

veterans' flight-training program under the Servicemen's Readjustment Act of 1944 should not be curtailed; to the Committee on Veterans' Affairs.

By Mrs. ROGERS of Massachusetts:

H. Con. Res. 178. Concurrent resolution authorizing the Committee on Veterans' Affairs of the House of Representatives to have printed for its use additional copies of parts 1 and 2 of the hearings held before said committee relative to flight training; to the Committee on House Administration.

By Mr. KEATING:

H. Res. 504. Resolution to amend rule XI (1) (s) 1 of the Rules of the House of Representatives; to the Committee on Rules.

MEMORIALS

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

By the SPEAKER: Memorial of the Legislature of the Commonwealth of Virginia, memorializing the President and the Congress of the United States to make certain changes in the Hatch Act; to the Committee on House Administration.

Also, memorial of the Legislature of the State of Mississippi, memorializing the President and the Congress of the United States on the subject of the development of the Pascagoula River and its tributaries for navigation; to the Committee on Public Works.

Also, memorial of the General Assembly of American Samoa (through the Secretary of the Navy) memorializing the President and the Congress of the United States to defer action on organic legislation affecting American Samoa for a period of 10 years or more; to the Committee on Public Lands.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. EVINS:

H. R. 5912. A bill for the relief of Walter W. Hearne; to the Committee on the Judiciary.

H. R. 5913. A bill for the relief of the Wilson County Fair, Inc.; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 5914. A bill for the relief of Nicolo Loccoero; to the Committee on the Judiciary.

By Mr. PFEIFER (by request):

H. R. 5915. A bill for the relief of Carmine Arnaldo; to the Committee on the Judiciary.

By Mr. SARBACHER:

H. R. 5916. A bill for the relief of Poon Lim; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 5917. A bill to record the lawful admission to the United States for permanent residence of Mr. Paul Hettasch, his wife, Mrs. Ellen Marie Hettasch, and their daughter, Miss Katie Ellen Margarete Hettasch; to the Committee on the Judiciary.

PETITIONS, ETC.

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

1572. By Mr. BRADLEY: Petition of George H. Whitwood and 46 other residents of Long Beach, Calif., opposing the enactment of a universal military training system; to the Committee on Armed Services.

1573. By Mr. CASE of South Dakota: Petition of 23 persons residing at Martin, S. Dak., and vicinity, expressing opposition

to enactment of S. 1934, prohibiting the granting of preference in leasing Indian lands, on account of Indian blood, to any person of less than one-half Indian blood; to the Committee on Public Lands.

1574. By Mr. FORAND: Resolution of the General Assembly of the State of Rhode Island and Providence Plantations, memorializing Congress with relation to the continuance of the Veterans' Administration office in Pawtucket, R. I.; to the Committee on Veterans' Affairs.

1575. Also, petition of Polish American Congress of Providence, R. I., urging the speedy passage of a law permitting a substantial number of displaced persons to come to these United States as immigrants because of their belief that 1 year's delay will be most detrimental to the displaced persons; to the Committee on the Judiciary.

1576. Also, petition of Polish National Alliance, Lodge 677, of Central Falls, R. I., urging the speedy passage of a law permitting a substantial number of displaced persons to come to these United States as immigrants, in the belief that 1 year's delay will be most detrimental to the displaced persons; to the Committee on the Judiciary.

1577. By the SPEAKER: Petition of Norman H. Crawford and sundry others, petitioning consideration of their resolution with reference to enactment of universal military training; to the Committee on Armed Services.

1578. Also, petition of Hughes R. Hilliard, petitioning consideration of his resolution with reference to a petition for a redress of grievance; to the Committee on the Judiciary.

1579. Also, petition of L. H. Weller and sundry other citizens of West Palm Beach, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1580. Also, petition of H. C. Curtis and sundry other citizens of West Palm Beach, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1581. Also, petition of county commander, American Legion, Kings County, N. Y., petitioning consideration of their resolution with reference to investigation of Serge Rubinstein; to the Committee on the Judiciary.

1582. Also, petition of William E. Garrison and sundry others, petitioning consideration of their resolution with reference to retention of disabled veterans in the Veterans' Administration; to the Committee on Veterans' Affairs.

1583. By Mrs. SMITH of Maine: Resolution of the Limerock Valley Pomona Grange, opposing the removal or reduction of the Federal tax on colored oleomargarine; to the Committee on Agriculture.

SENATE

FRIDAY, MARCH 19, 1948

(Legislative day of Monday, March 15, 1948)

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

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O God our Father, as a battery is recharged without sound or motion, so wilt Thou, in this moment so precious, send Thy spirit into the hearts and

minds of Thy servants, the Senators of the United States.

With newness of life, with spiritual power, vision, and lively faith, enable them to meet all the demands of this day with glad anticipation, and give them peace. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 18, 1948, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 5883) making appropriations for the Department of Agriculture (exclusive of the Farm Credit Administration) for the fiscal year ending June 30, 1949, and for other purposes, in which it requested the concurrence of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

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

POLITICAL CONTRIBUTIONS BY LABOR UNIONS

A letter from the Solicitor General of the United States, making inquiry whether the Senate or the House desires to participate in the proceedings incident to a proposed appeal by the Government from the decision holding the Labor-Management Relations Act of 1947, prohibiting labor unions from making political contributions, in part to be unconstitutional; to the Joint Committee on Labor-Management Relations.

AUDIT REPORT OF PANAMA RAILROAD COMPANY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report of the Panama Railroad Company for the years ended June 30, 1946 and 1945 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

REPORT OF BUREAU OF EMPLOYEES' COMPENSATION

A letter from the Administrator, Federal Security Agency, transmitting, pursuant to law, the Annual Report of the Bureau of Employees' Compensation for the fiscal year 1947 (with an accompanying report); to the Committee on Labor and Public Welfare.

REPORT OF ST. ELIZABETHS HOSPITAL

A letter from the Administrator, Federal Security Agency, transmitting, pursuant to law, the Annual Report of St. Elizabeths Hospital for the fiscal year 1947 (with an accompanying report); to the Committee on Labor and Public Welfare.

PETITIONS

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

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Mississippi; to the Committee on Public Works:

"House Concurrent Resolution 4

"Concurrent resolution memorializing the Federal Congress of the need for the development of the Pat Harrison waterway and urging action thereon

"Whereas in 1825 the Legislature of the State of Mississippi memorialized Congress on the subject of the development of the Pascagoula River and its tributaries for navigation; and

"Whereas the need for this development, that has existed for more than a century, is more acute today than ever before; and

"Whereas the economic and social welfare of southeast Mississippi would be greatly promoted by the canalization of the Pascagoula, Leaf, and Chickasawhay Rivers, and Tallahala Creek; and

"Whereas the military importance of this waterway is recognized by competent authorities; and

"Whereas the people of the several counties drained by these streams seek the establishment of 9-foot barge channels serving the cities of Hattiesburg, Laurel, Meridian, and points between these communities and the Gulf: Therefore be it

"Resolved by the house of representatives (the senate concurring therein), That the importance of this public work to industry, agriculture, and distributive business of Mississippi be once more called to the attention of the President of the United States and the Senate and the House of Representatives, and action urged thereon; be it further

"Resolved, That a copy of these concurrent resolutions be transmitted to the President of the United States, the President of the Senate, Speaker of the House of Representatives, United States district engineer office, and to the Mississippi delegation in Congress with the request that this project be advanced with every means at their command."

A resolution of the Senate of the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"Senate Resolution 33

"Resolution relating to the grazing of cattle in Yosemite National Park

"Whereas the cattle-raising industry is one of the major industries and sources of support of a large share of the population of Tuolumne and Mariposa Counties; and

"Whereas the production of beef on a full, complete, and major scale is imperative in order to feed the people of the United States and the starving peoples of foreign countries; and

"Whereas, by reason of the serious drought now existing in the State of California, pasturage available for cattle in Tuolumne and Mariposa Counties is insufficient, and owners and producers are compelled to sell and dispose of cattle or transport and ship them out of Tuolumne and Mariposa Counties and out of the State of California for adequate feed and pasturage; and

"Whereas such shipment involves substantial additional cost and expense in the raising and producing of cattle; and

"Whereas the present high cost of beef renders it difficult for people of small means to purchase and consume beef, and such additional cost and expense will make it impossible for many people to purchase and consume beef; and

"Whereas thousands of acres of standing grass, constituting good and adequate pasturage and food for many thousand head of cattle, exists adjacent to Tuolumne and Mariposa Counties in Yosemite National Park; and

"Whereas the National Park Service in the Department of the Interior of the United States prohibits the pasturage of cattle in Yosemite National Park: Now, therefore, be it

"Resolved by the Senate of the State of California, That the Department of the In-

terior of the United States be requested to permit, subject to the usual reasonable rules and regulations of the Department and of the National Park Service, the pasturage of cattle on the pasturage land in Yosemite National Park; and be it further

"Resolved, That the secretary of the senate transmit copies of this resolution to the President of the United States, the Director of the National Park Service of the United States, the Superintendent in charge of Yosemite National Park, the President pro tempore of the Senate, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A petition of sundry citizens of the State of Florida, praying for the enactment of the so-called Townsend plan, to provide old-age assistance; to the Committee on Finance.

A letter in the nature of a petition from G. L. Van Fleet, of Oklahoma City, Okla., relating to the reduction of taxes and other pending legislation before the Congress (with an accompanying paper); ordered to lie on the table.

By Mr. SALTONSTALL (for himself and Mr. LODGE):

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"Resolutions memorializing the Congress of the United States to enact an adequate antilynch law

"Whereas the Constitution of the United States provides that no person shall be deprived of life, liberty, or property without due process of law; and

"Whereas the Constitution further provides that in all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury, and to be informed as to the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory processes for obtaining witnesses in his favor; and to have the assistance of counsel for his defense; and

"Whereas 'lynch law' is a direct repudiation of these fundamental principles of our Constitution and of humane conduct; and

"Whereas several States where lynchings are regular occurrences show no inclination to prosecute those responsible for the lynchings; Therefore be it

"Resolved, That the General Court of Massachusetts memorializes the Congress of the United States to enact an appropriate antilynch law which will give the authorities of the United States adequate power and complete jurisdiction to prosecute unlawful lynchings; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the State secretary to the President of the United States, to the presiding officer of each branch of Congress, and to the members thereof from this Commonwealth."

By Mr. LODGE (for himself and Mr. SALTONSTALL):

Resolutions of the General Court of the Commonwealth of Massachusetts; ordered to lie on the table:

"Resolutions memorializing the Congress of the United States to enact a Fair Employment Practices Act

"Whereas the Declaration of Independence states: 'We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness'; and

"Whereas the preamble of the Constitution of the United States declares that the people ordained and established the Constitution in order to 'establish justice'; and

"Whereas the Commonwealth of Massachusetts has already established a Fair Employment Practices Act to outlaw discrimination in employment: Therefore be it

"Resolved, That the General Court of Massachusetts memorializes the Congress of the United States to adopt an effective permanent Fair Employment Practices Act; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the State secretary to the President of the United States, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H. R. 5314. A bill to strengthen national security and the common defense by providing for the maintenance of an adequate domestic rubber-producing industry, and for other purposes; with an amendment (Rept. No. 1015).

By Mr. ECTON, from the Committee on Post Office and Civil Service:

S. 1989. A bill to provide for the payment of certain Government employees for accumulated or accrued annual leave in cases involving transfers to other Government agencies under different leave systems; without amendment (Rept. No. 1016).

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

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

John Taylor Egan, of New York, to be Public Housing Commissioner; and

Oscar Kent La Roque, of North Carolina, to be a member of the Home Loan Bank Board for the remainder of the term expiring June 30, 1949.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. CAPPER:

S. 2347. A bill for the relief of Sheldon J. Coffman; to the Committee on the Judiciary.

By Mr. BALDWIN:

S. 2348. A bill to amend Public Law 313, Eightieth Congress, to accelerate scientific research in aeronautics by authorizing the creation of 15 additional positions in the National Advisory Committee for Aeronautics at rates of pay from \$10,000 to \$15,000 per annum; to the Committee on Post Office and Civil Service.

S. 2349. A bill relating to the issuance of reentry permits to certain aliens; to the Committee on the Judiciary.

By Mr. MORSE:

S. 2350. A bill for the relief of Klara Ungar Klajn; to the Committee on the Judiciary.

By Mr. MURRAY (by request):

S. 2351. A bill for the relief of Beno Demenyi and Margit Demenyi, his wife; to the Committee on the Judiciary.

By Mr. REED (for himself and Mr. JOHNSON of Colorado):

S. 2352. A bill to amend the Federal Trade Commission Act with respect to the advertising of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.

By Mr. ECTON:

S. 2353. A bill authorizing the Secretary of the Interior to issue a patent in fee to Kathleen Doyle Harris; to the Committee on Interior and Insular Affairs.

By Mr. LANGER:

S. 2354. A bill for the relief of certain Latvians and Estonians; to the Committee on the Judiciary.

By Mr. HOEY (for himself and Mr. UMSTEAD):

S. J. Res. 199. Joint resolution for the relief of the First-Citizens Bank and Trust Co., administrator of the estate of C. A. Ragland, Sr.; to the Committee on the Judiciary.

PROPOSED REORGANIZATION OF THE UNITED NATIONS

Mr. FLANDERS. Mr. President, within the next few days I hope to be permitted to join with other Senators on both sides of the aisle in presenting a resolution which calls for a reorganization of the United Nations, both as to its structure and its procedure. Precedent to that, however, and in fundamental support of it, I wish to bring a related proposal before this body.

The matter to which I wish to direct attention is the desirability of bringing before the bar of world public opinion the differences between the acts and policies of ourselves and the Soviet Union, and the effects of those acts and policies upon the objectives which the United Nations was organized to effect. Evidently this question is one which determines whether we shall have peace or war.

We were brought face to face with these problems by the President's message on Wednesday, March 17. That message was given in a serious spirit, and, so far as I have observed, was received seriously. There is little evidence that it was delivered with political intent or that it was listened to as though it were a political maneuver. How could it be so given and so received when we review the swift march of past events, whose pressure falls alike on the Chief Executive and his administration, on the Congress, and on the whole Nation? Grave though the events seem to be, there yet appear in the heavens portents of events to come more fearful than those we have yet known.

The shadow of these future events, Mr. President, hung over the debate on the European recovery program. Not since I have been a Member of this body have I listened to debate which was, on the whole, on such a high plane. It so happened that I was present during most of the time when Senators on this side of the aisle were speaking. I was particularly impressed by the deep sincerity of the statement made by the junior Senator from Illinois [Mr. BROOKS] in opposition to the proposal. Likewise in opposition was the senior Senator from Minnesota [Mr. BALL]. An able and sincere speech in favor was made by the junior Senator from Washington [Mr. CAIN].

While the latter two Senators upheld opposing sides in the debate, yet they agreed in their conviction that we must address ourselves at an early date to the reorganization of the United Nations. They are not content to drift as we have been drifting, with current events determining our course, and with the organization which was to safeguard our future being left farther and farther behind in a side eddy of the current of history. I join with these two Senators, and, I am sure, with others on this floor, in the conviction that we must make the United Nations into an aggressive fighting organization for the waging of peace. It is not such an organization today. It is, in fact, decaying.

We are waging peace on far too narrow a front. We have been thinking of it too long and too intensely on purely military terms. The military elements of this war for peace must be vigorously pursued, but to trust to them alone weakens our campaign.

In the Marshall plan we had an operation on the economic front. Recent events, however, are changing the character of that until it, too, shows signs of becoming preponderantly military. The recent action of the five European countries—Benelux, Great Britain, and France—is definitely and logically pointing to the direction of military cooperation and military support by us.

The neglected front in this war for peace is the political one. The United Nations must be reformed until it becomes the instrument of a peace offensive. This must be done even to the point of tearing it down and rebuilding, should that unfortunate necessity arise. In my judgment it need not arise if we act quickly and wisely.

The full Assembly of the United Nations should be called together. Before the bar of world opinion we should present our case against the Soviet Government. We should state clearly the course of events as we have seen them. We should paint a clear picture of how the Russian advance across western Europe looks to us. We should draw the deadly parallel between Soviet aggression and Nazi aggression as it appears in our eyes. Russia, in turn, should have full opportunity to tell the world how she views our position and our policies. She should explain how and why she transmutes our least self-seeking and most peaceful endeavors into terms of imperialistic and capitalistic aggression.

The issue must be dramatized. The great drama must be played on a global scale before the nations of the earth. With such a background, such a setting, and such dramatic action, we can proceed with or without Russia to the task of forging the United Nations into a militant weapon for advancing international cooperation and protecting the freedom of mankind.

As a step in the direction of putting this proposal into effect, I ask unanimous consent to submit a concurrent resolution which reads as follows:

Resolved by the Senate (the House of Representatives concurring), That the President is hereby requested to instruct the United

States representative at the seat of the United Nations and representative in the Security Council to seek, either through request of the Security Council or of a majority of the members of the United Nations, to convene the General Assembly of the United Nations in order that the General Assembly may consider in accordance with the Charter of the United Nations the actions taken by the United States and the so-called western nations on the one hand and the Union of Soviet Socialist Republics and the governments of its so-called satellites on the other, and the effects of these actions on the maintenance of world peace and the principles of the Charter of the United Nations.

There being no objection, the concurrent resolution (S. Con. Res. 47) submitted by Mr. FLANDERS was received and referred to the Committee on Foreign Relations.

MEMORIAL SERVICES FOR DECEASED SENATORS

Mr. TAFT submitted the following resolution (S. Res. 212), which was referred to the Committee on Rules and Administration:

Resolved, That on Wednesday, the 21st day of April 1948, at 3 o'clock p. m., the legislative business of the Senate be suspended for the purpose of holding memorial services for deceased Senators. Senators shall have leave for 60 legislative days to extend their remarks in the CONGRESSIONAL RECORD on the life, character, and public service of deceased Senators. At the conclusion of the proceedings, the President pro tempore as a further mark of respect to the memories of the deceased, shall declare the Senate adjourned. The necessary expenses connected with such memorial services shall be paid out of the contingent fund of the Senate upon vouchers approved by the chairman of the Committee on Rules and Administration.

INFORMATION CONCERNING THE POTSDAM AGREEMENTS

Mr. CAPEHART. Mr. President, on behalf of myself and 31 other Senators, I ask unanimous consent to submit for appropriate reference a resolution, and I request that the names of the co-authors and the resolution be read by the clerk.

The Chief Clerk read as follows:

Resolution submitted by Mr. CAPEHART (for himself, Mr. WHERRY, Mr. REVERCOMB, Mr. BALDWIN, Mr. BROOKS, Mr. BUCK, Mr. FLANDERS, Mr. KEM, Mr. HAWKES, Mr. MARTIN, Mr. MOORE, Mr. TOBEY, Mr. BUTLER, Mr. MALONE, Mr. ECTON, Mr. ROBERTSON of Wyoming, Mr. BRICKER, Mr. DWORSHAK, Mr. WILLIAMS, Mr. JENNER, Mr. CAIN, Mr. LANGER, Mr. FERGUSON, Mr. MORSE, Mr. DONNELL, Mr. WATKINS, Mr. CORDON, Mr. BRIDGES, Mr. AIKEN, Mr. BUSHFIELD, Mr. MCCARTHY, and Mr. IVES):

"Whereas the President of the United States declared in his address to the Congress on March 17, 1948, that one nation has 'persistently ignored and violated' agreements which 'could have furnished a basis for a just peace'; and

"Whereas such violations have been proclaimed the cause for international disturbances which have led to the requested consideration by this Congress of drastic legislation affecting the peoples of this Nation: Therefore be it

"Resolved by the United States Senate in session this _____ day of _____, 1948, That the President of the United States be, and is hereby, requested to furnish to the Congress full and complete information on the specific violations of agreements by the nation referred to in the President's address

on March 17, 1948, before the Congress; and be it further

"Resolved, That the President of the United States, who was present at and participated in the Potsdam Conference wherein certain agreements designed to create peace throughout the world are believed to have been entered into between the United States and other nations allied with the United States during the recent war, be and is hereby requested to advise this Congress of all existing agreements between those nations."

Mr. CAPEHART. Mr. President, just a word about the resolution. The resolution is not intended to be critical of the President of the United States. The authors of it are interested in but one thing, and that is to ascertain what agreements, entered into between this country and Russia, have been violated, and what agreements were entered into between this Nation and Russia at Yalta, Tehran, Potsdam, Casablanca, and at other places. We believe the people of the United States, as well as Members of Congress, are entitled to know specifically what the agreements were, and which of the agreements have been violated, as indicated by the President in his speech of March 17.

There being no objection, the resolution (S. Res. 213) was received and referred to the Committee on Foreign Relations.

HOUSE BILL REFERRED

The bill (H. R. 5883) making appropriations for the Department of Agriculture (exclusive of the Farm Credit Administration) for the fiscal year ending June 30, 1949, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

HIGHWAY DEVELOPMENT—ADDRESS BY SENATOR REVERCOMB

[Mr. REVERCOMB asked and obtained leave to have printed in the RECORD an address entitled "Highway Development," delivered by him at the annual meeting of the West Virginia Petroleum Society, at Charleston, W. Va., on March 17, 1948, which appears in the Appendix.]

NEED FOR EUROPEAN RECOVERY PROGRAM—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement of his reasons for supporting the European recovery program, which appears in the Appendix.]

AMERICAN PARTICIPATION IN EUROPEAN RECOVERY—ADDRESS BY JAMES D. MOONEY

[Mr. BRICKER asked and obtained leave to have printed in the RECORD an address entitled "American Participation in European Recovery," delivered by James D. Mooney, president and chairman of the board, Willys-Overland Motors, before the American Society of Tool Engineers, on March 18, 1948, which appears in the Appendix.]

FEDERAL BUILDINGS AND POST OFFICES—ADDRESS BY SENATOR CAIN

[Mr. CAIN asked and obtained leave to have printed in the RECORD a radio address on the subject of Federal Buildings and Post Offices, transcribed by him to be broadcast over a number of radio stations in the State of Washington, which appears in the Appendix.]

FLOOD CONTROL AND NAVIGATION—STATEMENT BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the RECORD a copy of a statement on the subject of 1948-49 funds of Army Engineers for flood control and navigation, made by him before the subcommittee of the Senate Committee on Appropriations, March 19, 1948, which appears in the Appendix.]

THE UNITED NATIONS AND PALESTINE—ARTICLES BY BENJAMIN V. COHEN

[Mr. LODGE asked and obtained leave to have printed in the RECORD two articles on the subject "The United Nations and Palestine," by Benjamin V. Cohen, which appeared in the New York Herald Tribune March 16 and March 17, 1948, which appear in the Appendix.]

ANTILYNCHING BILL—EDITORIAL FROM THE TIMES-PICAYUNE

[Mr. ELLENDER asked and obtained leave to have printed in the RECORD an editorial entitled "To Make It Legal," published in the New Orleans (La.) Times-Picayune of March 12, which appears in the Appendix.]

MEETING OF SUBCOMMITTEE

Mr. CAIN asked and obtained consent for the fiscal subcommittee of the Committee on the District of Columbia to sit during the session of the Senate this afternoon.

REDUCTION OF INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 4790) to reduce individual tax payments, and for other purposes.

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

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

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

Alken	Hayden	O'Connor
Baldwin	Hickenlooper	O'Daniel
Barkley	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Ives	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
Connally	Lucas	Stennis
Cooper	McCarran	Stewart
Cordon	McCarthy	Taft
Donnell	McFarland	Taylor
Dworshak	McGrath	Thomas, Okla.
Eastland	McKellar	Thomas, Utah
Eaton	McMahon	Thye
Ellender	Magnuson	Tobey
Ferguson	Malone	Umstead
Flanders	Martin	Vandenberg
Fulbright	Maybank	Watkins
George	Millikin	Wherry
Green	Moore	Wiley
Gurney	Morse	Williams
Hatch	Murray	Wilson
Hawkes	Myers	Young

Mr. WHERRY. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Maine [Mr. WHITE] is absent because of illness.

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Arkansas [Mr. McCLELLAN] is absent by leave of the Senate on official business.

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

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

The question is on agreeing to the first committee amendment, on page 3, line 10, which strikes out one table and substitutes another.

Mr. MILLIKIN. Mr. President, the amendment now before the Senate, together with a group of tables commencing on page 65 and continuing, roughly, to the end of the bill, are all connected. In a word, they establish the rate reductions in income taxes which the amended bill proposes, as distinguished from the much higher reduction rates, involving about \$2,000,000,000 more, contained in the House bill. I assume that except for Senators who favor the House bill as is, and the rates it contains, every Senator can vote for these particular amendments. I assume that Senators who do not want any tax bill would regard these amendments as preferable over the reduction rates of the House bill. Final positions can be registered on final passage of the bill.

The PRESIDENT pro tempore. Does the Senator suggest that the amendments referred to be considered en bloc?

Mr. MILLIKIN. I suggest that they be considered en bloc, beginning with the amendment on page 3, and then skipping over to page 65 and continuing through to the end of the table, on page 80.

The PRESIDENT pro tempore. Without objection, the amendments will be considered en bloc. The question is on agreeing to the first committee amendment, plus the other amendments which the Senator from Colorado has mentioned, the amendments being considered en bloc.

The amendments considered en bloc are as follows:

Under the heading "Title I—Income tax reduction," on page 3, after line 10, to strike out:

"If the aggregate is:	The reduction shall be:
Not over \$200----	33½ percent of the aggregate.
Over \$200 but not over \$279.17.	\$67.
Over \$279.17 but over \$840.	24 percent of the aggregate.
Over \$840-----	\$201.60, plus 14½ percent of excess over \$840."

And in lieu thereof to insert:

"If the aggregate is:	The reduction shall be:
Not over \$400----	17 percent of the aggregate.
Over \$400 but not over \$100,000.	\$68 plus 12 percent of excess over \$400.
Over \$100,000-----	\$12,020 plus 9.75 percent of excess over \$100,000."

Under the heading "Title IV—Adjusted gross income of less than \$5,000," on page 65, after line 2, to strike out:

"Tax other than in case of joint return of husband and wife under sec. 51

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—							
At least	But less than	1	2	3	4 or more	At least	But less than	1	2	3	4	5	6	7	8 or more
		The tax shall be—						The tax shall be—							
		\$0	\$0	\$0	\$0	\$2,325	\$2,350	\$229	\$120	\$40	\$0	\$0	\$0	\$0	\$0
675	700	2	0	0	0	2,350	2,375	232	123	43	0	0	0	0	0
700	725	6	0	0	0	2,375	2,400	235	126	46	0	0	0	0	0
725	750	8	0	0	0	2,400	2,425	239	129	49	0	0	0	0	0
750	775	11	0	0	0	2,425	2,450	242	132	52	0	0	0	0	0
775	800	14	0	0	0	2,450	2,475	246	136	55	0	0	0	0	0
800	825	17	0	0	0	2,475	2,500	249	141	58	0	0	0	0	0
825	850	20	0	0	0	2,500	2,525	253	145	61	0	0	0	0	0
850	875	23	0	0	0	2,525	2,550	256	150	64	0	0	0	0	0
875	900	26	0	0	0	2,550	2,575	259	154	67	0	0	0	0	0
900	925	29	0	0	0	2,575	2,600	263	159	70	0	0	0	0	0
925	950	32	0	0	0	2,600	2,625	266	163	73	0	0	0	0	0
950	975	35	0	0	0	2,625	2,650	270	168	76	0	0	0	0	0
975	1,000	38	0	0	0	2,650	2,675	273	172	79	0	0	0	0	0
1,000	1,025	41	0	0	0	2,675	2,700	276	177	82	2	0	0	0	0
1,025	1,050	44	0	0	0	2,700	2,725	280	181	85	5	0	0	0	0
1,050	1,075	47	0	0	0	2,725	2,750	283	186	88	8	0	0	0	0
1,075	1,100	50	0	0	0	2,750	2,775	287	190	91	11	0	0	0	0
1,100	1,125	53	0	0	0	2,775	2,800	290	195	94	14	0	0	0	0
1,125	1,150	56	0	0	0	2,800	2,825	294	199	97	17	0	0	0	0
1,150	1,175	59	0	0	0	2,825	2,850	297	204	100	20	0	0	0	0
1,175	1,200	62	0	0	0	2,850	2,875	300	208	103	23	0	0	0	0
1,200	1,225	65	0	0	0	2,875	2,900	304	213	106	26	0	0	0	0
1,225	1,250	68	0	0	0	2,900	2,925	308	216	109	29	0	0	0	0
1,250	1,275	71	0	0	0	2,925	2,950	311	219	112	32	0	0	0	0
1,275	1,300	74	0	0	0	2,950	2,975	315	223	115	35	0	0	0	0
1,300	1,325	77	0	0	0	2,975	3,000	319	226	118	38	0	0	0	0
1,325	1,350	80	0	0	0	3,000	3,050	324	231	123	43	0	0	0	0
1,350	1,375	83	0	0	0	3,050	3,100	332	238	129	49	0	0	0	0
1,375	1,400	86	0	0	0	3,100	3,150	340	245	136	55	0	0	0	0
1,400	1,425	89	0	0	0	3,150	3,200	347	252	145	61	0	0	0	0
1,425	1,450	92	12	0	0	3,200	3,250	355	259	154	67	0	0	0	0
1,450	1,475	95	15	0	0	3,250	3,300	362	266	163	73	0	0	0	0
1,475	1,500	98	18	0	0	3,300	3,350	370	272	172	79	0	0	0	0
1,500	1,525	101	21	0	0	3,350	3,400	377	279	181	85	5	0	0	0
1,525	1,550	104	24	0	0	3,400	3,450	385	286	190	91	11	0	0	0
1,550	1,575	107	27	0	0	3,450	3,500	392	293	199	97	17	0	0	0
1,575	1,600	110	30	0	0	3,500	3,550	400	300	208	103	23	0	0	0
1,600	1,625	113	33	0	0	3,550	3,600	407	307	215	109	29	0	0	0
1,625	1,650	116	36	0	0	3,600	3,650	415	314	222	115	35	0	0	0
1,650	1,675	119	39	0	0	3,650	3,700	422	322	229	121	41	0	0	0
1,675	1,700	122	42	0	0	3,700	3,750	430	329	236	127	47	0	0	0
1,700	1,725	125	45	0	0	3,750	3,800	437	337	243	133	53	0	0	0
1,725	1,750	128	48	0	0	3,800	3,850	445	345	250	142	59	0	0	0
1,750	1,775	131	51	0	0	3,850	3,900	452	352	257	151	65	0	0	0
1,775	1,800	135	54	0	0	3,900	3,950	460	360	263	160	71	0	0	0
1,800	1,825	139	57	0	0	3,950	4,000	467	367	270	169	77	0	0	0
1,825	1,850	144	60	0	0	4,000	4,050	475	375	277	178	83	3	0	0
1,850	1,875	148	63	0	0	4,050	4,100	482	382	284	187	89	9	0	0
1,875	1,900	153	66	0	0	4,100	4,150	490	390	291	196	95	15	0	0
1,900	1,925	157	69	0	0	4,150	4,200	498	397	298	205	101	21	0	0
1,925	1,950	162	72	0	0	4,200	4,250	505	405	304	213	107	27	0	0
1,950	1,975	166	75	0	0	4,250	4,300	513	412	312	220	113	33	0	0
1,975	2,000	171	78	0	0	4,300	4,350	520	420	319	227	119	39	0	0
2,000	2,025	175	81	1	0	4,350	4,400	528	427	327	234	125	45	0	0
2,025	2,050	180	84	4	0	4,400	4,450	535	435	335	241	131	51	0	0
2,050	2,075	184	87	7	0	4,450	4,500	543	442	342	247	139	57	0	0
2,075	2,100	189	90	10	0	4,500	4,550	550	450	350	254	148	63	0	0
2,100	2,125	193	93	13	0	4,550	4,600	558	457	357	261	157	69	0	0
2,125	2,150	198	96	16	0	4,600	4,650	565	465	365	268	166	75	0	0
2,150	2,175	202	99	19	0	4,650	4,700	573	472	372	275	175	81	1	0
2,175	2,200	207	102	22	0	4,700	4,750	580	480	380	282	184	87	7	0
2,200	2,225	211	105	25	0	4,750	4,800	588	488	387	288	193	93	13	0
2,225	2,250	215	108	28	0	4,800	4,850	595	495	395	295	202	99	19	0
2,250	2,275	218	111	31	0	4,850	4,900	603	503	402	302	211	105	25	0
2,275	2,300	222	114	34	0	4,900	4,950	610	510	410	309	218	111	31	0
2,300	2,325	225	117	37	0	4,950	5,000	618	518	417	317	225	117	37	0

And in lieu thereof to insert:

"If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—									
At least	But less than	1	2	3	4 or more	At least	But less than	1	2		3		4	5	6	7	8 or more
									And if other than a joint return is filed	And if a joint return is filed	And if other than a joint return is filed	And if a joint return is filed					
The tax shall be—																	
\$0	\$675	\$0	\$0	\$0	\$0	\$2,325	\$2,350	\$250	\$150	\$150	\$50	\$50	\$0	\$0	\$0	\$0	\$0
675	700	3	0	0	0	2,350	2,375	253	154	154	54	54	0	0	0	0	0
700	725	7	0	0	0	2,375	2,400	257	157	157	58	58	0	0	0	0	0
725	750	11	0	0	0	2,400	2,425	261	161	161	62	62	0	0	0	0	0
750	775	14	0	0	0	2,425	2,450	265	165	165	65	65	0	0	0	0	0
775	800	18	0	0	0	2,450	2,475	268	169	169	69	69	0	0	0	0	0
800	825	22	0	0	0	2,475	2,500	272	172	172	73	73	0	0	0	0	0
825	850	26	0	0	0	2,500	2,525	276	176	176	77	77	0	0	0	0	0
850	875	29	0	0	0	2,525	2,550	280	180	180	80	80	0	0	0	0	0
875	900	33	0	0	0	2,550	2,575	283	184	184	84	84	0	0	0	0	0
900	925	37	0	0	0	2,575	2,600	287	187	187	88	88	0	0	0	0	0
925	950	40	0	0	0	2,600	2,625	291	191	191	92	92	0	0	0	0	0
950	975	44	0	0	0	2,625	2,650	294	195	195	95	95	0	0	0	0	0
975	1,000	48	0	0	0	2,650	2,675	298	199	199	99	99	0	0	0	0	0
1,000	1,025	52	0	0	0	2,675	2,700	302	202	202	103	103	3	0	0	0	0
1,025	1,050	55	0	0	0	2,700	2,725	306	206	206	106	106	7	0	0	0	0
1,050	1,075	59	0	0	0	2,725	2,750	309	210	210	110	110	11	0	0	0	0
1,075	1,100	63	0	0	0	2,750	2,775	313	214	214	114	114	14	0	0	0	0
1,100	1,125	67	0	0	0	2,775	2,800	317	217	217	118	118	18	0	0	0	0
1,125	1,150	70	0	0	0	2,800	2,825	321	221	221	121	121	22	0	0	0	0
1,150	1,175	74	0	0	0	2,825	2,850	324	225	225	125	125	26	0	0	0	0
1,175	1,200	78	0	0	0	2,850	2,875	328	228	228	129	129	29	0	0	0	0
1,200	1,225	82	0	0	0	2,875	2,900	332	232	232	133	133	33	0	0	0	0
1,225	1,250	85	0	0	0	2,900	2,925	336	236	236	136	136	37	0	0	0	0
1,250	1,275	89	0	0	0	2,925	2,950	340	240	240	140	140	40	0	0	0	0
1,275	1,300	93	0	0	0	2,950	2,975	345	243	243	144	144	44	0	0	0	0
1,300	1,325	96	0	0	0	2,975	3,000	349	247	247	148	148	48	0	0	0	0
1,325	1,350	100	1	0	0	3,000	3,050	356	253	253	153	153	54	0	0	0	0
1,350	1,375	104	4	0	0	3,050	3,100	364	260	260	161	161	61	0	0	0	0
1,375	1,400	108	8	0	0	3,100	3,150	373	268	268	168	168	68	0	0	0	0
1,400	1,425	111	12	0	0	3,150	3,200	382	275	275	176	176	76	0	0	0	0
1,425	1,450	115	16	0	0	3,200	3,250	391	283	283	183	183	83	0	0	0	0
1,450	1,475	119	19	0	0	3,250	3,300	399	290	290	190	190	91	0	0	0	0
1,475	1,500	123	23	0	0	3,300	3,350	408	298	298	198	198	98	0	0	0	0
1,500	1,525	126	27	0	0	3,350	3,400	417	305	305	205	205	106	0	0	0	0
1,525	1,550	130	31	0	0	3,400	3,450	425	312	312	213	213	113	14	0	0	0
1,550	1,575	134	34	0	0	3,450	3,500	434	320	320	220	220	121	21	0	0	0
1,575	1,600	138	38	0	0	3,500	3,550	443	327	327	228	228	128	29	0	0	0
1,600	1,625	141	42	0	0	3,550	3,600	452	335	335	235	235	136	36	0	0	0
1,625	1,650	145	45	0	0	3,600	3,650	460	344	344	243	243	143	44	0	0	0
1,650	1,675	149	49	0	0	3,650	3,700	469	353	353	250	250	151	51	0	0	0
1,675	1,700	153	53	0	0	3,700	3,750	478	362	362	258	258	158	59	0	0	0
1,700	1,725	156	57	0	0	3,750	3,800	486	370	370	265	265	166	66	0	0	0
1,725	1,750	160	60	0	0	3,800	3,850	495	379	379	273	273	173	73	0	0	0
1,750	1,775	164	64	0	0	3,850	3,900	504	388	388	280	280	181	81	0	0	0
1,775	1,800	167	68	0	0	3,900	3,950	513	396	396	288	288	188	88	0	0	0
1,800	1,825	171	72	0	0	3,950	4,000	521	405	405	295	295	195	96	0	0	0
1,825	1,850	175	75	0	0	4,000	4,050	530	414	414	303	303	203	103	4	0	0
1,850	1,875	179	79	0	0	4,050	4,100	539	423	423	310	310	210	111	11	0	0
1,875	1,900	182	83	0	0	4,100	4,150	547	431	431	317	317	218	118	19	0	0
1,900	1,925	186	87	0	0	4,150	4,200	556	440	440	325	325	225	126	26	0	0
1,925	1,950	190	90	0	0	4,200	4,250	565	449	449	332	332	233	133	34	0	0
1,950	1,975	194	94	0	0	4,250	4,300	574	457	457	341	341	240	141	41	0	0
1,975	2,000	197	98	0	0	4,300	4,350	582	466	466	350	350	248	148	49	0	0
2,000	2,025	201	101	2	0	4,350	4,400	591	475	475	359	359	255	156	56	0	0
2,025	2,050	205	105	6	0	4,400	4,450	600	483	483	367	367	263	163	63	0	0
2,050	2,075	209	109	9	0	4,450	4,500	608	492	492	376	376	270	171	71	0	0
2,075	2,100	212	113	13	0	4,500	4,550	617	501	501	385	385	277	178	78	0	0
2,100	2,125	216	116	17	0	4,550	4,600	626	510	510	393	393	285	186	86	0	0
2,125	2,150	220	120	21	0	4,600	4,650	635	518	518	402	402	293	193	93	0	0
2,150	2,175	223	124	24	0	4,650	4,700	643	527	527	411	411	300	200	101	1	0
2,175	2,200	227	128	28	0	4,700	4,750	652	536	536	420	420	308	208	108	9	0
2,200	2,225	231	131	32	0	4,750	4,800	661	544	544	428	428	315	215	116	16	0
2,225	2,250	235	135	35	0	4,800	4,850	669	553	553	437	437	322	223	123	24	0
2,250	2,275	238	139	39	0	4,850	4,900	678	562	562	446	446	330	230	131	31	0
2,275	2,300	242	143	43	0	4,900	4,950	687	571	571	454	454	337	238	138	39	0
2,300	2,325	246	146	47	0	4,950	5,000	695	579	579	463	463	345	245	146	46	0"

Under the heading "Title V—Reduction in withholding of tax at source on wages," on page 68, after line 9, to strike out:

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

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

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

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

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

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

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

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

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

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

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

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

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

"Percentage method withholding table"

Pay-roll period	Percentage method withholding table		
	1	2	3
	Amount of one withholding exemption	Maximum amount subject to 12 percent rate	Maximum amount subject to 15 percent rate
Weekly.....	\$13.00	\$21.00	\$9.00
Biweekly.....	26.00	43.00	17.00
Semi-monthly.....	28.00	46.00	19.00
Monthly.....	56.00	93.00	36.00
Quarterly.....	167.00	278.00	110.00
Semi-annual.....	333.00	556.0	

And in lieu thereof to insert:

"(a) Requirement of withholding: Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to 15 percent of the amount by which the wages exceed the number of withholding exemptions claimed multiplied by the amount of one such exemption as shown in subsection (b) (1).

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

"Percentage method withholding table

"Pay-roll period:

Table with 2 columns: Pay-roll period (Weekly, Biweekly, Semimonthly, Monthly, Quarterly) and Amount of one withholding exemption (\$13.00, 26.00, 28.00, 56.00, 167.00)

"Pay-roll period—Continued

Table with 2 columns: Pay-roll period (Semiannual, Annual, Daily or miscellaneous (per day of such period)) and Amount of one withholding exemption (\$333.00, 667.00, 1.80)

At the top of page 71, to strike out:

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

Main withholding table with columns for wage amounts and exemption counts (0-10 or more). Includes a section for '14 percent of the excess over \$200 plus-' and a final row for '\$200 and over'.

