bureau of Reclamation of the Department of the Interior. Known as the Pick-Sloan plan, it contemplates 105 reservoirs throughout the basin plus double levees along the main course of the Missouri from Sioux City to its mouth.

WIDE CONFLICT ON PLANS

The floods have intensified the controversy between advocates of the Army engineers' plans and supporters of a Missouri Valley Authority similar to the Tennessee Valley Authority. Senator JAMES E. MURRAY, of Montana, chief advocate of an MVA, told President Truman that an MVA would have prevented the Missouri flood. Gov. Sam Ford, of Montana, favors the Pick-Sloan plan

for the Missouri Basin and is one of the basin's Governors who will appear before the Senate Appropriations Committee soon to ask for ample funds to continue its work.

War Department sources contend that if the major reservoirs had been in operation on the main course of the Missouri, the flood crest at Kansas City and downstream in Missouri would have been reduced by 2 to 3 feet. There would have been no flood if the entire plan had been in operation, these sources maintain.

[From the Washington Daily News]

FLOODS AND CONSCIENCES

(By Thomas L. Stokes)

The rampaging Missouri and Mississippi and their tributaries not only are sweeping over the levees in their path but are slopping over in little rivulets that figuratively are sweeping into the consciousness of this Capital.

What is happening in the Middle West shows the need to do the job, once and for all. It would be done through the comprehensive, all-purpose plan for flood control, power development, irrigation and navigation that is embodied in the proposed Missouri Valley Authority, as it was done for another large area of our country through TVA.

Such an all-purpose program, which was envisioned many years ago by President Theodore Roosevelt for the Missouri as well as other watersheds, was submitted to Congress 3 years ago in the MVA plan by another Roosevelt—Franklin D. There it slumbers.

The Missouri River is lapping at the levees of neglect and indifference erected here by selfish private interests which include among others, utility interests. As well as resisting MVA, the utility interests are trying to build another levee against proper development of our river resources in still another sector here, the House Interstate Commerce Committee. This is related to the general problem involved not only in the Missouri but in other rivers which need proper development to prevent floods and for other beneficial purposes, including cheap power.

It seems timely to reemphasize the threat revealed here previously to integrated development of water resources that is contained in two bills sponsored by Representative WILLIAM MILLER, Republican, of Connecticut, which the utilities are trying to slip through Congress in a hurry. These measures would well nigh destroy the regulatory authority of the long-established Federal Power Commission.

The danger to integrated water-resource development is in the bill that would withdraw many rivers from FPC supervision by a new and narrow definition of navigability. The other bill would affect the consumer in his electricity rate by removing many companies from FPC supervision by a new definition of interstate commerce, including supervision of accounting that already has squeezed so much water out of utility companies and opened the way for rate reductions.

On the general problem of integrated water resource development, Chairman Nelson Lee Smith of FPC said:

"There are many areas of Government lands and many streams subject to the jurisdiction of Congress which would be opened by this bill to private power development without Federal supervision or control. In proposing removal of Federal supervision, the bill represents a distinct departure from previous congressional policy both as to land use and water power development, completely destroying the wide public benefits to be obtained from planned comprehensive use of these natural resources."

He said the present law, which the bill radically would revise, was designed to insure that water resources will be developed to

make the best possible use of water resources for navigation, flood control, irrigation, municipal water supply, recreation, and other public benefits. If these uses are to be considered in the broad public interest, they should be considered whenever a power development is proposed at a site subject to Federal jurisdiction, regardless of the use to be made of the electric energy after it is generated.

"The limitation of the licensing requirements to projects within a narrow public utility class as proposed would practically nullify any effective control over stream development for conservation purposes."

The private utility type of thinking revealed in these two bills affects all of us adversely—whether it be in water for irrigation of a farm, protection from floods, or cheap electricity to light homes and operate household facilities and to run industries, small and large.

[From the St. Louis Post-Dispatch of July 1, 1947]

MISSOURI-MISSISSIPPI FLOOD ORIGIN: WEEKS OF HEAVY RAIN IN WIDE AREA

(By Richard G. Baumhoff)

Extremely heavy rains, occurring with unusual frequency and concentrated over a broad middle western prairie area, were virtually the entire cause of the severe floods in the Mississippi and Missouri Rivers. This statement was made to the Post-Dispatch today by H. F. Wahlgren, meteorologist in charge of the United States Weather Bureau here, and A. A. Rausch, his assistant specializing in flood forecasting. Examination of the gage and precipitation reports for the two main streams and their principal tributaries bore this out.

Melted snow from the mountain sources of the Missouri played no large part in the series of floods that were climaxed by crests at St. Louis yesterday and St. Charles Sunday, in the opinion of Wahlgren and Rausch.

However, the Army Corps of Engineers, in charge of river control, reported that the sudden break-up last March of several ice jams in the Yellowstone River—principal tributary of the upper Missouri—threw a rush of water into the Missouri. This was noticeable at least as far downstream as Omaha, Nebr. The Army engineers shared the opinion that seasonal snow melting was not a big factor in the floods, but that the concentrated rains in the lower Missouri and upper Mississippi Valleys were responsible.

SUCCESSIVE RAINSTORMS

Rainstorm after rainstorm occurred in northern Missouri, throughout Iowa, in northern Illinois, eastern Kansas, the eastern two-thirds of Nebraska and to some extent in South Dakota. Rains were so frequent as to be almost continuous during April, May, and June.

It was the pile-up of the drainage from these rains that caused the floods. The main streams—the Missouri and Mississippi—did not have the opportunity that usually occurs to carry away the run-off of their tributaries before new downpours swelled the load.

It was in Iowa that the greatest rain concentration appeared, largely affecting the Mississippi and causing the critical repeated inundations by the Des Moines River at Ottumwa. The capital city, Des Moines, had its heaviest day's rainfall on record—4.95 inches on Friday, June 13. The same day, Tripoli, Iowa, on the normally placid little picnic stream, the Wapsipicon, had 5.5 inches. It was still raining hard in Iowa yesterday, notably at Dubuque, on the Mississippi.

Other Iowa streams that carried the deluges to the Mississippi were the Iowa River and its branch, the Cedar. The Mississippi was swelled also by the usually tiny Salt River in Missouri, by the Wisconsin River in southern Wisconsin, and by the Rock and the Illinois, in Illinois.

BURDEN ON THE MISSOURI

In Missouri, the Missouri River had almost constantly heavy discharges from the Chariton, Grand, and Platte, in northern Missouri, and the Osage, which was bringing in rains from generally dry southeastern Kansas. At Kansas City it received the Kaw River, which itself was swollen by the Solomon, Republic, Blue, and Little Blue of Kansas. Northward, the Missouri drew from the Nishnabotna and the Little Sioux of western Iowa and notably from Nebraska's long Platte River. Among the streams that added to the Platte were the Loup River series and the Elkhorn.

Towns in Missouri reported large aggregate rainfalls for June, in figures up to 7 a. m. yesterday. Lexington, on the Missouri River bank, was heaviest, with 17.22 inches. Marshall had 10.87 inches, and yesterday afternoon an additional heavy storm occurred, with half-inch hailstones. Other high figures included Kidder, in the northwestern part of the State, 16.08 inches; Kirksville, 14.44; Hannibal, 13.13; and Maryville, 15.22.

DISPUTE INTENSIFIED

The controversy of recent years between advocates of the Pick-Sloan plan for control of the Missouri River, administered largely by the Army engineers and the Bureau of Reclamation, and supporters of a proposed Missouri Valley Authority, has been intensified by the floods. Senator JAMES E. MURRAY, Democrat, Montana, sponsor of the MVA bill, told President Truman last Saturday that MVA would have prevented the Missouri Basin flood.

An authoritative Army source asserted to the Post-Dispatch today that if the Pick-Sloan reservoirs on the main stem of the Missouri were all in service now, the flood crest in Kansas City and downstream in Missouri could have been reduced by 2 or 3 feet.

This source did not take up the effect of the controversial proposed dams on tributaries in Missouri. Interests in this State have blocked these so far on the ground they were too big and that flood control could be effected better by smaller dams and going back to the headwaters to retard run-off and conserve soil. Pick-Sloan work has been started on a series of reservoirs in tributaries in Nebraska and Kansas.

Fort Peck Dam, in eastern Montana, on the Missouri River, kept stages in North Dakota down 2 or 3 feet or more this spring and summer, the Army declared. This huge reservoir, now in the Pick-Sloan system but started as a separate unit before that plan was created, is not yet full. Last March it received its largest inflow yet from the mountains. The Army attributed this to chinook winds and other causes of early snow melting, and said the dam served to hold this water back. Army engineers have asserted heretofore that Fort Peck served to lower the crest of the great 1943 flood by 2 feet at Kansas City and 18 inches at St. Louis.

In the latter part of March there were heavy break-ups of ice jams in tributaries flowing into the Missouri below Fort Peck—the Yellowstone and the Little Missouri.

Army engineers estimated that 60 percent of the water flowing past Omaha yesterday was due to normal causes arising upstream from Bismarck, N. Dak. However, they regarded this as no more than a relatively minor contributing factor to the flood caused by the rains at closer range.

NO PLAN FOR MISSISSIPPI

For the Mississippi, where the worst flood has occurred, there has been no concerted plan for flood control. The series of 26 big dams in that stream between Alton and Minneapolis-St. Paul are wholly for navigation purposes, being opened wide to offer as little obstruction as possible in time of flood.

Weather Bureau records show that flood stages were not attained in the Mississippi this year farther north than a point between Keokuk, Iowa, and Rock Island, Ill. In other words, the main stream flooding developed after the Rock, the Iowa, and the Des Moines had poured in. Similarly, the records show no flood stages in the Missouri this year at Omaha or Sioux City, Iowa, and farther upstream (with one minor exception), but at some ungaged points between Sioux City and Omaha there was flooding. It was the Platte and other tributaries below Omaha that caused the main trouble.

Thus the floods above St. Louis were limited to less than 600 miles of the Missouri and less than 300 miles of the Mississippi. Their combined effect has begun to be exerted downstream on the Mississippi as far as Cape Girardeau, Mo., or beyond.

It appeared that the Missouri at Omaha was cresting yesterday a few inches below flood stage.

At Bismarck, N. Dak., March 29, the Missouri had a sudden 1-day rise 2.6 feet above flood stage as the result of a sudden break-up of an ice gorge upstream. The records showed this surge of water, coupled with heavy rains of the opening days of April, made itself felt at Kansas City by April 6. The gage there rose to within 1.3 feet of flood stage, after having been quite low. Kansas City had 4.03 inches of rain April 4 and 5.

Twice in April the Mississippi at St. Louis was somewhat above the 30-foot flood stage. It was relatively high during May and has been in flood for the last half of June. Its crest, 39.3 feet highest since 1844, occurred yesterday. The Missouri at St. Charles was above the 25-foot flood stage repeatedly in April, was high in May and was in flood in the last half of June, cresting Sunday at 35.3 feet.

[From the St. Louis Post-Dispatch of July 2, 1947]

Once more flood waters have been destroying lives and wealth throughout the Missouri and Mississippi Valleys. Once more outraged citizens and alarmed Congressmen have been saying that something must be done.

When the roof leaks everybody is in favor of patching it. But when the sun shines and the floods recede, the sense of urgency evaporates.

On the Missouri and its tributaries destructive floods come along with depressing regularity every 4 or 5 years. June is the peak month for melting snow from the Rocky Mountains to reach the Great Plains through the Missouri system. When torrential rains downstream coincide with the crest of the mountain flood, rivers burst out of their banks, the rich top soil is flched from the plain, bridges, homes, barns, and towns undergo disastrous inundation.

Every time this happens the desperate survivors cry out angrily for help. As they shovel the stinking silt from their homes and set about the repair of the soil, they resolve that before the next flood hits they must be ready.

FIASCO OF FLOOD CONTROL

Consider what has happened in the Republican Valley, a tributary of the Missouri system which runs through southern Nebraska and northern Kansas. Twelve years ago this stream and all its feeders rampaged through the valley. More than 100 persons

died and millions of dollars' worth of property was destroyed.

The people of the valley demanded Federal aid in flood control. A plan was developed, and many chambers of commerce heard interesting speeches on hydrography. But after 12 years the Republican River is still untamed, and last week its waters again took lives.

During the interim, a jurisdictional dispute had developed over river control. The Reclamation Bureau of the Interior Department wanted to harness the Missouri system in its way, for irrigation and power as well as flood control. The Army engineers wanted to harness it their way, for navigation as well as other purposes.

Each bureau had its own congressional claque, its own powerful lobby. Each was implacably opposed to the few voices raised in behalf of river development by a single regional agency.

In the end the two bureaus, frightened by the possibility of a Missouri Valley Authority, got together and divided up the river. By this arrangement, Reclamation is to build upstream dams, the Army is to build downstream dams and levees, and the country is to pray that the system will work.

WHEAT EACH DELUGE PROVES

But you do not break a horse by committee, and every new flood proves that MVA is basically the most logical, the most simple, and in the long run the most economical technique. MVA would unify the control of the river and insure the beneficial use of its waters for all purposes.

MVA would start on the hills and slopes where the first rain falls, in the mountains where the first snow accumulates. It would follow the streams down through the basin, damming them here, diverting there, building levees elsewhere, coordinating locks and power plants and canals. It would impose the will of man with single unyielding pressure on the wild force of the waters, and substitute for the annual June terror an ordered use of a great natural resource.

The Missouri Valley will come to an MVA in time. Every year of delay before that inevitable decision only increases the social cost of an untamed river system.

The bill (S. 1603) to provide Government loans on fair terms to the victims of the Midwest river floods, introduced by Mr. MURRAY, was received, read twice by its title, and referred to the Committee on Banking and Currency.

INVESTIGATION OF NATIONAL DEFENSE PROGRAM—FURTHER INCREASE IN LIMIT OF EXPENDITURES

Mr. BREWSTER submitted the following resolution (S. Res. 145), which was referred to the Committee on Rules and Administration:

Resolved, That the limit of expenditures under Senate Resolution 71, Seventy-seventh Congress, first session, agreed to March 1, 1941, and resolutions supplemental thereto and amendatory thereof, including Senate Resolution 46, Eightieth Congress, first session, agreed to January 22, 1947 (relating to the investigation of the national defense program), is hereby increased by \$25,000.

ADDITIONAL ASSISTANT DOORKEEPER OF THE SENATE

Mr. McGRATH submitted the following resolution (S. Res. 146), which was referred to the Committee on Rules and Administration:

Resolved, That the Sergeant at Arms of the Senate be, and he is hereby, authorized and

directed to appoint Honore J. Provencal as Assistant Doorkeeper, who shall be paid at the rate of \$3,040 per annum from the contingent fund of the Senate until otherwise provided by law.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS—AMENDMENTS

Mr. REVERCOMB submitted amendments intended to be proposed by him to the bill (H. R. 3950) to reduce individual income-tax payments, which were ordered to lie on the table and to be printed.

APPROPRIATIONS FOR THE LEGISLATIVE BRANCH—AMENDMENT

Mr. WILEY submitted an amendment intended to be proposed by him to the bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 28, after line 10, insert the following:

"REVISED EDITION OF ANNOTATED CONSTITUTION

"For the preparation of a revised edition of the Annotated Constitution of the United States of America, as authorized by Public Law 95, Eightieth Congress, \$35,000, to remain available until expended."

HOUSE BILL REFERRED

The bill (H. R. 4106) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1948, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

SOLUTION OF GRECIAN-TURKISH PROBLEMS BY UNITED NATIONS

The PRESIDENT pro tempore. The Chair lays before the Senate a resolution coming over from the previous day, which will be stated.

The CHIEF CLERK. A resolution (S. Res. 101) favoring action by the United Nations Organization looking to a solution of the Grecian-Turkish problems.

The PRESIDENT pro tempore. Without objection, the resolution will be passed over.

COMMITTEE MEETINGS DURING SESSION OF THE SENATE

Mr. GURNEY. Mr. President, I ask unanimous consent that the Appropriations Committee Subcommittee on Civil Functions, War Department, be allowed to hold a hearing while the Senate is in session today.

The PRESIDENT pro tempore. Without objection, the order is made.

Mr. WHERRY. Mr. President, I ask unanimous consent that the Subcommittee on Health of the Committee on Labor and Public Welfare may continue to hold hearings while the Senate is in session this afternoon.

The PRESIDENT pro tempore. The permission is granted.

UNIFORM DIVORCE LAW

Mr. CAPPER. Mr. President, a timely editorial was printed a few days ago by the Pittsfield, Ill., Republican entitled

"Slowing Down the Divorce Mill." It contains interesting comments on the uniform divorce measure introduced by me. I ask unanimous consent to have the editorial printed in the body of the RECORD.

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

SLOWING DOWN THE DIVORCE MILL

Divorces doubled in Pike County last year. This year, so far, the divorce rate is exceeding last year's.

More divorce decrees were signed in Pike County last year than in any other of the 125 years since the Pike County Circuit Court first convened at Coles' Grove (near present Gilead, in Calhoun County), October 1, 1821.

Thirty-five minor children were involved in last year's 60 divorces. Forty-five wives and 16 husbands were plaintiffs. Few cases were contested. More than one divorce, we suspect, was by mutual arrangement, in order that one of the parties (or both of them) might marry again.

Desertion was charged in 31 of the 60 cases. Twelve decrees were on grounds of extreme and repeated cruelty, 12 on grounds of adultery, four on grounds of habitual drunkenness, and one on the ground of communicable disease.

The divorce statistics in Pike County are indicative of what is happening everywhere. Only in atheistic Russia, where Marxism belittled the married state, is the divorce rate greater than in our own America.

What can be done to check the spread of the divorce evil in America?

We think uniformity of marriage and divorce laws throughout the United States would help.

United States Senator ARTHUR CAPPER of Kansas is urging support of a bill providing uniform divorce laws throughout the country. It is proposed by such uniformity to cut down the rapidly rising divorce rate.

In this country the general average is said to be 191 divorces per 100,000 population, although in some sections the rate is very much higher. In Pike County the rate since the war has jumped to 240 per 100,000. For every 100,000 persons, England has only 12 divorces, Belgium 42, France 54, Germany 71, and Denmark 89. In Moscow the average rate is 900 divorces per 100,000 population.

Senator CAPPER's bill would establish as grounds for divorce, adultery, cruel and inhuman treatment, abandonment or failure to provide for a year or more, habitual drunkenness, incurable insanity, and conviction for an infamous crime. When a divorce is granted, neither party could marry again inside of a year.

We have known divorce-seeking spouses to testify under oath to a suspicious court in the forenoon that they are not contemplating any other marriage venture and get married again in the afternoon of the same day. The Capper bill would end that.

The bill also provides that the mother would be favored with respect to custody of minor children if the court believes her mentally and morally competent to take care of them.

BRITAIN'S DILEMMA—EDITORIAL FROM THE WASHINGTON STAR

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD immediately following my remarks an editorial entitled "Britain's Dilemma," from the Evening Star of Washington, today. It is a very thought-provoking article and gives in my judgment a clear exposition of the situation

in which the British now find themselves. It comments on our loan, the use of the money, and the prospects of the future.

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

BRITAIN'S DILEMMA

The latest debate in the House of Commons on the state of Britain's economy makes doleful reading for those who believed that a formula for solving economic problems had been found in the adoption of limited socialism.

Whether Britain would have been better off under the old Conservative government is a moot question. Probably not. Still, the admitted fact is that after some 2 years of the Labor government Britain has not become, and shows no sign of becoming, a self-supporting nation.

Deputy Prime Minister Herbert Morrison has stated the matter bluntly. Britain, despite efforts to export more goods, faces a trade deficit this year of approximately \$1,800,000,000. This cannot be offset by any foreseeable increase in production. Thus, two alternatives remain. One is to reduce imports to about 25 percent below the level now contemplated. Understandably enough, Mr. Morrison shrinks from this prospect, for it could have disastrous consequences in a country that is already on short rations, both for its people and its industry. The remaining alternative lies in the revival of something akin to lend-lease, or, as Mr. Morrison prefers to call it, mutual aid.

Britain has used all but \$1,500,000,000 of the loan from the United States, which originally was in the amount of \$3,750,000,000. This represents a withdrawal as of this time of some \$700,000,000 more than had been planned. Of this, more has been spent on day-to-day needs, and less on industrial recovery, than had been expected. So the outlook for the year's end is that Britain will have used up all of the loan, will still be some \$300,000,000 short of meeting her trade deficit, and will have no funds with which to meet further deficits.

Various explanations have been advanced for the failure to do better. War weariness, food shortages, the lack of consumer goods on which money can be spent, and governmental mistakes are some of the causes set forth. Certainly the British workers have not produced as they might have produced. This has been especially noticeable in the coal industry, which is a critical element of Britain's economy. A goal of 200,000,000 tons was set for this year. That is not going to be reached, even though it is about 10 percent under the figure which many believe should have been set as the goal. Plagued by unauthorized strikes by miners, the Government is talking vaguely of criminal prosecutions. The president of the mine union, Will Lawther, is condemning what he likes to call the imperialistic purposes of the United States, and praising the dynamic ideas of communism. Despite his apparent sympathy with communism, however, even Mr. Lawther seems to recognize that the hope of Britain lies with the United States and not with Russia, for he, hardly less than Mr. Morrison, welcomes the Marshall program for economic aid to Europe.

Clearly, the need for this program, or something like it, is real and urgent. There are Members of Congress who do not like either the British venture into socialism or the British attitude toward this country. They think that socialism in Britain is a threat to our economy. And they want to reduce the matter to a question of narrow self-interest.

Even at that level of appraisal, however, it ought to be obvious that the worst which could happen, from our own standpoint,

would be a real economic collapse in Britain. For the British, in that event, are not going to return to a system of private capitalism. They will be driven from socialism to something worse, and that this will come to pass is a strong probability unless more substantial assistance is forthcoming from this country.

THE LAST HOPE OF HUMAN LIBERTY—ADDRESS BY SENATOR DWORSHAK

[Mr. DWORSHAK asked and obtained leave to have printed in the RECORD an address delivered by him on July 4 at the Monument Grounds in Washington, D. C., which appears in the Appendix.]

THE OIL SHORTAGE—STATEMENT BY H. J. PORTER

[Mr. ROBERTSON of Wyoming asked and obtained leave to have printed in the RECORD a statement by H. J. Porter, president, Texas Independent Producers and Royalty Owners Association, before the Senate Committee on Foreign Relations, which appears in the Appendix.]

STATEHOOD FOR HAWAII

[Mr. KNOWLAND asked and obtained leave to have printed in the RECORD three editorials relating to statehood for Hawaii, one from the Baltimore Sun, one from the Washington Star, and one from the Philadelphia Inquirer, which appear in the Appendix.]

HOOVER DAM—LETTER BY NORTHCUTT ELY

[Mr. HAWKES asked and obtained leave to have printed in the RECORD a communication relative to Hoover Dam, addressed by Mr. Northcutt Ely to the editor of the Washington Post, which appears in the Appendix.]

NEW GLORY FOR "OLD GLORY"—SERMON BY DR. PETER MARSHALL

[Mr. KILGORE asked and obtained leave to have printed in the RECORD a sermon entitled "New Glory for 'Old Glory,'" delivered by Dr. Peter Marshall, Chaplain of the Senate, on Sunday, June 29, 1947, which appears in the Appendix.]

ADMINISTRATION OF WAR DAMAGE INSURANCE PROGRAM—ADDRESS BY HON. JOHN D. GOODLOE

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address delivered by John D. Goodloe, Chairman of the Reconstruction Finance Corporation and President of War Damage Corporation, at the Waldorf-Astoria Hotel, New York, N. Y., June 25, 1947, which appears in the Appendix.]

EUROPEAN REACTIONS TO THE MARSHALL PLAN—ARTICLE BY BARNET NOVER

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an article entitled "A Turning Point in History," written by Barnet Nover, and published in the Washington Post of July 8, 1947, which appears in the Appendix.]

CONTROL OF POSSESSION, ETC., OF PISTOLS AND OTHER DANGEROUS WEAPONS IN THE DISTRICT OF COLUMBIA

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 493) to amend section 4 of the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia," ap-

proved July 8, 1932 (sec. 22, 3204 D. C. Code, 1940 ed.), and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BUCK. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. KEM, Mr. COOPER, and Mr. HOLLAND conferees on the part of the Senate.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

Mr. MILLIKIN. Mr. President, I move that the Senate proceed to the consideration of House bill 3950, to reduce individual income-tax payments.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Colorado.

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 3950) to reduce individual income-tax payments.

Mr. MILLIKIN obtained the floor.

Mr. WHERRY. Mr. President, 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:

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

Mr. WHERRY. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate because of a death in his immediate family.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY] is absent by leave of the Senate.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from New York [Mr. WAGNER] is necessarily absent.

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

Mr. MILLIKIN. Mr. President, the Committee on Finance has favorably reported House bill 3950, without amendment. The provisions of the bill are identical with those of H. R. 1 as agreed to in conference and as passed by both Houses, except that H. R. 3950 becomes effective January 1, 1948. H. R. 1, as agreed to in conference, was passed by both Houses but was vetoed by the President, and the veto was sustained by the House of Representatives.

I have been told by the press that the President declared this morning he would veto H. R. 3950. If that is correct, it is the first time in history that a President of the United States has vetoed a revenue bill in advance of its being presented to him.

Because of the effect on the revenue, some Members of both Houses urged that tax reduction be deferred until January 1, 1948. This bill achieves that result.

The desirability of the proposed tax reduction must be weighed in connection with estimated revenues, expenditures, and debt reduction. It was estimated that H. R. 1 as agreed to in conference would have reduced collections in fiscal year 1948 by \$3,300,000,000. H. R. 3950 will reduce collections in that year by only \$1,500,000,000.

Three appropriation bills have been signed by the President and involve reductions in appropriations for the fiscal year 1948 of \$1,136,000,000. Six bills are pending in the Senate or in conference involving reductions in appropriations by the House for the fiscal year 1948 of \$1,526,000,000. The total reductions in appropriations for fiscal year 1948 on this basis would be \$2,662,000,000.

The reduction in expenditures, as distinguished from appropriations, will be substantially larger. In the President's budget it was indicated that 1948 appropriations would be about 86 percent of expenditures in that fiscal year. This percentage relationship means that a reduction of \$2,700,000,000 in appropriations is the equivalent of a cut of \$3,100,000,000 in expenditures. Recognizing that there may be certain increases in appropriations and also reductions, by way of rescissions, cut-backs, eliminations, or transfers of expenditure items from one year to another, it seems reasonable to estimate expenditure reduction of not less than \$3,000,000,000, reducing total expenditures from the budget estimate of \$37,500,000,000 to approximately \$34,500,000,000.

On the income side, the experience in the past few months justifies the contention that the revenue estimate of \$41,400,000,000 used by the Finance Committee in connection with H. R. 1 was a conservative one. That estimate was based upon the assumption that income payments in the fiscal year 1948 would be \$170,000,000,000. Income payments are now running at the rate of \$178,000,000,000 a year.

It is clear that even if income payments were to fall substantially below this level they could hardly be expected

to average less than the \$170,000,000,000 used by the committee in its revenue estimate for the fiscal year 1948. It would take almost a cataclysmic recession to achieve a result of that kind. In this connection, I remind my colleagues that the President and the Treasury do not predict any substantial recession.

With receipts of \$41,400,000,000 and expenditures of \$34,500,000,000, there will be a surplus of \$6,900,000,000. The loss of collections of \$1,500,000,000 resulting from the enactment of H. R. 3950 will leave \$5,400,000,000 for debt retirement

and contingencies. This should provide ample reassurance, even to those with the most pessimistic fiscal views, that this proposed tax reduction is fully warranted.

The bill brings reductions to all individual income-tax payers, effective January 1, 1948. The reductions are summarized in table I, which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

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

TABLE I.—Tax reduction provided by H. R. 3950

Surtax net income	Tentative tax	Reduction in tentative tax under your committee's bill	Actual tax reduction under your committee's bill
0 to \$1,000.....	0 to \$200.....	33.5 percent.....	30 percent.
\$1,000 to \$1,400 ¹	\$200 to \$279.17.....	\$67.....	30 to 20 percent.
\$1,400 ¹ to \$136,700 ²	\$279.17 to \$100,000.....	24 percent.....	20 percent.
\$136,700 ² to \$302,400 ³	\$100,000 to \$250,000.....	\$24,000 plus 19½ percent of excess in tentative tax over \$100,000.	\$19,000 plus 15 percent of excess tax under present law over \$95,000.
\$302,400 ³ and over.....	\$250,000 and over.....	\$52,875 plus 15 percent of excess in tentative tax over \$250,000.	\$40,375 plus 10.5 percent ⁴ of excess tax under present law over \$237,500.

¹The exact breaking point in surtax net income as provided in H. R. 3950 is \$1,395.83.

²The exact breaking point in surtax net income as provided in H. R. 3950 is \$136,719.10.

³The exact breaking point in surtax net income as provided in H. R. 3950 is \$302,395.60.

⁴The exact percentage reduction on surtax net incomes in excess of \$302,395.60 is between 10.52 and 10.53 percent.

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

Mr. MILLIKIN. Mr. President, the table shows that persons with surtax net income up to \$1,000 will have a 30 percent reduction in their taxes; that persons with a surtax net income of \$1,000 to \$1,400 will have from 30 to 20 percent reduction; that persons with surtax net income of \$1,400 to \$136,700 will have a 20 percent actual tax reduction under the committee bill; that persons with surtax net income of \$136,700 to \$302,400 will have a reduction of \$19,000 plus 15 percent of excess tax under the present law over \$95,000.

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

Mr. MILLIKIN. I yield.

Mr. TYDINGS. I wonder if it would be an imposition on the Senator if he would review something he said about 2 or 3 minutes ago as to the amount of expected income, the amount of tax reduction, and the amount of surplus? There was so much confusion in the Chamber that I did not understand the figures accurately.

Mr. MILLIKIN. I stated that on the income side the experience which we have had since H. R. 1 was under consideration by the Senate fortifies the prediction and the estimate upon which we are proceeding that individual income payments for the fiscal year 1948 will be \$170,000,000,000. I pointed out, I will say to the distinguished Senator from Maryland, that our national income payments are now running at the rate of \$178,000,000,000 a year. I added the observation that to bring income payments down to an average of \$170,000,000,000 would take a very substantial recession. Such a recession would run unemployment up to perhaps 4,500,000 or 5,000,000 persons. I pointed out that the revenue loss, if in an era of this kind there

would be any revenue loss through the operation of a tax-reduction bill, for the fiscal year 1948 would be \$1,500,000,000. I then took the estimates of receipts of \$41,400,000,000—and I should interject to say that that estimate is on the assumption of \$170,000,000,000 income payments for the fiscal year 1948—and I deducted from that figure \$34,500,000,000 on the expenditure side, which assumes expenditure reductions of \$3,000,000,000 for the fiscal year 1948. I developed the theory on which we arrive at the reduction in expenditures of \$3,000,000,000. Subtracting the one from the other leaves a surplus of \$6,900,000,000. Subtracting from that the cost of the bill, or \$1,500,000,000, leaves a surplus of \$5,400,000,000 at the end of the fiscal year 1948 for debt reduction and contingencies.

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

Mr. MILLIKIN. Yes; gladly.

Mr. TYDINGS. The Senator arrives at his figure of \$1,500,000,000 for the fiscal rather than the calendar year; in other words, for the 6 months' period that would represent the loss in revenue?

Mr. MILLIKIN. That is correct on a collection basis.

Mr. TYDINGS. So that if the figures outlined by the Senator should come to pass there would be around \$5,000,000,000 left in the Treasury for debt reduction?

Mr. MILLIKIN. There would be \$5,400,000,000 left for debt reduction or contingencies, or such a division as might be thought advisable. I remind the Senator that it is the view of this body that we should have an annual debt reduction of not less than \$2,600,000,000, and that objective is amply secured by the budgetary background which we are presenting here.

Mr. TYDINGS. I thank the Senator for his clear explanation. I am sorry I had to ask him to retrace his steps, but I had not gained the figures the first time he presented them, due to the confusion in the Chamber.

Mr. MILLIKIN. I was very glad for the opportunity to repeat, I will say to the Senator from Maryland.

Mr. President, I was summarizing the tax reductions that will result from the bill by income categories. I pointed out that persons having surtax net income up to \$1,000 will have a 30-percent reduction; persons having surtax net incomes from \$1,000 to \$1,400, a 30- to 20-percent reduction; those having surtax net incomes of \$1,400 to \$136,700, a 20-percent tax reduction; those having surtax net incomes of \$136,700 to \$302,400, a tax reduction of \$19,000 plus 15 percent of the excess of the tax under the present law over \$95,000; and those having surtax net incomes of \$302,400 and over will have a reduction of \$40,375 plus 10.5 percent of the excess of the tax under the present law over \$237,500. It will be observed that the largest percentage of tax reduction under the committee bill is 30 percent. This reduction goes to the 26,000,000 taxpayers with surtax net income of \$1,000 or less. This group represents 53 percent of the total number filing tax returns. It includes single persons with incomes, before deductions and exemptions, up to \$1,667 a year; married couples with incomes up to \$2,222 a year; and married couples with two dependents with incomes up to \$3,333 a year.

The next largest reduction goes to taxpayers with surtax net incomes between \$1,000 and about \$1,400. The 7,000,000 taxpayers in this group will each receive a flat reduction of \$67, including the 5-percent reduction allowed under existing law.

Taxpayers whose surtax net incomes are between \$1,400 and approximately \$136,700 will receive a 20-percent reduction. There are about 16,500,000 taxpayers in this group.

Taxpayers with surtax net incomes between \$136,700 and approximately \$302,400 receive a 20-percent reduction on that part of their tax which is attributable to surtax net income up to \$136,700 and a 15-percent reduction on the excess. There are about 4,000 taxpayers in this group.

The remaining 577 taxpayers with surtax net incomes above \$302,700 receive the same reduction as the previous group on that part of their tax attributable to their surtax net income up to \$302,700. On that part of the tax attributable to surtax net income in excess of that amount, a reduction of 10½ percent is provided.

In addition to the rate reductions previously discussed, H. R. 3950—and to me this is one of the most praiseworthy features of the bill—provides an additional \$500 exemption for each person who has attained the age of 65 or over before the end of the taxable year. This exemption

will benefit 3,700,000 taxpayers and will remove 1,400,000 from the tax rolls.

With an income payment level of 170 billion dollars in the fiscal year 1948, individual income-tax liabilities under your committee's bill are estimated at about \$13,700,000,000. This represents a liability reduction from present law of about

\$4,100,000,000. That is on a full-year basis.

I ask unanimous consent to have printed in the Record at this point as a part of my remarks table II.

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

TABLE II.—Distribution of tax returns, tax under present law, and tax reduction under H. R. 3950 (with income payments of \$170,000,000,000)

Net income class (000 omitted)	Taxable returns		Tax under present law		Reduction provided by H. R. 3950	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
0 to \$3.....	39,710,430	79.9	Millions \$6,479	36.5	Millions \$1,800	44.1
\$3 to \$5.....	8,012,673	16.2	3,520	19.8	772	18.9
Total under \$5.....	47,723,103	96.1	9,999	56.3	2,572	63.0
\$5 to \$10.....	1,265,839	2.5	1,453	8.2	307	7.5
\$10 to \$25.....	530,578	1.1	2,125	12.0	428	10.5
\$25 and over.....	151,643	.3	4,178	23.5	774	19.0
Total over \$5.....	1,948,060	3.9	7,756	43.7	1,509	37.0
Grand total.....	49,671,163	100.0	17,755	100.0	4,081	100.0

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

Mr. MILLIKIN. Table II shows, by selected net-income classes, the number of individual income-tax returns, the amount of tax liabilities under present law, and the reductions in tax liability provided by H. R. 3950.

For example, there are 39,710,430 taxpayers with net incomes up to \$3,000. They constitute 79.9 percent of the total. At the present time, under present law, they pay \$6,479,000,000 of the total amount of income-tax collections. In other words, they pay 36.5 percent of our income-tax collection. Under House bill 3950 they will obtain a reduction of \$1,800,000,000, or receive 44.1 percent of the total reduction. I suggest that these statistics are profoundly significant, and may well be kept in mind against the time when we shall hear arguments in this Chamber that this is a bill for the greedy and not the needy.

There are 8,012,673 citizens who make income-tax returns with incomes of from \$3,000 to \$5,000. They represent 16.2 percent of the total. They pay \$3,520,000,000 of the total amount of income taxes, which under present law is \$17,755,000,000 a year, or 19.8 percent of the total. They receive a reduction of \$772,000,000.

To summarize, taxpayers with net incomes under \$5,000 number 96.1 percent of the total number of income-tax payers. They pay 56.3 percent of the total income taxes now collected. They will receive 63 percent of the reductions provided in House bill 3950.

Now we come to those with \$5,000 or more of net income. Between \$5,000 and \$10,000. There are 1,265,839 citizens making such returns. They constitute 2½ percent of all the income-tax payers. They pay \$1,453,000,000 of the \$17,000,000,000 plus collected. This represents 8.2 percent of the total tax collected. They will receive 7.5 percent of the reduction provided in this bill.

We now come to those with net incomes between \$10,000 and \$25,000. Five hundred and thirty thousand five hundred and seventy-eight citizens render returns on that basis. They represent 1.1 percent of all those making returns. They pay \$2,125,000,000 of the total of \$17,000,000,000 plus collected from income taxes; or 12 percent of our total income tax collections. They will receive 10.5 percent of the reduction provided by the bill.

Now we come to those with incomes of \$25,000 and over. There are 151,643 of those. They represent 0.3 percent of all the taxpayers. Of the \$17,000,000,000 plus which we collect from income taxes, that group, comprising 0.3 percent of the total number of income taxpayers, pays \$4,178,000,000 in taxes. This is 23.5 percent of the total amount collected. They will receive 19 percent of the reduction provided by the bill.

The proposed tax reduction of about \$4,100,000,000 expressed on a liability basis indicates the decrease in the obligations incurred by taxpayers during the first 12 months the tax reduction is effective.

The reduction of \$1,500,000,000 expressed on a collection basis indicates the actual loss in the receipts of the Government during the fiscal year 1948. The liability estimate as distinguished from the collection estimate is useful in illustrating the ultimate effect of the reduction.

I am emphasizing this point because we have to keep the two sets of figures in mind, and there has been some confusion because, perhaps, there has not been adequate explanation.

The collection estimate, as distinguished from the liability estimate, is necessary to determine the immediate effect of the reduction on the Federal budget, which is on an actual receipt and expenditure basis.

The estimates of the Treasury for the fiscal year 1947 will throw light on the dependability of their predictions and their judgments, so far as this particular bill is concerned. The original budget estimate in January 1946 for the fiscal year 1947, predicted receipts of \$31,500,000,000. The Budget review of August 1946, raised that figure to \$39,600,000,000. The Budget estimate in January 1947, still for the fiscal year 1947, raised that figure to \$40,200,000,000. The revised Presidential estimate of April 1947, for the fiscal year 1947, which has just ended, raised the figure to \$42,500,000,000; and the actual receipts are \$43,300,000,000, or \$11,800,000,000 more than the original estimate.

Let us consider the estimates of expenditures. The original Budget estimate of January 1946 of expenditures for the fiscal year 1947 was \$35,100,000,000. The Budget review of August 1946, raised this to \$41,000,000,000. The Budget estimate of January 1947 raised it to \$42,500,000,000. The revised Presidential estimate of April 1947 reduced the estimate to \$41,300,000,000, and a couple of months later, at the end of the fiscal year out of which we passed on the last day of June, the actual expenditures were \$42,500,000,000. So we find, first, a prediction of a deficit of \$3,600,000,000; then a deficit of \$1,400,000,000; then a deficit of \$2,300,000,000; then a surplus of \$1,200,000,000, and finally, under the actual facts, a surplus realized of \$800,000,000.

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

Mr. MILLIKIN. I yield, gladly.

Mr. TAFT. The reduction in the surplus can be laid entirely to the fact that the British, instead of drawing a billion and one-half dollars, as was contemplated, drew more than \$2,000,000,000 on the British loan in the fiscal year 1947. Is not that correct?

Mr. MILLIKIN. The Senator may be correct.

Mr. TAFT. The administration may even have suggested that that drawing be made in order that the surplus might be not quite so large?