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$20	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20	\$22	\$2.50	0	0	0	0	0	0	0	0	0	0
\$22	\$24	2.80	0	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	0	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	.20	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.40	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	.60	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	.90	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.10	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.40	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	1.60	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	1.80	0	0	0	0	0	0	0	0	0
\$42	\$44	5.20	2.10	0	0	0	0	0	0	0	0	0
\$44	\$46	5.50	2.30	0	0	0	0	0	0	0	0	0
\$46	\$48	5.90	2.60	0	0	0	0	0	0	0	0	0
\$48	\$50	6.20	2.80	0	0	0	0	0	0	0	0	0
\$50	\$52	6.60	3.00	0	0	0	0	0	0	0	0	0
\$52	\$54	7.00	3.30	.20	0	0	0	0	0	0	0	0
\$54	\$56	7.30	3.50	.40	0	0	0	0	0	0	0	0
\$56	\$58	7.70	3.80	.70	0	0	0	0	0	0	0	0
\$58	\$60	8.00	4.00	.90	0	0	0	0	0	0	0	0
\$60	\$62	8.30	4.20	1.20	0	0	0	0	0	0	0	0
\$62	\$64	8.60	4.50	1.40	0	0	0	0	0	0	0	0
\$64	\$66	8.90	4.70	1.60	0	0	0	0	0	0	0	0
\$66	\$68	9.20	5.00	1.90	0	0	0	0	0	0	0	0
\$68	\$70	9.40	5.20	2.10	0	0	0	0	0	0	0	0
\$70	\$72	9.70	5.60	2.40	0	0	0	0	0	0	0	0
\$72	\$74	10.00	5.90	2.60	0	0	0	0	0	0	0	0
\$74	\$76	10.30	6.30	2.80	0	0	0	0	0	0	0	0
\$76	\$78	10.50	6.70	3.10	0	0	0	0	0	0	0	0
\$78	\$80	10.80	7.00	3.30	.20	0	0	0	0	0	0	0
\$80	\$82	11.10	7.40	3.60	.50	0	0	0	0	0	0	0
\$82	\$84	11.40	7.70	3.80	.70	0	0	0	0	0	0	0
\$84	\$86	11.60	8.10	4.00	1.00	0	0	0	0	0	0	0
\$86	\$88	11.90	8.40	4.30	1.20	0	0	0	0	0	0	0
\$88	\$90	12.20	8.70	4.50	1.40	0	0	0	0	0	0	0
\$90	\$92	12.40	8.90	4.80	1.70	0	0	0	0	0	0	0
\$92	\$94	12.70	9.20	5.00	1.90	0	0	0	0	0	0	0
\$94	\$96	13.00	9.50	5.30	2.20	0	0	0	0	0	0	0
\$96	\$98	13.30	9.80	5.70	2.40	0	0	0	0	0	0	0
\$98	\$100	13.50	10.00	6.00	2.60	0	0	0	0	0	0	0
\$100	\$102	13.80	10.30	6.40	2.90	0	0	0	0	0	0	0
\$102	\$104	14.10	10.60	6.70	3.10	.10	0	0	0	0	0	0
\$104	\$106	14.40	10.90	7.10	3.40	.30	0	0	0	0	0	0
\$106	\$108	14.60	11.10	7.50	3.60	.50	0	0	0	0	0	0
\$108	\$110	14.90	11.40	7.80	3.80	.80	0	0	0	0	0	0
\$110	\$112	15.20	11.70	8.20	4.10	1.00	0	0	0	0	0	0
\$112	\$114	15.50	12.00	8.40	4.30	1.20	0	0	0	0	0	0
\$114	\$116	15.70	12.20	8.70	4.60	1.50	0	0	0	0	0	0
\$116	\$118	16.00	12.50	9.00	4.80	1.70	0	0	0	0	0	0
\$118	\$120	16.30	12.80	9.30	5.00	2.00	0	0	0	0	0	0
\$120	\$124	16.70	13.20	9.70	5.50	2.30	0	0	0	0	0	0
\$124	\$128	17.20	13.70	10.20	6.30	2.80	0	0	0	0	0	0
\$128	\$132	17.80	14.30	10.80	7.00	3.30	.20	0	0	0	0	0
\$132	\$136	18.30	14.80	11.30	7.70	3.80	.70	0	0	0	0	0
\$136	\$140	18.90	15.40	11.90	8.40	4.20	1.20	0	0	0	0	0
\$140	\$144	19.40	15.90	12.40	8.90	4.70	1.70	0	0	0	0	0
\$144	\$148	20.00	16.50	13.00	9.40	5.20	2.10	0	0	0	0	0
\$148	\$152	20.50	17.00	13.50	10.00	6.00	2.60	0	0	0	0	0
\$152	\$156	21.10	17.60	14.10	10.50	6.70	3.10	0	0	0	0	0
\$156	\$160	21.60	18.10	14.60	11.10	7.40	3.60	.50	0	0	0	0
\$160	\$164	22.20	18.70	15.10	11.60	8.10	4.00	1.00	0	0	0	0
\$164	\$168	22.70	19.20	15.70	12.20	8.70	4.50	1.50	0	0	0	0
\$168	\$172	23.30	19.70	16.20	12.70	9.20	5.00	1.90	0	0	0	0
\$172	\$176	23.80	20.30	16.80	13.30	9.80	5.70	2.40	0	0	0	0
\$176	\$180	24.40	20.80	17.30	13.80	10.30	6.40	2.90	0	0	0	0
\$180	\$184	24.90	21.40	17.90	14.40	10.90	7.10	3.40	.30	0	0	0
\$184	\$188	25.40	21.90	18.40	14.90	11.40	7.80	3.80	.80	0	0	0
\$188	\$192	26.00	22.50	19.00	15.50	12.00	8.50	4.30	1.30	0	0	0
\$192	\$196	26.50	23.00	19.50	16.00	12.50	9.00	4.80	1.70	0	0	0
\$196	\$200	27.10	23.60	20.10	16.60	13.10	9.50	5.40	2.20	0	0	0
\$200	\$210	28.00	24.50	21.00	17.50	14.00	10.50	6.00	3.10	0	0	0
\$210	\$220	29.40	25.90	22.40	18.90	15.40	11.90	8.40	4.30	1.20	0	0
\$220	\$230	30.80	27.30	23.80	20.30	16.70	13.20	9.70	5.60	2.40	0	0
\$230	\$240	32.10	28.60	25.10	21.60	18.10	14.60	11.10	7.40	3.60	.50	0
\$240	\$250	33.50	30.00	26.50	23.00	19.50	16.00	12.50	9.00	4.80	1.70	0
\$250	\$260	34.90	31.40	27.90	24.40	20.90	17.30	13.80	10.30	6.40	2.90	0
\$260	\$270	36.30	32.70	29.20	25.70	22.20	18.70	15.20	11.70	8.20	4.10	1.00
\$270	\$280	37.60	34.10	30.60	27.10	23.60	20.10	16.60	13.10	9.60	5.40	2.20
\$280	\$290	39.00	35.50	32.00	28.50	25.00	21.40	17.90	14.40	10.90	7.20	3.40
\$290	\$300	40.40	36.80	33.30	29.80	26.30	22.80	19.30	15.80	12.30	8.80	4.60
\$300	\$320	42.40	38.80	35.40	31.90	28.40	24.90	21.40	17.90	14.30	10.80	7.10
\$320	\$340	45.10	41.60	38.10	34.60	31.10	27.60	24.10	20.60	17.10	13.60	10.10
\$340	\$360	47.90	44.40	40.90	37.40	33.80	30.30	26.80	23.30	19.80	16.30	12.80
\$360	\$380	50.60	47.10	43.60	40.10	36.60	33.10	29.60	26.10	22.60	19.00	15.50
\$380	\$400	53.40	49.80	46.30	42.80	39.30	35.80	32.30	28.80	25.30	21.80	18.30
14 percent of the excess over \$400 plus—												
\$400 and over		54.70	51.20	47.70	44.20	40.70	37.20	33.70	30.20	26.70	23.20	19.60

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$22	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$22	\$24	\$2.80	0	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	0	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	0	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.10	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	.40	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	.60	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	.90	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.10	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	1.30	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	1.60	0	0	0	0	0	0	0	0	0
\$42	\$44	5.10	1.80	0	0	0	0	0	0	0	0	0
\$44	\$46	5.40	2.10	0	0	0	0	0	0	0	0	0
\$46	\$48	5.70	2.30	0	0	0	0	0	0	0	0	0
\$48	\$50	6.00	2.50	0	0	0	0	0	0	0	0	0
\$50	\$52	6.40	2.80	0	0	0	0	0	0	0	0	0
\$52	\$54	6.70	3.00	0	0	0	0	0	0	0	0	0
\$54	\$56	7.10	3.30	0	0	0	0	0	0	0	0	0
\$56	\$58	7.50	3.50	.20	0	0	0	0	0	0	0	0
\$58	\$60	7.80	3.70	.40	0	0	0	0	0	0	0	0
\$60	\$62	8.20	4.00	.70	0	0	0	0	0	0	0	0
\$62	\$64	8.50	4.20	.90	0	0	0	0	0	0	0	0
\$64	\$66	8.90	4.50	1.10	0	0	0	0	0	0	0	0
\$66	\$68	9.20	4.70	1.40	0	0	0	0	0	0	0	0
\$68	\$70	9.40	4.90	1.60	0	0	0	0	0	0	0	0
\$70	\$72	9.70	5.20	1.80	0	0	0	0	0	0	0	0
\$72	\$74	10.00	5.40	2.10	0	0	0	0	0	0	0	0
\$74	\$76	10.30	5.70	2.30	0	0	0	0	0	0	0	0
\$76	\$78	10.50	6.10	2.60	0	0	0	0	0	0	0	0
\$78	\$80	10.80	6.40	2.80	0	0	0	0	0	0	0	0
\$80	\$82	11.10	6.80	3.00	0	0	0	0	0	0	0	0
\$82	\$84	11.40	7.10	3.30	0	0	0	0	0	0	0	0
\$84	\$86	11.60	7.50	3.50	.20	0	0	0	0	0	0	0
\$86	\$88	11.90	7.90	3.80	.40	0	0	0	0	0	0	0
\$88	\$90	12.20	8.20	4.00	.70	0	0	0	0	0	0	0
\$90	\$92	12.40	8.60	4.20	.90	0	0	0	0	0	0	0
\$92	\$94	12.70	8.90	4.50	1.20	0	0	0	0	0	0	0
\$94	\$96	13.00	9.20	4.70	1.40	0	0	0	0	0	0	0
\$96	\$98	13.30	9.50	5.00	1.60	0	0	0	0	0	0	0
\$98	\$100	13.50	9.70	5.20	1.90	0	0	0	0	0	0	0
\$100	\$102	13.80	10.00	5.40	2.10	0	0	0	0	0	0	0
\$102	\$104	14.10	10.30	5.70	2.40	0	0	0	0	0	0	0
\$104	\$106	14.40	10.60	6.10	2.60	0	0	0	0	0	0	0
\$106	\$108	14.60	10.80	6.50	2.80	0	0	0	0	0	0	0
\$108	\$110	14.90	11.10	6.80	3.10	0	0	0	0	0	0	0
\$110	\$112	15.20	11.40	7.20	3.30	0	0	0	0	0	0	0
\$112	\$114	15.50	11.70	7.50	3.60	.20	0	0	0	0	0	0
\$114	\$116	15.70	11.90	7.90	3.80	.70	0	0	0	0	0	0
\$116	\$118	16.00	12.20	8.30	4.00	.70	0	0	0	0	0	0
\$118	\$120	16.30	12.50	8.60	4.30	.90	0	0	0	0	0	0
\$120	\$124	16.70	12.90	9.10	4.60	1.30	0	0	0	0	0	0
\$124	\$128	17.20	13.40	9.60	5.10	1.80	0	0	0	0	0	0
\$128	\$132	17.80	14.00	10.20	5.60	2.30	0	0	0	0	0	0
\$132	\$136	18.30	14.50	10.70	6.30	2.70	0	0	0	0	0	0
\$136	\$140	18.90	15.10	11.30	7.00	3.20	0	0	0	0	0	0
\$140	\$144	19.40	15.60	11.80	7.80	3.70	.40	0	0	0	0	0
\$144	\$148	20.00	16.20	12.40	8.50	4.20	.90	0	0	0	0	0
\$148	\$152	20.50	16.70	12.90	9.10	4.70	1.30	0	0	0	0	0
\$152	\$156	21.10	17.30	13.50	9.70	5.10	1.80	0	0	0	0	0
\$156	\$160	21.60	17.80	14.00	10.20	5.60	2.30	0	0	0	0	0
\$160	\$164	22.20	18.40	14.60	10.80	6.40	2.80	0	0	0	0	0
\$164	\$168	22.70	18.90	15.10	11.30	7.10	3.20	0	0	0	0	0
\$168	\$172	23.30	19.50	15.70	11.90	7.80	3.70	.40	0	0	0	0
\$172	\$176	23.80	20.00	16.20	12.40	8.50	4.20	.90	0	0	0	0
\$176	\$180	24.40	20.60	16.80	13.00	9.20	4.70	1.40	0	0	0	0
\$180	\$184	24.90	21.10	17.30	13.50	9.70	5.20	1.80	0	0	0	0
\$184	\$188	25.40	21.60	17.80	14.00	10.20	5.70	2.30	0	0	0	0
\$188	\$192	26.00	22.20	18.40	14.60	10.80	6.40	2.80	0	0	0	0
\$192	\$196	26.50	22.70	18.90	15.10	11.30	7.10	3.30	0	0	0	0
\$196	\$200	27.10	23.30	19.50	15.70	11.90	7.80	3.80	.40	0	0	0
\$200	\$210	28.00	24.20	20.40	16.60	12.80	9.00	4.60	1.30	0	0	0
\$210	\$220	29.40	25.60	21.80	18.00	14.20	10.40	5.90	2.50	0	0	0
\$220	\$230	30.80	27.00	23.20	19.40	15.60	11.80	7.70	3.70	.30	0	0
\$230	\$240	32.10	28.30	24.50	20.70	16.90	13.10	9.30	4.90	1.50	0	0
\$240	\$250	33.50	29.70	25.90	22.10	18.30	14.50	10.70	6.30	2.70	0	0
\$250	\$260	34.90	31.10	27.30	23.50	19.70	15.90	12.10	8.10	3.90	.60	0
\$260	\$270	36.30	32.50	28.70	24.90	21.10	17.30	13.50	9.70	5.10	1.80	0
\$270	\$280	37.60	33.80	30.00	26.20	22.40	18.60	14.80	11.00	6.70	3.00	0
\$280	\$290	39.00	35.20	31.40	27.60	23.80	20.00	16.20	12.40	8.50	4.20	.90
\$290	\$300	40.40	36.60	32.80	29.00	25.20	21.40	17.60	13.80	10.00	5.40	2.10
\$300	\$320	42.40	38.60	34.80	31.00	27.20	23.40	19.60	15.80	12.00	8.00	3.90
\$320	\$340	45.10	41.30	37.50	33.70	29.90	26.10	22.30	18.50	14.70	10.90	6.60
\$340	\$360	47.90	44.10	40.30	36.50	32.70	28.90	25.10	21.30	17.50	13.70	9.90
\$360	\$380	50.60	46.80	43.00	39.20	35.40	31.60	27.80	24.00	20.20	16.40	12.60
\$380	\$400	53.40	49.60	45.80	42.00	38.20	34.40	30.60	26.80	23.00	19.20	15.40
\$400	\$420	56.10	52.30	48.50	44.70	40.90	37.10	33.30	29.50	25.70	21.90	18.10
\$420	\$440	58.80	55.00	51.20	47.40	43.60	39.80	36.00	32.20	28.40	24.60	20.80
\$440	\$460	61.60	57.80	54.00	50.20	46.40	42.60	38.80	35.00	31.20	27.40	23.60
\$460	\$480	64.30	60.50	56.70	52.90	49.10	45.30	41.50	37.70	33.90	30.10	26.30
\$480	\$500	67.00	63.20	59.40	55.60	51.80	48.00	44.20	40.40	36.60	32.80	29.00
14 percent of the excess over \$500 plus—												
\$500 and over		68.40	64.60	60.80	57.00	53.20	49.40	45.60	41.80	38.00	34.20	30.40

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$44	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$44	\$48	\$5.50	0	0	0	0	0	0	0	0	0	0
\$48	\$52	6.00	0	0	0	0	0	0	0	0	0	0
\$52	\$56	6.50	0	0	0	0	0	0	0	0	0	0
\$56	\$60	6.90	.30	0	0	0	0	0	0	0	0	0
\$60	\$64	7.40	.80	0	0	0	0	0	0	0	0	0
\$64	\$68	7.90	1.30	0	0	0	0	0	0	0	0	0
\$68	\$72	8.40	1.70	0	0	0	0	0	0	0	0	0
\$72	\$76	8.90	2.20	0	0	0	0	0	0	0	0	0
\$76	\$80	9.30	2.70	0	0	0	0	0	0	0	0	0
\$80	\$84	9.80	3.20	0	0	0	0	0	0	0	0	0
\$84	\$88	10.30	3.60	0	0	0	0	0	0	0	0	0
\$88	\$92	10.80	4.10	0	0	0	0	0	0	0	0	0
\$92	\$96	11.30	4.60	0	0	0	0	0	0	0	0	0
\$96	\$100	11.80	5.10	0	0	0	0	0	0	0	0	0
\$100	\$104	12.30	5.60	0	0	0	0	0	0	0	0	0
\$104	\$108	12.80	6.00	0	0	0	0	0	0	0	0	0
\$108	\$112	13.30	6.50	0	0	0	0	0	0	0	0	0
\$112	\$116	13.80	7.00	.30	0	0	0	0	0	0	0	0
\$116	\$120	14.30	7.50	.80	0	0	0	0	0	0	0	0
\$120	\$124	14.80	8.00	1.30	0	0	0	0	0	0	0	0
\$124	\$128	15.30	8.50	1.80	0	0	0	0	0	0	0	0
\$128	\$132	15.80	9.00	2.30	0	0	0	0	0	0	0	0
\$132	\$136	16.30	9.50	2.80	0	0	0	0	0	0	0	0
\$136	\$140	16.80	10.00	3.30	0	0	0	0	0	0	0	0
\$140	\$144	17.30	10.50	3.80	0	0	0	0	0	0	0	0
\$144	\$148	17.80	11.00	4.30	0	0	0	0	0	0	0	0
\$148	\$152	18.30	11.50	4.80	0	0	0	0	0	0	0	0
\$152	\$156	18.80	12.00	5.30	0	0	0	0	0	0	0	0
\$156	\$160	19.30	12.50	5.80	0	0	0	0	0	0	0	0
\$160	\$164	19.80	13.00	6.30	0	0	0	0	0	0	0	0
\$164	\$168	20.30	13.50	6.80	0	0	0	0	0	0	0	0
\$168	\$172	20.80	14.00	7.30	.40	0	0	0	0	0	0	0
\$172	\$176	21.30	14.50	7.80	.90	0	0	0	0	0	0	0
\$176	\$180	21.80	15.00	8.30	1.40	0	0	0	0	0	0	0
\$180	\$184	22.30	15.50	8.80	1.90	0	0	0	0	0	0	0
\$184	\$188	22.80	16.00	9.30	2.40	0	0	0	0	0	0	0
\$188	\$192	23.30	16.50	9.80	2.90	0	0	0	0	0	0	0
\$192	\$196	23.80	17.00	10.30	3.40	0	0	0	0	0	0	0
\$196	\$200	24.30	17.50	10.80	3.90	0	0	0	0	0	0	0
\$200	\$204	24.80	18.00	11.30	4.40	0	0	0	0	0	0	0
\$204	\$208	25.30	18.50	11.80	4.90	0	0	0	0	0	0	0
\$208	\$212	25.80	19.00	12.30	5.40	0	0	0	0	0	0	0
\$212	\$216	26.30	19.50	12.80	5.90	0	0	0	0	0	0	0
\$216	\$220	26.80	20.00	13.30	6.40	0	0	0	0	0	0	0
\$220	\$224	27.30	20.50	13.80	6.90	0	0	0	0	0	0	0
\$224	\$228	27.80	21.00	14.30	7.40	.50	0	0	0	0	0	0
\$228	\$232	28.30	21.50	14.80	7.90	.90	0	0	0	0	0	0
\$232	\$236	28.80	22.00	15.30	8.40	1.40	0	0	0	0	0	0
\$236	\$240	29.30	22.50	15.80	8.90	1.90	0	0	0	0	0	0
\$240	\$244	29.80	23.00	16.30	9.40	2.40	0	0	0	0	0	0
\$244	\$248	30.30	23.50	16.80	9.90	2.90	0	0	0	0	0	0
\$248	\$252	30.80	24.00	17.30	10.40	3.40	0	0	0	0	0	0
\$252	\$256	31.30	24.50	17.80	10.90	3.90	0	0	0	0	0	0
\$256	\$260	31.80	25.00	18.30	11.40	4.40	0	0	0	0	0	0
\$260	\$264	32.30	25.50	18.80	11.90	4.90	0	0	0	0	0	0
\$264	\$268	32.80	26.00	19.30	12.40	5.40	0	0	0	0	0	0
\$268	\$272	33.30	26.50	19.80	12.90	5.90	0	0	0	0	0	0
\$272	\$276	33.80	27.00	20.30	13.40	6.40	0	0	0	0	0	0
\$276	\$280	34.30	27.50	20.80	13.90	6.90	0	0	0	0	0	0
\$280	\$284	34.80	28.00	21.30	14.40	7.40	.70	0	0	0	0	0
\$284	\$288	35.30	28.50	21.80	14.90	7.90	1.70	0	0	0	0	0
\$288	\$292	35.80	29.00	22.30	15.40	8.40	2.70	0	0	0	0	0
\$292	\$296	36.30	29.50	22.80	15.90	8.90	3.70	0	0	0	0	0
\$296	\$300	36.80	30.00	23.30	16.40	9.40	4.70	0	0	0	0	0
\$300	\$304	37.30	30.50	23.80	16.90	9.90	5.70	0	0	0	0	0
\$304	\$308	37.80	31.00	24.30	17.40	10.40	6.70	0	0	0	0	0
\$308	\$312	38.30	31.50	24.80	17.90	10.90	7.70	0	0	0	0	0
\$312	\$316	38.80	32.00	25.30	18.40	11.40	8.70	0	0	0	0	0
\$316	\$320	39.30	32.50	25.80	18.90	11.90	9.70	0	0	0	0	0
\$320	\$324	39.80	33.00	26.30	19.40	12.40	10.70	0	0	0	0	0
\$324	\$328	40.30	33.50	26.80	19.90	12.90	11.70	0	0	0	0	0
\$328	\$332	40.80	34.00	27.30	20.40	13.40	12.70	0	0	0	0	0
\$332	\$336	41.30	34.50	27.80	20.90	13.90	13.70	0	0	0	0	0
\$336	\$340	41.80	35.00	28.30	21.40	14.40	14.70	0	0	0	0	0
\$340	\$344	42.30	35.50	28.80	21.90	14.90	15.70	0	0	0	0	0
\$344	\$348	42.80	36.00	29.30	22.40	15.40	16.70	0	0	0	0	0
\$348	\$352	43.30	36.50	29.80	22.90	15.90	17.70	0	0	0	0	0
\$352	\$356	43.80	37.00	30.30	23.40	16.40	18.70	0	0	0	0	0
\$356	\$360	44.30	37.50	30.80	23.90	16.90	19.70	0	0	0	0	0
\$360	\$364	44.80	38.00	31.30	24.40	17.40	20.70	0	0	0	0	0
\$364	\$368	45.30	38.50	31.80	24.90	17.90	21.70	0	0	0	0	0
\$368	\$372	45.80	39.00	32.30	25.40	18.40	22.70	0	0	0	0	0
\$372	\$376	46.30	39.50	32.80	25.90	18.90	23.70	0	0	0	0	0
\$376	\$380	46.80	40.00	33.30	26.40	19.40	24.70	0	0	0	0	0
\$380	\$384	47.30	40.50	33.80	26.90	19.90	25.70	0	0	0	0	0
\$384	\$388	47.80	41.00	34.30	27.40	20.40	26.70	0	0	0	0	0
\$388	\$392	48.30	41.50	34.80	27.90	20.90	27.70	0	0	0	0	0
\$392	\$396	48.80	42.00	35.30	28.40	21.40	28.70	0	0	0	0	0
\$396	\$400	49.30	42.50	35.80	28.90	21.90	29.70	0	0	0	0	0
\$400	\$404	49.80	43.00	36.30	29.40	22.40	30.70	0	0	0	0	0
\$404	\$408	50.30	43.50	36.80	29.90	22.90	31.70	0	0	0	0	0
\$408	\$412	50.80	44.00	37.30	30.40	23.40	32.70	0	0	0	0	0
\$412	\$416	51.30	44.50	37.80	30.90	23.90	33.70	0	0	0	0	0
\$416	\$420	51.80	45.00	38.30	31.40	24.40	34.70	0	0	0	0	0
\$420	\$424	52.30	45.50	38.80	31.90	24.90	35.70	0	0	0	0	0
\$424	\$428	52.80	46.00	39.30	32.40	25.40	36.70	0	0	0	0	0
\$428	\$432	53.30	46.50	39.80	32.90	25.90	37.70	0	0	0	0	0
\$432	\$436	53.80	47.00	40.30	33.40	26.40	38.70	0	0	0	0	0
\$436	\$440	54.30	47.50	40.80	33.90	26.90	39.70	0	0	0	0	0
\$440	\$444	54.80	48.00	41.30	34.40	27.40	40.70	0	0	0	0	0
\$444	\$448	55.30	48.50	41.80								

"If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such periods are—		And the number of withholding exemptions claimed is—											
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more	
The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—													
\$0	\$1.50	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$1.50	\$1.75	\$0.20	0	0	0	0	0	0	0	0	0	0	
\$1.75	\$2.00	0	0	0	0	0	0	0	0	0	0	0	
\$2.00	\$2.25	.25	.05	0	0	0	0	0	0	0	0	0	
\$2.25	\$2.50	.30	.10	0	0	0	0	0	0	0	0	0	
\$2.50	\$2.75	.35	.15	0	0	0	0	0	0	0	0	0	
\$2.75	\$3.00	.40	.20	0	0	0	0	0	0	0	0	0	
\$3.00	\$3.25	.45	.25	0	0	0	0	0	0	0	0	0	
\$3.25	\$3.50	.50	.30	.05	0	0	0	0	0	0	0	0	
\$3.50	\$3.75	.55	.35	.10	0	0	0	0	0	0	0	0	
\$3.75	\$4.00	.60	.40	.15	0	0	0	0	0	0	0	0	
\$4.00	\$4.25	.65	.45	.20	0	0	0	0	0	0	0	0	
\$4.25	\$4.50	.70	.50	.25	0	0	0	0	0	0	0	0	
\$4.50	\$4.75	.75	.55	.30	0	0	0	0	0	0	0	0	
\$4.75	\$5.00	.80	.60	.35	0	0	0	0	0	0	0	0	
\$5.00	\$5.25	.85	.65	.40	0	0	0	0	0	0	0	0	
\$5.25	\$5.50	.90	.70	.45	0	0	0	0	0	0	0	0	
\$5.50	\$5.75	.95	.75	.50	.00	0	0	0	0	0	0	0	
\$5.75	\$6.00	1.00	.80	.55	.05	0	0	0	0	0	0	0	
\$6.00	\$6.25	1.05	.85	.60	.10	0	0	0	0	0	0	0	
\$6.25	\$6.50	1.10	.90	.65	.15	0	0	0	0	0	0	0	
\$6.50	\$6.75	1.15	.95	.70	.20	0	0	0	0	0	0	0	
\$6.75	\$7.00	1.20	1.00	.75	.25	0	0	0	0	0	0	0	
\$7.00	\$7.25	1.25	1.05	.80	.30	.05	0	0	0	0	0	0	
\$7.25	\$7.50	1.30	1.10	.85	.35	.10	0	0	0	0	0	0	
\$7.50	\$7.75	1.35	1.15	.90	.40	.15	0	0	0	0	0	0	
\$7.75	\$8.00	1.40	1.20	.95	.45	.20	0	0	0	0	0	0	
\$8.00	\$8.25	1.45	1.25	1.00	.50	.25	0	0	0	0	0	0	
\$8.25	\$8.50	1.50	1.30	1.05	.55	.30	.05	0	0	0	0	0	
\$8.50	\$8.75	1.55	1.35	1.10	.60	.35	.10	0	0	0	0	0	
\$8.75	\$9.00	1.60	1.40	1.15	.65	.40	.15	0	0	0	0	0	
\$9.00	\$9.25	1.65	1.45	1.20	.70	.45	.20	0	0	0	0	0	
\$9.25	\$9.50	1.70	1.50	1.25	.75	.50	.25	0	0	0	0	0	
\$9.50	\$9.75	1.75	1.55	1.30	.80	.55	.30	.05	0	0	0	0	
\$9.75	\$10.00	1.80	1.60	1.35	.85	.60	.35	.10	0	0	0	0	
\$10.00	\$10.50	1.85	1.65	1.40	.90	.65	.40	.15	0	0	0	0	
\$10.50	\$11.00	1.90	1.70	1.45	.95	.70	.45	.20	0	0	0	0	
\$11.00	\$11.50	1.95	1.75	1.50	1.00	.75	.50	.25	0	0	0	0	
\$11.50	\$12.00	2.00	1.80	1.55	1.05	.80	.55	.30	.10	0	0	0	
\$12.00	\$12.50	2.05	1.85	1.60	1.10	.85	.60	.35	.15	0	0	0	
\$12.50	\$13.00	2.10	1.90	1.65	1.15	.90	.65	.40	.20	0	0	0	
\$13.00	\$13.50	2.15	1.95	1.70	1.20	.95	.70	.45	.25	0	0	0	
\$13.50	\$14.00	2.20	2.00	1.75	1.25	1.00	.75	.50	.30	.10	0	0	
\$14.00	\$14.50	2.25	2.05	1.80	1.30	1.05	.80	.55	.35	.15	0	0	
\$14.50	\$15.00	2.30	2.10	1.85	1.35	1.10	.85	.60	.40	.20	0	0	
\$15.00	\$15.50	2.35	2.15	1.90	1.40	1.15	.90	.65	.45	.25	0	0	
\$15.50	\$16.00	2.40	2.20	1.95	1.45	1.20	.95	.70	.50	.30	.10	0	
\$16.00	\$16.50	2.45	2.25	2.00	1.50	1.25	1.00	.75	.55	.35	.15	0	
\$16.50	\$17.00	2.50	2.30	2.05	1.55	1.30	1.05	.80	.60	.40	.20	0	
\$17.00	\$17.50	2.55	2.35	2.10	1.60	1.35	1.10	.85	.65	.45	.25	.05	
\$17.50	\$18.00	2.60	2.40	2.15	1.65	1.40	1.15	.90	.70	.50	.30	.10	
\$18.00	\$18.50	2.65	2.45	2.20	1.70	1.45	1.20	.95	.75	.55	.35	.15	
\$18.50	\$19.00	2.70	2.50	2.25	1.75	1.50	1.25	1.00	.80	.60	.40	.20	
\$19.00	\$19.50	2.75	2.55	2.30	1.80	1.55	1.30	1.05	.85	.65	.45	.25	
\$19.50	\$20.00	2.80	2.60	2.35	1.85	1.60	1.35	1.10	.90	.70	.50	.30	
\$20.00	\$20.50	2.85	2.65	2.40	1.90	1.65	1.40	1.15	.95	.75	.55	.35	
\$20.50	\$21.00	2.90	2.70	2.45	1.95	1.70	1.45	1.20	1.00	.80	.60	.40	
\$21.00	\$21.50	2.95	2.75	2.50	2.00	1.75	1.50	1.25	1.05	.85	.65	.45	
\$21.50	\$22.00	3.00	2.80	2.55	2.05	1.80	1.55	1.30	1.10	.90	.70	.50	
\$22.00	\$22.50	3.05	2.85	2.60	2.10	1.85	1.60	1.35	1.15	.95	.75	.55	
\$22.50	\$23.00	3.10	2.90	2.65	2.15	1.90	1.65	1.40	1.20	1.00	.80	.60	
\$23.00	\$23.50	3.15	2.95	2.70	2.20	1.95	1.70	1.45	1.25	1.05	.85	.65	
\$23.50	\$24.00	3.20	3.00	2.75	2.25	2.00	1.75	1.50	1.30	1.10	.90	.70	
\$24.00	\$24.50	3.25	3.05	2.80	2.30	2.05	1.80	1.55	1.35	1.15	.95	.75	
\$24.50	\$25.00	3.30	3.10	2.85	2.35	2.10	1.85	1.60	1.40	1.20	1.00	.80	
\$25.00	\$25.50	3.35	3.15	2.90	2.40	2.15	1.90	1.65	1.45	1.25	1.05	.85	
\$25.50	\$26.00	3.40	3.20	2.95	2.45	2.20	1.95	1.70	1.50	1.30	1.10	.90	
\$26.00	\$26.50	3.45	3.25	3.00	2.50	2.25	2.00	1.75	1.55	1.35	1.15	.95	
\$26.50	\$27.00	3.50	3.30	3.05	2.55	2.30	2.05	1.80	1.60	1.40	1.20	1.00	
\$27.00	\$27.50	3.55	3.35	3.10	2.60	2.35	2.10	1.85	1.65	1.45	1.25	1.05	
\$27.50	\$28.00	3.60	3.40	3.15	2.65	2.40	2.15	1.90	1.70	1.50	1.30	1.10	
\$28.00	\$28.50	3.65	3.45	3.20	2.70	2.45	2.20	1.95	1.75	1.55	1.35	1.15	
\$28.50	\$29.00	3.70	3.50	3.25	2.75	2.50	2.25	2.00	1.80	1.60	1.40	1.20	
\$29.00	\$29.50	3.75	3.55	3.30	2.80	2.55	2.30	2.05	1.85	1.65	1.45	1.25	
\$29.50	\$30.00	3.80	3.60	3.35	2.85	2.60	2.35	2.10	1.90	1.70	1.50	1.30	
\$30.00 and over			4.10	3.85	3.60	3.35	3.10	2.85	2.60	2.35	2.10	1.85	1.60"
14 percent of the excess over \$30 plus—													

And in lieu thereof to insert:

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0.....	\$13.....	15% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$13.....	\$14.....	\$2.00	.10	0	0	0	0	0	0	0	0	0
\$14.....	\$15.....	2.20	.30	0	0	0	0	0	0	0	0	0
\$15.....	\$16.....	2.30	.40	0	0	0	0	0	0	0	0	0
\$16.....	\$17.....	2.50	.50	0	0	0	0	0	0	0	0	0
\$17.....	\$18.....	2.60	.70	0	0	0	0	0	0	0	0	0
\$18.....	\$19.....	2.80	.80	0	0	0	0	0	0	0	0	0
\$19.....	\$20.....	2.90	1.00	0	0	0	0	0	0	0	0	0
\$20.....	\$21.....	3.10	1.10	0	0	0	0	0	0	0	0	0
\$21.....	\$22.....	3.20	1.30	0	0	0	0	0	0	0	0	0
\$22.....	\$23.....	3.40	1.40	0	0	0	0	0	0	0	0	0
\$23.....	\$24.....	3.50	1.60	0	0	0	0	0	0	0	0	0
\$24.....	\$25.....	3.70	1.70	0	0	0	0	0	0	0	0	0
\$25.....	\$26.....	3.80	1.90	0	0	0	0	0	0	0	0	0
\$26.....	\$27.....	4.00	2.00	.10	0	0	0	0	0	0	0	0
\$27.....	\$28.....	4.10	2.20	.30	0	0	0	0	0	0	0	0
\$28.....	\$29.....	4.30	2.30	.40	0	0	0	0	0	0	0	0
\$29.....	\$30.....	4.40	2.50	.60	0	0	0	0	0	0	0	0
\$30.....	\$31.....	4.60	2.60	.70	0	0	0	0	0	0	0	0
\$31.....	\$32.....	4.70	2.80	.90	0	0	0	0	0	0	0	0
\$32.....	\$33.....	4.90	2.90	1.00	0	0	0	0	0	0	0	0
\$33.....	\$34.....	5.00	3.10	1.20	0	0	0	0	0	0	0	0
\$34.....	\$35.....	5.20	3.20	1.30	0	0	0	0	0	0	0	0
\$35.....	\$36.....	5.30	3.40	1.50	0	0	0	0	0	0	0	0
\$36.....	\$37.....	5.50	3.50	1.60	0	0	0	0	0	0	0	0
\$37.....	\$38.....	5.60	3.70	1.80	0	0	0	0	0	0	0	0
\$38.....	\$39.....	5.80	3.80	1.90	0	0	0	0	0	0	0	0
\$39.....	\$40.....	5.90	4.00	2.10	.20	0	0	0	0	0	0	0
\$40.....	\$41.....	6.10	4.10	2.20	.30	0	0	0	0	0	0	0
\$41.....	\$42.....	6.20	4.30	2.40	.50	0	0	0	0	0	0	0
\$42.....	\$43.....	6.30	4.40	2.50	.60	0	0	0	0	0	0	0
\$43.....	\$44.....	6.50	4.60	2.70	.80	0	0	0	0	0	0	0
\$44.....	\$45.....	6.00	4.70	2.80	.90	0	0	0	0	0	0	0
\$45.....	\$46.....	6.80	4.90	3.00	1.10	0	0	0	0	0	0	0
\$46.....	\$47.....	6.90	5.00	3.10	1.20	0	0	0	0	0	0	0
\$47.....	\$48.....	7.10	5.20	3.30	1.40	0	0	0	0	0	0	0
\$48.....	\$49.....	7.20	5.30	3.40	1.50	0	0	0	0	0	0	0
\$49.....	\$50.....	7.40	5.50	3.60	1.60	0	0	0	0	0	0	0
\$50.....	\$51.....	7.50	5.60	3.70	1.80	0	0	0	0	0	0	0
\$51.....	\$52.....	7.70	5.80	3.90	1.90	0	0	0	0	0	0	0
\$52.....	\$53.....	7.80	5.90	4.00	2.10	.20	0	0	0	0	0	0
\$53.....	\$54.....	8.00	6.10	4.20	2.20	.30	0	0	0	0	0	0
\$54.....	\$55.....	8.10	6.20	4.30	2.40	.50	0	0	0	0	0	0
\$55.....	\$56.....	8.30	6.40	4.50	2.50	.60	0	0	0	0	0	0
\$56.....	\$57.....	8.40	6.50	4.60	2.70	.80	0	0	0	0	0	0
\$57.....	\$58.....	8.60	6.70	4.80	2.80	.90	0	0	0	0	0	0
\$58.....	\$59.....	8.70	6.80	4.90	3.00	1.10	0	0	0	0	0	0
\$59.....	\$60.....	8.90	7.00	5.10	3.10	1.20	0	0	0	0	0	0
\$60.....	\$62.....	9.10	7.20	5.30	3.40	1.50	0	0	0	0	0	0
\$62.....	\$64.....	9.40	7.50	5.60	3.70	1.80	0	0	0	0	0	0
\$64.....	\$66.....	9.70	7.80	5.90	4.00	2.00	.10	0	0	0	0	0
\$66.....	\$68.....	10.00	8.10	6.20	4.30	2.30	.40	0	0	0	0	0
\$68.....	\$70.....	10.30	8.40	6.50	4.60	2.60	.70	0	0	0	0	0
\$70.....	\$72.....	10.60	8.70	6.80	4.90	2.90	1.00	0	0	0	0	0
\$72.....	\$74.....	10.90	9.00	7.10	5.20	3.20	1.30	0	0	0	0	0
\$74.....	\$76.....	11.20	9.30	7.40	5.50	3.50	1.60	0	0	0	0	0
\$76.....	\$78.....	11.50	9.60	7.70	5.80	3.80	1.90	0	0	0	0	0
\$78.....	\$80.....	11.80	9.90	8.00	6.10	4.10	2.20	.30	0	0	0	0
\$80.....	\$82.....	12.10	10.20	8.30	6.40	4.40	2.50	.60	0	0	0	0
\$82.....	\$84.....	12.40	10.50	8.60	6.70	4.70	2.80	.90	0	0	0	0
\$84.....	\$86.....	12.70	10.80	8.90	7.00	5.00	3.10	1.20	0	0	0	0
\$86.....	\$88.....	13.00	11.10	9.20	7.30	5.30	3.40	1.50	0	0	0	0
\$88.....	\$90.....	13.30	11.40	9.50	7.60	5.60	3.70	1.80	0	0	0	0
\$90.....	\$92.....	13.60	11.70	9.80	7.80	5.90	4.00	2.10	.20	0	0	0
\$92.....	\$94.....	13.90	12.00	10.10	8.10	6.20	4.30	2.40	.50	0	0	0
\$94.....	\$96.....	14.20	12.30	10.40	8.40	6.50	4.60	2.70	.80	0	0	0
\$96.....	\$98.....	14.50	12.60	10.70	8.70	6.80	4.90	3.00	1.10	0	0	0
\$98.....	\$100.....	14.80	12.90	11.00	9.00	7.10	5.20	3.30	1.40	0	0	0
\$100.....	\$105.....	15.30	13.40	11.50	9.60	7.70	5.70	3.80	1.90	0	0	0
\$105.....	\$110.....	16.10	14.10	12.20	10.30	8.40	6.50	4.60	2.70	.70	0	0
\$110.....	\$115.....	16.80	14.90	13.00	11.10	9.10	7.20	5.30	3.40	1.50	0	0
\$115.....	\$120.....	17.60	15.60	13.70	11.80	9.90	8.00	6.10	4.10	2.20	.30	0
\$120.....	\$125.....	18.30	16.40	14.50	12.60	10.60	8.70	6.80	4.90	3.00	1.10	0
\$125.....	\$130.....	19.00	17.10	15.20	13.30	11.40	9.50	7.60	5.60	3.70	1.80	0
\$130.....	\$135.....	19.80	17.90	16.00	14.00	12.10	10.20	8.30	6.40	4.50	2.60	.60
\$135.....	\$140.....	20.50	18.60	16.70	14.80	12.90	11.00	9.10	7.10	5.20	3.30	1.40
\$140.....	\$145.....	21.30	19.40	17.50	15.50	13.60	11.70	9.80	7.90	6.00	4.10	2.10
\$145.....	\$150.....	22.00	20.10	18.20	16.30	14.40	12.50	10.50	8.60	6.70	4.80	2.90
\$150.....	\$160.....	23.20	21.20	19.30	17.40	15.50	13.60	11.70	9.70	7.80	5.90	4.00
\$160.....	\$170.....	24.70	22.70	20.80	18.90	17.00	15.10	13.20	11.20	9.30	7.40	5.50
\$170.....	\$180.....	26.10	24.20	22.30	20.40	18.50	16.60	14.70	12.70	10.80	8.90	7.00
\$180.....	\$190.....	27.60	25.70	23.80	21.90	20.00	18.10	16.10	14.20	12.30	10.40	8.50
\$190.....	\$200.....	29.10	27.20	25.30	23.40	21.50	19.60	17.60	15.70	13.80	11.90	10.00
		15 percent of the excess over \$200 plus—										
\$200 and over.....		29.90	28.00	26.00	24.10	22.20	20.30	18.40	16.50	14.60	12.60	10.70

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$28	15% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$28	\$30	\$4.30	.20	0	0	0	0	0	0	0	0	0
\$30	\$32	4.60	0	0	0	0	0	0	0	0	0	0
\$32	\$34	4.90	0	0	0	0	0	0	0	0	0	0
\$34	\$36	5.20	1.10	0	0	0	0	0	0	0	0	0
\$36	\$38	5.50	1.40	0	0	0	0	0	0	0	0	0
\$38	\$40	5.80	1.70	0	0	0	0	0	0	0	0	0
\$40	\$42	6.10	2.00	0	0	0	0	0	0	0	0	0
\$42	\$44	6.40	2.30	0	0	0	0	0	0	0	0	0
\$44	\$46	6.70	2.60	0	0	0	0	0	0	0	0	0
\$46	\$48	7.00	2.90	0	0	0	0	0	0	0	0	0
\$48	\$50	7.30	3.20	0	0	0	0	0	0	0	0	0
\$50	\$52	7.60	3.50	0	0	0	0	0	0	0	0	0
\$52	\$54	7.90	3.80	0	0	0	0	0	0	0	0	0
\$54	\$56	8.20	4.10	0	0	0	0	0	0	0	0	0
\$56	\$58	8.50	4.40	.20	0	0	0	0	0	0	0	0
\$58	\$60	8.80	4.70	.50	0	0	0	0	0	0	0	0
\$60	\$62	9.10	5.00	.80	0	0	0	0	0	0	0	0
\$62	\$64	9.40	5.30	1.10	0	0	0	0	0	0	0	0
\$64	\$66	9.70	5.60	1.40	0	0	0	0	0	0	0	0
\$66	\$68	10.00	5.90	1.70	0	0	0	0	0	0	0	0
\$68	\$70	10.30	6.20	2.00	0	0	0	0	0	0	0	0
\$70	\$72	10.60	6.50	2.30	0	0	0	0	0	0	0	0
\$72	\$74	10.90	6.80	2.60	0	0	0	0	0	0	0	0
\$74	\$76	11.20	7.10	2.90	0	0	0	0	0	0	0	0
\$76	\$78	11.50	7.40	3.20	0	0	0	0	0	0	0	0
\$78	\$80	11.80	7.70	3.50	0	0	0	0	0	0	0	0
\$80	\$82	12.10	8.00	3.80	0	0	0	0	0	0	0	0
\$82	\$84	12.40	8.30	4.10	0	0	0	0	0	0	0	0
\$84	\$86	12.70	8.60	4.40	.20	0	0	0	0	0	0	0
\$86	\$88	13.00	8.90	4.70	.50	0	0	0	0	0	0	0
\$88	\$90	13.30	9.20	5.00	.80	0	0	0	0	0	0	0
\$90	\$92	13.60	9.50	5.30	1.10	0	0	0	0	0	0	0
\$92	\$94	13.90	9.80	5.60	1.40	0	0	0	0	0	0	0
\$94	\$96	14.20	10.10	5.90	1.70	0	0	0	0	0	0	0
\$96	\$98	14.50	10.40	6.20	2.00	0	0	0	0	0	0	0
\$98	\$100	14.80	10.70	6.50	2.30	0	0	0	0	0	0	0
\$100	\$102	15.10	11.00	6.80	2.60	0	0	0	0	0	0	0
\$102	\$104	15.40	11.30	7.10	2.90	0	0	0	0	0	0	0
\$104	\$106	15.70	11.60	7.40	3.20	0	0	0	0	0	0	0
\$106	\$108	16.00	11.90	7.70	3.50	0	0	0	0	0	0	0
\$108	\$110	16.30	12.20	8.00	3.80	0	0	0	0	0	0	0
\$110	\$112	16.60	12.50	8.30	4.10	0	0	0	0	0	0	0
\$112	\$114	16.90	12.80	8.60	4.40	0	0	0	0	0	0	0
\$114	\$116	17.20	13.10	8.90	4.70	.30	0	0	0	0	0	0
\$116	\$118	17.50	13.40	9.20	5.00	.60	0	0	0	0	0	0
\$118	\$120	17.80	13.70	9.50	5.30	.90	0	0	0	0	0	0
\$120	\$122	18.10	14.00	9.80	5.60	1.20	0	0	0	0	0	0
\$122	\$124	18.40	14.30	10.10	5.90	1.50	0	0	0	0	0	0
\$124	\$126	18.70	14.60	10.40	6.20	1.80	0	0	0	0	0	0
\$126	\$128	19.00	14.90	10.70	6.50	2.10	0	0	0	0	0	0
\$128	\$130	19.30	15.20	11.00	6.80	2.40	0	0	0	0	0	0
\$130	\$132	19.60	15.50	11.30	7.10	2.70	0	0	0	0	0	0
\$132	\$134	19.90	15.80	11.60	7.40	3.00	0	0	0	0	0	0
\$134	\$136	20.20	16.10	11.90	7.70	3.30	0	0	0	0	0	0
\$136	\$138	20.50	16.40	12.20	8.00	3.60	0	0	0	0	0	0
\$138	\$140	20.80	16.70	12.50	8.30	3.90	0	0	0	0	0	0
\$140	\$142	21.10	17.00	12.80	8.60	4.20	0	0	0	0	0	0
\$142	\$144	21.40	17.30	13.10	8.90	4.50	0	0	0	0	0	0
\$144	\$146	21.70	17.60	13.40	9.20	4.80	0	0	0	0	0	0
\$146	\$148	22.00	17.90	13.70	9.50	5.10	0	0	0	0	0	0
\$148	\$150	22.30	18.20	14.00	9.80	5.40	0	0	0	0	0	0
\$150	\$152	22.60	18.50	14.30	10.10	5.70	0	0	0	0	0	0
\$152	\$154	22.90	18.80	14.60	10.40	6.00	0	0	0	0	0	0
\$154	\$156	23.20	19.10	14.90	10.70	6.30	0	0	0	0	0	0
\$156	\$158	23.50	19.40	15.20	11.00	6.60	0	0	0	0	0	0
\$158	\$160	23.80	19.70	15.50	11.30	6.90	0	0	0	0	0	0
\$160	\$162	24.10	20.00	15.80	11.60	7.20	0	0	0	0	0	0
\$162	\$164	24.40	20.30	16.10	11.90	7.50	0	0	0	0	0	0
\$164	\$166	24.70	20.60	16.40	12.20	7.80	0	0	0	0	0	0
\$166	\$168	25.00	20.90	16.70	12.50	8.10	0	0	0	0	0	0
\$168	\$170	25.30	21.20	17.00	12.80	8.40	.50	0	0	0	0	0
\$170	\$172	25.60	21.50	17.30	13.10	8.70	1.00	0	0	0	0	0
\$172	\$174	25.90	21.80	17.60	13.40	9.00	1.50	0	0	0	0	0
\$174	\$176	26.20	22.10	17.90	13.70	9.30	2.00	0	0	0	0	0
\$176	\$178	26.50	22.40	18.20	14.00	9.60	2.50	0	0	0	0	0
\$178	\$180	26.80	22.70	18.50	14.30	9.90	3.00	0	0	0	0	0
\$180	\$182	27.10	23.00	18.80	14.60	10.20	3.50	0	0	0	0	0
\$182	\$184	27.40	23.30	19.10	14.90	10.50	4.00	0	0	0	0	0
\$184	\$186	27.70	23.60	19.40	15.20	10.80	4.50	0	0	0	0	0
\$186	\$188	28.00	23.90	19.70	15.50	11.10	5.00	0	0	0	0	0
\$188	\$190	28.30	24.20	20.00	15.80	11.40	5.50	0	0	0	0	0
\$190	\$192	28.60	24.50	20.30	16.10	11.70	6.00	0	0	0	0	0
\$192	\$194	28.90	24.80	20.60	16.40	12.00	6.50	0	0	0	0	0
\$194	\$196	29.20	25.10	20.90	16.70	12.30	7.00	0	0	0	0	0
\$196	\$198	29.50	25.40	21.20	17.00	12.60	7.50	0	0	0	0	0
\$198	\$200	29.80	25.70	21.50	17.30	12.90	8.00	0	0	0	0	0
\$200	\$202	30.10	26.00	21.80	17.60	13.20	8.50	0	0	0	0	0
\$202	\$204	30.40	26.30	22.10	17.90	13.50	9.00	0	0	0	0	0
\$204	\$206	30.70	26.60	22.40	18.20	13.80	9.50	0	0	0	0	0
\$206	\$208	31.00	26.90	22.70	18.50	14.10	10.00	0	0	0	0	0
\$208	\$210	31.30	27.20	23.00	18.80	14.40	10.50	0	0	0	0	0
\$210	\$212	31.60	27.50	23.30	19.10	14.70	11.00	0	0	0	0	0
\$212	\$214	31.90	27.80	23.60	19.40	15.00	11.50	0	0	0	0	0
\$214	\$216	32.20	28.10	23.90	19.70	15.30	12.00	0	0	0	0	0
\$216	\$218	32.50	28.40	24.20	20.00	15.60	12.50	0	0	0	0	0
\$218	\$220	32.80	28.70	24.50	20.30	15.90	13.00	0	0	0	0	0
\$220	\$222	33.10	29.00	24.80	20.60	16.20	13.50	0	0	0	0	0
\$222	\$224	33.40	29.30	25.10	20.90	16.50	14.00	0	0	0	0	0
\$224	\$226	33.70	29.60	25.40	21.20	16.80	14.50	0	0	0	0	0
\$226	\$228	34.00	29.90	25.70	21.50	17.10	15.00	0	0	0	0	0
\$228	\$230	34.30	30.20	26.00	21.80	17.40	15.50	0	0	0	0	0
\$230	\$232	34.60	30.50									

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

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0	\$56	15% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$56	\$60		.40	0	0	0	0	0	0	0	0	0
\$60	\$64		1.00	0	0	0	0	0	0	0	0	0
\$64	\$68		1.60	0	0	0	0	0	0	0	0	0
\$68	\$72		2.20	0	0	0	0	0	0	0	0	0
\$72	\$76		2.80	0	0	0	0	0	0	0	0	0
\$76	\$80		3.40	0	0	0	0	0	0	0	0	0
\$80	\$84		4.00	0	0	0	0	0	0	0	0	0
\$84	\$88		4.60	0	0	0	0	0	0	0	0	0
\$88	\$92		5.10	0	0	0	0	0	0	0	0	0
\$92	\$96		5.70	0	0	0	0	0	0	0	0	0
\$96	\$100		6.30	0	0	0	0	0	0	0	0	0
\$100	\$104		6.90	0	0	0	0	0	0	0	0	0
\$104	\$108		7.50	0	0	0	0	0	0	0	0	0
\$108	\$112		8.10	0	0	0	0	0	0	0	0	0
\$112	\$116		8.70	.40	0	0	0	0	0	0	0	0
\$116	\$120		9.30	1.00	0	0	0	0	0	0	0	0
\$120	\$124		9.90	1.60	0	0	0	0	0	0	0	0
\$124	\$128		10.50	2.20	0	0	0	0	0	0	0	0
\$128	\$132		11.10	2.80	0	0	0	0	0	0	0	0
\$132	\$136		11.70	3.40	0	0	0	0	0	0	0	0
\$136	\$140		12.30	4.00	0	0	0	0	0	0	0	0
\$140	\$144		12.90	4.60	0	0	0	0	0	0	0	0
\$144	\$148		13.50	5.20	0	0	0	0	0	0	0	0
\$148	\$152		14.10	5.80	0	0	0	0	0	0	0	0
\$152	\$156		14.70	6.40	0	0	0	0	0	0	0	0
\$156	\$160		15.30	7.00	0	0	0	0	0	0	0	0
\$160	\$164		15.90	7.60	0	0	0	0	0	0	0	0
\$164	\$168		16.50	8.20	0	0	0	0	0	0	0	0
\$168	\$172		17.10	8.80	.50	0	0	0	0	0	0	0
\$172	\$176		17.70	9.40	1.10	0	0	0	0	0	0	0
\$176	\$180		18.30	10.00	1.70	0	0	0	0	0	0	0
\$180	\$184		18.90	10.60	2.30	0	0	0	0	0	0	0
\$184	\$188		19.50	11.20	2.90	0	0	0	0	0	0	0
\$188	\$192		20.10	11.80	3.50	0	0	0	0	0	0	0
\$192	\$196		20.70	12.40	4.10	0	0	0	0	0	0	0
\$196	\$200		21.30	13.00	4.70	0	0	0	0	0	0	0
\$200	\$204		21.90	13.60	5.30	0	0	0	0	0	0	0
\$204	\$208		22.50	14.20	5.90	0	0	0	0	0	0	0
\$208	\$212		23.10	14.80	6.50	0	0	0	0	0	0	0
\$212	\$216		23.70	15.40	7.10	0	0	0	0	0	0	0
\$216	\$220		24.30	16.00	7.70	0	0	0	0	0	0	0
\$220	\$224		24.90	16.60	8.30	0	0	0	0	0	0	0
\$224	\$228		25.50	17.20	8.90	.60	0	0	0	0	0	0
\$228	\$232		26.10	17.80	9.50	1.20	0	0	0	0	0	0
\$232	\$236		26.70	18.40	10.10	1.80	0	0	0	0	0	0
\$236	\$240		27.30	19.00	10.70	2.40	0	0	0	0	0	0
\$240	\$244		27.90	19.60	11.30	3.00	0	0	0	0	0	0
\$244	\$248		28.50	20.20	11.90	3.60	0	0	0	0	0	0
\$248	\$252		29.10	20.80	12.50	4.20	0	0	0	0	0	0
\$252	\$256		29.70	21.40	13.10	4.80	0	0	0	0	0	0
\$256	\$260		30.30	22.00	13.70	5.40	0	0	0	0	0	0
\$260	\$264		30.90	22.60	14.30	6.00	0	0	0	0	0	0
\$264	\$268		31.50	23.20	14.90	6.60	0	0	0	0	0	0
\$268	\$272		32.10	23.80	15.50	7.20	0	0	0	0	0	0
\$272	\$276		32.70	24.40	16.10	7.80	0	0	0	0	0	0
\$276	\$280		33.30	25.00	16.70	8.40	.90	0	0	0	0	0
\$280	\$284		33.90	25.60	17.30	9.00	1.50	0	0	0	0	0
\$284	\$288		34.50	26.20	17.90	9.60	2.10	0	0	0	0	0
\$288	\$292		35.10	26.80	18.50	10.20	2.70	0	0	0	0	0
\$292	\$296		35.70	27.40	19.10	10.80	3.30	0	0	0	0	0
\$296	\$300		36.30	28.00	19.70	11.40	3.90	0	0	0	0	0
\$300	\$304		36.90	28.60	20.30	12.00	4.50	0	0	0	0	0
\$304	\$308		37.50	29.20	20.90	12.60	5.10	0	0	0	0	0
\$308	\$312		38.10	29.80	21.50	13.20	5.70	0	0	0	0	0
\$312	\$316		38.70	30.40	22.10	13.80	6.30	0	0	0	0	0
\$316	\$320		39.30	31.00	22.70	14.40	6.90	0	0	0	0	0
\$320	\$324		39.90	31.60	23.30	15.00	7.50	0	0	0	0	0
\$324	\$328		40.50	32.20	23.90	15.60	8.10	0	0	0	0	0
\$328	\$332		41.10	32.80	24.50	16.20	8.70	0	0	0	0	0
\$332	\$336		41.70	33.40	25.10	16.80	9.30	1.00	0	0	0	0
\$336	\$340		42.30	34.00	25.70	17.40	9.90	2.20	0	0	0	0
\$340	\$344		42.90	34.60	26.30	18.00	10.50	3.40	0	0	0	0
\$344	\$348		43.50	35.20	26.90	18.60	11.10	4.60	0	0	0	0
\$348	\$352		44.10	35.80	27.50	19.20	11.70	5.80	0	0	0	0
\$352	\$356		44.70	36.40	28.10	19.80	12.30	7.00	0	0	0	0
\$356	\$360		45.30	37.00	28.70	20.40	12.90	8.20	0	0	0	0
\$360	\$364		45.90	37.60	29.30	21.00	13.50	9.40	0	0	0	0
\$364	\$368		46.50	38.20	29.90	21.60	14.10	10.60	0	0	0	0
\$368	\$372		47.10	38.80	30.50	22.20	14.70	11.80	0	0	0	0
\$372	\$376		47.70	39.40	31.10	22.80	15.30	13.00	0	0	0	0
\$376	\$380		48.30	40.00	31.70	23.40	15.90	14.20	0	0	0	0
\$380	\$384		48.90	40.60	32.30	24.00	16.50	15.40	0	0	0	0
\$384	\$388		49.50	41.20	32.90	24.60	17.10	16.60	0	0	0	0
\$388	\$392		50.10	41.80	33.50	25.20	17.70	17.80	0	0	0	0
\$392	\$396		50.70	42.40	34.10	25.80	18.30	19.00	0	0	0	0
\$396	\$400		51.30	43.00	34.70	26.40	18.90	20.20	0	0	0	0
\$400	\$404		51.90	43.60	35.30	27.00	19.50	21.40	0	0	0	0
\$404	\$408		52.50	44.20	35.90	27.60	20.10	22.60	0	0	0	0
\$408	\$412		53.10	44.80	36.50	28.20	20.70	23.80	0	0	0	0
\$412	\$416		53.70	45.40	37.10	28.80	21.30	25.00	0	0	0	0
\$416	\$420		54.30	46.00	37.70	29.40	21.90	26.20	0	0	0	0
\$420	\$424		54.90	46.60	38.30	30.00	22.50	27.40	0	0	0	0
\$424	\$428		55.50	47.20	38.90	30.60	23.10	28.60	0	0	0	0
\$428	\$432		56.10	47.80	39.50	31.20	23.70	29.80	0	0	0	0
\$432	\$436		56.70	48.40	40.10	31.80	24.30	31.00	0	0	0	0
\$436	\$440		57.30	49.00	40.70	32.40	24.90	32.20	0	0	0	0
\$440	\$444		57.90	49.60	41.30	33.00	25.50	33.40	0	0	0	0
\$444	\$448		58.50	50.20	41.90	33.60	26.10	34.60	0	0	0	0
\$448	\$452		59.10	50.80	42.50	34.20	26.70	35.80	0	0	0	0
\$452	\$456		59.70	51.40	43.10	34.80	27.30	37.00	0	0	0	0
\$456	\$460		60.30	52.00	43.70	35.40	27.90	38.20	0	0	0	0
\$460	\$464		60.90	52.60	44.30	36.00	28.50	39.40	0	0	0	0
\$464	\$468		61.50	53.20	44.90	36.60	29.10	40.60	0	0	0	0
\$468	\$472		62.10	53.80	45.50	37						

"If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such periods are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—												
\$0	\$2.00	15% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$2.00	\$2.25	\$0.30	.05	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50	.35	.10	0	0	0	0	0	0	0	0	0
\$2.50	\$2.75	.40	.10	0	0	0	0	0	0	0	0	0
\$2.75	\$3.00	.45	.15	0	0	0	0	0	0	0	0	0
\$3.00	\$3.25	.45	.20	0	0	0	0	0	0	0	0	0
\$3.25	\$3.50	.50	.25	0	0	0	0	0	0	0	0	0
\$3.50	\$3.75	.55	.25	0	0	0	0	0	0	0	0	0
\$3.75	\$4.00	.60	.30	.05	0	0	0	0	0	0	0	0
\$4.00	\$4.25	.60	.35	.05	0	0	0	0	0	0	0	0
\$4.25	\$4.50	.65	.40	.10	0	0	0	0	0	0	0	0
\$4.50	\$4.75	.70	.40	.15	0	0	0	0	0	0	0	0
\$4.75	\$5.00	.75	.45	.20	0	0	0	0	0	0	0	0
\$5.00	\$5.25	.75	.50	.20	0	0	0	0	0	0	0	0
\$5.25	\$5.50	.80	.55	.25	0	0	0	0	0	0	0	0
\$5.50	\$5.75	.85	.55	.30	0	0	0	0	0	0	0	0
\$5.75	\$6.00	.90	.60	.35	.05	0	0	0	0	0	0	0
\$6.00	\$6.25	.90	.65	.35	.10	0	0	0	0	0	0	0
\$6.25	\$6.50	.95	.70	.40	.15	0	0	0	0	0	0	0
\$6.50	\$6.75	1.00	.70	.45	.15	0	0	0	0	0	0	0
\$6.75	\$7.00	1.05	.75	.50	.20	0	0	0	0	0	0	0
\$7.00	\$7.25	1.05	.80	.50	.25	0	0	0	0	0	0	0
\$7.25	\$7.50	1.10	.85	.55	.30	0	0	0	0	0	0	0
\$7.50	\$7.75	1.15	.85	.60	.30	.05	0	0	0	0	0	0
\$7.75	\$8.00	1.20	.90	.65	.35	.10	0	0	0	0	0	0
\$8.00	\$8.25	1.20	.95	.65	.40	.10	0	0	0	0	0	0
\$8.25	\$8.50	1.25	1.00	.70	.45	.15	0	0	0	0	0	0
\$8.50	\$8.75	1.30	1.00	.75	.45	.20	0	0	0	0	0	0
\$8.75	\$9.00	1.35	1.05	.80	.50	.25	0	0	0	0	0	0
\$9.00	\$9.25	1.35	1.10	.80	.55	.25	0	0	0	0	0	0
\$9.25	\$9.50	1.40	1.15	.85	.60	.30	.05	0	0	0	0	0
\$9.50	\$9.75	1.45	1.15	.90	.60	.35	.05	0	0	0	0	0
\$9.75	\$10.00	1.50	1.20	.95	.65	.40	.10	0	0	0	0	0
\$10.00	\$10.50	1.55	1.25	1.00	.70	.45	.15	0	0	0	0	0
\$10.50	\$11.00	1.60	1.35	1.05	.80	.50	.25	0	0	0	0	0
\$11.00	\$11.50	1.70	1.40	1.15	.85	.60	.30	.05	0	0	0	0
\$11.50	\$12.00	1.75	1.50	1.20	.95	.65	.40	.10	0	0	0	0
\$12.00	\$12.50	1.85	1.55	1.30	1.00	.75	.45	.20	0	0	0	0
\$12.50	\$13.00	1.90	1.65	1.35	1.10	.80	.55	.25	0	0	0	0
\$13.00	\$13.50	2.00	1.70	1.45	1.15	.90	.60	.35	.05	0	0	0
\$13.50	\$14.00	2.05	1.80	1.50	1.25	.95	.70	.40	.15	0	0	0
\$14.00	\$14.50	2.15	1.85	1.60	1.30	1.05	.75	.50	.20	0	0	0
\$14.50	\$15.00	2.20	1.95	1.65	1.40	1.10	.85	.55	.30	0	0	0
\$15.00	\$15.50	2.30	2.00	1.75	1.45	1.20	.90	.65	.35	.10	0	0
\$15.50	\$16.00	2.35	2.10	1.80	1.55	1.25	1.00	.70	.45	.15	0	0
\$16.00	\$16.50	2.45	2.15	1.90	1.60	1.35	1.05	.80	.50	.25	0	0
\$16.50	\$17.00	2.50	2.25	1.95	1.70	1.40	1.15	.85	.60	.30	.05	0
\$17.00	\$17.50	2.60	2.30	2.05	1.75	1.50	1.20	.95	.65	.40	.10	0
\$17.50	\$18.00	2.65	2.40	2.10	1.85	1.55	1.30	1.00	.75	.45	.20	0
\$18.00	\$18.50	2.75	2.45	2.20	1.90	1.65	1.35	1.10	.80	.55	.25	0
\$18.50	\$19.00	2.80	2.55	2.25	2.00	1.70	1.45	1.15	.90	.60	.35	.05
\$19.00	\$19.50	2.90	2.60	2.35	2.05	1.80	1.50	1.25	.95	.70	.40	.15
\$19.50	\$20.00	2.95	2.70	2.40	2.15	1.85	1.60	1.30	1.05	.75	.50	.20
\$20.00	\$21.00	3.05	2.80	2.50	2.25	1.95	1.70	1.45	1.15	.90	.60	.35
\$21.00	\$22.00	3.20	2.95	2.65	2.40	2.10	1.85	1.55	1.30	1.05	.75	.50
\$22.00	\$23.00	3.35	3.10	2.80	2.55	2.25	2.00	1.70	1.45	1.20	.90	.65
\$23.00	\$24.00	3.50	3.25	2.95	2.70	2.40	2.15	1.85	1.60	1.35	1.05	.80
\$24.00	\$25.00	3.65	3.40	3.10	2.85	2.55	2.30	2.00	1.75	1.50	1.20	.95
\$25.00	\$26.00	3.80	3.55	3.25	3.00	2.70	2.45	2.15	1.90	1.65	1.35	1.10
\$26.00	\$27.00	3.95	3.70	3.40	3.15	2.85	2.60	2.30	2.05	1.80	1.50	1.25
\$27.00	\$28.00	4.10	3.85	3.55	3.30	3.00	2.75	2.45	2.20	1.95	1.65	1.40
\$28.00	\$29.00	4.25	4.00	3.70	3.45	3.15	2.90	2.60	2.35	2.05	1.80	1.55
\$29.00	\$30.00	4.40	4.15	3.85	3.60	3.30	3.05	2.75	2.50	2.20	1.95	1.70
15 percent of the excess over \$30 plus—												
\$30.00 and over		4.50	4.20	3.95	3.65	3.40	3.10	2.85	2.55	2.30	2.05	1.75"

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

Mr. MILLIKIN. I yield.

Mr. ELLENDER. As I understand the pending amendment on page 3, there will be a reduction of 17 percent if the aggregate tentative tax is not over \$400?

Mr. MILLIKIN. That is correct.

Mr. ELLENDER. And so on until, when the aggregate tentative tax is above \$100,000, the reduction will be 9.75 percent on the excess, plus the stated amount of \$12,020.

Mr. MILLIKIN. Yes; and the rates are cumulative.

Mr. ELLENDER. Can the Senator tell us what the aggregate percentage reduction will be as to those taxpayers who will be entitled to take advantage of the split-income provision of the pending measure?

Mr. MILLIKIN. The reductions will benefit all taxpayers, from the lowest to the highest.

Mr. ELLENDER. I understand that; but the question I am asking is, to what extent, percentagewise, will taxpayers who take advantage of the split income provision be benefited?

Mr. MILLIKIN. The rate increases over those contained in the House bill involve about \$1,700,000,000 of reduction in revenue, and the split-income provision involves \$600,000,000 plus. The rate reductions also are applicable to those who benefit from the split-income provision.

Mr. ELLENDER. The information I am attempting to obtain from the Senator is the extent percentagewise to which a taxpayer who now has an income in excess of \$100,000 will be bene-

fited if he were permitted to split his income. Cannot the Senator give us the saving to which such a taxpayer would be benefited?

Mr. MILLIKIN. Let us assume a married person with no dependents, and the entire income earned by one spouse— income after deductions, but before exemptions. The \$100,000 man, under the present law, would pay \$63,127.50. Under the House bill he would pay \$44,963.88. Under the bill as reported to the Senate he would pay \$46,402.88.

Mr. ELLENDER. In other words, there would be a saving to the \$100,000 man of about \$16,000.

Mr. MILLIKIN. Under the House he would save \$18,163.62. Under the Finance Committee bill he would save \$16,724.62.

Mr. ELLENDER. Aside from the saving the Senator has just indicated, there would be a further saving to the \$100,000 man of 9.75 percent on his income in excess of \$100,000, would there not?

Mr. MILLIKIN. The tables which appear in the bill reflect the split-income benefit plus the rate reductions.

Mr. ELLENDER. I understand that in addition to the savings the Senator has just indicated, there would be an additional saving, for a person making over \$100,000, of 9.75 percent on such excess. Is not that correct?

Mr. MILLIKIN. I have suggested to the Senator that that is already taken into account in the figures I have given him. There is no additional saving. The saving is completely reflected in the figures I have given the Senator.

Mr. ELLENDER. Then are we to understand that the entire percentage saving for a taxpayer whose income is in excess of \$100,000 will be 9.75 percent?

Mr. MILLIKIN. His saving will be \$16,724.62 under the Finance Committee bill.

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

Mr. MILLIKIN. I yield.

Mr. TAFT. That is assuming that there is an income of \$100,000 for the taxpayer himself, and none for his wife.

Mr. MILLIKIN. That is for a married person with no dependents.

Mr. TAFT. Yes. A gentleman from the State of Louisiana would already have saved that under existing law, and the only additional saving he would receive would be 5 or 6 percent.

Mr. ELLENDER. I am not questioning that. I am for the split income proposed so as to put all taxpayers on the same basis so far as that can be done. I am attempting to elicit from my distinguished colleague the amount of saving that will accrue to taxpayers who are not now able to lawfully split their income. It is my view that on incomes up to say \$300,000, the savings will be more than would have prevailed under the Knutson bill of last session. I contend that we should not give further cuts to such taxpayers in the hope of keeping the losses to the Treasury down to \$4,000,000,000 or less.

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

Mr. MILLIKIN. I am glad to yield.

Mr. GEORGE. I think the Senator from Colorado misunderstood the question of the Senator from Louisiana. The Senator from Louisiana is speaking of incomes in excess of \$100,000—for instance, \$300,000 or \$400,000.

Mr. MILLIKIN. I am in a position to give the Senator that information, if he wishes it.

Mr. GEORGE. The Senator from Louisiana may have asked the particular question whether the saving would be \$12,020 plus 9.75 percent on all over and above \$100,000.

Mr. MILLIKIN. Would the Senator like me to give the figures for a person with an income of \$300,000?

Mr. ELLENDER. No; I am not seeking figures as to any other amount. I was hopeful of obtaining information

from the Senator that would show that the split-income proposal affords sufficient tax relief to many of the country's taxpayers.

I had intended to present to the pending measure an amendment along the following lines: As I have just stated, I believe that the tax relief that will be afforded under this bill to those who can split their incomes might be sufficient relief for them, and I was going to propose in my amendment to extend similar relief to widowers and widows, and some relief to single persons, not as great, however, as that afforded the ones I have just mentioned.

Under the split-income-tax theory, as presented here, the only persons who will benefit will be married persons. I further understand that the savings in taxes to married persons will be greater than the savings in taxes that would have resulted under the Knutson bill of last year.

Mr. MILLIKIN. There is no question that under the terms of this bill there is a special benefit for married persons who will get the benefit of split incomes, if they have not heretofore had the benefit of that provision. There is no question about that.

Mr. ELLENDER. And I am for it.

Mr. MILLIKIN. Yes; I understand that the Senator from Louisiana is for it.

Mr. ELLENDER. Yes.

Mr. MILLIKIN. I am making the further suggestion that under our anticipated revenue and our anticipated expenditures, we are not in position to achieve a complete equalization all the way along the line, so as to place single persons and others who do not benefit under this particular provision on a complete equalization basis.

Mr. ELLENDER. To my way of thinking, all that is due to the fact that evidently the persons I have mentioned have not been given any consideration at all by the committee which presented this bill.

Mr. MILLIKIN. Yes; we have increased the standard deduction, which gives them some benefit.

Mr. ELLENDER. But a person must be married in order to get the full benefit of this bill.

What I think should have been done—and I have discussed this before with the distinguished Senator from Colorado—is that some relief along the line of that given to married persons under this bill should be extended to widowers and widows and also, to a certain lesser degree, to single persons. I repeat, I do not mean relief to the same extent should be given; but some relief should be given to them. That could be accomplished by reducing the rates given under this bill to married persons over and above the tax savings made possible through the split-income process. Those who are able to split their incomes will be given quite a saving. In addition, the bill reduces taxes generally to all taxpayers in excess of a billion dollars. In other words, those able to split their income obtain considerable relief. In addition, they obtain more relief on the same basis as is afforded to all other taxpayers. It seems to me that relief should be more equitably distributed.

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

Mr. MILLIKIN. I yield.

Mr. TOBEY. I should like to say to the Senator from Louisiana that as I read the proposed legislation and as I comprehend the import behind it, rather than the verbiage, one of the byproducts of this legislation will be a benefit to the country as a whole, namely, to stimulate participation in holy wedlock.

Mr. ELLENDER. I concur in that remark.

Now, to revert to my original question, how much greater or less, percentage-wise, would the tax savings for a married couple with the income all earned by one spouse be, from the split income provision alone, in contrast to the savings for such persons under the same circumstances, under the original Knutson bill which was considered during the last session of Congress?

Mr. MILLIKIN. Under the original Knutson bill a married couple with \$50,000 of net income received a 20 percent reduction in their tax. Under the committee's bill the same married couple residing in a non-community-property State will receive a 24.48 percent reduction due to the split income provision alone. The other provisions of the bill bring the total reduction up to 30.63 percent.

Mr. ELLENDER. In other words the percentage reduction due to the split income is greater by about 4 percent. If we consider all the relief afforded under the pending measure, the saving would be about 10 percent more than the original Knutson bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendments which have been stated en bloc.

Mr. CONNALLY. Mr. President, I regret to have to disagree with the Senator on the question of the adoption of these amendments en bloc. I have an amendment which is to a committee amendment.

Mr. MILLIKIN. Mr. President, I may say that I am passing that part of the bill deliberately, so that the Senator from Texas may present his amendment without any interference. We are not now approving the committee amendments or the amendments in the bill which have to do with the gift tax or the estate tax. We are dealing now only with the question of income-tax rates.

Mr. CONNALLY. I thought the request was that all the amendments be considered en bloc.

Mr. MILLIKIN. No. That was previously delimited in this way: We are proposing to adopt the amendments on page 3 and then to adopt the amendments on the tables which support the reduction contained in the amendments on page 3; and we are passing the entire subject of estate and gift taxes, to accommodate the offering of the Senator's proposed amendment.

Mr. CONNALLY. I thank the Senator. The amendment I have in mind would apply to page 33.

Mr. MILLIKIN. That is correct. We are passing over that portion of the bill for the present.

The PRESIDENT pro tempore. The question is on agreeing to the amendments en bloc, being those on page 3, plus those on page 65 and following, to the end of the table on page 80.

The amendments were agreed to.

The PRESIDENT pro tempore. The next amendment of the committee will be stated.

The CHIEF CLERK. On page 18, it is proposed to strike out parts 2 and 3, and insert new sections—

Mr. MILLIKIN. Mr. President, I suggest that we pass over, for the time being, from page 18 to page 64, which is the subject matter I have discussed with the Senator from Texas [Mr. CONNALLY].

The PRESIDENT pro tempore. Without objection, that procedure will be followed.

Mr. MILLIKIN. I invite attention, Mr. President, to an amendment at the bottom of page 80, which should receive separate attention.

The PRESIDENT pro tempore. What amendment does the Senator from Colorado wish to have considered now?

Mr. MILLIKIN. I wish now to have the Senate consider an amendment at the bottom of page 80, which changes a date from April 1 to May 1, 1948.

The PRESIDENT pro tempore. The question is on agreeing to the amendment on page 80, as stated by the Senator from Colorado.

The amendment was agreed to.

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

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the eleventh column of the table on page 67, it is proposed to strike out the figures "325" and insert in lieu thereof the figures "335."

Mr. MILLIKIN. That is a technical correction, Mr. President.

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

The amendment was agreed to.

The PRESIDENT pro tempore. What amendment does the Senator from Colorado wish to have considered at this time?

Mr. MILLIKIN. We have no amendments that we wish to have considered at this time, Mr. President. I have understood that the Senator from Texas [Mr. CONNALLY] and the Senator from Nevada [Mr. McCARRAN] are ready to proceed with amendments.

The PRESIDENT pro tempore. The Senator from Nevada is recognized, and subsequently the Senator from Texas will be recognized.

Mr. McCARRAN. 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. At the proper place in the bill, it is proposed to insert the following:

SEC. —. Elimination of tax on transportation of persons.

Subchapter C of chapter 30 of the Internal Revenue Code (relating to the tax on transportation of persons) is hereby repealed.

SEC. 2. The amendment made by this act shall apply to amounts paid after the date

of the enactment of this act for transportation after such date.

Mr. McCARRAN. Mr. President, in order that the Senate may understand the law as it now stands, I beg leave to read chapter 30, subchapter C:

Tax on transportation of persons, etc.: There shall be imposed upon the amount paid within the United States, on or after October 10, 1941, for the transportation, on and after such effective date, of persons by rail, motor vehicle, water, or air, within or without the United States, a tax equal to 10 percent of the amount so paid. Such tax shall apply to transportation by motor vehicles having a passenger seating capacity of less than 10 adult passengers, including the driver, only when such vehicle is operated on an established line.

Then, subsection (c) of that section reads as follows:

Seats, berths, etc.: There shall be imposed upon the amount paid within the United States for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) a tax equivalent to 10 percent of the amount so paid.

The Revenue Act of 1943, enacted 2 years subsequently, amended the foregoing by providing, as follows:

1650. War tax rates of certain miscellaneous taxes, etc.: In lieu of the rates of tax specified in such of the sections of this title as are set forth in the following table, the rates applicable with respect to the period beginning with the effective date of title III of the Revenue Act of 1943 (April 1, 1944) and ending on the first day of the first month which begins 6 months or more after the date of the termination of hostilities in the present war, shall be the rates set forth under the heading "War-tax rate":

Transportation of persons: Old rate, 10 percent; war tax rate, 15 percent.

Mr. President, Public Law 17 of the Eightieth Congress, section 2, provides:

Section 1650 of the Internal Revenue Code (war tax rates of certain miscellaneous taxes) is hereby amended by striking out "and ending on the first day of the first month which begins 6 months or more after the date of the termination of hostilities in the present war."

In other words, the provision which I have just read in the present law continues indefinitely the 15 percent imposed in 1943. It does not terminate with hostilities or 6 months thereafter. By the language I have just read it is made a continuing tax.

The tax was imposed in 1941. It was undoubtedly imposed as a war measure, for two reasons: First of all, perhaps the lesser reason was the collection of revenue by the Government. I believe, and I think my judgment is borne out, that it was largely imposed at a time when troops were being moved across the continent and elsewhere, and when we wanted as much space on rail and bus and air facilities as we could possibly obtain for the moving of our troops and for those who, in Government business, were compelled to travel. So we were anxious to curtail travel.

It will be recalled, Mr. President, that along about that time there was a general hue and cry about curtailing travel. Everyone was supposed to remain at home as much as possible and thus avoid congestion in vehicles of travel. So the

tax was imposed as a war measure and at the same time as a revenue measure.

It seems to me, Mr. President, that the time has now arrived when the imposition of a penalty on the traveling public should be eliminated. The privately conducted business of the United States is so involved in travel today that it cannot very well be said that we are not imposing a penalty on business itself when we impose a penalty on travel. Today there is scarcely an industry that does not have its agents, its representatives, or its business heads traveling throughout the country in keeping with the nature of the business conducted. We are therefore not only imposing a tax directly upon American industry, but we are imposing a penalty, if you please, Mr. President, upon American industry, if in keeping with its necessities travel must be indulged in.

Fifteen percent of the cost of one ticket from here to San Francisco amounts to something; 15 percent of the rate that one pays for a berth or a reservation amounts to something, when added to the general penalty imposed by taxes on the industry of the country. It having been a war measure, imposed for the purpose of curtailing travel, as I say, as well as for collecting revenue, it is time that the imposition of a penalty should cease, here and now. The amount of revenue to be collected by the Treasury in 1948 was first estimated at \$215,000,000. There has been a revision of that estimate, and my recollection of the revision is that it runs about \$244,000,000.

Mr. President, this is not in reality a legitimate tax. It was, in my judgment, imposed for the sole purpose of preventing promiscuous travel throughout the country, rather than as a revenue measure. That being true, the penalty should be imposed no longer, and industry should be freed from this burden, which seems to me to be unnecessary at this time.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Nevada.

Mr. MILLIKIN. Mr. President, it would be very difficult to answer the arguments which the Senator has made, on their merits. We are trying to pass a bill with a maximum of \$4,700,000,000 of reduction on a liability basis. The tax the Senator proposes to repeal is a very substantial revenue producer. As the Senator has said, it is estimated to produce \$244,000,000 in fiscal year 1948. Obviously if we remove this tax, we shall either have to add that much to the amount of the bill, or fail to include some reduction now in the bill, if we are to adhere to our limitation on amount. I think it is very clear that the figure \$4,700,000,000 meets with general satisfaction, and I believe that if we increased the amount there would be a very substantial added resistance to the bill.

We have at the present time excise taxes on admissions and dues, on alcoholic beverages, on automobiles, parts, accessories, tires and tubes, on bowling alleys and billiard and pool tables, on

business and store machines, on coconut and other vegetable oils, on coin-operated amusement and gambling devices, on communications, on documents, on electrical energy, on electric, gas, and oil appliances, on electric-light bulbs and tubes, on firearms and ammunition, on furs, on gasoline and lubricating oil, on jewelry, on luggage, purses, toilet cases, and so forth, on matches, on oleomargarine, on photographic apparatus, on playing cards, on radios, phonographs, records, and musical instruments, on refrigerators and air conditioners, on safe-deposit-box rental, on silver bullion transfers, on sporting goods, on tobacco, on toilet preparations, and the tax which the Senator's amendment proposes to strike down.

I agree with the Senator that this is a regressive tax, and I agree that we must get rid of it. I think it hobbles enterprise in this country, but, I may say to the Senator, so do all these other excise taxes, or most of them. I doubt whether anyone could listen to the list of taxes on which we are collecting excises and not reach the conclusion that many of those are perhaps equally as regressive as the one which the Senator has described.

I suggest, therefore, that the answer is that we cannot approach it piecemeal in connection with the bill, but must approach the whole subject of excise taxes on an over-all basis and see if we cannot reduce them whenever the Government's fiscal situation shall permit. I cannot promise, but I am hopeful that we may be able to reach at least some part of the more obnoxious of the taxes later in the year. Again, that depends on the revenue situation at the time. If we were to open the bill to accommodate the Senator from Nevada, to meet the very sound arguments which he has made, we could not avoid opening the bill in half a dozen different directions. If we do that, we cannot attain our objectives and cannot keep the bill within the financial limits desired by the Senate.

I hope the Senator will not press his amendment.

Mr. McCARRAN. Mr. President, last year this particular matter was before the Senate. I desire to read an excerpt from the CONGRESSIONAL RECORD, in which my good friend, the very able Senator from Colorado, in a colloquy between himself and me on a similar amendment, said:

Mr. President, let me say I hope the distinguished Senator from Nevada will not press for the adoption of his amendment. It goes to the whole subject of transportation excise taxes. It involves an enormous amount of money. The taxes on airplane travel alone, I am informed, amount to approximately \$250,000,000 a year.

The Senator was in error in that statement, but that is water over the wheel. I read further:

I do not believe that the Senate should make an offhand reduction of that amount in the Government's revenues.

Moreover, the amendment ties into the whole subject of excise taxes, which will be thoroughly sifted—

And I draw the attention of the Senator to his language of last year—

which will be thoroughly sifted in connection with the forthcoming general tax revision bill.

I draw the Senator's attention to that statement—I am not to be understood as at all chiding the Senator because there has been no revision of the tax law—only to say that I do not think we can look forward to any general revision of the tax law to any greater extent at this time than we could at that time. I do not see anything in the offing to permit such revision. I do not think we will have much legislation on the subject if this bill shall pass.

I want to draw the attention of the Senate to another matter. The subject matter of my amendment has been the object of a study conducted by the Executive Committee on Economic and Foreign Policy which is composed of representatives from the Department of State, the Department of Agriculture, the Department of Commerce, the Department of Labor, and the Treasury, as well as of the United States Tariff Commission. That committee has adopted a policy in opposition to the continued imposition of this transportation tax.

I hold in my hand a letter from the Department of State, signed by Willard L. Thorp, Assistant Secretary, dated March 17, 1948. The Senator from Colorado will note the date. It is the best and most significant date in the year—March 17. I want him to note the date, because it is an important letter written on an important date. It reads as follows:

MARCH 17, 1948.

MY DEAR SENATOR McCARRAN: In a telephone conversation yesterday with Mr. John Peurifoy you requested the Department of State's views on your proposed amendment to H. R. 4790 to eliminate the tax on transportation of persons by repealing subchapter C of chapter 30 of the Internal Revenue Code. The department has consistently favored the encouragement of all nonimmigrant travel without discrimination or direction, and believes that the transportation tax is an impediment to such travel, and that the tax as it now stands, since it has been repealed for certain areas, may result in discrimination against the areas to which it is still applicable. The department, therefore, is generally favorable to elimination of the tax.

This position is in accordance with action taken by the executive committee on Economic Foreign Policy on June 6, 1947, in connection with H. R. 3318, representing the Departments of Treasury, Agriculture, Commerce, Labor, the United States Tariff Commission, and concurred in by the Civil Aeronautics Board and the United States Maritime Commission. It is understood, however, that it was at that time and continues to be the view of the Department of the Treasury that the repeal of the tax on transportation of persons should not be considered prior to the proposed comprehensive revision of the entire excise tax structure.

Because of the urgency of your request, this letter has not been cleared by the Bureau of the Budget to which copies are being sent.

Sincerely yours,

WILLARD L. THORP,
Assistant Secretary.

I wish to draw to the attention of the Senate the fact that we are imposing through this tax a penalty on our own citizens traveling within the confines of the United States. If I should buy a ticket to Liverpool I would pay only the tax to Bermuda. From there on to Great Britain or Europe, or wherever I might be traveling, I would not have to pay the tax. If I should buy a ticket to Australia I would pay the tax as far as Honolulu, and from Honolulu on to Australia I would not pay the tax. In other words, we are imposing a penalty on our own people and compelling them to pay that penalty or else to stay at home, even though today the business of America depends largely on travel.

Mr. MILLIKIN. Mr. President, again I have little disagreement, if any, with what the distinguished Senator has said. I think the tax is a bad tax. I think we should get rid of it. In view of the inequities in our excise-tax system the House Ways and Means Committee, assisted by experts, started last summer making studies on the subject. I say to the distinguished Senator that the Senate Finance Committee has recently released a descriptive summary of Federal excise taxation. There is no lack of consciousness of the evils of the system, and there is no lack of desire to get rid of the worst of such taxes. But we cannot do everything in one jump. The Senator's amendment would mean a very serious reduction of revenues. It would throw the whole bill out of kilter. I hope that the Senator will withdraw his amendment, because I can assure him that we are going ahead with revision plans. That is not merely conversation. There has been a very earnest step made on both sides of the Congress.

I think everyone wants to get rid of the worst of the excise taxes and to reduce substantially the rates, as to many of the others. We hope to do it later in the session, at least in part, if the revenues shall permit. I do not believe that any better assurance could be given.

Mr. McCARRAN. Mr. President, if I may interrupt—and I do not wish to interrupt or to prolong the discussion—there was never a time in the history of this country when the removal of penalties from the people and from industry has been so necessary as at this time. We intend to send billions of dollars abroad. Every industry in America will be taxed to the utmost. The people have to travel in order to build up their own internal business and continue to operate, and yet we are to impose a penalty on them which the Senator from Colorado says should be taken off. I have the greatest respect in the world for the Senator from Colorado, but I am unable to follow his argument when he says certain taxes should be eliminated and should not be imposed, and yet that we shall keep this wrong and erroneous policy. I say to the Senator, with all due respect, in response to his request that I withdraw my amendment, that I cannot do it at this time. I ask for a yea-and-nay vote on my amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amend-

ment offered by the Senator from Nevada [Mr. McCARRAN], on which he asks for the yeas and nays.

The yeas and nays were ordered.

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

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

The question is on agreeing to the amendment submitted by the Senator from Nevada [Mr. McCARRAN].

Mr. MILLIKIN. Mr. President, the amendment before the Senate is an amendment offered by the distinguished senior Senator from Nevada [Mr. McCARRAN] which would abolish the transportation tax on persons. Its adoption would reduce the revenue of the Government by \$240,000,000 a year. If the amendment were agreed to, it naturally would raise the reduction made possible by the enactment of the pending bill by that amount of money. I do not believe the general sentiment of the Senate is in favor of raising the reduction beyond the figure suggested by the Senate Committee on Finance.

Mr. President, the tax involved is an excise tax, it is a tax which we should get rid of, but the same problem is presented that is met in the case of all other excise taxes. It is not possible to deal with these taxes piecemeal. We must give them over-all consideration. Studies of this subject are under way in the House Committee on Ways and Means and the Senate Committee on Finance. I hope we get at it as soon as permitted by our revenues.

Mr. McCARRAN. Mr. President, I wish that the Senator from Colorado would in all fairness repeat to the Senators now assembled what he said to a few of us on the floor a few moments ago. He concurred at that time with practically everything I presented in the way of argument, that this tax is a penalty on the traveling public, imposed on American citizenry within this country, and that it should be eliminated. He agreed that it was imposed in order to check travel, and I say now that the tax

of itself is an impediment to the industries of the country, at a time when by every means possible, we are trying to encourage industry to expand.

In view of the fact that the State Department, the Treasury Department, the Department of Agriculture, and the Department of Commerce—all the agencies concerned—over their signatures state that this tax should be eliminated, that it is a tax which retards progress in this country, it seems clear to me the amendment should be agreed to.

The argument that it would change the lines of the bill seems to me an argument of no weight whatever. If the Congress of the United States is afraid to do the right thing by its people merely because it might change the line of a bill which is now in the hands of Congress, then it seems to me we have lost our function here in the Senate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the senior Senator from Nevada [Mr. McCARRAN]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll. Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent. If present and voting, the Senator from Minnesota, the Senator from Maine, and the Senator from Indiana would vote "nay."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "nay."

The Senator from Nebraska [Mr. BUTLER] and the Senator from South Dakota [Mr. BUSHFIELD] are unavoidably detained. If present and voting, the Senator from Nebraska would vote "nay."

The Senator from Wyoming [Mr. ROBERTSON] and the Senator from Nebraska [Mr. WHERRY] are detained on official business. If present and voting, the Senator from Wyoming, and the Senator from Nebraska would vote "nay."

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Washington [Mr. MAGNUSON] and the Senator from Rhode Island [Mr. McGRATH] are absent on official business.

The Senator from Arkansas [Mr. McCLELLAN] is absent by leave of the Senate on official business.

The Senator from Idaho [Mr. TAYLOR] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Maryland [Mr. TYDINGS] and the Senator from California [Mr. DOWNEY] are absent because of illness.

The result was announced—yeas 13, nays 67, as follows:

YEAS—13		
Connally	Malone	Pepper
Eastland	Maybank	Stewart
Johnston, S. C.	Moore	Thomas, Okla.
Langer	Murray	
McCarran	O'Daniel	

NAYS—67

Aiken	Hatch	O'Mahoney
Baldwin	Hawkes	Overton
Barkley	Hayden	Reed
Bricker	Hickenlooper	Revercomb
Bridges	Hill	Robertson, Va.
Brooks	Hoey	Russell
Buck	Holland	Saltonstall
Byrd	Ives	Smith
Cain	Johnson, Colo.	Sparkman
Capehart	Kem	Stennis
Capper	Kilgore	Taft
Cooper	Knowland	Thomas, Utah
Cordon	Lodge	Thye
Donnell	Lucas	Tobey
Dworshak	McCarthy	Umstead
Ecton	McFarland	Vandenberg
Ellender	McKellar	Watkins
Ferguson	McMahon	Wiley
Flanders	Martin	Williams
Fulbright	Millikin	Wilson
George	Morse	Young
Green	Myers	
Gurney	O'Connor	

NOT VOTING—16

Ball	Jenner	Tydings
Brewster	McClellan	Wagner
Bushfield	McGrath	Wherry
Butler	Magnuson	White
Chavez	Robertson, Wyo.	
Downey	Taylor	

So Mr. McCARRAN's amendment was rejected.

Mr. McCARRAN. Mr. President, I ask unanimous consent to have printed in the RECORD certain telegrams received by me supporting my amendment.

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

MIAMI, FLA., March 17, 1948.

HON. PAT McCARRAN,
United States Senate:

AAA executive committee meeting here today adopted following resolution: "Executive committee of American Automobile Association strongly urges that tax-reduction bill now pending in Senate be amended to provide complete elimination of 15 percent transportation tax. Committee heartily endorses amendment introduced by Senator McCARRAN on Monday, March 15, providing for such elimination. Committee believes abolition of levy would increase travel within United States, throughout Western Hemisphere, and to Hawaii, and would give those areas relief already given by Congress to American travelers visiting other parts of the world." Committee members unanimously supporting this action are: H. J. Brunner, San Francisco, Calif.; William G. Bryant, Detroit, Mich.; J. J. Cavanagh, Chicago, Ill.; William J. Gottlieb, New York, N. Y.; Lou E. Holland, Kansas City, Mo.; Standish L. Mitchell, Los Angeles, Calif.; Matt F. Morse, St. Louis, Mo.; J. E. O'Neill, Fresno, Calif.; Andrew J. Sordoni, Wilkes-Barre, Pa.; Ralph Thomas, Detroit, Mich.; and John L. Young, Cleveland, Ohio.

Respectfully,

R. J. SCHMUNK,
President,
American Automobile Association.

BURBANK, CALIF., March 18, 1948.
Senator PAT McCARRAN,
Senate Building,
Washington, D. C.:

Distinctly remembering the night I preceded you as speaker at the Purchasing Agents Association of Milwaukee, some years ago, I am very certain that the abolition of the 15-percent transportation tax as proposed in bill H. R. 4790 is but another sterling example of your splendid efforts and I cannot emphasize too strongly the necessity for the removal of the tax in question.

E. VAN VECHTEN,
North Hollywood, Calif.

DALLAS, TEX., March 18, 1948.

Senator McCARRAN,
Senate Office Building,
Washington, D. C.:

We wish to heartily commend your suggestion for the removal of the 15-percent passenger tax.

OLIVE & MYERS MANUFACTURING CO.

NEW YORK, N. Y., March 18, 1948.

Senator PAT McCARRAN,
The Senate Building, Washington, D. C.:

Strongly endorse your amendment covering repeal of 15-percent tax in transportation. This measure designed in wartime to discourage travel in U. S. A. has long since lost its reason for existence. It increases unnecessarily the cost of American business travel necessary for prosperity. It acts as an unwarranted penalty to Americans taking hard-earned vacations. It discourages traffic on American railroads, air lines, bus lines, etc., in a manner against the public interest. In its present state it discriminates in favor of foreign travel which is largely untaxed. Its removal will be hailed by all Americans as a constructive move in the return to a more normal economy.

THOS. COOK & SON AMERICAN CORP.

ELKO, NEV., March 19, 1948.

Senator PAT McCARRAN,
Washington, D. C.:

Earnestly request you support bill to repeal tax on transportation.

ELKO CHAMBER OF COMMERCE,
F. E. WALTERS, Secretary.

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

Mr. MILLIKIN. I yield to the distinguished senior Senator from Texas.

Mr. CONNALLY. Mr. President and Members of the Senate, I have a very important amendment, and I shall not detain the Senate long in explaining it. I hope Senators will control their urge to go to the lunchroom for a little while, because they might have to be recalled if they go there. I hope not.