Mr. MILLIKIN. That might well be. The deficit is also increased by a much larger amount of tax refunds than was estimated which makes it possible that the payment made on these particulars will relieve a certain amount of burden on the fiscal year 1948.

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

Mr. MILLIKIN. I yield.

Mr. GEORGE. I do not think the British needed any encouragement to ask for a larger withdrawal than they had originally agreed to accept. I think the circumstances well illustrate that they needed the money.

Mr. MILLIKIN. In any event, an extraordinarily large amount was used for the purpose, and it has the merit of extinguishing that much of our total obligation.

The forecast for the fiscal year 1948 is summarized in a table, and I ask unanimous consent that the table be inserted in the RECORD at this point.

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

[In billions of dollars.]

	Present law	After enactment of H. R. 3950
Receipts.....	41.4	39.9
Expenditures (President's budget).....	37.5	37.5
Surplus.....	3.9	2.4

On the assumption of a reduction of \$3,000,000,000 in expenditures, the following results:

[In billions of dollars.]

	Present law	After enactment of H. R. 3950
Receipts.....	41.4	39.9
Expenditures.....	34.5	34.5
Surplus.....	6.9	5.4

Mr. MILLIKIN. This table uses the estimate of receipts presented in the Senate Finance Committee report on House bill 1 and the estimate of expenditures presented in the President's budget for the fiscal year 1948. The estimated receipts under the present law are \$41,400,000,000. The estimated expenditures in the President's budget, not making any allowance for reductions which have actually occurred, would leave a surplus of \$3,900,000,000. After giving effect to House bill 3950 there would be a surplus available, under the most pessimistic approach to the subject, of \$2,400,000,000.

On the assumption of a reduction of \$3,000,000,000 in expenditures, the following results:

Receipts will be \$41,400,000,000. Expenditures will be \$34,500,000,000. There will be a surplus of \$6,900,000,000. Giving effect to House bill 3950, there will be a surplus for debt reduction and for contingencies of \$5,400,000,000. The surplus of \$5,400,000,000 remaining after the enactment of House bill 3950 should provide amply for debt retirement and contingencies. If it were assumed that the present levels of employment and output would continue—and income payments are now running at the rate of \$178,000,000,000 of individual income payments a year—receipts in the fiscal year 1948 would approximate \$43,000,000,000, as contrasted with the committee's conservative estimate, I submit, of \$41,400,000,000.

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

Mr. MILLIKIN. I yield to the able Senator from Kentucky.

Mr. COOPER. I should like to ask the Senator if originally at the time House bill 1 was under consideration in this body the estimates of receipts were stated at that time to be \$41,400,000,000?

Mr. MILLIKIN. Yes. That was on the assumption, which we accepted, of \$170,000,000,000 of individual income payments.

Mr. COOPER. Is the Senator following the same estimate?

Mr. MILLIKIN. Yes; I am following the same estimate, despite the fact that the rate of individual income payments has increased rather than decreased, and our estimate of \$170,000,000,000 was a \$6,000,000,000 reduction under the then current national rate of individual income payments.

Mr. COOPER. At that time what estimate was made of the reduction of receipts under the bill which was introduced at that time and which was being considered?

Mr. MILLIKIN. At that time, on a fiscal year collection basis, the cost of the bill was estimated at \$3,200,000,000, or on a liability basis at approximately \$4,000,000,000.

Mr. COOPER. Will the Senator explain the basis upon which the estimate of a reduction of \$1,500,000,000 was made?

Mr. MILLIKIN. Yes. This bill, if enacted, will become effective on January 1, 1948. Thus it will be effective for one-half of the fiscal year, and thus the cost will be approximately one-half the cost for the full fiscal year.

Mr. COOPER. I know that, but I notice that it is less than one-half, and I wanted an explanation of that.

Mr. MILLIKIN. I think that results from lags in collections based on the previous year's liabilities which come in during the first half of the current year. It is based on a technical calculation made by our experts.

Mr. COOPER. Is it the experience of collections during the past years that the volume of receipts in the second half of the fiscal year is less than the volume of receipts during the first half?

Mr. MILLIKIN. The second part of a fiscal year includes the payments which are made at the beginning of the calendar year. I assume that the heaviest payments come in during the first half of the calendar year; I believe that to be correct. That will illustrate the reason for the \$1,500,000,000, instead of an exact mathematical one-half.

Mr. COOPER. My reason for asking the question is because evidently less than 50 percent will be taken.

Mr. MILLIKIN. I think that is because during the second half of a calendar year collections are a lesser amount than during the first half.

Mr. COOPER. I thank the Senator.

Mr. MILLIKIN. Mr. President, I have pointed out that if the present levels of collections were to continue, our receipts for 1948 would be \$43,000,000,000. The committee is operating on an estimate of \$41,400,000,000.

There is at the present time an acute need for investment capital for the establishment and maintenance of smaller businesses. Also, it is exceedingly shortsighted and foolhardy to assume that the wartime accumulated surpluses on which our larger industries are maintaining their present high level of production, will continue indefinitely without the help of outside venture capital. This bill gives a stimulus to risk-taking

by increasing the investor's retained share of any resulting profits.

As is the case with risk capital, managerial incentive finds discouragement in the present marginal rates; that is, the rates on the top dollar of income received.

Mr. President, I ask unanimous consent to have inserted at this point in the RECORD, as a part of my remarks, a table which illustrates what I have just stated.

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

TABLE IV.—Comparison between the marginal rates of the individual income tax under present law and H. R. 3950

Surtax net income		Marginal rates	
From—	To—	Present law	H. R. 3950
\$0	\$1,000	19.0	13.3
\$1,000	\$1,400 ¹	19.0	(3)
\$1,400 ¹	\$2,000	19.0	15.2
\$2,000	\$4,000	20.9	16.7
\$4,000	\$6,000	24.7	19.8
\$6,000	\$8,000	28.5	22.8
\$8,000	\$10,000	32.3	25.8
\$10,000	\$12,000	36.1	28.9
\$12,000	\$14,000	40.9	32.7
\$14,000	\$16,000	44.7	35.7
\$16,000	\$18,000	47.5	38.0
\$18,000	\$20,000	50.4	40.3
\$20,000	\$22,000	53.2	42.6
\$22,000	\$26,000	56.1	44.8
\$26,000	\$32,000	58.9	47.1
\$32,000	\$38,000	61.8	49.4
\$38,000	\$44,000	65.6	52.4
\$44,000	\$50,000	68.4	54.7
\$50,000	\$60,000	71.3	57.0
\$60,000	\$70,000	74.1	59.3
\$70,000	\$80,000	77.0	61.6
\$80,000	\$90,000	79.8	63.8
\$90,000	\$100,000	82.7	66.1
\$100,000	\$136,700 ²	84.6	67.6
\$136,700 ²	\$150,000	84.6	71.9
\$150,000	\$200,000	85.5	72.7
\$200,000	\$302,400 ⁴	86.5	73.5
\$302,400 ⁴ and over. ⁵		86.5	77.3

¹ The exact breaking point in surtax net income under the bill is \$1,395.83.
² Incomes in this bracket receive a flat reduction of \$67 from the tentative tax.
³ The exact breaking point in surtax net income under the bill is \$136,719.10.
⁴ The exact breaking point in surtax net income under the bill is \$302,395.60.
⁵ It should be borne in mind that the tax is subject to a ceiling of 85½ percent of net income under existing law and 76.5 percent under the bill.
 Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. MILLIKIN. Mr. President, if under existing law, as is shown by the tables, a person with an income of \$10,000 has an opportunity to earn an additional \$1,000 by new investment, or by increased salary from acceptance of added responsibility, he must bear in mind, in deciding whether to accept the opportunity, the fact that 36 percent of the additional income will be taken from him by the Government through the individual income tax. A person with an income of \$50,000 who receives an additional \$1,000 must pay 71 percent of this to the Government. A person with an income of \$100,000 obtaining an extra \$1,000 must pay 84½ percent of this to the Government.

If the investors of the country are unwilling to take the risks of developing new enterprises and the managers do not have the incentive to put forth increased effort, the level of business activity will

decline, to the detriment of all persons in our society. While the extent of the reduction in marginal rates provided by H. R. 3950 is necessarily limited, it represents a substantial improvement over the present law.

Another means of indicating the severity of the existing income-tax rates is to consider the number of days which the individuals with various net incomes must now work to pay their income taxes. A married person, without dependents and with income before exemptions of \$1,200, works 11 days a year to pay his income tax. A single person with income of \$7,000 works 1 day out of 5 for the Government. If his income were increased to \$20,000 it becomes 1 day out of 3. If he receives an income of \$50,000, every other day must be spent in the employ of the tax collector. If he receives \$200,000, he must spend 3 out of every 4 days working for the Federal Government.

Both H. R. 1 and H. R. 3950 reduce the taxes of those with incomes, after deductions and exemptions, of \$1,000 or less by 30 percent. Furthermore, only those persons whose incomes, after deductions and exemptions, are \$1,400 or less will receive a reduction of more than 20 percent. On the other hand, such income between \$136,700 and \$302,400 is given a tax reduction of only 15 percent, and the tax on such income in excess of \$302,400 is reduced by only 10½ percent.

Under both H. R. 1 and H. R. 3950 those with net incomes, after deductions and before exemptions, of \$5,000 or less, receive a reduction of \$2,571,285,000 out of a total reduction of \$4,081,492,000. This group receives 63 percent of the total tax reduction provided by your committee's bill. Persons with incomes of \$3,000 or less receive more than 44 percent of the reduction. Thus the enactment of House bill 3950 is clearly desirable from the point of view of taxpayers in the lower-income brackets.

I shall have more to say on this subject as the arguments of the opposition develop.

The additional exemption of \$500 for persons aged 65 or over is a recognition of their special need. The heavy concentration of small incomes among such persons reflects the fact that, as a group, they are handicapped at least in an economic sense. They have suffered unusually as a result of the rise in cost of living and the changes in the tax system which occurred since the beginning of the war. Unlike younger persons, they have been unable to compensate for these changes by accepting full-time jobs at prevailing high wages. Furthermore, this general exemption appears to be a better method of bringing relief than a piecemeal extension of the system of exclusion for the benefit of particular types of income received primarily by aged persons.

Mr. President, I ask unanimous consent to have inserted at this point in the RECORD, as a part of my remarks, table V.

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

TABLE V-A.—Comparison of individual income tax under present law and under H. R. 3950

SINGLE PERSON—NO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$500				
\$600	\$19.00	\$13.30	\$5.70	30.00
\$700	38.00	26.60	11.40	30.00
\$750	47.50	33.25	14.25	30.00
\$800	57.00	39.90	17.10	30.00
\$900	76.00	53.20	22.80	30.00
\$1,000	95.00	66.50	28.50	30.00
\$1,200	133.00	93.10	39.90	30.00
\$1,500	190.00	133.00	57.00	30.00
\$1,600	209.00	153.00	56.00	26.79
\$1,700	228.00	173.00	55.00	24.12
\$1,800	247.00	193.00	54.00	21.86
\$1,900	266.00	212.80	53.20	20.00
\$2,000	285.00	228.00	57.00	20.00
\$2,500	380.00	304.00	76.00	20.00
\$3,000	484.50	387.60	96.90	20.00
\$4,000	693.50	534.80	158.70	20.00
\$5,000	921.50	737.20	184.30	20.00
\$6,000	1,168.50	934.80	233.70	20.00
\$7,000	1,434.50	1,147.60	286.90	20.00
\$8,000	1,719.50	1,375.60	343.90	20.00
\$9,000	2,023.50	1,618.80	404.70	20.00
\$10,000	2,346.50	1,877.20	469.30	20.00
\$11,000	2,688.50	2,150.80	537.70	20.00
\$12,000	3,049.50	2,439.60	609.90	20.00
\$13,000	3,434.25	2,747.40	686.85	20.00
\$14,000	3,842.75	3,074.20	768.55	20.00
\$15,000	4,270.25	3,416.20	854.05	20.00
\$20,000	6,645.25	5,316.20	1,329.05	20.00
\$25,000	9,362.25	7,489.80	1,872.45	20.00
\$30,000	12,264.50	9,811.60	2,452.90	20.00
\$40,000	18,425.25	14,740.20	3,685.05	20.00
\$50,000	25,137.00	20,109.60	5,027.40	20.00
\$60,000	32,247.75	25,798.20	6,449.55	20.00
\$70,000	39,643.50	31,714.80	7,928.70	20.00
\$80,000	47,324.25	37,859.40	9,464.85	20.00
\$90,000	55,280.00	44,232.60	11,047.40	20.00
\$100,000	63,540.75	50,832.60	12,708.15	20.00
\$150,000	105,806.25	85,185.31	20,620.94	19.49
\$200,000	148,551.50	121,518.78	27,032.72	18.20
\$250,000	191,771.75	158,265.99	33,505.76	17.48
\$300,000	234,996.75	194,997.24	39,999.51	17.02
\$400,000	321,446.75	272,235.25	49,211.50	15.31
\$500,000	407,896.75	349,585.25	58,311.50	14.30
\$750,000	624,021.75	542,960.25	81,061.50	12.99
\$1,000,000	840,146.75	736,335.25	103,811.50	12.36
\$2,000,000	1,704,646.75	1,509,835.25	194,811.50	11.43
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

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

TABLE V-B.—Comparison of individual income tax under present law and under H. R. 3950

MARRIED PERSON—NO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$1,000				
\$1,200	\$38.00	\$26.60	\$11.40	30.00
\$1,500	95.00	66.50	28.50	30.00
\$1,800	152.00	106.40	45.60	30.00
\$2,000	190.00	133.00	57.00	30.00
\$2,100	209.00	153.00	56.00	26.79
\$2,200	228.00	173.00	55.00	24.12
\$2,300	247.00	193.00	54.00	21.86
\$2,400	266.00	212.80	53.20	20.00
\$2,500	285.00	228.00	57.00	20.00
\$3,000	380.00	304.00	76.00	20.00
\$4,000	589.00	471.20	117.80	20.00
\$5,000	798.00	638.40	159.60	20.00
\$6,000	1,045.00	836.00	209.00	20.00
\$7,000	1,292.00	1,033.60	258.40	20.00
\$8,000	1,577.00	1,261.60	315.40	20.00
\$9,000	1,862.00	1,489.60	372.40	20.00
\$10,000	2,158.00	1,748.00	450.00	20.00
\$11,000	2,468.00	2,008.40	501.60	20.00
\$12,000	2,806.00	2,295.20	573.80	20.00
\$13,000	3,200.00	2,584.00	646.00	20.00
\$14,000	3,638.50	2,910.80	727.70	20.00
\$15,000	4,047.00	3,237.60	809.40	20.00
\$20,000	6,393.50	5,114.80	1,278.70	20.00
\$25,000	9,082.00	7,265.60	1,816.40	20.00
\$30,000	11,970.00	9,576.00	2,394.00	20.00

TABLE V-B.—Comparison of individual income tax under present law and under H. R. 3950—Continued

MARRIED PERSON—NO DEPENDENTS—UNDER AGE 65—continued

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$40,000	\$18,097.50	\$14,478.00	\$3,619.50	20.00
\$50,000	24,795.00	19,836.00	4,959.00	20.00
\$60,000	31,891.50	25,513.20	6,378.30	20.00
\$70,000	39,273.00	31,418.40	7,854.60	20.00
\$80,000	46,939.50	37,551.60	9,387.90	20.00
\$90,000	54,891.00	43,912.80	10,978.20	20.00
\$100,000	63,127.50	50,502.00	12,625.50	20.00
\$150,000	103,382.50	84,825.97	20,556.53	19.91
\$200,000	148,124.00	121,155.40	26,968.60	18.21
\$250,000	191,339.50	157,888.58	33,450.92	17.48
\$300,000	234,394.50	194,629.83	39,764.67	17.03
\$400,000	321,014.50	271,848.50	49,166.00	15.32
\$500,000	407,464.50	349,198.50	58,266.00	14.30
\$750,000	623,589.50	542,573.50	81,016.00	12.99
\$1,000,000	839,714.50	735,948.50	103,766.00	12.36
\$2,000,000	1,704,214.50	1,589,448.50	114,766.00	11.43
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

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

TABLE V-C.—Comparison of individual income tax under present law and under H. R. 3950

MARRIED PERSON—TWO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$2,000				
\$2,500	\$95.00	\$66.50	\$28.50	30.00
\$3,000	190.00	133.00	57.00	30.00
\$3,500	285.00	153.00	132.00	26.79
\$4,000	380.00	173.00	207.00	24.12
\$4,500	475.00	193.00	282.00	21.86
\$5,000	570.00	213.00	357.00	20.00
\$5,500	665.00	233.00	432.00	20.00
\$6,000	760.00	253.00	507.00	20.00
\$7,000	1,045.00	338.00	707.00	20.00
\$8,000	1,292.00	423.00	869.00	20.00
\$9,000	1,539.00	508.00	1,031.00	20.00
\$10,000	1,786.00	593.00	1,193.00	20.00
\$11,000	2,033.00	678.00	1,355.00	20.00
\$12,000	2,280.00	763.00	1,517.00	20.00
\$13,000	2,527.00	848.00	1,679.00	20.00
\$14,000	2,774.00	933.00	1,841.00	20.00
\$15,000	3,021.00	1,018.00	1,993.00	20.00
\$20,000	5,890.00	4,712.00	1,178.00	20.00
\$25,000	8,759.00	7,034.00	1,725.00	20.00
\$30,000	11,628.00	9,356.00	2,272.00	20.00
\$40,000	17,442.00	13,953.60	3,488.40	20.00
\$50,000	24,111.00	19,288.80	4,822.20	20.00
\$60,000	31,179.00	24,943.20	6,235.80	20.00
\$70,000	38,532.00	30,825.60	7,706.40	20.00
\$80,000	46,170.00	36,936.00	9,234.00	20.00
\$90,000	54,093.00	43,274.40	10,818.60	20.00
\$100,000	62,301.00	49,848.80	12,452.20	20.00
\$150,000	104,538.00	84,107.30	20,430.70	19.54
\$200,000	147,269.00	120,428.65	26,840.35	18.23
\$250,000	190,475.00	157,153.75	33,321.25	17.49
\$300,000	233,700.00	193,895.00	39,805.00	17.03
\$400,000	320,150.00	271,075.00	49,075.00	15.33
\$500,000	406,600.00	348,425.00	58,175.00	14.31
\$750,000	622,725.00	541,800.00	80,925.00	13.00
\$1,000,000	838,850.00	735,175.00	103,675.00	12.36
\$2,000,000	1,703,350.00	1,508,675.00	194,675.00	11.43
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

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

Mr. MILLIKIN. Table V shows, for various net-income levels, after deductions, but before exemptions, the amount of tax payable under present law and your committee's bill for persons under age 65. It also shows the amount and percent of the decrease from present law provided by your committee's bill for such persons. Part A of the table 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 tax-rate reduction but also an additional \$500 exemption, their tax burden cannot be derived from table V.

Mr. President, I ask unanimous consent to have table VI printed at this point in the RECORD, as a part of my remarks.

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

TABLE VI-A.—Comparison of individual income tax under present law and under H. R. 3950 for persons aged 65 or over

SINGLE PERSON AGE 65 OR OVER—NO DEPENDENTS

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$500				
\$600	\$19.00		\$19.00	100.00
\$700	38.00		38.00	100.00
\$800	57.00		57.00	100.00
\$900	76.00		76.00	100.00
\$1,000	95.00		95.00	100.00
\$1,200	133.00	\$26.60	106.40	80.00
\$1,500	190.00	66.50	123.50	65.00
\$1,800	247.00	106.40	140.60	56.92
\$2,000	285.00	133.00	152.00	53.33
\$2,500	380.00	228.00	152.00	40.00
\$3,000	484.50	304.00	180.50	37.25
\$4,000	693.50	471.20	222.30	32.05
\$5,000	921.50	638.40	283.10	30.72
\$6,000	1,168.50	836.00	332.50	28.46
\$7,000	1,434.50	1,033.60	400.90	27.95
\$8,000	1,719.50	1,261.60	457.90	26.63
\$9,000	2,023.50	1,489.60	533.90	26.38
\$10,000	2,346.50	1,748.00	598.50	25.51
\$11,000	2,688.50	2,096.40	692.10	25.37
\$12,000	3,049.50	2,295.20	754.30	24.73
\$13,000	3,434.25	2,584.00	850.25	24.76
\$14,000	3,842.75	2,910.80	931.95	24.25
\$15,000	4,270.25	3,237.60	1,032.65	24.18
\$20,000	6,645.25	5,114.80	1,530.45	23.03
\$25,000	9,265.25	7,265.60	2,099.65	22.39
\$30,000	12,264.50	9,576.00	2,688.50	21.92
\$40,000	18,425.25	14,478.00	3,947.25	21.42
\$50,000	25,137.00	19,836.00	5,301.00	21.09
\$60,000	32,247.25	25,513.20	6,734.05	20.88
\$70,000	39,843.50	31,418.40	8,425.10	20.75
\$80,000	47,324.25	37,551.60	9,772.65	20.65
\$90,000	55,291.00	43,912.80	11,378.20	20.58
\$100,000	63,540.75	50,502.00	13,038.75	20.52
\$150,000	105,806.25	84,825.97	20,980.28	19.83
\$200,000	148,551.50	121,155.40	27,396.10	18.44
\$250,000	191,771.75	157,888.58	33,883.17	17.67
\$300,000	234,996.75	194,629.83	40,366.92	17.18
\$400,000	321,446.75	271,848.50	49,598.25	15.43
\$500,000	407,896.75	349,198.50	58,698.25	14.39
\$750,000	624,021.75	542,573.50	81,448.25	13.05
\$1,000,000	840,146.75	735,948.50	104,198.25	12.40
\$2,000,000	1,704,646.75	1,509,448.50	195,198.25	11.45
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

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

TABLE VI-B.—Comparison of individual income tax under present law and under H. R. 3950 for persons aged 65 or over

MARRIED PERSON (BOTH HUSBAND AND WIFE 65 OR OVER)—NO DEPENDENTS

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$1,000				
\$1,200	\$38.00		\$38.00	100.00
\$1,500	95.00		95.00	100.00
\$1,800	152.00		152.00	100.00
\$2,000	190.00		190.00	100.00
\$2,500	285.00	\$66.50	218.50	76.67
\$3,000	380.00	133.00	247.00	65.00
\$4,000	589.00	304.00	285.00	48.39
\$5,000	798.00	471.20	326.80	40.95
\$6,000	1,045.00	638.40	406.60	38.91
\$7,000	1,292.00	836.00	456.00	35.29
\$8,000	1,577.00	1,033.60	543.40	34.46

TABLE VI-B.—Comparison of individual income tax under present law and under H. R. 3950 for persons aged 65 or over—Con.

MARRIED PERSON (BOTH HUSBAND AND WIFE 65 OR OVER)—NO DEPENDENTS—continued

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$9,000	\$1,862.00	\$1,261.60	\$600.40	32.24
\$10,000	2,185.00	1,489.60	695.40	31.83
\$11,000	2,508.00	1,748.00	760.00	30.30
\$12,000	2,829.00	2,006.40	822.60	30.07
\$13,000	3,230.00	2,295.20	934.80	28.94
\$14,000	3,638.50	2,584.00	1,054.50	28.98
\$15,000	4,047.00	2,910.80	1,136.20	28.08
\$20,000	6,393.50	4,712.00	1,681.50	26.30
\$25,000	9,082.00	6,817.20	2,264.80	24.94
\$30,000	11,970.00	9,104.80	2,865.20	23.94
\$40,000	18,097.50	13,953.60	4,143.90	22.90
\$50,000	24,795.00	19,288.80	5,506.20	22.21
\$60,000	31,891.50	24,943.20	6,948.30	21.79
\$70,000	39,273.00	30,825.60	8,447.40	21.51
\$80,000	46,939.50	36,936.00	10,003.50	21.31
\$90,000	54,891.00	43,274.40	11,616.60	21.16
\$100,000	63,127.50	49,848.80	13,278.70	21.05
\$150,000	105,382.50	84,107.30	21,275.20	20.19
\$200,000	148,124.00	120,428.65	27,695.35	18.70
\$250,000	191,339.50	157,153.75	34,185.75	17.87
\$300,000	234,394.50	193,895.00	40,499.50	17.34
\$400,000	321,014.50	271,075.00	49,939.50	15.56
\$500,000	407,464.50	348,425.00	59,039.50	14.49
\$750,000	623,589.50	541,800.00	81,789.50	13.12
\$1,000,000	839,714.50	735,175.00	104,539.50	12.45
\$2,000,000	1,704,214.50	1,508,675.00	195,539.50	11.47
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

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

Mr. MILLIKIN. Table VI shows for such persons the same type of information shown in table V for persons under age 65. Part A relates to a single person with no dependents; and part B to a married person—both husband and wife 65 or over—with no dependents.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, table VII.

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

TABLE VII.—Comparison of the individual income-tax liability under present law and under H. R. 3950 in a full year of operation, with income payments of \$170,000-000,000

[In thousands of dollars.]

Net income class	Estimated yield of—		Decrease from present law provided by H. R. 3950
	H. R. 3950	Present law	
\$0 to \$1	\$250,919	\$365,191	\$114,272
\$1 to \$2	1,877,376	2,746,037	868,661
\$2 to \$3	1,056,083	1,492,032	435,949
\$3 to \$4	1,495,407	1,876,084	380,677
\$4 to \$5	1,853,180	2,383,730	530,570
	894,424	1,135,580	241,156
Total under \$5	7,427,389	9,998,674	2,571,285
\$5 to \$10	1,146,377	1,453,203	306,826
\$10 to \$25	1,697,000	2,124,827	427,827
\$25 to \$50	1,204,518	1,501,072	296,554
\$50 to \$100	1,115,125	1,385,437	270,312
\$100 to \$300	701,733	856,595	154,862
\$300 to \$500	136,937	161,146	24,209
\$500 to \$1,000	128,180	145,263	17,083
\$1,000 and over	128,610	128,613	12,533
Total over \$5	6,245,950	7,756,156	1,510,206
Grand total	13,673,339	17,754,830	4,081,492

Source: Staff of Joint Committee on Internal Revenue Taxation.

law and under House bill 3950, and shows the decrease in tax liability resulting from the enactment of your committee's bill. The data shown are based on a full year's operation of House bill 3950, and assume an income-payment level of \$170,000,000,000.

Mr. President, table V-C shows that a married person with two dependents, having a net income before personal exemption of \$2,500, under present law pays \$95 in income taxes, and under House bill 3950 will pay \$66.50, or a saving of \$28.50.

The man with an income of \$5,000, in the same category, now pays \$589. Under House bill 3950, he would pay \$471.20, representing a saving of \$117.80.

The man with an income of \$10,000 now pays \$1,862. Under the proposed law, he would pay \$1,489.60, representing a saving of \$372.40.

The man with an income of \$20,000 now pays \$5,890. Under the new law, he would pay \$4,712, representing a saving of \$1,178.

The man with an income of \$80,000 now pays \$46,170. Under the proposed law, he would pay \$36,936, having a saving of \$9,234.

The man with an income of \$100,000 now pays \$62,301. Under the new law, he would pay \$49,840.80, representing a saving of \$12,460.20.

The table will more fully illustrate the progression of the tax and the amount of savings.

Mr. REVERCOMB. Mr. President, I send to the desk two amendments, to be printed and lie upon the table.

The PRESIDENT pro tempore. The amendments will be received and printed, and will lie on the table.

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

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

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

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

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

SHIPMENTS OF OIL TO THE SOVIET UNION

Mr. LUCAS. Mr. President, I desire to occupy the time of the Senate for a few

minutes, to discuss shipments of oil to the Soviet Union.

Since the middle of June certain segments of the American press have been exercised over the discovery that oil and gasoline have been exported to the Soviet Union. This fact contrasts with the second fact that in certain parts of the country, chiefly the Middle West, we are beginning to experience a slight shortage of petroleum and petroleum products. The abundance of rumor, the lack of facts, and the political innuendoes that are now being hurled hither and yon by the majority party have the public pretty well confused. I think it is of primary importance that the Senate and the country get the facts straight, forget the rumors, and ignore the politicians who are seeking to make political capital out of this very important matter.

The reason we were shipping oil to Russia is very simple. The oil companies of the United States, in the enjoyment of their right to engage in free enterprise and to sell to whomever they pleased, sold their oil abroad freely, without any restriction being imposed by the Government of the United States. It is true that the Government has the power, and has had the power since July 1940, to control the export of oil and everything else, through an export licensing system. This, however, was a war power, granted to the President, to exercise during the war emergency. No one, I am sure, supposes that after the emergency is clearly over, the people of the United States would give the President, through the Congress, the power to say what shall and what shall not be exported. This would constitute a form of regimentation. It would infringe on the liberty of the exporters in the United States to sell their products to whomever they pleased to sell them.

The Congress of the United States has plainly demonstrated its wish that the Government get out of the business of controlling business. In line with that idea, export controls have been gradually lifted since VJ-day. During the war, all exports were under control. This meant that the Government was controlling the export of some 3,200 commodities or commodity classes. Following the war, the Government voluntarily dropped control to such an extent that by October 1, 1946, only 727 commodities were under control. Today only 397 commodities are on the control list. They were dropped because the President and the administrative agency in charge wanted to get rid of controls. That presumably was what the country wanted. Certainly, nothing that has been done in Congress so far would give anyone any encouragement in the belief that wartime controls ought to be continued any longer than they were absolutely necessary. In my judgment, in many cases we have rushed pell-mell into the control-dropping business. In my opinion, we have dropped some controls too soon, but that has been due to the pressure on Congress from the American people, who do not like controls of any kind.

Now what does this mean in connection with the shipment of oil to Russia? In line with the philosophy of dropping controls, in September 1945, nearly 2

years ago, and less than a month after the war was over, we lifted export restrictions on crude oil, natural gasoline, and 100-octane aviation gas. By February of this year we had successively dropped controls on lubrication oils, motor gasoline, kerosene, gas oil, and distillate fuel oil, until the only petroleum product remaining under control was paraffin wax. Natural balances in oil production, refining, transportation, and marketing began to be restored, unhindered by the restraining hand of the Government. Among other countries receiving oil from the United States was the Soviet Union. Russian tankers appeared in west coast ports to take on oil from American refineries. Immediately a hue and cry was raised by certain newspapers, giving the implication that our Government was responsible. Do not forget that. The implication was that our Government was responsible for the selling of this oil to Russia. Reading them, it was easy to get the impression that Russia was getting oil at the expense of American industry and the American farmer.

Now, let us look at the facts. In 1945 we shipped 5,000,000 barrels of oil to Russia, including lend-lease shipments. In 1946 our exports of oil to Russia declined to 2,500,000 barrels. By the end of June this year, we exported about 730,000 barrels of oil, which is at the yearly rate of about 1,500,000 barrels. Year by year our exports to Russia are declining in volume. Seven hundred and thirty thousand barrels sounds like a considerable amount of oil, however, to the man in the street, and particularly does it sound like a considerable amount to the farmer who is beginning to be pinched by a lack of fuel oil and gasoline. But let us get one more fact into the record. The 730,000 barrels of oil we exported to Russia in the first 6 months of this year is equivalent to the petroleum we consume in this country in 3½ hours.

In other words, if we were ever compelled to ration petroleum products in this country, by cutting off the export of every drop of oil to the Soviet Union we could postpone that rationing by 3½ hours.

Let us look at another fact. The 730,000 barrels exported to Russia compares with the actual production in the United States during every day in the year of 5,000,000 barrels of oil. What, then, is the cause of the excitement? Simply this: Most of the oil we sent to Russia out of west-coast ports goes to Siberia, for consumption in Siberia. The only port to which it can go is Vladivostok. That port is locked by ice for, roughly, 9 months of the year and is open during the months of June, July, and August. In June, nine Russian tankers arrived to take off the oil sold to Russia. In the jittery state of international relations at the present time, nine tankers flying the flag of the Soviet Union, loading up with American oil, was more than some newspapers could bear. The story exploded in the press, and now eight congressional committees are trying to find out why it is that oil is moving to Russia. The answer is really simple. Oil is going to Russia because we dropped

our export controls over oil. Dropping controls fast is what the majority in Congress are after.

Mr. President, the people have repeatedly importuned the Congress to drop to the utmost extent possible every control imposed during the war emergency. The strange thing to the Senator from Illinois is to find Representatives of the majority party, the Republican Party, frantic over the fact that we released the controls, placed upon petroleum and petroleum products, thus giving free enterprise of the Nation the right to export oil to Russia. I noticed in the Washington Post an article saying that a House committee had called Under Secretary of Commerce William C. Foster before it, and he acknowledged that he had issued export licenses to individuals to ship petroleum to Russia. The committee was obviously taken by surprise over that statement. The members of the committee were angry with the Secretary of Commerce and his subordinates because they had permitted the issuance of these export licenses. In other words, those who have been so constantly engaged in talking about the free-enterprise system, some of those who have constantly condemned the administration for putting us under controls from time to time, some of those who have constantly condemned regimentation of every kind and every form, are now condemning the Secretary of Commerce because he dared operate under the free-enterprise system and give export licenses to individuals in this country to deal with Soviet Russia. It is a strange thing, Mr. President, that Republican Members of a House committee, champions of free enterprise, should become so exercised and so angry with the Secretary of Commerce and his subordinates for doing a thing of that kind.

The basic legislation providing authority for export controls had a difficult time in being renewed by Congress. Oil is not the only thing on which controls were dropped. The Government has dropped controls on the export of automobiles and farm machinery and equipment. This has been a sore point with many people who are anxious to get automobiles and farm equipment. When they discover these articles going abroad free of any United States controls, they begin to complain.

We cannot have our cake and eat it too. We cannot insist that we want to move back to a completely untrammelled free-enterprise system and yet keep the controls on when free enterprise begins to mean that goods move freely in the channels of international trade, and scarce goods, sorely needed in this country, are going abroad.

A few more facts should be added to put the oil situation in proper perspective. Fact No. 1 is that the Russians cannot store the oil they obtain for future uses. Mr. President, that is an important fact. The individuals who are frightened over the fact that oil is going to Russia are of the opinion that the same thing can be done with oil as was done by the Japs with the scrap iron shipped to them previous to Pearl Har-

bor. That simply cannot be done. Scrap iron can be stored indefinitely and still be as valuable as when acquired, but that cannot be done with oil. Gasoline particularly is a perishable commodity. It tends to get gummy and to foul up carburetors if it has been in storage for more than 6 months. Exactly how long it can last without deteriorating to the point where it is useless, depends on how it has been refined.

Fact No. 2 is that the Russians expect to begin exporting oil to England in the next 6 months. From July 1, 1947, to the end of this year, the Russians will export approximately 1¼ million barrels of petroleum and petroleum products to England. I mention that merely to show that Russia is selling oil to England, our friend, and we are selling oil to Russia. I undertake to say that there is nothing wrong in any of these transactions. There is nothing sinister about them. There is nothing that can aid the Russians from the standpoint of their own defense, in connection with the exporting of this oil, because it can be stored only for a period of 6 months. The Russian shipments to England will be the first shipments since the war. Russia has oil in the ground around the Black Sea ports. The reason why Russia is exporting to England and importing from us is easily understood in terms of the map of the world. The distance from San Pedro, Calif., to Vladivostok is a much shorter distance than the distance from the Black Sea ports to England. If Russia were to try to ship oil from the Black Sea ports to Siberia, it would mean a journey by rail or pipe line of almost 8,000 miles, which is an unthinkable distance in terms of expense of transportation. Transporting oil by water would mean a trip almost halfway around the world, through the Mediterranean, the Suez Canal, the Indian Ocean, and the China Sea. Oil supply for any country is as much a problem of transportation as it is of having the oil in the ground.

This fact is responsible, as much as anything else is, for the shortage of oil in the Middle West. The Middle West did not participate in the construction of pipe lines during the war. The pipe lines were built from the producing areas to ports on the east and west coasts. The result is that this efficient means of oil transportation is largely unavailable to the Middle West. This makes for an acute problem of transportation and storage. Pipe lines for that area are being planned, but when they will be built is problematical, in view of the acute shortage of steel for piping in this country. Heavy and light industry in this country are clamoring for steel, and the steel mills and steel fabricators are not able with their present capacity to come anywhere near meeting the demand. There are of course other reasons for the shortage in the Midwest. Local crude-oil production in the Midwest is declining. Demand for oil products has now doubled over prewar demand. Oil-burning furnaces are being installed in huge quantities. Farmers are consuming more oil than they

ever did in tractors and other farm machinery.

But even with all that, I am favorably impressed with the statement made by Mr. Foster yesterday before the House Committee on Interstate and Foreign Commerce. Mr. Foster stated that the Department does not believe that exports of petroleum and petroleum products "should be prohibited or drastically curtailed. To do so would upset the world system of distribution and make petroleum a source of international friction."

Mr. Foster stated that future requirements for petroleum exports would be examined "in terms of their urgency, the ability of the United States to supply, with due consideration of the needs of the domestic economy," and export quotas for the various countries then would be fixed.

He further stated:

I do not believe the situation is or will become critical in the sense of affecting our national welfare. I am confident that the industry will, as it always has in the past, meet the public needs.

These are the facts. Because of the current agitation over this question, export controls have been reinstated on gasoline, kerosene, and fuel oil. Exporters will have to get a license to export oil in the future, and until quotas are established no oil will be permitted to leave the country. But no one ought to suppose that this move will make any great contribution to the alleviation of oil shortages in this country. Careful control of exports will assist in some measure, however, in relieving shortages and alleviating in a minor degree the hardship arising out of current deficits.

In conclusion, Mr. President, let me say that these are facts which have been taken from the Department of Commerce of the United States. The facts can be found by anyone who is seeking facts. They tell the story about the tankers which were docked along the California coast. In my opinion there is nothing for this country to be alarmed about from the mere fact that a small amount of oil is being shipped to the Soviet Union.

REDUCTION OF INDIVIDUAL INCOME TAXES

The Senate resumed the consideration of the bill (H. R. 3950) to reduce individual income-tax payments.

Mr. MAGNUSON. Mr. President, when the original tax reduction bill, H. R. 1, was before the Senate, I indicated my opposition to it in a statement which appeared in the RECORD on May 28. The basis on which I opposed H. R. 1 are applicable to the bill now under discussion. I was unable to support tax reduction as contained in H. R. 1 for three primary reasons: First, because it gave to the high-income brackets the major slice of the \$3,200,000,000 tax-reduction pie; second, because our economy is operating at a level sufficiently high to warrant application of excess revenues upon debt reduction rather than tax reduction; and third, because reduction of individual income taxes now may well destroy any possibility of achieving a complete overhauling of our

tax structure. I think all those interested in the tax problem are in entire agreement with that statement.

I shall not repeat at this time all the arguments I put forth in opposing H. R. 1. I do wish to reiterate, however, that the present bill is H. R. 1 merely wearing a new date and a new number. In addition, I want to emphasize again that even in its new clothes this bill contains the same gross inequities of its predecessor. Under the bill the take-home pay of the \$1,200-a-year man is increased but 1 percent; the take-home pay of the \$5,000-a-year man is increased 4 percent; of the \$50,000-a-year man, 19.7 percent; of the \$100,000-a-year man, 34.2 percent; and of the \$300,000-a-year man, 57.4 percent.

That is what I mean by inequities in the bill, and that is what I mean by saying that we probably need tax revision rather than tax reduction, as proposed by the majority.

A moment ago I stated that I opposed the forefather of this bill because individual income-tax reduction now may well destroy any possibility of achieving a complete overhauling of the tax structure. I wish to dwell on this thesis briefly to indicate how seriously this bill endangers the attainment of that objective.

I think it is generally conceded that there are inequities in the tax structure which must be eliminated. Secretary of the Treasury Snyder emphasized this in his testimony before the House Ways and Means Committee and to the Senate Finance Committee. To the best of my knowledge both committees were in complete agreement with him on this score.

The last serious attempt to revise the tax structure occurred in 1942. Since that time, because of our preoccupation with the war and reconversion and the compelling necessity of maintaining Federal revenues at a high level, inequities have been permitted to accumulate. The House Ways and Means Committee is now engaged in a comprehensive study of these problems, and has announced its intent to report a bill to the Congress early in the next session containing its considered judgment on tax revision. To my mind the program the Ways and Means Committee is following is eminently sensible. But its weeks of hearings, its subsequent analysis and recommendations, may prove a mere academic exercise if the bill before us is enacted. I shall try to demonstrate to you why this is true.