Mr. President, I send to the desk an amendment to a committee amendment and ask to have it stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 33, beginning with line 6, it is proposed to strike out all down to and including line 6, on page 34, and insert the following:

Sec. 351. Repeal of community property estate tax amendments.

(a) Effective with respect to estates of decedents dying after the date of the enactment of the Revenue Act of 1942, sections 811 (d) (5), 811 (e) (2), and 811 (g) (4) of the Internal Revenue Code (relating to community property) are hereby repealed.

(b) Such section 811 (e) is further amended—

(1) by striking out of the heading of such subsection the words "and community"; and

(2) by striking out of paragraph (1) the following: "Joint interests.—"

(c) If the refund of any overpayment resulting from the application of this section is prevented on the date of the enactment of this act, or within 1 year from such date, by the operation of any law or rule of law (other than sec. 3761 of the Internal Revenue Code, relating to compromises), refund of such overpayment may, nevertheless, be made if claim therefor is filed within 1 year from the date of the enactment of this act. No interest shall be paid on any overpayment resulting from the application of this section.

(d) Notwithstanding the repeal of sections 811 (d) (5), 811 (e) (2), and 811 (g) (4) provided in subsection (a) of this section, the taxes imposed under chapter 3 of the Internal Revenue Code upon the transfer of the net estate of any decedent dying after the date of the enactment of the Revenue Act of 1942 and on or before the date of the enactment of this act—

(1) shall not exceed the taxes which would have been imposed under such chapter 3 upon such transfer if this section had not been enacted; but

(2) shall not be less than the taxes imposed upon such transfer under such chapter 3, as amended by subsection (a) of this section, increased by an amount equal to the excess of—

(A) the taxes which would be imposed under such chapter 3 upon the transfer of the net estate of each subsequent decedent (dying on or before the date of the enactment of this act) if computed by excluding, from the deduction which would be allowed (if this section had not been enacted) under section 812 (c) of the Internal Revenue Code (deduction for property previously taxed), the portion thereof which would be attributable to the inclusion in the gross estate of the prior decedent of the value of any property which is not includible in such gross estate but which would have been so includible if this section had not been enacted, over

(B) the taxes imposed under such chapter 3 upon the transfer of the net estate of such subsequent decedent, computed without excluding the portion of the deduction referred to in clause (A).

For the purposes of subparagraph (A), the "taxes which would be imposed under such chapter 3 upon the transfer of the net estate of each subsequent decedent" shall be computed by including in the gross estate of such subsequent decedent the amount which inures to the estate of such subsequent decedent by reason of the reduction (resulting from the enactment of this section) in the taxes imposed under such chapter 3 upon the transfer of the net estate of the prior decedent."

On page 42, lines 9, 10, 11, it is proposed to strike out "during the calendar year 1942 or after the date of the enactment of the Revenue Act of 1948" and insert in lieu thereof the following: "after December 31, 1941."

On page 60, lines 6, 7, 8, it is proposed to strike out "during the calendar year 1942 or after the date of the enactment of the Revenue Act of 1948" and insert in lieu thereof the following: "after December 31, 1941."

Mr. MILLIKIN. Mr. President, will the Senator yield to me for a moment?

Mr. CONNALLY. Certainly.

Mr. MILLIKIN. I think it would be more in order to have the committee amendment to which the Senator's amendment applies stated.

Mr. CONNALLY. That is correct: I agree.

The PRESIDENT pro tempore. Will the Senator from Colorado identify the committee amendment?

Mr. CONNALLY. On page 33.

Mr. MILLIKIN. The amendment begins on page 18.

Mr. CONNALLY. On, no; on page 33.

The PRESIDENT pro tempore. The committee amendment will be stated.

The CHIEF CLERK. On page 18, after line 10, it is proposed to strike out:

PART II—ESTATE TAX

SUBPART 1—REPEAL OF 1942 COMMUNITY-PROPERTY AMENDMENTS

Sec. 351. Transfers of community property in contemplation of death, etc.

Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (d) (5) of the Internal Revenue Code (relating to transfers of community property in contemplation of death, etc.) is hereby repealed.

Sec. 352. Joint and community interests.

(a) Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (e) (2) of the Internal Revenue Code (relating to inclusion of community property in gross estate of decedent) is hereby repealed.

(b) Such section 811 (e) is further amended—

(1) by striking out the heading of such subsection the words "and community"; and

(2) by striking out of paragraph (1) the following: "(1) Joint interests.—"

Sec. 353. Proceeds of life insurance.

Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (g) (4) of the Internal Revenue Code (relating to life insurance in the case of decedents in community-property States) is hereby repealed.

SUBPART 2—MARITAL DEDUCTION FOR BEQUESTS, ETC., TO SPOUSE

Sec. 361. Marital deduction.

(a) Section 812 of the Internal Revenue Code (relating to deductions in computing net estate in the case of a citizen or resident of the United States) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(e) Bequests, etc., to surviving spouse.—

"(1) Allowance of marital deduction.—

"(A) In general: An amount equal to the value of any interest in property passing from the decedent to his surviving spouse, but only to the extent that such interest is included in determining the value of the gross estate.

"(B) Life estate or other terminable interest. Where, upon the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur, such interest passing to the surviving spouse will terminate or fail, no deduction shall be allowed with respect to such interest—

"(i) if an interest in such property passes or has passed (for less than an adequate and full consideration in money or money's worth) from the decedent to any person other than such surviving spouse; and

"(ii) if by reason of such passing such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest so passing to the surviving spouse.

"(C) Interest of spouse conditioned on survival for limited period: For the purposes of subparagraph (B) an interest passing to the surviving spouse shall not be considered as an interest which will terminate or fail upon the death of such spouse if—

"(i) such death will cause a termination or failure of such interest only if it occurs within a period (not exceeding 6 months) after the decedent's death; and

"(ii) such spouse in fact does not die before the expiration of such period.

"(D) Interest of surviving spouse reduced by reason of estate, etc., taxes: In determining for the purposes of subparagraph (A) the value of any interest in property passing to the surviving spouse there shall be taken into account the effect which a tax imposed by this chapter, or any estate, succession, legacy, or inheritance tax, has upon the net value to the surviving spouse of such interest.

"(E) Trust with power of appointment in surviving spouse: In the case of an interest in property passing from the decedent to a trust, if the trust will terminate upon the death of the surviving spouse of the decedent, and if under the terms of the trust such spouse is entitled for her life to all the income from the corpus of the trust, payable annually or at more frequent intervals, with the power to appoint by will the entire corpus to her estate, and with no power in herself or any other person to appoint or invade any part of the corpus during her life—

"(i) the interest so passing shall, for the purposes of subparagraph (A), be considered as passing to the surviving spouse, and

"(ii) no part of the interest so passing shall, for the purposes of subparagraph (B) (1), be considered as passing to any person other than the surviving spouse.

This subparagraph shall be applicable only if, under the terms of the trust, such power to appoint by will is exercisable in all events.

"(F) Limitation on aggregate of deductions: The aggregate amount of the deductions allowed under this paragraph (computed without regard to this subparagraph) shall not exceed 50 percent of the value of the adjusted gross estate, as defined in paragraph (2).

"(2) Computation of adjusted gross estate—

"(A) General rules: Except as provided in subparagraph (B) of this paragraph the adjusted gross estate shall, for the purposes of paragraph (1) (F), be computed by subtracting from the entire value of the gross estate the aggregate amount of the deductions allowed by subsection (b) of this section.

"(B) Special rule in cases involving community property: If the decedent and his surviving spouse at any time held property as community property under the law of any State, Territory, or possession of the United States, or of any foreign country, then the adjusted gross estate shall, for the purposes of paragraph (1) (F), be determined by subtracting from the entire value of the gross estate the sum of:

"(i) the value of property which is at the time of the death of the decedent held as such community property; and

"(ii) the value of property transferred by the decedent during his life, if at the time of such transfer the property was held as such community property; and

"(iii) the amount receivable as insurance under policies upon the life of the decedent to the extent purchased with premiums or other consideration paid out of property held as such community property; and

"(iv) an amount which bears the same ratio to the aggregate of the deductions allowed under subsection (b) of this section which the value of the property included in the gross estate, diminished by the amount subtracted under clauses (i), (ii), and (iii) of this subparagraph, bears to the entire value of the gross estate.

For the purposes of clauses (i), (ii), and (iii), property shall be considered as 'held as such community property' if it was at any time acquired by the decedent (by one exchange or by a series of exchanges) in exchange for his interest in property held as such community property. The amount to be subtracted under clause (i), (ii), or (iii) shall not exceed the value of the interest in the property described therein which is included in determining the value of the gross estate.

"(3) Definition: For the purposes of this subsection an interest in property shall be considered as passing from the decedent to any person if and only if—

"(A) such interest is bequeathed or devised to such person by the decedent; or

"(B) such interest is inherited by such person from the decedent; or

"(C) such interest is the dower or curtesy interest (or statutory interest in lieu thereof) of such person as surviving spouse of the decedent; or

"(D) such interest has been transferred to such person by the decedent at any time; or

"(E) such interest was, at the time of the decedent's death, held by such person and the decedent (or by them and any other person) in joint ownership with right of survivorship; or

"(F) the decedent had a power (either alone or in conjunction with any person) to appoint such interest and if he appoints or has appointed such interest to such person, or if such person takes such interest in default upon the release or nonexercise of such power; or

"(G) such interest consists of proceeds of insurance upon the life of the decedent."

(b) The amendment made by subsection (a) of this section shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act. Sec. 362. Property previously taxed.

(a) Section 812 (c) of the Internal Revenue Code (relating to the deduction for property previously taxed) is hereby amended by adding after the first paragraph a new paragraph to read as follows:

"The following property shall not, for the purposes of this subsection, be considered as property with respect to which a deduction may be allowed: (A) property received from a prior decedent who died after the date of the enactment of the Revenue Act of 1948 and was at the time of such death the decedent's spouse, (B) property received by gift after such date from a donor who at the time of the gift was the decedent's spouse, and (C) property acquired in exchange for property described in clause (A) or (B)."

(b) Section 812 (c) is further amended by striking out "subsections (a) and (d)" and inserting in lieu thereof "subsections (a), (d), and (e)."

PART III—GIFT TAX

Sec. 371. Gifts of community property.

Section 1000 (d) of the Internal Revenue Code (relating to gifts of property held as community property) is amended by adding at the end thereof a new sentence to read as follows: "This subsection shall be applicable only to gifts made after the calendar year 1942 and on or before the date of the enactment of the Revenue Act of 1948."

Sec. 372. Marital deduction.

Section 1004 (a) of the Internal Revenue Code (relating to deductions in computing net gifts in the case of a citizen or resident of the United States) is hereby amended by adding at the end thereof a new paragraph to read as follows:

"(3) Gift to spouse—

"(A) In general: Where the donor transfers during the calendar year (and after the date of the enactment of the Revenue Act of 1948) by gift an interest in property to a donee who at the time of the gift is the donor's spouse—an amount with respect to such interest equal to one-half of its value.

"(B) Life estate or other terminable interest: Where, upon the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur, such interest transferred to the spouse will terminate or fail, no deduction shall be allowed with respect to such interest—

"(1) if the donor retains in himself, or transfers or has transferred (for less than an adequate and full consideration in money or money's worth) to any person other than such donee spouse, an interest in such property, and if by reason of such retention or transfer the donor (or his heirs or assigns),

or such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest transferred to the donee spouse; or

"(2) if the donor immediately after the transfer to the donee spouse has a power to appoint an interest in such property which he can exercise (either alone or in conjunction with any person) in such manner that the appointee may possess or enjoy any part of such property after such termination or failure of the interest transferred to the donee spouse. For the purposes of this clause the donor shall be considered as having immediately after the transfer to the donee spouse such power to appoint even though such power cannot be exercised until after the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur.

An exercise or release at any time by the donor, either alone or in conjunction with any person, of a power to appoint an interest in property, even though not otherwise a transfer, shall, for the purposes of clause (1) of this subparagraph, be considered as a transfer by him.

"(C) Joint interests: If the interest is transferred to the donee spouse as sole joint tenant with the donor or as tenant by the entirety, the interest of the donor in the property which exists solely by reason of the possibility that the donor may survive the donee spouse, or that there may occur a severance of the tenancy, shall not be considered for the purposes of subparagraph (B) as an interest retained by the donor in himself.

"(D) Trust with power of appointment in donee spouse: Where the donor transfers in trust an interest in property, and the trust will terminate upon the death of his spouse, and under the terms of the trust his spouse is entitled for her life to all the income from the corpus of the trust, payable annually or at more frequent intervals, with the power to appoint by will the entire corpus to her estate, and with no power in herself or any other person to appoint or invade any part of the corpus during her life—

"(1) the interest so transferred in trust shall, for the purposes of subparagraph (A), be considered as transferred to the donee spouse, and

"(2) no part of the interest so transferred in trust shall, for the purposes of subparagraph (B) (1), be considered as retained in the donor or transferred to any person other than the donee spouse.

This subparagraph shall be applicable only if, under the terms of the trust, such power to appoint by will is exercisable in all events.

"(E) Community property: A deduction otherwise allowable under this paragraph shall be allowed only to the extent the transfer can be shown to represent a gift of property which does not fall within either of the two following classes:

"(1) Property which is, at the time of the gift, held as community property under the law of any State, Territory, or possession of the United States, or of any foreign country; or

"(2) Property which, although not so held, was at any time acquired by the donor (by one exchange or by a series of exchanges) in exchange for his interest in property held by him and the donee spouse as community property."

Sec. 373. Technical amendment.

Section 1004 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) Extent of deductions: The deductions provided in subsection (a) (2) or (3) or in subsection (b) shall be allowed only to the extent that the gifts therein specified are included in the amount of gifts against which such deductions are applied."

Sec. 374. Gift of husband or wife to third party.

Section 1000 of the Internal Revenue Code (relating to imposition of gift tax) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(f) Gift of husband or wife to third party.—

"(1) Considered as made one-half by each.—

"(A) In general: A gift made after the date of the enactment of the Revenue Act of 1948 by one spouse to any person other than his spouse shall, for the purposes of this chapter, be considered as made one-half by him and one-half by his spouse, but only if at the time of the gift each spouse is a citizen or resident of the United States. For the purposes of this subsection an individual shall be considered as the spouse of another individual only if he is married to such individual at the time of the gift and does not remarry during the remainder of the calendar year.

"(B) Consent of both spouses: Subparagraph (A) shall be applicable only if both spouses have signified (in accordance with the regulations provided for in paragraph (2)) their consent to the application of subparagraph (A) in the case of all such gifts made during the calendar year by either while married to the other.

"(2) Time and manner of signifying consent: A consent under this subsection shall be signified at such time and in such manner as is provided under regulations prescribed by the Commissioner with the approval of the Secretary. The right to consent, and the right to revoke a consent previously signified, with respect to a calendar year, shall not exist on any day if a return for such year by one spouse (required otherwise than by reason of the application of paragraph (1)) filed on such day would be a return not timely filed.

"(3) Joint and several liability for tax: If the consent required by paragraph (1) (B) is signified with respect to a gift made in any calendar year the liability with respect to the entire tax imposed by this chapter of each spouse for such year shall be joint and several."

And in lieu thereof to insert the following:

PART II—ESTATE TAX

SUBPART 1—REPEAL OF 1942 COMMUNITY PROPERTY AMENDMENTS

Sec. 351. Transfers of community property in contemplation of death, etc.

Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (d) (5) of the Internal Revenue Code (relating to transfers of community property in contemplation of death, etc.) is hereby repealed.

Sec. 352. Joint and community interests.

(a) Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (e) (2) of the Internal Revenue Code (relating to inclusion of community property in gross estate of decedent) is hereby repealed.

(b) Such section 811 (e) is further amended—

(1) by striking out of the heading of such subsection the words "and community"; and

(2) by striking out of paragraph (1) the following: "(1) Joint interests.—"

Sec. 353. Proceeds of life insurance.

Effective with respect to estates of decedents dying after the date of the enactment of this act, section 811 (g) (4) of the Internal Revenue Code (relating to life insurance in the case of decedents in community property States) is hereby repealed.

SUBPART 2—MARITAL DEDUCTION FOR BEQUESTS, ETC., TO SPOUSE

Sec. 361. Marital deduction.

(a) Section 812 of the Internal Revenue Code (relating to deductions in computing net estate in the case of a citizen or resident of the United States) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(e) Bequests, etc., to surviving spouse.—

"(1) Allowance of marital deduction.—

"(A) In general: An amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that such interest is included in determining the value of the gross estate.

"(B) Life estate or other terminable interest: Where, upon the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur, such interest passing to the surviving spouse will terminate or fail, no deduction shall be allowed with respect to such interest—

"(i) if an interest in such property passes or has passed (for less than an adequate and full consideration in money or money's worth) from the decedent to any person other than such surviving spouse (or the estate of such spouse); and

"(ii) if by reason of such passing such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest so passing to the surviving spouse;

and no deduction shall be allowed with respect to such interest (even if such deduction is not disallowed under clauses (i) and (ii))—

"(iii) if such interest is to be acquired for the surviving spouse, pursuant to directions of the decedent, by his executor or by the trustee of a trust.

For the purposes of this subparagraph, an interest shall not be considered as an interest which will terminate or fail merely because it is the ownership of a bond, note, or similar contractual obligation, the discharge of which would not have the effect of an annuity for life or for a term.

"(C) Interest in unidentified assets: Where the assets (included in the decedent's gross estate) out of which, or the proceeds of which, an interest passing to the surviving spouse may be satisfied include a particular asset or assets with respect to which no deduction would be allowed if such asset or assets passed from the decedent to such spouse, then the value of such interest passing to such spouse shall, for the purposes of subparagraph (A), be reduced by the aggregate value of such particular assets.

"(D) Interest of spouse conditional on survival for limited period: For the purposes of subparagraph (B) an interest passing to the surviving spouse shall not be considered as an interest which will terminate or fall upon the death of such spouse if—

"(i) such death will cause a termination or failure of such interest only if it occurs within a period not exceeding 6 months after the decedent's death, or only if it occurs as a result of a common disaster resulting in the death of the decedent and the surviving spouse, or only if it occurs in the case of either such event; and

"(ii) such termination or failure does not in fact occur.

"(E) Valuation of interest passing to surviving spouse: In determining for the purposes of subparagraph (A) the value of any interest in property passing to the surviving spouse for which a deduction is allowed by this subsection—

"(i) there shall be taken into account the effect which a tax imposed by this chapter, or any estate, succession, legacy, or inheri-

ance tax, has upon the net value to the surviving spouse of such interest; and

"(ii) where such interest or property is incumbered in any manner, or where the surviving spouse incurs any obligation imposed by the decedent with respect to the passing of such interest, such incumbrance or obligation shall be taken into account in the same manner as if the amount of a gift to such spouse of such interest were being determined.

"(F) Trust with power of appointment in surviving spouse: In the case of an interest in property passing from the decedent in trust, if under the terms of the trust his surviving spouse is entitled for life to all the income from the corpus of the trust, payable annually or at more frequent intervals, with power in the surviving spouse to appoint the entire corpus free of the trust (exercisable in favor of such surviving spouse, or of the estate of such surviving spouse, or in favor of either, whether or not in each case the power is exercisable in favor of others), and with no power in any other person to appoint any part of the corpus to any person other than the surviving spouse—

"(i) the interest so passing shall, for the purposes of subparagraph (A), be considered as passing to the surviving spouse, and

"(ii) no part of the interest so passing shall, for the purposes of subparagraph (B) (i), be considered as passing to any person other than the surviving spouse.

This subparagraph shall be applicable only if, under the terms of the trust, such power in the surviving spouse to appoint the corpus, whether exercisable by will or during life, is exercisable by such spouse alone and in all events.

"(G) Life insurance with power of appointment in surviving spouse: In the case of proceeds of insurance upon the life of the decedent receivable in annual or more frequent installments commencing within 1 year after the decedent's death, if under the terms of the policy all amounts payable during the life of the surviving spouse are payable only to such spouse, and if such spouse has the power to appoint all amounts payable after such spouse's death (exercisable in favor of the estate of such spouse, whether or not the power is exercisable in favor of others)—

"(i) such proceeds shall, for the purposes of subparagraph (A), be considered as passing to the surviving spouse, and

"(ii) no part of such proceeds shall, for the purposes of subparagraph (B) (i), be considered as passing to any person other than the surviving spouse.

This subparagraph shall be applicable only if, under the terms of the policy, such power in the surviving spouse to appoint, whether exercisable by will or during life, is exercisable by such spouse alone and in all events.

"(H) Limitation on aggregate of deductions: The aggregate amount of the deductions allowed under this paragraph (computed without regard to this subparagraph) shall not exceed 50 percent of the value of the adjusted gross estate, as defined in paragraph (2).

"(2) Computation of adjusted gross estate.—

"(A) General rule: Except as provided in subparagraph (B) of this paragraph the adjusted gross estate shall, for the purposes of paragraph (1) (H), be computed by subtracting from the entire value of the gross estate the aggregate amount of the deductions allowed by subsection (b) of this section.

"(B) Special rule in cases involving community property: If the decedent and his surviving spouse at any time held property as community property under the law of any State, Territory, or possession of the United States, or of any foreign country, then the

adjusted gross estate shall, for the purposes of paragraph (1) (H), be determined by subtracting from the entire value of the gross estate the sum of:

"(i) the value of property which is at the time of the death of the decedent held as such community property; and

"(ii) the value of property transferred by the decedent during his life, if at the time of such transfer the property was held as such community property; and

"(iii) the amount receivable as insurance under policies upon the life of the decedent to the extent purchased with premiums or other consideration paid out of property held as such community property; and

"(iv) an amount which bears the same ratio to the aggregate of the deductions allowed under subsection (b) of this section which the value of the property included in the gross estate, diminished by the amount subtracted under clauses (i), (ii), and (iii) of this subparagraph, bears to the entire value of the gross estate.

For the purposes of clauses (i), (ii), and (iii) community property (except property which is considered as community property solely by reason of the provisions of subparagraph (C) of this paragraph) shall be considered as not 'held as such community property' as of any moment of time, if, in case of the death of the decedent at such moment, such property (and not merely one-half thereof) would be or would have been includible in determining the value of his gross estate without regard to the provisions of section 811 (e) (2). The amount to be subtracted under clause (i), (ii), or (iii) shall not exceed the value of the interest in the property described therein which is included in determining the value of the gross estate.

"(C) Same—conversion into separate property.—

"(i) If during the calendar year 1942 or after the date of the enactment of the Revenue Act of 1948, property held as such community property (unless considered by reason of subparagraph (B) of this paragraph as not so held) was by the decedent and the surviving spouse converted, by one transaction or a series of transactions, into separate property of the decedent and his spouse (including any form of co-ownership by them), the separate property so acquired by the decedent and any property acquired at any time by the decedent in exchange therefor (by one exchange or a series of exchanges), shall, for the purposes of clauses (i), (ii), and (iii) of subparagraph (B), be considered as 'held as such community property.'

"(ii) Where the value (at the time of such conversion) of the separate property so acquired by the decedent exceeded the value (at such time) of the separate property so acquired by the decedent's spouse, the rule in clause (i) shall be applied only with respect to the same portion of such separate property of the decedent as the portion which the value (as of such time) of such separate property so acquired by the decedent's spouse is of the value (as of such time) of the separate property so acquired by the decedent.

"(3) Definition: For the purposes of this subsection an interest in property shall be considered as passing from the decedent to any person if and only if—

"(A) such interest is bequeathed or devised to such person by the decedent; or

"(B) such interest is inherited by such person from the decedent; or

"(C) such interest is the dower or curtesy interest (or statutory interest in lieu thereof) of such person as surviving spouse of the decedent; or

"(D) such interest has been transferred to such person by the decedent at any time; or

"(E) such interest was, at the time of the decedent's death, held by such person and the decedent (or by them and any other person) in joint ownership with right of survivorship; or

"(F) the decedent had a power (either alone or in conjunction with any person) to appoint such interest and if he appoints or has appointed such interest to such person, or if such person takes such interest in default upon the release or nonexercise of such power; or

"(G) such interest consists of proceeds of insurance upon the life of the decedent receivable by such person.

Except as provided in subparagraph (F) or (G) of paragraph (1), where at the time of the decedent's death it is not possible to ascertain the particular person or persons to whom an interest in property may pass from the decedent, such interest shall, for the purposes of clauses (i) and (ii) of subparagraph (B) of paragraph (1), be considered as passing from the decedent to a person other than the surviving spouse.

"(4) Disclaimers.—

"(A) By surviving spouse: If under this subsection an interest would, in the absence of a disclaimer by the surviving spouse, be considered as passing from the decedent to such spouse, and if a disclaimer of such interest is made by such spouse, then such interest shall, for the purposes of this subsection, be considered as passing to the person or persons entitled to receive such interest as a result of the disclaimer.

"(B) Disclaimer by any other person: If under this subsection an interest would, in the absence of a disclaimer by any person other than the surviving spouse, be considered as passing from the decedent to such person, and if a disclaimer of such interest is made by such person and as a result of such disclaimer the surviving spouse is entitled to receive such interest, then such interest shall, for the purposes of this subsection, be considered as passing, not to the surviving spouse, but to the person who made the disclaimer, in the same manner as if the disclaimer had not been made."

(b) The amendment made by subsection (a) of this section shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act. Sec. 362. Property previously taxed.

(a) Section 812 (c) of the Internal Revenue Code (relating to the deduction for property previously taxed) is hereby amended by adding after the first paragraph two new paragraphs to read as follows:

"The following property shall not, for the purposes of this subsection, be considered as property with respect to which a deduction may be allowed: (A) property received from a prior decedent who died after the date of the enactment of the Revenue Act of 1948 and was at the time of such death the decedent's spouse, (B) property received by gift after such date from a donor who at the time of the gift was the decedent's spouse, and (C) property acquired in exchange for property described in clause (A) or (B).

"Where, under the provisions of section 1000 (f), a gift received by the decedent was considered as made one-half by the donor and one-half by the donor's spouse, one-half of the gift shall be considered as received by the decedent from each such spouse."

(b) Section 812 (c) is further amended by striking out "subsections (a) and (d)" and inserting in lieu thereof "subsections (a), (d), and (e)."

Sec. 363. Credit for gift tax.

(a) Section 813 (a) (2) (A) of the Internal Revenue Code (relating to credit for gift tax) is hereby amended by inserting before the period at the end thereof the following: "reduced by the aggregate amount

of the deductions allowed under subsections (d) and (e) of section 812."

(b) Subparagraph (B) of section 813 (a) (2) of the Internal Revenue Code (relating to credit for gift tax) is hereby amended to read as follows:

"(B) In applying, with respect to any gift, the ratio stated in subparagraph (A), the value at the time of the gift or at the time of the death, referred to in such ratio, shall be reduced—

"(i) by such amount as will properly reflect the amount of such gift which was excluded in determining (for the purposes of sec. 1003 (a), or of sec. 504 (a) of the Revenue Act of 1932) the total amount of gifts made during the year in which the gift was made;

"(ii) if a deduction with respect to such gift is allowed under section 812 (e) (the so-called 'marital deduction')—then by an amount which bears the same ratio to such value (reduced as provided in clause (i) of this subparagraph) as the aggregate amount of the marital deductions allowed under section 812 (e) bears to the aggregate amount of such marital deductions computed without regard to subparagraph (H) of section 812 (e) (1); and

"(iii) if a deduction with respect to such gift is allowed under section 812 (d) (the so-called 'charitable deduction')—then by the amount of such value, reduced as provided in clause (i) of this subparagraph.

"(C) Where the decedent was the donor of the gift but, under the provisions of section 1000 (f), the gift was considered as made one-half by his spouse—

"(i) the term 'the amount of the tax paid under chapter 4', as used in subparagraph (A) of this paragraph, includes the amounts paid with respect to each half of such gift, the amount paid with respect to each being computed in the manner provided in subparagraph (D); and

"(ii) in applying, with respect to such gift, the ratio stated in subparagraph (A) of this paragraph, the value at the time of the gift or at the time of the death, referred to in such ratio, includes such value with respect to each half of such gift, each such value being reduced as provided in clause (i) of subparagraph (B) of this paragraph.

"(D) (i) For the purposes of subparagraph (A), the amount of tax paid under chapter 4, or under title III of the Revenue Act of 1932, with respect to any gift shall be an amount which bears the same ratio to the total tax paid for the year in which the gift was made as the amount of such gift bears to the total amount of net gifts (computed without deduction of the specific exemption) for such year.

"(ii) For the purposes of clause (i) the 'amount of such gift' shall be the amount included with respect to such gift in determining (for the purposes of section 1003 (a), or of section 504 (a) of the Revenue Act of 1932) the total amount of gifts made during such year, reduced by the amount of any deduction allowed with respect to such gift under section 1004 (a) (2), or under section 505 (a) (2) of the Revenue Act of 1932 (the so-called 'charitable deduction'), or under section 1004 (a) (3) (the so-called 'marital deduction')."

(c) Section 936 (b) (1) of the Internal Revenue Code (relating to credit for gift tax) is hereby amended by inserting after the words "entire gross estate" in clause (A) thereof the following: "reduced by the aggregate amount of the deductions allowed under subsections (d) and (e) of section 812."

(d) Paragraph (2) of section 936 (b) of the Internal Revenue Code (relating to credit for gift tax) is hereby amended to read as follows:

"(2) In applying, with respect to any gift, the ratio stated in clause (A) of paragraph (1), the value at the time of the gift or at

the time of the death, referred to in such ratio, shall be reduced—

"(A) by such amount as will properly reflect the amount of such gift which was excluded in determining (for the purposes of section 1003 (a), or of section 504 (a) of the Revenue Act of 1932) the total amount of gifts made during the year in which the gift was made;

"(B) if a deduction with respect to such gift is allowed under section 812 (e) (the so-called 'marital deduction')—then by an amount which bears the same ratio to such value (reduced as provided in subparagraph (A) of this paragraph) as the aggregate amount of the marital deductions allowed under section 812 (e) bears to the aggregate amount of such marital deductions computed without regard to subparagraph (H) of section 812 (e) (1); and

"(C) if a deduction with respect to such gift is allowed under section 812 (d) (the so-called charitable deduction)—then by the amount of such value, reduced as provided in subparagraph (A) of this paragraph.

"(3) Where the decedent was the donor of the gift but, under the provisions of section 1000 (f), the gift was considered as made one-half by his spouse—

"(A) the term 'the amount of the tax paid under chapter 4,' as used in paragraph (1) of this subsection, includes the amounts paid with respect to each half of such gift, the amount paid with respect to each being computed in the manner provided in paragraph (4); and

"(B) in applying, with respect to such gift, the ratio stated in clause (A) of paragraph (1), the value at the time of the gift or at the time of the death, referred to in such ratio, includes such value with respect to each half of such gift, each such value being reduced as provided in subparagraph (A) of paragraph (2).

"(4) (A) For the purposes of paragraph (1), the amount of tax paid under chapter 4, or under title III of the Revenue Act of 1932, with respect to any gift shall be an amount which bears the same ratio to the total tax paid for the year in which the gift was made as the amount of such gift bears to the total amount of net gifts (computed without deduction of the specific exemption) for such year.

"(B) For the purposes of subparagraph (A) the 'amount of such gift' shall be the amount included with respect to such gift in determining (for the purposes of section 1003 (a), or of section 504 (a) of the Revenue Act of 1932) the total amount of gifts made during such year, reduced by the amount of any deduction allowed with respect to such gift under section 1004 (a) (2), or under section 505 (a) (2) of the Revenue Act of 1932 (the so-called 'charitable deduction'), or under section 1004 (a) (3) (the so-called 'marital deduction')."

(e) The amendments made by the section shall be applicable only with respect to the estates of decedents dying after the date of the enactment of this act.

Sec. 364. Optional valuation.

The last sentence of section 811 (j) of the Internal Revenue Code (relating to optional valuation) is hereby amended to read as follows: "In case of an election made by the executor under this subsection, then—

"(A) for the purposes of the deduction under section 812 (d) or section 861 (a) (3), any bequest, legacy, devise, or transfer enumerated therein, and

"(B) for the purposes of the deduction under section 812 (e), any interest in property passing to the surviving spouse, shall be valued as of the date of the decedent's death with adjustment for any difference in value (not due to mere lapse of time or the occurrence or nonoccurrence of a contingency) of the property as of the

date 1 year after the decedent's death (substituting, in the case of property distributed by the executor or trustee, or sold, exchanged, or otherwise disposed of, during such 1-year period, the date thereof).

Sec. 365. Liability of life-insurance beneficiaries, etc.

(a) Section 826 (c) of the Internal Revenue Code (relating to liability of life-insurance beneficiaries) is hereby amended by adding at the end thereof the following new sentence: "In the case of such proceeds receivable by the surviving spouse of the decedent for which a deduction is allowed under section 812 (e) (the so-called 'marital deduction'), this subsection shall not apply to such proceeds except as to the amount thereof in excess of the aggregate amount of the marital deductions allowed under such subsection."

(b) Section 826 (d) of the Internal Revenue Code (relating to liability of recipient of property over which decedent had power of appointment) is hereby amended by adding at the end thereof the following new sentence: "In the case of such property received by the surviving spouse of the decedent for which a deduction is allowed under section 812 (e) (the so-called 'marital deduction'), this subsection shall not apply to such property except as to the value thereof reduced by an amount equal to the excess of the aggregate amount of the marital deductions allowed under section 812 (e) over the amount of proceeds of insurance upon the life of the decedent receivable by the surviving spouse for which proceeds a marital deduction is allowed under such subsection."

Sec. 366. Basis of surviving spouse's interest in community property

Section 113 (a) (5) of the Internal Revenue Code (relating to basis of property transmitted at death) is hereby amended by adding at the end thereof the following new sentence: "For the purposes of this paragraph the surviving spouse's one-half share of community property held by the decedent and the surviving spouse under the community-property laws of any State, Territory, or possession of the United States or any foreign country shall be considered to be property 'acquired by bequest, devise, or inheritance' from the decedent, if the death of the decedent was after the date of the enactment of the Revenue Act of 1948, and if at least one-half of the whole of the community interest in such property was includible in determining the value of the decedent's gross estate under section 811."

PART III—GIFT TAX

Sec. 371. Gifts of community property.

Section 1000 (d) of the Internal Revenue Code (relating to gifts of property held as community property) is amended by adding at the end thereof a new sentence to read as follows: "This subsection shall be applicable only to gifts made after the calendar year 1942 and on or before the date of the enactment of the Revenue Act of 1948."

Sec. 372. Marital deduction.

Section 1004 (a) of the Internal Revenue Code (relating to deductions in computing net gifts in the case of a citizen or resident of the United States) is hereby amended by adding at the end thereof a new paragraph to read as follows:

"(3) Gift to spouse.—

"(A) In general: Where the donor transfers during the calendar year (and after the date of the enactment of the Revenue Act of 1948) by gift an interest in property to a donee who at the time of the gift is the donor's spouse—an amount with respect to such interest equal to one-half of its value.

"(B) Life estate or other terminable interest: Where, upon the lapse of time, upon the occurrence of an event or contingency,

or upon the failure of an event or contingency to occur, such interest transferred to the spouse will terminate or fail, no deduction shall be allowed with respect to such interest—

"(i) if the donor retains in himself, or transfers or has transferred (for less than an adequate and full consideration in money or money's worth) to any person other than such donee spouse (or the estate of such spouse), an interest in such property, and if by reason of such retention or transfer the donor (or his heirs or assigns) or such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest transferred to the donee spouse; or

"(ii) if the donor immediately after the transfer to the donee spouse has a power to appoint an interest in such property which he can exercise (either alone or in conjunction with any person) in such manner that the appointee may possess or enjoy any part of such property after such termination or failure of the interest transferred to the donee spouse. For the purposes of this clause the donor shall be considered as having immediately after the transfer to the donee spouse such power to appoint even though such power cannot be exercised until after the lapse of time, upon the occurrence of an event or contingency, or upon the failure of an event or contingency to occur.

An exercise or release at any time by the donor, either alone or in conjunction with any person, of a power to appoint an interest in property, even though not otherwise a transfer, shall, for the purposes of clause (i) of this subparagraph, be considered as a transfer by him. Except as provided in subparagraph (E), where at the time of the transfer it is impossible to ascertain the particular person or persons who may receive from the donor an interest in property so transferred by him, such interest shall, for the purposes of clause (i) of this subparagraph, be considered as transferred to a person other than the donee spouse.

"(C) Where the assets out of which, or the proceeds of which, the interest transferred to the donee spouse may be satisfied include a particular asset or assets with respect to which no deduction would be allowed if such asset or assets were transferred from the donor to such spouse, then the value of the interest transferred to such spouse shall, for the purposes of subparagraph (A), be reduced by the aggregate value of such particular assets.

"(D) Joint interests: If the interest is transferred to the donee spouse as sole joint tenant with the donor or as tenant by the entirety, the interest of the donor in the property which exists solely by reason of the possibility that the donor may survive the donee spouse, or that there may occur a severance of the tenancy, shall not be considered for the purposes of subparagraph (B) as an interest retained by the donor in himself.

"(E) Trust with power of appointment in donee spouse: Where the donor transfers in trust an interest in property, if under the terms of the trust his spouse is entitled for life to all the income from the corpus of the trust, payable annually or at more frequent intervals, with power in the donee spouse to appoint the entire corpus free of the trust (exercisable in favor of such donee spouse, or of the estate of such donee spouse, or in favor of either whether or not in each case the power is exercisable in favor of others), and with no power in any other person to appoint any part of the corpus to any person other than the donee spouse—

"(i) the interest so transferred in trust shall, for the purposes of subparagraph (A), be considered as transferred to the donee spouse, and

"(ii) no part of the interest so transferred in trust shall, for the purposes of subpara-

graph (B) (1), be considered as retained in the donor or transferred to any person other than the donee spouse.

This subparagraph shall be applicable only if, under the terms of the trust, such power in the donee spouse to appoint the corpus, whether exercisable by will or during life, is exercisable by such spouse alone and in all events.

“(F) Community property—

“(1) A deduction otherwise allowable under this paragraph shall be allowed only to the extent that the transfer can be shown to represent a gift of property which is not, at the time of the gift, held as community property under the law of any State, Territory, or possession of the United States, or of any foreign country.

“(ii) For the purposes of clause (1), community property (except property which is considered as community property solely by reason of the provisions of clause (iii)) shall not be considered as ‘held as community property’ if the entire value of such property (and not merely one-half thereof) is treated as the amount of the gift.

“(iii) If during the calendar year 1942 or after the date of the enactment of the Revenue Act of 1948 property held as such community property (unless considered by reason of clause (ii) as not so held) was by the donor and the donee spouse converted, by one transaction or a series of transactions, into separate property of the donor and such spouse (including any form of co-ownership by them), the separate property so acquired by the donor and any property acquired at any time by the donor in exchange therefor (by one exchange or a series of exchanges) shall, for the purposes of clause (1), be considered as ‘held as community property.’

“(iv) Where the value (at the time of such conversion) of the separate property so acquired by the donor exceeded the value (at such time) of the separate property so acquired by such spouse, the rule in clause (iii) shall be applied only with respect to the same portion of such separate property of the donor as the portion which the value (as of such time) of such separate property so acquired by such spouse is of the value (as of such time) of the separate property so acquired by the donor.”

Sec. 373. Technical amendment.

Section 1004 (c) of the Internal Revenue Code is hereby amended to read as follows:

“(c) Extent of deductions: The deductions provided in subsection (a) (2) or (3) or in subsection (b) shall be allowed only to the extent that the gifts therein specified are included in the amount of gifts against which such deductions are applied.”

Sec. 374. Gift of husband or wife to third party.

Section 1000 of the Internal Revenue Code (relating to imposition of gift tax) is hereby amended by adding at the end thereof a new subsection to read as follows:

“(f) Gift of husband or wife to third party.—

“(1) Considered as made one-half by each.—

“(A) In general: A gift made after the date of the enactment of the Revenue Act of 1948 by one spouse to any person other than his spouse shall, for the purposes of this chapter, be considered as made one-half by him and one-half by his spouse, but only if at the time of the gift each spouse is a citizen or resident of the United States. This subparagraph shall not apply with respect to a gift by a spouse of an interest in property if he creates in his spouse a power of appointment, as defined in subsection (c) of this section, over such interest. For the purposes of this subsection an individual shall be considered as the spouse of another individual only if he is married to such individual at the time of the gift and does not remarry during the remainder of the calendar year.

“(B) Consent of both spouses: Subparagraph (A) shall be applicable only if both spouses have signified (in accordance with the regulations provided for in paragraph (2)) their consent to the application of subparagraph (A) in the case of all such gifts made during the calendar year by either while married to the other.

“(2) Manner and time of signifying consent:

“(A) Manner: A consent under this subsection shall be signified in such manner as is provided under regulations prescribed by the Commissioner with the approval of the Secretary.

“(B) Time: Such consent may be so signified at any time after the close of the calendar year in which the gift was made, subject to the following limitations—

“(1) the consent may not be signified after the 15th day of March following the close of such year, unless before such 15th day no return has been filed for such year by either spouse, in which case the consent may not be signified after a return for such year is filed by either spouse;

“(ii) the consent may not be signified after a notice of deficiency with respect to the tax for such year has been sent to either spouse in accordance with section 1012 (a).

“(3) Revocation of consent: Revocation of a consent previously signified shall be made in such manner as is provided under regulations prescribed by the Commissioner with the approval of the Secretary, but the right to revoke a consent previously signified with respect to a calendar year—

“(A) shall not exist after the 15th day of March following the close of such year if the consent was signified on or before such 15th day; and

“(B) shall not exist if the consent was not signified until after such 15th day.

“(4) Joint and several liability for tax: If the consent required by paragraph (1) (B) is signified with respect to a gift made in any calendar year the liability with respect to the entire tax imposed by this chapter of each spouse for such year shall be joint and several.”

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. CONNALLY] to the committee amendment.

Mr. CONNALLY. Mr. President, this amendment has for its purpose making effective retroactively the repeal of the provisions of the act of 1942, which imposed upon community estates subject to inheritance taxes a tax upon all the estate, rather than the particular half.

What is the history of this matter? The bill recognizes the injustice of the act of 1942 by repealing that feature of it, but it repeals it only prospectively, only in the future. In the meantime, since 1942, both wives and husbands in the community-property States have had to labor under the injustice and wrong of double taxation in connection with inheritances and estates. We recognize that that was wrong and unjust by repealing that provision of the law so far as the future is concerned. The effect of this amendment is to make the repeal retroactive and give relief to those taxpayers, husbands, and wives, who were assessed a double penalty under the act of 1942.

The community-property States have always maintained the theory and the law that one-half of the community property belonged to the wife in her own right, and did not pass by inheritance, and should not be subjected to inheri-

tance tax. The act of 1942, as applied to estate taxes, provided that if one of the spouses died, the other would have to pay on the entire estate, instead of on his half.

Mr. President, the pending bill is liberal to the common-law States. Under the terms of the bill we are permitting income taxpayers in all the States—community-property States and common-law States—to divide their income. We of the community-property States are not resisting that provision. The common-law States are getting a great deal of advantage. We feel that the entire situation should be properly adjusted, and that justice should be done to those who were caught within this trap, as it were, from 1942 to the present time.

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

Mr. CONNALLY. I yield.

Mr. HATCH. The Senator has used the expression “double taxation,” which I think is an unfortunate expression. It is not double taxation.

Mr. CONNALLY. I withdraw the expression.

Mr. HATCH. When a man died in my State and the property passed to the wife, one-half passed to her by inheritance. The other half did not pass by inheritance. It was her own property, under the laws of my State which have existed for many years. But the Federal Government levied an estate tax upon the half which belonged to the wife and was not inherited. It is not double taxation. It is unjust, unfair, and confiscatory taxation.

Mr. CONNALLY. I thank the Senator. I probably used an inaccurate term. However, if the Senator was following my remarks, he will remember that I had already explained that in community-property States the wife's half of the property was her own. She did not acquire it by inheritance or by devise. It was her own. That was the case up until 1942. I do not wish to criticize the Finance Committee, of which I have been a member for many years, but in 1942, in a spirit of recrimination, this punitive tax was levied on all the estate, whether it belonged to the wife or to the husband, or whether it belonged to the community.

The result has been that in my State in several glaring instances the wife has been forced to pay on the entire estate, half of which she already owned, half of which was hers.

So far as the community-property law is concerned, my State has had such a law for a hundred years. It was no device to avoid taxation. It was a great social policy of allowing the earnings of the husband and wife to be divided half and half. It was a progressive measure. That has been the law for 100 years; but in 1942, in a spirit of getting even, as it were, with the community-property States for the income-tax advantages which they had theretofore enjoyed, Congress adopted this punitive measure, saying, “If one of you dies the other will have to pay on all the estate, just as if it belonged to one of you.”

The result has been in many cases that the widow has been practically impoverished. She has to pay this double

amount—I will not use the expression "double taxation"—of revenue to the Federal Government on her own property, when she is not yet dead. When she does die, her children must pay another inheritance tax on her part of what she gets from her husband. It is unjust and unfair.

To make this repeal retroactive, and to refund to those taxpayers what they are justly entitled to, would cost the Treasury about \$80,000,000. Mr. President, are we going to weigh justice, equity, and fair dealing on one side of the scale, and money on the other side? If this proposal is just and right, we ought to make those persons whole. The bill recognizes that it is a just proposal. The bill recognizes that the act of 1942 was unjust, because it repeals it as to the future. But if it is right to repeal it as to the future, it ought to be right to make the repeal retroactive.

Let me show what else the bill does in behalf of the common-law States. Under the terms of the bill taxpayers in the common-law States are permitted to split their income with husbands or wives for the purpose of income-tax payment, which will cost the Treasury \$500,000,000 a year. We of the community-property States are not complaining. We are willing that taxpayers in the common-law States should have the advantage of the income-splitting provision.

What else does the bill do? It provides that in a common-law State, when a husband or wife dies, the survivor may deduct one-half of the entire estate when it comes to paying inheritance or estate taxes. True, that is a fiction, a creation of the law; but the law arbitrarily gives to every estate-tax payer a deduction of one-half of the entire estate, and he does not pay a cent on it. Yet Congress has laid its heavy hand on taxpayers in community-property States for the past 6 years. The Government has collected twice as much money as should have been collected. Congress now admits that the Government should never have collected it. It admits that it would be wrong to do it in the future. If it is wrong to collect it in the future, it is wrong to retain it after having collected it.

The common-law States receive a great advantage under the terms of the pending bill. We are not complaining. We have never complained of the rights of the common-law-property States. In the past we have only maintained what the Supreme Court said was the law. We have only maintained what the Internal Revenue Bureau ruled was the law. We have only contended for our own laws, which are a hundred years old. Shortly after my State came into the Union it enacted laws which provided that the common earnings of the husband and wife, after coverture, should belong one-half to the husband and one-half to the wife. That is a humane law; it is a just law. It should be the law in every State of the Union.

But we are not seeking to dictate that. We are not seeking to impose our will upon others. We do protest, however, against the heavy hand of the Federal Government during that 6-year period extorting from the widows and children

and other dependents of deceased taxpayers double the amount they should have paid. It is admitted now that that was wrong, and that in the future it should not occur. Mr. President, if it should not occur in the future, it should not have occurred in the past.

So, in a spirit of fairness and equity and justice, I appeal to the Senate to adopt this amendment. It is to be adopted for the future; in this bill allowance will arbitrarily be made to the survivor for a credit of one-half of all the property, although all of it may already belong to him, and not to his wife.

I hope the Senator from Colorado will not be so persuasive and eloquent as he usually is, in resisting this amendment. I feel that in his heart the Senator from Colorado recognizes the justice of my amendment because he has approved the repeal of this provision of the act. He has approved the adoption of a policy providing that it shall not obtain in the future. Knowing the high principles of the Senator from Colorado and his high concept of justice and equity, I cannot believe that he would think that although it is right to wash it out as to the future it is proper to hold on to these ill-gotten gains, which were extorted from the taxpayer and poured into the Treasury, in discrimination against the residents of the community-property States. It was a rank injustice and discrimination. It was permitted—and I was on the committee, and I should know something about it—in a spirit of recrimination, in a punitive move, in a desire to get even, as it were, with the community-property States which had been enjoying, as was contended by those opposing it, a special privilege in connection with income-tax payments.

Now the provision of the act of 1942 is to be wiped out. We do not object to those in other States having split incomes. It will cost the Treasury \$500,000,000 to do that. Certainly, I think, we should have back the little \$80,000,000 which the Government has taken from us unjustly, wrongfully, and in violation of the spirit of fairness.

So, Mr. President, I appeal to the Senate to adopt this amendment.

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

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. I understood the Senator to say a moment ago that the Senate had already adopted the committee amendment.

Mr. CONNALLY. No; it has not yet been adopted; the Senator misunderstood me. What I meant was that in the bill it is provided that as to the future this discrimination shall cease.

Mr. O'MAHONEY. I thank the Senator, because I wish to make a few remarks upon the committee amendment.

Mr. MILLIKIN. Mr. President, I am somewhat embarrassed in resisting this amendment. I participated in the vote by which the 1942 act was enacted. In the light of hindsight, it seems to me that the vote was wrong and should not have been cast.

Mr. CONNALLY. I thank the Senator.

Mr. MILLIKIN. The sole question is, What should be done about it? The committee has presented to the Senate a

bill which from now on will rectify whatever wrong there was in that. The question is whether retroactive redress should be afforded.

If I could consider this matter solely by itself, I would be greatly tempted by the blandishments of the distinguished senior Senator from Texas. But frankly, Mr. President, the light of hindsight points out so many errors in our legislative processes, so many errors in tax matters, so many errors all the way along the line, that our Treasury simply could not stand their retroactive redress. I think we have had unconscionable income-tax rates for a long time. I have wished for a long time that we could have increased the exemptions in the law. The common-law States undoubtedly believe that they should have been entitled to split incomes and the other benefits of this bill for a long time. All the way across the whole field of legislation, in the light of hindsight, we find governmental injustices.

I fear this proposal as a precedent. I am afraid that if we did this thing, it would dog us for as long as we continue to be here, in any direction in which anyone could show there had been an injustice by legislation.

This measure would increase the extent of the reduction by, I am told, from \$90,000,000 to \$100,000,000. That is another factor to be considered.

Mr. CONNALLY. It would be \$85,000,000.

Mr. MILLIKIN. But I put my main objection to it on the ground that it is a precedent which I respectfully suggest we cannot afford to establish; because if we did, anyone who could show that he had been injured by the maintenance of an unjust tax rate, could with equally good argument show that we should make his loss good, all the way back to the time when the tax was first imposed. I do not think that is a sound principle of government.

Mr. CONNALLY. Mr. President, I thank the Senator for his admission that the act was unjust when it was enacted. It was wrong and unjust, and it has been unjust for 6 years.

The Senator says that will be fixed for the future under this bill. But, Mr. President, a man does not die twice. A man on whose estate a tax is paid dies only once. If his widow marries again, and subsequently she dies, the tax will be paid, of course.

Mr. President, it was wrong for the Government to slip its hand into the pockets of these estate-tax payers and take money which did not belong to the Government and which we say now the Government should not have taken. We say it was wrong, and that it is stained all over with guilt and shame; but now some would have us say that we need the money and we are going to keep it. That is the doctrine of the pickpocket and the highjacker: "I need the money, and I will take it and keep it."

Mr. President, I have the highest affection for the Senator from Colorado. I go beyond admiration; I have the highest affection for him. Why does not the Senator soften up the doctrine and let the amendment be adopted and go to conference. I hope the Senator will let

the milk of human kindness come up to the level of his logic of a while ago, when he said this tax should never have been adopted, that he did wrong when he voted for it in the committee, and that the Congress did wrong in enacting it, and that the Treasury has been doing wrong all the time in collecting this unearned money.

Mr. President, I appeal to the Senate to adopt this amendment and do justice.

The Senator from Colorado has said that other taxpayers will be trooping up here; that this will constitute a precedent for every person who thinks he was wronged by some law away back yonder and that all such persons will want relief. Mr. President, this proposal does not apply to an individual. It applies to a whole class. The act of 1942 was aimed at a whole class. The taxpayers of non-community-property States will get the benefit of a \$500,000,000 reduction under the split-income provision; they will receive the double allowance as a reduction. So, in the case of inheritance taxes or estate taxes we should now be given back what was unjustly taken away from us, before the people of other States reach into the Treasury and gobble up a lot of money that they never have enjoyed, on the plea that that is just.

Mr. President, I ask the Senate to adopt this amendment and do a just act.

Mr. MILLIKIN. Mr. President—

The PRESIDENT pro tempore. The Senator from Colorado.

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

Mr. MILLIKIN. I yield.

Mr. O'DANIEL. Mr. President, I am in favor of the amendment offered by my colleague. It embraces only simple justice. It seeks to correct a gross injustice imposed on citizens of community-property States since 1942. The Senate Finance Committee recognizes that injustice and has adopted an amendment to repeal the law that caused the injustice. Inasmuch as this has been done, it is only fair that the committee amendment be made retroactive to 1942, and that restitution be made of the taxes unjustly collected during that time.

Mr. President, I come with clean hands to plead for justice for the citizens of my State, and other community-property States, because when the citizens of other States were being unjustly taxed, I plead for justice for them. Last year the able Senator from Arkansas [Mr. McCLELLAN] introduced an amendment which would give to the husbands and wives of non-community-property States the same income-tax status as our married people had. I spoke in favor of his amendment and voted for its enactment. His amendment was not adopted then, but the same proposal is included in the present tax bill, and I favor it.

But while we are adjusting this inequity against the husbands and wives of the common-law States, let us also remove the injustice that has been imposed on the married couples of our community-property States, by approving the pending amendment introduced by my colleague [Mr. CONNALLY].

The able Senator from Colorado [Mr. MILLIKIN] has stated that to approve this

amendment would establish a precedent and cause people to seek refunds in other cases. It may be that there have been inequities in other tax laws, but if so, those inequities affected people of all our 48 States. The inequity in this case affects people in only 10 community-property States. The other 38 States of course can outvote us, but are we going to use might instead of right in this Senate? We claim to be a Nation of people who resent using might, and condemn aggressor nations which override small nations. Let us practice what we preach. Let not the Senators of 38 non-community-property States use their overwhelming majority of votes to inflict injustice on the 10 community-property States. Let me plead with Senators to use right and justice as their guide in voting on this amendment.

The estate and inheritance tax provisions of 1942 were wrong. We now recognize that fact, and are repealing same. These taxes will be figured properly after this bill is enacted into law, but while we are repealing the law, or correcting it, we should go further and adopt Mr. CONNALLY's amendment so that those who have been overtaxed during the past 6 years may be given a refund.

Mr. HATCH. Mr. President, will the Senator yield for just a word?

Mr. MILLIKIN. I yield to the Senator from New Mexico.

Mr. HATCH. Mr. President, I hope the Senator from Colorado, whose approach to the entire bill may be said without flattery to have been fair and reasonable, will reconsider his position and will not only agree to take the amendment to conference, but will agree to fight valiantly for it. The distinguished and able lawyer from Colorado will without doubt agree with me that it is wrong and unfair to levy an inheritance or estate tax upon property of the living. That is true, is it not? But that is exactly what the law of 1942 did. It levied an inheritance tax upon the living, which the people of my State were required to pay. Some of them had to sell their property at a great sacrifice, and the businesses of others were ruined, because of this unfair, unjust, and wrongful tax.

Mr. President, I am quite sure the Senator agrees with me. I recognize that he has his troubles as chairman of the committee, particularly in his efforts to avoid unwise precedents. A precedent is being established in this matter; but it is the first instance that has come to my attention of taxes being collected in this manner. It is wrong, unjust, and unfair. I do not think another instance of it can be found. If we concede that it is wrong, unjust, and unfair, then we should establish a precedent of righting the wrong.

Mr. President, I am not afraid to have the Congress place itself on record by saying that in any instance similar to the one under discussion, where a manifest wrong has been perpetrated, the Government will right that wrong. As an American citizen, Mr. President, I should be proud of my Government if it were to take that stand by saying that where

a wrong or injustice has been done, the Government will right the wrong. I do not fear that kind of precedent.

Mr. MILLIKIN. Mr. President, the tax being considered was enacted in 1942, in order to obtain revenue in connection with a war. The same is true of several of the inequitable and unjust excise taxes. It is also true of the confiscatory income-tax rates, and of many other exactions imposed by the Government. If this be called an injustice, in view of its war origin, and if, therefore, retroactive relief should be given, the same argument is available for retroactive relief against excessive and inequitable excise taxes. The same argument is available for retroactive relief against excessive income taxes. The same argument is available for retroactive adjustment in common-law States of the split-income principle.

The Senate is now adopting the community-property system for income-tax purposes. If that is right today, it was also right in 1942. By the same line of argument, one could seek to repeal retroactively the provision of the present law, and a retroactive adjustment would be necessary. I hope the amendment will be rejected.

Mr. CONNALLY. Mr. President, I want to add only a word. The excise taxes and other taxes to which the Senator has referred were taxes upon everybody. They were general taxes. The tax under consideration was leveled at a particular group, a particular segment, and therefore its injustice is all the more apparent.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Texas.

Mr. MILLIKIN. I request the yeas and nays.

The yeas and nays were ordered.

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

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

The question is on the amendment offered by the Senator from Texas [Mr.

CONNALLY], on which the yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent. If present and voting, the Senator from Minnesota, the Senator from Maine, and the Senator from Indiana would vote "nay."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "nay."

The Senator from Illinois [Mr. BROOKS] and the Senator from South Dakota [Mr. BUSHFIELD] are unavoidably detained. If present and voting, the Senator from Illinois and the Senator from South Dakota would vote "nay."

The Senator from Iowa [Mr. WILSON] is absent on official business.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from California [Mr. DOWNEY] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from Arkansas [Mr. FULBRIGHT], the Senator from Idaho [Mr. TAYLOR], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Mississippi [Mr. STENNIS] is absent on official business.

The Senator from Tennessee [Mr. MCKELLAR] is absent on official committee business.

On this vote, the Senator from Georgia [Mr. GEORGE], who is necessarily absent, is paired with the Senator from Arkansas [Mr. MCCLELLAN], who is absent by leave of the Senate on official business. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Arkansas would vote "yea."

The result was announced—yeas 33, nays 46, as follows:

YEAS—33

Barkley	Hoey	Maybank
Butler	Johnston, S. C.	Moore
Capper	Kilgore	Murray
Connally	Langer	O'Daniel
Cooper	Lucas	Overton
Dworshak	McCarran	Pepper
Eastland	McFarland	Russell
Ellender	McGrath	Thomas, Okla.
Hatch	McMahon	Thomas, Utah
Hayden	Magnuson	Umstead
Hill	Malone	Wherry

NAYS—46

Alken	Hickenlooper	Robertson, Va.
Baldwin	Holland	Robertson, Wyo.
Bricker	Ives	Saltonstall
Bridges	Johnson, Colo.	Smith
Buck	Kem	Sparkman
Byrd	Knowland	Stewart
Cain	Lodge	Taft
Capehart	McCarthy	Thye
Cordon	Martin	Tobey
Donnell	Millikin	Vandenberg
Ecton	Morse	Watkins
Ferguson	Myers	Wiley
Flanders	O'Connor	Williams
Green	O'Mahoney	Young
Gurney	Reed	
Hawkes	Revercomb	

NOT VOTING—17

Ball	Fulbright	Taylor
Brewster	George	Tydings
Brooks	Jenner	Wagner
Bushfield	McClellan	White
Chavez	McKellar	Wilson
Downey	Stennis	

So Mr. CONNALLY's amendment was rejected.

Mr. MILLIKIN. Mr. President, I send to the desk an amendment which will repeal the 1942 estate tax law, which the Senate has been discussing, as of January 1 this year instead of on the effective date of the act, as now provided in the bill, and also make retroactive the estate splitting provisions as of January 1, 1948. The amendment would make all these provisions retroactive, and equalize them as of the first of this year, instead of on the effective date of the act, as now provided.

The PRESIDENT pro tempore. The amendment will be printed in the RECORD. It is not necessary to read it, in the light of the statement of the Senator from Colorado.

The amendment was, on page 33, to strike out line 6 and through line 6 on page 34, and insert the following:

Sec. 351. Repeal of community property estate tax amendments.

(a) Effective with respect to estates of decedents dying after December 31, 1947, sections 811 (d) (5), 811 (e) (2) and 811 (g) (4) of the Internal Revenue Code (relating to community property) are hereby repealed.

(b) Such section 811 (e) is further amended—

(1) by striking out of the heading of such subsection the words "and community"; and (2) by striking out of paragraph (1) the following: "Joint interests.—"

(c) Notwithstanding the repeal of sections 811 (d) (5), 811 (e) (2), and 811 (g) (4) provided in subsection (a), the taxes imposed under chapter 3 of the Internal Revenue Code upon the transfer of the net estate of any decedent dying after December 31, 1947, and on or before the date of the enactment of this act shall not exceed the taxes which would have been imposed under such chapter 3 upon such transfer if this section had not been enacted.

On page 42, lines 10 and 11, to strike out "the date of the enactment of the Revenue Act of 1948" and insert in lieu thereof the following: "December 31, 1947."

On page 60, lines 7 and 8, to strike out "the date of the enactment of the Revenue Act of 1948," and insert in lieu thereof the following: "December 31, 1947."

Mr. O'MAHONEY. Mr. President, I inquire of the Senator from Colorado whether this is an amendment to the committee amendment.

Mr. MILLIKIN. This is an amendment to make the provisions effective as of the effective date of the bill.

Mr. O'MAHONEY. I inquire of the Senator whether the committee amendment relating to estate and gift taxes has been agreed to.

The PRESIDENT pro tempore. It has not been agreed to.

Mr. MILLIKIN. That amendment has been withheld.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Colorado.

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I submit a similar amendment bearing on the same subject.

The PRESIDENT pro tempore. The amendment will be printed in the RECORD.

It is not necessary to read it, under the statement of the Senator from Colorado.

The amendment was, on page 45, line 19, strike out "the date of the enactment of this act" and insert in lieu thereof the following: "December 31, 1947."

Page 46, lines 3 and 4, strike out "the date of the enactment of the Revenue Act of 1948" and insert in lieu thereof the following: "December 31, 1947."

Page 52, line 16, strike out "the date of the enactment of this act" and insert in lieu thereof the following: "December 31, 1947."

Page 52, line 18, before "The" insert the following: "(a)."

Page 53, after line 10, insert a new subsection to read as follows:

(b) The amendment made by this section shall be applicable only with respect to estates of decedents dying after December 31, 1947.

Page 54, after line 9, insert a new subsection as follows:

(c) The amendments made by this section shall be applicable only with respect to estates of decedents dying after December 31, 1947.

Page 54, lines 21 and 22, strike out "the date of the enactment of the Revenue Act of 1948" and insert in lieu thereof the following: "December 31, 1947."

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk. It relates to what the Senator from Colorado has just said.

The PRESIDENT pro tempore. Is the Senator asking that the vote on the amendment offered by the Senator from Colorado be withheld?

Mr. CONNALLY. I am.

Mr. MILLIKIN. Mr. President, does the Senator desire to have the vote on my amendment withheld?

Mr. CONNALLY. The amendment I submit relates to the amendment offered by the Senator from Colorado.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Colorado.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I send to the desk an amendment providing certain things with reference to the allowance in case of sale by a wife of property received by reason of the death of her husband. I ask the Senate to give the amendment consideration.

The Senate has just refused to make the repeal of community-property estate taxes retroactive. According to my view, that was unjustified, but the majority have the votes, and they have done it. I am not satisfied, but I am quiescent.

Now let me state what happens under the present law. A husband dies. The tax collector comes along and assesses the whole estate. I am not arguing that point, but that is the fact. If the wife later sells the property, or the administrator sells it, the basis for the valuation of gains or losses on property that was in the hands of the wife goes back to the time when she acquired the property, or it was acquired by the community, perhaps 30 or 40 years before. At the time it was acquired the price may have been very low, but at the time of the death

of the decedent the price may have advanced very greatly. The wife is assessed the difference between the present high price and the former low price in figuring gains and losses.

That does not apply to persons living in common-law States. In a common-law State, when the husband dies the property which is in the hands of the wife is assessed on the basis of its valuation at the time of his death. My amendment is designed simply to correct that situation, so that if the property in her hands is sold by her, or if the administrator has to dispose of it in order to pay the inheritance tax, she shall not be required then to pay an additional income tax based on the difference between the present value and the former value when the husband and wife acquired it, perhaps 30 or 40 years ago. No one has to do that in a common-law State, but it has to be done in a community-property State. We want to correct that so as to put all on the same basis, so that the property in a wife's hands will be judged as to its value at the time of the husband's death, instead of the value at the time of original acquisition, perhaps 30 or 40 years ago.

I have before me a letter the writer of which states that that very provision cost a widow who was a taxpayer \$13,000 more than one living across the State line would have had to pay. She had to pay \$13,000 more in income taxes by reason of the difference in valuation. She had already paid the inheritance tax, or the estate tax, but on top of that she was obliged to pay \$13,000 increase in income taxes by reason of the difference between the valuation at the time of the husband's death and the valuation when the property was originally acquired.

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

Mr. CONNALLY. I yield.

Mr. BUCK. Do I understand correctly the Senator to state that in a case such as he cites, the inheritance taxes are figured on the current assessed value of the property, and in addition to that it is necessary to pay an income tax?

Mr. CONNALLY. The assessment for estate-tax purposes is fixed on the basis of the value of the property on the date of the death of the husband or of the wife, as the case may be. When he or she comes to pay the income tax, the husband or the wife surviving, or the administrator, is asked, "What did the property cost 30 years ago?" Assuming it cost the husband and wife \$10,000, but that it is worth \$100,000 now, the survivor is obliged to pay on the basis of \$90,000 gain, whereas an individual in like circumstances who lives across the line in another State does not have to pay anything.

Mr. BUCK. I agree that that is all wrong.

Mr. CONNALLY. Mr. President, I ask the Senate to adopt the amendment. It is a just and fair amendment, and will not affect directly the committee amendment.

The PRESIDENT pro tempore. The amendment offered by the Senator from Texas will be printed at this point in the

RECORD without reading, in view of the explanation the Senator has made of it.

The amendment offered by Mr. CONNALLY is as follows:

On page 53, line 10, after the period insert a quotation mark.

On page 54, line 12, before "Section", insert: "(a)."

On page 54, line 15, strike out "sentence" and insert "sentences."

On line 25, after the period and before the quotation marks, insert the following: "In the case of property held by a decedent and his surviving spouse under the community property laws of any State, Territory, or possession of the United States or any foreign country, if the value of any part of the surviving spouse's one-half share of such property was included in determining the value of the gross estate of the decedent and a tax under chapter 3 was payable upon the transfer of the net estate of the decedent, then for the purposes of this paragraph such part of such one-half share of the surviving spouse shall be considered to be property 'acquired by bequest, devise, or inheritance' from the decedent, if the death of the decedent was after the date of the enactment of the Revenue Act of 1942 and on or before December 31, 1947; but nothing in this sentence shall reduce basis below that which would exist if the Revenue Act of 1948 had not been enacted."

On page 54, after line 25, insert a new subsection to read as follows:

"(b) If the allowance of a credit or refund of any overpayment of tax resulting from the application of this section is prevented on the date of the enactment of this act, or within 1 year from such date, by the operation of any law or rule of law (other than section 3761 of the Internal Revenue Code, relating to compromises), credit or refund of such overpayment may, nevertheless, be allowed or made if claim therefor is filed within 1 year from the date of the enactment of this act. No interest shall be paid on any overpayment resulting from the application of the last sentence of section 113 (a) (5) of such code, as amended by this section, if such overpayment is for a taxable year beginning before January 1, 1948."

Mr. MILLIKIN. Mr. President, it is very difficult for one to resist playing Trilby to the Senator's Svengali. I shall be very glad to take the amendment to conference.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, I wish to express my very deep gratitude to the Senate for its most generous action toward me. Awhile ago I asked the Senate for a loaf and the Senate gave me a stone, but now I have at least received a crumb.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment beginning on page 18, line 11, down to and including line 8, on page 64.

A TWO-HUNDRED-AND-FIFTY-MILLION-DOLLAR WINDFALL FOR THE WEALTHY FEW

Mr. O'MAHONEY. Mr. President, much as I regret at all times to take the floor in opposition to any proposal coming from the distinguished and affable Senator from Colorado [Mr. MILLIKIN], I must call the attention of the Senate to the fact that the committee amend-

ment affecting estate and gift taxes is one of the most remarkable pieces of legislation I have ever had the opportunity to examine. It was aptly described the other day by a member of the Finance Committee as "a fiction." It is a fiction designed to create a condition in non-community-property States supposedly somewhat similar to that which exists in the community-property States. It has taken the drafter of this measure 32 pages in which to accomplish his object, and I doubt very much whether there is any Member of the Senate or of the House, or any lawyer, except possibly one who has been devoted to tax legislation for a quarter of a century, who can interpret the meaning of the amendment.

First of all, I should like to have Senators know that when the Senate of the United States adopts the amendment, as I am sure it will, it will be voting for a windfall of about \$250,000,000 a year to be distributed amongst the very wealthy of the United States, who can at no time measure more than twelve or fifteen thousand in number. No ordinary citizen, no worker, no professional man, no citizen who has not accumulated an estate of at least \$60,000, or who is making a gift in excess of \$30,000, will receive any benefit from the amendment. So at a time when we all know that the Government of the United States needs all the money to be raised by taxation, we are undertaking here to split a melon among 12,000 very wealthy families while we neglect all the other millions who pay taxes.

I said a moment ago that I doubted very much whether any Member of the Senate understands what is provided in the 32 pages of this bill, which are devoted to the very complex task of remitting \$250,000,000 annually to people who are now liable and who can afford to pay estate and gift taxes to the United States.

I think, Mr. President, that this amendment coming from the committee reflects the color of the whole bill. It provides relief for the very wealthy and reduces the revenue of the United States, when our Government needs revenue as it has never needed it except in the fighting war. It is a proposal to the Senators from the community-property States to support tax reduction by giving to the non-community-property States something similar to the cut in taxation that is provided for the people in the community-property States. Like the increased exemption, it is merely an attempt to get votes to pass a tax-reduction bill in an election year.

Mr. President, let me invite any Member of the Senate to tell me the meaning of the following provision which is found on page 41, beginning in line 16:

For the purposes of clauses (1), (11), and (111) community property (except property which is considered as community property solely by reason of the provisions of subparagraph (C) of this paragraph) shall be considered as not "held as such community property" as of any moment of time, if, in case of the death of the decedent at such moment, such property (and not merely one-half thereof) would be or would have been includible in determining the value of his gross estate without regard to the provisions

of section 811 (e) (2). The amount to be subtracted under clause (i), (ii), or (iii) shall not exceed the value of the interest in the property described therein which is included in determining the value of the gross estate.

Mr. President, will some member of the committee expound this paragraph to the Senate? Let me read it again:

For the purposes of clauses (i), (ii), and (iii) community property (except property which is considered as community property solely by reason of the provisions of subparagraph (C) of this paragraph) shall be considered as not "held as such community property" as of any moment of time, if, in case of the death of the decedent at such moment, such property (and not merely one-half thereof) would be or would have been includible in determining the value of his gross estate—

And so forth. This is one sample of the complex and obscure language which is to be found throughout the 32 pages which are devoted to the legislation of this \$250,000,000 windfall to be distributed annually among the people who least need a windfall. There was a time in the history of the Senate when there were progressive Republicans in this body who would not for one moment think of passing special legislation for the advantage of the very wealthy. I remember the time when a measure such as that would have brought a minority report from the progressive Republicans on the Finance Committee. But we are now passing a bill which is intended to bring about the distribution of a melon among the very wealthy people of the United States. This bill, or a similar bill reducing taxes, was vetoed by the President last year, and it was not passed over the veto.

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

Mr. O'MAHONEY. I yield.

Mr. LUCAS. I think I should correct the Senator when he says that a similar bill to the one before us, was vetoed last year by the President. Let me say to the Senator that it was an entirely different bill which was brought forth last year. The Senator well knows the kind of bill which was presented. The Senator is absolutely correct in saying that this bill was introduced this year for political expediency. The truth of the matter is that the leaders of the Republican Party do not believe in the theory of this bill. Last year they tried to jam through a bill to do the very thing which the Senator said it would do, for the upper class and middle class, practically entirely ignoring those in the lower brackets. In order to get a tax bill through this year for political purposes, they adopted an increase in exemptions from \$500 to \$600, and split the family income, realizing that that was the only way they could get a tax bill through in this election year.

I merely wish to correct the statement of the Senator. Last year's tax bill was nothing like this tax bill.

Mr. O'MAHONEY. Mr. President, I am grateful to the Senator from Illinois. What I meant was that last year a tax reduction bill was brought forth which was vetoed. It did not contain these provisions. The present bill contains these provisions in the hope that they

will attract votes enough to pass the bill over an expected veto.

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

Mr. O'MAHONEY. I yield.

Mr. LUCAS. The Senator is absolutely correct. I distinctly remember that last year, before the Finance Committee and on the floor of the Senate, when we attempted to increase the exemption from \$500 to \$600 the plea was made that every individual had a stake in government, and that we simply could not take the little fellow off the tax rolls under any circumstances. At that time the argument was also made that it was not the right time to bring in a bill splitting family incomes, that they would be getting more than their fair share of tax reduction. Yet when we figure what the middle income groups are getting in the way of a reduction in rates under this bill, plus the split income provision, we find that the middle group of people are getting a tremendous advantage over those in the lower income groups. If we had a graph showing what this bill actually does, we would find that it is all out of balance so far as the leveling process is concerned between the various groups getting tax relief under this bill.

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

Mr. O'MAHONEY. Mr. President, I wish that some Senator who is completely familiar with the manner in which this bill was constructed would make those revelations to the Senate and the public, because the public does not know what is in this bill, and it will not know what is in the bill unless there is some debate. But we are gathered here to shove the bill through.

I now yield to my distinguished friend from Colorado.

Mr. MILLIKIN. Mr. President, the distinguished Senator from Illinois has suggested what he claims is the political motivation of the bill, and he has made reference to the bill of last year. He has made the point that this bill grants excessive benefits to those in the middle and upper brackets. I wish to point out that the bill grants 30 percent of its relief to the middle and upper brackets and 70 percent to the lower brackets.

I also wish to point out that as a result of the split-income agitation which we had in the Senate last year, early after the Senate adjourned last summer I requested the staff to commence work on a balanced bill, a bill which would balance split income against increased exemptions to achieve the kind of balance which we could not achieve by trying to draw a bill on the floor of the Senate last year. So if there was a political motivation, the gleam first came into my eye early last summer. What we were trying to do was to draft a balanced bill. I suggest that we have achieved one. I suggest also that its obvious merits will attract a very substantial vote in the Senate.

Mr. O'MAHONEY. Mr. President, I am perfectly certain that the very able and far-seeing Senator from Colorado knew last summer that 1943 would be an election year.

Mr. MILLIKIN. I have not been oblivious to that fact for some time. The election cannot come too soon for me.

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

Mr. MILLIKIN. I yield.

Mr. BARKLEY. I was wondering whether the gleam referred to by the Senator from Colorado was one which was made more visible by the fact that there is an election approaching. Is that the sort of gleam which he has in his eye constantly in the matter of legislation?

Mr. MILLIKIN. I can only hope that that gleam is present all the time.

Mr. BARKLEY. "Hope springs eternal in the human breast."

Mr. MILLIKIN. And "hope too long deferred maketh the heart sick."

Mr. O'MAHONEY. Mr. President, it would be to the great regret of the Senator's colleagues if he lost that gleam. I am sorry that he feels that his hope has been deferred so long that his heart is sick. I can understand that that situation may be the thing which adds to his optimism at the present moment.

Mr. President, I want Senators to know what the Senate is doing when it adopts this committee amendment. Suppose some wealthy citizen in a non-community-property State, a common-law State, prior to 1942 had divided his estate by gift to his wife. He may now do it again, if this provision becomes law, and obtain a double benefit.

One member of the Committee on Finance smiled a little when we were discussing this bill off the floor and I called it a bill for the relief of old men's darlings. It is precisely that.

Let me invite the attention of Senators to the fact that in the case of a widower with children who dies leaving an estate of \$1,000,000, under this amendment there would be an estate tax amounting to \$325,700. But in the case of an old man without children, who in his declining years takes to his bosom some young person, he may divide his estate, and it will be subject to a tax of only \$145,700. That is what we are doing in order to obtain votes. Not only is that a fact, Mr. President, but then, after the death of the old gentleman who had married the young wife, under this amendment the young wife might herself marry some young and sturdy gentleman, and then she would have a right to divide the property again and pass it on without taxation.

Mr. President, this measure will cripple the gift-tax and estate-tax law. It should not be adopted. It cannot be interpreted. If it is enacted, it will place upon the Treasury Department an utterly impossible burden, with 32 pages of the most complex language, designed to split a melon of \$250,000,000 every year, for the benefit of 12,000 persons.

I hope we may have a yea-and-nay vote on this measure, because I should like to see the record stamped here so that Members of the Senate who are supporting this provision will be reporting to their constituents at home that they are supporting an outrageous proposal of this kind.

I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, what is the pending question?

The PRESIDING OFFICER (Mr. ECTON in the chair). The question is on agreeing to the committee amendment.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent. If present and voting, the Senator from Minnesota, the Senator from Maine, and the Senator from Indiana would vote "yea."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "yea."

The Senator from Vermont [Mr. FLANDERS] and the Senator from Kansas [Mr. REED] are detained on official business. If present and voting, the Senator from Vermont, and the Senator from Kansas would vote "yea."

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from California [Mr. DOWNEY] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from Arkansas [Mr. McCLELLAN] is absent on official business by leave of the Senate.

The Senator from Mississippi [Mr. STENNIS] is absent on official business.

The Senator from Idaho [Mr. TAYLOR], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The result was announced—yeas 67, nays 15, as follows:

YEAS—67

Aiken	Hawkes	Overton
Baldwin	Hickenlooper	Pepper
Bricker	Hill	Revercomb
Bridges	Hoev	Robertson, Va.
Brooks	Holland	Robertson, Wyo.
Buck	Ives	Russell
Bushfield	Johnson, Colo.	Saltonstall
Butler	Johnston, S. C.	Smith
Byrd	Kem	Sparkman
Cain	Knowland	Stewart
Capehart	Lodge	Taft
Capper	McCarthy	Thye
Connally	McKellar	Tobey
Cooper	McMahon	Umstead
Cordon	Magnuson	Vandenber
Donnell	Malone	Watkins
Dworshak	Martin	Wherry
Eastland	Maybank	Wiley
Eaton	Millikin	Williams
Ellender	Moore	Wilson
Ferguson	Morse	Young
George	O'Connor	
Gurney	O'Daniel	

NAYS—15

Barkley	Kilgore	McGrath
Fulbright	Langer	Murray
Green	Lucas	Myers
Hatch	McCarran	O'Mahoney
Hayden	McFarland	Thomas, Utah

NOT VOTING—14

Ball	Jenner	Thomas, Okla.
Brewster	McClellan	Tydings
Chavez	Reed	Wagner
Downey	Stennis	White
Flanders	Taylor	

So the committee amendment was agreed to.

LEAVE TO FILE REPORT DURING RECESS

Mr. VANDENBERG. Mr. President, I ask unanimous consent that the Senate Committee on Foreign Relations be permitted to file a report on the Greek-Turkish aid bill, during the week-end recess.

The PRESIDING OFFICER. Without objection, the order is made.

REDUCTION OF INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 4790) to reduce individual tax payments, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. O'MAHONEY. Mr. President, I send to the desk an amendment, and ask for its immediate consideration. I also ask unanimous consent that the amendment be printed in the RECORD, without reading.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment of Mr. O'MAHONEY was, at the end of the bill, to add the following new title:

TITLE VII—EXCESS-PROFITS TAX

Sec. 701. Reapplication of excess-profits tax.

(a) Reapplication: Section 122 (a) of the Revenue Act of 1945 is hereby amended to read as follows:

"(a) In general: The provisions of subchapter E of chapter 2 shall not apply to any taxable year beginning after December 31, 1945, and ending prior to January 1, 1948. The provisions of part III of such subchapter shall not apply to any taxable year beginning after December 31, 1945."

(b) Decrease in rate of tax: Section 710 (a) (1) of the Internal Revenue Code is hereby amended to read as follows:

"(a) Imposition.—
"(1) General rule: There shall be levied, collected, and paid for each taxable year, upon the adjusted excess-profits net income as defined in subsection (b), of every corporation (except a corporation exempt under section 727) a tax equal to the following:

"50 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 135 percent but not in excess of 140 percent of the tentative excess-profits credit (as defined in subsection (d) of this section), plus

"75 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 140 percent but not in excess of 150 percent of the tentative excess-profits credit (as defined in subsection (d) of this section), plus

"100 percent of the amount of the tentative excess-profits net income (as defined in subsection (d) of this section) in excess of 150 percent of the tentative excess-profits credit (as defined in subsection (d) of this section)."

(c) Increase in exemption: Section 710 (b) (1) of the Internal Revenue Code is hereby amended to read as follows:

"(1) Specific exemption: A specific exemption of \$50,000, except that in the case of a taxpayer which is not entitled to use the excess-profits credit based on income pursuant to section 713, and which is not one of a group of two or more corporations owned or controlled directly or indirectly by the same interests, a specific exemption of \$100,000."

(d) Increase in excess-profits credit: Subsections (a) and (b) of section 712 of the

Internal Revenue Code (relating to allowance of excess-profits credit) are hereby amended to read as follows:

"(a) Domestic corporations: In the case of a domestic corporation which was in existence before January 1, 1940, the excess-profits credit for any taxable year shall be an amount equal to 135 percent of a credit computed under section 713 or section 714, whichever amount results in the lesser tax under this subchapter for the taxable year for which the tax under this subchapter is being computed. In the case of all other domestic corporations, the excess-profits credit for any taxable year shall be 135 percent of an amount computed under section 714.

"(b) Foreign corporations: In the case of a foreign corporation engaged in trade or business within the United States, the first taxable year of which under this subchapter begins on any date in 1940, which was in existence on the day 48 months prior to such date and which at any time during each of the taxable years in such 48 months was engaged in trade or business within the United States, the excess-profits credit for any taxable year shall be an amount equal to 135 percent of a credit computed under section 713 or section 714, whichever amount results in the lesser tax under this subchapter for the taxable year for which the tax under this subchapter is being computed. In the case of all other foreign corporations, the excess-profits credit for any taxable year shall be 135 percent of an amount computed under section 714."

(e) Tentative excess-profits net income and credit: Section 710 of the Internal Revenue Code is hereby amended by adding after the end of subsection (c) the following new subsection:

"(d) Tentative excess-profits net income and credit.—

"(1) Tentative excess-profits net income: The tentative excess-profits net income shall be the excess-profits net income minus the specific exemption.

"(2) Tentative excess-profits credit: The tentative excess-profits credit shall be that proportion of the sum of the excess-profits credit provided under section 711 (b) (2) and the unused excess-profits credit provided under section 711 (b) (3) which 100 bears to 135."

(f) Definition of unused excess-profits tax: Section 710 (c) (2) of the Internal Revenue Code is hereby amended by striking out the last two sentences thereof and by inserting in lieu thereof the following: "For the purposes of the determination of the taxes imposed by this subchapter for taxable years beginning before January 1, 1948, there shall be no unused excess profits credit for a taxable year beginning after December 31, 1946. The unused excess profits credit for a taxable year beginning in 1946 and ending in 1947 shall be an amount which is such part of the unused excess profits credit determined under the preceding provisions of this paragraph as the number of days in such taxable year prior to January 1, 1947, is of the total number of days in such taxable year. For the purposes of the determination of the taxes imposed by this subchapter for taxable years ending after December 31, 1947, there shall be no unused excess profits credit for a taxable year ending before January 1, 1948. The unused excess profits credit for a taxable year beginning in 1947 and ending in 1948 shall be an amount which is such part of the unused excess profits credit determined under the preceding provisions of this paragraph as the number of days in such taxable year after December 31, 1947, is of the total number of days in such taxable year."

(g) No carry-back to 1946 or 1947: Section 710 (c) of the Internal Revenue Code is hereby amended by adding at the end thereof the following new paragraph:

"(5) No carry-back to 1946 or 1947: For purposes of the determination of the taxes imposed by this subchapter for taxable years ending after December 31, 1947, the term 'preceding taxable year' and the term 'preceding taxable years', as used in this subsection, do not include any taxable year ending prior to January 1, 1948."

(h) Technical amendments: The following sections of the Internal Revenue Code are restored to read as such sections read immediately prior to the enactment of the Revenue Act of 1945, to be effective as so restored, with respect to taxable years ending after December 31, 1947, as if section 122 (g) of the Revenue Act of 1945 had not been enacted:

(1) Section 26 (e) (relating to the credit for income subject to the excess-profits tax);

(2) Section 13 (a) (2) (defining "normal tax net income");

(3) Section 15 (a) (defining "corporation surtax net income");

(4) Section 26 (b) (relating to the credit for dividends received);

(5) Section 102 (d) (1) (defining terms for the purpose of the tax imposed by section 102);

(6) Section 131 (b) (prescribing certain limitations on the foreign tax credit);

(7) Section 204 (a) (2) (relating to foreign mutual insurance companies other than life or marine).

(1) Taxable years to which amendments applicable: The amendments made by subsections (b), (c), and (d) of this section shall be applicable with respect to taxable years ending after December 31, 1947. For treatment of taxable years beginning in 1947 and ending in 1948, see section 401.

EXCESS-PROFITS TAX A TWO-EDGED SWORD—OFFERS CORPORATIONS CHOICE OF REDUCING PRICES OR APPLYING EXTORTIONATE PROFITS ON NATIONAL DEBT

Mr. O'MAHOONEY. Mr. President, I rise to explain the amendment. While it is an excess-profits tax amendment, it is not the restoration of the wartime excess-profits tax, nor is it the excess-profits tax provision that was considered in the House of Representatives by the Committee on Ways and Means. The theory of this excess-profits tax is, first, that profits are being made now by corporations at a rate far exceeding that at any time in the history of the United States. The Government debt is greater than was ever dreamed possible. The Government of the United States now needs revenue more than it ever needed it at any time in history. Secondly, the objective of the amendment is to provide an incentive for little business and local business by providing a special exemption for independent competitive enterprise. The reason for that is, Mr. President, that the history of what has been going on in our economy, as revealed by the studies of the Small Business Committee, by the studies of other committees, and by the report which was filed here in 1941 by the so-called Temporary National Economic Committee, clearly demonstrates the fact that the concentration of economic power is proceeding at such a rapid rate that practically a handful of corporations in the United States now dominate our economy and reap these profits. The third reason, Mr. President, is that we are still in a period of inflation. The bill is so drafted in my opinion as to stimulate the reduction of prices.

A STIMULUS AND INCENTIVE TO SMALL COMPETITIVE ENTERPRISE

Senators who vote in favor of this amendment will be saying to those corporations which are making tremendous profits, "Either reduce your prices and make it easier for the people of the United States to live and to do the things which they must do, or, if you decline to reduce prices, then be satisfied to make your contribution upon the reduction of the national debt."

I submit, Mr. President, that no Member of Congress can read this provision without acknowledging the desirability of accomplishing these objectives if it can be done.

Under the wartime excess-profits taxes there was provided an exemption of only \$10,000. That, of course, is easily understandable and quite justifiable. But at this time the situation is different. We are endeavoring, Mr. President, to build up the economy of our own States. We are trying to establish little competitive enterprises. Everyone gives lip service to those objectives. Here is an opportunity to do something about it, because in this measure we provide, first of all, a specific exemption of \$50,000. There will be no excess-profits tax upon the profit of any corporation which earns less than \$50,000. Such a corporation may be a subsidiary or affiliate of one of the giant corporations. It applies right across the board. But in order that we may encourage the building up of enterprises in the States represented by the Senators upon the floor, I have written into the bill an additional provision—a specific provision—reading as follows:

A specific exemption of \$50,000—

Except that in the case of a taxpayer who is not entitled to use the excess-profits credit based on income, pursuant to section 713—and let me say parenthetically that is the base period which was followed in the wartime tax—and which is not one of a group of two or more corporations owned or controlled directly or indirectly by the same interests, a specific exemption of \$100,000.

So Senators can say to the owners of corporations in their States that if they are not affiliated with other corporations, if they are in fact independent competitive enterprises, they will not have to pay an excess-profits tax upon any profit less than \$100,000.

So much for the exemption which is intended to encourage little business, local business, competitive business.

LOTS OF TALK BUT NO ACTION AGAINST HIGH PRICES

Now for the provision designed to force the reduction of prices. Under resolutions introduced in this body during the first session of this Congress by distinguished Republican Senators, committees of this body were sent throughout the length and breadth of the land to look into the rising cost of living. They returned almost unanimously recommending specific legislation to do something to control inflation.

The western subcommittee, headed by the distinguished junior Senator from Utah [Mr. WATKINS], only a few days

ago rendered a report in which it recommended the adoption of an excess-profits tax. It was not the excess-profits tax which I suggested. The committee recommended that the highest rate should be 50 percent. I do not do that. I provide not only the specific exemption of \$50,000 for all corporations, \$100,000 for the independent, competitive enterprise, but I provide also that there shall be an income profit-tax credit of 135 percent of normal, and then above the exemption and above the 135 percent, the excess-profits rate is 50 percent on all of the profits which are 135 percent above normal and not in excess of 140 percent; 75 percent of those profits which are in excess of 140 percent and not in excess of 150 percent, and 100 percent of those profits which are in excess of 150 percent of normal.

So that with this provision on the statute books, the managers of the great corporations which manufacture and distribute the goods which the people of the United States need, will have the choice either to pay the tax or to reduce prices. They can reduce prices.

CORPORATE PROFITS BREAK ALL RECORDS IN 1947

No one, Mr. President, who is at all familiar with what has been occurring in the economy of the United States can doubt the fact that profits are exceeding all previous records. I have in my hand the March Economic Letter of the National City Bank of New York. It is not my letter. The figures therein contained are not my figures. I did not get them from the Treasury Department or from the Bureau of Internal Revenue. I received them from no political organization of any kind, no labor union, no organization which desires to "soak the rich." These figures I read to the Senate from the letter of the National City Bank of New York. I ask Senators, How about housing in their States? Are houses being built fast enough? Listen to the record of the profits which are being made upon the materials which go into the building of houses. I read from page 32 of the monthly letter on economic conditions and Government finance, issued from New York in March 1948.

PROFITS ON PAINT AND VARNISH UP 70 PERCENT OVER 1946

Eleven companies engaged in making paint and varnish, according to the National City Bank, had profits of \$19,946,000 in 1946. I said "profits." I should have said net income after taxes. After they had paid all their taxes their net income was \$19,946,000.

In 1947 their net income after taxes was \$34,059,000, an increase of 70.8 percent.

I ask Senators to tell the householders in their States, if they will, that they are willing that the companies which manufacture the paint and varnish which go into the homes of the people should have made in 1947 a net income after taxes which was 70.8 percent greater than they made in 1946.

Tell them that you have it upon the authority of the National City Bank of New York, and then tell them, if you will,

that you voted against an excess-profits tax designed either to apply those profits upon the national debt, or to reduce prices.

Bear in mind that reduction of prices would have just as beneficial an effect as an addition to the revenue of the Government, because it would maintain in continuity that system of employment and income which alone will save us from disaster and save us from the results of any inflation.

If there is one thing, Mr. President, this country cannot stand, it is another war. Our system will scarcely endure another world war. But the system cannot survive another depression, and in due course I shall undertake to demonstrate that beyond any cavil or doubt. Remember, there was an increase of profit of 70.8 percent on varnish.

**CEMENT, GLASS, AND STONE PROFITS INCREASE
33.4 PERCENT**

How about cement, glass, and stone products? Forty-four corporations reporting to the National City Bank made net income in 1946, after taxes, of \$76,109,000. In 1947 they made net income, after taxes, of \$101,506,000, an increase of 33.4 percent. Cement and stone go into the houses of our constituents. They add to the profits of great corporations operating in interstate commerce, which are piling up beyond all records.

Mr. President, that is not all. There are iron and steel. When I think of iron and steel I think of the testimony of Mr. Fairless, the president of United States Steel, and the testimony of Mr. Homer, president of Bethlehem Steel, when they appeared before the Joint Committee on the Economic Report to tell the committee why they increased the prices of semifinished steel on February 12 by \$5 a ton. I remember that testimony, and I remember how the distinguished Senator from Ohio [Mr. TAFT], chairman of the committee, said to Mr. Fairless that in increasing their prices at that time they were inviting inflation and disaster.

IRON AND STEEL PROFITS 57.7 PERCENT GREATER

How about the profits? What is the profit picture? Iron and steel go into the State of every Senator on this floor. Iron and steel are used by farmers in their machinery, in the wire with which they build their fences. Iron and steel are used by those who mine in the ground, by those who drill for petroleum, pump it out of the ground, and transport it by pipe line. Iron and steel are being used by almost every industry in the United States. Yet, upon the authority of the National City Bank I am able to report to the Senate of the United States that 36 companies engaged in the business of producing iron and steel had a net income in 1946, after taxes, amounting to \$259,712,000, and in 1947 their net income, after taxes, had risen to \$409,478,000, or an increase of 57.7 percent.