According to the majority report on House bill 3950 issued by the House committee on July 3, 1947, receipts under the present law are estimated to be \$41,400,000,000; 1948 receipts under this bill are estimated at \$39,900,000,000. Both estimates are based on national-income payments of \$170,000,000,000 for the fiscal year. The committee then assumes that expenditures for the fiscal year will be reduced \$3,000,000,000 below the President's budget, or that expenditures will be \$34,500,000,000. Under the present law this would produce a surplus of \$6,900,000,000 and under House bill 3950 a surplus of \$5,400,000,000. Let us assume for purposes of argument that neither of

the variables in this receipt-expenditure equation is affected by domestic or world economic and political factors—a rather rash assumption in view of the Marshall plan for reconstruction of Europe, international tensions, and present maladjustments in prices here at home. But for the sake of argument let us look at these figures through the same rose-colored glasses worn by the proponents of this bill. Under present law there will be an estimated surplus of \$6,900,000,000, under House bill 3950 an estimated surplus of \$5,400,000,000. The proponents of this bill assert, therefore, correctly, that House bill 3950 will cost only \$1,500,000,000. They reach this conclusion, of course, by restricting their consideration of the effect of the measure to the last 6 months of fiscal 1948. They fail to emphasize with equal zeal that once the bill becomes law its effects will continue into 1949 and will then operate on a full-year basis.

But again going back to the estimated \$6,900,000,000 surplus in fiscal 1948 under present law, we could use this surplus in at least three ways: For debt reduction, or for tax reduction, or for a combination of the two. If we intend to use all or a part of this surplus for tax reduction there are at least two ways it can be utilized: For reduction of individual income taxes as provided in this bill, or for reduction of taxes to remove inequities in the present tax structure. We must make a choice between these two methods of tax reduction.

The majority have apparently decided that instead of tax revision they are bent on a percentage-wise tax reduction which, in my opinion, as I stated before, only helps out the big fellow and not the small fellow.

It is my firm conviction that if we choose to utilize the surplus for individual tax reduction as provided in this bill we will foreclose the possibility of achieving tax reduction by revision of the tax structure, by way of inequitable exemptions and by way of many other features of the tax law which should long ago have been overhauled.

On a yearly basis, with income payments at \$170,000,000,000, the House committee estimates that H. R. 3950 will produce about \$4,000,000,000 less revenue than the present law. Assuming a yearly surplus of \$6,900,000,000, therefore, this bill would leave a balance of only \$2,900,000,000 for other purposes—debt reduction or tax reduction to remove inequities in the tax structure.

Let me sketch for the Senate some of the inequities in the tax structure that the House Ways and Means Committee is considering and give it some rough estimates as to what it will cost in revenues to eliminate them. If this bill should pass and we do what should be done to remove inequities, the majority party must take the responsibility for going again into deficit financing.

At the outset I wish to make it clear that these are just a few of the major items under consideration and that the cost of removing these inequities as I list them are rough estimates—but perhaps no less accurate than the estimates used by the proponents of this bill.

The tax advantage enjoyed by community-property States has already been discussed here on the floor of the Senate. To remove this advantage by extending to the other 37 States the right to split family income will cost \$750,000,000. Various plans are under consideration for eliminating duplicate taxation of corporate dividends. The true cost will depend upon the plan adopted but elimination of this inequity will cost from one to one and one-half billion dollars. Several plans for allowing an earned income credit are under discussion. Earned income credit is designed to recognize the difference between the man who receives all or the major share of his income from wages or salaries and the man who clips coupons. This proposal will cost from one to two billion dollars. Elimination of war excise taxes will cost in revenues about \$1,000,000,000, and if excise taxes are eliminated on transportation and on other items where the regressive nature of this type tax is especially iniquitous, the cost will run from one and one-half billion to two billion additional dollars. Then there is the very important question of personal exemptions. The present exemption is \$500. Many of us think it should be raised for certain categories of tax payers. If this is raised to \$600, the cost in revenue will be one billion six hundred million, and if it is raised to \$700, the cost will be \$3,000,000,000.

Some of us believe that there should be exemption for hospitalization and that there should be further exemptions for contributions to worthy causes, such as charities. But if the tax law is revised and the exemption is raised only to \$600, the cost in revenue alone will be approximately \$1,600,000,000. If it is raised to \$700, which some of the proponents of the tax reduction advocate, it will cost considerably more.

These are some of the most obvious problems the House Ways and Means Committee is considering. In addition, consideration is being given to a special tax credit for small business, to revision of taxes on foreign personal holding companies, to income taxes applicable to citizens of the United States stationed in foreign countries, and to the question of allowing industrial concerns to count as a business expense the cost of constructing disposal facilities for industrial sewage and waste to avoid pollution of streams, lakes, and bays. There are other minor problems and inequities too numerous to mention here, which must be considered and which will entail additional losses in revenue—or, to put it another way, which will constitute significant tax reductions.

At this point let us add up the partial score on tax reduction via tax revision as I have outlined it for the major items:

	Billions of dollars	
Community property.....	0.75	0.75
Duplicate taxation, corporate dividends.....	1.0	1.5
Earned-income credit.....	1.0	2.0
Elimination, war excise taxes.....	1.0	1.0
Other excise taxes.....	.5	1.0
Personal exemptions.....	1.6	3.0
Total.....	5.85	9.25

Or a total of from six to nine billion dollars in round numbers. In other words, any serious, comprehensive tax revision will result in tax reduction in an amount close to, or perhaps well in excess of, the estimated surplus as computed by the proponents of this bill.

It is extremely unfortunate that the majority party made ill-considered promises last fall. I suppose it is too late to adopt the slogan, "Tax reduction through tax revision." Probably they are stuck with their slogan, "Tax reduction—20 percent across the board." If they are stuck with that campaign cry, must the Congress and the country be stuck with it? Or will they at this late date let the Dr. Jekyll, who I am sure is in them, surmount the Mr. Hyde, and, being transformed from politicians to statesmen, recognize that individual income tax reduction, as provided in House bill 3950, will destroy the golden opportunity we now have to achieve comprehensive tax revision?

For that reason, if for no other, House bill 3950 should be defeated, and an individual income-tax reduction bill should be submitted to the Congress at the next session that will be a part of a comprehensive tax-revision program.

The PRESIDING OFFICER (Mr. McGrath in the chair). The bill is open to amendment.

Mr. MAGNUSON. Mr. President, I see the Senator from Arkansas in the Chamber, and I understand that he wishes to address the Senate at this time.

I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. McCLELLAN. Mr. President, for the second time at this session of Congress we are asked to take action on what is termed a tax-reduction bill.

Mr. MILLIKIN. Mr. President, I inquire if the Senator's amendment is before the Senate?

Mr. McCLELLAN. It is not before the Senate; it has been filed.

When the tax bill was before the Senate on a previous occasion, I undertook, by three amendments which I proposed to the bill, to make it a better tax bill, an equitable tax bill, to provide by its terms that a great injustice and inequity which is not present in our tax system, which results in a flagrant discrimination against husbands and wives in some 38 States of this Nation, be corrected.

The original tax bill failed to become law because a Presidential veto was sustained by the House of Representatives. I do not know what the prospects are that the pending bill, if passed by the Senate, will finally become law. I am not undertaking to make any predictions about that at the moment, but for the second time I am going to urge my colleagues to go along with me in support of the amendment which I shall propose to the bill, which will place the taxpayers of this Nation on an equal basis with respect to bearing the burdens of the costs of their National Government.

When I previously presented the so-called community-property amendment, opposition to it was predicated upon two stated reasons; the first being that the bill is a tax-reduction bill, not a tax-revision bill, and the amendment which I offered therefore belonged properly in a tax-revision bill. The other reason was that the Treasury could not stand the additional loss of revenue. The leadership of the majority party gave strong assurances to the membership of this body that if the community-property amendment offered by me at that time were voted down, the provision of my amendment, or a similar one, that would bring about the results I was seeking would be placed in the tax-reduction bill; which, it was said, the Ways and Means Committee of the House would soon begin to consider, and on which hearings would be held.

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

Mr. McCLELLAN. I yield to the Senator from South Carolina.

Mr. MAYBANK. I should like to ask the Senator if he would be good enough to repeat for the RECORD the amount involved in tax adjustments which would be required under the amendment, and also the number of States that would be affected by it? I am more or less familiar with those facts, but I should like to have them stated again for the RECORD.

Mr. McCLELLAN. At the time I offered the amendment to the original bill there were 10 community-property States. There were 38 States affected, to whom relief would have been afforded had the amendment been agreed to. Since that time, I think possibly one or two States have enacted community-property laws, and at this time only 36 States may be affected. The enactment of community-property laws by the States is being brought about because people in the non-community-property States have awakened to a realization of the monstrous injustice and discrimination that is being perpetrated upon them. When I describe it as monstrous, I want

the magnitude of it to be properly understood. The answer to the Senator's question will clearly indicate the magnitude of the problem. It would involve approximately \$800,000,000.

To give the Senator an illustration, in my State last year the individual income taxpayers paid into the Federal Treasury about \$65,000,000. By way of comparison, the taxpayers in the same category in the three bordering community-property States of Oklahoma, Texas, and Louisiana, paid \$5,000,000 less in Federal taxes than did the same number of persons in the same income category in my State. That will give the Senator an idea of its magnitude. His State is similarly affected, probably to a greater extent.

Mr. MAYBANK. The Senator will recall that when his previous amendment was being considered in connection with the tax bill which was vetoed, I joined with him, and supported the amendment as best I could.

Mr. McCLELLAN. I appreciate the Senator's support.

Mr. MAYBANK. I am also one of the sponsors of the Senator's amendment at this time. According to our best estimates, omitting excess-profits tax, the taxpayers of South Carolina were called upon to pay in 1 year \$7,500,000 more than the taxpayers in community-property States.

Mr. McCLELLAN. That is true. The Senator is correct.

Mr. MAYBANK. I commend the Senator for the fight he made at that time. As a result of that fight, I noticed subsequently that several States had brought the matter of community-property laws to the attention of their legislatures. I happened to be in Massachusetts at a time when it was a very live issue in that State. The Senator served his country well in calling it to the attention of the people. But is it not a fact that, should the tax bill become effective next January, many State legislatures would not be in session, having met this year, and having only biennial sessions? The legislature of one State meets quadrennially. In the opinion of the Senator, would it not be manifestly unfair to States whose legislatures do not meet next year if the bill should be passed immediately without his amendment being incorporated in it?

Mr. McCLELLAN. The Senator is correct. The truth is that, unless some such amendment as I have proposed is adopted, we will force the States to change their laws and change their whole property systems. They would be required to do so; they would be under compulsion to do so simply because the Federal Government insists upon perpetuating an inequitable law. It is a form of Federal coercion against the non-community-property States.

Mr. MAYBANK. I thoroughly agree with the Senator, particularly with reference to States whose legislatures will not meet next year. Fortunately for the taxpayers is South Carolina, the legislature meets next year.

Mr. McCLELLAN. The legislature in my State does not meet next year.

Mr. MAYBANK. I may say to the Senator that I took the liberty of sending the whole debate on the previous amendment to the chairman of the committee on ways and means of the house in my State, urging that action be taken next year. Other States will not be in position to do that. I should like to inquire of the Senator, would the amendment in any way change the pending bill with respect to rates or surtaxes? It is my understanding it is designed merely to equalize taxes among the taxpayers of various States, and to remedy the wrong that has been perpetrated in the treatment of non-community-property States for many years.

Mr. McCLELLAN. The Senator is absolutely correct. It will be unnecessary to make any other change, to cross a "t," to dot an "i," or to eliminate anything that is now in the bill.

Mr. MAYBANK. Would it not be entirely consistent for Senators who favor the bill and who intend to vote for it to likewise support the amendment?

Mr. McCLELLAN. It would be wholly consistent. The effect of it would be to enhance their position, because, along with tax reduction, it would afford tax equality.

Mr. MAYBANK. Would it not also enhance the prospects of the bill becoming a law, in the Senator's judgment? That, of course, involves speculation.

Mr. McCLELLAN. I myself could look upon it with far greater favor. I cannot speak for anyone else. That is the responsibility of the majority party. It is the majority party which has promised the country a tax bill. It is the majority party which has said to the Nation, "We are going to reduce your taxes and reduce them now." Along with the responsibility and the obligation assumed by the majority party in this connection goes also the responsibility for removing the inequity I am speaking of, and the majority party cannot escape that responsibility. As a second tax-reduction bill is brought before Congress, the majority party is having a second chance to correct the existing injustice.

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

Mr. McCLELLAN. I am glad to yield.

Mr. MAYBANK. Am I not correct in assuming that, so far as concerns the amendment offered by the Senator from Arkansas, there is no ceiling and no floor on the earnings of the taxpayer; that the amendment would apply to the one in the \$2,500 bracket, as well as to one in the \$25,000 bracket?

Mr. McCLELLAN. That is correct. I shall again place the percentages in the RECORD.

Mr. MAYBANK. I was going to suggest that the Senator place the percentages in the RECORD for the reason that I do not know how some States would be affected, but from a reading of a statement placed in the RECORD day before yesterday by a Member of the House of Representatives, noting the number of taxpayers there are in South Carolina, and noting the brackets they are in, it is my opinion that the amendment would do far more for the average man in South

Carolina than any other tax reduction we could make.

Mr. McCLELLAN. I thank the Senator. In line with the Senator's question I wish to say that I have asked the Treasury Department to prepare a statement for me showing the amount in each non-community-property State that its citizens are now paying over and above what they would pay if the law were equalized as it would be by the adoption of my amendment. The Treasury may not have the statement ready before a vote is taken on my amendment. I want to give every Senator from non-community-property States notice now that I shall place the statement in the CONGRESSIONAL RECORD before the bill is passed, if I have the opportunity to do so, that is, if the material is made available to me, and if not before the bill is passed, then I shall ask to have it placed in the RECORD after the bill is passed. I want the RECORD to show how much the husband and wife in every State of the Nation are paying in taxes, how much the total taxes are in each State, and how much more taxes the people of the non-community-property States are paying than they would be required to pay under my amendment. I want to show how much greater a burden the non-community-property States are bearing toward the expenses of the Federal Government than they would be required to bear if my amendment were agreed to. Any Senator from a non-community-property State who feels he is willing to continue to perpetuate this condition on his people is going to have a chance and an opportunity again to register himself as wanting to continue the existing condition.

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

Mr. McCLELLAN. I yield.

Mr. MORSE. I wish to ask the Senator several questions, but before doing so I should like to have his permission to place in the RECORD at this point a list of the States that have community-property laws. I asked one of the experts attached to the committee to give me such a list and, if there is no objection, I should like to read the list, because I think it ought to appear at this place in the RECORD.

Mr. McCLELLAN. I shall be happy to have the Senator do so.

Mr. MORSE. I am informed, and I am sure it is reliable information, that the following States have community-property laws as of July 10, 1947: Texas, Washington, Oklahoma, Arizona, New Mexico, Nevada, Louisiana, Idaho, California, Michigan, Nebraska, Oregon, Pennsylvania, and the Territory of Hawaii.

As the list indicates, I come from a State which has just recently passed a community-property law; hence my support of the amendment offered by the Senator from Arkansas does not flow out of any desire on my part to gain for the people of my State something which they do not now have. They have whatever benefits will flow from the amendment of the Senator from Arkansas. But my support of the Senator's amendment is

motivated only by a principle which I think ought to motivate me in regard to any piece of legislation pending upon the floor of the Senate, namely, What is best for the public interest? I think clearly the amendment offered by the Senator from Arkansas is in the public interest, and I think it is clearly justified from the standpoint of doing justice.

As I understand the Senator from Arkansas, he is offering his amendment because he believes that the tax bill now presented to the Senate involves, so far as the people in non-community-property States are concerned, an unfairness and an inequity that ought to be corrected. Am I not correct?

Mr. McCLELLAN. The Senator is absolutely correct. I wish to thank him for the very fine spirit he is manifesting on the floor of the Senate. Notwithstanding the fact that his State and his people will obtain no benefit or advantage from the adoption of the amendment, the Senator from Oregon is willing to help us correct an injustice to the people of the non-community-property States. I thank the Senator for his support of my amendment.

Mr. MORSE. Am I correct in understanding it to be the position of the Senator from Arkansas that if, as a matter of fairness and justice, the amendment should be adopted in order to eliminate a discrimination against people in non-community-property States, then the fact that it may reduce the revenue of the Federal Government is immaterial and irrelevant?

Mr. McCLELLAN. Why of course it is. Certainly, the effect of the bill is to reduce the revenues of the Government. I am first asking, however, for a revision of the law which will remove an injustice, and that, of course, will result in some further reduction of revenues.

Mr. MORSE. My next question goes to the argument made against the amendment, because when I consider a piece of legislation I am as much interested in the arguments against it as in the arguments for it. It is my understanding—and I want to obtain the reaction of the Senator from Arkansas to the objection—that one of the bases for objection to his amendment is the argument that the amendment, conferring benefits on people in non-community-property States, does not carry with it the liabilities which attach to a community-property law, such as the liability, or the right, if it is desired to put it in that way, that exists under many State community-property laws of a vested interest in the property accruing to the wife, and that under the amendment of the Senator from Arkansas such a vested interest will not automatically accrue to the wife as it would in the case of some State community-property laws? What is the Senator's answer to that objection?

Mr. McCLELLAN. I will say to the Senator that it is a matter which is in the discretion of the State as to how it shall arrange the property between husband and wife, or in any other respects. That is not the responsibility of the Federal Government. But when we proceed to

tax the people for the support of the Federal Government we are not taxing property as property; we are imposing a personal income tax. The law in a community-property State, technically, legally, effectively regards all the income of the husband as being equally the property of his wife. But in actual reality it was the husband who earned the money, and it is the Federal Government which is taking his earnings, and it is the Federal Government which is taking the earnings of the husband in the non-community-property States.

Mr. MORSE. I may say that I think the reply to my question as made by the Senator from Arkansas is a very able one. So that I may understand it clearly, let me state the proposition in this way: As I understand the position of the Senator from Arkansas it is that there is a great lack of uniformity in the State community-property laws themselves.

Mr. McCLELLAN. I think that is correct.

Mr. MORSE. And that it is not fair of us when we are dealing with the question of levying a Federal tax to pass judgment on whether or not a particular State community-property law goes far enough or does not go far enough, or contains this provision or does not contain this provision; that that is a matter of concern for the several States?

Mr. McCLELLAN. I do not believe that is the prerogative of the Federal Government.

Mr. MORSE. As I understand, it is the position of the Senator from Arkansas that when we as a Congress lay down a Federal tax program it ought to be a Federal tax program which has equality of effect upon all our people, irrespective of what State laws may or may not afford by way of a community-property law.

Mr. McCLELLAN. The Senator has ably and correctly stated my views. We cannot in any way justify the Federal Government in enacting a law which will operate to tax income in such a way as to discriminate against citizens of the same class because of a difference in State laws.

Mr. MORSE. One further point, and I shall be through.

Does the Senator agree with me that when we come to the question of the technical rights which accrue under existing State property laws, and when it comes to levying a Federal tax, we should not overlook the social mores of our people, and should not fail to recognize that in most instances in American homes, community-property law or no community-property law, American husbands and wives treat their property in fact as joint property.

Mr. McCLELLAN. The Senator is absolutely correct. When we compare the lives and family arrangements as between husband and wife in the community-property States, and those in noncommunity-property States, except where different customs might prevail in various communities, we find that there is no difference. Take the case of one earning a salary equal to that which the Senator and I receive as Members of

the United States Senate. Within that category, I dare say that there is no different family arrangement in the State of Arkansas than in the three community-property States surrounding it. All the salary and earnings go to the support of the family. The income is expended on the family, except for such slight savings as the family may make.

Because of a technicality—and it is nothing else; so far as the Federal Government is concerned, it operates only as a technical excuse—the Federal Government taxes one family more than the other. On the basis of a salary such as the Senator and I receive, the citizen in my State pays \$655 a year more in Federal taxes than do the husband and wife in three adjoining States. That is the burden which we are compelled to carry.

Mr. MORSE. Does the Senator from Arkansas agree with me that the sociological fact—and I submit that it is a fact—that in practice American husbands and wives in all our States treat their property as joint property, is one of the reasons why the American home is as strong as it is, and why the American home has given strength to the American democratic system?

Mr. McCLELLAN. Certainly that is true. We all know that laws are not necessarily required for that relationship between husband and wife with respect to property.

Mr. MORSE. Does the Senator agree with me that when we support his amendment, we are in fact recognizing and giving credit to one of the great social mores which have helped to make us a strong nation, namely, a mutual arrangement, by social custom, between husband and wife, of treating their property as joint and common property?

Mr. McCLELLAN. The Senator is correct. By perpetuating this evil we are forcing States, under compulsion of Federal discrimination, to tear up their entire property systems. There is no telling how much litigation will actually result from it in the States which are trying to change from the common-law system to the community-property system. Last year the Legislature of Arkansas undertook to enact a community-property law. However, when the question was examined from the legal aspect, and the ramifications were studied, it was found that merely enacting a community-property law was not the solution. Hundreds of statutes on the books must be revised. Hundreds of court decisions would be meaningless from now on. The whole structure of property ownership, inheritance, and taxes would be involved.

Mr. MORSE. Let me ask the Senator from Arkansas one last question. Does he agree with me that when it comes to framing a tax bill, both parties in this body—Republicans as well as Democrats—should be guided by a major premise, namely, the preparation of a tax bill which irons out and eliminates recognized inequities in the present tax structure?

Mr. McCLELLAN. I think the Senator is correct. There is a desire to edify tax reduction. Frankly, I ad-

mit that it is a debatable question with me whether it is wise at this time to go very far in the direction of tax reduction. I have heard the question argued on both sides. I am not sure that anyone knows the answer. I believe we shall all have to guess, in the final analysis. However, conceding for the sake of argument, without admitting the wisdom of it, that tax reduction should be accomplished now, tax revision should come first.

Mr. MORSE. I agree with the Senator.

Mr. McCLELLAN. So that the reduction can be made on an equitable basis. That is all I am asking. I do not want to vote for a bill which would perpetuate the condition which obtains in 36 or 37 non-community-property States.

Mr. MORSE. Let me say to the Senator from Arkansas that I am in complete agreement with the statement which he has just made. I thank him for yielding to me.

Mr. McCLELLAN. Mr. President, it is not my purpose unduly to prolong the discussion. However, I am very serious and earnest in my position on this question. I do not intend merely to make a gesture in this effort to try to persuade my colleagues as to the virtue of the position which I am taking and the urgent, compelling necessity for this reform. If I am compelled to speak for a long time in order that my colleagues who ought to hear what I have to say may have an opportunity to do so, and to weigh and consider what I shall say, I am prepared to speak for a long time.

Mr. HATCH. Mr. President, does the Senator wish a quorum call?

Mr. McCLELLAN. I do not want a quorum call. I can take my time. I know that there are those in this body who ought to be considering this question at the present moment. I wish to present some facts and arguments. I intend to make the RECORD clear so that husbands and wives in the non-community-property States, as well as the people of the Nation as a whole, may know—and they will know before we shall have finished—where the responsibility lies if this injustice is not corrected now. I intend to absolve myself from any blame.

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

Mr. McCLELLAN. I am glad to yield.

Mr. BALDWIN. I would be interested in posing a question which is a matter of historical interest, and that is, Why is it that in all the years in which the Democratic Party has controlled both branches of the Congress it has not made some provision for remedying this inequity? Some exigency may have arisen during the war or during the period of the depression which made that impossible; but since the Senator from Arkansas is so vehement in his statement that the responsibility now rests upon the Republican Party, as I think his remarks indicate that he feels it does, I should like to know what reason there was in all the 12 or 14 years that have gone by during which this great inequity existed for the failure to correct it by the party which

has been in power and which has controlled both Houses of the Congress by a larger majority than the Republicans now have. Was there some reason?

Mr. McCLELLAN. In answer to the Senator, I may say that, in the first place, I was not here and I do not know how the matter may have been presented heretofore. Since I have been in the Senate the Democratic Party has had the responsibility, as the Senator says, of conducting a war. We were trying to pay for that war. It was the greatest military effort in the history of the world, and little time was available to give to the consideration of tax legislation except to increase taxes to pay for the war.

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

Mr. McCLELLAN. Let me finish my answer to the Senator's question.

The fact that the Democratic Party may have been guilty of neglect, the fact that it may not have recognized its obligation to correct this condition, does not justify the Senator and his party in refusing to correct it when we are reducing taxes, and in attempting to absolve yourselves from blame by condoning what the Democratic Party did—if it did it.

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

Mr. McCLELLAN. I am glad to yield.

Mr. BALDWIN. I think there is force in the Senator's argument, but it seems to me that the argument that it could not have been done during the war or during previous years because of the fact that we needed so much money to carry on the war, or because of the needs in the depression, is not quite a sound one, because it would be perfectly possible to correct this inequity between the non-community-property States and the community-property States, and at the same time to apply a tax schedule which would raise the additional revenue required. I should like to ask the Senator a further question. Maybe it has already been stated here, but does the Senator know what difference it will make in the total amount of the tax that will be collected? In other words, supposing his amendment were adopted, how much more money would be required than this revenue measure would produce?

Mr. McCLELLAN. Has the Senator finished?

Mr. BALDWIN. Yes.

Mr. McCLELLAN. Will the Senator repeat his question?

Mr. BALDWIN. My question was, if we were to adopt the Senator's amendment, how much difference would it make in the amount of revenue that would be produced?

Mr. McCLELLAN. I have had two estimates from the Treasury Department. The last one I received fixed it at approximately \$740,000,000. But in discussing this amendment previously, when the tax bill was being considered, I fixed it at approximately \$800,000,000 in order to be generous and to make allowances. I should say approximately \$800,000,000.

I appreciate the Senator's interest in the matter. When I say the Republican Party must take the responsibility be-

cause it is in the majority, I mean it has the votes and the power now to rectify the mistake. This is the first time, so far as I know, that this issue has been presented in this way.

Let me also remind the Senator of the fact that not many people in the United States realize that this discrimination is being perpetrated. It has come home to the people of my State because there are three States bordering my State which have community-property laws, and today citizens of my State who are earning sufficient money to make it worth while are moving, in cases where it is convenient and possible, into the other States bordering the State of Arkansas in order to save tax money. Many of them are able to pay for a fine home in 1 year's time with the money that they save in Federal taxes.

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

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. McCLELLAN. I am glad to yield.

Mr. BALDWIN. I want to assure the Senator that I am extremely interested in the subject, because the people of the State of Connecticut pay, per capita, approximately the second or third largest income tax of all the 48 States. We are glad to do it, but, at the same time, we want to be on an equitable basis. I believe this inequity should be corrected. The only question in my mind is the point raised by the Senator from Colorado [Mr. MILLIKIN], the chairman of the committee, as to whether this is the time to do it. In other words, this bill is a tax-reduction bill. The Senator points out the fact that a tax-revision bill or a new tax measure which completely covers the whole subject would be the kind of a bill in which to do it. I take it there is some sentiment on the opposite side of the aisle, in favor of such a course, because I just heard one of the learned Senators, the Senator from Washington [Mr. MAGNUSON], in opposing the bill, say that the Administration had proposed or was about to propose a revised tax program for the whole country. No doubt that would be the same kind of a measure that the Senator from Colorado, the chairman of the committee, had in mind that the Republicans themselves would propose at the next session of the Congress, and that would be the proper time to include a provision for correcting this inequity. That is the point in my thinking.

Mr. McCLELLAN. I may say to the able Senator that when a measure similar to this was being considered a few weeks ago and I presented this amendment, and also earlier in my remarks this afternoon, I said that there were two reasons given why the amendment should not be adopted—and the argument made was very persuasive, in my opinion, namely, that a number of Members of Congress promised that the matter of community-property tax correction would be given top priority in a tax-reduction bill which was proposed

to be taken up next year and on which the Committee on Ways and Means of the House would soon begin holding hearings. The second objection, which was strongly argued, was that we could not afford to add another \$800,000,000 loss of revenue to the bill; that that would be more than the Treasury could stand. Subsequent to that time assurances have been given to the country by a letter from the chairman of the Ways and Means Committee of the House of Representatives, the man who originally proposed a 20-percent cut across the board and who has virtually filed the policy of the majority party for tax reduction, that he will put it into the bill next year. Very well. When the other bill was up it was to go into effect this year, and therefore the Treasury could not stand that additional amount of tax reduction. But the pending bill, the second tax bill, if enacted, does not go into effect until next year. Now the leadership of the Republican Party in the Ways and Means Committee of the House of Representatives is telling the country that such a provision as I have proposed will be put into tax bill next year. If the promise is kept, \$800,000,000 loss will be added to the bill anyway. We may as well do it now. Let us do it now. Let us not simply promise; let us perform. Now is the time.

Mr. BALDWIN. Is it not a fact that the President himself brought out in his veto message of the tax measure that, not knowing what our commitments were, there should not be any tax reduction? Did he not state that we did not know what our commitments to Europe might be, or what our commitments in other directions might be, and that we ought not to reduce taxes, but should maintain them at the present level? It seems to me that is the position the administration itself has taken.

I think there is force in the Senator's argument that the altering of the effective date of this measure from July 1 to January 1 makes a very substantial difference.

Mr. McCLELLAN. Certainly it does. The Republican Party is promising to do just what I have been saying, but the point is that if that is to be done and if the Republicans say this is not the right time to do it—that has been argued, and the President himself says this is not the right time to reduce taxes—

Mr. BALDWIN. Mr. President, let me correct the Senator from Arkansas. I am not necessarily arguing that this is not the right time to reduce taxes. I should like to see it accomplished now, if it can be done.

Mr. McCLELLAN. I hope the Senator will vote to do it now. I shall provide him that opportunity. We can write my amendment into the bill; and if we do, it will never be taken out. The House of Representatives, I predict, will agree to it.

Mr. BALDWIN. Our problem is whether the President will sign such a bill.

Mr. McCLELLAN. That is not the Senator's responsibility or mine. The

President will have to shoulder the responsibility for whatever action he may take. But we cannot escape our responsibility of writing a fair bill now and sending it to the President. If Senators wish to meet their obligation, let us make the bill the best we can, when we send it to the President; and perhaps he will be persuaded to see it from our point of view.

But I say to the Senator from Connecticut that in its present form, as I understand it, the bill does not meet with the President's approval. I understand that he has made that statement today; probably it has already been given to the press.

I am not arguing about the President's position. I am simply saying that, irrespective of the President's action, we may enact this bill into law. This is the second opportunity we have had to correct this injustice against the Senator's people and my people, and I am not going to fail mine. I shall use all my strength and whatever influence I may have to correct this injustice; and if I can persuade my colleagues to join me in this effort, then the people of Connecticut and the people of Arkansas and the people of other States will obtain relief; they will obtain equal treatment; and they will receive it as a result of the Senator's performance and mine and the performance of our colleagues.

Mr. President, Senators can never persuade me that it is wiser to reduce taxes than it is to correct inequities. Senators talk about time. The time to correct a wrong is when we have the opportunity to do so, and now we have that opportunity.

Mr. BALDWIN. No doubt it is the Senator's opinion that the seven-hundred-and-fifty-million dollars can adequately be taken care of in the surplus that we contemplate even under this year's fiscal operations, and based upon estimates of the income for this year and next year, as well.

Mr. McCLELLAN. I am not taking that position, and I am not arguing it. But the position is taken here that we have to have a tax-reduction bill. I say that if we have to have tax reduction, then we must have tax adjustment and tax revision in order to remove this inequity which now rests on our people. The Senator from Connecticut should join me in doing it, and I hope he will.

Mr. BALDWIN. I am seeking light, and I thank the Senator from Arkansas for his help.

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

Mr. McCLELLAN. I yield.

Mr. LUCAS. The Senator from Connecticut has spoken of the failure of the Democratic administration to accomplish tax reform along this line. I should like to say that until 1939 and practically 1940, the American people as a whole were paying very little in income taxes.

Mr. McCLELLAN. Oh, yes. But when the tax rate was increased, this matter became burdensome.

Mr. LUCAS. That is correct. In other words, in 1939 and 1940, as I recall,

there were approximately 3,000,000 to 4,000,000 of our people on the tax rolls.

Mr. McCLELLAN. That is correct.

Mr. LUCAS. As the Senator from Arkansas has so admirably stated, at that time it was not brought home to the people that there were community-property tax laws in certain States. So long as the people were not seriously discriminated against by the community-property tax laws in the 10 States, they did not complain. But when 47,000,000 of our people are placed on the tax rolls, which is the situation at the present time, we begin to hear the hue and cry for tax adjustment and tax equality before the law.

Mr. President, a good tax bill is based upon ability to pay and upon equality and fairness of treatment. Of course, there is nothing uniform or fair in requiring a citizen of Illinois, for instance, to pay income taxes on a net income of \$50,000, whereas a citizen of a community-property State having the same income can split it with his wife and can pay his taxes on a basis of a \$25,000 net income.

Mr. McCLELLAN. That is my position, and I am trying with all the persuasiveness at my command to appeal to my colleagues.

I say again that the non-community-property States have the representation and the power in the Senate to correct this inequity against their people. They have a sufficient number of Senators to correct it, and they can correct it.

Mr. LUCAS. Of course the Senator from Arkansas does not expect the majority party to go along with him on this matter. The majority party, on this measure, is now being controlled by a Member of the House of Representatives who is chairman of the Ways and Means Committee. As the able Senator stated a moment ago Mr. KNUTSON, of Minnesota, practically wrote the pending tax bill. He is the one who started out with the plan of giving everyone a 20-percent-tax reduction, straight across the board. He is the one who said, in effect, "We will help the fellow in the higher brackets by giving a 20-percent cut straight across the board, and we will practically place him on the basis he was before the war, and we will do practically nothing for the little fellows in the lower brackets."

Now we have amended that proposal by changing it to the 30-20-10 proposition, as set forth by the Senator from Colorado. It sounds something like a chain reaction. But it still leaves those in the lower brackets totally unprotected, insofar as equitable tax reduction is concerned.

However, the leadership of the Republican Party in the Senate is being controlled by the Republican leadership in the House of Representatives, not only as to the tax bill, but practically everything else. The truth of the matter is that the Republican leaders in the Senate did not want this tax bill and did not want to have it brought up a second time, after the President vetoed the first one; but the Republican leaders in the House

of Representatives forced it upon them. I am surprised and shocked that the Republican leadership in this body will continually take orders from the Republican leaders in the House of Representatives.

When I was a Member of the House of Representatives, we looked up to the Senate and regarded the Senate as the upper body. But now, under the present Republican leadership in the Senate, we have reached the point where the House is the upper body and the Senate is the lower body.

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

Mr. LUCAS. I do not have the floor; I am merely talking with the indulgence of the Senator from Arkansas.

Mr. McCLELLAN. I yield.

Mr. BREWSTER. Let me say that I served in the House of Representatives with the Senator from Illinois, when, as he said, we thought the Senate was the upper body. Of course, now both he and I have come to the Senate. I wonder whether the fact that we have come to the Senate is what has made the House the upper body today. [Laughter.]

Mr. LUCAS. Of course, Mr. President, the Senator from Maine is a very brilliant man, and I have great respect and affection for him. He can ascribe that to himself if he wishes to do so, but I have a little better opinion of myself than the Senator from Maine has of himself, apparently.

Mr. President, we are being a little facetious, but what the Senator from Maine suggests is not the reason at all. I say, all glory to those in the House of Representatives who are doing this. I think it shows power, strength, and determination upon their part. But the surprising thing to me is that the junior Senator from Maine, the senior Senator from Ohio, and the junior Senator from Nebraska have succumbed so easily to those in the leadership of the House of Representatives, whereas when the Democrats were in the majority in the Senate those same Senators were diligent and fearless in their opposition to democratic measures. I think it is a great tribute to the Members of the House of Representatives that they can make the Members of this body walk the chalk line any time they wish to make them do so.

Mr. BALDWIN. Mr. President, will the Senator from Arkansas yield, to permit me to ask a question of my distinguished friend, the Senator from Illinois?

Mr. McCLELLAN. I am happy to yield.

Mr. BALDWIN. The Senator from Illinois has referred to some of his past experiences, as well as to some of the past experiences of the junior Senator from Maine [Mr. BREWSTER], both of whom were Members of the House of Representatives at the same time. I should like to ask the Senator from Illinois this question: When he was a Member of the House of Representatives, and when the Democrats had such a large majority in the House of Representatives, why did not he introduce, in those

days, some amendment to the tax laws that would have taken care of this community-property inequity?

Mr. LUCAS. The Senator apparently was not in the Chamber, or did not hear me a moment ago, when I was talking about the very matter he is now mentioning. I make this remark—and I repeat the statement for the benefit of the Senator from Connecticut—as the Senator well knows, up to 1939 and 1940 there were very few people on the tax rolls, and the income tax was not the major tax upon which the Government depended for its revenue. It was rather insignificant from a revenue producing standpoint.

As a result of the increase in the taxes and placing more citizens on the tax rolls since 1940, the people who are paying high income taxes have become educated to the fact that certain States of the Union have the community-property law, whereby the taxpayers split their family incomes and derive a tremendous advantage for income payment purposes. I also call attention to my able friend that a bill of this kind was reported out in 1941 by the Senate Committee on Finance in the last month of the session, but failed to become a law.

Mr. FULBRIGHT. Mr. President, will my colleague yield?

Mr. McCLELLAN. I yield to my colleague.

Mr. FULBRIGHT. I think there is one further thought raised by the remarks of the Senator from Connecticut along that line, that this is not the first time that an effort has been made to remedy this inequity. I have the exact information in my files, and while I do not have it available at the moment, if I recall correctly, the first effort was made in 1922. But the approach at that time, and at subsequent times, was to prevent the dividing of the income in the community-property States, in other words, to make the husband and wife file a single return in those States, just as is done in Connecticut. That was attempted, and when I testified before the Committee on Finance on this matter about 4 months ago, if I recall correctly, the ranking minority members said that that was not successful because there was a filibuster, or threatened filibuster, by Members of the Senate from community-property States.

This is not the first time the effort has been made, and I should also like to add that it has not been a partisan effort. The principal opponents to the objective we are seeking have been members of the Democratic Party. It was not a party matter. The opponents were trying to protect an advantage they had, or that is the way it looks to me. They have justified their stand, as the attempt has now been made to justify it, on the ground of property matters, and so on. I merely wish to clarify the point that this is not the first effort along this line.

One thing that makes me entirely in accord with the idea that the action should be taken now is that every time it has been brought up heretofore—and it is in the RECORD—opponents have said, "We will take it under advisement and

give it study, and the next time it will be in a revision bill." That has been done three or four times, and it has been 25 years since the first effort was made. So that I think it could not be said that it is a party matter. I do not feel it is any particular responsibility of the Republicans, except for the fact that they now have the votes. This is the first time the matter has been presented in the way it is now before us, that is, since we could not take away the privilege of filing separate returns, therefore we must give that privilege to the citizens of every other State. That is the only original part about this particular approach, and I think the only practical one. The non-community-property States have the votes, and we can do it if we want to.

Mr. BALDWIN. Mr. President, will the senior Senator from Arkansas yield? I should like to ask a question.

Mr. McCLELLAN. I yield.

Mr. BALDWIN. I know the Senators taking part in this debate have been in the Senate longer than I have, and have heard this question argued heretofore. Is it not a fact that in the community-property States some adjustment would have to be made ultimately in the inheritance tax laws?

Mr. McCLELLAN. I have no objection to that. I have invited the community-property States to draw an amendment to go along with my amendment that will equalize matters.

Mr. BALDWIN. I merely mention that to indicate that the subject is a broad one. We should not, in curing one inequity, create another. When the previous tax bill was under consideration I submitted a resolution asking the Finance Committee of the Senate to make a thorough study, so that this matter would surely be presented in a complete and adequate way when the next tax measure came up at the next session, because I should like to see this matter adjusted. But I recognize it is a highly complicated subject, and we do not want to cure one inequity and create another.

Mr. McCLELLAN. Let the Senator and me and our colleagues, those from the non-community-property States, adopt the amendment. The leadership in the House, the Ways and Means Committee, says it is now studying the question, and has given assurance that next year this inequity will be remedied. Very well. If we handle it crudely, they will remedy it in the revision bill, and will have opportunity to do so before it goes into effect. Let us do it now. Let the country know the Senate wants the present condition corrected. If the amendment is not so drawn as actually to bring about the desired results, and the conferees cannot work it out, and it is put in the law, a revision bill is coming along, with all the study that is to be given to it, and the promises of those on the other side to right the injustice. Let them right it then. They can revise the provision in this bill. But let us act now, and not longer vacillate and delay and excuse and alibi. Let us get results.

Mr. HILL. Mr. President, what the Senator urges is that we not just offer

resolutions which do not mean anything, but that we act now.

Mr. McCLELLAN. My colleague [Mr. FULBRIGHT] has pointed out that 25 years ago this situation was discovered by some lawmakers in the Congress and efforts made to correct it. I think the efforts were directed in the wrong way. I do not think we should blame or quarrel with the community-property States. I do not. I do not wish to do them any harm. I do not desire to take one thing from them which they have. I will help them correct the injustice they say now exists against them with respect to inheritance taxes. If there is an injustice, it should be corrected. But let us not go on for another quarter of a century with promises and excuses and alibis. This matter has become a burden; it is a serious thing. Five million dollars more were taken out of my State last year than in the adjoining States, from a comparable number of taxpayers in the same category. We could take that \$5,000,000 in Arkansas and put it to other public uses which would be of great service to the people of my State.

Mr. President, I can hardly go along with any tax bill which puts tax reduction ahead of tax revision and justice.

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

Mr. McCLELLAN. I am glad to yield to the Senator from Maine.

Mr. BREWSTER. I wish to comment, first, for a moment, on the observations of the Senator from Illinois regarding the relations between the two Houses, not calling either the upper or lower, because I think they are coordinate. I wish to comment on the question whether or not the Senate following the House in the consideration of this matter is a constitutional question. I think that even in the balmy days of the New Deal every tax measure originated in the House, for the very good and sufficient reason that the Constitution so provides. So I think that if one is to select any measure on which to criticize the Senate for following the House in consideration, certainly it should not be a tax measure.

As to taking action—and I share the sentiments of the Senator from Arkansas that this is a matter of equity—I feel that after having endured this hardship for 14 years under the New Deal, Senators may at least allow us 14 months to take care of it. I think we are reasonably well assured that in 14 months we will do that. I think that if we do, particularly as the greatest wails come from very good Democratic States, they will not feel we have been inconsiderate or unjust.

Mr. McCLELLAN. Let me say to the Senator that during the 14 months he wants his people to continue to suffer, let him make the explanation to them, and I shall make my explanation to my people. I want the action taken now.

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

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. I am sure the able Senator from Arkansas will agree that at any time during the period of 25 years, or 14 years, to which reference

has been made, almost all the States could have become community-property States by act of their legislatures or by act of their people, and therefore could have come under the provisions of the law. In that sense there is no discrimination against any State, because it has a right, as a State, to take advantage of the community-property law.

Mr. McCLELLAN. I make no objection to a State having a community-property law, but I do not want a condition perpetuated which will ultimately compel my State to make a change whether it wants to or not. The Federal Government has no right to do that. There should be some State's rights left. The right of property ownership, State laws with respect to inheritance and descents, and the like, should be respected, and what the Senator has mentioned amounts to coercion of States to change their laws. I am not arguing the virtues of the community-property law or the lack of virtues of it, or the perfection of the system in my State. But my State wants that system; it has it; it has a right to keep it. It has a partnership law which the Federal Government will not recognize for taxing purposes. It will, however, recognize the community-property laws. I tell Senators they cannot justify this measure. They cannot enact honest legislation and meet their obligations to constituents, if they let this law remain on the statute books.

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

Mr. McCLELLAN. I am happy to yield to the Senator.

Mr. KNOWLAND. I should like to say to my able colleague that I think he makes a very good point when he brings out the fact that in his State the Bureau of Internal Revenue does not recognize a bona fide transfer of property under a partnership arrangement. I think the Bureau of Internal Revenue has made a great mistake in not recognizing the partnership laws of Arkansas in any case where there has been an actual transfer and it is not a fiction. Certainly in the community-property States it is not a fiction, it is an actual transfer. If a man in a community-property State earns, over a period of his married life, a matter, we will say, of \$50,000 or \$100,000, one-half of that belongs to his wife. It is not a fiction. If the wife dies before the husband dies, she has a right, which is given to her, to will that property to whomever she desires. As I say, it is not a matter of fiction, it is not done for the evasion of taxes. I certainly think that any other State that provides similarly in a matter of that kind should be recognized by the Bureau of Internal Revenue. But when my able colleague says that, in effect, it is putting pressure by the Federal Government upon a State to perhaps enact a statute it might not otherwise desire, I merely call my able colleague's attention to the fact that in the field of inheritance taxes that has been done as a matter of public policy. The Federal Government levies the in-

heritance tax, and then there is a credit against it by any State which has a State inheritance tax. For a long number of years as a matter of public policy we have used the taxing power of the Federal Government in order to get States which did not have inheritance taxes to enact them, or at least to make it so that taxpayers could not go and live in Nevada and receive any benefit from living in a State that otherwise would have inheritance taxes, as an example.

Mr. McCLELLAN. I appreciate the Senator's remarks, and I hope, since he recognizes the injustice of the refusal of the Bureau of Internal Revenue to recognize our partnership laws, that when I offer the amendment again, this time, to the bill, as I offered it on the 28th of May, the Senator will this time vote with me to compel the Bureau to recognize it, and not vote against the amendment as he did on May 28.

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

Mr. McCLELLAN. I am glad to yield.

Mr. LUCAS. Of course, the Senator knows he is asking for the impossible when he makes that request.

Mr. McCLELLAN. It is not impossible. The Senator possibly suggests it is improbable.

Mr. LUCAS. It may not be impossible, but the Senator knows that his request is not going to be granted.

Mr. McCLELLAN. Oh, no; honestly, I believe it is not impossible. I say to my colleague and to my friends on the other side of the aisle that I believe, if they will stop and think and weigh the matter as a conscientious duty, a matter of obligation to country and to constituents, they will decide that the balance of responsibility and right is on the side of correcting the matter at this time. I ask them to think of it in that light, not because my State is probably suffering more than others, but because Senators from the noncommunity property States cannot justify further procrastination.

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

Mr. McCLELLAN. I am glad to yield to the Senator.

Mr. LUCAS. What the able Senator forgets is that Senators on the other side of the aisle hold a caucus about every other day. They are really unanimous on these matters, and it is not a question of whether or not the people of the State of Connecticut needs an amendment of this kind, at all. The able Senator from Connecticut a moment ago expressed great interest in the amendment. He wants to see it passed, and he wants to see his people protected by it, but nevertheless he is not going to be with the Senator on the amendment, because he has already been pledged to vote adversely in a Republican caucus.

Mr. McCLELLAN. Oh, I think the Senator is mistaken. I think the Senator from Connecticut will, as he thinks about this—and I think he is going to think about and probably pray about it—I think the Senator will convince himself that he should come along and vote with us. I am hoping that he will.

I do not think it is impossible, as the Senator said.

Mr. LUCAS. I did not know the junior Senator from Connecticut was absent. I repeat now what I said, since the Senator is now in the Senate Chamber. I merely said the Senator from Connecticut had demonstrated an unusual interest in the amendment offered by the Senator from Arkansas. I thought, at times, he had hit the sawdust trail, and was almost persuaded to go along; but that, after all, we were just wasting our breath in arguing or debating with the Senator from Connecticut, because we were not going to persuade him to vote for this amendment. The Senator is already pledged to go down the line to defeat the amendment.

Mr. McCLELLAN. Oh, I hope not. I hope my colleague is mistaken.

Mr. LUCAS. I hope I am mistaken, too, but I am sure the Senator will not say the matter has not been discussed in the Republican caucus, and that he has not agreed to vote to defeat the amendment, on the theory it will be passed at some future time.

Mr. BALDWIN. Mr. President, will the Senator yield, so that I may answer that question?

Mr. McCLELLAN. I am glad to yield to the Senator from Connecticut.

Mr. BALDWIN. Mr. President, I like to believe that every time I say anything in this Chamber, or raise any question, there is not a political implication to it. In the first place, I want to see a tax reduction at this session of the Congress. I want to see tax reduction accomplished. I think that, when the Senator from Maine pointed out that the House of Representatives is the body in which revenue measures, under the Constitution, must originate, the Senate must give some deference to that constitutional provision. If I could be assured by the Senator on the other side of the aisle that the bill with the community-property amendment, if passed by the Senate, would be approved by the House and signed by the President of the United States, I would vote for it in a minute. But we cannot get that assurance. That is what we would like to have—assurance that the bill will pass. Obviously the Senators cannot give us that assurance, so I feel that the thing we ought to do is to get tax reduction now, if we can, and, inside of a period of 6 months, in a new revenue measure, get a correction of this inequity. I have grave doubt in my mind of the possibility of the Senator's amendment, if adopted by the Senate, being approved by the House and then being signed by the President of the United States. That is the thing that worries me. I would like to see the inequity removed. If it could be cured at this time by a bill that the House would pass and that the President would sign, that would be the thing to do.

Mr. McCLELLAN. I may say to the Senator, I cannot give him absolute assurance as to what the House will do, nor what the President will do, nor what the Senate will finally do.

Mr. BALDWIN. I concede that.

Mr. McCLELLAN. But I can assure the Senator it will be looked upon with greater favor with the amendment in it than it will without the amendment. I can assure the Senator of that.

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

Mr. McCLELLAN. I yield.

Mr. LUCAS. I want to thank the able Senator from Connecticut for corroborating the point I made a moment ago. The statement he just made was more to the point than anything I myself might say in proving the point I made with the Senator. Of course, I knew I was right.

Mr. BALDWIN. Mr. President, if the Senator will yield, I understood him to say that he knew I was pledged to vote against the amendment.

Mr. LUCAS. No, no; I did not say that. I speculated on it, that that was the rumor going around. Of course, there are many rumors going around. It was my understanding that in the caucus the Senators agreed to defeat this amendment, with the understanding that it would be adopted later on by a Republican Congress.

Mr. BALDWIN. If that was so, I do not recall it. It may very well have been. I do not recall it.

Mr. LUCAS. Possibly the Senator was not present.

Mr. BALDWIN. But if it was done, what is wrong with it?

Mr. LUCAS. Not a thing.

Mr. BALDWIN. I mean, a party has a program, and the party goes along with it. As I pointed out earlier, I think it would have been well if the correction of the inequity had been a part of the Democratic program when the Democratic Party for 12 years had complete control of the Congress. The discussion now taking place began with that statement and, Mr. President, in spite of all the earnest and sincere efforts of my good friend, the Senator from Arkansas, that question has not yet been answered, at least to my satisfaction, nor do I think to the satisfaction of anyone else, although my learned friend from Arkansas has thrown considerable light on the subject. I am seeking light on this question.

Mr. McCLELLAN. I may suggest to the Senator from Connecticut that the placing of responsibility by him on the Democratic Party for not acting during the last 12 or 14 years is not going to answer his constituents when they ask why he does not correct the inequity while he has the opportunity to do so.

Mr. BALDWIN. I concede the Senator's point in that respect.

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

Mr. McCLELLAN. I yield.

Mr. LUCAS. I think it is a marvelous victory that we should have been able to secure one concession from the able Senator from Connecticut.

Mr. BALDWIN. I may say there are some Democrats in my State who would be interested in the statements I made with reference to that matter.

Mr. LUCAS. We will see that they are given the Senator's statement. I wish to make one further remark. I do not like to trespass upon the time of the able Senator from Arkansas any longer than I feel is necessary.

Mr. McCLELLAN. Mr. President, I have plenty of time. I am willing to give the Senator all the time he requires. Time is not important to me if the husbands and wives of the non-community-property States are informed respecting what is being done in Congress. We do not have to pass a tax bill tonight or tomorrow night. I am sincere about this matter, and mean what I say. Before action on the bill is completed I shall try to see to it that the husbands and wives of every non-community-property State in the Nation shall find out that their Senators are to be given a second chance during the present session of Congress to correct the inequity and treat them on the basis of equality under the law.

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

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. I will say to my able colleague that if a sufficient amount of time is given I believe the women of the Nation will become very much interested in seeing to it that the States which do not have community-property laws shall enact community-property laws.

Mr. McCLELLAN. Adoption of my amendment will not retard such a program, if there should be such a program on the part of the women. It will probably accelerate their program. But in the meantime my friend from Connecticut and I and others from non-community-property States have got to look our people in the face and give an accounting.

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

Mr. McCLELLAN. I yield.

Mr. BALDWIN. Of course, there is a shoe on each foot here. The Senator from Arkansas says we in the non-community-property States must answer the question of our responsibility for voting on the Senator's amendment to our people. The responsibility on this side of the aisle is even a greater one, Mr. President, and that is to answer to the people of the United States why we cannot have in America a tax-reduction bill now, and that responsibility now rests in the hands of Senators on the other side of the aisle.

Mr. McCLELLAN. Mr. President, I am not so certain. Along with reduction ought to go equality of treatment.

Mr. BALDWIN. That is correct.

Mr. McCLELLAN. Let us see if we can equalize the situation throughout the country and also have a tax-reduction bill. I am not so sure the Senator from Connecticut cannot secure some help if the right sort of measure is written. I am not opposed to tax reduction. I should like to have my own tax reduced; I want to see it reduced; but I want to see it done in conformity with all principles of equality and justice under the law.

Mr. LUCAS. Mr. President, will the Senator yield to me for one observation, and then I am through?

Mr. McCLELLAN. I yield.

Mr. LUCAS. We on this side of the aisle have, a great number of times since I have been in the United States Senate, been charged with being merely yes-men, and that we had to vote with whatever the administration wanted. As one United States Senator I will say I have never stultified myself at any time when a question of great principle has been involved. We have now under consideration something which really deserves conscientious study by every individual Senator. In other words, if he wants to do the right thing, if he wants to correct an inequity which has long existed, if he wants to make a real tax reform in connection with a tax reduction bill, he can do so now. But I undertake to say that there are more yes-men on the Republican side on this issue, who know they are wrong, than on any other issue that has been presented in Congress during my time as a Member of Congress. Senators from the non-community-property States who are taking part in the debates with other Senators are oozing over with an abundance of sympathy, and say they want to go along on this issue, that they would like to vote with Senators who are trying to correct the existing injustice, but the naked truth is that few of them will leave the Republican trail. They talk with great sympathy and emotion for their people who are so discriminated against, but their vote will be against them.

Mr. McCLELLAN. I am going to give them more time.

Mr. LUCAS. We know why they are not going along with us on the amendment.

Mr. BALDWIN. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. BALDWIN. I wish to say in prefacing my remarks that I have enjoyed the colloquy and I have received considerable light and information as the result of it. I appreciate the point the Senator has brought out. I should like to remain and listen further to the presentation, but I must attend a committee meeting.

I should like to say in answer to the question propounded by the Senator from Illinois that I desire to see tax reduction just as earnestly as anyone present. I wish to see the existing inequity removed as soon as it can be removed. But I wish to pursue a course which will make it possible for us to secure tax reduction now, if that is all we can secure. If we can secure tax reduction and the equalization sought by the Senator's amendment, I am in favor of both proposals.

Mr. McCLELLAN. There is no substantial difference, or any difference between the previous tax-reduction bill and the pending bill.

Mr. BALDWIN. There is quite a bit of difference between them, because the

effective date has been advanced 6 months.

Mr. McCLELLAN. The rates are the same.

Mr. BALDWIN. The rates are the same.

Mr. McCLELLAN. No change is made in the rates. Opposition was made against the amendment when it was being considered in connection with the previous tax-reduction bill on the ground that we could not afford to add \$800,000,000 to the tax bill. Under the pending bill the effective date is postponed until the beginning of next year, and the promise is being made that next year the inequity will be corrected. If Senators who make that statement really mean it, and if they are going to propose legislation to correct the inequity next year, they should not be opposed to the adoption of the amendment at this time, because it will not affect taxation until the beginning of next year.

Mr. BALDWIN. I previously conceded that there is force in that argument, but I also realize that in the House of Representatives more than 300 Members must pass upon this subject also, and they have indicated their attitude as favoring a bill which does not contain the Senator's provision. I think if we are going to secure tax reduction for the whole country, which is the most important thing, it may be the wiser course now to pass the bill as it was passed by the House, hoping that it will receive the President's approval, than to attempt to add some feature to it which the House might turn down, after a long debate, thus delaying and perhaps frustrating the whole program.

Mr. McCLELLAN. Let us place the amendment in the bill, send it to conference, and see if the amendment is turned down. We can find out what the attitude of the other House is before the bill goes to the President. Let us place the amendment in the bill and see if they will turn it down.

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

Mr. McCLELLAN. I yield.

Mr. MAYBANK. On many occasions the Senate has added amendments to House bills. Sometimes the House has yielded to the Senate on such amendments and sometimes it has not. I should like to see exactly what the House would do with respect to the amendment.

In connection with what the Senator from California intimated—that eventually the States would adopt community-property laws—I should like to call attention to this situation: The bill, if passed, will take effect on January 1, 1948. At that time many State legislatures will not be in session. Some State legislatures cannot act for a considerable length of time on the matter. Until action is taken community-property States will continue to have an advantage over the non-community-property States.

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

Mr. McCLELLAN. I yield.

Mr. BALDWIN. The problem we have is whether the Senator from Arkansas and those who feel that his amendment should be added to the bill are simply in favor of a change in respect to the matter of community property, or whether they would also be in favor of tax reduction, and whether they are in favor of an effort being made at a later date when a revenue-revision measure shall be under consideration.

Mr. McCLELLAN. I shall state my position now. I favor some tax reduction. I doubt the wisdom of our undertaking to make much of a great tax reduction now. If I were writing a bill, I would start by increasing personal exemptions so as actually to help the poor fellow who today is finding it difficult to support his family in view of the present high cost of living. I would start there. We are talking about tax relief. That is where it is needed. I tried to persuade the Senate to take that position when the original bill was before us.

Mr. BALDWIN. As I remember the Senator's amendment at that time, that particular amendment would have taken about \$3,000,000,000 off the total amount which was anticipated to result from this schedule as revised.

Mr. McCLELLAN. The Senator is correct.

Mr. BALDWIN. There was grave question whether or not the tax and income structure of the country could stand it at that time. I agree with the Senator that the income-tax law requires a thorough overhauling to clear up inequities and take care of personal exemptions, which it seems to me are out of line with the present situation. However, a great deal of time is required to accomplish a thorough overhauling of the tax structure. I understand that the committee is now working diligently on it. We have had a promise from the committee that at the next session of the Congress there will be a revised tax bill taking care of the inequity in relation to the non-community-property States, and making other changes. It seems to me that in the light of what has happened, and in view of the fact this is a new majority in the Congress, we have tried to do a tremendous job in a relatively short time. It seems to me that the best we could accomplish today would be to enact a tax-reduction measure which would give us a fair tax reduction in the next fiscal year. Then we should attack the job of really giving the tax structure as a whole a thorough overhauling.

I thank the Senator for indulging me for so long.

Mr. McCLELLAN. Let me say to the Senator before he leaves that what I am trying to do is to help him and his colleagues do a better job. It will not take long to do it if they will vote for this amendment.

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

Mr. McCLELLAN. I yield.

Mr. MAYBANK. In connection with what the Senator from Connecticut has said, I should like to make one observation. The Senator stated that it would

require a long time to do a good job. It will be a long time before the tax bill becomes effective. Why cannot the majority do the job and pass a tax bill in February or March of next year, with all these features included in it?

Mr. McCLELLAN. I have pointed out that if the job is done rather crudely by this amendment or by the pending bill, we have from now until next year to smooth it out and revise it. In the new bill this provision, or any other provision, can be revised.

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

Mr. McCLELLAN. I yield.

Mr. BALDWIN. What we are really talking about is 6 months' time in which to do the job. It all comes down to that, does it not?

Mr. MAYBANK. The bill would take effect on January 1. All the pending bill does is to shift the date from July 1 to January 1.

Mr. BALDWIN. We can present to the next session of Congress a completely revised tax measure, to take effect January 1. As I understand, that is what the administration proposes.

Mr. MAYBANK. Then why should we pass this bill, if we are to have an entirely new bill to be effective on January 1?

Mr. BALDWIN. If we are to have an entirely new bill to be effective on January 1, we shall probably have in it a better arrangement for dealing with this inequity than we can adopt by accepting one of these amendments now. It seems to me that we are arguing about a period of 6 months, in connection with the question whether we should do something now or do it later, when we can do it more thoroughly and make it effective on identically the same date.

Mr. McCLELLAN. Mr. President, that is procrastination. Procrastination is not protection. It is not justice in this situation. I am unwilling to procrastinate. I am trying to persuade, educate, and plead with my colleagues not to again reject the opportunity to do justice.

Mr. President, awhile ago I stated that so far as I was concerned I was not in a great hurry to pass the bill, whether I voted for it or not. I wish to talk about the situation, and plead with my colleagues, and point out what they are about to do again, in the hope that they will realize what they are doing before it is too late.

Many able Senators have committed themselves, either expressly or impliedly, to the idea that we must reduce taxes. They are taking that position without being willing to consider the other things which ought to be associated with tax reduction. They want to postpone those questions again, and give promise instead of performance. I say to my colleagues from non-community-property States that I am trying my best to let every husband and wife in the non-community-property States of the Nation know that the opportunity is afforded to their Senators, and that collectively they have the votes to correct this injustice now. I wonder what answer will be given by

a Senator from a non-community-property State—I care not whether he is a Democrat or a Republican—who will be up for reelection next year. What will be his answer if this discrimination is not removed? Suppose some emergency should arise, so that next year we shall not have time to revise the law or give it study. Suppose a tax revision bill comes before us which is controversial. Perhaps it will be vetoed. Perhaps it will not be passed. Then this inequity will be perpetuated that much longer. I do not know what contingency may arise. I am unwilling to take a chance on contingencies when I have an opportunity now to correct the situation.

If this act of simple justice is not done I wonder what the answer will be when a Senator from a non-community-property State faces his people next year. When he goes before his people to give an account of his stewardship he will be confronted with the fact that on two occasions at this session of Congress he was given the opportunity to remove the discrimination against his people, and failed twice. Tell me what his answer will be. Tell me what answer he could give. He may say that it was thought that there was a better time, a finer season in which to do right and rectify wrong, and therefore the action was postponed until another day. Do Senators believe that such an argument would have a persuasive appeal? Do they believe that it would satisfy their constituents? The Senator from Maine [Mr. BREWSTER] is looking at me. I am happy to yield to him. I ask him if he thinks the people of Maine would be satisfied.

Mr. BREWSTER. Mr. President, I have not the figures regarding the State of Maine, as to how much this discrimination costs. I think, perhaps, the figures for Maine are approximately the same as those for Arkansas. As I understand the Senator from Arkansas, he says that failure to make this change is costing his people \$5,000,000 a year.

Mr. McCLELLAN. That is correct.

Mr. BREWSTER. I wonder if the Senator from Arkansas has lost sight of the fact that the bill which we are now considering, if enacted into law, as we desire—and I still hope the Senator from Arkansas will help us to achieve that end—would save the citizens of Arkansas \$14,000,000 a year—to be precise, \$14,235,000. It would save the citizens of Maine \$14,541,000. In other words, if we enact the pending bill into law, the citizens of Arkansas will save, not \$5,000,000, but more than \$14,000,000—nearly \$15,000,000. It would require approximately 3 years of the \$5,000,000 discrepancy to make up for what would be lost in a single year if the pending bill were not enacted into law. I am quite sure the citizens of Maine and of Arkansas, and the Senator from Arkansas, can understand the difference between \$5,000,000 and \$14,000,000.

Mr. McCLELLAN. Yes; I can understand the difference between \$5,000,000 and \$14,000,000, and I can understand the difference in percentages. Double the percentage suggested by the Senator from Maine, and instead of giving us

\$15,000,000 it would give us \$30,000,000. But can we afford to do that? This country must be supported. It is not a question of whether we are reducing taxes by this bill—the Senate would still be justified in voting for this amendment. We are not getting anything that would not be given to the whole country. We are denying to our people simple justice by perpetuating this discrimination. Let us correct the discrimination and have a level of equality.

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

Mr. McCLELLAN. I am glad to yield.

Mr. BREWSTER. I sympathize with the Senator's position—

Mr. McCLELLAN. I hope the Senator will sympathize with his people.

Mr. BREWSTER. The Senator asked me what I would say to the people of Maine. That is the question which I understand the Senator from Arkansas asked me.

Mr. McCLELLAN. The Senator has not stated what he would say to the people of Maine. The Senator got off on the wrong track.

Mr. BREWSTER. The Senator from Arkansas asked me what I would say. The Senator from Maine will point out to the citizens of Maine that while it perhaps costs them \$5,000,000 not to have this change which the Senator from Arkansas so eloquently and forcefully argues—and I substantially agree with him—by the enactment of this bill, which of course we earnestly hope will become law in spite of certain objections that may occur, and we hope the Senator from Arkansas, in the final analysis, will concur with us, the State of Maine will save more than \$14,000,000 in a single year, and the State of Arkansas will save more than \$14,000,000. I am sure everyone can understand those figures.

Mr. McCLELLAN. Frankly, I am not sure that we would be saving anybody anything. I am not sure that we shall not ultimately have to put the tax back, or a tax to take the place of it. World conditions are such—chaos is threatening the whole world—that I do not know what we shall have to do next year to protect our very existence and the liberties of our people. Neither does the Senator from Maine know. It is all a wild guess. The collective wisdom of this body and the other branch of the Government does not know today. I should like to see a little tax reduction, but I should like to see it go to the fellow who needs it most and who is struggling to provide the actual necessities for his family. We talk about national defense and national security. We are not giving our country the protection that it needs and we are not keeping our position strong in world affairs if we have once weakened our fiscal structure. Make no mistake about that. If we permit bondholders to cash in their bonds because they wonder about the fiscal policies of this Government, we shall have impaired the strength of the Nation militarily and in the moral leadership in the world. As we fight this battle for peace, we should keep militarily strong and fiscally strong. We should be willing to

continue the sacrifice which is necessary to preserve our liberty. We cannot pay for the war without sacrificing. We cannot retire the debt without sacrificing. We cannot keep strong in world affairs without paying much higher taxes than many people want to pay.

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

Mr. McCLELLAN. I am glad to yield.

Mr. BREWSTER. I am sure we all agree with the Senator from Arkansas in desiring to keep our finances strong. There are some on this side of the aisle who have been pointing out the necessity for financial caution during 14 years. During a war necessarily such things are out, but in the 7 years preceding the war none of the lofty sentiments expressed in the great platform of 1932 by the Senators on the other side of the aisle have been adhered to. They have been more honored in the breach than in the observance. We are delighted now to find that there is concern regarding the fiscal solvency of our Government. Under the most conservative estimate of all concerned in this matter it is anticipated—and we always have to proceed on estimates—that there will be a surplus of \$5,000,000,000 in the Treasury a year from now, even if this measure should be enacted into law. That seems to be a considerable cushion, and it seems to be all that is now contemplated that we should, under the most optimistic estimate, consider appropriate for foreign relief. Estimates have been made of payments of \$5,000,000,000 a year for 2 or 3 years. Whether that will be justified is to be determined. It also does not take into account the possibility that we may continue to enjoy prosperity. The very doleful estimates of the last year or two have been repeatedly discredited. The Senator from Arkansas remembers that we were told a year ago that there would be 8,000,000 unemployed last winter. The Senator recalls how dismally that doleful prophet was disappointed.

Mr. McCLELLAN. If the Senator will remember, I did not believe it then and I did not vote that way. I did not vote for the "cockeyed" full-employment bill. It was nothing but socialistic planning. I do not vote that way. I did not vote to pour out money in Europe under the conditions in which it is poured out there by UNRRA and through other channels. We get no benefit from it. I am not trying to escape the blame, wherever it is, for those mistakes. I am trying to keep from making future mistakes. That is why I am hoping that the Senators will go along with me on my amendment. I do not care whether the blame is placed on the Democratic Party for the last 14 years. Let them take it. But let us not take it from now on. Some of us have not been here 14 years. I have not been here all that time. The Senator from Maine was here before I was. We served in the House together. But, irrespective of who is to blame, let us meet our responsibility now. We must look to the future, profiting by the experience of the past. That is the way progress is made. Let us make progress.

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

Mr. McCLELLAN. I am glad to yield.

Mr. BREWSTER. I do not desire to single out Arkansas in this matter of saving. It is a matter of regret that the Senator from Illinois [Mr. LUCAS] has departed from the Chamber, because I should like to advise him that under the provisions of the bill the citizens of his great State would save \$335,000,000. That is a great deal of money in any man's language. I am sure that that is something which the citizens of Illinois, without regard to—

Mr. McCLELLAN. They would save how much?

Mr. BREWSTER. They would save \$335,000,000, under the provisions of this proposed law.

Mr. McCLELLAN. Does the Senator know how much would be saved in his State by correcting this inequity?

Mr. BREWSTER. I do not have the figures.

Mr. McCLELLAN. I can give the Senator the approximate figures. They are paying one-thirteenth more than they would otherwise pay collectively on the basis of the whole tax.

Mr. BREWSTER. According to my figures, Illinois would save approximately 22 times what Arkansas and Maine would save.

Mr. McCLELLAN. I am not sure the Senator was here when I stated earlier that I am having the Treasury prepare a table showing the benefit that each non-community-property State will receive under this amendment. I may not have it in time to put it into the RECORD before the vote, but I shall put it into the RECORD and call it to the attention of the people of the Nation. As I have said, I am trying to let the husbands and wives in all of the States know that they are discriminated against. I can say this to the Senator, also, that while there has been some effort made in the past to correct this inequity, I believe the effort was made in the wrong direction when they undertook to make the community-property States pay the same taxes as the others.

I think the community-property States should have their rights respected, but I think the approach I have proposed is the proper approach to the correction of this situation.

I say to the Senator that in the United States there still are many persons who, today, despite the recent publicity about this matter, do not know that this discrimination exists and do not know its extent, and do not know how much they are discriminated against. During the war, taxes were increased; and by reason of the increased taxes and the addition of approximately 40,000,000 persons to the Federal tax rolls, the people were brought into greater consciousness of the burdens of government and the tax obligations, by reason of the increased taxes they had to pay. As they pay high taxes and as they undertake to make savings in their tax bills, just as they undertake to make savings in regard to other matters, often because of neces-

sity, they begin to learn that in other States advantages exist because of State laws which the Federal Government recognizes. Perhaps many persons do not yet know about this situation; but by these efforts, I hope to let the people of the non-community-property States know that this condition exists. Once they know it, it will not take long to correct the situation. That is my view.

Mr. BREWSTER. Mr. President, will the Senator yield to me once more?

Mr. McCLELLAN. I am glad to yield.

Mr. BREWSTER. I should like to say, for the RECORD, that the quotations I have given in regard to savings or reductions in taxes are taken from tables appearing in the CONGRESSIONAL RECORD of July 8, 1947, at page 8453. So they are available for anyone who wishes to study the situation in the individual States. At that point in the RECORD there appears a considerable number of very interesting and significant statistics dealing with the effects of tax reduction on income.

I thank the Senator from Arkansas for his courtesy.

Mr. McCLELLAN. Mr. President, I have previously placed in the RECORD, in connection with the presentation I made of this matter once before, a chart which was prepared for me by either the Treasury Department or the Joint Congressional Committee on Taxation. That table shows exactly the extent of the discrimination about which I now speak. I wish to have that chart inserted in the RECORD again. I first had it inserted in the RECORD on May 23, and it can be found at page 5726 of the CONGRESSIONAL RECORD, as I recall.

I wish to refer to that table now, so as to make this information known and so that the magnitude of this discrimination may be understood.

Mr. President, this discrimination does not attach until incomes amounting to \$4,000 or more are reached. On a \$4,000 income, a husband and wife in a non-community-property State are taxed \$19 more than a husband and wife having the same income in a community-property State are taxed. In terms of percentage, the husband and wife in a non-community-property State are taxed 3.33 percent more.

On an income of \$5,000, the difference is \$38, or 5 percent more.

On an income of \$6,000, the difference in tax is \$76, or 7.84 percent more.

On an income of \$7,000, the difference in tax is \$114, or 9.68 percent more.

On an income of \$8,000, the difference is \$190, or 13.7 percent more.

On an income of \$9,000, the difference is \$266, or 16.67 percent more.

On an income of \$10,000, the difference is \$342, or 18.56 percent more.

On an income of \$15,000, the difference is \$893, or 28.31 percent more.

Mr. President, today a Senator or a Member of the House of Representatives receives a salary of \$12,500. On that basis, the difference is \$655 and some few cents; in other words, a Senator or a Member of the House of Representatives from a non-community-property State pays that much more income tax than

does a Senator or Representative from a community-property State. I do not have the figures as to the difference in terms of percentage.

On a \$25,000 income, the difference is \$2,622, or 40.59 percent more.

From that point on, the percentage decreases; but for a \$50,000 income, the difference is \$6,070.50, or 32.42 percent more. On an income of \$100,000, the difference is \$12,853.50, or 25.57 percent more.

Those figures show what I am trying to correct, and they indicate the condition which has obtained. As taxes have been raised and as more people have been placed on the tax rolls, this injustice has been aggravated and magnified. Now it is being perpetuated. That perpetuation should cease, we should stop it. That is what I am trying to do.

Mr. President, I ask unanimous consent that the table to which I have referred may be printed at this point in the RECORD, as a part of my remarks.

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

Combined net income Before personal exemption	Tax payable		Amount and percent greater tax in non-community-property State	
	Community-property State ¹	Non-community-property State ²	Amount	Percent
\$1,000				
\$1,200	\$38.00	\$38.00		
\$1,500	95.00	95.00		
\$2,000	190.00	190.00		
\$2,500	285.00	285.00		
\$3,000	380.00	380.00		
\$4,000	570.00	589.00	\$19.00	3.33
\$5,000	760.00	798.00	38.00	5.00
\$6,000	969.00	1,045.00	76.00	7.84
\$7,000	1,178.00	1,292.00	114.00	9.68
\$8,000	1,387.00	1,577.00	190.00	13.70
\$9,000	1,596.00	1,862.00	266.00	16.67
\$10,000	1,843.00	2,185.00	342.00	18.56
\$15,000	3,154.00	4,047.00	893.00	28.31
\$25,000	6,460.00	9,082.00	2,622.00	40.59
\$50,000	18,724.50	24,795.00	6,070.50	32.42
\$100,000	50,274.00	63,127.50	12,853.50	25.57
\$150,000	86,953.50	105,383.50	18,430.00	21.20
\$200,000	127,081.50	148,124.00	21,042.50	16.56
\$250,000	169,337.50	191,339.50	22,002.00	12.99
\$500,000	383,543.50	407,464.50	23,921.00	6.24
\$750,000	599,668.50	623,589.50	23,921.00	3.99
\$1,000,000	815,793.50	839,714.50	23,921.00	2.93
\$2,000,000	1,680,293.50	1,704,214.50	23,921.00	1.42
\$5,000,000	4,273,793.50	4,275,000.00	1,206.50	.03

¹ Income divided evenly between husband and wife.
² Entire income reported by husband on joint return.

Mr. McCLELLAN. Mr. President, I wish the press of the United States would publish this table and would let the people know exactly what are the differences in Federal income taxes as between community-property States and non-community-property States.

Following the efforts I made in regard to this matter when the tax bill was previously before the Senate, some publicity was given to this community-property-tax issue or controversy. Although I cannot assert it as a definite fact, nevertheless I think the last effort which we made when the tax bill was before this body probably focused the attention of the people of the Nation upon this situation more than ever before, in connection with previous efforts to equalize the

tax burden. When the effort was made to get the people in the community-property States to pay the same Federal income taxes that the people in the non-community-property States pay, I do not know how much publicity was given to the matter at that time, but that effort was centered around and was directed at the community-property States. Some publicity was given in that connection, and naturally the people of those States resented it, as they should. Obviously that is not the way to correct the situation. The way I now propose is the proper way to correct this situation.

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

Mr. McCLELLAN. I am happy to yield to the Senator from Nevada.

Mr. McCARRAN. I wish to say, in connection with the expressions just made by the Senator from Arkansas, that the community-property law in my State was not adopted by the State to meet the income-tax situation. The State of Nevada became a State in 1864. The State of Nevada was carved out of territory acquired through the Treaty of Guadalupe Hidalgo, which closed the Mexican War.

When we took over the territory, we took over the laws that pertained there, and when the States were carved out of that territory, the States which wished to retain the civil law did so. The State of Nevada retained the provisions of the civil law as it applied to married women. We believed then, and we believe now, that a married woman is entitled to one-half the property and one-half the income that comes through the joint efforts of the husband and wife. We carry that out not only in theory but in practice, and our supreme court has handed down decisions completely sustaining that theory. So that today under the laws of my State a husband cannot alienate one-half of the joint property, even by testamentary disposition. That has been tried out in our courts, and they have so held.

I voted against the Senator's amendment when it was before the Senate on a previous occasion, when a tax bill was under consideration. I wish to say to the Senator now that I have given more than ordinary study to the subject since that time, and I see nothing in the amendment which the Senator is sponsoring that would affect in any way the laws of the community-property States. I am going to vote for the Senator's amendment on this occasion. I shall vote for it and I shall support it because I believe that some measure of justice can well be meted out to married women in all the States of the Union, as those of us who are citizens of community-property States have meted it out from the time our States came into existence until the present time.

Mr. McCLELLAN. I thank the Senator. I am happy to have his support, and I repeat, I respect the rights of the community-property States. As the Senator has said, his State has not

changed its laws in order to get some advantage. Their present conception was their original conception of what they should do, and I think it was a wrong approach to try to make them pay regardless of their legal right and their laws with respect to community property. I do not think that approach should have been made. I believe other Senators from community-property States, after considering this matter as has the able Senator from Nevada, and after giving it the careful consideration he has devoted to it, will join hands with us and say, "You are right about the matter. The Federal Government should not take tax money from husbands and wives in non-community-property States to any greater extent than it takes tax money from husbands and wives in community-property States."

Mr. President, the Senator has manifested the right spirit, and I am happy to have this new support, along with that of the Senator from Oregon, who is from a community-property State, and with that of the junior Senator from Texas, who is from a community-property State. That is the right spirit, that is the spirit in which we should legislate. Once we discover a wrong, once we discover an injustice, we should at the earliest opportunity correct it, pass just laws, and keep the record clear. We cannot afford to perpetuate injustices.

Mr. President, in the former effort we made along this line we received 29 votes favorable to the amendment, to 51 against, and I am persuaded that had we made the fight harder and stronger at that time, and given the country an opportunity to know exactly what was involved, we would have gotten a much larger vote. I predict that we will get a stronger vote for the amendment at this time than we did before. I also predict that another tax bill will never be passed by the Senate without this fight being made. Whether the Senator from Arkansas is a Member of the Senate to make it or not, the fight will be made in connection with every tax bill that comes before this body, until a majority are willing to go along and correct this injustice.

The issue will not die. It may be crushed to earth with an avalanche of votes, with the power that reposes in the majority now, but it cannot be destroyed, it cannot be killed. It will rise to plague those who oppose it every time a tax bill comes before the United States Senate.

Mr. President, I wish to read some editorial comment on the efforts we made in an attempt to get this provision through before. As I have said, my State is one of the greatest sufferers, possibly the greatest in the Nation, by reason of the present situation.

First, I wish to read an editorial from a newspaper in my State. I shall read two or three from newspapers in that State, and then I shall read others, to show what the people over the Nation are thinking.

I have in my hand an editorial from the Arkansas Gazette of May 14, 1947, en-

titled "People in All States Should Pay the Same." It reads:

Both Senator McCLELLAN and Senator FULBRIGHT have urged the Senate Finance Committee to remedy the inequality in Federal taxation that results from nine States having community-property laws. In these States a husband and a wife can each pay income tax on half of the total income, and the total tax paid will in many cases be lower than the husband or the wife might have to pay on his or her separate income.