Shall we say, Mr. President, that those companies should not pay an excess-profits tax, or reduce their prices?

We hear talk about the cost of housing, about the shortage of housing, about the necessity of doing something for the

veterans of the United States. Yet we have a bill before us which, in the face of these tremendous profits, does nothing either to reduce the prices or to increase the revenue of the United States.

**PROFITS DOUBLE ON BUILDING, PLUMBING, AND
HEATING EQUIPMENT**

Thirty-eight companies engaged in the manufacture of building, heating, and plumbing equipment in 1946 had net income, after taxes, of \$32,117,000. In 1947 the figure was \$62,985,000. All the profits earned by these 38 companies manufacturing building equipment, heating equipment, and plumbing equipment, as reflected by their net incomes after taxes, increased almost 100 percent. The actual increase was 96.1 percent.

How can we tolerate such a situation? The apologists for these great enterprises, which hold in their hands the economy of the United States, say, "They need this money." They got along very well without it in 1946 even though in 1946 their profits exceeded the profits of any previous year in history.

This is an example of the way we are digging the ditch into which the capitalistic system will fall. When I stand here urging that an excess-profits tax be levied, I am defending the capitalistic system. But those who refuse to make an assessment upon extortionate profits of this kind, in a period such as this, are walking blindly to the edge of the precipice.

PROFITS ON FOOD SOAR 39 PERCENT

Mr. President, I shall not undertake now to go over all these matters. Let me speak, however, of one or two of the others. Forty-seven companies engaged in producing food products had net income in 1946, after taxes, of \$138,006,000. In 1947 they had profits of \$191,897,000, an increase of 39 percent. They produce food which goes on the table of every one of the 145,000,000 people in the United States. Extortionate profits were made, because we are in a period of inflation.

NINE HUNDRED AND SIXTY CORPORATIONS INCREASE EARNINGS ON NET WORTH FROM 12.5 TO 17.1 PERCENT DURING YEAR

Mr. President, I could proceed with the analysis of this report by the National City Bank, and I could read the figures on net worth, and the percentage of profit upon net worth. I shall content myself by saying that a total of 960 manufacturing corporations, which earned an average of 12.5 percent upon their net worth in 1946, earned an average of 17.1 percent on their net worth in 1947.

Do these figures mean nothing? Do these figures mean nothing with respect to inflation and the cost of living? Do they mean nothing with respect to the support of the Government of the United States? Do they mean nothing with respect to the equipment of this Government of the people, in this period of its national existence?

Oh, Mr. President, over and over and over again I have heard members defending the tax bill. I have heard them talk about it as though it were an incentive tax bill. It is not an incentive tax bill. My amendment is an incentive

proposal. It will enable the little fellow, the competitive fellow, to enter the field of our economy and help to increase the production of those goods and commodities which the people of the United States so sadly need.

The theory that by reducing the personal taxes of those who receive huge incomes we shall promote incentive is utterly without foundation, and it is clearly proved to be a false theory by the report submitted by the distinguished Senator from Colorado. Talking about incentive taxation, he nevertheless wrote into the report a clear statement showing that it will not produce incentive results. The report of the committee on page 15 declares in paragraph 4:

The amount of risk-bearing common stocks issued in 1947 was 10 percent less than in 1946.

And so forth, and so on. The reduction of the issuance of common stock will not be cured by reducing the personal income tax. It will be cured only by doing something constructive to provide incentive.

CONSTRUCTIVE INCENTIVE NEEDED

During the studies of the Western Subcommittee on the Cost of Living I mentioned at several of the hearings that what we ought to have is a provision in the tax law which would accelerate depreciation. Under the present law it takes 20 years to write off the investments in the expansion of a plant. I would cut that down to 5 years, and then there would be an incentive to put money into the expansion of productive facilities. Nothing like that will be done by the bill. It represents an umbrella which covers everybody, those who waste their money as well as those who invest. Why not let us do something constructive for once? I venture to say it will be politically much wiser to adopt an amendment of the character of my amendment, which would have an incentive, than merely to cut the melon for the very wealthy, as was done by the estate- and inheritance-tax modification.

Another incentive that might have been proposed, a perfectly simple one, is to alter the rate of taxation. Senators know that under the present law—I think it is section 132—the normal net tax for a corporation amounts to about 24 percent and the surtax amounts to about 14 percent. I should like to see an amendment added to the bill which would cut out the normal tax of 24 percent upon the investment of capital in risk-taking enterprise by those who desired to be competitive, who are establishing little business and local business. That would be an incentive. Or to cut out the surtax, and let the normal tax ride.

But, Mr. President, the committee has done none of these things. Instead it has proceeded upon the theory that now we have come to peace, our troubles are behind us, the crisis is over, now all that we need to do is to cut down the expenses of government, and to cut down its receipts. How can any Member of

this body, or of the other branch of Congress, entertain for one moment the notion that the need for revenue is passing?

CONGRESS PROPOSES TAX CUT IN TIME OF CRISIS
AND MOUNTING EXPENDITURES

Mr. President, I have in my hand a list of some of the new expenditures which we have authorized. We passed an act to increase the lending authority of the RFC for public-works loans by \$25,000,000. That is an increased outlet.

We extended for 1 year the Federal Highway Act of 1944 at a cost of \$500,000,000. That is a new expenditure.

We increased the authorization and appropriation under section 502 of the Lanham Act, in connection with use housing, by \$35,500,000.

We stepped up the flood-control program for the Mississippi River by \$100,500,000.

The civil-function bill for the Army is now under consideration by a subcommittee of the Senate Committee on Appropriations, and that committee is considering additional money for expansion purposes.

We voted aid to Greece and Turkey in the amount of \$275,000,000 for 1948, and I understand that the Senate Committee on Foreign Relations is now drafting a bill making an additional allowance for next year.

Federal loyalty legislation added \$11,000,000 to the expenses of government.

The Interim Aid Act added \$597,000,000.

Congress increased the veterans' allowances for educational purposes on a net basis \$120,000,000.

Aid to China is coming along. Legislation to provide such aid has not been passed yet, but we are going to do something about it.

Aid is proposed for Trieste.

Then there is provision to be made for Latin-American military cooperation.

Other legislation is pending for far eastern reconstruction.

All this, Mr. President, amounts to almost \$800,000,000.

Are we cutting down the expenditures of government? The President's budget made a great reduction, but the budget must necessarily contain a provision for increased appropriations authorized by Congress.

Take the case of veterans' pensions. They are steadily increasing, because war veterans are getting into the pensionable stage every year, and this increase will continue for many years to come. The budget recommendation this year was for \$2,105,000,000. It will increase annually at the rate of at least \$50,000,000.

Public assistance under the Social Security Act goes up \$100,000,000.

I say nothing about the European relief program.

I spoke of universal training. If legislation to provide for universal training is enacted it will cost \$890,000,000 in the first year, \$984,000,000 in the second year, and \$1,500,000,000 in the third year.

Public works expenditures are up.

Then there is Federal aid to education. I do not know how many Senators on

this floor are pledged to support expenditure for Federal aid to education. It will be a new expenditure of at least \$300,000,000 a year.

We come next to rural electrification. The demand for that was so great that when last year on the consideration of the appropriation bill the House cut it very severely, the Senate restored a substantial part of the cut.

There is now talk about providing for stream-pollution abatement, and a bill is pending looking toward that end. That will cost \$100,000,000 more. In the new fiscal year to which this bill applies, under the terms of the bill which was described a few days ago by the distinguished junior Senator from Wisconsin [Mr. McCARTHY] the net increase in cost for housing, according to his figures, will be at least \$150,000,000 a year.

All the way down the line the Congress of the United States—this Republican Congress—is passing new bills every week increasing the expenditures of the Federal Government, and now we seek to reduce the receipts of the Government by \$4,000,000,000. We have the problem of our own domestic economy to settle. Every Senator knows that it is not settled, and that it can be settled only by the Federal Government; and yet we propose to reduce the receipts of the Federal Government. Senators talk as though the cost of government were being reduced.

In 1944 I introduced a measure to authorize the Bureau of Mines in the Department of the Interior to carry on a demonstration program to make synthetic fuel from oil shale and coal. The bill as I introduced it authorized the work to be carried on for a period of 5 years at a cost of \$30,000,000. The need for making synthetic fuel was so great that when I introduced an extension it was reported from the Public Lands Committee without dissent. It was passed without objection upon the floor of the Senate. It was passed by the House. That bill increased the expenditure of the Federal Government by \$30,000,000. Now a Republican Representative from New Jersey, Mr. WOLVERTON, has introduced a bill to authorize the RFC to make loans to private industry to produce synthetic fuel. His bill authorizes appropriations running up to \$400,000,000.

Mr. President, I could stand here for the rest of the afternoon reciting the bills introduced by Republican Members of the Eightieth Congress increasing the expenditures of the Federal Government. In spite of that situation, we indulge in the fiction that we do not need an excess-profits tax, that we can permit concentrated industries like United States Steel and Bethlehem, in the face of a possible demand for increased wages, to increase the cost of steel.

Members of the Senate ought to know that the great steel companies, in defense of their indefensible action, were willing to let the Congress of the United States and the people of the United States understand that they had increased the price of steel only on an inconsiderable amount of their product, only on semifinished steel. But the rec-

ord showed otherwise. I introduced into the Record testimony from Iron Age, which shows that the steel companies had raised prices during the year 1948 on many other commodities, including wire, including the axles which go into the manufacture of freight cars and locomotives, tubing which goes into the plumbing of a house, and pipe, which goes into the drilling of oil wells and the transportation of oil.

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

Mr. O'MAHONEY. I yield.

Mr. FULBRIGHT. I ask the Senator what happened after the repeal of the excess-profits tax in 1945. There can be no doubt about what is likely to happen if excess profits continue to increase. I believe the Senator opposed the repeal of the excess-profits tax in 1945.

REPEAL OF EXCESS-PROFITS TAX IN 1945 STARTED
THE INFLATION SPIRAL

Mr. O'MAHONEY. The Senator has a good memory, and I am happy to say that he likewise opposed it.

Mr. FULBRIGHT. The repeal of that tax was really the beginning of the first spiral of inflation.

Mr. O'MAHONEY. It was the beginning of the first spiral of inflation. The Senator is quite right.

Mr. FULBRIGHT. Conditions are such that failure to reimpose the excess-profits tax would be a second stage in the same spiral.

Mr. O'MAHONEY. That is very true. I will say to the Senator from Arkansas that I can reach no other conclusion. If we do not place some sort of restraint upon extortionate profits, then we must know that we are voting to increase the concentration of economic power in the United States.

I ask Senators to look at the chart before them. I have distributed reprints of the chart. A copy will be found on the desk of every Senator. The chart shows that the national debt of the Government of the United States has reached a pinnacle, exceeding anything that ever happened in the history of any government. Never before in the history of the United States has the national debt exceeded the income of the people in a single year until 1942, in the midst of the war. Now, although we have an inflated national income of more than \$200,000,000 a year, the national debt towers above it. The national debt is \$259,000,000,000.

Back in 1939, when the national debt was climbing up toward \$49,000,000,000, people were saying, "The Government cannot possibly sustain a national debt of \$50,000,000,000. We are going bankrupt." Now the debt is \$259,000,000,000; and the Finance Committee of the Senate rejected this amendment to provide excess-profits taxes at a time when the Government needs revenue more than it ever needed it before.

Every member of the joint committee of the Senate and House, or of a subcommittee thereof, who traversed this country last fall examining into the cost of living will testify that the cost of living has risen so high that now we are undermining savings. Savings have been expended; and many people in the lower

income groups are finding it more and more difficult to make their income stretch over the cost of living.

CONCENTRATED ECONOMIC POWER GROWS

On the other hand, we have continued the concentration of economic power. A few years ago I stood on the plaza of the Capitol of the United States when a President was inaugurated. I think today of the language which he used in that inaugural address. He was talking about the ideal system that should be followed by the Government of the United States in time of crisis. I think his statement is very apropos now:

I can vision—

Said he—

the ideal republic, where every man and woman is called under the flag, for assignment to duty, for whatever service, military or civil, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not one penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all over the normal shall flow into the defense chest of the Nation.

Mr. President, those were the words of Warren G. Harding when he was inaugurated on the 4th of March 1921.

The peace treaties have not yet been written, Mr. President. No one knows better than the Foreign Relations Committee of this body—which now has unanimously recommended to this body two bills providing for large expenditures to rehabilitate Europe, to protect the democratic system—that we are in a crisis as great as the crisis of war, even though we call it peacetime. In that crisis are we to be blind enough to cut the taxes, to cut the revenue of the Government, to refuse to impose an excess-profits tax upon the great corporate giants which now dominate the economy of the United States?

O Mr. President, I am going to ask for a yea-and-nay vote upon this amendment. But first I should like to ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks the full table from the National City Bank's letter of March 1948, from which I have been quoting.

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

(See exhibit A.)

Mr. JOHNSON of Colorado. Mr. President, before the Senator takes his seat I should like to ask him a question.

Mr. O'MAHONEY. Yes, indeed.

Mr. JOHNSON of Colorado. I am trying to understand the Senator's amendment. It is written in technical language which is quite a little beyond my understanding.

Mr. O'MAHONEY. I think the Senator from Colorado is overmodest. This is a simple amendment.

Mr. JOHNSON of Colorado. I thank the Senator for the compliment, although I cannot agree with him.

I wish to find out what is the basis of the Senator's amendment with respect to normal profits.

Mr. O'MAHONEY. It is the war base of 1939-41. Although the wartime excess-profits tax has been removed from the tax law, all the provisions have not

actually been repealed. So this amendment would operate upon the same basis of normal profits for the same period mentioned in the wartime excess-profits tax law.

Mr. JOHNSON of Colorado. Yes; that is what I understood. But does the rate provided in the Senator's amendment exceed the rate of the excess-profits tax which prevailed during the war?

Mr. O'MAHONEY. Oh, no, except in the upper brackets, where it rises to 100 percent.

Mr. JOHNSON of Colorado. It goes up to 100 percent; and in the wartime excess-profits tax it went up to 85 percent, and there was a rebate on that, I think.

Mr. O'MAHONEY. I think it went a little higher than 85 percent.

Mr. JOHNSON of Colorado. Yes; I believe it went to 90 percent.

Mr. O'MAHONEY. Yes.

Mr. JOHNSON of Colorado. And there was a 10-percent kick-back on it.

Mr. O'MAHONEY. This amendment provides an excess-profits tax credit of 135 percent of the normal tax during the base period, and then a 50-percent excess-profits tax on the 5 percent between 135 percent of normal and 140 percent of normal; and then it is graduated up to 175 percent of that portion of the excess-profits tax which is more than 140 percent of normal and not more than 150 percent; and then it goes to 100 percent of that profit which is over 150 percent of normal.

So the taxpayer can avoid the 100 percent tax merely by reducing prices.

Mr. JOHNSON of Colorado. I have one other question: In the Senator's amendment are there any other provisions which were not in the wartime excess-profits tax?

Mr. O'MAHONEY. Yes. The specific exemption in the wartime excess-profits tax was \$10,000.

Mr. JOHNSON of Colorado. The Senator's amendment would increase that to \$50,000, I believe.

Mr. O'MAHONEY. In my amendment I have increased that to \$50,000, and I have added another provision since the measure was presented to the Finance Committee. I hand it to the Senator now. It provides that where the taxpayer—that is to say, the corporation—is not operating with one or more other corporations—in other words, where it is not the subsidiary or affiliate of another corporation—then the specific exemption is \$100,000.

Mr. JOHNSON of Colorado. I think that is a very excellent provision.

I heard the Senator express the belief that his amendment is an incentive amendment. I should like to say to him that I introduced a tax bill, which is still pending before the Senate Finance Committee, which I deem to be a real incentive tax bill so far as corporations are concerned. It provides for an exemption of \$10,000 a year for all corporations from all taxes—not only excess-profits taxes but all taxes. That is to say, it gives a corporation an opportunity to grow at the rate of \$10,000 a year. If the corporation uses the \$10,000 in its capital investment or capital gains, and

thus increases its size by \$10,000, it is then entitled to a \$10,000 exemption.

It was my belief, and it is my belief now, that that would compel all corporations to grow at least to the extent of \$10,000 a year. As the President said in his state of the Union message, we need \$50,000,000,000 invested in the industries of this country.

So it would seem to me that would be one practical way of obtaining the desired increase.

I was unable to have my amendment adopted by the Senate Finance Committee, or even seriously considered, for the reason that the committee was trying to hold the present bill to individual income-tax matters, and not open it up to many miscellaneous matters, such as my measure contemplated. Therefore, I did not receive consideration for it in the committee.

Mr. O'MAHONEY. Mr. President, I am very much interested to learn that the Senator from Colorado, who is a member of the Finance Committee, was treated in the same cavalier fashion that other Members of the Senate, who are not members of the committee, were treated.

Mr. JOHNSON of Colorado. I had a part in that treatment, however.

Mr. O'MAHONEY. The Senator from Massachusetts [Mr. LODGE] appeared before the committee with a prepared statement in support of an amendment which he regarded as very important. The distinguished junior Senator from Arkansas [Mr. FULBRIGHT] also appeared before the committee and argued for an amendment on the repeal of the oleomargarine tax. The Senator from Missouri [Mr. KEM] also appeared before the committee and urged an amendment. But I understand that all those amendments were simply lumped together with the amendment of the Senator from Colorado and were deposited in the wastebasket, without consideration.

Mr. JOHNSON of Colorado. Mr. President, I am not complaining. My bill was perhaps in a little different category from that of the other measures. Mine was a tax bill. I meant it to be in the form of an amendment to this bill, but it was not in the form of an amendment.

I am not complaining about the treatment given by the committee, because my voice was a part of the voice of the committee in deciding that the committee could not take up all these outside matters in connection with this bill. We hoped that before very long there would come from the House of Representatives a general tax bill, a general revenue bill, and we felt that that would be the proper time to present all the different measures that abound in this body, calling for amendments of the tax structure.

So I am not complaining at all. I simply mention that fact to the Senator. If I thought his amendment would receive the approval of this body, I would try to get my tax bill added as an amendment to his amendment—perhaps over his objection, but nevertheless I would try to do it. But I am not very optimistic about the chances the Senator's amendment has of being adopted.

Mr. O'MAHONEY. I should be very happy to read the Senator's amendment. From his description, I feel that he has a very excellent idea. I am sorry that the Finance Committee did not give him the attention that the amendment deserves. I should have no objection to his explaining the amendment now and adding it to my amendment, because I know that if he makes his explanation it will only lend emphasis to the point I have been trying to make.

INTEREST ON NATIONAL DEBT GREATER THAN COST OF ALL CIVILIAN AGENCIES OF GOVERNMENT

Mr. President, this bill came over from the House cutting off more than \$6,000,000,000 from the receipts of the Federal Government. The distinguished junior Senator from Colorado—and I compliment him for it—realizing the folly of making any such reduction of revenue as that, did his level best to hold this relief for the wealthy down to \$4,000,000,000 plus. But I want to call attention to the fact that the interest upon the national debt is rising. I called the Bureau of the Budget only this morning to find out what we would have to pay. This year, interest upon the national debt is \$5,200,000,000. It probably will be \$50,000,000 more next year. The House of Representatives has sent to the Senate a bill which cuts away from the receipts of the Federal Government more than the \$5,200,000,000 in interest which we must pay upon the national debt. Mr. President, let us not close our eyes to the fact that \$5,200,000,000 interest upon the national debt is more than the entire cost of government 20 years ago. The \$5,200,000,000 which we are paying in interest upon the national debt is more than the cost of the White House, of the courts, of the Congress, and of the civilian departments and agencies of government. Can that be treated lightly?

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

Mr. O'MAHONEY. I am glad to yield to the Senator from Missouri.

Mr. KEM. I should like to ask the Senator whether he had these facts in mind when there was before this body a bill to send \$5,300,000,000 to 16 countries of western Europe?

Mr. O'MAHONEY. I did, indeed. I had that in mind. I voted for European aid, as a great majority of the Members of this body did, because of my conviction that unless that money is expended, the democratic system will have to undergo another and more severe test than it has ever undergone before. That is precisely why I say we cannot afford now to cut down the receipts of the Federal Government.

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

Mr. O'MAHONEY. I yield to the Senator from Idaho.

Mr. DWORSHAK. Has the Senator applied the formula covered by the proposed amendment to corporate income for 1947, so that we might have an estimate of the amount of tax receipts available under the provisions of the amendment?

Mr. O'MAHONEY. If there were no reduction of prices, the revenue under the excess-profits-tax amendment which I am submitting probably would amount to about \$4,000,000,000. But my hope was that it would result in reducing prices, because I feel that by reducing prices it will do more good.

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

Mr. O'MAHONEY. Yes; I am glad to yield to the Senator from Missouri.

Mr. KEM. Will the Senator favor us with his view as to whether the sending of \$5,300,000,000 to countries in western Europe would have a tendency to reduce

or to lift the price level and the cost of living in this country?

Mr. O'MAHONEY. Of course, the sending of that sum abroad will result in reducing the total amount of contribution we have to make to carry on relief programs abroad and that we are making. But I am quite frank to say to the Senator, of course, it creates a demand upon our goods, and therefore would contribute to keeping prices high. But here I have a measure which provides an incentive for increasing the production of those very goods.

Mr. President, I ask for the yeas and nays upon this amendment.

EXHIBIT A

Preliminary summary of manufacturing earnings in 1946 and 1947

(Net income is shown as reported—after depreciation, interest, taxes, and other charges and reserves, but before dividends. Net worth includes book value of outstanding preferred and common stock and surplus account at beginning of each year)

[In thousands of dollars]

Industrial groups	Number of companies	Net income after taxes		Percent change ¹	Net worth, Jan. 1		Percent return	
		1946	1947		1946	1947	1946	1947
Baking.....	15	44,254	44,942	+1.6	225,001	241,448	19.7	18.6
Meat packing.....	18	67,726	83,353	+23.1	655,149	689,361	10.3	12.1
Sugar.....	20	28,847	64,441	(+)	239,234	270,489	12.1	23.8
Other food products.....	47	138,806	191,897	+39.0	772,250	870,575	17.9	22.0
Beverages.....	45	161,809	164,683	+1.7	490,414	625,619	33.0	26.3
Tobacco products.....	17	90,701	104,683	+15.4	785,912	797,550	11.8	13.1
Cotton goods.....	35	61,938	113,799	+83.7	245,843	279,842	25.2	40.7
Other textile products.....	55	132,537	181,291	+36.8	577,307	670,408	23.0	27.0
Leather and shoes.....	26	24,033	38,042	+58.3	226,293	245,131	10.6	15.5
Rubber products.....	18	124,952	112,173	-10.2	611,211	692,034	20.4	16.2
Pulp and paper products.....	36	61,831	116,557	+88.5	472,848	548,673	13.1	21.2
Chemical products.....	39	256,485	319,182	+24.4	1,717,713	1,843,879	14.9	17.3
Drugs, soap, etc.....	13	55,290	59,779	+8.1	281,213	331,625	19.7	18.0
Paint and varnish.....	11	19,946	34,059	+70.8	131,169	143,390	15.2	23.8
Petroleum products.....	21	88,775	150,086	+69.1	899,939	966,900	9.9	15.5
Cement, glass, stone products.....	44	76,109	101,506	+33.4	609,857	669,489	12.5	15.2
Iron and steel.....	36	259,712	409,478	+57.7	3,509,694	3,623,323	7.4	11.3
Agricultural implements.....	12	45,551	90,827	+99.4	694,668	731,416	6.6	12.4
Building, heating, plumbing equipment.....	38	32,117	62,985	+96.1	276,740	317,966	11.6	19.8
Electrical equipment and radio.....	39	46,620	131,956	(-)	732,732	860,055	6.4	15.3
Machinery.....	84	46,146	93,791	(-)	523,081	567,519	8.8	16.5
Office equipment.....	11	25,972	38,979	+50.1	132,059	155,917	19.7	25.0
Other metal products.....	101	67,784	117,311	+73.1	504,051	555,727	13.4	21.1
Automobiles and parts.....	55	33,984	197,718	(-)	663,877	792,985	5.1	24.9
Railway equipment.....	14	27,569	41,406	+50.2	323,857	343,200	8.5	12.1
Aircraft and parts.....	13	8,319	18,201	(-)	124,855	127,177	6.7	-----
Miscellaneous manufacturing.....	97	104,565	155,621	+48.8	698,701	782,600	15.0	19.9
Total manufacturing.....	900	2,131,578	3,202,164	+50.2	17,105,668	18,744,298	12.5	17.1

¹ Increases or decreases of over 100 percent not computed.
² Deficit.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY], on which he requests the yeas and nays. Is the request sufficiently seconded?

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

The PRESIDENT pro tempore. The Senator from Colorado having suggested the absence of a quorum, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Colorado. Mr. President, if the Senator will withhold the suggestion for a moment, I was going to submit an amendment to the amendment; but the bell has now rung.

Mr. MILLIKIN. I am willing to withdraw the suggestion.

Mr. JOHNSON of Colorado. The bell has already rung.

The PRESIDENT pro tempore. The Chair suggests that what the Senator from Colorado has in mind could be done after the quorum call.

The Chief Clerk resumed and concluded the calling of the roll, and the following Senators answered to their names:

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

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

Mr. O'MAHONEY. Mr. President, I have asked for the yeas and nays.

The PRESIDENT pro tempore. There is evidently a sufficient second; and the yeas and nays are ordered.

Mr. JOHNSON of Colorado. Mr. President, I desire to offer an amendment to the amendment which has been offered by the Senator from Wyoming [Mr. O'MAHONEY]. I ask that at this point in the RECORD my amendment be printed.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment will be printed in the RECORD.

The amendment offered by the Senator from Colorado [Mr. JOHNSON] to Mr. O'MAHONEY's amendment is as follows:

At the end of Mr. O'MAHONEY's amendment insert the following:

"That section 23 of the Internal Revenue Code, as amended (relating to deductions from gross income), is amended by adding at the end thereof a new subsection as follows:

"(bb) Deduction for capital expenditures by corporations: In the case of a corporation—

"(1) amounts expended during the taxable year for the acquisition of new buildings, facilities, equipment, or machinery, or for permanent improvement or betterments made to increase the value or productivity of any property; and

"(2) amounts expended during the taxable year to retire indebtedness incurred, during an earlier taxable year and subsequent to December 31, 1947, in the acquisition of new buildings, facilities, equipment, or machinery, or in the making of permanent improvements or betterments to increase the value or productivity of any property, but only to the extent that a deduction with respect to such acquisition, improvement, or betterment has not been allowed under paragraph (1).

"The amounts deducted under this subsection with respect to expenditures during any taxable year shall not exceed \$10,000. This proviso shall be effective with respect to expenditures made during taxable years beginning after December 31, 1947."

Mr. JOHNSON of Colorado. Mr. President, ever since I have been in Congress I have heard of the importance of helping small business. My amendment is clearly one which would help small business grow. We know how cooperatives have grown because they have had an opportunity, under the revenue laws, of plowing back into their business a large portion of their earnings. My amendment provides for the plowing back into business of at least \$10,000 a year; and if that be done, no tax is collected on the income.

There was a time in past generations when small businesses had an opportunity to grow. The great corporations of today had their beginning in that period. But at the present time it is practically impossible for any business to increase very much in size. We have heard a great deal with regard to incentive taxation. There should be incentive taxation. The President has said that we need \$50,000,000,000 more invested in industries. Where the \$50,000,000,000 is to

come from is not very clear. I hope it will not come from the Government. I hope we shall not have corporations in which capital is invested by the Government. The only other way that I can see is for a corporation to save enough money out of its tax burden to enable it to grow.

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

Mr. JOHNSON of Colorado. I yield.

Mr. O'MAHONEY. There is grave danger of precisely the result which the Senator feels. I pointed out earlier today that measures have been introduced to authorize the RFC to spend Government money in building new enterprises. It is a much more sensible way and is much more in harmony with the free-enterprise system to extend such an incentive as is provided in my amendment and as is provided in the Senator's amendment. I am happy that the Senator is proposing his amendment. I shall be very glad to accept it as a part of my amendment, if he desires to offer it in that way.

Mr. JOHNSON of Colorado. I desire to offer it in that way, and I thank the Senator very much for what he has said.

I think we should have a very bad situation in this country if our capital structure had to depend upon Federal money for its growth and development.

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

Mr. JOHNSON of Colorado. I yield.

Mr. FULBRIGHT. When the Committee on Banking and Currency had under consideration the RFC there was a great deal said about providing aid for small business. It became apparent that what was needed was some incentive to provide needed capital. I think a measure along the lines of that which the Senator is proposing is the very thing that is needed, far more than would be the making of loans which, in an inflationary period, will not solve the problem of small business.

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

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. Is the amendment which the Senator is offering proposed for the purpose of amending the amendment offered by the Senator from Wyoming? Did the Finance Committee consider it?

Mr. JOHNSON of Colorado. My amendment originally was in the form of a bill. It was before the Finance Committee but was not considered as an amendment to the pending bill. The Finance Committee agreed that it would not consider at this particular time a great many amendments or other bills relating to the Federal revenue. Inasmuch as the Senator from Wyoming, who is not a member of the committee, has offered an amendment which does in a way pertain to corporation taxes, I thought my bill, which has been pending in Congress for some time, might very well be considered at this time as a part of his proposal. I am not at all complaining about any bad treatment from the committee, because the oppo-

site is true, and the decision not to consider outside matters was my decision, as well as that of the other members of the committee.

My particular bill not only affords an incentive for small industries to grow, but in my opinion it would compel small businesses to grow. No small business could afford not to put back into the business the \$10,000 exemption to which it would be entitled if it plowed back into the business that amount of new capital.

Mr. WHERRY. I have not read the amendment. Does it mean that a small business making more than \$10,000 would still be able to plow back the \$10,000?

Mr. JOHNSON of Colorado. Yes.

Mr. WHERRY. How much money would they have to make before they could get the benefit?

Mr. JOHNSON of Colorado. All corporations would benefit, provided they invested an amount not less than \$10,000, or lesser amount of tax exemption they claimed.

Mr. WHERRY. Is there any limitation, or does the Senator define in the amendment what small business is?

Mr. JOHNSON of Colorado. No; the exemption applies to all corporations. All corporations can claim an exemption of \$10,000, provided they put that much money back into the industry. A large business might not care about it, but a small business would be compelled, under such a provision, to add that much money to its capital investment. It would be foolish not to do it.

Mr. WHERRY. Why does the Senator offer it to the amendment of the Senator from Wyoming?

Mr. JOHNSON of Colorado. I offer it to the pending amendment because the amendment deals with corporations.

Mr. WHERRY. If the amendment is agreed to as a part of the pending amendment, while it attempts to carry out the purpose of the Senator from Colorado, would it not result in confusion with reference to the excess-profits tax? I am wondering why the Senator could not offer the amendment directly to the bill.

Mr. JOHNSON of Colorado. I do not care to offer it directly to the bill because I am a member of the Committee on Finance, and we agreed in the committee that we were not going to offer amendments to the bill. But now an amendment is pending, and I am offering my bill as an amendment to the pending amendment.

Mr. WHERRY. I understand.

Mr. JOHNSON of Colorado. It may be a little complicated, but at least it meets the technical situation. I am offering it as an amendment to the amendment of the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I modify my amendment by accepting the amendment of the Senator from Colorado.

The PRESIDENT pro tempore. The yeas and nays having been ordered, unanimous consent is required before the alteration in the amendment of the

Senator from Wyoming can be made. Is there objection? The Chair hears none, and the pending question is on agreeing to the amendment of the Senator from Wyoming perfected by the addition of the amendment submitted by the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, there is one more word I wish to say. As nearly as I can discover, my amendment would cost the Treasury \$500,000,000 annually.

Mr. MILLIKIN. Mr. President, as has been stated by my distinguished colleague the senior Senator from Colorado [Mr. JOHNSON], the amendment would cost \$350,000,000 or \$400,000,000. That naturally would have to be added to the cost of the bill, unless we are prepared to revise the whole bill.

Once more I should like to say that this whole subject is under study in the House Ways and Means Committee. I am very sympathetic with the idea of doing something special for the smaller corporations, but, as I have said, the subject is under study, and I do not believe it is appropriate to provide for it in the pending bill without its having more study than we can give it on the floor of the Senate.

Mr. President, I should like to ask my distinguished colleague what remains of the excess-profits-tax theory under this amendment.

Mr. JOHNSON of Colorado. My amendment has nothing to do with the excess-profits tax as such. My amendment applies to the ordinary corporate tax.

Mr. MILLIKIN. A parliamentary inquiry. What is the status of the amendment of the Senator from Wyoming?

The PRESIDENT pro tempore. It is the pending question, and it has been modified by the addition of the amendment suggested by the Senator from Colorado [Mr. JOHNSON]. In other words, the vote will be taken on the two proposals as one.

Mr. MILLIKIN. I have already suggested that the cost of the amendment of the distinguished Senator from Colorado would be \$350,000,000 or \$400,000,000. I believe that would be an excessive extension of the amount of reduction which seems to meet with general satisfaction in the Senate.

I make the further point that the whole subject also has been under intense study by the House Ways and Means Committee, and I am very hopeful that something special can be worked out, whenever the revenues will permit, to help the small-business man.

Much has been said here and elsewhere about the high level of corporation profits, and that results from the fact, in the main, that attention is directed to the subject and to the amounts involved before giving consideration to taxes. Reducing corporate profits before taxes to an after-tax basis cuts the total for the calendar year 1947 from \$28,700,000,000 to \$17,400,000,000. Similarly, the elimination of corporation tax liabilities reduces the 1946 total from \$21,100,000,000 to \$12,500,000,000.

Corporate profits are also overstated at the present time because they include unusually large amounts of so-called

profits which represent increases in the value of inventories due to the rise in prices. This element in profits is illusory and will quickly turn into a loss when prices begin to decline. The 1947 profit figures include no less than \$5,700,000,000, which represents increase in the value of inventories. If this element is removed from the total, and tax liabilities are also taken into account, corporate profits in 1947 are reduced from \$28,700,000,000 to \$11,700,000,000. Similarly, adjustment for taxes and changes in the value of inventories reduces the 1946 total from \$21,100,000,000 to \$7,900,000,000.

A further inflation of current estimates of profits results from the inadequacy of the depreciation charges which are now being made. Depreciation is based on original cost rather than replacement cost. In a period of rising prices this means that the depreciation written off over the actual life of the asset will not equal the price which must be paid to replace the asset when it is worn out. This is another way of saying that profits have been overstated during the interval in question. It is impossible to estimate statistically the importance of this factor in the present situation, but, because of the large size of the price changes which have occurred since before the war, failure to charge off adequate depreciation is undoubtedly of major importance. This I believe was recognized by the distinguished senior Senator from Wyoming.

Mr. President, I am going to place in the RECORD at this point some tables, and I now merely mention their general significance.

Table I shows corporate profits after adjustment for tax liabilities and changes in the value of inventories. In column 7 corporate profits on this basis are expressed as a percent of national income. It will be observed that

the percentage in 1947 is almost exactly the same as that in 1939, and substantially below the percentages which existed in 1937 and 1929.

Table II shows the relationship between dividends paid and corporate profits after adjustment for tax liabilities and changes in the value of inventory. It will be observed that dividends are only 58 percent of profits in 1947 as compared with 88 percent in 1939 and 100 percent in 1937, two relatively prosperous prewar years. The 1947 percentage is also substantially below the percentage which existed in 1929.

The fact that a relatively small percentage of current profits are being distributed as dividends can be used to support the argument that the profits received are needed in order to finance the necessary expansion of business. I have already gone into that rather fully. This is another reason for saying that current profits are not too high.

There are some hogs in business. There are men in business whose teeth are too long, and there ought to be ways of getting at them. But let us take a cut out of the egg and not out of the hen which lays the egg.

Table III shows dividends as a percentage of national income. It also shows wages and salaries as a percentage of national income. The table indicates that dividends are a very much smaller percentage of the total than they were in prosperous years before the war, while wages and salaries are actually a larger percentage of the total than they were in 1929.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the three tables to which I have just referred.

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

TABLE I.—Corporate profits in selected years

[In billions of dollars]

	National income	Corporate profits before taxes and, including change in value of inventories	Inventory valuation adjustment	Corporate profits, net of changes in value of inventories	Corporate tax liabilities	Corporate profits after taxes and net of changes in value of inventories	Percent net corporate profits to national income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1947.....	203	28.7	-5.7	23.0	11.3	11.7	5.8
1946.....	178	21.1	-4.7	16.5	8.6	7.9	4.4
1945.....	183	20.2	- .5	19.7	11.3	8.4	4.6
1942.....	136	21.0	-1.3	19.8	11.7	8.1	6.0
1939.....	73	6.5	- .7	5.8	1.5	4.3	5.9
1937.....	74	6.2	-----	6.2	1.5	4.7	6.3
1929.....	88	9.8	+ .5	10.3	1.4	8.9	10.0

Source: Department of Commerce data.

TABLE II.—Dividends and profits in selected years

[In billions]

	Profits after taxes and inventory adjustment	Dividends	Percent dividends to profits
1947.....	11.7	6.8	58
1946.....	7.9	5.6	71
1945.....	8.4	4.8	57
1942.....	8.1	4.3	53
1939.....	4.3	3.8	88
1937.....	4.7	4.7	100
1929.....	8.9	5.8	65

Source: Department of Commerce data.

TABLE III.—National income, dividends, and wages and salaries in selected years

[In billions]

	National income	Dividends	Percent national income to dividends	Wages and salaries	Percent wages and salaries to national income
1947.....	203	6.8	3.4	122.8	60.5
1946.....	178	5.6	3.1	111.1	62.2
1945.....	183	4.8	2.6	117.6	64.2
1942.....	136	4.3	3.2	81.7	60.0
1939.....	73	3.8	5.2	45.7	62.5
1937.....	74	4.7	6.3	45.9	62.1
1929.....	88	5.8	6.6	50.2	57.0

Source: Department of Commerce data.

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

Mr. MILLIKIN. I yield.

Mr. LANGER. What is the source of the statistics?

Mr. MILLIKIN. The Department of Commerce is the source of the statistics.

As to the general policy of going back to an excess-profits-tax system, I should like to quote from Secretary Glass when he was dealing with the subject after World War I under conditions similar, but on a smaller scale, to those which exist today:

It encourages wasteful expenditure, puts a premium on overcapitalization, and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies.

I quote now former Secretary of the Treasury Vinson, now Chief Justice of the United States, in connection with our 1945 repeal of excess-profits taxes. He said:

Repealing the excess-profits tax means getting out of the tax system a tax which certainly in its present form has no place in the peacetime system.

The case against the excess-profits tax for 1946 goes beyond the facts that it is primarily a wartime control and that it is erratic and inequitable. It is also an obstacle to that reconversion and expansion of business which is so necessary for a high level of employment and income.

Clearly, the repeal of the excess-profits tax will stimulate production. Today we are starved for new houses, new cars, new radios, and the like. The best defense against the use of our wartime savings to bid up prices on these scarce items is to remove the scarcity. Production and more production is the key. To this end, elimination of the repressive influence of the excess-profits tax will make a real contribution.

Yet, despite its contribution to the successful operation of a wartime economy, the excess-profits tax has been an erratic and in many instances an inequitable tax. The difficulty is that calling profits excessive does not make them excessive. Calling profits normal does not make them normal. Normal profits and excessive profits look alike. There is no chemical reagent to distinguish them.

The excess-profits tax, to be sure, has a formula—a very complicated formula in its entirety—for distinguishing normal and excessive profits. But that formula is seriously defective.

One serious defect of the excess-profits tax for the postwar period lies in the weakness of the average earnings credit, which uses prewar profits as a measure of normal profits. A corporation may continue to earn free of excess-profits tax 95 percent as much as it averaged during the years 1936-39, and this amount is often enlarged by various relief provisions. A corporation with a high prewar earnings experience may thus earn 20 percent, 30 percent, or more on its invested capital without paying any excess-profits tax. New and rising corporations do not have the benefit of such a credit—

I emphasize this especially—

and are thus at a competitive disadvantage in relation to established long-prosperous corporations. Whatever the merits of the average earnings credit in measuring excessive war profits, it would be grossly unfair if applied to peacetime business.

The same thing was emphasized again and again by the Secretary as a result of

examination by Senators, including questions by the Senator from Connecticut [Mr. McMAHON].

The then chairman of the Senate Finance Committee, the Senator from Georgia [Mr. GEORGE], in advocating the repeal of the World War II excess-profits tax, pointed out a number of the objections to the tax in peacetime. He said:

New, growing, and small corporations are particularly hurt by the excess-profits tax. The old established firm has a large excess-profits credit, and, therefore, has a decided competitive advantage over new and growing companies. * * * The competitive disadvantage of such a tax to a new and rising corporation is tremendous. The new and rising corporation, not having an adequate credit, pays a much heavier excess-profits tax on its current income than the old established firm. * * *

The Treasury stated that for 1943 over 70 percent of the corporations subject to the excess-profits tax had net incomes of less than \$100,000. * * * On the other hand, some of our very large corporations do not pay any excess-profits taxes. In 1943 it was estimated by the Treasury that one-third of the corporations with incomes of \$1,000,000 and over did not have taxable excess profits.

The tax also discourages risk-taking, since corporations can retain only a small part of their profits. The continuance of the tax * * * will discourage new investments in both 1945 and 1946. As a result this tax will retard production.

It should be borne in mind that only about 22,000 corporations will have net incomes of \$60,000 or more in 1946, that many of these 22,000 corporations will be benefited through the repeal of the excess-profits tax. * * * It is estimated that of the 260,000 corporations with net incomes for 1946, 238,000 will have incomes below \$60,000. While some of these will be benefited through the repeal * * * it is believed desirable to extend further relief through a reduction in the ordinary corporate rate.

I remind my colleagues that we took this very courageous action in 1945 because we wanted to liberate the profits of corporations so that they could use them for expansion to cover the reconversion period. It has had precisely that effect. Had we continued the excess-profits taxes, I do not know where we would have obtained our money for expanding plants during this period. The evidence before the committee and, I think, the discussion here show that risk capital has dried up. Corporations have been financing themselves through their own fat, and through the addition of indebtedness rather than through risk investment.

I suggest that this effort to reimpose the excess-profits tax system is the antithesis of what we are trying to do, and should be defeated.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent. If present and voting, the Senator from Min-

nesota, the Senator from Maine, and the Senator from Indiana would vote "nay."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "nay."

The Senator from Kansas [Mr. REED] is detained on official committee business.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from California [Mr. DOWNEY] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from Arkansas [Mr. McCLELLAN] is absent on official business by leave of the Senate.

The Senator from Louisiana [Mr. OVERTON] is absent on official business.

The Senator from New York [Mr. WAGNER] is necessarily absent, and if present would vote "yea."

The result was announced—yeas 26, nays 58, as follows:

YEAS—26

Barkley	Johnson, Colo.	Myers
Connally	Kilgore	O'Mahoney
Dworshak	Langer	Russell
Fulbright	McCarran	Sparkman
Green	McFarland	Stennis
Hatch	McGrath	Taylor
Hayden	Magnuson	Thomas, Okla.
Hill	Morse	Thomas, Utah
Holland	Murray	

NAYS—58

Aiken	George	O'Daniel
Baldwin	Gurney	Revercomb
Bricker	Hawkes	Robertson, Va.
Bridges	Hickenlooper	Robertson, Wyo.
Brooks	Hoey	Saltonstall
Buck	Ives	Smith
Bushfield	Johnston, S. C.	Stewart
Butler	Kem	Taft
Byrd	Knowland	Thye
Cain	Lodge	Tobey
Capehart	Lucas	Umstead
Capper	McCarthy	Vandenberg
Cooper	McKellar	Watkins
Cordon	McMahon	Wherry
Donnell	Malone	Wiley
Eastland	Martin	Williams
Ecton	Maybank	Wilson
Ellender	Millikin	Young
Ferguson	Moore	
Flanders	O'Connor	

NOT VOTING—12

Ball	Jenner	Reed
Brewster	McClellan	Tydings
Chavez	Overtton	Wagner
Downey	Pepper	White

So Mr. O'MAHONEY's amendment, as modified, was rejected.

Mr. PEPPER subsequently said: Mr. President, I had an important engagement at one of the departments which prevented my reaching the floor until after the result of the vote on the O'Mahoney amendment was announced. Had I been able to vote upon the amendment, I would have voted "yea."

Mr. MILLIKIN obtained the floor.

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

Mr. MILLIKIN. I yield.

Mr. BUTLER. Mr. President, it had been my intention to call up an amendment which has been on the table for some time. The amendment, which I submitted for printing, provides for the exemption of certain excise taxes in connection with agricultural fires, and so forth. But from the action taken here already with reference to other excise taxes, I have been convinced that it is not in keeping with the purpose or spirit

of this measure to consider excise taxes at this time. So I shall not call up the amendment, but I am in hope that it will shortly be considered in connection with a general tax bill.

However, Mr. President, I have a proposal which I wish to suggest to the chairman of the committee at this time, in the hope that he may see fit to give it consideration. It is an amendment with reference to the definition of partnership and partner.

I now offer the amendment and send it to the desk and ask to have it stated.

The PRESIDENT pro tempore (Mr. CAIN in the chair). The amendment will be stated.

The CHIEF CLERK. After section 305, it is proposed to add the following:

Sec. 306. Definition of partnership and partner.

Paragraph (a) (2) of section 3797 of the Internal Revenue Code is amended by inserting at the end thereof the following: "Any partnership created before January 1, 1946, and valid by the law of the State where created and doing business shall be deemed valid for Federal income-tax purposes, and each partner thereof, in computing his net income, shall include only his distributive share of the ordinary net income or the ordinary net loss of such partnership, computed as provided in section 183 (b), in accordance with the terms of the partnership agreement."

Sec. 307. Taxable years to which applicable.

The amendment made by section 306 shall be applicable with respect to taxable years beginning after December 31, 1940, and before January 1, 1946.

Mr. BUTLER. Mr. President, I think the reading of the amendment is sufficient to inform the Senate of its general purpose. The Senate has already incorporated in the bill a community-property item. That will take care of such cases as may occur from now on, if this bill becomes law.

But we have given no consideration whatsoever to exactly the same arrangements which were legally followed under partnership forms for the past several years. I know of a great many cases of partnerships which were strictly legal, and which were so considered by the States in which they operated; yet the Bureau of Internal Revenue has been endeavoring to collect back taxes from them, has taken those firms into court unnecessarily, and has put great expense upon them, when that should not have been the case.