Senator McCLELLAN told the Finance Committee that there is gross discrimination when married couples in 39 States pay Federal income taxes on one basis and many couples in 9 States pay on a lower basis.

Senator FULBRIGHT, who submitted to the Finance Committee a resolution on community-property taxation, told the committee that the discrimination has caused many Arkansans to move from Arkansas to the adjoining community-property States of Texas, Oklahoma, and Louisiana.

The Texas community-property law is the great factor in causing people with the larger incomes to move from the Arkansas side of Texarkana to the Texas side. And the Arkansas side was formerly the city's residential district. Some former Arkansans say they will be able in 2 or 3 years to pay for new homes in Texas with their savings in Federal income taxes.

Mr. President, this is what it amounts to; a taxpayer will save enough in taxes in 4 years, by being a citizen of a community-property State, to pay his taxes for the fifth year. It is a one-fifth advantage as between husbands and wives in one State and husbands and wives in another.

I quote further from the editorial:

As was shown in John L. Fletcher's article in last Sunday's Gazette, one citizen who moved across the line to Texas saves \$75 to \$100 a month in taxes; another saves \$360 a month.

Mr. President, it is such people who are moving away from my State. That is how much they are making by going across the line.

I am still quoting the editorial:

A resident of Arkansas with a net income of \$100,000 a year, whose spouse contributes nothing to income, must pay almost \$13,000 a year more in Federal income tax than a Texan with an income of the same amount.

If there is anything that seems fundamental in Federal taxation it is that everybody in America should pay on the same basis.

Mr. President, that editorial expresses the sentiment of the people in my State and points to concrete instances of the effect that our present situation is having upon our people and upon our taxes. Like all other States, we have a struggle with tax problems that are local—State taxes, supporting our State government. Mr. President, with that situation, with that attractive advantage just across the State line, we are having our citizens that can get great advantage by moving—moving away. Therefore, it creates an economic dislocation and a greater economic burden on the State of Arkansas, in addition to the burdens that it already bears by reason of the \$5,000,000 more Federal taxes it has to pay.

Mr. President, I have before me another very interesting editorial, from the

Southwest American of Fort Smith, Ark., entitled "Off the Record," by Mr. C. F. Byrns. The editorial is dated May 29, 1947, and reads as follows:

Arkansas people will have to wait a while to get an even break with their neighbors in Oklahoma, Texas, and Louisiana on Federal income taxes.

The Senate has rejected by a vote of 51 to 29 amendments to the pending tax-cut bill which would permit the people of all States to divide income between husband and wife and make tax savings like the people of 10 States can do now.

Senators JOHN McCLELLAN and BILL FULBRIGHT, of Arkansas, made a strong fight to get this amendment into the tax bill. They did not get it—this time. But they got a promise from the Republican manager of the bill, Senator MILLIKIN, of Colorado, that this provision will be given consideration when a general tax revision is taken up probably next year. And they got a great deal of recognition of the injustice involved in the present system, and some day, maybe next year, that recognition will bear fruit.

This thing has been going on for a long time now—ever since we have had a Federal income tax and that's about 30 years. States with a community-property system consider all earnings of either husband or wife the equal property of both. The Federal Government permits them to divide the income for tax purposes, even though one of the two earns it all and the other earns nothing whatsoever. The result is a tax saving to people with larger incomes—large enough to get into the second or higher bracket of Federal tax. The total tax on \$10,000 of income reported by one individual is greater than the total tax on the same amount divided between two persons. More of the taxable income is in the lower brackets and takes a lower rate of tax when it is divided between two persons.

Arkansas people suffer a discrimination in comparison to their neighbors just across the line on the west and the south. Texas and Louisiana are among the States which have always had community property as a part of their basic law. The others are California, Arizona, New Mexico, Washington, Nevada, and Idaho. All of them have constitutions and laws based on either the Spanish or Napoleonic codes of law, in which a common ownership of income is a part of the marriage contract. Oklahoma now enjoys the benefits of community property for tax purposes because of an act of its legislature, accepted by the commissioner of revenues as sufficient to justify dividing incomes between husband and wife for Federal tax purposes. Oregon has a similar law.

Mr. President, I understand that three other States have since been added to the list, as reported by the able Senator from Oregon this afternoon. I resume quoting from the editorial:

It is true, as Senator MILLIKIN said in arguing against the amendments sponsored by the Arkansas Senators, that the benefits of dividing income for tax purposes are limited to a special group with taxable incomes in excess of the average. He opposed extending the tax benefit to all States on the ground that it is extending a benefit to a special group. But it is also true, as Senator McCLELLAN retorted, that the present law extends a benefit to a special group—those in the 10 community-property States—and the benefit should be applied to all or none.

I want to read one more editorial from a newspaper of my State, and then I wish to read some other editorials tonight, or reserve the reading of them to

sometime later during the course of the debate on the bill. I want Senators to know that there is an interest in this matter in their home States. Their people are going to take a greater interest in it as the debate progresses.

The editorial I refer to appeared in the Arkansas Democrat of June 8, 1947. The heading is "Totin' fair' in taxation."

The editorial is as follows:

It was not exactly surprising that the Senate voted down the proposal to give all States the benefits of a law which applies in what are known as community-property States, of which there are now 10.

Such a law provides that a husband's estate and a husband's income are subject to legal as well as nominal division with the wife on equal terms. Its existence allows citizens of such States to escape income taxes which must be paid by folks who live in other States with no such law.

Originally, there were eight community-property States whose statutes derived from the old Code Napoleon. They were Louisiana, Texas, New Mexico, Nevada, Idaho, Arizona, California, and Washington. The two States which have passed such a law recently are Oklahoma and Oregon.

I can well appreciate that the States of Oklahoma and Oregon, as well as the three other States which recently passed such laws, did so because they could not continue to maintain their economy and their position in view of the advantages obtaining to bordering States. They could not continue to hold their position and compete with their neighboring States without doing something about the matter, and I assume they lost hope of Congress ever doing anything to correct the wrong. I wish to hold out a hope to all States, Mr. President. As I said a while ago, every time a tax bill comes up in Congress again some Member is going to carry on the fight until the injustice is corrected.

I read further from the editorial:

Federal income taxes are a major item in the lives of many people who, quite naturally, are entitled to escape as many as they can, legally. That is no crime; in fact, the Treasury encourages it.

But not by any such discriminatory schemes as the present community-property laws. So, on at least three occasions Treasury officials have appealed to Congress to do something about it. The fairest thing is not to abolish the local laws but to make them apply to all States.

Mr. President, I am sure the Treasury is interested in having something done to correct the injustice. I think the Treasury wants to have it corrected. I am sure it is often embarrassing to tax collectors in my State and other States adjoining community-property States to have the question asked them, "Why is it that you make me pay more taxes than the citizens in the adjoining State are made to pay?"

I continue to read from the editorial:

There are at least two flies in that butter. One appeared in the vote in the Senate where the Senators from community-property States voted against the proposal. Their constituents didn't want to share the "take" because community-property laws attract wealthy citizens fleeing from States which do not have them.

Mr. President, that is true. My State of course is hurt more possibly than any other State. But that is exactly what is happening. People in New York are establishing legal residence in community-property States the other side of the country. They stay out there for 2 or 3 months and establish legal residence for the very purpose of securing the advantages which I showed on the chart I placed in the RECORD a few minutes ago.

I read further from the editorial:

The other was that the Republicans feared that the loss of income would be embarrassing to the party because it would be in addition to other "economy" proposals which were better understood by the electorate. Republicans, as you know, are not so keen for putting all States on an equal footing, especially those from the so-called solid South.

There was another "if." If the vote had indicated probability of adoption of the proposal, those 20 Senators—representing the 10 lucky States—might have fought it out on that front until the cows came home.

Mr. President, the issue before us is not a partisan one. I read the editorial because I know some newspapermen and some others can never think of any legislation or any issue without thinking that it must be of a partisan nature. That is not the situation in respect to this amendment. The issue is not a partisan one. It is an issue which ought to appeal to Republicans and Democrats alike. To the extent that some States are community-property States and some are not, it may be sectional. But it is not partisan, and ought not to be made partisan. Therefore, I have appealed to Senators on the other side of the aisle, Mr. President, not to consider the matter on a partisan basis, but to think of it in terms of their constituents, and try to do justice by them.

Mr. President, I was very much encouraged when the able senior Senator from Nevada [Mr. McCARRAN] stepped out on the floor of the Senate this afternoon—a Senator representing a community-property State, who voted against the amendment when the previous tax bill was under consideration—and declared that he had considered the issue now and was going to vote for the amendment because he wanted to be fair and believed the American taxpayers should be treated alike and on a basis of equality.

Mr. President, if we can obtain that sort of consideration here, the tax bill as finally acted upon may be a good tax bill. There are varying differences of opinion, of course, respecting what is a good tax bill. Addition of the amendment to the bill will enhance the qualities of the measure.

Mr. President, it had not been my purpose to speak so long on this subject as I have today. I did not care to hold the floor all afternoon. I wish Senators could remain in their seats. I am not complaining. I know the problems they have. They are on committees, and we are approaching the closing days of the session with considerable unfinished

business, much committee work, and a number of appropriation bills yet to be considered and passed. I can appreciate that the Senators cannot all be present. Unfortunately, when a Senator wants to present his case—and it is my intention to present this case—and all the Senators are not present, he must present it to those who are present, and possibly present it again, in part, to those who come in later.

I do not care to talk about it longer at this time. I do want the opportunity to be given every Senator, particularly Senators from non-community-property States, to weigh my amendment and not blindly to reject it again, for it has much significance and importance. There is a duty to be fulfilled. If the majority leadership has some other business to transact this afternoon, I have no desire to try to monopolize the time and hold the floor. I shall be happy to conform to whatever plans the majority leadership has that will help to expedite the business of the Senate.

SEGREGATION IN FEDERAL BUDGET OF CAPITAL INVESTMENT AND ADMINISTRATIVE EXPENDITURES

Mr. MORSE. Mr. President, I shall take but a very few minutes to discuss a matter which I think is of great importance in connection with the fiscal policy of the Government, and which deals very definitely with the problem of taxes. Before we consider what the new tax structure of the Government should be, we ought to have clearly in mind the nature of our budget. Some weeks ago I addressed a letter to the Bureau of the Budget asking them to give me a report showing the difference between administrative expenses of Government and so-called capital investment. At great labor such a report has been prepared. I think it is one of the most significant reports that could possibly be submitted to the Congress and to the country in regard to national budgetary problems. I think it is very important, if we are to have a sound tax structure, that we first know the facts in regard to the nature of our budget. I submit that Members of Congress do not know those facts. Members of Congress do not know what portion of the budget is in fact capital investment and what portion is devoted to administrative expenses.

The governmental budget is not operated on the basis of the same principles on which finances of a great business are operated, and government is a great business. I think the entire method of preparing our budget and the tax structure based upon it is archaic, and that the time has come for a complete overhauling and revision of our budget-making policies so that we can really prepare a fair, sound, and equitable tax structure.

Mr. President, I wish to pay my respect to and to commend the Bureau of the Budget for the wonderful job it has done in complying with a request which I submitted as early as February 28 in two letters and March 5 in another letter. I ask unanimous consent to have those letters printed in the Record at this point as a part of my remarks, together with a letter which I received from the Bureau of the Budget under date of April 21,

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

FEBRUARY 28, 1947.

HON. JAMES E. WEBB,
Director of the Budget,
Washington, D. C.

DEAR MR. WEBB: In analyzing the adequacy of the pending budget estimates for the fiscal year 1948 I have been particularly interested in trying to make a logical distinction between the operating expenditures of government and expenditures for capital investments and wealth-producing projects. Accordingly, I should like to know whether it is possible for these two types of expenditures to be segregated, so that one can find out exactly how much money is to go for the capital investment and the wealth-producing projects.

More specifically, however, I should like to have a fully classified break-down of projected capital investments and wealth-producing projects for the State of Oregon. In the event that the national estimates might take somewhat more time to prepare, I would appreciate receiving the requested information concerning the State of Oregon in the very near future without having to wait for the national estimates.

I am sure that you will agree with me that the preparation of this kind of information will contribute to a more intelligent discussion of the budget estimates for the fiscal year 1948.

Sincerely yours,

WAYNE MORSE.

FEBRUARY 28, 1947.

HON. JAMES E. WEBB,
Director of the Budget,
Washington, D. C.

DEAR MR. WEBB: With further reference to your letter of January 24 transmitting the views of various agencies on the antimonopoly bill (S. 72) I am enclosing herewith a copy of Senate Resolution 82 calling for a complete study and investigation of the monopoly problem by the Senate Judiciary Committee.

I should greatly appreciate it if you could obtain for the sponsors of this resolution the views of the same agencies on the proposed study and investigation, as well as give us the benefit of your own views.

Sincerely yours,

WAYNE MORSE.

MARCH 5, 1947.

HON. JAMES E. WEBB,
Director of the Budget,
Washington, D. C.

DEAR MR. WEBB: In response to your telephone call to my office, the answer to your question is really this: I am seeking a segregation of capital expenditures from operating expenditures.

The phrase "capital investments and wealth-producing projects" was used in my previous letter merely as a means of referring to capital expenditures.

I hope this will resolve the difficulty you raised over the telephone.

Sincerely yours,

WAYNE MORSE.

BUREAU OF THE BUDGET,
Washington, D. C., April 21, 1947.

HON. WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR MORSE: In response to your letters of February 28 and March 5, I am transmitting herewith five copies of a report prepared by staff members of the Bureau of the Budget on capital expenditures in the 1948 budget.

In conversations between members of our staff and staff of the Bureau, it has been pointed out that there is no general agree-

ment on either a single concept of capital expenditures or on classification of items under differing concepts. I feel obliged again to call attention to this lack of agreement and to warn that the report may be attacked, both for items included and for items excluded. Nevertheless, it represents a conscientious effort to answer your letters reasonably and fully.

I hope that the report will be useful to you, even though I am unable to indicate that it has official approval. We shall be glad to supply additional copies if you desire them.

I am also enclosing two copies of a report on public-works funds available for Oregon for the fiscal years 1947 and 1948. These data have been compiled by the Bureau on the basis of information furnished through the departments concerned. We believe they are inclusive, but we have no basis for certifying that there are no omissions.

Sincerely yours,

F. J. LAWTON,
Acting Assistant Director.

Mr. MORSE. The report from the Bureau of the Budget on capital expenditures in the 1948 Budget shows that today more than \$7,000,000,000 in the President's budget represents expenditures which either create wealth or which will be returned to the Government in future years. That is a very significant point. When we talk about economy in government, about which the leadership in my party has been talking throughout this session, the leadership should draw a distinction between capital investment and administrative costs of government. I think the people of the United States should understand very clearly, when the leadership of my party talks about economy in government, whether it proposes to effect economy at the expense of capital investment.

There is no economy in hampering and frustrating great wealth-creating projects which represent capital investment. That is a penny-wise and pound-foolish policy. It is a program of false economy. I think it is important that we give the facts to the people of the United States and tell them whether, in the name of economy, we are taking a dollar out of one pocket at the expense of \$5 which could be put in another pocket in the future if the projects represented by capital investments were permitted to be developed and to function in a wealth-creating way for the benefit of all the people.

The first point I wish to emphasize in the excellent report submitted by the Bureau of the Budget is that in round numbers approximately \$7,000,000,000 in the President's budget represents expenditures which either create wealth or which will be returned to the Government in future years.

This information is based upon a special analysis of the Government's budget prepared at my request by financial experts in the Bureau of the Budget. This analysis is the first of its kind that has ever been made since the Government's budget system was established in 1921.

An intelligent approach to the Government's budget is impossible unless Congress makes a clear-cut distinction between the two entirely different kinds of spending.

On the one hand, there is money spent on current operations of the Government. Although this spending is often of great importance, it does not create tangible assets, nor is there any prospect of direct repayment.

On the other hand, there is money spent for tangible assets of lasting significance—such as dams, hospitals, and other capital improvements—and on self-liquidating loans. Such expenditures are entirely different from operating expenditures.

Although every efficient business concern makes this distinction, the Government's slap-happy bookkeeping has always lumped the two kinds of spending together. It is high time the Government put its finances on a businesslike basis.

Accordingly, I should like to suggest that the members of the Senate Appropriations Committee make this distinction with respect to the appropriation bills that come to it from the House of Representatives. The Budget Bureau study prepared at my request should be of help to them in this task.

At the same time, I believe that the President and the Bureau of the Budget are to be sharply criticized for not having presented the Congress with a breakdown of this type in the January budget message. In fact, by any standards of good financial management, the administration would have been making such an analysis for many years and would have been presenting such information to Congress on a regular basis. As the Budget Bureau has told me, their first breakdown of capital versus operating expenditures is only a preliminary effort. Much more work remains to be done before the Nation's books are put in shape.

I am afraid that the only way we can be sure that the executive branch will do this job, after so many years of neglect, is for Congress to enact appropriate legislation. Therefore, I am drafting a bill along these lines, and hope to have it ready for introduction in the near future.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the Budget Bureau study entitled "Capital Expenditures in the 1948 Budget."

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

CAPITAL EXPENDITURES IN THE 1948 BUDGET

In his letters of February 28 and March 5 Senator MORSE has asked for a segregation of capital expenditures as distinguished from operating expenditures in the 1948 budget. The attached tabulation is a preliminary attempt to provide a rough compilation of capital expenditures within the limits of existing appropriation account break-downs and major corporation programs. A complete classification of capital expenditures would require more extensive review of the concepts involved, as well as a large amount of detail not now available on expenditures below the appropriation account level.

SUMMARY

On this rough basis capital expenditures in the 1948 budget total \$7,300,000,000 (including \$1,800,000,000 for national defense). The break-down of these expenditures by major functions is summarized in the table below. This summary table and the more detailed compilations attached include, in most cases, gross expenditures of both corporations and

other Government agencies. Hence the totals should not be compared with the 1948 budget expenditure estimate of \$37,500,000,000, in which most corporation expenditures and a few other items are shown on a net basis. In addition, no deduction has been made either for capital receipts or for the very substan-

tial depreciation, obsolescence, and loss of existing capital assets anticipated during the fiscal year. Accordingly the gross capital expenditures cannot be used as a measure of the net capital investment or disinvestment of the Federal Government in the fiscal year 1948.

Estimated capital expenditures in fiscal year 1948

[In thousands]

Function	Public works	Loans except for public works	Other	Total
Veterans' services and benefits.....	\$424,303			\$424,303
International affairs and finance.....		\$2,074,500	\$2,608	2,077,108
Social welfare, health, security.....	30,416		720	31,136
Housing and community facilities.....	115,190	544,773	2,754	662,717
Education and general research.....	3,312			3,312
Agriculture and agricultural resources.....	346,800	192,818	193,594	733,212
Natural resources.....	527,072	15	9,297	536,384
Transportation and communication.....	674,109	2,500	232,871	909,480
Finance, commerce, and industry.....		171,000		171,000
General Government.....	18,071	5,112	4,048	27,231
Total, excluding national defense.....	2,139,273	2,990,718	445,892	5,575,883
National defense.....	468,404		1,296,775	1,765,179
Total, including national defense.....	2,607,677	2,990,718	1,742,667	7,341,062

SCOPE OF TABLES

General: The capital expenditures included in the attached compilation represent only those involving either (a) creation, improvement, or acquisition of durable assets, or (b) acquisition of recoverable claims. The major components are new public works construction, including loans and grants for construction purposes; other loans; and purchase of durable equipment, land and buildings, and net increase in inventories of certain commodities.

Capital expenditures abroad have been included if they are recoverable, e. g., loans, or if the resulting assets are the property of the United States Government. Capital expenditures of all kinds made in the Territories and Possessions are also included. Nonrecoverable expenditures abroad, e. g., payments to the Philippines for rehabilitation purposes, are excluded.

Except for grants to State and local governments and nonprofit institutions, capital expenditures in this tabulation have been limited to those which, on a gross basis, add to the physical assets, or recoverable claims of the Federal Government. They exclude many types of expenditures which directly or indirectly add to the national wealth, e. g., through increasing privately owned capital assets. Expenditures such as those for public health and education which build up the productivity of human resources have been excluded. Similarly, outlays for research are omitted. These and many other expenditures contribute substantially to future national income and wealth, although the extent of this contribution would be very difficult to measure.

For the foregoing reasons and others, it does not appear feasible to segregate all Government expenditures into capital expenditures and operating expenditures. While such a twofold division has validity in private accounting, its application to Federal expenditures would require either a much broader definition of capital expenditures, or else the inclusion in operating expenditures of many items which will substantially increase the wealth and productivity of the Nation for many years to come.

Public works: With minor exceptions, public-works expenditures are identical with those contained in part IV (pp. 1357-1376) of the 1948 budget. The total of \$2,600,000,000 (including \$500,000,000 for national defense), however, excludes expenditures for the Inter-American Highway. It consists of expenditures for direct Federal construction of public works, grants-in-aid to State and

local governments, e. g., Federal-aid highways; and loans, e. g., RFC loans to public bodies and to finance rural electrification. In general, the expenditures are for new construction, with maintenance and operation costs excluded wherever possible.

Loans (except for public works): Expenditures for loans are based on data on funds applied for this purpose by wholly owned Government corporations as shown in the business-type budgets in part III of the 1948 Budget, together with similar loan disbursements forecast in the 1948 budget for other Government agencies. All loan disbursements are shown on a gross basis, except for short-term loans of the Commodity Credit Corporation and the Federal Intermediate Credit banks, where only the net increase in outstanding loans is shown. A relatively small volume of expenditures by the Reconstruction Finance Corporation and the Home Owners Loan Corporation for acquisition or improvement of collateral of defaulted loans has also been included. Disbursements by private banks guaranteed by Federal agencies, e. g., in the case of Commodity Credit Corporation and the Export-Import Bank, are excluded, since they do not represent expenditures of the Federal Government.

Of the total loan disbursements of \$3,000,000,000 estimated, about \$2,100,000,000 represents foreign loans by the Export-Import Bank and the Treasury Department. These include only foreign loans for which a payment schedule exists. Expenditures in the occupied areas on which payments are anticipated at an indefinite future date are omitted.

Other capital expenditures: Other capital expenditures amounting to \$1,700,000,000 (including \$1,300,000,000 for national defense) are included in the tabulations. These represent purchase or improvement of durable equipment, land, and buildings and net increase in commodity inventories. This category includes outlays for structural and other improvements to public lands and forests, e. g., for soil and moisture conservation, range improvement, land utilization and retirement of submarginal land, forest improvements, and wildlife conservation and restoration. On the other hand, AAA payments to farmers for soil conservation practices carried out on their own land and activities of the Soil Conservation Service are excluded, although these help augment the capital of the Nation.

Expenditures for equipment are only partially reflected. In the case of the War and Navy Departments where substantial sums

are involved, such expenditures have been included. In the case of construction projects, expenditures for equipment are usually included in the project costs and are shown in the public works column. Expenditures for other types of equipment, e. g. furniture and fixtures, trucks, automobiles, and smaller items either cannot be segregated, or are relatively small; hence, they have been omitted.

Because of the rapid turnover anticipated, only the net increase of \$194,000,000 in inventories of commodities (including commodities acquired by forfeiture of loan collateral) is shown for the Commodity Credit Corporation. In the case of the Reconstruction Finance Corporation, only net purchase from the public of strategic supplies are shown; sales of strategic metals and minerals, however, are expected to exceed purchases and are not reflected in the capital expenditure tabulation.

National defense: Estimated military expenditures of \$1,800,000,000 by the War and Navy Departments for durable assets have been included as a borderline category of capital expenditures. These are concentrated largely in aircraft, naval vessels, ordnance, and other types of defense equipment and construction of installations. These expenditures are wealth-protecting, even if not directly wealth-producing. In view of the large wartime inventories of these assets and the rapid rate of depreciation and obsolescence, depletion of these assets in the fiscal year 1948 will probably far exceed the estimated rate of replacement.

Technical aspects of expenditure estimates: In general, capital expenditures are shown by appropriation accounts, or by major

corporation programs. Where obligations for capital items form a substantial portion, but not all, of total obligations within a single appropriation, estimated expenditures for the capital items only are included in the tabulation. In the case of expenditures for equipment—particularly expenditures for the War and Navy Departments—it has been necessary to show figures below the appropriation account level.

"Wash transactions," i. e., capital expenditures reflected in receipts elsewhere in the budget, have been eliminated. Hence, to the maximum extent feasible, the expenditures shown represent payments to the public, rather than transfers between governmental agencies.

Capital expenditures for corporations and related noncorporate housing programs are derived from data on acquisition of assets in part III of the 1948 budget. These figures differ materially from net corporation expenditures from checking accounts with the Treasurer, not only because in most instances they are on a gross basis, but also because they include in addition some expenditures from general and special accounts, as well as expenditures from checking accounts with commercial banks.

CAPITAL RECEIPTS

The gross capital expenditures shown in the attached tabulation provide no measure at all of the net capital investment or disinvestment of the Federal Government in the fiscal year 1948. Gross capital outlays, in fact, will be offset in whole or in part by a large but indefinite amount of depreciation, obsolescence, and loss of existing capital assets. In addition, very substantial capital receipts are anticipated.

The following table summarizes major capital receipts in the 1948 budget. They include miscellaneous receipts, corporation receipts, and appropriation credits. Receipts from operation of Government programs involving use of capital facilities are excluded, e. g., TVA receipts from sale of power, even though such receipts are at times employed to finance capital improvements.

Estimated capital receipts in 1948 budget

Miscellaneous receipts:	Thousands
Repayments of investments	\$227,715
Sales of public lands	130
Sales of Government property	161,080
Proceeds from sale of surplus property	1,046,600
Retirement of capital stock, Federal Deposit Insurance Corporation (proposed legislation)	239,300
Repayment of advances on industrial loans, Federal Reserve banks (proposed legislation)	27,500
Corporate receipts:	
Repayment of principal on loans, excluding short-term agricultural loans and guaranteed private loans	562,344
Sale of security acquired on defaulted loans	17,794
Net sales of strategic metals and minerals	57,744
Sale and disposition of fixed assets	122,509
Appropriation account credits:	
Repayment of paid-in surplus, Federal land banks	36,924
Total	2,499,640

Estimated capital expenditures in Federal budget, including wholly owned Government corporations, fiscal year 1948
(In thousands)

Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total	Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total
VETERANS' SERVICES AND BENEFITS					SOCIAL WELFARE, HEALTH, AND SECURITY—continued				
Veterans' Administration:					Federal Works Agency:				
Hospital and domiciliary facilities	\$81,014			\$81,014	Office of the Administrator; Liquidation of Public Works Administration	\$6,000			\$6,000
Administrative facilities	3,000			3,000	Public Buildings Administration:				
Total, Veterans' Administration	84,014			84,014	Hospital Center, District of Columbia	2,750			2,750
Federal Work Agency, Bureau of Community Facilities: Veterans' educational facilities	50,000			50,000	National Institute of Mental Health	600			600
War Department—civil functions, Corps of Engineers:					Transferred from: St. Elizabeths Hospital	5			5
Transferred from: Hospitals and domiciliary facilities, Veterans' Administration	290,289			290,289	Building for storeroom	1,000			1,000
Total, Veterans' services and benefits	424,303			424,303	Construction and equipment	1,250			1,250
INTERNATIONAL AFFAIRS AND FINANCE					Total, Public Buildings Administration	5,605			5,605
Department of State: Foreign Service building fund ¹			\$2,596	2,596	Total, Federal Works Agency	11,605			11,605
Treasury Department: Credit to United Kingdom	\$1,200,000			1,200,000	Department of Justice:				
Government corporations:					Federal Prison System:				
Export-Import Bank		874,500	2	874,502	Buildings and equipment, penal institutions	967			967
Department of State: Inter-American Educational Foundation, Inc.			10	10	United States penitentiary, McNeil Island, Wash., construction and repair	4			4
Total, Government corporations		874,500	12	874,512	Total, Department of Justice	971			971
Total, international affairs and finance	2,074,500		2,608	2,077,108	Government corporations: Federal Prison Industries, Inc.	250		\$720	970
SOCIAL WELFARE, HEALTH, AND SECURITY					Total, social welfare, health, and security	30,416		720	31,136
Federal Security Agency:					HOUSING AND COMMUNITY FACILITIES				
Public Health Service:					Federal Works Agency:				
Hospital and construction activities	15,000			15,000	Bureau of Community Facilities:				
Construction of research facilities	2,500			2,500	Defense public works	8,070			8,070
Total, Public Health Service	17,500			17,500	Public works advance planning	17,100			17,100
St. Elizabeths Hospital: Building for storeroom	90			90	Virgin Islands public works	2,100			2,100
Total, Federal Security Agency	17,590			17,590	Emergency relief for Territory of Hawaii	450			450
					Total, Bureau of Community Facilities	27,720			27,720

¹ Estimated portion of expenditures in this account for capital purposes.

² Exclusive of property obtained in lend-lease and surplus property settlement agreements with other nations.

Estimated capital expenditures in Federal budget, including wholly owned Government corporations, fiscal year 1948—Continued

[In thousands]

Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total	Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total
HOUSING AND COMMUNITY FACILITIES—CON.					NATURAL RESOURCES NOT PRIMARILY AGRICULTURAL				
Public Roads Administration: War and emergency damage, Territory of Hawaii.....	\$5,000			\$5,000	Department of Agriculture:				
Total, Federal Works Agency.....	32,720			32,720	Forest Service:				
Government corporations:					Acquisition of land for national forests.....			\$1,500	\$1,500
National Housing Agency: ²					Acquisition of lands.....			130	130
Federal Savings and Loan Insurance Corporation.....			\$2	2	Total, Department of Agriculture.....			1,630	1,630
Home Owners' Loan Corporation.....		\$1,320	15	1,335	Department of the Interior:				
Federal Public Housing Authority:					Bonneville Power Administration:				
Public war housing program.....	900	51,016	226	52,142	Construction, operation, and maintenance.....	\$20,000			20,000
Homes conversion program.....			201	201	Southwestern Power Administration:				
Veterans' reuse housing.....	29,388		2,310	31,698	Construction.....	6,370			6,370
United States Housing Act program.....	5,182	15,912		21,094	Bureau of Indian Affairs: Construction, irrigation systems (reimbursable).....	1,780			1,780
Total, Federal Public Housing Authority.....	35,470	66,928	2,737	105,135	Bureau of Reclamation:				
Total, National Housing Agency.....	35,470	68,248	2,754	106,472	Reclamation fund, special fund, construction.....	32,164			32,164
Federal Loan Agency:					General fund, construction:				
RFC and subsidiaries:					Parker Dam, Ariz.-Calif.....	255			255
Loans to aid home owners.....		476,525		476,525	Gila project, Arizona.....	2,400			2,400
Loans to public bodies.....	47,000			47,000	Davis Dam project, Arizona Nevada.....	15,000			15,000
Total, RFC and subsidiaries.....	47,000	476,525		523,525	Central Valley project, California.....	30,000			30,000
Total, Government corporations.....	82,470	544,773	2,754	629,997	Kings River project, California.....	95			95
Total, housing and community facilities.....	115,190	544,773	2,754	662,717	Colorado-Big Thompson project.....	15,000			15,000
EDUCATION AND GENERAL RESEARCH					San Luis Valley project, California.....	94			94
Federal Security Agency:					Hungry Horse project, Montana.....	3,400			3,400
Howard University:					Colorado River project, Texas.....	44			44
Plans and specifications.....	212			212	Columbia Basin project, Washington.....	27,000			27,000
Construction of buildings.....	3,000			3,000	Total, general fund, construction.....	91,288			91,288
Total, Federal Security Agency.....	3,212			3,212	Fort Peck project, Montana.....	2,500			2,500
Federal Works Agency:					Missouri River Basin.....	25,000			25,000
Public Buildings Administration: Geophysical Institute, Alaska.....	100			100	Advance to Colorado River Dam fund:				
Total, education and general research.....	3,312			3,312	Boulder Canyon project.....	2,000			2,000
AGRICULTURE AND AGRICULTURAL RESOURCES					All-American Canal.....	4,865			4,865
Department of Agriculture:					Colorado River front work and levee system.....	1,224			1,224
Flood control, general.....	2,500			2,500	Valley gravity canal and storage project, Texas.....	300			300
Water conservation and utilization projects.....	1,200			1,200	Total, Bureau of Reclamation.....	159,347			159,347
Farmers' Home Administration: Loans Development of water facilities, arid and semiarid areas.....	1,750	109,000		1,750	Geological Survey: Transferred from War Department civil functions, flood control.....	440			440
Rural Electrification Administration: Loans and purchase of property.....	19,800			19,800	Bureau of Mines:				
Total, Department of Agriculture.....	25,250	109,000		134,250	Construction and equipment of anthracite research laboratory.....	300			300
Department of the Interior:					Synthetic liquid fuels.....	8,000			8,000
Bureau of Indian Affairs: Revolving fund for loans to Indians and Indian corporations.....		125		125	Construction and equipment of helium plants.....	50			50
Bureau of Reclamation: Water conservation and utility projects (reimbursable).....	1,250			1,250	Total, Bureau of Mines.....	8,350			8,350
Total, Department of Interior.....	1,250	125		1,375	National Park Service:				
Government corporations:					Roads, trails, and physical improvements.....	4,253			4,253
Department of Agriculture:					Roads and trails.....	1,897			1,897
Commodity Credit Corporation (net).....		41,098	193,594	234,692	Physical improvements, buildings and utilities.....	400			400
Federal Farm Mortgage Corporation.....		414		414	Parkways.....	4,600			4,600
Federal intermediate credit banks (net).....		21,496		21,496	Roads and trails, national parks, emergency construction.....	1			1
Regional Agricultural Credit Corporation.....		1,685		1,685	Acquisition of lands.....			150	150
Total, Department of Agriculture.....		64,693	193,594	258,287	Purchase of lands.....			1	1
Federal Loan Agency—RFC:					Total, National Park Service.....	11,151		151	11,302
Loans to REA.....	320,000			320,000	Fish and Wildlife Service:				
Loans to Secretary of Agriculture for farm tenancy.....		19,000		19,000	Construction of byproducts plant, Pribilof Islands, Alaska.....	1			1
Loans to drainage districts.....	300			300	Federal aid in wildlife restoration (receipt limitation).....			2,563	2,563
Total, Federal Loan Agency, RFC.....	320,300	19,000		339,300	Migratory bird conservation fund (receipt limitation).....			1,900	1,900
Total, Government corporations.....	320,300	83,693	193,594	597,587	Total, Fish and Wildlife Service.....	1		4,463	4,464
Total, agriculture and agricultural resources.....	346,800	192,818	193,594	733,212	Office of the Secretary: Soil and moisture conservation operations.....			2,800	2,800
					Bureau of Land Management: Range improvements on public lands.....			202	202
					Grazing Service: Range improvements within grazing districts (receipt limitation).....			21	21

² Includes noncorporate programs.

Estimated capital expenditures in Federal budget, including wholly owned Government corporations, fiscal year 1948—Continued

[In thousands]

Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total	Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total
NATURAL RESOURCES NOT PRIMARILY AGRICULTURAL—continued					TRANSPORTATION AND COMMUNICATION—continued				
General Land Office: Range improvements outside grazing districts (receipt limitation).....			\$30	\$30	Department of Commerce: Office of Administrator of Civil Aeronautics: Establishment of air navigation facilities.....	\$21,862			\$21,862
Total, Department of the Interior.....	\$207,439		7,667	215,106	Development of landing areas for national defense.....	1,080			1,080
Department of State: International Boundary and Water Commission, United States and Mexico: Construction.....	9,000			9,000	Development of civil landing areas. Preliminary plans and survey, Federal-Aid Airport Act.....	1,000			1,000
International Pacific Salmon Fisheries Commission, restoration of salmon runs, Fraser River system.....	249			249	Federal-Aid Airport Act—grants.....	255			255
Total, Department of State.....	9,249			9,249	Total, Department of Commerce.....	74,217			74,217
War Department—Civil functions: Corps of Engineers: Flood control, general.....	206,720			206,720	Department of the Interior: Bureau of Indian Affairs: Roads, Indian reservations.....	4,100			4,100
Flood control, Kings River and Tulare Lake, Calif.....	750			750	Geological Survey: Transferred from War Department, civil functions, river and harbor works.....	125			125
Flood control, Sutton River, W. Va.....	615			615	Government in the Territories: Territory of Alaska: Wagon roads, bridges, and trails in Alaska, receipts limitation.....	136			136
Flood control, general, emergency.....	100			100	Construction and maintenance of roads, bridges, and trails, Alaska.....	3,300			3,300
Flood control, Mississippi River and tributaries.....	44,000			44,000	Reconstruction and improvement of the Richardson Highway, Alaska.....	360			360
Emergency fund for flood control on tributaries of Mississippi River.....	100			100	Alaska Railroad, special fund ¹	3,500			3,500
Flood control, Sacramento River, Calif.....	1,000			1,000	Total, Government in the Territories.....	7,296			7,296
Power plant, Bonneville Dam, Columbia River, Oreg., construction.....	536			536	Total, Department of the Interior.....	11,521			11,521
Power plant, Fort Peck Dam, Mont., construction.....	1,190			1,190	Treasury Department, Coast Guard: Establishing and improving aids to navigation.....	4,871			4,871
Total, War Department—Civil functions.....	255,011			255,011	Acquisition of vessels and shore facilities. Special projects, aids to navigation, Coast Guard.....	9,500			9,500
Government corporations: Tennessee Valley Authority: Navigation, flood control and power facilities.....	43,068			43,068	Total, Treasury Department.....	14,653			14,653
Chemical plant.....	10,396			10,396	War Department—civil functions: Corps of Engineers: Maintenance and improvement of existing river and harbor works.....	133,884			133,884
General plant.....	1,909			1,909	Alterations of bridges over navigable waters of the United States.....	800			800
Total, Tennessee Valley Authority.....	55,373			55,373	Total, War Department.....	134,684			134,684
Tennessee Valley Associated Cooperatives, Inc.....		\$15		15	The Panama Canal: Maintenance and operations, improvement and betterments ¹	6,315			6,315
Total, Government corporations.....	55,373	15		55,388	Construction, additional facilities, national defense.....	1,790			1,790
Total, natural resources not primarily agricultural.....	527,072	15	9,297	536,384	Total, the Panama Canal.....	8,015			8,015
TRANSPORTATION AND COMMUNICATION					FINANCE, COMMERCE, AND INDUSTRY				
National Advisory Committee for Aeronautics: Construction and equipment.....	2,400			2,400	Government corporations: Department of Commerce: Inland Waterways Corporation.....			\$2,200	2,200
Ames Aeronautical Laboratory.....	60			60	Warrior River Terminal Company.....			250	250
Construction and equipment, Langley Field, Va.....	6,239			6,239	Total, Department of Commerce.....			2,450	2,450
Aircraft engine research laboratory.....	2,311			2,311	Panama Railroad Company.....	500		421	921
Total, National Advisory Committee for Aeronautics.....	11,010			11,010	Federal Loan Agency—RFC.....		\$2,500		2,500
U. S. Maritime Commission: Construction fund, revolving fund, ¹ gross.....			230,000	230,000	Total, Government corporations.....	500	2,500	2,871	5,871
Federal Works Agency: Public Roads Administration: Federal-aid highway system.....	32,289			32,289	Total, transportation and communication.....	674,109	2,500	232,871	909,480
Federal-aid secondary or feeder roads.....	10,000			10,000	FINANCE, COMMERCE, AND INDUSTRY				
Elimination of grade crossings.....	22,000			22,000	Government corporations: Federal Loan Agency—RFC: Loans to aid financial institutions.....		11,500		11,500
Federal-aid postwar highways.....	309,000			309,000	Loans to business enterprises.....		159,500		159,500
Public lands highways.....	2,000			2,000	Total, Federal Loan Agency—RFC.....		171,000		171,000
Strategic highway network.....	6,000			6,000	Total, finance, commerce, and industry.....		171,000		171,000
Access roads.....	2,750			2,750					
Surveys and plans.....	3,000			3,000					
Emergency relief, highway grade-crossing elimination.....	800			800					
Working fund.....	5,170			5,170					
Total, Federal Works Agency.....	393,009			393,009					
Department of Agriculture: Forest Service—roads and trails for States, national forest fund.....	1,500			1,500					
Forest roads and trails.....	25,000			25,000					
Total, Department of Agriculture.....	26,500			26,500					

¹ Estimated portion of expenditure in this account for capital purposes.

Estimated capital expenditures in Federal budget, including wholly owned Government corporations, fiscal year 1948—Continued

(In thousands)

Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total	Function, organization unit, and appropriation account or corporate program	Public works	Loans except for public works	Other	Total
GENERAL GOVERNMENT					GENERAL GOVERNMENT—continued				
National Capita. Park and Planning Commission: Acquisition of property.....			\$3, 738	\$3, 738	Government corporations—Continued Federal Loan Agency—RFC.....		\$5, 112	\$2	\$5, 114
Federal Works Agency: Public Buildings Administration: West central heating plant, District of Columbia.....	\$3, 000			3, 000	Total, Government corporations.....		5, 112	10	5, 122
Construction of public buildings.....	400			400	Total, General Government.....	\$18, 071	5, 112	4, 048	27, 231
Construction, purchase, remodeling, and designing buildings outside District of Columbia.....	5, 000			5, 000	Total, excluding national defense.....	2, 139, 273	2, 990, 718	445, 892	5, 575, 883
Federal Office Building, Nashville, Tenn.....	3, 600			3, 600	NATIONAL DEFENSE				
Federal Office Buildings, Nos. 2 and 3.....	23			23	Navy Department: Bureau of Yards and Docks: Public works ¹	195, 361			195, 361
General Accounting Office Building.....	81			81	Working fund, Interior Department.....	3		7, 000	7, 000
Sites and construction, general office buildings in or near District of Columbia.....	200			200	Bureau of Aeronautics: Aviation, Navy ¹			300, 000	300, 000
War Department buildings.....	50			50	Increase and replacement of naval vessels: Construction and machinery.....			234, 000	234, 000
Working fund.....	2, 420			2, 420	Armor, armament and ammunition.....			70, 000	70, 000
Total, Public Buildings Administration.....	14, 774			14, 774	Bureau of Ordnance: Ordnance and naval stores ¹			65, 000	65, 000
Department of Commerce: National Bureau of Standards: Construction of radio propagation building.....	600			600	Total, Navy Department.....	195, 364		676, 000	871, 364
Purchase and installation of beta-tron.....	390			390	War Department—military: Office of the Secretary: Expediting production of equipment and supplies.....	2, 000			2, 000
Improvement of facilities.....	150			150	Corps of Engineers: Engineer service, Army ¹	270, 040		20, 000	290, 040
Total, Department of Commerce.....	1, 140			1, 140	Air Corps, Army ¹			500, 000	500, 000
Department of the Interior: Bureau of Indian Affairs: Construction, buildings, and utilities.....	1, 900			1, 900	Ordnance Department ¹			50, 000	50, 000
Acquisition of lands for Indian tribes.....			300	300	Total, War Department.....	272, 040		570, 000	842, 040
Total, Bureau of Indian Affairs.....	1, 900		300	2, 200	Treasury Department: Strategic and critical materials ¹			33, 000	33, 000
Government in the Territories: Puerto Rico, emergency relief.....	100			100	Government corporations: Federal Loan Agency—RFC: Defense plant program.....	1, 000			1, 000
Total, Department of the Interior.....	2, 000		300	2, 300	Strategic supplies program.....			4, 775	4, 775
The Panama Canal: Memorial to Maj. Gen. George W. Goethals.....	157			157	Strategic metals and materials program.....			1, 000	1, 000
Government corporations: The Virgin Islands Company.....			8	8	Rubber program.....			12, 000	12, 000
					Total, Federal Loan Agency—RFC.....	1, 000		17, 775	18, 775
					Total, national defense.....	468, 404		1, 296, 775	1, 765, 179
					Total, including national defense.....	2, 607, 677	2, 990, 718	1, 742, 667	7, 341, 062

¹ Estimated portion of expenditures in this account for capital purposes.
Source: Bureau of the Budget, Apr. 16, 1947.

Public works funds available for Oregon, fiscal years 1947 and 1948

Public works funds available for Oregon, fiscal years 1947 and 1948—Continued

Public works funds available for Oregon, fiscal years 1947 and 1948—Continued

	Actual appropriations, 1947	Estimated appropriations in budget, 1948
Public Roads Administration: First postwar fiscal year.....	\$7, 084, 363	
Second postwar fiscal year.....	7, 084, 363	
Third postwar fiscal year.....		\$7, 084, 363
Veterans' Administration, hospitals: Klamath Falls, Ore.....	4, 403, 000	
Portland, Ore.....	3, 905, 880	
Rural Electrification Administration: Available from prior year allotments, June 30, 1946.....	3, 128, 177	
Allotment, fiscal year 1947.....	1, 800, 000	
Proposed allotment, fiscal year 1948.....		1, 800, 000
Public Health Service: Federal-aid hospital program.....		307, 150
Civil Aeronautics Administration: Federal-aid airport program.....	609, 826	715, 087
Bureau of Reclamation: Deschutes project.....	1, 716, 837	1, 526, 000
Owyhee project.....	125, 000	
Klamath project.....	1, 281, 605	2, 000, 000
Total, reclamation.....	3, 123, 442	3, 526, 000

	Actual appropriations, 1947	Estimated appropriations in budget, 1948
Corps of Engineers: McNary Dam.....	\$2, 600, 000	\$3, 500, 000
Columbia River.....	269, 000	201, 000
Willamette River.....	450, 000	300, 000
Dorena Reservoir.....	2, 018, 200	2, 150, 000
Lookout Point Reservoir.....	1, 100, 000	3, 850, 000
Detroit Reservoir.....	1, 700, 000	1, 250, 000
Quartz Creek Reservoir.....	130, 000	
Sweet Home Reservoir.....	100, 000	
Cocquille River Basin.....	12, 000	
Nehalem River Basin.....	2, 500	
Arlington.....	4, 000	
Chetco River.....	25, 000	
Depot Bay.....	1, 000	
Columbia River at Bonneville.....	805, 800	
Total, Corps of Engineers.....	9, 217, 500	11, 251, 000
Bonneville Power Administration: Transmission lines: Main system extensions: McNary-La Grande.....	44, 000	(228, 000)
Troutdale.....	111, 000	29, 600
Detroit-Chemawa.....	1, 287, 000	(352, 000)
Detroit-Eugene.....		144, 400
		(422, 600)

	Actual appropriations, 1947	Estimated appropriations in budget, 1948
Bonneville Power Administration—Continued Transmission lines—Con. Main system extensions—Continued Goldendale-Detroit.....		(\$602, 000)
Eugene-Drain-Reeds port.....		961, 300
Reedsport-Coos Bay.....		(368, 000)
Eugene-Roseburg.....		79, 000
Customers' service facilities and capital additions.....	\$500, 000	500, 000
Advance survey and design.....	50, 000	100, 000
Total Bonneville.....	1, 992, 000	1, 814, 300
Total.....	42, 348, 551	26, 497, 900
		(2, 560, 600)

¹ Apportionment of postwar highway program.
² Includes contract authorization.
³ Amounts in parentheses are proposed contract authorizations.

Mr. MORSE. Mr. President, I close by saying that I think my party has a golden opportunity to proceed with the development of a budget program and a tax program which recognizes the distinction between capital investment and operating expenses. I think my party has a great opportunity to come forward with a tax program based upon such a budget analysis, one which irons out inequities, and plays no part in the program of which some spokesmen in my party are guilty, namely that of economizing at the expense of great wealth-creating projects, and therefore at the expense of the interests of all the people, for the benefit of the interests of a selfish few.

That is my answer, as a liberal Republican, to the question, What type of fiscal policy should the Republican Party advocate? It is also my answer to those critics who say that liberal Republicans only criticize, and never offer anything constructive. I submit to my party this afternoon that the proposal I make is a constructive, forward-looking program which will promote sound economy, a fair tax program based upon ability to pay, and a fiscal policy which permits of long time budgetary planning with resulting economic stability.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed, without amendment, the bill (S. 564) to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

- S. 116. An act for the relief of Mrs. Mabel Jones and Mrs. Mildred Wells Martin;
- S. 395. An act authorizing the issuance of a patent in fee to Kathleen Doyle Harris, sole devisee of Richard Jay Doyle, deceased;
- H. R. 1585. An act for the relief of Adolph Pfannenstiel;
- H. R. 1658. An act for the relief of Norman Thoreson and Thoreson Bros., a partnership;
- H. R. 1954. An act for the relief of Robert Hinton; and
- H. R. 1956. An act for the relief of Hugh C. Gilliam.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 10, 1947, he presented to the President of the United States the following enrolled bills:

- S. 116. An act for the relief of Mrs. Mabel Jones and Mrs. Mildred Wells Martin;
- S. 395. An act authorizing the issuance of a patent in fee for Kathleen Doyle Harris, sole devisee of Richard Jay Doyle, deceased; and
- S. 640. An act to authorize the Secretary of Commerce to sell certain property occupied by the Weather Bureau at East Lansing, Mich., and to obtain other quarters for the said Bureau in the State of Michigan.

TRUSTEESHIP AGREEMENT FOR PACIFIC ISLANDS—REPORT OF A COMMITTEE

Mr. VANDENBERG. Mr. President, from the Committee on Foreign Relations I report favorably the joint resolution (S. J. Res. 143) authorizing the President to approve the trusteeship agreement for the territory of the Pacific Islands, and I submit a report (No. 471) thereon. I want to make this very brief statement in connection with it. It is very essential that the trusteeship agreement should be approved before the adjournment of the present session of the Congress. That means that, if we are to have an opportunity for its consideration, Senators must be fully informed in advance, so that the time consumed on the agenda of the Senate itself may be brief. Therefore I am filing a very complete report, Mr. President, and I want to add a personal word of information to Senators on the subject. I know that in both the Senate and the House there has been a scrupulous regard for the national security in connection with the disposition of these mandated islands, and I want to tell the Senate that on day before yesterday the committee had before it General Marshall, Secretary Patterson, Secretary Forrestal, General Eisenhower, and Admiral Nimitz, and took from each the categorical statement that the trusteeship agreement as reported completely defends the national security, and is completely satisfactory to each and all of them in respect to its effect on the national security. The full printed hearings will be available in another day. I am asking Senators if they will be good enough to read the committee report, so that at an early date, permitting time subsequently for the House to act, I may have the opportunity of calling up the agreement for action. Out of order, I ask unanimous consent to present the committee report for the calendar.

The PRESIDING OFFICER (Mr. McGRATH in the chair). The report will be received, and the joint resolution will be placed on the calendar.

CONSIDERATION OF APPROPRIATION BILLS

Mr. WHERRY. There are a number of bills which are very important. I have reference to the legislative appropriation bill and the Army appropriation bill. So long as the distinguished Senator who is in charge of the tax bill [Mr. MILLIKIN] is on the floor I would suggest a unanimous-consent request that the unfinished business be temporarily laid aside in order that the Senate may consider the two appropriation bills which I have mentioned. If they should provoke a long controversy—I think they are noncontroversial—then the Senator from Colorado can move the regular order, so that when we recess tonight the unfinished business, the tax bill, will be pending tomorrow.

Mr. MILLIKIN. Mr. President, may I inquire whether it is the present intention to assemble at 11 o'clock or at 12 o'clock tomorrow?

Mr. WHITE. I presume it will be at 12 o'clock, but there is no reason why that presumption must be accepted.

Mr. MILLIKIN. If we resume the consideration of the tax bill at 12 o'clock, on the assembling of the Senate, or if whatever is started is finished this evening or is delayed until after we finish consideration of the tax bill, I would not object.

Mr. WHERRY. Then, if there is no objection, the unanimous-consent request is agreed to, Mr. President; is it not?

The PRESIDENT pro tempore. Let the bills be identified.

Mr. WHERRY. The pending business is House bill 3950, and the request is that it be temporarily laid aside and that the Senate proceed to the consideration, respectively, of the legislative appropriation bill and the Army appropriation bill, with the understanding that if either one becomes controversial and takes an indefinite length of time, the distinguished Senator from Colorado [Mr. MILLIKIN] may move the regular order.

Mr. TAFT. Mr. President, the legislative appropriation bill is Order No. 484, House bill 3993. The military appropriation bill is Order No. 480, House bill 3678.

The PRESIDENT pro tempore. Which bill is it desired to take up first?

Mr. WHERRY. The legislative appropriation bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska that the unfinished business be temporarily laid aside and that the Senate proceed to consider House bill 3993.

Mr. MILLIKIN. Mr. President, may I add that the regular order may be resumed upon my motion?

The PRESIDENT pro tempore. A Senator can always call back the regular order by simple request.

Mr. LUCAS. Mr. President, may I inquire of the Senator from Nebraska how long it will take to consider the legislative appropriation bill?

Mr. WHERRY. My best judgment is that it is noncontroversial, and I understood from the chairman of the committee that he thought it could be passed in 10 minutes.

Mr. LUCAS. Are any of the members of the committee present?

Mr. WHERRY. My intention was to request a quorum call.

Mr. LUCAS. Before the unanimous-consent request is agreed to?

Mr. WHERRY. I should like to have the unanimous-consent request agreed to.

The PRESIDENT pro tempore. Is there objection?

Mr. LUCAS. Mr. President, I think we should have a quorum call before the unanimous-consent agreement is entered into. Apparently there is not a Senator on this side of the aisle who is a member of the Appropriations Subcommittee having to do with legislative appropriations, or of the other subcommittee.

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

The PRESIDENT pro tempore. The absence of a quorum has been suggested. The clerk will call the roll.

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

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

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

LEGISLATIVE APPROPRIATIONS

Mr. BRIDGES. Mr. President—

The PRESIDENT pro tempore. The Senator from Nebraska has asked unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 3993, which the clerk will state by title.

The CHIEF CLERK. A bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes.

Mr. MILLIKIN. Mr. President, reversing the right to object, I understand that I shall have the right to move the regular order at any time.

The PRESIDENT pro tempore. The Senator from Colorado is correct.

Mr. MILLIKIN. I also understand that it is further understood that the business which it is proposed to have temporarily displace House bill 3950, will be concluded today; in any event, it will not move into tomorrow.

The PRESIDENT pro tempore. That is the understanding.

Is there objection to the unanimous-consent request?

There being no objection, the Senate proceeded to consider the bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

The first amendment of the Committee on Appropriations was, under the heading "Senate—Office of the Secretary," on page 2, line 21, after "For office of the Secretary," to strike out "\$291,505" and insert "\$306,815: *Provided*, That the basic lump sum for additional clerical assistance and readjustment of salaries in the disbursing office is increased by \$2,520: *Provided further*, That the basic annual rates of compensation for the following

positions shall be: Printing clerk, \$5,000; keeper of stationery, \$4,000; librarian, \$4,000; clerk, \$3,000 in lieu of clerk, \$2,760; assistant at press door, \$2,520 in lieu of \$2,400; coordinator, joint radio information facility, \$6,660."

The amendment was agreed to.

The next amendment was, under the subhead "Committee employees," on page 3, line 7, after the word "committees", to strike out "\$1,285,785" and insert "\$1,335,785."

The amendment was agreed to.

The next amendment was, under the subhead "Office of Sergeant at Arms and Doorkeeper," on page 3, line 19, after the word "Doorkeeper", to strike out "\$821,915" and insert "\$775,850"; and in line 23, after the word "each", to insert a colon and the following: "*Provided further*, That the following positions are abolished: Clerk on Journal work for CONGRESSIONAL RECORD to be selected by the Official Reporters, \$3,360; messenger, \$2,140; three female attendants in charge of ladies' retiring rooms, Senate Office Building, at \$1,560 each; laborer in charge of Senate toilet rooms in old library space, \$1,260: *Provided further*, That the rates of basic annual compensation for the following positions shall be: Clerk, \$3,480 in lieu of clerk, \$3,300; clerk, \$3,300 in lieu of clerk, \$3,120; superintendent, Periodical Press Gallery, \$3,660; assistant postmaster, \$4,140; messengers (acting as assistant doorkeeper)—four at \$2,560 each in lieu of three at \$2,560 each; cabinetmakers—chief, \$3,080; two at \$2,460 each; finisher, \$2,460; upholsterer, \$2,460; janitors—chief, \$3,200; assistant, \$1,860; female attendants in charge of ladies' retiring rooms—two at \$1,560 each in lieu of four at \$1,560 each; laborers—27 at \$1,320 each in lieu of 26 at \$1,320 each; four at \$540 each in lieu of three at \$540 each."

The amendment was agreed to.

The next amendment was, on page 4, after line 17, to insert:

OFFICES OF THE SECRETARIES FOR THE MAJORITY AND THE MINORITY

For the offices of the secretary for the majority and the secretary for the minority, heretofore included under the Office of the Sergeant at Arms, \$43,120.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses of the Senate," on page 5, line 13, after the word "Congress", to strike out "\$50,000," and insert "\$225,000."

The amendment was agreed to.

The next amendment was, on page 6, line 3, after the word "installments", to strike out "\$84,525" and insert "\$100,260."

The amendment was agreed to.

The next amendment was, on page 7, line 9, after the word "Congress", to strike out "\$75,400" and insert "\$45,000."

The amendment was agreed to.

The next amendment was, on page 7, line 13, after the word "Arms", to insert "and the secretaries for the majority and the minority."

The amendment was agreed to.

The next amendment was, at the top of page 8, to insert:

Rent: For rent of warehouse for storage of public documents from July 1 to November 30, 1947, \$2,645.

The amendment was agreed to.

The next amendment was, under the heading "House of Representatives—Office of the Clerk," on page 9, line 10, after the word "Clerk", to strike out "\$369,180" and insert "\$384,335"; and in line 13, after the figures "\$2,860", to insert a colon and the following: "*Provided further*, That the following positions and basic rates of compensation are established under the Joint Radio Information Facility: Director of studios, \$3,240; chief engineer, \$2,220; first assistant engineer, \$1,800; second assistant engineer, \$1,680; secretary, \$1,500."

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses of the House," on page 13, line 8, after the word "Taxation", to strike out "\$155,000" and insert "\$185,000."

The amendment was agreed to.

The next amendment was, on page 16, after line 19, to insert:

Every committee serving the House of Representatives shall report to the Clerk of the House within 15 days after December 31 and June 30 of each year the name, profession, and total salary of each person employed by such committee or any subcommittee thereof during the period covered by such report, and shall make an accounting of funds made available to and expended by such committee or subcommittee during such period, and such information when reported shall be published in the CONGRESSIONAL RECORD. The first such report shall cover the period beginning on January 3, 1947, and ending on June 30, 1947, and succeeding reports shall cover the 6 months' period ending on the preceding December 31 or June 30, as the case may be. The information required to be reported and published shall be in lieu of the information required to be reported and published under section 134 (b) of the Legislative Reorganization Act of 1946, as amended, in the case of committees of the House and their subcommittees.

The amendment was agreed to.

The next amendment was, under the heading "Office of the Legislative Counsel," on page 19, line 10, after the numerals "1946", to strike out "\$160,000" and insert "\$180,000"; and in line 11, after the word "which", to strike out "\$80,000" and insert "\$100,000."

The amendment was agreed to.

The next amendment was, under the heading "Education of Senate and House pages," on page 20, line 3, after the word "prescribe", to insert a colon and the following: "*Provided*, That, notwithstanding the provisions of section 6 of the act entitled 'An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1917, and for other purposes,' approved May 10, 1916, as amended, the Board of Education of the District of Columbia is authorized and directed to pay Joseph Skubitz and Joseph J. Sullivan for services rendered by them as teachers in the Capitol Page School for the period January 2, 1947, to April 3, 1947, inclusive."

The amendment was agreed to.

The next amendment was, under the heading "Architect of the Capitol—Capitol buildings and grounds," on page 23, line 10, after the word "each", to insert "and one at \$1,560"; and in line 12, after the words "in all", to strike out "\$492,100" and insert "\$547,205."

The amendment was agreed to.

The next amendment was, on page 23, line 16, after the figures "\$652,500", to strike out "including the salary of the superintendent of the House Office Buildings, which shall be at the gross rate of \$7,373 per annum so long as the position is held by the present incumbent" and insert "and so long as the position is held by the present incumbent the superintendent of the House Office Buildings shall be paid \$500 per annum in addition to compensation otherwise payable under law."

The amendment was agreed to.

The next amendment was, under the heading "Library of Congress," on page 27, line 10, after the word "Librarian", to strike out "\$2,249,600" and insert "\$2,455,393."

The amendment was agreed to.

The next amendment was, under the subhead "Copyright Office," on page 27, line 20, after the word "services", to strike out "\$520,500" and insert "\$656,000."

The amendment was agreed to.

The next amendment was, under the subhead "Legislative Reference Service," on page 28, line 7, after the word "Librarian", to strike out "\$400,000" and insert "\$500,000."

The amendment was agreed to.

The next amendment was, on page 29, after line 21, to strike out:

MOTION-PICTURE PROJECT

To enable the Librarian of Congress to develop, record, store, and service motion pictures, including personal services, traveling expenses, rental of storage space and all other necessary expenses incidental to the development of the motion-picture program, \$85,000.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments.

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

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 31, in line 12, it is proposed to strike out "\$40,000" and insert in lieu thereof "\$90,000."

Mr. BRIDGES. Mr. President, this change is proposed to be made in order to provide books for the blind in the Library of Congress, a matter in which there seems to be general interest. We propose to put in that item and have it taken to conference, and have the details worked out there.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New Hampshire.

The amendment was agreed to.

The PRESIDENT pro tempore. Are there further amendments to be offered?

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

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 28, after line 10, it is proposed to insert the following:

REVISED EDITION OF ANNOTATED CONSTITUTION

For the preparation of a revised edition of the Annotated Constitution of the United States of America, as authorized by Public Law 95, Eightieth Congress, \$35,000, to remain available until expended.

Mr. WILEY. Mr. President, I understand that the amendment is acceptable. It was omitted by mistake. On June 17, Public Law 95 was passed, appropriating this sum of money for the purpose of annotating the Constitution of the United States.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. BRIDGES. Mr. President, let me say that the amendment was not omitted by mistake, as has been stated, but there was some question about it, not as to the necessity of doing this eventually, but as to the need of doing it now.

However, if the chairman of the Judiciary Committee believes that it is necessary to have it done at this time, as chairman of the full committee I should like to hear from the Senator from North Dakota (Mr. Young), as chairman of the subcommittee, and should like to have him state how he feels about the amendment.

Mr. YOUNG. Mr. President, if the chairman of the Judiciary Committee believes that it is necessary, I have no objection.

Mr. WILEY. Yes; it is necessary.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

The PRESIDENT pro tempore. Are there further amendments to be proposed? If there are no further amendments, the question is on the engrossment of the amendments, and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 3993) was read the third time and passed.

Mr. YOUNG. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. YOUNG, Mr. BRIDGES, Mr. SALTONSTALL, Mr. DWORSHAK, Mr. OVERTON, Mr. TYDINGS, and Mr. GREEN conferees on the part of the Senate.

MILITARY ESTABLISHMENT APPROPRIATIONS

Mr. GURNEY. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of House bill 3678.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 3678) making appropriations for the Military Establishment for the fiscal year ending June 30, 1948, and for other purposes.

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

Mr. BYRD. Mr. President, with the understanding that there will be adequate time for discussion of the amendment which I have discussed with the Senator from South Dakota, I shall not object. I have sent to my office for some papers. I did not know the bill was to come up this afternoon, and I want time sufficient to have the papers sent to me.

Mr. GURNEY. Mr. President, we will reach the amendment in which the Senator from Virginia is interested, which has to do with ceilings on civilian employees. I do not believe the Senator from Virginia will discuss the amounts in the bill. I suggest, therefore, that we proceed with the discussion of the bill. I think we can resolve our differences, if there are any.

Mr. MILLIKIN. Mr. President, I should like to remind the Senator again that I withheld objection to the request with the understanding that the intervening matters would be disposed of today, and would in no way interfere with the consideration of the tax bill when the Senate meets tomorrow.

Mr. GURNEY. I would hope we could complete action on the appropriation bill this afternoon.

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

There being no objection, the Senate proceeded to consider the bill (H. R. 3678), making appropriations for the Military Establishment for the fiscal year ending June 30, 1948, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

The first amendment of the Committee on Appropriations was, under the heading "General Staff Corps—Finance Department—Finance Service, Army," at the top of page 5, at the beginning of line 1, to strike out "\$2,348,438,179" and insert "\$2,423,813,129."

The amendment was agreed to.

The next amendment was, on page 12, line 24, after the word "Department", to strike out "\$20,160,650" and insert "\$22,806,563."

The amendment was agreed to.

The next amendment was, on page 13, line 13, after the word "Army", to strike out "\$2,526,041,829" and insert "\$2,586,619,692."

The amendment was agreed to.

The next amendment was, under the subhead "Quartermaster Corps—Quartermaster Service, Army," on page 14, line 2, after the word "personnel", to strike out "\$6,777,141" and insert "\$7,610,619."

The amendment was agreed to.

The next amendment was, on page 17, line 4, after the word "irrigation", to strike out "\$70,059,860" and insert "\$78,559,860."

The amendment was agreed to.

The next amendment was, on page 18, line 14, after the word "reasons", to strike out "\$153,834,336" and insert "\$154,330,688."

The amendment was agreed to.

The next amendment was, on page 19, line 18, after the word "sites", to strike out "\$78,530,058" and insert "\$88,430,042."

The amendment was agreed to.

The next amendment was, on page 20, line 3, after the word "Army", to strike out "\$685,785,795" and insert "\$705,515,609."

The amendment was agreed to.

The next amendment was, under the subhead "Transportation Corps—Transportation Service, Army," on page 20, line 23, after the word "station", to strike out "\$347,577,277" and insert "\$392,633,443."

The amendment was agreed to.

The next amendment was, under the subhead "Signal Corps—Signal Service of the Army," on page 23, line 12, after the word "thereof", to strike out "\$79,128,895" and insert "\$85,475,501, and in addition to this appropriation the Secretary may, prior to July 1, 1948, enter into contracts in an amount not in excess of \$11,000,000."

The amendment was agreed to.

The next amendment was, under the subhead "Air Corps—Air Corps, Army," on page 26, line 4, after "(Public Law 601)", to strike out "\$773,332,508" and insert "\$858,443,591."

Mr. LODGE. Mr. President, I send to the desk an amendment to strike out "\$858,443,591", on page 26, line 4, and to insert "\$1,210,713,591."

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Massachusetts to the committee amendment.

Mr. LODGE. Mr. President, the amendment, together with eight other amendments which I shall offer en bloc in case my first amendment shall be agreed to, represents my attempt to increase the appropriation for the Air Corps, Army, by \$613,130,000, so as to provide an ever-ready air force of 70 peace-strength air groups.

This is the background for this figure: The Air Corps asked the War Department for 70 peace-strength air groups. The War Department reduced this request to 58 peace-strength air groups and 12 skeletonized air groups. The Budget Bureau allowed 55 peace-strength air groups and 15 skeletonized air groups. The House allowed for approximately 50 peace-strength air groups and 20 skeletonized air groups. The pending bill as it comes from the Senate committee will provide for 55 peace-strength air groups and 15 skeletonized air groups, the number allowed by the Budget Bureau.

The increase of \$613,130,000, for which I ask, can be broken down into the following subdivisions: \$383,130,000 in cash and \$230,000,000 in contract authorizations. The cash amount can further be itemized into \$352,270,000 for the Air Corps proper, which means 750 planes, to be added to the 1,100 additional provided in the bill. This is necessarily sup-

plemented by \$2,000,000 for transportation service, \$1,560,000 for Signal Corps, \$5,400,000 for engineer service, \$9,800,000 for barracks and quarters, and \$12,100,000 for ordnance service and supplies. The amendment which I request for the Air Corps will provide for 75,000 additional civilian positions. No increase is required for the 400,000 military personnel necessary to this program.

Mr. President, the Congress has the great advantage this year of having the benefit of the report of the President's Advisory Commission on Universal Training, commonly called the Compton Commission, which has just finished a complete survey of what the United States needs in order to preserve its national security.

I call the attention of the Senate to the fact that the Commission gave as its first priority, quoting the Commission:

A striking Air Force—spearhead of our professional armed services, this force would be charged with the crucial mission of defense by attack. Its job would be to stop the enemy's first onslaught and to hit back at them with crushing force. "We believe," says the report, "that an aggressor's reluctance to start a war and his handicap in prosecuting it successfully if he did start would be in direct proportion to the power and readiness of our mobile striking force. Its personnel would have to be highly trained and its equipment would have to be the most advanced in the world."

That is the opinion of the Compton Commission.

After prolonged and careful study the Air Force has concluded that 70 air groups are necessary to carry us through the early months of any war. That is, in their opinion, the indispensable peacetime base for the eventual war efforts which we would have to make—which would probably require a total of 180 groups.

Mr. President, that is the opinion of the Compton Commission. After prolonged and careful study the Air Force has concluded that 70 air groups are necessary to carry us through the early months of any war, to be the "striking Air Force" referred to by the Compton Commission. That figure is, in their opinion—not in my opinion, but in their opinion—the indispensable peacetime base for the eventual war efforts which we would have to make, which would require probably a total of 180 groups. Seventy air groups comprise about 4,000 planes. The fact that the Army Air Force still has nearly 25,000 planes of all types and the Navy 15,000 does not offset the dismal fact that at the present time the United States is capable of mustering a striking force of only 130 long-range bombers. The huge number of planes that we have in storage are rapidly growing obsolete.

The President pro tempore, now presiding over the Senate, knows perhaps better than any other Senator that the United States will never strike the first blow in any war. History has shown that the role of the aggressor does not fit the American philosophy or temperament. Our hope lies in being ready to retaliate the moment we are attacked. It is clear that we are vulnerable, in the first

instance, only to air attacks, with the possible exception of submarine attacks on our coastal cities. Our plan must be, therefore, to absorb the first blow, and then, without delay, to deliver the counterattack which will set the enemy back on his heels and give us time to breathe and to bring our full power to bear.

Obviously the only way by which that first retaliatory blow can be thoroughly effected is through the air. This breaks down the mission of the Air Force into three basic parts:

First is the air defense of the United States against the air attacks which would be made on us.

Second is the support of the evacuation of our occupation forces abroad should they be threatened.

Third is the launching of the retaliatory counterattack.

The 70 peace-strength groups proposed will consist of 25 heavy-bomber groups, 25 fighter groups, 5 medium-bomber groups, 5 tactical carrier groups, and 10 transport groups. I believe it is not stretching the facts at all to say that the establishment of the 70-group air force represents an expense, large though it may seem from a budgetary standpoint, which is negligible when compared with all that this can mean to us as a deterrent to enemy action and as a means of meeting an initial attack.

In its June 30 issue Newsweek magazine has as its principal feature an article entitled "Weakened Wings—How Much Washington Has Let the Air Force Wane." The article begins with this paragraph:

Army Air Forces requests for appropriations for the coming year barely squeaked through the congressional filter this month after severe reductions had been made both by the War Department and the Bureau of the Budget. Making all due allowances for exaggerations designed to impress reluctant Congressmen, it is a fact that air force leaders are genuinely worried over the threatening decline in this country's air power.

The article states:

The fact is production facilities, so prodigiously expanded during the recent war, are being allowed to disintegrate. * * * The fact is that in research—the real key to all future air strength the United States is lagging. * * * The fact is that in numbers of combat airplanes the United States has fallen behind Russia. Russia is believed to have a combat air force today larger than the American and British air fleets combined.

Newsweek goes on to tell us that the program for training reserve pilots and other specialists is far in arrears. Formerly, it was planned to have an air force of 44,000 pilots, for example, with 48,000 in reserve which would be kept fresh at 130 special bases. Actually only 70 bases have been activated and 22,500 reserve pilots have been trained. We are told that:

Economy then forced elimination of all but 41 training centers where just under 10,000 reserve pilots are now being handled. An additional 19,000 reservists who have applied are out in the cold.

This is also true of bombardiers, navigators, engineers, and other flight-crew personnel. The proposed increase would

have a substantial, if indirect, effect on the Reserve picture.

Insofar as production is concerned the article says:

In the decade after the First World War the American aircraft industry withered away to a total of only three producers. As late as 1939 the industry still ranked forty-fourth in dollar value of product. From this it rose in a few years to mammoth proportions. In 1944 the American plane industry turned out 96,000 aircraft, or about 1 every 5 minutes.

In the first 6 months of 1947 the industry turned out a total of 767 planes—grand total, Army, Navy, and civilian. This is two one-hundredths of a plane every 5 minutes.

Mr. President, I think this is the least we can do to provide for our security. We have the word of the Compton Commission that the first priority for our security should be a striking Air Force. My amendment will provide such an Air Force.

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

Mr. LODGE. I yield to the Senator from South Carolina.

Mr. MAYBANK. I would like to ask the Senator from Massachusetts a question. He read an article from Newsweek, stating the reductions that had been made from the requests of the Army Air Force. Will the Senator's amendment increase it to approximately what they requested?

Mr. LODGE. The amendment brings it up exactly to what the Army Air Force requested of the War Department.

Mr. MAYBANK. Let me ask the Senator one further question, because I am in thorough accord with what the Senator said, and intend to support his amendment. Does that exceed the budget request?

Mr. LODGE. It exceeds the budget request.

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

Mr. LODGE. I yield to the Senator from Washington.

Mr. MAGNUSON. What would be the number of planes that would be ordered by the Army for manufacture under the Senator's amendment?

Mr. LODGE. There would be an additional 750 airplanes.

Mr. MAGNUSON. It would practically double the total number they could order, under the pending bill?

Mr. LODGE. Under the appropriation that is now in the bill, the number would be 1,100. My amendment, if adopted would bring it to a total of approximately 1,850 new, complete aircraft, which would be the first substantial step toward providing modern aircraft that would be required by a 70-group Air Force.

Mr. MAGNUSON. I want to say to the Senator that I heartily support his amendment, and for one reason only. I do not think the Congress realizes yet just what has happened to the airplane-manufacturing industry. I speak not only for the plant in my own State, Boeing, but Glenn Martin, Douglas, Lockheed, North America, Republic, and all the other factories. If there is not conscientious planning, and if the War De-

partment cannot present a program far in excess of what the Appropriations Committee has provided by July 1948, there will be a shut-down of every airplane factory in the country, because their commercial orders will then run out, their military orders will then run out, and the whole aircraft-manufacturing potential of the country will be gone. I hope the Senate realizes we reached a production of many airplanes during the war. The Senator from Massachusetts knows that the popular conception is, "Oh, well, if something should happen, we could again produce airplanes." That is far from the truth. For instance, the B-29 required 7 years from the drawing board to the first one that rolled out of the Boeing airplane hangar. The same thing was true of the North American fighters, it was also true of the Superforts. I think we are very short-sighted if we do not increase the amount, undertake proper planning, and keep our aircraft-manufacturing industry alive. If we do not, there probably will have to be certain mergers and consolidations. Commercial lines cannot take a sufficient number of planes, nor can foreign countries, to keep the industry going. We will wake up some day, if we do not plan properly, and find ourselves without airplane-manufacturing facilities, with the personnel scattered all over the world. They are now being laid off. We shall then sit down at a drawing board and try to have a plane produced by some company which may be well along the way to bankruptcy. For that one reason I hope the Senator's amendment will be agreed to.

Mr. LODGE. I thank the Senator from Washington very much. I think his reasoning is entirely correct. I do not know whether he heard me say that, in 1944, we produced a total of 96,000 airplanes in this country, and, in the first 6 months of 1947, the industry turned out a total of 767 planes.

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

Mr. LODGE. I yield to the Senator from Oregon.

Mr. MORSE. I want to very heartily commend the Senator from Massachusetts upon the argument he has made in support of his amendment. I think he has made it very clear to the Senate, and it certainly should be made very clear to the American people, that we must not only keep ourselves strong from the standpoint of national security, in order to defend ourselves, but we must also keep ourselves strong, so we can enforce peace until all the nations of the world demonstrate a willingness to cooperate in maintaining the peace. I think the Senator does very well in pointing out that time is going to be so precious in case of another attack that opportunity will not be afforded to rebuild the aircraft industry, if we now permit it to deteriorate and practically go out of business. I think the Senator from Washington made the point very well when he pointed out that already our aircraft industry is suffering such a decline that it would take considerable time for it to recoup its resources to the point where it could begin to produce the neces-

sary aircraft in case of a national emergency.

I am very glad to join with the Senator from Massachusetts in full support of his amendment.

Mr. LODGE. I thank the Senator from Oregon very much.

Mr. MAYBANK. Mr. President, I should like to ask the distinguished Senator from Massachusetts whether the amendment also takes care of the increased Air Force Reserve?

Mr. LODGE. It has an indirect effect on the Reserves. It helps the Reserve picture, but it does not bring it up entirely.

Mr. MAYBANK. It will allow them to have some planes, will it not?

Mr. LODGE. It will.

Mr. MAYBANK. I know of one group of 300 who have had no planes even for maneuvers.

Mr. LODGE. Let me say to the Senator, I am advised that the pilot training program for the fiscal year 1948 remains at 825 a year, going to 3,000 a year in the fiscal year 1949. It is expected, if adequate funds and sufficient personnel are provided, as proposed by the amendment, that it will be possible to augment the plants so as to reach the 3,000 rate at the end of the year.

Mr. MAYBANK. I thank the Senator. I wish to make one more suggestion in connection with what the able Senator from Massachusetts [Mr. LODGE] and the able Senator from Washington [Mr. MAGNUSON] stated. The other day there appeared an article in a newspaper, which the Senator probably saw, that we were far behind in jet propulsion engines, and that a contract had been entered into with the British by a Connecticut firm, I think it was Johns-Manville, to bring some jet-propelled engines to this country. At a meeting of the Armed Services Committee I questioned the Secretary of the Navy in connection with that matter and was told that was the fact. Have we fallen so far from our high record of 1944, as to be down to 700 planes?

Mr. LODGE. The bill provides for 1,100 planes, and my amendment would add 750 planes to that number.

Mr. MAYBANK. The bill provides for 1,100 planes?

Mr. LODGE. There are 1,100 new type planes provided for in the bill as it comes from the committee, and my amendment would add 750 new type planes, or 1,850 altogether.

Mr. MAYBANK. Does the Senator's amendment provide sufficient funds for the manufacturers to experiment with the new developments in jet propulsion, and all that goes with it?

Mr. LODGE. It would certainly enlarge their opportunity to do that.

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

Mr. LODGE. I yield.

Mr. BALDWIN. There is no need for me to prolong the discussion of the matter, because the Senator from Massachusetts has adequately and completely presented it to us. It seems to me the arguments for making the addition are conclusive. I wish to commend the Senator from Massachusetts for his interesting

and for his highly intelligent and able statement on this all-important subject.

The last war demonstrated the effectiveness of superiority in the air. I submit that we ought to make certain in the appropriation bill that the Air Forces are adequately provided for, and that we can continue to maintain our superiority at the same time that we maintain the hope that we will not have to use it in war. It seems to me that one of the best guarantees for peace at this time is adequate preparedness in the air.

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

Mr. LODGE. I yield.

Mr. O'MAHONEY. I am very happy that the Senator from Massachusetts has submitted the amendment. I desire to associate myself completely with his purpose, which I understand to be to add sufficient sums to the bill to carry out the air program which was requested by the War Department itself.

Mr. LODGE. It was requested by the Army Air Force, but, of course, not allowed by the Budget Bureau.

Mr. O'MAHONEY. Yes, precisely. There can be no doubt in my mind that this is the wise and proper thing to do. One of our great dangers at this moment arises from the fact that we have allowed our military establishment to waste away. We certainly should not do that with respect to air power. I shall certainly support the amendment of the Senator from Massachusetts.

Mr. LODGE. I am deeply grateful to the Senator from Wyoming for making that statement. I know it is very helpful.

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

Mr. LODGE. I yield.

Mr. PEPPER. I should like to ascertain from the able Senator, if he can give me the facts, how the appropriation for the military establishment contained in the bill in its over-all character compares with the budget request for the military establishment?