The amendment I propose would make the definition applicable for the years 1940 to 1946—not following 1946, but up to the year 1946. It would legalize those partnerships which were recognized as legal by the States in which they operated.

Mr. BUTLER subsequently said: Mr. President, I ask unanimous consent to have printed in connection with my opening remarks on this amendment, a statement regarding it which I have prepared, and which I would deliver at this time, but for the lack of time today for extended remarks.

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

MARCH 19, 1946.

STATEMENT BY SENATOR BUTLER WITH REFERENCE TO A PROPOSED TAX BILL AMENDMENT TO DEFINE PARTNERSHIPS AND PARTNERS FOR INCOME-TAX PURPOSES

Mr. President, I realize that our consideration of tax legislation at the present time is strictly limited in scope to the subjects already covered by the bill as passed by the House. I believe that my proposed amendment will be considered to fall within that scope. When we go into executive session on this bill, I hope this proposal can be considered by the committee.

My proposed amendment is designed to define partnerships and partners for income-tax purposes. This amendment is designed to do justice and give relief to a considerable number of taxpayers who have been injured by recent decisions of the Bureau of Internal Revenue and of the Supreme Court. The situation is this: In a great number of cases, it has been found that owners of businesses have granted as gifts to their wives or other relatives some share in their businesses, thus making their wives partners. When a man performs an action of this sort, several results naturally occur. For one thing, where the property granted is substantial, he may have to pay the gift tax on the grant. Second, he naturally loses all legal control over the property granted. That is, his wife thereafter legally is entitled to a partner's share in the profits in the business and a partner's liability for any losses. If she and her husband have any personal difference or differences of opinion on the conduct of the business or otherwise, she has entire legal control of her share.

Thirdly, the grant of a share in a business to the wife may also permit husband and wife to make a real saving on the income-tax liability against the earnings of the business as a whole. We are all familiar with that fact in connection with the proposal extending to the citizens of all States the right to prepare their Federal income-tax returns on the same basis as if they lived in so-called "community-property States."

There is, of course, no doubt that some of these grants by husbands to wives are made with the intent of reducing the income-tax liability of the couple. When that is the motive for the grants, no doubt they are a form of tax avoidance. Tax avoidance is nothing new to us, and we all know it occurs in connection with every tax we have ever enacted.

In connection with these partnership cases, the Bureau of Internal Revenue has taken the position that many or most of the gifts by husbands to their wives are an attempt to evade a liability that the couple should have paid. The Bureau has taken the position that regardless of the legal status of the partnership, it should pay taxes just as if no gift had ever been made, provided it could convince a court that the gift was made in order to decrease the tax liability of the partnership. The Bureau has claimed the right to go beyond State laws governing partnerships and determine what is called the factual relationship as distinct from legal relationships recognized by State laws.

On February 25, 1946, the Supreme Court handed down decisions in two of these cases, known as the Lufthaus and Tower cases, by which it agreed with the Bureau that certain of these partnerships were, in effect, attempted evasions of Federal income-tax laws, and that the tax liability should be the same as if the gifts had not been made. Since that time, the Bureau has attempted to go back into a number of years prior to those Supreme Court decisions and collect back the excess liability in each case.

My own feeling, frankly, is that the Congress should not try to go behind the legal relationships that are recognized by State

law. In other words, I feel that when the State recognizes that a partnership exists, we should not attempt to prove that this partnership is an evasion of Federal income taxes. At the worst, in my judgment, the taxpayer is guilty of nothing more than avoidance. When we do try to go behind a legal partnership and determine what the Bureau of Internal Revenue calls the factual relationship, we immediately run into a whole host of problems. One of them, for example, is the problem of determining why the gift was made. When we try to determine such an abstract thing as a man's motives through legal process, we are bound to make a great many mistakes.

However, my proposed amendment does not go that far. It merely provides relief for those taxpayers who, in good faith by the terms of the law as it was then understood, entered into such partnerships before the Supreme Court decisions referred to. That is, it applies only to partnerships created before January 1, 1946, and only to taxable years beginning after 1940 and before 1946. For the present, I am not pressing the argument beyond that point.

This problem will, of course, be fairly well taken care of for the future if title III of H. R. 4790 is enacted. The only thing my proposal affects will be those family partnerships entered into before the Supreme Court decisions. I think we are entitled to believe that any such partnerships were entered into in good faith.

On the other hand, if we do not adopt something like this, we have the situation of the Bureau of Internal Revenue trying to go back into all the prior years as far as the statute of limitations allows and collecting additional sums from taxpayers who had believed that their liability was completely liquidated on their incomes for those prior years. The campaign the Bureau has been carrying on for the last year or two to reopen those old returns and collect additional taxes is causing a great deal of hardship and disorganization to a great many business firms, and in a good many cases, it has forced liquidation of assets and hampered their operations in many ways.

This general proposal has received some study from the committee previously, but I don't believe any definite decision was ever reached. My feeling is that we are recognizing the problem for the future in a slightly different sense by title III of this bill. In justice, I believe we ought to go back in these partnership cases and grant some relief.

Mr. MILLIKIN. Mr. President, there are many complaints as to the way the Bureau of Internal Revenue has been harassing people who are in partnerships of the type described by the distinguished senior Senator from Nebraska. The great difficulty today is, as it was a year ago, that no one has yet come forward with a formula which automatically will administer itself and will separate the colorable and fraudulent transaction from the general and legal transaction.

Ever since the debate on this matter last year, the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Nebraska [Mr. BUTLER], and I, and other Senators have been working on the Bureau, to try to get it to have a more intelligent administration of this matter, and the staffs have been working to try to find a formula which will make it less possible for the Bureau of Internal Revenue to do inequitable and unjust things.

I am glad to say that the staff advises me that it believes some progress has been made, and it is about ready to present the matter to the House of Representatives Ways and Means Committee, in the hope that some statutory relief can be provided later in the session. I cannot guarantee it, but there is nothing before the Senate now that is so all-inclusive in its definition as would at once automatically exclude the fraud cases from the cases that are genuine. Of course, that is the problem.

As the Senator has pointed out, we ought not have much trouble with this matter in the future, because the non-existence of the privilege of splitting incomes has motivated many of our trust arrangements, many of our partnership arrangements, and many devices of that kind. Now there will no longer be any reason for them. So at least we have stopped it, in the main, I believe, in the future.

As to the past, I do not believe we can proceed now, because we do not have a formula that will sufficiently protect the revenues in cases which are not bona fide.

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

Mr. MILLIKIN. I yield.

Mr. WHERRY. I wish to say that I am in total sympathy with the amendment of the senior Senator from Nebraska. I think it should receive early consideration in connection with any tax-revision bill, and it should receive attention at the Bureau of Internal Revenue. If a State recognizes a legal partnership I cannot understand why there should be any attempt in the Bureau of Internal Revenue to determine that for purposes of revenue it should not be so recognized.

So I am in total sympathy with the amendment. I think it certainly has been brought to the attention of the committee, and I think it should be brought to the attention of all Members of the Senate. In my opinion the Bureau of Internal Revenue should recognize that when a legal partnership is recognized for all purposes within a State, certainly it should be so recognized for purposes of income taxes.

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

Mr. MILLIKIN. I yield.

Mr. HICKENLOOPER. Mr. President, I wish to join with the Senator from Nebraska [Mr. WHERRY] in complimenting his colleague [Mr. BUTLER] on his work on this amendment, and also to compliment the Senator from Colorado [Mr. MILLIKIN] for his sympathetic understanding of the problem involved. As he mentioned a moment ago, I have been greatly interested in this problem. I had an amendment similar to the one proposed by the senior Senator from Nebraska. I have had the amendment up, as has he, although he really took the lead in this matter. I make no claim of origin.

I have been persuaded by my contacts with the staff of the Finance Committee and with the chairman of the Finance Committee that that committee is zeal-

ously seeking a more workable formula to assure the accomplishment of the end sought by the amendment. Being persuaded that they are doing that, I refrain from filing my amendment at this time to this bill.

I say to the Senator from Nebraska that in my office I have dozens of examples of arbitrary and un-understandable proceedings on the part of the Bureau of Internal Revenue in an effort to overturn partnerships that are as soundly legal as anything under the law of our State can be legal, in my opinion. Apparently their refusal to adopt regulations and attitudes that are at all fair in approaching these problems is one that can be corrected only by statute.

I say to the Senator from Colorado, as I told him a while ago, that being persuaded, as I am, that his committee is earnestly searching for a sound, workable principle to write into an amendment, and that if they find such an amendment, they will consider it carefully, and, I hope, will adopt it, I have refrained from filing my amendment.

The Senator from Nebraska is eminently correct in the theory of his amendment. I had made up my mind that I would not try to urge it in connection with this bill. I wish to make it clear that if I vote against the amendment of the Senator from Nebraska, I shall do so only in the interest of keeping this bill clean at this time, because perhaps a better formula will be found soon.

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

Mr. MILLIKIN. I yield.

Mr. McCLELLAN. I should like to state, first, for the RECORD, that I have had to be absent from the Chamber thus far today on account of my attendance at the National Rivers and Harbors Congress. I have just entered the Chamber. I was not here when the Senator from Nebraska presented his amendment and when it was read. May I inquire if the Senator's amendment is designed to cure the practice on the part of the Bureau of Internal Revenue of refusing to recognize with respect to taxation, bona fide partnerships between husband and wife and between other members of families?

Mr. BUTLER. Mr. President, I would say that that is exactly the purpose of the amendment.

Mr. McCLELLAN. If the Senator from Nebraska will yield further, I commend him for presenting the amendment, and I want the privilege of supporting it. There were two tax bills before the Senate last year and, as the Senator will probably recall, I offered and urged a similar amendment on both occasions. The abuse practiced by the Bureau of Internal Revenue under the present regulation, or lack of equitable regulation, is one of the very things that inspired the provision which is now in the pending bill with respect to split incomes. Gross inequities and gross injustices are involved in the conditions which now prevail. If a man should give away half his estate, or transfer or sell half of his business, to one a stranger, with whom there is no family relationship, that would be recognized by the Bu-

reau as a legitimate transaction; but if he should give it to his wife or sell it to his wife or child, then he would be immediately looked upon with suspicion. I have found very little effort on the part of the Bureau of Internal Revenue to make any effort whatever to determine cases which are bona fide and to deal with them justly. I hope the Senator's amendment will be agreed to.

Mr. MILLIKIN. Mr. President, I wish to add that I have just been reassured by the director of our staff that that is an active subject with the technicians and with the House Ways and Means Committee, and that they are hopeful of being able to devise some measure in the reasonably near future to reach these bad cases. I repeat, I do not think that we at this time can determine what should be done on the floor of the Senate. It is a very complicated question, reaching into trusts and family partnerships and all sorts of arrangements, bona fide, colorable, and some fraudulent. I do not believe we should dispose of the whole subject on the theory that they are all legitimate. In any event, I believe we should have the benefit of the extensive study of the subject which is coming to a head and which has been made by our staff and by the House Ways and Means Committee.

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

Mr. MILLIKIN. I yield.

Mr. BUTLER. Am I correct in my understanding that the Senator says there is every likelihood of this point being raised in the next bill that comes before the Senate?

Mr. MILLIKIN. I feel reasonably safe in making such a statement to the Senator.

Mr. BUTLER. May I also ask this question? I know the Senator cannot give definite assurance, of course, but would it be possible for him to use his influence with the Bureau of Internal Revenue to get the Bureau to ease up a little bit on their persecution in connection with some perfectly legitimate cases covered by the amendment, until they find out what the intent of Congress is in this respect?

Mr. MILLIKIN. Mr. President, I should like to say that I shall be delighted to do that. If any Senator will bring to my attention any of the bad cases, while, of course, I cannot guarantee any kind of results, I shall be delighted to take them up with the Bureau of Internal Revenue.

Mr. BUTLER. Mr. President, in the light of the explanation made by the chairman, and with the assurance that he apparently has from the staff, while I dislike not having action on the amendment at this time, I know that we want to get through tonight, and I shall withdraw the amendment from immediate consideration, but with the distinct understanding that it is to be covered when the next tax bill comes before the Senate, which we hope will be in the not distant future.

The PRESIDING OFFICER. The Senator from Nebraska withdraws his amendment.

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

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

Mr. GEORGE. Mr. President, I wish to make a very brief statement on the bill as a whole. I do not desire to interfere with other Senators, if they have some particular matter they want to present at the moment.

I take this occasion, Mr. President, to state why I shall support the committee bill. In the first place, by two successive bills following the actual cessation of hostilities, we did two things with respect to corporations. First, we made available to corporations certain benefits which they ultimately would have received, but we expedited or moved up the date on which they would receive them. That was of very great benefit to the corporations. Then, in the 1945 act, we repealed the excess-profits tax and also cut the combined normal and surtax rates by 2 percentage points clear across the board. At that time we definitely committed ourselves to the reduction of individual income rates. At that time I had the honor of being chairman of the Senate Finance Committee. I thought I was speaking with full approval of the Treasury Department, at least, because the Secretary of the Treasury had himself strongly recommended the repeal of the excess-profits tax in the 1945 act. I know that I feel a very definite moral obligation to support a reduction in individual income rates.

Mr. President, very many plausible arguments could be made in behalf of amendments to tax bills. The great difficulty about the restoration of the excess-profits tax is simply that corporations cannot be made to earn profits in peacetime, if the profits are all to be taken from them in taxes. They will find some way by wastage or otherwise to avoid accumulation of profits upon which they would have the extreme dissatisfaction of seeing the Government take all by way of taxation. My confident belief is that such progress as has been made since the war toward restoration of production in the United States has been due very largely to the repeal of the Excess-Profits Tax Act. If it were restored now, I am confident it would discourage business in the United States; not more than 22,000 of the 350,000 tax-paying corporations would be caught, and those 22,000 would speedily find a way of wasting their profit rather than turning it all over to the tax collector.

The issue was raised earlier in the day by the distinguished Senator from Louisiana, regarding inequities between individuals as a result of the splitting-of-income provisions by this particular bill. The distinguished Senator was quite right in all that he said. There are inequities still existing between individuals within the community-property and within the common-law States, as we refer to them. All that could be expected to be accomplished by this bill was to take the necessary step of eliminating the inequities between the community-property States and the large group of common-law or non-community-property States. There will be another day in which we can iron out the

inequities that will still exist between individuals who are themselves heads of families and whose spouses have passed away, and between single persons in the same category.

So I think, Mr. President, there is a substantial reason for congratulation upon the taking of the first definite step toward the elimination of the inequities in the largest class of taxpayers in the non-community- and community-property States, namely, married taxpayers. Later on these inequities with respect to individuals—and they undoubtedly exist—can be given consideration.

The bill, Mr. President, will accomplish things which have been advocated on the floor by many Senators. It will raise the exemption from \$500 to \$600. That is not a great amount, but it will relieve from all taxation at least from 6,000,000 to 6,500,000 taxpayers in the lowest brackets. I think that is decidedly worth while. Moreover, by doubling the exemptions for taxpayers who are 65 years of age and over, an additional 1,000,000 to 1,300,000 or 1,400,000 taxpayers will be completely relieved. I think that is distinctly and definitely worth while.

I know there will be no disagreement upon the point of increasing exemptions to blind taxpayers. I think that will be approved without any dissent. There is a substantial reason why we should double the exemption of taxpayers who are 65 years of age and above. In the first place, the doubled exemption will not be significant to the taxpayer who has a large income. It will be negligible so far as he is concerned. If he has a large income he will still continue to pay a high tax to the Government and will not receive a great deal of benefit. But in the category of persons who are 65 years and over, there is a large number of annuitants, men and women who have been employed by the Government and who have retired on a small pittance, men and women who have bought small annuities and who therefore have a very moderate fixed income on which to live during the remaining days of their lives.

I think the provision in the bill covering that point is a good one. Certainly the provision with respect to the blind is a good provision. Certainly I believe, Mr. President, that the splitting of income eliminates an inequity between persons in the same category in the several States, which, sooner or later, in one way or another, we would be compelled to remove.

The distinguished Senator from Wyoming [Mr. O'MAHONEY] offered an amendment with respect to equalizing provisions with respect to gift and estate taxes, and he very properly pointed out that there is a possible serious loophole in that provision in the bill. That is one of the subjects which will require some further study. But, Mr. President, so far as I personally am concerned, I am not greatly disturbed about the gift-tax or the estate-tax law, once we admit the community of interest between married persons in the property which they own in common or acquire, because, if there is a community of interest, there should not be, in my judgment, any

gift tax or any inheritance tax imposed so long as the property shall remain within that narrow community of the husband and the wife. If the gift be to the children a different case is presented, and there should be a gift or inheritance tax in that case. If the gift is to a stranger, of course there should be a gift or inheritance tax.

I shall not try to point out further what I believe to be the fruits of the bill. I am pointing to the things which I have mentioned for the simple purpose of saying that, morally committed as I feel I am, to a reduction in individual income taxes, with the reforms which have been introduced into our revenue system through this bill, I am willing to vote for it. I am willing to vote for it even if tomorrow war shall come and the chips are down and we have to raise taxes again upon all our taxpayers, because it will be better, if we must raise taxes again, to know that we have corrected some of the basic inequalities in the tax system. Then the tax burden will rest more equitably and more evenly upon all of the taxpayers.

Just a further word, Mr. President. With respect to this point I wish to be very careful, because it might be considered as being in the nature of a prediction, although I think it is not.

It is my belief that there is adequate room in the budget for the tax reductions proposed by the budget in both of the fiscal years 1948 and 1949.

I am convinced that we can expect a surplus in the fiscal year 1948 of \$5,000,000,000 and a surplus next year of at least \$5,200,000,000.

In arriving at these estimates I have used the receipt estimates of the staff of the Joint Committee on Internal Revenue Taxation. From long experience it has been my observation that these are more reliable than those of the Treasury, which properly are on the conservative side.

With respect to expenditures I have assumed that the President's estimate of expenditures in the fiscal year 1948 will be increased by \$3,000,000,000 and that his estimate for the fiscal year 1949 will be decreased by \$3,000,000,000. This will be the result of the European Recovery Program Trust Fund which was included in the foreign-aid expenditures recently approved by this body. The President's proposed expenditures in both of these years were also increased by all of the additional foreign-aid expenditures requested by the President since submitting his budget. It is worth noting that the President's proposed expenditures already included \$400,000,000, which was his estimate of the cost which will be incurred in the fiscal year 1949 by the adoption of universal military training. Should his draft proposal be adopted this would increase these expenditures by only a few million dollars.

On the basis which I have just outlined, we can expect receipts of the \$46,000,000,000 in 1948 before any tax reduction, and expenditures of about \$5,500,000,000. The proposed tax reduction will decrease receipts in 1948 by only about \$500,000,000. This, therefore, will leave a surplus of \$5,000,000,000.

In 1949 we can expect receipts of about \$47,300,000,000. Expenditures after the

increases I have allowed for would be about \$37,000,000,000, leaving a surplus before tax reduction of nearly \$10,300,000,000. The Finance Committee's bill would decrease this by about \$5,100,000,000, leaving a surplus of about \$5,200,000,000.

In my opinion, surpluses of \$5,000,000,000 or more in 1948 and 1949 are large enough to provide for adequate debt reduction and any contingencies which may arise.

These surpluses have been computed on a very conservative basis. Items which may raise expenditures have been taken into consideration, but not those which would decrease expenditures.

If expenditures are reduced by \$2,500,000,000 in 1949, as this Congress has recommended, we can expect a surplus after the tax reduction proposed of about \$7,700,000,000.

On the most conservative basis, therefore, there is room for tax reduction, as well as debt retirement.

On this basis, Mr. President, and for the reasons I have already stated, I shall support the bill reported by the Committee on Finance.

Mr. ROBERTSON of Virginia. Mr. President, will the Senator from Georgia yield?

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

Mr. ROBERTSON of Virginia. I wish to preface my question by saying that on numerous occasions my illustrious predecessor, Carter Glass, told me that in his opinion the senior Senator from Georgia was the ablest tax man in the Senate, as well as one of the finest. The senior Senator from Georgia may be pleasantly surprised to know how many in the Old Dominion beside myself share that viewpoint.

I wish to ask the Senator from Georgia whether I correctly understood him to say that on the basis of his intimate knowledge of fiscal affairs, covering nearly 25 years' service on the Committee on Finance of the Senate, during a portion of which time he was chairman of the committee, he is satisfied that we can take care of the essential functions of the Government, of the ERP program, and of a large military establishment, and make the tax reduction proposed in the pending bill, and still have left a reasonable surplus.

Mr. GEORGE. In my opinion we can, but of course it would depend on how large a military program were approved by the Congress. On the basis of the President's recommendation, and bearing in mind that in the budget which the President submitted \$400,000,000 was included to cover the cost of universal military training, I do not believe there is any question regarding a surplus in the fiscal year 1948 and in fiscal year 1949 adequate to accomplish the things the Senator from Virginia has enumerated.

Mr. ROBERTSON of Virginia. Did I correctly understand the Senator to say that if changed conditions should indicate to us next year that the current rate of taxation would not finance what we were then called upon to do, he would not hesitate to advocate an increase in taxes in order that we might maintain a balanced budget?

Mr. GEORGE. The distinguished Senator correctly understood me. If, unhappily, war or war conditions should come, when all bets would be off, we would immediately increase every tax rate which would bear an increase. I am committed to that course, and I am doubly assured that that is the right course because of the fact that the pending bill puts into our revenue laws reforms which remove certain inequities which should be eliminated.

Mr. ROBERTSON of Virginia. In addition to that, I understood the Senator to say he would like to have established now provision that poor people should have an exemption of \$600 for each dependent, and that married people in the non-community-property States should be given the same privilege of splitting incomes now enjoyed in the community-property States.

Mr. GEORGE. That is correct.

Mr. ROBERTSON of Virginia. The Senator would like to have that principle established now?

Mr. GEORGE. I should like to have it established now. I should like to see it written into our basic law.

Mr. ROBERTSON of Virginia. Is it not a fact that when two amendments making provision for that principle were offered when he had the tax bill before us last year, the junior Senator from Virginia voted for both of them?

Mr. GEORGE. The distinguished junior Senator from Virginia did advocate both of them. I remember talking with him about them. Concerning the soundness of the proposals then made, I have not the slightest doubt; but we were at that time laboring under the difficulty of attempting to produce a tax-reduction bill which would not lose too much to the Treasury.

Mr. ROBERTSON of Virginia. I should like to ask one further question of the distinguished Senator from Georgia. Is it not likewise true that at the Democratic caucus last Tuesday, when our distinguished minority leader was discussing a substitute bill which would have reduced the revenue only \$4,000,000,000, and for which the senior Senator from Georgia, the senior Senator from Kentucky, the senior Senator from Texas, and the senior Senator from Virginia had voted in committee, the junior Senator from Virginia said at that caucus that he would have preferred the privilege of voting for that bill?

Mr. GEORGE. The Senator from Virginia is exactly correct and accurate in his statement. He did express the hope that he might vote for a bill which would not reduce revenue more than \$4,000,000,000.

Mr. ROBERTSON of Virginia. I thank the Senator from Georgia very much.

Mr. WHERRY. Of course, Mr. President, I feel that all legislative proposals should be considered and debated, and such amendments offered as Senators may desire to present. For that reason I feel that it is impossible to say at this moment just how long the debate will last today. I know the distinguished junior Senator from Oregon [Mr. MORSE] has six or seven amendments he desires

to present, consideration of which will no doubt take considerable time. He has waited patiently, and is ready to offer the amendments. The Senator from North Dakota [Mr. LANGER] has an amendment to offer. But it is our hope that we can conclude the consideration of the bill tonight. Many Senators have asked what the program is, and I want the arrangements to be agreeable to all Senators. Unless there is some strenuous objection, I think we should proceed until we terminate the legislation this evening. That is the present purpose, and will be our program.

Mr. FULBRIGHT. Mr. President, I do not want to detain the Senate very long, but I have an amendment which I submitted to the bill on February 27. Ever since I have been in the Senate I have heard a great deal of talk about helping small business. When I was a member of the Committee on Education and Labor several bills dealing with that question were pending in that committee. In the Committee on Banking and Currency we have just finished considering proposed legislation dealing with the Reconstruction Finance Corporation. Much is said about helping small business, but I have seen nothing which specifically contributed to assist the smaller corporations, the smaller businesses of the country. We have created and maintained at great cost a Special Committee on Small Business, but I am unaware of any measures being sponsored or proposed by that committee which directly help small business.

Mr. President, having had this interest, I sponsored a bill which is now on the calendar, Senate bill 493, but it has received considerable opposition, and I doubt that the majority will be willing to consider the bill favorably at the present session. Having that in mind, however, I now offer an amendment to House bill 4790, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

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

Sec. —. Specific exemption of \$15,000 for corporations.

(a) Paragraph (2) of section 13 (a) of the Internal Revenue Code is amended to read as follows:

"(2) Normal-tax net income: The term 'normal-tax net income' means the adjusted net income minus a specific exemption of \$15,000 and minus the credit for dividends received provided in section 26 (b)."

(b) Section 15 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Corporation surtax net income: For the purposes of this chapter, the term 'corporation surtax net income' means the net income minus (1) a specific exemption of \$15,000, (2) the credit for dividends received provided in section 26 (b), and (3) in the case of a public utility, the credit for dividends paid on its preferred stock provided in section 26 (h). For the purposes of this subsection dividends received on the preferred stock of a public utility shall be disregarded in computing the credit for dividends received provided in section 26 (b)."

Mr. FULBRIGHT. Mr. President, the amendment would provide a \$15,000 corporation tax exemption. The Joint

Committee on Internal Revenue Taxation estimates that, on the basis of the current level of corporate profits, such an exemption would result in a \$620,000,000 reduction in corporate tax liabilities for a full year.

While the provision necessarily would apply to all corporations, obviously those benefiting relatively the most would be the small corporations.

At this point I ask unanimous consent to have printed in the RECORD, without reading it, a table which I have giving the savings on the basis of various earnings.

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

Corporation with taxable net income of—	Now pays	With \$15,000 exemption	Saving
\$5,000.....	\$1,050	0	\$1,050
\$10,000.....	2,200	0	2,200
\$15,000.....	3,350	0	3,350
\$20,000.....	4,500	\$1,050	3,450
\$25,000.....	5,750	2,200	3,550
\$30,000.....	8,400	3,350	5,050
\$35,000.....	11,050	4,500	6,550
\$40,000.....	13,700	5,750	7,950
\$45,000.....	16,350	8,400	7,950
\$50,000.....	19,000	11,050	7,950
\$55,000.....	20,900	13,700	7,200
\$60,000.....	22,800	16,350	6,450
\$65,000.....	24,700	19,000	5,700

For corporations with incomes over \$65,000, the saving would be \$5,700.

Mr. FULBRIGHT. Mr. President, the table shows that a corporation, for example, with \$10,000 net income, which now pays \$2,200, would pay no income tax. A corporation, for example, with \$50,000 income which now pays \$19,000 would pay \$11,050. Corporations which earn above \$65,000—and that is the top sum—would have a savings of \$5,700, and that is all. So the net effect would be much greater relatively on small corporations than on large ones.

According to Mr. Harold M. Groves, in *Postwar Taxation and Economic Progress*, McGraw-Hill, 1946—

Nearly everyone in America has a kind word for small business, though there is a widespread, cynical impression that the kindness is largely confined to words.

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

Mr. FULBRIGHT. I yield.

Mr. KEM. I should like to ask the Senator from Arkansas a question. Like the Senator from Arkansas, I am very much interested in the encouragement of small business enterprise, and with that idea in mind I have been very much interested in the Senator's amendment. But with respect to the practicability of the amendment, this thought occurs to me: If the amendment were made part of the tax law is there anything to prevent a business from being split into a number of small units for the purpose of taking advantage of the exemption which the amendment would provide? For example, is there anything to prevent a chain store enterprise from dividing itself into a number of smaller units?

Mr. FULBRIGHT. I should say, no; there is nothing to prevent that being done. Of course, one of our objectives is to encourage the small corporations to grow, and if large corporations break

themselves up into a number of small independent corporations, I think that might be a very helpful thing.

Mr. KEM. We do not want to open the door for the entry of fraud and evasion.

Mr. FULBRIGHT. No; I agree.

Mr. KEM. Let us say a corporation makes a profit of \$100,000 a year. Would nothing be gained by permitting it, through the adoption of the Senator's amendment, to divide into 10 corporations, each making \$10,000 a year, and thus very much reducing the total tax payments?

Mr. FULBRIGHT. I would say off-hand to the Senator from Missouri that I doubt very seriously that it would be worth the while of a corporation to divide up in the manner suggested by the Senator, into 10 different corporations, each having a corporate set-up, corporation officers, and all the expenses incident to the operation of a corporation.

Mr. KEM. I understand the position the Senator from Arkansas takes, but the amendment he has offered would make it worth the while of a corporation to do that very thing.

Mr. FULBRIGHT. I do not think it would be worth the while of a corporation to do such a thing under the provisions of the amendment. I do not see how a corporation which naturally grew up to the size of a \$100,000-a-year corporation would, as a practical matter, undertake to divide itself into 10 corporations.

Mr. KEM. The Senator by his presentation shows that there would be substantial savings in taxes for the smaller corporations. Is that not true?

Mr. FULBRIGHT. Yes, that is true; but a greater expense would be involved by reason of dividing a corporation into many smaller ones, because of the separate officers, the keeping of separate books, and so on. I think what the Senator from Missouri has in mind is that some fraud might result from the amendment.

Mr. KEM. I do not know that such a split-up as I have referred to would occasion considerable increase in expenses. There can be one president who spreads his interest and activity over any number of corporations, and the same could be true with respect to vice presidents, secretaries, and other officers.

Mr. FULBRIGHT. I believe what the Senator from Missouri has in mind is that such a split-up could occur as a scheme to evade the tax.

Mr. KEM. In enacting a tax law we have constantly to inquire as to whether the door is being left open to possible evasion.

Mr. FULBRIGHT. I agree with the Senator that the possibility of evasion is always present. I was in favor of the amendment which the Senator from Missouri proposed the other day. But in his explanation of it the Senator pointed out how difficult it had been to draw the line between some activities, such as those engaged in by teachers while teaching, and while going to school. I agree with the Senator that it is difficult to draw such lines of distinction. I agree with the Senator that if there were an evasion, a scheme to break up a large

corporation for the purpose alone of evading taxation, and if the small corporations resulting from the break up of the large one were conducted and administered as though they were a large corporation, simply for the purpose of fraud, such an operation would not be recognized, for tax reduction purposes, just as the Department would not recognize the operation of certain partnerships which were referred to a moment ago.

I do not think this is quite the proper time and place to go into all the difficulties of administering the revenue laws. I grant that the administration of the law is difficult. Attempt at evasion would be made under any and all conditions. Laws have been made respecting partnerships which are very aggravating to partners who are honestly and genuinely partners in doing business. There would be difficulties arising under the amendment, but I do not see why they should be greater than in any other similar cases. If such development as the Senator speaks of should occur, I am quite sure the Committee on Finance and the Bureau of Internal Revenue would take steps to prevent it. This amendment is very similar to the provision which was proposed by the senior Senator from Colorado [Mr. JOHNSON], except that there is a difference in amount, and his proposal contained a provision that the money must be reinvested in the company, which provision is not involved in this amendment.

The president of a small service company put the same thought which I just quoted from Mr. Groves a little more bluntly and accurately when he wrote:

What has been done to date, Senator, so far as I can see and for that matter feel is so much conversation and little action.

The trend of corporate mergers is alarming.

The degree of prewar concentration in the economy as a whole, and in manufacturing industries in particular, was stated in the report of the Senate Small Business Committee, submitted in January 1946:

The 200 largest nonfinancial corporations owned about 55 percent of all the assets of all the nonfinancial corporations in the country.

One-tenth of 1 percent of all the corporations owned 52 percent of the total corporate assets.

Less than 4 percent of all the manufacturing corporations earned 84 percent of all the net profits of all manufacturing corporations.

More than 57 percent of the total value of manufactured products was produced under conditions where the four largest producers of each product turned out over 50 percent of the total United States output.

One-tenth of 1 percent of all the firms in the country in 1939 employed 500 or more workers and accounted for 40 percent of all the nonagricultural employment in the country.

One-third of the industrial research personnel was employed by 13 companies.

Since the period for which these figures are reported we have gone through a war which increased the trend toward monopolistic concentration of economic power. Wartime Government contracts were given predominantly to the large

corporations. Of \$175,000,000,000 in Government-contract awards between June 1940 and September 1944, \$107,000,000,000, or 67 percent, went to only 100 of the more than 18,000 corporations receiving war-contract awards. During the war 68 corporations received two-thirds of the \$1,000,000,000 appropriated by the Government for research and development purposes in industrial laboratories.

Since the war we have gone through a period of unprecedented business activity and high-price levels—conditions which, according to the Federal Trade Commission, produce the greatest numbers of mergers. More mergers and acquisitions in the manufacturing and mining industries took place in 1946 than in any of the previous 15 years. The latest figures for 1947 show that the trend is continuing, and that the proportion of acquisitions of competing concerns is increasing all the time. Furthermore—and this is significant—most of the actions have consisted of the swallowing up of small companies by large corporations. Thirty-two percent of the companies merged between 1940 and 1946 have been absorbed by the very largest corporations—those with assets over \$50,000,000. Another 41 percent of the total were taken over by corporations with assets of from five to forty-nine millions of dollars. At the other end of the scale, the distinctly small firms, those with less than \$1,000,000 of assets, made only 11 percent of the acquisitions. One hundred and twenty out of the two hundred largest corporations account for 27 percent of the total number of concerns acquired.

We have a declared public policy in aid of small business, to implement which we have created the Smaller War Plants Corporation, the Office of Small Business of the Commerce Department, the appropriation for which, I understand, has been eliminated by the Committee on Appropriations, and the Select Committees on Small Business of the Senate and the House. We have a declared public policy against monopoly—the antithesis of small business—implemented by a series of antitrust statutes, including the Sherman and Clayton Acts.

However, in spite of this policy, we have done little to enable small business to strengthen itself to withstand the pressures of monopoly. To this end we must recognize what the particular problems of small business are, and especially how those problems compare with similar problems of big business. In other words, how is our economic system so biased in favor of big business as to permit it to swallow up small corporations?

Such a bias can be shown in the four sources from which business generally can get funds to maintain and expand production: These are: First, depreciation; second, new capital investment by the public; third, borrowing; and fourth, surplus earnings, by far the most important to small corporations.

First. Depreciation, of course, is allowable to both small and big business, but it is also obviously dependent upon earnings, which are discussed later. In other words, depreciation does no good

if there has been no net earning. Furthermore, it is only helpful in maintaining production, not in expanding, and in view of the increased costs of capital goods and construction, past depreciation allowances are not particularly helpful. At any rate, small corporation business is not as diversified as is big business, and depreciation cannot be as accurately predicted. To obtain its rights the small corporation must retain expensive accounting and legal counsel, and often go to the courts for justice. The situation is quite different in the case of the large corporation with its corps of expert professional assistance. But the importance of proper depreciation is more important to the small company, whose life may depend upon the replacement of one machine.

Second. Small corporations obviously cannot compete in the capital market on an equal basis with large companies. A Securities and Exchange Commission study of the experience of 584 small and unseasoned companies registering certificates between 1933 and 1937, shows that only 23 percent of the total value were sold within 1 year. One hundred and ninety-one companies reported that none of the securities registered by them were sold. For the remaining 393 companies, sales amounted to 34 percent of the securities registered, of which 17 percent were made to officers, directors, promoters, and principal stockholders. Furthermore, the SEC studies show that, even when small corporations can sell securities, the cost of flotation eats up a much larger percentage of the proceeds, and is a serious burden on outside financing.

Third. Borrowing: Small business, because of its difficulty in obtaining outside capital, must rely largely on debt capital, an undue portion of which is short-term, and the interest rates charged are on the average much higher than those paid by large businesses. This was the finding of the Smaller War Plants Corporation in 1945. In 1938, the Business Advisory Council of the Commerce Department found that of 600 sound firms, selected because of their high commercial ratings, 75 percent were unable to satisfy their long-term capital requirements. The Smaller War Plants Corporation found that small business must pay interest rates which average three times as high as those paid by larger borrowers.

That is of particular significance in connection with the idea that the RFC or some such agency should advance money to the corporations. In this particular field, it is true that Government money has been of great assistance, primarily because of the lower interest rates, but I say that that is no long-term solution to the problems of small business.

Fourth. Surplus earnings: Traditionally, this is the means of supplying the bulk of the capital requirements of small corporations. And, as we have seen, there is more reason for it than mere tradition. To quote the study made by the Smaller War Plants Corporation:

Small business is made largely dependent on the reinvestment source of capital not

only for expansion but also for putting its financial house in order. Therefore, if the small-business section of the economy is to become a vigorous competitive force, it is essential that smaller firms be in a position to reinvest a large part of their earnings. The tax system as applied to smaller firms should be constructed with this end in view.

The strength and growth of small corporations must be financed internally—through plowing back earnings. This, of course, leads to an examination of the ability, particularly in relation to larger businesses, of small corporations to finance themselves from earnings. With the tremendous rise in costs of construction and capital goods, the low-income corporation, bidding in today's inflated market, is in much the same position as the low-income wage earner bidding for food, housing, and clothing.

The Congress, in enacting the excess-profits taxes, took the advice of the Treasury Department that the period 1936 to 1939 was a fairly prosperous period for business. For the average year during this period, 59.8 percent of the corporations show no net income.

Obviously a great proportion of this percentage were small corporations. On the average for the 4 years, 1938-41, 93.9 percent of the corporations did not realize as much as \$25,000. For this same period, only 6.1 percent of the corporations had 93.8 percent of the total net income, and the 2.4 percent of the companies having net income of over \$100,000 earned 85.8 percent of the total.

An analysis of profits for the years 1933 to 1944, inclusive, dividing the large and small corporations at the line of \$500,000 in assets, shows that the large corporations without fail earned from two to eight times as high a percentage of profits as did the smaller concerns. The figures for percentage of net income to gross income, for the years 1942 through 1944, the latest period for which the figures are available, are as follows:

Assets over \$500,000: 1942, 13 percent; 1943, 13.1 percent; 1944, 11.7 percent.

Assets under \$500,000: 1942, 4.6 percent; 1943, 5.4 percent; 1944, 5.3 percent.

As to net profits after taxes, the figures for these years are as follows:

Assets over \$500,000: 1942, 6.1 percent; 1943, 5.6 percent; 1944, 5 percent.

Assets under \$500,000: 1942, 2.1 percent; 1943, 2.3 percent; 1944, 2.5 percent.

Mr. President, I may summarize by saying that it was surprising to me at the time to find the great difference in the percentage of profit in relation to income between the larger and the smaller corporations. It has generally been thought that the smaller firms made a much larger percentage of profit, and that the larger firms gained their tremendous dollar profits on a high-volume, low-mark-up basis. Contrary to this general opinion, however, the fact is that the smaller the firm, the smaller the percentage of profits to sales.

The figures for profit per dollar of sales for the first three quarters of 1947 show the following:

Corporations with assets under \$250,000, 5 percent; corporations with assets between \$500,000 and \$100,000,000, 8 percent; corporations with assets over

\$100,000,000, 7.7 percent; average for all corporations, 6.9 percent.

In other words, the profits per dollar of sales are smallest in the case of the smallest corporations.

If it is true, as claimed by big business, that its phenomenal profits during the last 2 years are based upon a too-low margin of profit per sale, it is even more true of the smaller corporations.

The smaller corporations are not diversified to the extent that large corporations are. Profits may fluctuate widely from one year to another, and the provisions in our present tax law for carry-back and carry-over may be insufficient to protect small corporations from failures because of these fluctuations.

It should be emphasized that the ability of small corporations to resist the incentives to merge is comparative; and the comparison should be made, and has been made, to the big corporations, for they are the ones which threaten monopoly.

It is quite popular today to take the view that there are many inequities in our present system, but that we should wait for a general tax revision to correct these inequities until after we know what our complete economic situation will be. Mr. President, the time will never come when we are able definitely and finally to say that any revenue act is perfectly fair to all concerned. Certainly, there is no assurance that within the foreseeable future we shall return to normalcy. The most we can do is to try, within the limits of necessary Government expenditures, to correct the inequities as they arise, particularly where these inequities have such far-reaching social and economic results as a trend toward monopoly.

Of course, it is not claimed that a \$15,000 exemption will cure all the defects or end the complaints attending our corporate income-tax structure. But it will be of some assistance to small corporations, to the maximum extent of \$7,950, in resisting the pressures of big business toward monopoly. Within the limits of the exemption, it will also have these collateral results: (1) end the double taxation of dividends; (2) lessen complaints about the Treasury's attitude toward depreciation allowances; (3) lessen the claimed inadequacy of our present provisions for carry-back and carry-forward of losses; and (4) decrease complaints about favored tax treatment of cooperatives.

We must afford the small corporations the means of resisting the trend toward monopoly. The time to do it is now—during the period of relatively high profits. If a depression is to follow our present inflation, now is the time to enable the small corporations to strengthen themselves to meet it.

On the other hand, if high productivity is to be the means of fighting more inflation, we should enable the small corporation to expand its productive capacity by plowing back earnings.

Mr. President, it seems to me that the help or encouragement we can give small corporations is the greatest single thing that we can do toward the preservation of the private-enterprise system. The point about the large corporations

which frightens me more than anything else is that they create a condition under which it is easy for Government to take over. Mr. President, the backbone of the freedom of our business structure is the preservation of a large number of small corporations. We must make it possible for them to stay in business and to grow large, for that matter. I have nothing against large corporations, as such, but I do object to all corporations becoming large corporations. In my opinion, the healthy part of our economy has always been the existence of a large number of small corporations, which make our economy flexible and afford a broad spread of judgment among management, and provide opportunity for the development of large corporations in the future.

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

Mr. FULBRIGHT. I yield.

Mr. BUCK. I have been much interested in the amendment the distinguished Senator from Arkansas has submitted. I have a somewhat similar one which I propose to submit if it is not possible to have his amendment adopted.

I think the time has come when Congress should extend further help to small business. I believe every Member of this body and its many committees has endeavored since VJ-day, and before that, to find help for small business.

As proof that these efforts have not been in vain, we can refer to statutes such as the RFC Act, under which that organization has been given authority to make loans to small business, and has been directed to do so. It also has a priority in regard to providing surplus war materials for sale to small business.

Furthermore, Congress has made it possible for GI's to borrow Government money for investment in small business; and, as we know, this body and the House of Representatives have for a number of years maintained Small Business Committees, which have done very excellent work in assisting the small businessman.

Mr. President, I should like to take a few minutes to refer to some statements which were made at the time of the recent RFC investigation by the Banking and Currency Committee. Here is an excerpt from a letter from Mr. Dodds, who is chief of the Small Business Division of the Reconstruction Finance Corporation:

In the calendar year 1946, 11,047 loans of \$1,000 or less were made to business enterprises, 89.5 percent of the total for that year.

Mr. FULBRIGHT. Mr. President, if I may interrupt the Senator from Delaware, I should like to say, first, that the Senator from Delaware conducted those hearings on the RFC. I had the honor of being a member of the subcommittee, and in all my experience in the Senate I have never seen a subcommittee conducted as efficiently and on such a high plane and so completely free from any kind of external interference as was that subcommittee. I wish to take this opportunity publicly to acknowledge my gratitude to the Senator from Delaware for the way he conducted those hearings. I learned more from them than I did from

any other activity of the kind with which I have had the pleasure of being associated since I have been in the Senate.

Along that line I wish to say—because I remember that the Senator and I discussed this matter—that the basic trouble with the kind of assistance which has been extended, although I approve of what has been done in that connection, is related to the question of supplying adequate capital. The average small business simply is not sufficiently attractive to investors. That is the basic trouble.

Mr. BUCK. Mr. President, I thank the Senator, and I agree entirely.

I wish to read what Mr. Goodloe has said about small-business loans:

More than 90 percent of all business loans authorized by RFC have been in amounts of \$100,000 or less, and 65 percent of such loans do not exceed \$25,000.

I should like to ask the Senator from Arkansas whether he will accept to his amendment an amendment which would limit the exemption of \$15,000 in profits to those companies which have not more than \$25,000 of net income. About 208,000 corporations would be covered, and the cost in terms of loss of revenue would not be more than \$260,000,000.

Mr. FULBRIGHT. I may say to the Senator that I considered that suggestion very seriously, but I was afraid, purely as a practical matter, of getting any serious consideration of it by the Senate and by the House, and I felt that it simply would not be accepted. I thought about it a long time. The reason I made the amendment applicable to all corporations is, there are those who feel that there would be discrimination and who therefore would vote against it on that ground if we were merely trying to help a small group.

Mr. BUCK. The only purpose in doing it would be to try to retain for the Government as much revenue as possible. It would be the difference between about \$260,000,000 and \$600,000,000, I think, estimating that it would amount to about \$15,000 on each and every corporation.

Mr. FULBRIGHT. I think that is correct. I personally should have no objection to the proposal, if the Senator thinks it would be possible to have it accepted, but I have a feeling that the managers of the bill are not going to accept it. If the Senator feels they would be more likely to accept it with his amendment, I shall be glad to accept the amendment.

Mr. BUCK. No; I am not any more hopeful than is the Senator.

Mr. FULBRIGHT. I think I may say to the Senator that our purposes are identical.

Mr. BUCK. That is true.

Mr. FULBRIGHT. It is the small corporation that really needs assistance. My reasoning in connection with my own amendment is that while it saves money for the large corporation, it is such a small amount relative to their total income that it would not make very much difference.

Mr. BUCK. It would not make much difference to them.

Mr. FULBRIGHT. However, it would make a great difference to a small concern earning \$10,000 or \$15,000 a year.

Mr. BUCK. As I say, my only purpose was to try to save that \$440,000,000 in revenue to the Government.

Mr. FULBRIGHT. I should be willing to accept it. I have merely stated my reason. I thought there would be more likelihood of the amendment being accepted if it applied to the large concerns.

Mr. BUCK. Let us hear what the chairman of the committee has to say about it.

Mr. FULBRIGHT. I would be interested to know what he has to say on the point.

Mr. President, I do not wish to detain the Senate longer. I would merely sum up the argument by saying that I hope the chairman of the committee will give serious consideration to the amendment. I may say to the Senator from Colorado that other committees of the Senate, in the course of hearings in which I have participated, have undertaken to ascertain what could be done, otherwise than through taxation, to help small business. I call his attention to one bill which has been on the calendar since last year, having been reported by the Committee on Banking and Currency. Its purpose is to help small business. In all the hearings, nearly every witness would come to the point that what is really needed is assistance in the matter of taxes. In other words, it should be made rather attractive to the ordinary investor to invest in a small business. That is really the thought back of the amendment. I hope the distinguished chairman of the Committee on Finance will take the proposal seriously, that he will present it to the committee, and that they will consider it seriously, because of the effect it will have.