Mr. LODGE. I can speak only about the Air Corps phase of it. I am not in charge of the bill, I will say to the Senator from Florida. I am the author of an amendment. I think it was before the Senator appeared on the floor that I offered the amendment to increase the amount for the Air Force so as to provide a total of 70 peacetime air groups. The bill as it comes from the committee provides for 55 peacetime air groups and 15 skeletonized air groups. I cannot answer the Senator's question regarding the bill as a whole, but if he asks questions as to the Air Force and the number of planes, I can answer them.

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

Mr. LODGE. I yield.

Mr. O'MAHONEY. The report shows that the bill, as reported to the Senate, is under the budget estimate for 1948 by \$100,172,701.

Mr. PEPPER. I thank the Senator from Wyoming.

Mr. President, will the Senator from Massachusetts yield further?

Mr. LODGE. I yield.

Mr. PEPPER. How does the amount allowed by the committee, and provided

for in the bill, with respect to the number of airplanes for the Military Establishment, compare with the budget request?

Mr. LODGE. The amount allowed by the committee is the same as the amount recommended by the budget. The amount I am requesting is in excess of the amount recommended by the Budget. The amount I am requesting is the amount which the Air Force requested initially but was refused by the Budget.

Mr. PEPPER. Mr. President, if the Senator will allow me, I wish to make the observation that I think it is a very dangerous practice for the committee and for the Congress to reduce the Military Establishment below the needs as declared and determined by the armed services and by the President of the United States. I am sorry to learn that the gross appropriation for the Military Establishment is lower than the estimate of the Budget Bureau. In all probability the Budget Bureau's allowance might have been a more severe curtailment than should have been made, and I commend the Senator.

Mr. LODGE. My figure is above that of the Budget Bureau.

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

Mr. PEPPER. I was about to say that I commend the Senator from Massachusetts for his amendment, and, like the Senator from Wyoming, and no doubt other Senators, I shall support it. I remember that once before here in the Senate there were proposals that we increase the number of airplanes in the Military Establishment of the United States, and I remember that in those prewar days such proposals failed. I do not know the number of planes the Military Establishment needs. I want it to have all it says it needs. I do not want to take the responsibility for the number being less than the Military Establishment suggests we should have.

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

Mr. LODGE. I yield.

Mr. TAFT. I only wanted to point out to the Senate that the Senator from Massachusetts is asking us to overrule the Secretary of War, the Budget Bureau, the President, the House committee, and our own committee, and to add \$600,000,000 to an appropriation figure which the President himself approved.

Mr. LODGE. Yes, I am asking that that be done, and I offer no apologies for it at all. I believe that the President and the Bureau of the Budget made a great mistake, I will say to the Senator from Ohio when they neglected and brushed aside the representations of the officers of the Air Force upon their solemn responsibility for the upbuilding of our Air Force. I call the attention of the Senator from Ohio and the Members of the Senate to the fact that in the Compton Commission report the statement is made that the first priority for the national security of the country should go to the striking Air Force, and these are the figures which will give it to them, and I hope the Senate will adopt them.

I yield the floor.

Mr. GURNEY. Mr. President, I wish to make a short statement on the pending matter.

Mr. PEPPER. A parliamentary inquiry, Mr. President.

The PRESIDENT pro tempore. The Senator will state it.

Mr. PEPPER. Who has the floor?

The PRESIDENT pro tempore. The Senator from South Dakota.

Mr. GURNEY. In addition to the amount of money recommended by the Senate Appropriations Committee, there are in the bill certain amounts for contractual authority for new airplanes. The Budget Bureau asked originally for 932 airplanes. The increased cost since the budget was made up cuts that number to 749. That is the number of planes that the House appropriated money for—749. The Senate Appropriations Committee raised that figure in total, with cash and with contractual authority, so that there are sufficient funds now and authority to provide 1099 planes, which is the 1,100 round figure we are talking about. The request made by the Senator from Massachusetts, as I understand, in his amendment, is to increase the amount in cash \$352,270,000. Is that correct?

Mr. LODGE. In cash.

Mr. GURNEY. In cash, and then on top of that a contract authorization of \$230,000,000 for airplanes, making a total of \$582,000,000 for additional airplanes, bringing the number up to the 1,180 airplanes for which the Army Air Corps asked the Budget Bureau originally.

Mr. LODGE. That is correct.

Mr. GURNEY. Mr. President, I regret that we must appropriate such large sums of money for our national security. I definitely recognize that the sums in this bill and in the Navy appropriation bill would do a great many things. They would take care of all the flood-control activities during any one year. They would build all the hospitals we need. The amount of money in the Navy and Army bills would also take care of all our highways. It would take care of a number of things. So we are foregoing those things which are so necessary in our peacetime world, and for our national security we are recommending appropriations totaling \$11,000,000,000 for the Army and Navy. I believe that this program must be rounded out, so to speak.

I invite the attention of the Senate to the fact that from the standpoint of cash, the amount recommended by the Senate committee is approximately \$100,000,000 under the budget estimate. However, in addition there is a total contractual authority of \$543,490,000, of which \$497,490,000 is for the Air Corps. Of the \$497,490,000 contract authority, \$280,000,000 was included by the House as proposed in the regular budget estimates. An additional contract authorization for the Air Corps of \$103,490,000 was proposed in a supplemental estimate sent to the Senate. Furthermore, the committee recommended an additional contract authorization for the Air Corps of \$114,000,000, making a total contractual authority in the bill for the Air Corps of \$497,000,000. Of the total contract authorization of \$543,490,000, there were

budget estimates totaling \$383,490,000. In contract authority, the bill is, therefore \$160,000,000 over the budget estimates. Deducting the \$100,000,000 cash the committee bill is under the cash estimates, the bill is approximately \$60,000,000 over the total budget estimates for cash and contract authority. Some of the planes proposed to be purchased will be delivered toward the end of the fiscal year 1948. The remainder will be delivered in the fiscal year 1948; and, of course, the money will have to be appropriated at that time.

Personally, I should like to go along with the Senator from Massachusetts. I believe that world conditions almost make it mandatory for us to have these planes available as soon as they can be delivered. However, I wish to invite the attention of the Senate to the report made by the Aeronautical Investigating Committee, which reported about a year ago, at which time it said that it was necessary that 30,000,000 pounds of airplanes be produced each year to keep our aviation industry in a healthy condition. The money in the Navy bill and the money recommended by the Senate Appropriations Committee for airplanes in this bill will purchase not 30,000,000 pounds, but 16,500,000 pounds. Consequently we are going quite a way in providing orders for the aviation industry. To give the aviation industry the total orders necessary to bring production up to 30,000,000 pounds of airplanes a year would require an addition of five or six billion dollars.

I hope that the Senate, after considering the total picture, the well-rounded program of taxation, and everything else, will stand by the committee recommendation.

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

Mr. GURNEY. I yield for a question.

Mr. MAGNUSON. Perhaps I misunderstood the Senator. I understood him to say that the presently recommended appropriation would call for 16,000,000 pounds of airplanes.

Mr. GURNEY. Sixteen and one-half million pounds for both the Army and Navy, provided the House accepts the Senate figures.

Mr. MAGNUSON. The air investigating committee stated that approximately twice that amount would be required. The Senator made the statement that that would cost \$5,000,000,000 additional. Does the Senator mean that?

Mr. GURNEY. I would judge so, from memory. The Navy had quite a huge amount for airplanes, and there is quite a huge amount here for airplanes. There is a total of \$1,355,000,000 for the Air Corps in this bill. It would require about \$5,000,000,000 more to bring it up to 30,000,000 pounds a year.

Mr. MAGNUSON. So far as this bill is concerned, it would require doubling the amount now proposed to be provided.

Mr. GURNEY. Yes. We have a little more than \$3,000,000,000 in the two bills. It would probably require \$3,000,000,000 more to comply with the aviation committee's recommendation.

Mr. MAGNUSON. I know how devoted the Senator has been to a strong national defense. However, the budget estimates, and even the Air Corps estimates, were made up last fall in many cases. Hearings were held a year ago. As a matter of fact, the situation in the aircraft-manufacturing industry was not then well known. Since that time it has become very serious.

The Senator from Maine [Mr. Brewster] and I recently held a hearing at which representatives of manufacturers appeared. They categorically stated that unless there was double the amount, so far as the Army and Navy were concerned, so that they could do some planning, in July 1948 lay-offs would start.

Mr. GURNEY. The Senator's statement agrees completely with mine. It would require about double the amount presently provided in the Army and Navy bills.

Mr. MAGNUSON. I am afraid that we shall wake up and find, if we need some airplanes in a hurry, that our manufacturing potential will be gone. The personnel will be gone, and there will be no opportunity to produce them. Before World War II we gradually moved into production.

Mr. GURNEY. The Army Air Corps requested 70 groups on a peacetime basis, not activated for wartime. This bill provides 55 groups manned on a peacetime basis; so we are not so far away from the Air Corps request.

Mr. MAGNUSON. The Senator from Massachusetts [Mr. Lodge] would like to go further. I believe that, if we were to spend the money now, it would be well spent, because technically airplanes are becoming more and more complicated. A much longer time is required to build an airplane now, or to plan a proper military airplane, than ever before. In some cases years will be required. I am afraid that we shall not be able to get back into production.

Mr. GURNEY. Mr. President, I must fall back on the statement that a well-rounded defense program does not confine itself to airplanes. We must have infantry, tank corps, guided missiles, research and development, and a myriad of other things which the Senator can think of as well as I. A large portion of the money in this bill goes to other branches of the service.

Mr. President, that about completes my statement.

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

Mr. GURNEY. I yield.

Mr. BARKLEY. In connection with this entire subject, if \$5,000,000,000 or \$6,000,000,000 a year is necessary to keep the airplane industry going, I am wondering whether it would not be more economical for the Government to take it over and operate it, and make the planes it may need when it needs them.

Mr. GURNEY. I will go part way with the Senator's statement.

Mr. BARKLEY. I realize the disadvantage of having to rebuild an airplane industry in this country if we should be in war; but it seems a terrific situation

if we must continue for years, as we may have to continue, appropriating money out of the Treasury to keep a private industry going, on the theory that we may some day need what it produces. If that is the situation, I am wondering whether we would not save money by letting the Government itself operate the industry. I am not advocating that. I am not in favor of violating our private enterprise system and theory, but it seems to me that this is a rather expensive priming operation.

Mr. GURNEY. We might possibly be compelled to go as far as subsidizing the airplane plants to keep them alive in case the world situation should become worse; but certainly I would not be one of those who would advocate the Government taking over the industry. Particularly I would be against the Government operating it, because I am sure that private industry can operate the plants more economically.

Mr. BARKLEY. I agree to that. But one of the main reasons for asking an increase is that if we do not do something like this, and continue to do it, the airplane manufacturers may fold up. I do not want that to happen. But if they are going to fold up for lack of Federal appropriations, I think we might have to consider whether it would be advantageous to the Government not simply to subsidize them, but to operate them in some other way. I am only feeling my way in this matter. I frankly do not like the idea of using more money than is asked for by the departments in order to bolster up an industry which probably had to be inflated during the war and has been deflated since the war. It does not appeal to me.

Mr. GURNEY. I think some better way can be figured out than by buying airplanes. I certainly should be against buying planes we do not need. But I shall not put my judgment against that of the Air Corps. I want to call the attention of the Senate to the fact that if the amendment offered by the Senator from Massachusetts [Mr. Lodge] is agreed to in its entirety, the Budget Bureau's estimate will be exceeded by \$773,000,000.

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

Mr. GURNEY. I yield.

Mr. BREWSTER. The Senator from Kentucky has stated that it is a very serious problem, and the Senator from Washington [Mr. Magnuson] said that evidence was taken which resulted in a resolution which was reported today regarding the creation of a committee both on the part of Congress and the executive department as a temporary policy board to consider the plight of the aircraft industry, with the hope that a report will be submitted in January. There is a very serious question as to obtaining planes. The private planes are not being developed as was expected, and commercial aviation does not require more than three or four hundred a year at the most. With the completion of the program in the next 12 months there is practically nothing in

sight so far as further construction of transport planes is concerned. So that next January we shall certainly have to face a crisis. It is our earnest hope that a committee comparable, perhaps, to the Morrow Board which surveyed the situation 20 years ago, can survey it carefully and determine what, if anything, should be done. The Government cannot continue simply building planes in order to maintain the industry unless it is reconciled to that course.

Mr. BRIDGES. Mr. President, I listened with a great deal of interest to the amendment offered by the distinguished Senator from Massachusetts. I have great respect for the Senator from Massachusetts. We came to the Senate together, and on many votes in those early days we went down the line together. As a matter of fact, we are the only two Senators in the Senate today who voted against the original Neutrality Act. The other four who voted with us have either left the Senate or have passed to the great beyond. All through those years when dictators were on the rampage I have been one of those in this body who stood up and fought for appropriations to make this country strong. I yield to no one on this floor or in this country in my desire to have a strong air force.

Let us consider the situation. In the committee we deliberated long and carefully with regard to this matter. So far as I was concerned—and I think the members of the committee will bear me out—I put down the Air Corps as the No. 1 priority to be considered. After the Air Corps I put research and development; then intelligence, the National Guard, and the Reserve. I wanted those five arms to be particularly strong. Because I think the Air Corps is the first line of our defense I think it is absolutely essential that we keep up our research and development, and I think it is absolutely essential that we have good intelligence during these times. I believe it is also important that we have a strong National Guard and good Reserve officers. In a republic we must have them, because we cannot maintain a huge, strong army in peacetime.

The Air Corps made a request of the War Department. The War Department considered it, as did also the President of the United States and the Bureau of the Budget. They made a recommendation. The House cut the recommendation of the Bureau of the Budget. The Senate, in turn, gave to the Air Corps every cent that was requested by the War Department, the President of the United States, and the Bureau of the Budget. We restored to the House figures approximately \$85,000,000 in cash and an authorization of \$302,490,000, which would provide 1,100 planes.

Although that is not all that the Air Corps would like, I think, from my conversations with them, that they were very pleased and satisfied that the committee had done a good job, looking ahead to the protection of the country. I should like to give more money to the Air Corps than the bill provides, but I believe we have reached a reasonable basis, a much stronger basis than was provided in the House bill. It was reached after very

careful consideration; and I think with those very essential elements of our national defense, namely, the Air Corps, Research and Development, Intelligence, National Guard, and the Reserve, the country is adequately protected.

In my judgment, if we were in imminent danger of war, which on some days some of the leaders of our Government openly predict and on other days perform in such a manner that we cannot judge in what direction we are going, that money could be better spent, instead of building more planes at this time, in, we will say, building some of the plane factories underground. If we want to look ahead and consider the future and the protection of the country, with the atomic development which is going on in the world, with all the dangers besetting us, we should recognize the fact that the great airplane plants throughout the country sticking out in various places like sore thumbs, are the best targets in the world, and if we do anything which will involve huge sums of money I believe we should start a reconstruction job by building some of the plane factories and some of the other essential factories underground. I think that would be doing a very constructive job.

That is on a different line, Mr. President, but I think that is one thing which we might well consider if the international situation becomes too critical. In the meantime, I think that when the committee, after careful consideration, provided not the amount appropriated by the House, but \$85,000,000 more in cash and approximately \$302,000,000 in authorizations so that the Air Corps might function, in my opinion it is sound ground on which to stand. It was not all they originally asked for, but what they said was a satisfactory basis, and it is what the President, the Bureau of the Budget, and the War Department asked for. I should dislike very much at this time, without any further consideration, to see the recommendations of the committee overridden all along the line.

I say this with all respect. I know the high motives that prompt the Senator from Massachusetts in offering the amendment. I referred earlier to his wisdom over the years. He served in the Senate prior to going into the service. He was one of those who looked ahead. He had wisdom, and he voted and acted accordingly. I respect him for that and I respect him for what he is doing today, but I feel that the amendment which he has offered should not be adopted at this time, and that the committee should be supported.

Mr. MAGNUSON. Mr. President, the Senator from Kentucky suggested that in connection with this amendment, there might be involved an element of taking the taxpayers' money and using it to keep private industry alive. I hope the record will not stand in that way. I was only stating that what the Air Corps has asked for and has said it needs, should be provided in the bill.

One of the reasons why I was advocating that was it would help out economy, because the Army and the Navy are large purchasers of airplanes made by private industry, and that is one of

the reasons why the aircraft factories are in a little better position to function. Of course, they are vital to the national defense. I made that suggestion because they have testified that they are in bad shape at the present time.

Mr. BARKLEY. Mr. President, if the Senator will yield to me, let me say that my observation was not based on what the Senator from Washington said. I gathered from the remarks of the Senator from Massachusetts that one of the elements which he had in mind was the necessity, as he understood it, of keeping the airplane plants operating, so that they would be able to function in the event of another war. It was that suggestion which called forth my remarks.

Mr. MAGNUSON. Of course, no one wishes to have the Government buy any planes that the Army or the Navy do not need. The Senator from Massachusetts and I think that the Army needs this many planes, and that they are a vital part of the national defense. That is why we are supporting the amendment.

Mr. LODGE. Mr. President, the hour is very late, and I shall speak for only a few minutes. I wish to acknowledge with thanks the kind remarks which various Senators have made.

I am sure that my friends, the Senator from New Hampshire and the Senator from South Dakota, the chairman of the subcommittee, know that it is not a usual or an easy thing for me to go against the committee. I served on it for a number of years, and my every inclination is to cooperate with it. But this is a matter about which I have a very strong feeling and conviction.

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

Mr. LODGE. I yield.

Mr. GURNEY. The Senator from Massachusetts will understand also that it is very hard for me personally to go against a request which, if granted, would make our Nation stronger.

Mr. LODGE. I appreciate that. The Senator from South Dakota needs no words from me to convince anyone that he is a rugged friend of the national security, and the same is true of the Senator from New Hampshire. He has always been in the forefront, fighting for the support of the national security. I appreciate what they have said, and I appreciate the way in which they have said it.

However, I wish to call attention to the fact that even if this amendment is adopted it will be necessary for the bill to go to conference, and all of us know what that means. I do not need to read a lecture to the Members of the Senate in regard to what happens in conference committees. Even if we adopt this amendment, which provides precisely what the Air Force has requested, we know very well that it will not be in the bill as finally enacted, because it will have to go to conference, and there some reduction in the item will be made.

I appreciate the solicitude of the Senator from Ohio for the views of the President of the United States. I think those views were expressed before the Compton

Commission made its report. The Commission was appointed by the President, and was a nonpartisan body composed of scientists and leaders of various religious faiths—a group of men who have the confidence and the admiration of the country. That Commission had no axe to grind—political, commercial, or otherwise. It reported that the first priority to the security of this Nation is a striking Air Force. That is what that Commission says. The leaders of the Air Force on their solemn responsibility say 70 air groups are needed.

So I hope my amendment will be adopted.

Mr. HOLLAND. Mr. President, I wish to say that I appreciate more than I can say the attitude of loyalty toward the Air Force that has been shown by the distinguished Senator from Massachusetts. I think it is most commendable; I believe all of us know that he is one of the most personable Members of the Senate; and I am sure I find myself reluctant not to agree with him in regard to any matter, particularly in regard to a matter which strikes me so closely and intimately as does the Army Air Force, because I still like to think of myself as a member of that body.

But it seems to me, judging from what has been stated by the chairman of the Appropriations Committee and by the chairman of the Armed Services Committee, that it is very clear that United States Army Air Force has received the full amount as approved by the Bureau of the Budget, the full amount requested by the President and the full amount requested by the War Department. The committee has been backed by the chairman of the Armed Forces Committee. I should think it would indeed be a hasty action—reluctant as I am to say so—for the Senate to depart so greatly as would be required by the amendment offered by the distinguished junior Senator from Massachusetts, which I have understood would amount to a departure of nearly \$600,000,000 in cash and in authorized expenditures, from the recommendation of the Bureau of the Budget and the recommendation of the War Department and the findings of both of these committees.

I remind the Senate that only yesterday we gave separate status, insofar as the Senate could do so, to the Air Force. I am one of those who was exceedingly proud to see that action taken. After the passage of the bill by the Senate yesterday, I stated to the distinguished Senator who is chairman of the Armed Services Committee that to me it was a tremendous thrill, inasmuch as I had happened to have a most humble service under Billy Mitchell, who had insisted so ardently, in the years of the First World War and following it, upon the principle that the Air Force should have separate existence and autonomy. So it was a tremendous thrill to me to see that dream of his realized after all these years, and to see the wisdom of his position, maintained so fully by the experience of our Nation during the last war, supported yesterday by the overwhelming vote of the Senate.

But I think that for the good of the Army Air Force itself, now to be a sep-

arate air force, it would be unfortunate if, on the first day after the taking of that favorable action, it would appear that it is to receive consideration which ignores the attitude of the Bureau of the Budget, the War Department, the President, and the two committees involved, after very careful study on their part. I think it might even conceivably affect the chances of the passage by the other House of the bill which the Senate passed yesterday. It is my feeling that we should stand with the committee, without yielding to anyone whomsoever, even to the distinguished junior Senator from Massachusetts, whom I admire so fully. I say that even with my love of the Air Force and with my concern for the national defense. I think we should stand by the committee.

Mr. TAYLOR. Mr. President, it seems to me more than a little strange that in this day, when the favorite pastime of a great many people is hurling epithets at Russians, we should quibble about an appropriation for airplanes to back up our big talk. I believe that most of the criticism of the Russians comes from Republicans, although Democrats are fond of the pastime also. But I think the time has come, to use a popular expression, to "put up or shut up," and, frankly, I think it would be better if we put up and shut up both, provide the planes, and quit talking so much.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. LODGE] to the amendment of the committee. [Putting the question.] The yeas appear to have it.

Mr. LODGE. I ask for a division.

The PRESIDENT pro tempore. Those in favor of the amendment to the amendment will rise and stand until counted.

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

The PRESIDENT pro tempore. Those opposed will rise. [After a pause.] Does the Senator from Florida ask for the yeas and nays?

Mr. PEPPER. I defer to the Senator from Massachusetts, but I thought the matter would justify a roll call. I will not make the request myself.

The PRESIDENT pro tempore. On a division, the amendment is rejected.

Mr. LODGE. What was the vote?

The PRESIDENT pro tempore. The vote on a division is not announced.

Mr. LODGE. It is sometimes.

The PRESIDENT pro tempore. The Chair assures the Senator the amendment was defeated.

Mr. LODGE. Mr. President, I ask to have printed in the RECORD as part of my remarks certain tables which I have had prepared in connection with the amendment.

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

AIR CORPS—AIR CORPS, ARMY

On page 26, line 4, strike out "\$858,443,591" and insert in lieu thereof "\$1,210,713,591."

Discussion: This change is required to provide \$352,270,000 increased appropriation so as to enable the Army Air Forces to increase its active groups from 55 to 70. The items

for which this increase is required are as follows:

Airplanes:	
Cash.....	\$90,770,000
Contract authorization.....	(220,000,000)
Spare parts for existing aircraft.....	50,000,000
Communication equipment, including radar and radio equipment:	
Cash.....	9,400,000
Contract authorization.....	(10,000,000)
Gasoline and oil.....	25,000,000
Modernization of present equipment.....	
Air field, air station, and hangar equipment.....	8,300,000
Civilian personnel at field installations (75,000 positions).....	150,000,000
Transportation costs of supplies and equipment to first destination.....	2,100,000
Total: Cash.....	
Contract authorization.....	352,270,000
Contract authorization.....	(230,000,000)

The above increase of \$90,770,000 in the appropriation for airplanes together with the requested increase of \$220,000,000 in contract authorization for airplanes will provide for an additional 750 airplanes for the Army Air Forces. This number, together with the approximate 1,100 provided for by the appropriation bill as reported to the Senate, will provide a total of approximately 1,850 new complete aircraft which would be the first substantial step toward providing modern aircraft for the required 70 group Air Forces. All other requirements as set forth above are consistent with the expansion of the Air Forces from 55 to 70 groups.

On page 26, line 9, strike out "\$497,490,000" and in lieu thereof insert "\$727,490,000."

Discussion: This change is required to provide \$230,000,000 increase in contract authorization so as to enable the Army Air Forces to increase a presently lagging modernization program for 70 air groups. This increase will provide an additional \$220,000,000 contract authorization for the procurement of complete aircraft which together with the additional cash appropriation of \$90,770,000 will provide for an additional 750 airplanes for the Army Air Forces. This number together with the approximate 1,100 provided for under the appropriation bill as reported to the Senate will provide a total of approximately 1,850 new complete aircraft.

The increase will also provide an additional \$10,000,000 contract authorization for the procurement of necessary communication equipment including radar and radio equipment needed in the activation of the additional 15 air groups and the preparedness of the 70 group Army Air Forces.

CORPS OF ENGINEERS—ENGINEER SERVICE, ARMY ENGINEER SERVICE

On page 29, line 1, strike out "\$145,456,441" and in lieu thereof insert "\$150,856,441."

Discussion: This change is required to provide \$5,400,000 for the procurement of additional items of engineer equipment required for completing the activation of aviation engineer troop units. This will provide funds for the procurement of equipment such as heavy crawler type tractors, large air compressors, motorized dump trailers, heavy truck mounted cranes and similar heavy equipment required for training and for airfield work. Sufficient equipment of these types are not now available to provide for the complete activation of these troop units in accordance with approved War Department tables of allowances.

BARRACKS AND QUARTERS, ARMY

On page 30, line 3, strike out "\$197,896,261" and in lieu thereof insert "\$207,696,261."

Discussion: This change is required to provide \$9,800,000 increased appropriation to cover costs of reactivating eight air stations in present stand-by status and increased work load at two presently active air stations.

On page 30, line 19, strike out "\$343,352,702" and in lieu thereof insert "\$358,552,702."

Discussion: To increase total of the appropriation "Engineer service, Army" to that of the sum of the subappropriations thereunder.

Engineer service.....	\$150,856,441
Barracks and quarters.....	207,696,261
Total.....	358,552,702

ORDNANCE DEPARTMENT—ORDNANCE SERVICE AND SUPPLIES, ARMY

On page 32, line 7, strike out "\$247,024,441" and in lieu thereof insert "\$259,124,041."

Discussion: This change is required to provide \$12,100,000 for ordnance equipment, ammunition and matériel. These additional amounts are required to procure training and operational ammunition; new types of guns for aircraft; maintenance of automotive equipment required for support of 70 air groups; and for increased receipt, storage and issues required for these air groups.

TRANSPORTATION CORPS—TRANSPORTATION SERVICE, ARMY

On page 20, line 24, strike out "\$392,633,443" and in lieu thereof insert "\$394,633,443."

Discussion: This change is required to provide \$2,000,000 for transportation incident to the increased activation of the Army Air Forces from 55 groups to 70 groups. This amount will cover transportation costs for initial stockage of installations to be reactivated and the increase in equipment and supplies required at other installations.

SIGNAL CORPS—SIGNAL SERVICE OF THE ARMY

On page 23, line 12, strike out "\$85,475,501" and in lieu thereof insert "\$87,035,501."

Discussion: This change is required to provide \$1,560,000 for signal combat equipment and supplies, maintenance of communication systems, commercial communications and meteorological equipment and supplies necessary incident to increase in Army Air Forces from 55 groups to 70 groups.

GENERAL PROVISIONS—SECTION 16

On page 58, line 19, [following] after the word "matériel", insert "or to not to exceed 40,000 personnel employed under the appropriation 'Air Corps, Army'."

Discussion: This change is required to permit the employment of the additional graded civilian personnel necessary to permit the increase in the Army Air Forces from 55 active and 15 skeleton groups to 70 active groups. Without this change the Army Air Forces would not be able, due to graded civilian personnel ceilings, to employ the required additional civilian personnel necessary for a 70 group Air Force.

In order to provide for the increase of the Army Air Forces from 55 active and 15 skeletonized groups to an efficient and ever ready Air Force of 70 fully manned groups with modern equipment, the following increases are required by appropriations:

Transportation service, Army.....	\$2,000,000
Signal service of the Army.....	1,560,000
Air Corps, Army:	
Cash.....	352,270,000
Contract authorizations.....	(230,000,000)
Engineer service.....	5,400,000
Barracks and quarters.....	9,800,000
Ordnance service and supplies, Army.....	12,100,000
Total: Cash.....	383,130,000
Contract authorization.....	(230,000,000)

Specific changes required to be made in the appropriation bill for the Military Establishment as recommended to the Senate are set forth in the following tables:

Aircraft production figures, December 1946 to June 1947

December 1946.....	49	64	113	11	124
January 1947.....	55	66	121	20	141
February 1947.....	41	60	101	11	112
March 1947.....	25	93	118	23	141
April 1947.....	18	81	99	32	131
May 1947.....	10	80	90	28	118
Total (6 months).....	198	444	642	125	767
Monthly average.....	33	74	107	21	128

COMPARATIVE ANALYSIS—AIR CORPS APPROPRIATIONS

Last year (1947) the Air Corps received \$1,199,500,000 (includes a \$135,000,000 transfer under First Deficiency Act, 1947).

The above amount is \$33,990,000 less than the 1948 budget estimate, \$42,677,492 more than the House bill, \$156,433,591 less than the Senate committee bill, \$769,563,591 less than the Senate committee bill with Lodge amendment.

This year (1948) the budget estimate was \$1,233,490,000 (includes contract authorizations).

The above amount is \$33,990,000 more than the 1947 appropriation, \$76,667,492 more than the House bill, \$122,443,591 less than the Senate committee bill, \$735,573,591 less than the Senate committee bill with Lodge amendment.

For 1948 the House bill gave the Air Corps \$1,156,822,508 (includes contract authorizations).

The above amount is \$42,677,492 less than the 1947 appropriation, \$76,667,492 less than the 1948 budget estimate, \$199,111,083 less than the Senate committee bill, \$812,241,083 less than the Senate committee bill with Lodge amendment.

For 1948 the Senate committee bill gave the Air Corps \$1,355,933,591 (includes contract authorizations).

The above amount is \$156,433,591 more than the 1947 appropriation, \$122,443,591 more than the 1948 budget estimate, \$199,111,083 more than the House bill, \$613,130,000 less than the Senate committee bill with Lodge amendment.

For 1948 the Lodge amendment to Senate bill gives \$1,955,933,591 (includes contract authorizations).

The above amount is \$769,563,591 more than the 1947 appropriation, \$735,573,591 more than the 1948 budget estimate, \$812,241,083 more than the House bill, \$613,130,000 more than the Senate committee bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee on page 26, line 4.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry. I have an amendment to offer. Would it properly come after the committee amendments?

The PRESIDENT pro tempore. Is it an amendment to a committee amendment?

Mr. MAGNUSON. It is to add a new section to the bill.

The PRESIDENT pro tempore. It would not be in order at this time.

The clerk will state the next amendment of the Committee on Appropriations.

The next amendment was, on page 26, line 8, after the words "in excess of," to strike out "\$280,000,000" and to insert "\$497,490,000."

The amendment was agreed to.

THE TAFT-HARTLEY LAW

Mr. PEPPER. Mr. President, it was said and believed by a great many of us that there would be confusion over the Taft-Hartley labor law. I wish to read at this time a message which came over the ticker today, as follows:

Senator ROBERT A. TAFT, Republican, of Ohio, today took issue with his coauthor of the new Labor Control Act and said John L. Lewis' contract with the coal mine owners was not a violation of the Taft-Hartley labor law.

The ticker continued, purporting to quote the Senator from Ohio:

"I don't think it's in any way a violation of the law," TAFT said at a meeting of the Joint Senate-House Economic Committee.

TAFT said the basic purpose of the Taft-Hartley labor law was to permit free collective bargaining, and under it employers and employees should be able to make any contract they want to.

The coauthor of the law, Chairman FRED A. HARTLEY, JR., of the House Labor Committee, previously took the opposite view. Hartley said the new contract "looks like collusion between the operators and the union to force small companies out of business."

I ask unanimous consent that there accompany my statement, immediately following the insertion I have just made, a further statement on the subject as it came over the ticker today.

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

President Truman had no comment on the coal contract at his news conference today. He said it was a matter between the miners and owners.

TAFT said that Lewis had complied with provisions of the bill connected with union security and welfare funds.

He voiced his opinion of the new contract—the best in the United Mine Workers history—after B. C. Forbes, publisher of Forbes magazine, said the contract looked as though Lewis and the mine owners had "entered into a conspiracy to thumb their noses at the new Taft-Hartley bill."

"I don't agree," TAFT said. "The whole theory of the bill is that employers and employees should be able to make any contract they want to under free collective bargaining."

"Whatever the employers and employees may want to agree to is all right with me."

"The only question about the contract," TAFT said, "is whether it was economically wise and whether it might not start a new inflationary spiral."

TAFT said that there were many things in the contract which were "a direct effort to comply with the law." But he said he thought it "doubtful" whether many businessmen would sign that kind of contract.

"They don't have to sign it," he said. Employers might say it was an unfair labor practice for unions to insist on such a contract and let the employees go out on strike.

"Lots of results might stem from the contract but freedom of employers and unions to sign any contract they please is restricted in the law only in certain special fields."

"That must be the basis of labor relations unless the Government is going to run the whole show."

Justice Department officials said they have "taken cognizance" of HARTLEY'S charge that the agreement for check-off of union assessments and initiation fees violated the Taft-Hartley law. They said "the matter is under study."

Mr. TAFT. Mr. President, I did not hear what the Senator quoted me as saying.

Mr. PEPPER. I am sorry; I did not understand the Senator had stepped out of the Chamber. Was the Senator in the Senate Chamber when I read this comment which came over the ticker? I thought he was. I prefaced my remarks by saying that a great many of us in the Congress thought and believed that there would be great confusion in the country over the effect of the so-called Taft-Hartley Labor Act. I said I thought that had been confirmed by the dispatches which had come over the wires today. Then I proceeded to read the following, which came over the ticker today:

Senator ROBERT A. TAFT, R., O.—

Meaning "Republican, of Ohio," I suppose—

today took issue with his coauthor of the new labor-control act and said John L. Lewis' contract with the coal-mine owners was not a violation of the Taft-Hartley labor law.

I read from a further ticker report—and I said I assumed it purported to be an accurate statement—which said:

"I don't think it's in any way a violation of the law," TAFT said at a meeting of the Joint Senate-House Economic Committee.

TAFT said the basic purpose of the Taft-Hartley labor law was to permit free collective bargaining, and under it "employers and employees should be able to make any contract they want to."

The coauthor of the law, Chairman FRED A. HARTLEY, JR., of the House Labor Committee, previously took the opposite view. HARTLEY said the new contract "looks like collusion between the operators and the union to force small companies out of business."

Mr. President, I submitted the authority upon which I made my statement, and I asked unanimous consent that another statement accompany my remarks.

Mr. TAFT. Mr. President, I may somewhat expand the statement I made, the report of which is approximately correct. From the beginning we have stated over and over again that the Labor-Management Relations Act was intended to be based on free collective bargaining, in other words, that employers and the employees would be able to sit down and agree on anything they desired, with certain exceptions, and those exceptions are all to protect the men themselves. Those exceptions relate to the closed shop, to the check-off, to the welfare fund. All those restrictions on the kind of contract that may be made are for the protection of the men. With the exception of those restrictions, the employers and the employees may enter into such agreements as they desire, and that is the very basis of proper labor relations.

Whether the contract made by the mine owners was a wise one is something for them to determine. Congress did not and should not attempt to tell employers and employees what kind of an agreement they shall make. So far as I can see, there is nothing in the contract which indicates it was not a contract made perfectly freely.

There is one point raised by the gentleman from New Jersey [Mr. HARTLEY], as to the fact that the check-off pro-

vision applies to initiation fees as well as to dues. That is a rather minor question, because they do not amount to anything, but as a matter of fact, since it requires a written authorization from the employee anyway, if he gives the authorization, there can necessarily be no violation in properly carrying out the check-off provision. So that, so far as I can see, there is nothing in the contract in any way prohibited by the law.

The question of its effect on inflation and various other economic questions is another matter which has nothing to do with the subject before us.

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

Mr. TAFT. I yield.

Mr. BARKLEY. The Senator is very familiar with the act. In view of the controversy between the two authors of the legislation, I was wondering whether there might be some way to divide it into its respective component parts, so as to determine what part of it is Hartley and what part is Taft, so as to ascertain whether contracts may violate the Hartley part or violate the Taft part. [Laughter.]

Mr. TAFT. I wrote no part of the law. Some five or six others introduced bills, and the committee rewrote the bills. The bill finally was introduced by me on behalf of the committee. It was a committee bill. So that there is no particular part of the law that is my own creation.

So far as Mr. HARTLEY'S criticism as to the economic effect is concerned, that some settlement would squeeze small operators, it seems to me that has nothing whatever to do with the law. If that is the effect, it is due to so-called monopoly control of all the labor in the coal industry and the association of all the coal operators together. The Senator will remember that the Senate refused to do anything about any restriction on Nation-wide bargaining. So that, of course, the law never was able and did not attempt to deal with that monopoly feature.

Mr. BREWSTER. Mr. President, this particular episode is the first proof of the new labor law. As I understand, we have the highest paid "slave" in the entire history of the world, as well as the highest paid miners. I think it is a great tribute to the law that under free collective bargaining, which was so severely condemned, this apparently successful contract has been negotiated.

Mr. PEPPER. Mr. President, I will say to the Senator from Maine that that is probably due to the fact just stated by the Senator from Ohio, that it was not prohibited.

Mr. BREWSTER. That is right.

Mr. MORSE. Mr. President, I wish to make only a brief statement about the Taft-Hartley law. All our experience with it to date shows that both employers and unions are devising clever collusive schemes for evading and avoiding the effects of many of the provisions of the act. They already recognize the unworkability of the act, which I emphasized over and over again in my many arguments against the bill. It is unquestionably the greatest piece of "boot-

leg" legislation that has been passed by the Congress in a long, long time. It is a discredit to the principle of government by law, and an open invitation to collusive practices, whereby strong unions and many employers can get around the law. It should be repealed.

MILITARY ESTABLISHMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 3678) making appropriations for the Military Establishment for the fiscal year ending June 30, 1948, and for other purposes.

The PRESIDENT pro tempore. The Clerk will state the next amendment of the committee.

The next amendment was, under the subhead "Medical Department—Medical and Hospital Department", on page 28, line 2, after the word "Department", to strike out "\$69,153,267" and insert "\$70,049,458."

The amendment was agreed to.

The next amendment was, under the subhead "Corps of Engineers—Engineer Service, Army", on page 29, line 1, after the word "thereof", to strike out "\$114,512,405" and insert "\$145,456,441, and in addition to this appropriation the Secretary may, prior to July 1, 1948, enter into contracts in an amount not in excess of \$5,000,000."

The amendment was agreed to.

The next amendment was, on page 30, line 3, after the word "for", to strike out "\$184,702,101" and insert "\$197,896,261."

The amendment was agreed to.

The next amendment was, on page 30, line 18, after the word "Army", to strike out "\$299,214,506" and insert "\$343,352,702."

The amendment was agreed to.

The next amendment was, under the subhead "Ordnance Department—Ordnance service and supplies, Army", on page 31, line 14, after the word "Office" to strike out the colon and the following: "Provided, That not more than \$25,000,000 of the amounts received by the War Department during the fiscal year 1948 as proceeds from the sale of scrap or salvage material shall be available for expenses of transportation, demilitarization, and other preparation for sale or salvage of military supplies, equipment, and matériel: *Provided further*, That a report of receipts and disbursements under this limitation shall be made quarterly to the Appropriation Committees of the Congress" and in lieu thereof to insert "Provided, That, notwithstanding the provisions of any other law, not more than \$25,000,000 of the amounts received by the War Department during the fiscal year 1948 as proceeds from the sale of scrap or salvage material shall be available for expenses of transportation, demilitarization, and other preparation for sale or salvage of military supplies, equipment, and matériel: *Provided further*, That a report of receipts and disbursements under this limitation shall be made quarterly to the Appropriation Committees of the Congress"; and on page 32, line 7, after the amendment just above stated, to strike out "\$244,381,771" and insert "\$247,024,041, and in addition to this appropriation the Secretary

may, prior to July 1, 1948, enter into contracts in an amount not in excess of \$5,000,000."

The amendment was agreed to.

The next amendment was, under the subhead "Chemical Corps—Chemical service, Army," on page 33, line 15, after the word "ranges", to strike out "\$19,240,936" and insert "\$20,487,813."

The amendment was agreed to.