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

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

Mr. O'CONNOR. Mr. President, I intend to vote for the tax-reduction bill (H. R. 4790) now before the Senate, and in order to set forth the reasons prompting my action I have prepared a statement of my views.

I ask unanimous consent to insert the statement as a part of my remarks at this point in the RECORD.

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

STATEMENT BY SENATOR O'CONNOR

In the firm conviction that continuing development and strengthening of the American economy through the initiation of new enterprise is a requisite basis of any worldwide efforts for international cooperative progress, I consider the pending tax-reduction proposals as of the utmost importance to the future prosperity of America and of the world.

The soundness of America's industrial and economic position in comparison to that of other countries of the world is in itself evidence of the soundness of America's free-enterprise system, under which individual and corporate initiative and development have always been encouraged and fostered. On the other hand we can see all too plainly the lack of progress in other countries where such initiative and enterprise are not only

discouraged, but positively forbidden. The crisis facing Great Britain at the present time points up the lack of success of the Socialist regime which had promised such manifold benefits to the workers of that harassed country.

One of the prime needs of a free-enterprise system such as ours is the continuing provision of new venture capital. This comes in the main from savings of individuals and is available only when individuals and their corporate undertakings find it possible to retain an adequate surplus from their earnings, above and beyond the requirements of Government taxation, and the maintenance of the high standard of living which the American system of free enterprise has made possible in far greater measure here than anywhere else in the world.

Throughout the war years the American people and American industry and business patriotically accepted a staggering load of taxation in order that the huge military expenditures program might be financed to as great an extent as possible from current tax receipts. Implicit in their acceptance of this excessive tax load, however, was the implied and often voiced understanding on the part of Government's representatives that once the war emergency was ended some of the oppressive tax burden would be lifted from the shoulders of individuals and corporations alike. This has not been done, despite the several years that have elapsed. While some reasons might be advanced for the failure to reduce the burden, the fact remains that our people continue to be taxed far beyond the limits of sound business judgment and to far greater length than any system of free enterprise long can endure. For excessive taxation leads away from the proven way of progress afforded when a nation's people are free and encouraged to give full play to their individual enterprise and to avail themselves of the technological advances made possible by scientific developments under the stress of war.

I believe there should be reduction in the Nation's huge debt, but with full acquiescence in a continuing policy of debt reduction I maintain that there is no more propitious time for lightening the tax burden from our people than when the National Treasury enjoys an extraordinarily large unencumbered surplus. Particularly is this Treasury surplus to be emphasized because from present estimates surplus for the next fiscal year will be even greater, despite the large commitments that will be necessary to effectuate America's plans for European economic aid and despite also the admitted needs for larger appropriations for military purposes.

When it is considered that in our own relatively small State of Maryland the tax cuts contemplated in H. R. 4790, as amended by this body, are estimated to total \$80,000,000, the effect on future development of Maryland's tremendous industrial activities can be appreciated. Notwithstanding the fact that Maryland's total savings will be exceeded by only 14 other States, my plea for tax reduction as proposed in H. R. 4790 is not based on any narrow sectional considerations. The need for releasing some portion of the earnings of our people applies with equal force to the residents of every other State in every section of the country, for, fortunately, State lines do not restrict the imagination or business daring of our people anywhere.

Unlike so many other areas in the world today, our people are privileged to cast their eyes hundreds or even thousands of miles away to entirely new fields of endeavor, and can undertake there any type of enterprise their training or their particular skills can envisage. This is the kind of desirable economy that will be maintained by sound tax reduction, such as we are now discussing.

I voted last year for the Nation-wide adoption of the community-property principle

and approve now of its inclusion in the present tax bill. Also I have supported the proposed increase in personal and dependency exemptions from \$500 to \$600 and think this feature of the measure is fortunate.

I shall cast my vote for passage of the bill, with the thorough conviction that in so doing we are strengthening the economy of our Nation as well as advancing the cause of the free institutions which throughout more than a century and a half have made America the wonder and the envy of the world.

Mr. HAWKES and Mr. LANGER addressed the Chair.

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

Mr. MILLIKIN. Mr. President, I have promised to yield to the Senator from New Jersey [Mr. HAWKES]. I yield to him.

Mr. HAWKES. Mr. President, as a member of the Senate Finance Committee, I desire to make a brief statement in regard to House bill 4790, as amended. I wish first to pay my respects to the distinguished Senator from Colorado for the fine way in which he has placed this subject before the Senate. I also wish to associate myself with remarks made by the distinguished Senator from Georgia [Mr. GEORGE] as to his feelings regarding this bill. I concur in everything said by the Senator from Georgia late this afternoon.

Mr. President, I shall vote for H. R. 4790 because I believe its provisions are about the best that could be worked out under existing conditions and that they go as far as we should at this time.

The bill does not correct all the injustices and inequities in the existing Federal income-tax structure. It is merely a step in the right direction.

With respect to advantages derived by married citizens in so-called community-property States as against such citizens in the remaining States which operate under the common law, the pending bill would, as nearly as possible, place the married citizens of common-law States on a parity with those in community-property States.

It will, so far as is possible at the moment, correct inequities not only in connection with the actual income-tax liability of the individual, but it will adjust the inequities in connection with gift and estate taxes so that all our married citizens in all the States will be treated more nearly on the same basis in this regard.

Likewise, as the distinguished chairman of the Senate Finance Committee has so ably explained to the Senate, it gives relief to those in the lower income-tax brackets by raising the exemption, thereby removing 6,000,000 people from the income-tax rolls. It is figured that this special exemption to the aged will remove from the tax rolls almost 1,500,000 persons and will benefit at least 3,700,000. It gives special added relief to the blind, who are entitled to the utmost consideration we can afford to give.

It grants to the income group below \$5,000 a higher rate of tax reduction than to those earning more than \$5,000. Furthermore, the bill provides greater reduction to those in the income group between \$5,000 and \$136,000 than to those with incomes in excess of \$136,000. It

grants only 5 percent income-tax reduction to those in the brackets above \$136,000.

The bill also includes several other minor provisions which, in my opinion, work toward justice and equity. Among them is a more liberal provision regarding medical disbursements.

The most important thing this new tax bill does, which is overlooked by a great majority of our people, is that, in effect, it says to the American citizen—"Your representatives in Congress realize that a continuance of wartime taxes while you are engaged in peacetime pursuits could very easily destroy the initiative of the American system. Continuance of such tax rates would prevent you from investing available funds in new enterprises and the expansion and improvement of old enterprises so as to keep the Nation in a position to supply its citizens on a reasonable basis with all the necessities and some of the luxuries of life."

There are few things more important than for the Congress thus to assist in restoring faith and confidence in the minds of our people. The only difference between this Nation of ours and all the other nations of the world who are knocking at our door for help and asking to be saved is that we have not yet destroyed the individual's initiative even though we have reduced his enthusiasm through the imposition of burdensome taxes which, to a large extent have been made necessary by the wasteful operations of our Government.

Initiative which was developed in this country over a period of almost 150 years, under our established process of reward as an incentive to accomplishment and the use of genius, is one of the two or three most vital things we must protect. I wish more of our citizens would appreciate that we cannot maintain our present standards or move forward unless we guard and protect initiative for our citizens. This bill, I believe, restores some measure of reward for such initiative by eliminating at least some oppressive aspects of the existing tax structure.

It will help to keep the machine going. It will aid business to obtain revenue from which come all taxes, which are necessary to keep our great Government in operation. If we destroy that machine which provides the profit from which taxes are collected, and if we forget for one moment the admonition of the first great Chief Justice of the United States, that "the power to tax is the power to destroy," then we may be assured that we shall end up in socialism into which much of the rest of the world has plunged.

I want to say also that, in my opinion, this tax reduction is justified at the moment because we have a surplus for the fiscal year 1948 of at least \$7,500,000,000, according to the Treasury Department's own estimates. Other important witnesses who appeared before the Senate Finance Committee estimated the 1948 surplus to be substantially higher than 7½ billions and a surplus for the fiscal 1949 greater than the 1948 surplus.

I was particularly impressed by what the distinguished Senator from Georgia said, that he would vote for this tax reduction bill with its corrective features, even if he felt that we might be going into war. That is the way I understood the Senator. We may have to change our course many times, but while we are in peace we must operate as a peaceful group of people shall find necessary.

The Treasury surplus not only permits this tax reduction but allows for a substantial payment on the debt, both of which are vital to the preservation of our American system and the protection of our people.

I feel that the people's representatives appreciate that much remains to be done to correct injustices and eliminate unnecessary taxes, if our citizens are to have their confidence in our great system fully restored and we are to bring out the necessary amount of risk and venture capital to provide for the expansion of industry and business, in order that the 700,000 new persons looking for employment each year may expect to find a gainful occupation and earn a livelihood.

I wish to thank the Senator from Colorado for yielding to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Arkansas [Mr. FULBRIGHT].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

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

Mr. WHERRY. Mr. President, it appears quite certain that it will be impossible to finish the consideration of the bill and all amendments tonight, although it had been our hope to do so. In view of that situation, I wish to present a unanimous-consent request for the fixing of an hour and day for a vote on the bill and all amendments. I have not included, however, a request that when the Senate convenes on Monday the distinguished Senator from Oregon be recognized. I do intend to ask

that that be done, because the Senator from Oregon has been waiting patiently for recognition, as he has seven amendments he wishes to offer to the bill.

I send to the desk the request for unanimous consent, and ask that it be read.

The PRESIDING OFFICER. The clerk will read the request, for the information of the Senate.

The Chief Clerk read as follows:

Ordered, by unanimous consent, That on the calendar day of Monday, March 22, 1948, at the hour of 5 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending, or any amendment that may be offered, to the bill (H. R. 4790) to reduce individual income-tax payments, and for other purposes, and upon the final passage of the bill itself.

Ordered further, That the time between the hours of 3 o'clock and 5 o'clock on said day be equally divided between the proponents and the opponents of the bill, to be controlled, respectively, by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Kentucky [Mr. BARKLEY].

The PRESIDING OFFICER. Is there objection to the proposed agreement offered by the Senator from Nebraska?

Mr. BARKLEY. Mr. President, reserving the right to object, I have made plans which will unavoidably take me away from the city on Monday. I am anxious that my vote on the bill be recorded, and I wonder if under those circumstances the Senator from Colorado would be willing to arrange for me to have a live, nontransferable pair on the bill, if I should not return in time to vote.

Mr. MILLIKIN. Mr. President, I wish to say that the matter of the pair requested by the Senator from Kentucky [Mr. BARKLEY] has been arranged.

Mr. WHERRY. Mr. President, I ask unanimous consent that when the Senate convenes on Monday the junior Senator from Oregon [Mr. MORSE] be recognized.

The PRESIDING OFFICER. The Chair would suggest that before making such a request it must be determined whether or not the Senator's original request has been agreed to. Is there objection to the unanimous-consent request presented by the Senator from Nebraska?

Mr. MORSE. Mr. President, reserving the right to object, I want to make a very brief statement in regard to the situation as it affects the junior Senator from Oregon. I think it was last Monday that I notified the distinguished Senator from Colorado [Mr. MILLIKIN] that it was my intention to make about a 2-hour speech during the course of the debate. I have courteously and cooperatively worked with the Senator from Colorado during the week as other amendments have been presented, to allow those amendments to be considered by the Senate in the course of the debate, planning to reserve unto myself today the necessary time to make the speech on the tax bill I want to make for the Record. Unfortunately the situation on the floor became so congested today that all day long and until this moment I have been unable to obtain the floor.

I do not want the impression to be created, because it would be decidedly unfair to the junior Senator from Oregon, that the fact that we are not voting

tonight on the bill is in any way my responsibility, because I think the Senator from Colorado himself would be the first to admit on the floor of the Senate that he has had from me throughout the week the utmost cooperation in endeavoring to have the debate concluded this week.

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

Mr. MORSE. I yield.

Mr. MILLIKIN. I am very glad to confirm what the Senator has said.

Mr. MORSE. I deeply regret that at the closing hour, the fact that my speech has not been delivered, is one of the reasons why we shall not be able to obtain a vote tonight. But I think the Members of the Senate will agree with me that at least there is merit in my desire to express myself for the record—not necessarily for the Senate, but for the record—in view of the position I have taken on taxes since I have been in the Senate.

I have decided to vote for the bill; but I think my constituents are certainly entitled to know my detailed reasons as to why I have reached that conclusion, in view of the fact that I have opposed, even at length in the Senate, the previous tax bills which have been under the able floor leadership of the Senator from Colorado.

I have certain amendments to the bill which I hope to have adopted, or I hope at least to have some of them included in the bill. But the paramount reasons for my voting for the bill are two. I shall dwell on them at greater length on Monday.

First, I am satisfied that public opinion has crystallized in this country during the past year in favor of a tax-reduction bill. That does not mean that I shall vote for any tax-reduction bill that is offered, but it does mean that under our representative form of government I have the clear duty, as I see it, of carrying out what I am satisfied has become the permanent and crystallized public opinion in support of a tax-reduction bill at this time, and, subject to such statements as I may make on Monday as to what I think has caused that crystallization of public opinion, I feel that now I have no course of action to follow, once convinced that that is the predominant will of the American people, but to vote for a tax-reduction bill.

The second point I want to make—and I shall elaborate it on Monday—is that I think we can pass the tax-reduction bill which is being offered now if we have clearly stated for the record at the time certain modifications which I think ought to be adopted at the earliest possible date in order to avoid great economic dangers which I think may potentially flow from the tax bill if we do not proceed to adopt such modifications. I hope that some of them can be adopted on Monday when I offer the set of amendments which I now send to the desk so they may be printed and lie on the table, and be available to Members of the Senate on Monday.

The PRESIDING OFFICER. Without objection, the amendments will be received, printed, and lie on the table.

Is there objection to the unanimous-consent request submitted a few minutes ago by the Senator from Nebraska?

Mr. LANGER. Mr. President, reserving the right to object, I wish to ask the distinguished Senator from Colorado, who has been very kind to me, and with whom I have discussed my proposed amendment many times, whether on Monday he will be willing to give me 15 minutes of his time to speak in favor of an amendment which will raise the exemption above the \$600 limit? I think I shall be able to demonstrate very clearly that that exemption as a matter of fact will represent a reduction of \$200 for poor people.

Mr. MILLIKIN. The Senator from Colorado is glad to yield the time requested to the Senator from North Dakota.

Mr. WHERRY. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the unanimous-consent request submitted by the Senator from Nebraska.

Mr. HOLLAND. Mr. President, reserving the right to object, I should like to say that I have a few brief remarks which I should like to have the privilege of presenting to the Senate before the vote is taken on the bill. As I understand the request for unanimous consent, it is coupled with the request, which I shall certainly want to recognize, that the Senator from Oregon [Mr. MORSE] have the floor when the Senate reconvenes on Monday. The announcement made by the Senator from Oregon that he has a speech of 2 hours to deliver might easily prove to be an optimistic one respecting the time which he might expect to consume. I am not at all sure that any other Senator will have any chance on Monday to make even brief remarks. Therefore it seems to me there ought to be greater leeway, because I believe that in a matter of this magnitude any Senator who has any observations to make on the bill should have an opportunity to do so.

I shall object to the request unless those of us who desire to make brief remarks on the bill shall have the opportunity to do so.

Mr. WHERRY. I think I can say to the distinguished Senator from Florida that that can be arranged. If the debate shall continue until 3 o'clock, then beginning at 3 o'clock the time between then and 5 o'clock will be divided equally between the opponents and proponents of the measure. I am satisfied now that if the distinguished Senator from Florida will make known in whose time he would like to have 15 minutes given him, we can guarantee that it will be given him.

Mr. HOLLAND. I would not agree to leave that question open, Mr. President. I think each Senator has the right to be heard at reasonable length on a subject of this importance, and the request having taken the turn it has, I do not think there is any assurance whatever that such a situation as the Senator indicates will obtain.

Mr. MILLIKIN. I shall be glad, Mr. President, to give the Senator from Florida 15 minutes of my time on Monday.

Mr. WHERRY. The Senator from Colorado has assured the Senator from Florida that he will be glad to give him 15 minutes out of his time on Monday. That makes it a certainty that the Senator from Florida will be recognized and allotted 15 minutes.

Mr. HOLLAND. Very well.

The PRESIDING OFFICER. The question is on agreeing to the unanimous consent request made by the Senator from Nebraska [Mr. WHERRY]. Is there objection? The Chair hears none, and the agreement is entered into.

Mr. WHERRY. Mr. President, I now renew the unanimous consent request that when the Senate convenes on Monday the junior Senator from Oregon [Mr. MORSE] may be recognized.

Mr. GREEN and other Senators addressed the Chair.

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

Mr. WHERRY. I am glad to yield to the Senator from Rhode Island.

Mr. GREEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GREEN. I understand that the proposal was that the Senator from Kentucky [Mr. BARKLEY] be granted leave of absence for the day. I also understand that the time of the opponents of the measure is to be divided by him. How can he divide the time if he is not present?

The PRESIDING OFFICER. As the Chair understands, the Senator from Kentucky did not request permission to be absent on Monday.

Mr. BARKLEY. Mr. President, I said that I had planned to be absent on Monday and that in the event I am absent, I desired a pair. If I am absent, of course, I cannot control the time, but some other member of the committee who is opposed to the bill will do so.

Mr. GREEN. I think my distinguished friend the Senator from Florida [Mr. HOLLAND] ought to have some assurance that he will have an opportunity to speak.

Mr. BARKLEY. The Senator from Colorado [Mr. MILLIKIN] has stated that he would yield 15 minutes of his time. I do not know what side the Senator from Florida is on.

Mr. WHERRY. Mr. President, the Senate has not yet adjourned. It is our intention to continue in session tonight until we dispose of the pending amendment, known as the Fulbright amendment.

The PRESIDING OFFICER. Is there objection to the last request made by the Senator from Nebraska? Without objection, the order is made.

Mr. GEORGE. Mr. President, may the request be stated?

Mr. WHERRY. The request was that, in view of the fact that we would like to recess from tonight until Monday, the junior Senator from Oregon [Mr. MORSE] be recognized when the Senate convenes on Monday.

Mr. GEORGE. I have no objection to that; but has the other unanimous-consent request been agreed to?

The PRESIDING OFFICER. The other request was agreed to.

Mr. GEORGE. Very well, Mr. President.

Mr. WHERRY. Mr. President, is there objection on the part of the distinguished Senator from Georgia?

Mr. GEORGE. As the ranking minority member of the Finance Committee, I certainly think I should have something to say about the control of the time; but probably I have not, and it does not make any difference. As a democratic process, I yield to it.

Mr. BARKLEY. Mr. President, let me say, in connection with the Senator's remarks, that I was not present when the agreement was entered into. I did not know that my name appeared in the agreement as in control of any time on the part of those who oppose the bill. The agreement stipulates that the time shall be divided among those who oppose and those who favor the bill. I presume that my name was inserted—certainly without my knowledge and without consultation with me—on the ground that I am opposed to the bill, and would be an appropriate person to control the time on that side.

The Senator from Georgia has announced his support of the bill. I suppose that had something to do with the arrangement in the agreement. But I had nothing to do with it, I will say to my friend from Georgia. I knew nothing whatever about it. So far as I am concerned, I am willing to have my name eliminated from the agreement entirely, and I ask unanimous consent that my name be eliminated as one of those who will control time on the bill, either for it or against it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. WHERRY. We certainly would have to object to that request, unless there is a substitution that can be made at this time in place of the Senator from Kentucky.

Mr. GEORGE. Mr. President, I have no desire to control time on the bill. I have announced that I would support the bill; but I think I have enough of the ordinary sense of decency to allow the opponents to have all the time that would be at my disposal. However, I do not care to have anything to do with the division of time. Nevertheless, I do not quite appreciate the fact that the ranking minority Member and former chairman of the committee is not even consulted about the unanimous-consent agreement.

Mr. HATCH. Mr. President, I ask unanimous consent that the previous unanimous-consent agreement be vacated for the time being, until a suitable agreement can be reached.

Mr. BARKLEY. Mr. President, let me make a suggestion. I do not know how my name happened to be the one suggested to control the time in opposition to the bill. No one doubts the fairness of the Senator from Georgia. Although he is for the bill, I have no doubt that he would give the entire time at the disposal

of the opponents to those who are opposed to the bill. Therefore, I ask unanimous consent that my name be eliminated, and that the name of the Senator from Georgia be substituted.

Mr. GEORGE. Mr. President, I object to that request. I do not care to do it that way. However, as the ranking minority member of the committee, I should have had something to say about the unanimous-consent agreement. I did not know that it had been entered into; but if it has been entered into, I do not care to reopen it.

Mr. MILLIKIN. Mr. President, let me say that so far as the time allotted to me is concerned, I shall be delighted to work in closest consultation on that subject with the distinguished senior Senator from Georgia.

Mr. HATCH. Mr. President, I had proposed a unanimous-consent agreement which I thought should be agreed to. I think our troubles can be solved in a few minutes.

Mr. WHERRY. Mr. President, I regret very much that I shall have to object to the request. I point out to the distinguished Senator that the reason is that since the unanimous-consent agreement was entered into several Senators have left to keep other engagements. I hope that the difficulty over the name can be straightened out.

Mr. BARKLEY. Mr. President, I ask the Senator to permit me to make a suggestion.

Mr. WHERRY. Certainly.

Mr. BARKLEY. I understand that the Senator from Texas [Mr. CONNALLY] is opposed to the bill. He is a member of the Committee on Finance. I ask unanimous consent that his name be substituted for mine, as in control of the time in opposition to the bill.

The PRESIDING OFFICER. Is there objection to the request made by the senior Senator from Kentucky? Without objection—

Mr. CONNALLY. Mr. President, reserving the right to object, like the Senator from Georgia, I have not been consulted on this question. My name was presented without consultation with me. Personally I think the Senator from Georgia should accept and perform this duty. He is the ranking minority Member and former chairman of the committee. Personally I am very strongly in favor of the Senator from Georgia performing this duty. I wish to serve the Senate and the committee whenever called upon to do so; but in view of the attitude of the Senator from Georgia I do not know what to say.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky [Mr. BARKLEY] to substitute the name of the Senator from Texas [Mr. CONNALLY] for his own name? The Chair hears none and the substitution is made.

Mr. HATCH. Mr. President, in the consideration of the pending bill I have wanted to make a very few brief remarks. I do not wish to make them by way of argument, but I should like to state my own position; and as I state my position on the bill I hope the leaders may be able to get together and enter into some unanimous-consent agreement.

Mr. President, in the past I have voted for every loan and every aid—first to Greece and Turkey, under the so-called Truman doctrine. I also voted in committee and on the floor of the Senate for the European recovery program. I voted for it because I believed in it.

Furthermore, I shall vote for universal military training when that measure comes before the Senate. I shall also vote for the interim draft provision suggested by the President. As I have said, I voted for the European recovery program, and today I voted in the committee for the additional loan to Greece and to Turkey. Mr. President, I know that these measures for which I have voted are going to cost tremendous sums to the taxpayers of the United States. I also know and believe that if we have a tax-reduction program, it will add to the inflationary spiral. In the light of all these things—the tremendous, mounting costs, which I think every person should realize—I can see no sound or justifiable reason for any tax reduction. Therefore I shall vote against the bill.

Mr. President, in taking this much time in hope that the leaders might get together and agree upon some unanimous-consent proposal, I have wished to state my own position; namely, that I think to reduce taxes now is unsound and unwise; and I shall vote against the final passage of any such bill.

Mr. WHERRY. Mr. President, will the Chair please state what unanimous-consent agreements have been entered into?

The PRESIDING OFFICER. Three unanimous-consent agreements have been entered:

The first, as the Chair understands, is that all amendments to the pending tax bill shall be voted on and disposed of beginning at 5 o'clock on Monday afternoon next, and that the time between 3 and 5 o'clock shall be equally divided between the proponents and the opponents of the bill, to be controlled by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Texas [Mr. CONNALLY], respectively.

The second unanimous-consent agreement entered is that the Senator from Oregon [Mr. MORSE] shall be first recognized when the Senate convenes at noon on Monday.

The third unanimous-consent agreement is that the senior Senator from Texas [Mr. CONNALLY] will take the place of the senior Senator from Kentucky [Mr. BARKLEY] in connection with the disposition of the time prior to the vote on Monday.

Mr. WHERRY. I thank the Chair.

Mr. President, I understand the pending question is on the adoption of the amendment of the Senator from Arkansas [Mr. FULBRIGHT]. Is that correct?

The PRESIDING OFFICER. The question before the Senate is the Fulbright amendment; that is correct.

Mr. DONNELL. Mr. President, will the Senator yield, to permit a parliamentary inquiry?

Mr. WHERRY. Certainly.

Mr. DONNELL. If I did not misunderstand the announcement the Chair made, the Chair referred only to voting on the amendments, and stated that such

voting would begin at 5 o'clock on Monday. I assume that the Chair meant to refer to both voting on the amendments and voting on the bill itself. Is that correct?

The PRESIDING OFFICER. The Chair understands that all debate on the bill will be closed at 5 o'clock on Monday next, and that immediately thereafter the voting on the amendments and on the bill will occur.

Mr. WHERRY. Mr. President, I am glad to yield at this time to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, the question now before the Senate is on adoption of the amendment of the distinguished junior Senator from Arkansas [Mr. FULBRIGHT]. If his amendment should become law it would add \$650,000,000 to the cost of this bill. Therefore, I earnestly request that the amendment be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT].

Mr. MILLIKIN and Mr. FULBRIGHT requested the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. WHERRY. I announce that the Senator from Minnesota [Mr. BALL], the Senator from Maine [Mr. BREWSTER], and the Senator from Indiana [Mr. JENNER] are necessarily absent. If present and voting, the Senator from Minnesota, the Senator from Maine, and the Senator from Indiana would vote "nay."

The Senator from Maine [Mr. WHITE] is absent because of illness. If present and voting, the Senator from Maine would vote "nay."

The Senator from South Dakota [Mr. BUSHFIELD], the Senator from Indiana [Mr. CAPEHART], the Senator from Vermont [Mr. FLANDERS], the Senator from New York [Mr. IVES], the Senator from North Dakota [Mr. LANGER], the Senator from Kansas [Mr. REED], the Senator from Ohio [Mr. TAFT], the Senator from Minnesota [Mr. THYE], the Senator from Delaware [Mr. WILLIAMS], and the Senator from Iowa [Mr. WILSON] are unavoidably detained.

Mr. BARKLEY. I announce that the Senator from Virginia [Mr. BYRD], the Senators from Rhode Island [Mr. GREEN and Mr. McGRATH], the Senator from Georgia [Mr. GEORGE], the Senator from Arizona [Mr. HAYDEN], the Senator from Illinois [Mr. LUCAS], the Senator from Connecticut [Mr. McMAHON], the Senator from Maryland [Mr. O'CONNOR], the Senator from Louisiana [Mr. OVERTON], the Senator from Idaho [Mr. TAYLOR], the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are unavoidably detained.

The Senator from California [Mr. DOWNEY] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The result was announced—yeas 21, nays 46, as follows:

YEAS—21

Buck	Kilgore	O'Daniel
Chavez	McCarran	O'Mahoney
Fulbright	McClellan	Pepper
Hatch	McFarland	Russell
Hill	Magnuson	Sparkman
Johnson, Colo.	Murray	Stewart
Johnston, S. C.	Myers	Wherry

NAYS—46

Alken	Ellender	Moore
Baldwin	Ferguson	Morse
Barkley	Gurney	Revercomb
Bricker	Hawkes	Robertson, Va.
Bridges	Hickenlooper	Robertson, Wyo.
Brooks	Hoey	Saltonstall
Butler	Holland	Smith
Cain	Kem	Stennis
Capper	Knowland	Tobey
Connally	Lodge	Umstead
Cooper	McCarthy	Vandenberg
Cordon	McKellar	Watkins
Donnell	Malone	Wiley
Dworshak	Martin	Young
Eastland	Maybank	
Ecton	Millikin	

NOT VOTING—29

Ball	Ives	Taylor
Brewster	Jenner	Thomas, Okla.
Bushfield	Langer	Thomas, Utah
Byrd	Lucas	Thye
Capehart	McGrath	Tydings
Downey	McMahon	Wagner
Flanders	O'Connor	White
George	Overton	Williams
Green	Reed	Wilson
Hayden	Taft	

So Mr. FULBRIGHT's amendment was rejected.

Mr. ELLENDER. Mr. President, earlier in the day I stated I would offer to the pending measure an amendment which would have the effect of giving tax relief to widows and widowers comparable to that allowed married persons, and which would also afford some tax relief to single persons. Because of the warm reception accorded all amendments thus far considered by the Senate, I have decided not to press my amendment. However, before reaching that decision I discussed the purpose of my amendment with several members of the Finance Committee, including its chairman, and I was assured that my proposal would receive earnest consideration and close study by the Finance Committee as soon as other tax legislation is considered by the committee.

DR. FABIEN SEVITZKY

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by me in respect to Dr. Fabien Sevitzy, together with a telegram I sent to Mr. Chester E. Klee regarding Mr. Sevitzy.

The PRESIDING OFFICER. Is there objection?

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

STATEMENT BY SENATOR CAPEHART

Mr. President, from time to time it is the proud duty of the members of the Senate to pay our respects on the floor of the Senate to great Americans of the past and present.

In these days of questionable patriotism and loyalty in other countries throughout the world, it becomes even more significant when we perform such duties.

I believe that the tributes paid here in the Congress have much to do with the continu-

ance of the traditional American spirit which keeps us the greatest nation in the world.

It is my honor to pay tribute to a man who 25 years ago today began his career as a great American.

A quarter of a century ago Dr. Fabien Sevitzy, conductor of the famous Indianapolis Symphony Orchestra, arrived in the United States from Poland, after having succeeded in crossing the border from his native Russia.

He promptly became a citizen of the country he had loved long before he had the pleasure of touching its shores.

Since that time, Dr. Sevitzy has won a national reputation as a musical director and symphonic conductor.

Although he has won fame in Boston, Philadelphia, New York, Chicago, Detroit, Hollywood, and many other great cities of the country, we, in Indiana, are especially proud that for the last 12 years he has been conductor of the great Indianapolis Symphony Orchestra.

I have personal knowledge of Dr. Sevitzy's efforts to be helpful in the affairs of his beloved America and I assure you, Mr. President, that every Member of the Congress can feel justified in joining me in this tribute.

MARCH 18, 1948.

Mr. CHESTER E. KLEE,
Olean, N. Y.

It is a great pleasure to me to add my most sincere congratulations to a great man, a great musician, and, above all, a great citizen, Dr. Fabien Sevitzy, on this twenty-fifth anniversary of his American citizenship. All Indiana is proud of him. His contribution to the culture of Indiana is deeply appreciated by every Hoosier. His success and his great love for America are symbols of the American way of life.

HOMER E. CAPEHART,
United States Senator From Indiana.

RECESS

Mr. WHERRY. Mr. President, it appearing that the work of the Senate has been concluded for the day, I now move that the Senate stand in recess until Monday noon next.

The motion was agreed to; and (at 6 o'clock and 45 minutes p. m.) the Senate took a recess until Monday, March 22, 1948, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 19 (legislative day of March 15), 1948:

CIVIL AERONAUTICS BOARD

Joseph J. O'Connell, Jr., of New York, to be a member of the Civil Aeronautics Board for the term of 6 years expiring December 31, 1953.

IN THE ARMY

Col. Kenneth David Nichols, O17498, Army of the United States (professor, U. S. Military Academy), for temporary appointment as major general in the Army of the United States under the provisions of section 515 of the Officer Personnel Act of 1947; such appointment to continue in force only for the duration of his assignment as Army member of the Military Liaison Committee to the Atomic Energy Commission and Chief of the Armed Forces Special Weapons Project.

IN THE AIR FORCE

PROMOTIONS IN THE UNITED STATES AIR FORCE
To be first lieutenants

First Lt. Kenneth McMillin Stewart, AO56486, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 1, 1948.

First Lt. Emil John Schutt, AO50351, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 1, 1948.

First Lt. Robert Andrew Blair, AO38439, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 1, 1948.

Capt. Ralph Lee Hicks, AO56487, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 1, 1948.

First Lt. Shirley Leon Foreman, AO50354, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 4, 1948.

First Lt. Robert Thomas Higdon, AO56490, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 4, 1948.

First Lt. Edward Joseph Conway, AO56489, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 4, 1948.

First Lt. Theodore Phillip Martin, AO56488, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 4, 1948.

First Lt. Daniel Joseph Sheehan, Jr., AO50355, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 5, 1948.

First Lt. Alvin Willard Banner, AO56491, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 5, 1948.

Second Lt. Nelson Ronald Wilson, AO38440, United States Air Force, with rank from April 6, 1948.

First Lt. Milburn Grant Apt, AO56492, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 8, 1948.

First Lt. Jack Cox, Jr., AO50356, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 8, 1948.

First Lt. Andrew Jules Chapman, AO38442, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 11, 1948.

Capt. Paul Enos Rova, AO50357, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 12, 1948.

First Lt. Robert Francis Kaltenbacher, AO50358, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 14, 1948.

Second Lt. Billy Gordon Moseley, AO56502, United States Air Force, with rank from April 15, 1948.

First Lt. Jack Victor Allen, AO56494, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Paul Arnold Roney, AO38446, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Philip Reed Vaughn, AO50359, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Douglas John Howard, AO56495, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Robert Ewing Gay, AO50360, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Robert James Pierce, AO56497, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. Donald Graham May, AO56498, United States Air Force, with rank from April 15, 1948.

First Lt. William Boyd, Jr., AO38447, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Robert Rufus French, AO50361, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. Albert Edwin Ninde, AO50362, United States Air Force, with rank from April 15, 1948.

First Lt. Elmer Roy Smith, AO56500, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Harlan Eugene Ball, AO50363, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. William Alfred Swanson, AO38448, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. Lawrence Oscar Thomas, AO56501, United States Air Force, with rank from April 15, 1948.

Second Lt. James Millard Davis, AO56503, United States Air Force, with rank from April 15, 1948.

First Lt. Delbert Volney Berg, Jr., AO41323, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. Richard Gene Twyman, AO56505, United States Air Force, with rank from April 15, 1948.

First Lt. Stephen Phillip Walter, AO56507, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Jesse Charles Bush, Jr., AO41324, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Rufus Winfrey Scott, AO50364, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. Dewey Roger Laney, AO41325, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

First Lt. James Edward Leonhard, AO38449, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. Leo Cayetano Baca, AO50365, United States Air Force, with rank from April 15, 1948.

Second Lt. David Both Van Pelt, AO56508, United States Air Force, with rank from April 15, 1948.

First Lt. William Stanley McGregor, AO56510, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Second Lt. William Richard Werb, AO56499, United States Air Force, with rank from April 15, 1948.

Second Lt. Paul Quillian Holloway, AO56509, United States Air Force, with rank from April 15, 1948.

Second Lt. Donald Oscar Beck, AO56504, United States Air Force, with rank from April 15, 1948.

First Lt. Leo Dee Putt, AO56506, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 15, 1948.

Capt. Marvin Walter Miller, AO50366, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 16, 1948.

Second Lt. Don Byron McEntire, AO56511, United States Air Force, with rank from April 17, 1948.

First Lt. John Richard Francis, AO38450, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 18, 1948.

First Lt. David Sylvester Melluish, AO56518, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 18, 1948.

Second Lt. Montie Thompson, Jr., AO50370, United States Air Force, with rank from April 19, 1948.

First Lt. Robert Joseph Kalina, AO56514, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 20, 1948.

First Lt. Ray Barton, AO56515, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 20, 1948.

Second Lt. Carl Bryan Fountain, AO56516, United States Air Force, with rank from April 21, 1948.

First Lt. Donald William Payne, AO56517, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 21, 1948.

First Lt. Joseph Robert Clark, AO50372, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 25, 1948.

First Lt. Donald Wilbert Akers, AO41328, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 26, 1948.

Capt. Bushnell Nelson Welch, AO56520, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 27, 1948.

Second Lt. Edward Charles Whalen, AO56522, United States Air Force, with rank from April 28, 1948.

First Lt. Theodore Leonard Monasee, AO56523, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 29, 1948.

First Lt. Charles Arthur Monasee, AO41329, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 29, 1948.

Second Lt. Gerald Vern Kehrl, AO56524, United States Air Force, with rank from April 29, 1948.

First Lt. Frederick John Reitman, Jr., AO38454, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 29, 1948.

Capt. Von Harold Dixon, AO50376, Air Force of the United States (second lieutenant, U. S. Air Force), with rank from April 30, 1948.

Second Lt. Gerald Francis Fitzgerald, AO56526, United States Air Force, with rank from April 30, 1948.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Marion Earl Sims, Moundville, Ala., in place of E. L. Sledge, resigned.

ARKANSAS

Iva S. Matlock, Leola, Ark., in place of L. D. Hopper, resigned.

Paul Stonesifer, Winslow, Ark., in place of J. V. Stockburger, transferred.

CALIFORNIA

Ivor E. Lanigar, Susanville, Calif., in place of E. R. Winchel, removed.

FLORIDA

Joseph W. Westmoreland, Jay, Fla., in place of M. V. North, transferred.

GEORGIA

Dwain S. Brock, Baldwin, Ga., in place of B. B. Blackburn, resigned.

Frederick L. Dekle, Clio, Ga., in place of R. C. DeLoach, transferred.

Kermit Q. Ward, Molena, Ga., in place of W. D. Bennett, retired.

John T. Stubbs, Jr., Summerville, Ga., in place of F. F. Chapman, removed.

ILLINOIS

Daniel F. Pembroke, Monticello, Ill., in place of J. F. Hartsfield, resigned.

IOWA

Russell E. Bamsey, Audubon, Iowa, in place of G. W. Oelke, resigned.

Dorris E. Trullinger, Farragut, Iowa, in place of P. K. Kraschel, resigned.

Raymond M. Harrold, Palmer, Iowa, in place of W. H. Theisen, removed.

Walter F. Webster, Promise City, Iowa. Office became Presidential July 1, 1945.

Oral J. Brown, Washington, Iowa, in place of M. C. DeLong, deceased.

KANSAS

Howard C. Cain, Delphos, Kans., in place of M. A. Cain, resigned.

Wayne L. Green, Osborne, Kans., in place of L. P. Gallagher, resigned.

Ruth H. Berrigan, Solomon, Kans., in place of H. D. MacCloughan, resigned.

KENTUCKY

Harold A. Bolin, Irvington, Ky., in place of R. L. Frymire, transferred.

LOUISIANA

Jack Bostwick, Bastrop, La., in place of Jack Bostwick, transferred.

MAINE

Frederick A. Hobbs, II, Alfred, Maine, in place of G. H. Williams, retired.

Samuel H. Ring, Lovell, Maine, in place of M. R. Pitman, removed.

MARYLAND

Charles A. Snavelly, Baldwin, Md. Office became Presidential July 1, 1947.

Joseph B. Rawson, Salisbury, Md., in place of M. R. Toulson, resigned.

MICHIGAN

Franklin L. Erickson, Central Lake, Mich., in place of Evert Van Den Berg, resigned.

Clarence F. Allen, Fowlerville, Mich., in place of D. L. Lockwood, resigned.

Joseph Thomas Kaderabek, Irons, Mich., in place of E. M. Voorhees, retired.

Court R. Houghmaster, Millersburg, Mich., in place of F. B. Mills, deceased.

Charles K. Guy, Rapid City, Mich., in place of J. O. Way, resigned.

MINNESOTA

Ellert M. Erickson, Broton, Minn., in place of A. E. Imstahl, transferred.

Charlotte C. Keniston, Champlin, Minn., in place of H. A. Smith, transferred.

Max H. Casey, Jordan, Minn., in place of Herman Herder, retired.

Joseph W. Henning, Miliona, Minn., in place of L. J. Hintzen, deceased.

John J. Jaschke, Minneota, Minn., in place of W. B. Gislason, resigned.

Lawrence H. Wegner, Raymond, Minn., in place of H. E. Day, resigned.

MISSISSIPPI

Marvin C. Miller, Blue Springs, Miss., in place of S. H. Speck, retired.

Charles D. Bragg, Crawford, Miss., in place of W. B. Potts, resigned.

James H. Boyette, Goodman, Miss., in place of J. T. Skelton, retired.

MISSOURI

Clyde A. Revelle, Advance, Mo., in place of Carl Richmond, resigned.

Leo G. Kidd, Eureka, Mo., in place of J. E. Davis, transferred.

Alfred D. Boon, Franklin, Mo. Office became Presidential July 1, 1944.

Donald H. Lockman, Winona, Mo., in place of J. T. Loyd, resigned.

NEBRASKA

Arthur Glen Miller, Atkinson, Nebr., in place of A. G. Miller. Incumbent's commission expired June 23, 1942.

Jerry E. Severyn, Schuyler, Nebr., in place of M. B. Farrell, resigned.

NEVADA

Beatrice E. Hinds, Smith, Nev., in place of Geraldine Keeley, resigned.

NEW JERSEY

Melvin A. Jolly, Old Bridge, N. J., in place of Luella Brown, retired.

NEW YORK

Stewart C. H. Nuspliger, Adams, N. Y., in place of J. W. Cain, retired.

Maurice H. Adair, East Meredith, N. Y., in place of F. I. Adair, retired.

Julia C. McManus, Montrose, N. Y., in place of E. C. McManus, resigned.

Walter J. McCue, North Bellmore, N. Y., in place of Benjamin Lomench, resigned.

NORTH CAROLINA

Robert Willis Pope, Lucama, N. C., in place of L. S. Campbell, retired.

OHIO

Russell E. Elliott, Jackson Center, Ohio, in place of P. L. Heintz, removed.

Richard P. Hampson, Pleasantville, Ohio, in place of G. R. Daubenmire, removed.

Francis M. Myers, Russellville, Ohio, in place of L. E. Harman, transferred.

OKLAHOMA

Cecil D. Gray, Canton, Okla., in place of C. L. Willis, resigned.

Clarence H. Chambers, Chickasha, Okla., in place of W. H. LaBoon, retired.

Waldine E. Knodel, Cyril, Okla., in place of R. B. Britton, deceased.

PENNSYLVANIA

Eugene W. Collins, Atglen, Pa., in place of J. H. Baldwin, retired.

TEXAS

Alton Joyce Evans, Shallowater, Tex., in place of L. E. Baker, retired.

UTAH

John T. Adams, Tocoee, Utah, in place of F. G. Eastman, resigned.

VIRGINIA

Carl L. Wingate, Crockett, Va., in place of L. S. Copenhagen, resigned.

Wright H. Dawson, Esmont, Va., in place of E. P. Heath, deceased.

Lewis K. Gathright, Goochland, Va., in place of C. A. Gathright, transferred.

James A. O'Neill, Lorton, Va., in place of C. L. Jett, resigned.

William H. Grubb, Jr., Purcellville, Va., in place of T. N. Carruthers, resigned.

Samuel Francis Atwill, Jr., Reedville, Va., in place of S. F. Atwill, Sr., resigned.

Boyd Boggess, Richlands, Va., in place of H. G. McGlothlin, deceased.

WEST VIRGINIA

Elizabeth L. Williams, Glen Rogers, W. Va., in place of Reuben Williams, retired.

Anne M. Lavindar, Kingston, W. Va., in place of D. W. Proffit, removed.

Josephine G. Byrant, Raysal, W. Va. Office became Presidential July 1, 1945.

WISCONSIN

Ralph J. Lemke, Omro, Wis., in place of M. D. Anderson, transferred.

WITHDRAWALS

Executive nominations withdrawn from the Senate March 19 (legislative day of March 15), 1948:

MEMBER OF THE FEDERAL POWER COMMISSION

Burton N. Behling to be a member of the Federal Power Commission.

POSTMASTER

Claude L. Overson to be postmaster at Firth, in the State of Idaho.

SENATE

MONDAY, MARCH 22, 1948

(Legislative day of Monday, March 15, 1948)

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

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Our Father, give us the faith to believe that it is possible for us to live victoriously even in the midst of dangerous

opportunity that we call crisis. Help us to see that there is something better than patient endurance or keeping a stiff upper lip and that whistling in the dark is not really bravery.

Trusting in Thee, may we have the faith that goes singing in the rain, knowing that all things work together for good to them that love Thee. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, March 19, 1948, was dispensed with, and the Journal was approved.

EXCHANGE OF TELEGRAMS BETWEEN SENATOR LODGE AND HENRY A. WALLACE

Mr. LODGE. Mr. President, I ask unanimous consent to have printed in the RECORD an exchange of telegrams which I have had over the week end with Henry A. Wallace.

The PRESIDENT pro tempore. Without objection, the exchange of telegrams between the Senator from Massachusetts and Mr. Wallace will be printed in the RECORD.

The telegrams are as follows:

Mr. HENRY A. WALLACE,
New York, N. Y.

DEAR SIR: Your telegram to me so utterly distorts the truth and uses the phrases which we all love in so cynical a manner that I cannot hope by any reply of mine to make you admit the great wrong you are committing.

But as one citizen whose whole life is bound up with America and who seeks, as best he can, to serve and protect her, I feel I must in reply record my opinion of the great harm you have done your country and the plain people of the world.

Because of the fact that you once held high office, your activities are interpreted abroad as signs of American disunion and are therefore a direct encouragement to the masters of the Soviet police empire to continue their campaign of extending the iron curtain. Thousands of everyday citizens whose civil liberties, and perhaps lives, have recently been snuffed out do not share your veils, and would, I am sure, rise in protest if they were free to speak their minds.

Very truly yours,

H. C. LODGE, Jr.

Your responsibility and that of the other Members of the Congress to quell the war hysteria which is being fanned by the military and cartel members of the administration is brought into sharp focus by the President's convening of another emergency joint session. There is no evidence that any nation has threatened acts of aggression against us or threatens our national security. Yet, the President and members of his Cabinet act as though a war crisis were imminent. The people look to the Congress for calmness and sanity. They expect you to guard them against dangerous and wholly unnecessary steps which will curtail their liberties and take us down the road to an economic and political life regimented by the military.

Twice before the President has convened the Congress in an atmosphere of artificially created crisis to cover up failures of his own policy. In May 1946 the President made an inflammatory attack on the railroad workers and called for repressive legislation, which the Congress wisely rejected. Again, in March 1947, the President created another crisis to get military aid for Greece and Turkey. He embarked us on a course which has now proved bankrupt.