The next amendment was, under the subhead "National Guard," on page 37, line 11, after the word "supplies", to strike out "\$110,000,000" and insert "\$136,535,176, and in addition to this appropriation the Secretary may, prior to July 1, 1948, enter into contracts in an amount not in excess of \$25,000,000."

The amendment was agreed to.

The next amendment was, under the subhead "Organized Reserves," on page 40, line 10, after the words "in all", to strike out "\$54,975,816" and insert "\$80,681,900."

The amendment was agreed to.

The next amendment was, under the subhead "Citizens' military training—Reserve Officers' Training Corps," on page 44, line 6, after the word "colleges", to strike out "\$24,840,000" and insert "\$25,025,000."

The amendment was agreed to.

The next amendment was, under the subhead "National Board for Promotion of Rifle Practice, Army," on page 45, line 15, after the word "exceeding", to strike out "\$60,000" and insert "\$82,000"; and on page 46, line 10, after the word "war", to strike out "\$281,500" and insert "\$303,500."

The amendment was agreed to.

The next amendment was, under the subhead "Salaries, War Department," on page 49, line 8, after the word "exceed", to strike out "\$41,121,526" and insert "\$44,956,690."

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I have an amendment to offer on page 50.

Mr. GURNEY. Mr. President, let us finish the committee amendments first, if we may, before we get any new ones.

The PRESIDENT pro tempore. Is it the Senator's proposal to amend the House text?

Mr. MAGNUSON. It is to add a new section.

The PRESIDENT pro tempore. That is not in order until the committee amendments are completed.

Mr. GURNEY. Mr. President, I ask unanimous consent that sections 16 and 17, appearing on pages 58 and 59, be passed over temporarily, so that we can finish with the others and then return to those two amendments as the last to be considered.

The PRESIDENT pro tempore. Without objection, the amendments referred to will be temporarily passed over. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Title II—Surplus appropriation rescissions," on page 59, line 13, after the numerals "1946", to strike out "\$4,000,000" and insert "\$5,000,000."

The amendment was agreed to.

The next amendment was, on page 59, after line 14, to insert:

Expediting production of equipment and supplies for national defense, 1940-1946, \$20,000,000.

The amendment was agreed to.

The next amendment was, on page 59, line 19, after the numerals "1946," to strike out "\$2,000,000" and insert "\$3,000,000."

The amendment was agreed to.

The next amendment was, on page 59, line 21, after the numerals "1946," to strike out "\$3,000,000" and insert "\$3,300,000."

The amendment was agreed to.

The next amendment was, on page 59, after line 21, to insert:

Army War College: Army War College, 1942-1946, \$2,500.

The amendment was agreed to.

Mr. GURNEY. Mr. President, I ask that the remaining amendments, because they are all rescissions, be adopted en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 59, after line 23, to insert:

"Adjutant General's Department: Command and General Staff School, Fort Leavenworth, Kans., 1942-1946, \$7,000";

On page 60, line 2, after the numerals "1946", to strike out "\$203,000,000" and insert "\$279,000,000"; in line 5, after "Pay of the Army", to strike out "\$125,000,000" and insert "\$154,000,000"; in line 6, after "travel of the Army", to strike out "\$75,000,000" and insert "\$121,000,000"; and in line 7, after the figures "\$3,000,000", to insert a semicolon and "and (4) claims of military and civilian personnel of the War Department, \$1,000,000";

On page 60, line 10, after the numerals "1946", to strike out "\$160,000,000" and insert "\$190,000,000"; in line 13, after the word "men", to strike out "\$2,000,000" and insert "\$4,000,000"; in line 14, after the word "Army", to strike out "\$35,000,000" and insert "\$42,000,000"; in line 15, after the word "Army", to strike out "\$55,000,000" and insert "\$59,000,000"; in line 16, after the word "equipment", to strike out "\$25,000,000" and insert "\$27,000,000"; in line 17, after the word "Army", to strike out "\$3,000,000" and insert "\$8,000,000"; and in line 18, after the word "transportation", to strike out "\$40,000,000" and insert "\$50,000,000";

On page 60, line 21, after the numerals "1946", to strike out "\$90,000,000" and insert "\$165,000,000";

On page 60, line 24, after the numerals "1946", to strike out "\$190,000,000" and insert "\$220,000,000";

On page 61, line 3, after the numerals "1946", to strike out "\$5,000,000" and insert "\$6,500,000";

On page 61, line 5, after the numerals "1946", to strike out "\$40,000,000" and insert "\$120,000,000"; in line 8, after the word "Service", to strike out "\$30,000,000" and insert "\$86,000,000; (2) Military posts, \$13,000,000"; in line 9, after the word "and", to strike out "(2)" and insert "(3)"; and in line 10, after the word "Army", to strike out "\$10,000,000" and insert "\$21,000,000";

On page 61, line 13, after the numerals "1946", to strike out "\$362,000,000" and insert "\$363,000,000";

On page 61, line 16, after the numerals "1946", to strike out "\$15,000,000" and insert "\$30,000,000";

On page 61, after line 16, to insert: "Special Service Schools: Special Service Schools, Army, 1942-1946, \$2,000, and subap-

ropriations under this head are hereby decreased as follows: (1) Infantry School, \$300; (2) Cavalry activities, \$200; (3) Field Artillery activities, \$750; and (4) Coast Artillery activities, \$750";

On page 61, after line 22, to insert:

"Armored force: Instruction in armored force activities, 1942-1946, \$55,000";

On page 62, line 2, after the numerals "1946", to strike out "\$1,000,000" and insert "\$2,000,000";

On page 62, after line 3, to insert:

"United States Military Academy: Pay of Military Academy, 1942-1946, \$35,000.

"Maintenance and operation, United States Military Academy, 1942-1946, \$550,000";

On page 62, after line 7, to insert:

"National Guard: National Guard, 1942-1946, \$3,000,000";

On page 62, line 11, after the numerals "1946", to strike out "\$25,000,000" and insert "\$28,000,000";

On page 62, after line 12, to insert:

"Inter-American relations, War Department: Inter-American relations, War Department, 1943-1946, \$125,000";

On page 62, after line 15, to insert:

"Salaries, War Department: Salaries, Office of Secretary of War, 1942-1946, \$1,874.

"Salaries, Office of Chief of Staff, 1942-1946, \$19,176.

"Salaries, Adjutant General's Office, 1942-1946, \$29,321.

"Salaries, Office of Chief of Cavalry, 1942-1946, \$7,021.

"Salaries, Office of the Inspector General, 1942-1946, \$49.

"Salaries, Office of the Judge Advocate General, 1942-1946, \$3,342.

"Salaries, Office of Chief of Field Artillery, 1942-1946, \$2,358.

"Salaries, Office of the Chief of Finance, 1942-1946, \$11,667.

"Salaries, Office of Chief of Infantry, 1942-1946, \$7,508.

"Salaries, Office of the Quartermaster General, 1942-1946, \$20,176.

"Salaries, Office of the Chief Signal Officer, 1942-1946, \$4,987.

"Salaries, Office of Commanding General, Army Air Forces, 1942-1946, \$1,877.

"Salaries, Office of Chief of Engineers, 1942-1946, \$40,857.

"Salaries, Office of Chief of Ordnance, 1942-1946, \$24,553.

"Salaries, Office of Chief of Chaplains, 1942-1946, \$3.

"Salaries, National Guard Bureau, 1942-1946, \$3,615.

"Salaries, Office of Chief of Coast Artillery, 1942-1946, \$11,616";

On page 64, after line 3, to insert:

"Office of the Secretary: Contingent expenses, War Department, 1942-1946, \$200,000"; and

On page 64, line 5, after "title II", to strike out "\$1,100,000,000" and insert "\$1,438,966,500."

Mr. GURNEY. Mr. President, I now ask that we return to section 17, on page 58.

Mr. BYRD. Section 16, is it not?

Mr. GURNEY. I should like to have section 17 considered first, because I am sure there is no controversy about it.

The PRESIDENT pro tempore. The clerk will state the amendment.

The amendment was, on page 58, after line 20, to insert:

SEC. 17. The Secretary may transfer not to exceed 5 percent of any of the foregoing appropriations to any other appropriation or appropriations made by this act, but no such appropriation shall be increased more than 5 percent as a result of such transfer, except

that no transfers may be made from the appropriations "Air Corps, Army" and "National Guard": *Provided*, That a quarterly statement of any such transfers shall be transmitted to the chairmen of the Appropriations Committees of the House of Representatives and the Senate.

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

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the amendment in section 16.

The amendment was, under the sub-head "General provisions," on page 58, line 9, after "(60 Stat. 219)," to insert "with respect to War Department personnel"; in line 10, after the words "to the", to strike out the word "Ordnance" and insert "War"; in line 13, after the word "Navy", to strike out "Department" and insert "Department or"; in line 14, after the word "agencies", to insert "if such personnel is charged to a ceiling determination for another agency under 607 (g) (1) of the Federal Employees Pay Act of 1945, as amended", and in line 18, after the word "Army", to strike out the semicolon and "nor shall said section 14 of the act of May 24, 1946, apply with respect" and insert "or."

Mr. GURNEY. Mr. President, in section 16 the amendment has to do with civilian employees working for the War Department, who may be doing work for the Navy and/or other Federal agencies. Under the Byrd law providing a ceiling for civilian employees a certain number is allowed to each department, and where the War Department does work for another department the department asking the War Department to do work shall take into its ceilings the civilians working for the War Department on this work. The point at issue, in which the Senator from Virginia and the Senator from North Dakota are interested, relates to the exemptions which appear on line 17, "National Guard, and other civilian components of the Army." I may say that "civilian components" means ROTC, Organized Reserve, and Citizens' Military Training. None of these three, so far as I know, has any civilian employees. Civilian employees would be used by the National Guard, though not so many, with the ground units; in fact, I think there are none. But with the air units there are some civilian employees, though not many, for there are only 308 units provided in the bill. If the Department can get them all activated this coming year such civilians as would be working for the National Guard air units would be doing such things as janitor work and mechanical work, keeping the engines in proper order for the National Guard fliers to use them. I do not believe it would run into any huge figure. I am sorry I cannot give the exact number.

That takes care of the explanation, I think, as to the National Guard and Organized Reserve, but I do not believe it entails any large number of civilian employees. If the War Department is compelled to take the civilian employees into their total, even though it be small, it will be hard for them to handle, in view

of the testimony we have heard in committee.

In reference to lines 19 and 20, the War Department has been requested by heavy industry, using scrap metal in the United States, to carry on a program of reclaiming scrap metal that has been picked up overseas. In the bill, by an amendment on page 31, already approved, there is provided a revolving fund of \$25,000,000 for picking up scrap metal and transporting it back in ships to the United States, where it is sold; and then the money is used over again to pick up more scrap. The testimony before the committee was that our country is very short of scrap metal, and it is needed badly. I am sure every Senator on the floor has heard that story. Therefore, we felt that the task the War Department was given to do was extracurricular, so to speak, and the committee did not think the War Department as such should be charged, in its complement of civilian workers, with the employees used to pick up scrap metal. Of course, some of them are used also in the demilitarization of shells, the removal of the powder from the shells, and what not, and then the use of the metal in the scrap program.

Mr. President, that is all the explanation I can give, except perhaps to spell out in line 17 just what the civilian components mean. That covers the Organized Reserves of the Army, the ROTC, the CMTC training camps. I should be glad to change line 17 so it will simply provide for the National Guard and the Organized Reserves, if that would more nearly meet the objections of those who are interested in the section.

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

Mr. BYRD. Mr. President, the section exempts from the so-called ceiling the civilian employees, the National Guard, and other civilian components of the Army, and employee personnel engaged in the demilitarization of ammunition and matériel. It must be read and considered in connection with the amendment which is now on the desk, offered by the distinguished Senator from South Dakota, which has for its purpose increasing the ceiling by 25,000 civilian employees, and using the funds appropriated by Congress for the military personnel in order to employ 25,000 civilian employees in addition to the ceiling provided by law.

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

Mr. BYRD. I yield.

Mr. GURNEY. I hope the Senator will not team these up together. I think each one can stand on its own feet.

Mr. BYRD. Mr. President, the ceiling has been reached. The Senator from South Dakota is attempting by legislation in an appropriation bill, which I think is not the proper procedure, to change a legislative act, and I submit to him that if the ceiling as now provided for in the War Department is too low, then the act itself should be amended, and attempt should not be made to do it by having legislation in an appropri-

ation bill. I think it is entirely appropriate to consider these two proposals at the same time, because they will result in adding 25,000, certainly, and perhaps 30,000 or 40,000 civilian employees to the War Department.

Let me say, Mr. President, that this ceiling on civilian personnel was in accordance with an amendment offered by the distinguished Senator from North Dakota [Mr. LANGER] and myself in the Civil Service Committee. It became effective in 1944, and was strengthened in 1946. It has resulted—and I say this without claiming any credit for the Senator from North Dakota and myself—in a large reduction in the civilian personnel of the various departments. The ceiling is an over-all ceiling and the distribution is made by the Bureau of the Budget. I think I can show, when the proper time comes, that it has saved the Federal Government more than \$1,000,000,000.

This is the first attempt that has been made on the floor of the Senate seriously to breach that ceiling. Let me say, Mr. President, that I do not think it comes with very good taste from the Republican Members of this body—

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

Mr. BYRD. I yield.

Mr. GURNEY. There is no effort on the part of the Senator in charge of the bill to do anything that is not in good taste. I seriously object to that statement, because I am only asking that the Senate release the ceiling for the National Guard, which certainly is not a part of the War Department.

Mr. BYRD. I do not mean to question the good taste of the Senator. I should say it is not good legislative form to enact legislation in an appropriation bill.

Mr. GURNEY. I may say, in answer to that statement, that the legislation was put in the bill by the House, not by our committee.

Mr. BYRD. This particular section was.

Mr. GURNEY. Section 16.

Mr. BYRD. But the Senator's section 18 would do far more to breach it, and both of them are along the same line, I hope the Senator will permit me to discuss one in connection with the other.

Mr. GURNEY. I feel that the amendment in section 16 is a small amendment, and could be considered by itself, because we are only asking exemptions for two outfits.

Mr. BYRD. The Senator is not even able to say how many persons will be added.

Mr. GURNEY. That is correct. It is too late in the evening.

Mr. BYRD. We would have to defer action on the matter, then, until tomorrow morning. Certainly the Senate does not wish to pass on such an important question as this unless it has information on which to act.

Mr. LANGER. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. LANGER. The War Department, at the hearing held a year ago, could not give the figure within 200,000.

Mr. GURNEY. Permit me to submit one more bit of information. There cannot be many civilian employees in the National Guard set-up.

Mr. BYRD. It is not confined to the National Guard. It is "the National Guard, and other civilian components of the Army."

Mr. GURNEY. And the Army Reserve.

Mr. BYRD. All the employees engaged in the demilitarization of ammunition and matériel.

Mr. President, the War Department has 227,394 clerical employees. It has 319,218 wage board employees. There is a total of 547,000 employees, in round figures. In other words, the Army today has one civilian employee for every two men in the Army.

I was about to say, when the Senator from South Dakota interrupted me, that I do not think it becomes the Republican members of this body to make very serious attempts to breach these ceilings which have resulted in reducing the civilian personnel of the Federal Government. I venture to say that there is not a single Member on the Republican side who has not time and time again condemned the surplus employment in the Federal Government, who has not condemned the extravagance—and rightfully so, let me say—that was occasioned by the overemployment in every single agency of the Government. I say that from my investigation. The War Department is one of the most serious offenders of all. In my judgment it has more civilian personnel not efficiently employed than nearly any other single branch of the Government.

If the two amendments are adopted, I think we may as well abolish the ceilings. What is the use of having ceilings if we let one department of Government, in an appropriation bill, increase the ceilings by 30,000 or 40,000 employees, and add \$100,000,000 to the expense of the pay roll; because the average employee is costing now about \$3,000 a year. The Senator from South Dakota is not even able, as I stated, to give the number who would be affected by one of the amendments. The other amendment is specific in terms. Under it, the ceiling is to be exceeded by 25,000 civilian employees. But worse than that, Mr. President, it permits money the Congress has appropriated for military personnel to be used for civilian personnel. That certainly is not good practice in budgetary matters, and I protest against it as strongly as I can.

I do not care to delay the Senate at this late hour, but I think the matter should be very fully and amply discussed.

I wish to say, Mr. President, that when the ceiling limitations were fixed, the War Department discovered its personnel figures were in error by 188,000. Just think of that. The War Department, when these personnel ceilings were under consideration, as the Senator from North Dakota well knows, because he was present at the meeting, made an error of 188,000 in reporting the number to the Civil Service Committee.

The ceilings were provided for in basic law, and were overwhelmingly adopted

by the House, and later by the Senate, to the effect that pay increases provided last year could be absorbed by reduction in force. The ceiling formula was worked out by the General Accounting Office in accordance with the purposes and intent of the law. The conference committee on the bill was extremely tolerant with War Department personnel, who were represented by Maj. Gen. C. H. Bonesteel, president of the War Department Manpower Board. The ceilings were fixed on the basis of the information he supplied, after making adjustment for the 188,000 error. At that time he gave every consideration to overseas requirements, the zone of the interior, augmentation of air combat groups, lag in disposal of air equipment and storage of surplus aircraft, lag in disposal of other than air equipment, including returns from overseas, demilitarization, renovation and manufacture of ammunition, caretaking detachments for inactive and surplus installations, and hospitals, including beds for veterans, personnel centers, research and development, and numerous other activities. The ceilings were based on the War Department's Manpower Board's own estimates which were revised during the hearings to include not only the 188,000 error but also contingencies.

These ceiling determinations are in basic law, and the facilities and procedures for amending basic law are here and available. They do not include doing it in appropriations bill. If the ceilings for War Department or any other agency are insufficient, they should come in with proper justification and present it to the proper committee, at the proper time, so that proper consideration may be given the request in proper relation with the situation in the remainder of the Government, and with proper regard for the purposes and intent of the basic law. The procedure of sneaking in through an appropriation bill to accomplish this purpose is against the rules of the Senate, which were established for protection against just such situations.

The War Department record for the past year is indicated below:

MAY 1947

	Classified employees	Wage Board	Total
Continental United States.....	196,155	194,429	390,492
Foreign.....	20,881	103,747	124,628
Territories and possessions.....	10,358	21,042	31,400
Total.....	227,394	319,218	546,612
Total above includes employees in District of Columbia.....	27,508	2,092	29,600

The above figures (latest available) were supplied July 10, 1947, by the Bureau of the Budget.

JUNE 30, 1946

	Classified employees	Wage Board	Total
Continental United States.....	323,760	309,205	632,965
Overseas.....	13,949	280,389	294,338
Total.....	337,709	589,594	927,303

The above figures supplied by the War Department in official report.

Let me repeat that the War Department today has one civilian employee for every two men in the Army. It requires one civilian employee to look after every two soldiers.

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

Mr. BYRD. I yield.

Mr. KNOWLAND. I wish to say to the able Senator from Virginia that I have the very highest regard for him. For many years he has been a voice crying in the wilderness for economy in Government and for reducing the number of Government employees. This country owes him a great debt of gratitude for his interest, and for the consistent effort which he has made in that regard.

I merely wish to say, however, as a member of the Appropriations Committee and of the subcommittee which held the hearings on the bill, that in relation to the matter of the demilitarization of the equipment, and bringing back scrap, fundamentally that is not a wartime function. Scrap is something which is needed very desperately by the civilian economy of the United States.

It seemed to the committee that there was much equity in permitting this type of work not to be charged against the War Department's civilian employee ceilings. As I say, industry in the United States, large and small, is dependent upon getting back some of this scrap. I also believe, from the standpoint of the over-all picture of national defense, that it is very important that the scrap come back to this country so that it may not be available to those who might possibly use it against us at some time in the future. It hardly seems equitable that those employees should be charged against the War Department ceilings.

As to the separate amendment which is being offered by the chairman of the committee, on behalf of the subcommittee I wish to say that that question was gone into very thoroughly before the subcommittee. Largely because of our respect and regard for the work carried on by the Senator from Virginia and the Senator from North Dakota [Mr. LANGER], who had studied the ceiling situation, we inserted a topside limitation of 25,000. We also inserted an additional limitation, that it should apply only for the fiscal year 1948. We did that so that we would not be violating the spirit of the act with which the Senator had so much to do.

I respectfully submit to the able Senator from Virginia, who I know has a great regard for the necessity of national defense, that we no longer have the Selective Service. We are back on a voluntary basis. Military leaders have told us that in peacetime they believe we should have an armed service of approximately 1,070,000. The fact of the matter is that the number in the armed services is considerably below that figure. I think it is about 57,000 below the figure which they have set. This provision permits them, up to not exceeding 25,000, to employ additional civilian help. If they cannot get the men in uniform to do the job, they will

have to employ additional civilian help. We are down now to what is believed to be the irreducible minimum, so far as our reserve divisions are concerned. We are down to about two and a quarter divisions; and if we have to use men in uniform, rather than keeping them in those reserve divisions, where they may perhaps be needed for instant use either under our obligation to the United Nations or elsewhere, and if we must put them on what might be termed house-keeping duties, I think we shall be jeopardizing the national defense.

Mr. BYRD. The War Department now has 227,394 clerical employees. Did the committee make any investigation to determine whether or not they were efficiently used?

Mr. KNOWLAND. No; but I will say to the able Senator that obviously, in the short period of time we had at our disposal, we could not make that type of investigation. However, the committee did determine that during the next year—and we have placed a 1-year limitation on this permission for that particular reason—we would set our staff to work to make certain that the civilian employees who were employed were being efficiently employed.

Mr. BYRD. The total employment of the War Department is 547,000. There is one civilian employee for every two men in the Army. Has the committee gone into that question, to see whether that is efficient operation, or whether that is not too many employees? Or did the Senator do as is often done—simply accept the statement of the officials of the War Department that the ceilings must be increased by 25,000?

Mr. KNOWLAND. I can only say to the Senator from Virginia—and I perfectly understand his point—that we have a situation which I believe is unusual. After a period of war years and a period of demobilization we have gone out from under selective service and have gone to a voluntary system. The Chief of Staff of the Army of the United States indicated that in his opinion it was necessary to have some leeway in this regard. He has a primary responsibility for the defense of the Nation, and I certainly did not wish, as a member of the subcommittee, to take the responsibility—

Mr. BYRD. Would it not be better to amend the law?

Mr. KNOWLAND. No; I do not think so, because I think the able Senator from Virginia and my able colleague from North Dakota [Mr. LANGER] did a very good job in establishing these ceilings so that we could bring the tremendous number of civilian employees within reasonable limitations.

Mr. BYRD. The Senator is proposing to nullify the ceilings by these amendments to the appropriation bill.

Mr. KNOWLAND. Only for the year 1948, and until the Appropriations Committee can study the question.

Mr. BYRD. The Senator knows as well as I do that if we make this peacetime increase, there will never be a reduction.

Mr. KNOWLAND. I do not agree with the able Senator in that regard. If I had thought so, I would not have voted for the amendment.

Mr. BYRD. What reason has the Senator for believing that the ceilings can be reduced in the next year? Is the Army to be reduced in the next year?

Mr. KNOWLAND. No; but by the time next year has passed we shall have a better view of the international picture.

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

Mr. BYRD. I yield.

Mr. LANGER. Is it not true that at the time the ceilings were established the question of hauling scrap was gone into very carefully by the Army?

Mr. BYRD. It was thoroughly gone into. I have before me a confidential report which I shall be glad to read to the Senate. It will require half an hour or an hour.

Mr. LANGER. The question was gone into very carefully.

Mr. BYRD. The whole subject was gone into with great care.

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

Mr. BYRD. I yield.

Mr. GURNEY. I ask the Senator if he will consider section 16 separately for a moment.

Mr. BYRD. Mr. President, I want to present the entire question.

Mr. GURNEY. May I present an offer of compromise, which I think might meet with the Senator's approval?

Mr. BYRD. We have under consideration the other amendment, and it is well to discuss that.

I desire to read a statement which was made by Maj. Gen. C. H. Bonesteel before the Conference Committee on Pay Increase for Civilian Employees on May 13, 1946.

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

Mr. BYRD. I yield.

Mr. LANGER. This is one of the most important matters, so far as civil service is concerned, which is likely to come before the Senate. It took 4 years to get a ceiling. If we are going to conclude tonight, I want to ask permission from the distinguished Senator from Virginia to request a quorum call.

The PRESIDENT pro tempore. Does the Senator from Virginia yield for the purpose of suggesting the absence of a quorum?

Mr. BYRD. I yield.

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

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

The Chief Clerk proceeded to call the roll.

During the calling of the roll.

Mr. WHERRY. Mr. President, may the quorum call be suspended long enough to ask the distinguished Senator from Virginia how long he wishes to debate the amendment?

Mr. BYRD. I think it will take quite a while. The Senator from North Da-

kota [Mr. LANGER] also has something to say with regard to it.

Mr. LANGER. Mr. President, it will take me an hour, because it is of tremendous importance that the ceiling be not broken.

Mr. WHERRY. In view of that statement, Mr. President, I will ask if the Senator will withdraw his request for a quorum call and that the majority leader move the regular order and the Senate prepare to recess.

The PRESIDENT pro tempore. Does the Senator from North Dakota withdraw his request for a quorum?

Mr. LANGER. I withdraw it.

The PRESIDENT pro tempore. The quorum call will be suspended.

Mr. WHITE. Mr. President, if the Senator from Colorado [Mr. MILLIKIN] were here he should make the motion, but I will ask for the regular order.

The PRESIDENT pro tempore. The regular order is asked for, which is the unfinished business, to which the Senate will recur.

REDUCTION OF INDIVIDUAL INCOME TAXES

The Senate resumed the consideration of the bill (H. R. 3950) to reduce individual income-tax payments.

APPROPRIATIONS FOR THE MILITARY ESTABLISHMENT—AMENDMENT

Mr. MAGNUSON submitted an amendment intended to be proposed by him to the bill (H. R. 3678) making appropriations for the Military Establishment for the fiscal year ending June 30, 1948, and for other purposes, which was ordered to lie on the table and to be printed as follows:

On page 50, after line 2, to insert:

"Sec. 2-A. No part of the appropriations made in this act shall be available for contracts with any person, firm, or corporation to make or cause to be made with a stop watch or other time-measuring device a time study of any job of any employee; no part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person or persons having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant."

REDUCTION OF INDIVIDUAL INCOME TAXES—AMENDMENTS

Mr. MORSE submitted eight amendments intended to be proposed by him to the bill (H. R. 3950) to reduce individual income-tax payments, which were ordered to lie on the table and to be printed.

ADDITIONAL REPORT OF A COMMITTEE

Mr. HAWKES, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 2298) to amend the Interstate Commerce Act,

as amended, and for other purposes, reported it with amendments and submitted a report (No. 472) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

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

Harley Hise, of California, to be a member of the Board of Directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1946.

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

Robert Franklin Jones, of Ohio, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1947.

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

SALE OF HORSES BY WAR ASSETS ADMINISTRATION

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a press release with regard to the sale of horses, which was referred to previously, and I should like to say that I share the views expressed in the press release.

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

Rhoda Christmas said an Army attendant (name withheld) called the sale a "disgrace to the United States Government."

The majority of the horses, she quoted him, have feet trouble.

This charge was substantiated today by Thomas I. Talbott, Upper Marlboro blacksmith, who has two of the horses sold for shoeing. Talbott asserted the two horses have "feet thrush," and are hardly able to walk.

Since early 1946 sales of horses and mules throughout the United States by WAA were 32,007 horses, valued at \$5,201,155 and sold for \$2,500,000; 13,898 mules, valued at \$3,127,050 and sold for \$1,500,000.

George Grinsley, Chief of Miscellaneous Products of War Assets Administration, said the agency's policy in disposition of horses declared surplus is as follows:

"1. We sell any horse that can be classified as 'usable.'

"2. Our promise to the Washington Animal Rescue League and the Washington Humane Society in letters dated January 28, 1947, not to sell horses over 12 years of age applied to one sale only. That was the Quantico sale of Marine Corps horses which was stopped January 29 because of public resentment (aroused by articles in the Times-Herald). It may have been well we stopped that sale, which was restricted to sealed bids. We admit that horses shouldn't be sold by this method.

"3. We have subsequently found, however, that it is better to sell horses over age 12 rather than destroy them. We have only two choices, either to sell the animals or to destroy them. And we would get as much criticism for destroying the horses as selling them.

"4. Our policy is not to destroy anything 'useable,' because we owe it to the taxpayers

to get at least a partial return on the original Government investment."

Grinsley said the 17-year-old saddle horse once ridden by General Marshall and the horse used by Mrs. Roosevelt, age estimated at from 9 to 14 years, would have been sold at public auction if the Agriculture Department had not specifically asked for the two along with six others a few hours before the sale.

Grinsley said the 71 horses offered for sale at Fort Myer yesterday were examined by Army veterinarians and declared sound. He was surprised to learn that two of the horses were withheld from the auction when humane representatives made vigorous objections to their sale. Veterinarians from the humane groups examined the two horses and agreed they were unsound and in extremely poor condition.

Eight other horses, including the Marshall and Roosevelt steeds, were turned over to the Bureau of Animal Industry of the Agriculture Department for experimental use.

The remaining 61 were sold to the public, some in lots of fours. Humane representatives did not have time to examine all of the horses sold, but noticed some appeared to be unfit.

Dr. H. W. Schoening, head of the pathological department of the Agriculture Department, denied the WAA statement that Agriculture asked specifically for the Marshall and Roosevelt horses.

"We asked only for eight sound horses for experimental purposes."

Frederick A. Genau, president of the Washington Humane Society said his group objected by letter and in person at the auction to sale of horses over age 12. Despite the protest, he said, 23 of the horses sold were over age 12.

He accused the WAA of bad faith in not honoring its promise written January 28 this year not to sell horses over that age.

The Washington Animal Rescue League, through Mrs. Robert Watson, chairman of the horse committee, also protested in letter, telegram, and in person at the auction, sale of the horses over age 12.

The Tail Waggers Club of Washington also protested the sale in the same manner.

Mrs. Watson said, "I was shocked at the general appearance of the animals. They were poor flesh, with hip bones showing, scarred, and ill-groomed. Most of the horses were sold far below their actual worth, despite their condition."

A spokesman for the Army remount depot at Front Royal said the horses should have brought at least double the \$5,916 total realized by the sale.

The remount spokesman said there are no funds or provisions for pasturing horses no longer of any use to the Army, except when the horse is a celebrated one or of great value.

The horses sold yesterday were from Fort Belvoir and Fort Myer and represented mostly horses used for recreational purposes for Army and Government personnel, WAA's Grinsley said.

The Army remount headquarters said once the horses are in the possession of Army posts they are out of remount control.

All the horses sold yesterday were at least 9 years old, according to remount headquarters. The last horses purchased by the Army was 1942. They were at least 4 years old then, since Army purchase regulations stipulate an age range between 4 and 8, the remount headquarters said.

The two horses held back from auction yesterday because of disability are still the property of War Assets, said the Military District of Washington.

The military district said there has been no decision made by WAA as to what they will do with the horses.

WAA's Grinsley said the two horses were taken back by the Army.

Howard Wentworth, Chief of the Washington area WAA office admitted most of the horses sold yesterday will find their way into riding academies and in front of wagons.

[From the Washington Times-Herald]

FIVE HUNDRED ATTEND SALE—HORSES RIDDEN BY MARSHALL AND MRS. ROOSEVELT AUCTIONED AMONG EIGHT BOUGHT AT FORT MYER FOR AGRICULTURE DEPARTMENT "GUINEA PIG" USE

(By Rhoda Christmas and Frank M. Smith)

The saddle horses once ridden by General Marshall and Mrs. Eleanor Roosevelt and which were branded as surplus by the Army were sold for \$50 apiece yesterday to the pathological division of the Agriculture Department, to be used in disease experimentation.

Reno Fantas, Marshall's horse, and Here's How, formerly kept at Fort Myer for Mrs. Roosevelt to ride, were included in a batch of eight animals commandeered for the animal disease station at Beltsville, Md., under Government priority.

THEY'LL BE "GUINEA PIGS"

The 8 horses, among 60 sold by the War Assets Administration at Fort Myer, will be used for blood extractions and to be inoculated with virus in event hoof-and-mouth disease tests must be made.

GROUP OF EIGHT NOT SHOWN

The other horses were sold to bidders with veteran-priority certificates. The bids ranged from a \$50 low to a high of \$330. A total of \$5,421 was realized on veterans' bids. The Department of Agriculture paid \$400 for the eight horses it bought through surplus sale procedure which allows Government agencies and departments first crack at material offered.

Before Auctioneer George Wallahan, of Front Royal, began the sale it was announced that Montana, Playboy, Tugboat, Big Bill, Crosby, Here's How, Sad Sack, and Reno Fantas had been claimed in the Beltsville deal.

These horses were not shown to the crowd of 500 that ranged around the north end of the Fort Myer riding hall, in which the auction was held. First horse on the block was Davenport, which went for \$50. The last was Amadon, which also drew a \$50 bid after much haggling.

MOST 8 TO 14 YEARS OLD

Bidders were disconcerted by announcements the sale would be conducted without giving the ages of the animals. It was stated over the auctioneer's loud-speakers, however, that the ages ranged from 8 to 17. Several were said to be 15 years of age and over. The majority were claimed to be between the ages of 8 and 14.

This was at variance with a previous announcement from War Assets that Government horses would not be sold as surplus after they reached the age of 12. Each horse, it was stated, was in sound condition and had been so certified by a veterinarian.

Despite this claim, Mystic came into the ring on "ouchy" legs, displaying a spavin and bad feet. Perkins, Thomas, and several others were "sore-going" as they were forced to jump around the corner of the Fort Myer ring under the lash of the floor man's whip.

Carlisle Corcoran was the top bidder. When Lady Dan came into the ring he engaged in a duel with Truman Dodson, getting the mare for \$260. Later Corcoran topped this high price by bidding \$330 for Reno.

At the conclusion of the sale there was some slight mystery as to why the Department of Agriculture had purchased eight horses, including the ones formerly used by General Marshall and Mrs. Roosevelt.

It was pointed out the mounts of other famous personages have usually been pensioned when their usefulness was declared null and void. The two favorite mounts of General Pershing were kept at the Front Royal remount depot until they died.

DR. SCHOENING EXPLAINS

Dr. H. W. Schoening, chief of the pathological division, who ordered the horses purchased, gave a full explanation, however, of the uses to which they will be put.

He said they will be used (1) as blood donors to furnish blood for culture media work, and (2) will be kept on hand for hoof-and-mouth-disease tests.

For the hoof and mouth disease tests, Dr. Schoening said, a number of normal horses are kept. If and when the question arises as to whether the hoof and mouth disease has been discovered the horses are infected with virus from the suspected animals to find out whether the disease really exists or if it is vesicular stomatitis. Vesicular stomatitis, Dr. Schoening explained, is a disease attacking cattle, with symptoms similar to the hoof and mouth disease. The disease does not attack the horses as it does cattle, he explained, so the horse test is resorted to as a differential diagnosis.

FACE DEATH IN TESTS

In making the test the virus is taken from a blister on the tongue of a steer and rushed to Beltsville where a horse's tongue is scratched and the virus rubbed in. This results in a blister on the horse's tongue similar to a fever blister on a human, if the disease is vesicular stomatitis. If it is hoof and mouth disease, the horse almost always dies of the deadly malady.

Reno Fantas, formerly ridden by Marshall, is a 17-year-old bay mare. She is a polo type and was used by the All American polo team.

Here's How left Front Royal, Va., according to Col. Marion Vorhees, in 1943, under orders to be placed at the disposal of Mrs. Roosevelt. The horse was kept in the White House stables at Fort Myer until President Roosevelt died.

Two enlisted men, assigned to stable duty at that time, have attested to the fact that Mrs. Roosevelt did ride the horse. It is a chestnut gelding whose mouth indicates he is more than 8 years of age. He is leggy, fully 16 hands tall and weighed 1,350 pounds when he left Front Royal. When high in flesh he should be quite showy and a striking looking animal.

But neither he nor the other eight taken to Beltsville yesterday will have to depend on their looks for their livelihood now. Their blood is all that is wanted.

DISABLED VET GETS SHOW HORSE FOR \$50

Through the efforts of a sympathetic auctioneer and a crowd with lots of heart, Maj. Phillip Larimore, 22, who lost a leg in World War II and won a DSC, but is still a crack horseman, bought his favorite mount, Chugwater, at yesterday's sale.

When the hunter went on the block, the auctioneer urged the crowd not to bid. "This horse has been trained by an Army man, a combat veteran," he said. "The horse responds to the soldier's left knee lead. The soldier is an amputee."

The major got Chugwater for \$50—the only bid—and now both are headed for the horse-show circuit.

RECESS

Mr. WHITE. Mr. President, it does not seem possible to proceed with the regular order at the moment. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 46 minutes p. m.) the Senate took a recess until tomorrow, Friday, July 11, 1947, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 10, 1947:

DEPARTMENT OF STATE

Ernest A. Gross, of New York, to be legal adviser of the Department of State.

UNITED STATES DISTRICT JUDGE

Roy W. Harper, of Missouri, to be United States district judge for the eastern and western districts of Missouri, vice Hon. John Caskie Collet, elevated.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 10, 1947

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

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou eternal God, who art man's companion and counselor, we are again praying that Thou wilt bless in some special way the Members of this Congress unto whom the people of our beloved country have committed and entrusted the affairs of government.

May they daily come to the sacrament of public service richly endowed with insight and understanding, with clear judgment and wise decision. Show them how they may direct the course of our Nation toward a fuller measure of justice and peace and happiness.

Help us to sincerely believe that it is our national destiny to be a people chosen of God to bring the blessings of democracy and freedom to all mankind. Inspire us with faith in the ultimate triumph of the principles of the Prince of Peace.

In His name we pray. Amen.

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 758. An act to promote the national security by providing for a National Security Organization, which shall be administered by a Secretary of National Security, and for a Department of the Army, a Department of the Navy, and a Department of the Air Force within the National Security Organization, and for the coordination of the activities of the National Security Organization with other departments and agencies of the Government concerned with the national security; and

S. 1326. An act to amend the Federal Crop Insurance Act.

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

S. 116. An act for the relief of Mrs. Mildred Wells Martin.

EXTENSION OF REMARKS

Mr. SEELY-BROWN asked and was given permission to extend his remarks in the RECORD.

A PERMANENT PROGRAM FOR AMERICAN AGRICULTURE

Mr. DOLLIVER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Iowa? There was no objection.

Mr. DOLLIVER. Mr. Speaker, because I represent a congressional district which is predominantly agricultural, I am deeply interested in the development of a permanent policy for agriculture in this country. The Sixth Iowa District consists of 15 counties, located in the heart of the Corn Belt, with a high percentage of cultivated land and a tremendous production of grain and livestock. Not only our farm people, but also those who live in cities and towns, are absolutely dependent economically upon the prosperity of agriculture. If the farmer suffers in Iowa, then our townspeople likewise suffer. Conversely, a prosperous farming population means prosperity in the centers of population.

I am one of those who believe that this principle applies not only to our agricultural States, but also to our entire economy. For my own part, I am impressed by the concept that the farmer, season after season, produces new wealth that never was in existence before. Manufacturing and industry, on the other hand, are engaged in processing of products already in existence—changing their form or improving the structure of the material wrought upon. Not so the farmer. He deals with the miracle of new life produced year after year by the bounty of nature. By this token, and also because the farmer produces the very essential for human existence, food, he occupies a key position in our whole national economy.

It appears to me that there are at least three elements to the problem of a permanent policy for agriculture.

First. Agricultural prices should never be allowed to sink to a point where they will not support the reasonable capital investment in our agricultural structure plus an adequate living for those who till the soil. Having lived in Iowa during the agricultural depression of the 1920's and also the 1930's, I know that the debacle in prices in those two periods was nothing short of disastrous to our people. Many thousands of our farm families lost all the savings of a lifetime, and such losses had violent repercussions throughout our entire economy. Such a series of disasters should never again be permitted in this country.

The means and methods of securing an adequate price for farm products, I must necessarily leave to the wisdom, discretion, and acknowledged ability of the Congress and its appropriate committees. I only suggest that prices for farm products should never descend to a point of impending danger for the agricultural producer.

Second. We who live in agricultural areas are more conscious than ever of